Kobre & Kim Lawyers in Bloomberg Law: New Wire Fraud Theory Targets Securities and Digital Currency Traders

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As a result of recent developments, U.S. regulators and prosecutors are “armed with a new tactic” to use criminal wire fraud charges to target securities and digital currency traders, Kobre & Kim’s David McGill, Jonathan Cogan, Sean Buckley and Benjamin Sauter wrote in an article for *Bloomberg Law*.

By obtaining convictions in *United States v. Vorley* and a US $920 million settlement from JP Morgan, the U.S. Department of Justice has received “preliminary judicial endorsement” of a new legal theory that spoofing constitutes wire fraud. This effectively extends the statute of limitations to ten years, and by characterizing individual episodes of trading as part of larger schemes, sometimes beyond.

New leadership in the Securities and Exchange Commission and clues in the JP Morgan settlement indicate that the U.S. will start using this theory against securities traders. Traders’ previous good-faith belief that digital currency markets were unregulated also opens the door to investigations there too. As a result, the authors suggest traders who are at risk should retain lawyers who not just have expertise, but also have experience with the prosecutorial unit at issue in order to be able to anticipate developments and construct the best case against the government.

Click here to read the full article (subscription required).