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## **Ex-UBS Execs Lose Appeal of U.S. Municipal Bond-Rigging Convictions.**

(Reuters) - Three former UBS AG executives on Thursday lost a bid to reverse their 2012 convictions for conspiring to deceive U.S. cities and towns by rigging bids to invest municipal bond proceeds.

A U.S. appeals court in New York rejected arguments by Gary Heinz, Peter Ghavami and Michael Welty that prosecutors waited too long to bring wire fraud and conspiracy charges.

The case stems from a bid-rigging investigation involving the \$3.7 trillion U.S. municipal bond market that resulted in 17 convictions and \$743 million in settlements with five banks, including \$160 million from UBS.

The defendants contended that prosecutors improperly relied on a 1989 law arising from the savings-and-loan crisis to extend the statute of limitations to 10 years from five.

The 2nd U.S. Circuit Court of Appeals said the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) covered any wire fraud that "affects a financial institution," even when the banks themselves are also accused of wrongdoing.

The ruling may affect Bank of America Corp's appeal of a \$1.27 billion mortgage fraud penalty in a case that also centers on the reach of FIRREA, said Don Hawthorne, a financial litigation attorney not involved in either case.

The decision does not resolve the issues presented in the bank's case, but the court's plain-language reading of the statute is similar to the approach taken by the Bank of America trial judge, Hawthorne said.

"I think the new opinion will not have been greeted with joy in the Bank of America camp," he said. "It moves the ball somewhat in the direction of the government."

Nathaniel Marmor, Ghavami's lawyer, said his client may appeal "the court's counterintuitive ruling that a statute meant to protect banks from being victimized also applies where the bank itself is the bad actor."

Heinz will also consider an appeal, said his lawyer, Marc Mukasey. A lawyer for Welty declined to comment.

Ghavami was UBS's global head of commodities, while Heinz and Welty worked on its municipal bond reinvestment and derivatives desk.

U.S. authorities accused them of steering financial contracts to others in exchange for kickbacks and favors between 2001 and 2006.

After a jury found them guilty in 2012, Heinz, Ghavami and Welty received prison sentences of 27,

18 and 16 months, respectively.

The case is U.S. v. Ghavami, 2nd U.S. Circuit Court of Appeals, No. 13-3121.

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