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Troika Exec Arrested at JFK in Fraud Case

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Ghavami

Troika Dialog global markets division head Peter Ghavami has been arrested in the United States on a fraud charge.

Ghavami, a Belgian national, was arrested upon arrival at John F. Kennedy International Airport in New York on Dec. 1. The charge against him is related to activities that took place in 2001 and 2002.

A U.S. Justice Department statement cites a criminal complaint filed on Sept. 16 alleging that Ghavami rigged a competition to determine the recipient of an investment, in exchange for a $100,000 kickback for his employer.

Ghavami is alleged to have been involved in depriving "a municipal bond issuer of money by causing it to award an investment agreement at an artificially determined or suppressed rate"

after the bond issuer hired Ghavami's employer to carry out competitive bidding "to select a provider in which to invest proceeds from a municipal bond offering."

According to news reports, Ghavami was managing director and co-head of the municipal bond reinvestment and derivatives desk at the New York subsidiary of Swiss bank UBS at that time. The Justice Department statement does not identify UBS by name.

Ghavami faces one charge of wire fraud, which is punishable by 20 years imprisonment and a maximum fine of $250,000. The fine can be increased to twice the gain derived by the crime or twice the loss caused by it.

Wire fraud is a charge made in the United States when electronic communications are used in the course of committing a crime. Like the charge of mail fraud, wire fraud is often used to increase the severity of a crime by making it a federal offense when state law is more lenient.

The Wall Street Journal reported that eight people have already pleaded guilty in an ongoing investigation of the municipal bond industry being conducted by the Justice Department's Antitrust Division, the FBI and the IRS. Seven more people are still facing charges. UBS stated in its most recent quarterly report that it is cooperating with the Justice Department's investigation.

Troika Dialog's press service did not answer its telephone on Sunday.

Ghavami began working at Troika Dialog in September 2009, according to the Troika Dialog web site, coming from Standard Bank. He worked for UBS for a total of nine years and had also held positions at Lehman Brothers and JPMorgan Chase.

The purpose of Ghavami's trip to the United States is unknown.

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