



BUSINESS

Visium witness says he didn't know alleged fraud was illegal

By Carleton English

January 14, 2017 | 12:00pm



Stefan Lumiere

Reuters

A star witness in [the criminal case against disgraced investor Stefan Lumiere](#) claimed Friday he hadn't known that an alleged fraud that spurred the implosion of \$8 billion hedge fund Visium was actually illegal.

The government is trying to prove Lumiere conspired to defraud investors by recruiting brokers to inflate asset prices in Visium's troubled portfolio between 2011 and 2013.

In exchange for doing so, the brokers were promised increased trading activity, prosecutors say.

"Are you saying you didn't know lying to investors was a crime?" US Judge Jed Rakoff intervened Friday afternoon, seemingly exasperated by the lengthy exchanges between Jason Thorell and defense attorney Eric Creizman.

"It took me awhile to get there," Thorell responded.

"[Thorell] couldn't say he knew he was committing a crime. If he was in that position, how could [Lumiere] be expected to know?" Lumiere's attorney Eric Creizman told The Post.

Still, Creizman may have a hard time proving that point to a jury.

Growing wary over Visium's communications with brokers, Thorell did eventually enter into the SEC's whistleblower program late in 2013.

Accordingly, Thorell has been granted immunity in criminal proceedings and stands to gain financially if separate civil proceedings result in penalties for Visium.

"Things seemed to be escalating to another level of egregiousness," Thorell said in Friday's testimony.

Meanwhile, the government pointed out that Lumiere used unusual means to communicate with brokers.

Lumiere would tell the brokers what price levels he wanted in conversations conducted on personal cellphone lines, instead of work email. The brokers in turn would send those same prices back to Lumiere in work email, sometimes while the two were still on the phone, FBI special agent Matthew Callahan testified Friday.

"I had no understanding. I just sent back what [Stefan] told me," David Scott Vandersnow, a former broker at start-up investment bank PrinceRidge testified Friday, referring to prices.

In other instances, Lumiere would sent thumbdrives loaded with pricing spreadsheets to brokers via UPS or courier-service, completely evading emails and phone calls.

The case, being held in Manhattan federal court, is expected to last through next week.

FILED UNDER [FRAUD](#), [HEDGE FUNDS](#), [INSIDER TRADING](#)

Recommended by

News Corp ▲

NEVER MISS A STORY

Get The Post delivered directly to your inbox

- NY Post Morning Report
- Page Six Daily
- Breaking News
- Special Offers

Enter Your Email Address

SIGN UP

By clicking above you agree to our [Terms of Use](#) and [Privacy Policy](#).

This ad is supporting your extension *Send using Gmail*: [More info](#) | [Privacy Policy](#) | [Hide on this page](#)