

REGIONAL NEWS

Ex-JPMorgan Bankers Trial Date Set

Judge Allows Appeals of Jefferson County Bankruptcy

SEC: No Statements from Jefferson County Bankers

BRADENTON, Fla. — An Alabama federal judge set a July 14, 2015, trial date for two ex-JPMorgan bankers who face pay-to-play charges involving Jefferson County's sewer deals and swaps.

U.S. District Judge Abdul Kallon, however, still must rule on whether Charles LeCroy and Douglas MacFaddin can reopen their depositions and give detailed statements under oath about their involvement in the county's 2002 and 2003 sewer debt offerings.

In addition to setting a trial date, Kallon has indicated in a scheduling order that he is considering allowing the ex-bankers to be deposed again.

The Securities and Exchange Commission filed a civil suit against the men in November 2009 alleging that they made more than \$8 million in undisclosed payments to close friends of certain county commissioners and broker-dealers to ensure that JPMorgan would be selected as the county's managing underwriter and swap provider on certain sewer deals.

Early in the case, LeCroy and MacFaddin were called to give depositions, and both asserted their Fifth Amendment privilege against self-incrimination.

The case was delayed several years because the men sought to depose Douglas Goldberg, the senior vice president of CDR Financial Products Inc., and Jefferson County's swap advisor.

Goldberg was charged with conspiracy and wire fraud in a lengthy Department of Justice investigation into muni bid-rigging unrelated to Jefferson County. He was not allowed to give any statements under oath while the case against him was pending.

Goldberg was sentenced in May, and gave a deposition in the SEC's civil suit against MacFaddin and LeCroy in July.

Shortly afterward the ex-bankers sought to reopen their depositions.

The SEC has argued in court papers that its case would be prejudiced if the ex-bankers were allowed to give testimony after receiving the benefit of statements given by others involved in the case.

LeCroy and MacFaddin have said their case would be prejudiced if they weren't allowed to give statements.

The \$3.2 billion sewer deals at the heart of the ex-banker's case led Jefferson County to file for bankruptcy in November 2011.

The county exited bankruptcy two years later after selling \$1.8 billion of 40-year refunding sewer warrants to write down the \$3.2 billion debt.

The new warrants were sold with an unprecedented security feature approved by the bankruptcy court, which allows the court to intervene if the county failed to approve sewer rates servicing the debt.

Whether the court can retain jurisdiction over the county post-bankruptcy is now the subject of an appeal. Two other appeals are also pending.