

LITIGATION & FINANCIAL SERVICES: FIGHTING AN OVERZEALOUS STATE ATTORNEY GENERAL LITIGATION COMMUNICATIONS CASE STUDY

our client

A Wall Street broker being prosecuted by the New York State Attorney General (AG) for late trading

the issue

The Attorney General of New York issued indictments against a hedge fund and one of the nation's largest commercial banks for "colluding in a late trading scheme." The accusation was that mutual fund buyers locked in the current day's final price instead of the next day's price as is required by law.

the challenge

The facts of the case were not in dispute. There were significant trades after the 4:00 p.m. trading deadline. There was evidence that the hedge fund and the bank met to discuss this scheme.

the opportunity

There were many more unappealing characters involved than our client, such as a billionaire's son, who conceived the scheme, and a bank head who was friends with the son's family. Our client did not conceive the scheme nor did he personally get rich off the scheme.

the plan

Our client was adamant that he would not make a career-ending deal with the AG. He would rather go to court and take his chances. We decided to position our client as someone who got caught up in a scheme devised by other people, and that these other people made a cushy deal with the AG that allowed them to pay fines but not go to prison or lose their ability to continue in business. Our client was being treated unfairly.

Working with his attorneys, we pushed this narrative in the media in the months leading up to the trial. Several stories appeared referencing the relatively soft deals negotiated for the larger schemers. There were also opinion pieces placed in which legal experts and financial observers made the case that our client was being targeted unfairly.

the result

Our client was found not guilty. It was the only case involving prosecution of Wall Street figures that this particular Attorney General lost.