

July 2011



White Collar Roundup

Flight of Fancy

The Second Circuit [drew](#) a bright line between the venue requirements for conspiracy and those for substantive securities fraud. In short, the court held that a fraudster's use of JFK Airport, which is located in the Eastern District of New York, to fly to meetings at which fraudulent representations about securities were made was sufficient to establish venue in that district for a securities-fraud-conspiracy count, but not for the substantive securities-fraud count.

Exploiting the Weaknesses

In a June 14 [report](#) on the habits of fraudsters, KPMG found that most are able to ply their trade by exploiting weak internal controls. And most fraudsters are male, are 36 to 45 years old, are senior managers, have worked at their company for more than ten years, and defraud their own employer. Also, the impetus for fraud often results from an influencing factor, such as financial concerns, job dissatisfaction, or aggressive business quotas and targets. It's also significant that companies' fraud-detection efforts have waned in recent years.

Brokering Commissions

A properly instructed jury could find that brokers have a fiduciary duty "to disclose their exorbitant commissions, just as they had a duty to refrain from making affirmative misrepresentations regarding the size of their commissions," [according](#) to the Second Circuit.

Beyond the Pinch of Pepper

The Sixth Circuit [tried its hand](#) at applying the Supreme Court's recent [Pepper](#) decision. There, the Supreme Court concluded that [18 U.S.C. § 3742\(g\)\(2\)](#), which mandates that a resentencing court shall not impose a sentence outside the applicable Guidelines range, ran afoul of [Booker](#) and was invalid. The Sixth Circuit held that [Pepper's](#) reasoning did not invalidate [§ 3742\(g\)\(1\)](#), which requires a resentencing court to apply the Guidelines in effect at the time of the original sentencing.

Serious About Forfeiture

The prestigious [Stimson Medal](#) of the New York City Bar Association was [awarded](#) to (among others) Sharon Levin, the chief of asset forfeiture for the U.S. Attorney's Office for the Southern District of New York. At the ceremony, it was noted that so far in 2011, that office had already forfeited

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[White Collar Defense and Internal Investigations Practice](#)

For further information about how Day Pitney can assist you with government or internal investigations, please contact any of the following attorneys:

Michael G. Considine ^{NY, CT, NJ}
mgconsidine@daypitney.com
 (212) 297 2479
 (203) 977 7330

James R. DeVita ^{NY}
jdevita@daypitney.com
 (212) 297 2429

David J. Elliott ^{CT}
djelliott@daypitney.com
 (860) 275 0196

Helen Harris ^{CT, NY}
hharris@daypitney.com
 (203) 977 7418

Dennis T. Kearney ^{NJ}
dkearney@daypitney.com
 (973) 966 8039

John J. O'Reilly ^{NJ}
joreilly@daypitney.com
 (973) 966 8043

Jeffrey Plotkin ^{CT, NY}
jplotkin@daypitney.com
 (203) 977 7547

Edgardo Ramos ^{NY, CT}
eramos@daypitney.com
 (212) 297 2452

Stuart M. Rennert ^{DC, MD}
srennert@daypitney.com
 (202) 218 3911

Kenneth W. Ritt ^{CT}
kwritt@daypitney.com
 (203) 977 7318

approximately \$642 million. By all accounts, that number will be substantially north of \$1 billion by year end.

And If That Forfeiture News Wasn't Titillating Enough . . .

The Second Circuit held that one cannot avoid forfeiture by being an innocent owner when the government brings a forfeiture action under the customs laws. In the case, the government sought to forfeit the painting known as "Le Marché," created by Camille Pissarro, which was stolen from a museum in France in 1981 and smuggled into the United States, where an unsuspecting patron bought it. The painting was ordered forfeited, so it could be returned to France.

Just a Bit of Wiggle Room

The Supreme Court, in a fractured opinion governed by Justice Sotomayor's narrow concurrence, ruled that in certain limited circumstances, and depending on the language in the agreement, a defendant who pleaded guilty pursuant to a Rule 11(c)(1)(C) plea agreement (which allows the parties to agree to a specific sentence or sentencing range and binds the district court to impose that sentence once it accepts the plea agreement) may seek a lower sentence if the Sentencing Commission subsequently amends the Guidelines.

About Day Pitney LLP

Day Pitney LLP is a full-service law firm with approximately 350 attorneys operating in nine offices in New York, New Jersey, Connecticut, Boston, and Washington, DC. The firm offers clients strong corporate and litigation practices, with experience representing large national and international corporations as well as emerging- and middle-market companies and individuals.

Lawyers in our White Collar Defense and Internal Investigations Practice have the resources, skills, and experience necessary to protect our clients' interests whenever they are confronted by a government investigation, whether at the local, regional, national or international level. Our clients include Fortune 50 corporations, private companies, universities, and individuals. We have also conducted comprehensive and conclusive internal investigations for our clients and have helped them strengthen their regulatory compliance programs and ethics plans.

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If you have any questions regarding this communication, please contact Day Pitney LLP at 7 Times Square, New York, NY 10036, (212) 297 5800.

Brent N. Rushforth^{DC, CA}
brushforth@daypitney.com
(202) 218 3917

Stanley A. Twardy Jr.^{CT, DC}
satwardy@daypitney.com
(203) 977 7368

Daniel E. Wenner^{CT, MA, NY}
dwenner@daypitney.com
(860) 275 0465