



*United States Attorney
Southern District of New York*

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**MANHATTAN FEDERAL JURY CONVICTS
FORMER POLICE OFFICER IN TRADING SCANDAL**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that ANTHONY IANNUZZI, a/k/a "Doc," a former police officer in Chester, New York, was convicted late yesterday in Manhattan federal court of participating in a rigged foreign currency trading scheme known as "points for cash." The charges were the result of an 18-month long undercover investigation, called Operation Wooden Nickel, into fraudulent schemes and other criminal conduct principally in the foreign currency exchange, or "forex" markets.

IANNUZZI, a co-owner of Itradecurrency USA ("Itrade") at the time of his arrest, was charged with participating in a conspiracy to commit wire and bank fraud, as well as with one count of wire fraud, in connection with the "points for cash" scheme in the interbank forex market. The evidence at trial proved that, as part of the "points for cash" scheme, currency traders at various large financial institutions purposely entered into off-market forex trades on behalf of their respective banks,

knowing that the trades would lose money for the bank. In exchange, the bank traders received a percentage of the proceeds in the form of cash kickbacks. The evidence further proved that, also in exchange for cash kickbacks, corrupt interbank brokers caused the off-market forex trades to be passed from the corrupt bank traders to IANNUZZI's company Itrade. Itrade, in turn, credited those rigged forex trades to accounts set up at Itrade by an FBI agent working in an undercover capacity. The undercover agent provided the cash kickbacks to the various participants in the scheme.

The evidence at trial established that, starting on or about May 8, 2003 through November 18, 2003, the date the undercover investigation ended, the participants in the scheme generated more than 200 rigged forex trades routed through IANNUZZI's company Itrade. The rigged trades generated in excess of \$700,000 of fraudulent proceeds. In total, the participants in the scheme received more than \$330,000 in cash kickbacks from the undercover agent. Itrade, for its role in receiving each of the rigged trades, received commissions on each of the trades.

In addition to maintaining the fraudulent accounts at his company, the evidence proved that, starting in September 2003, IANNUZZI bribed bank traders to provide off-market trades as part of the scheme. The evidence established that, as early as 1999, IANNUZZI provided kickbacks to a currency trader at

Israel Discount Bank in exchange for receiving off-market trades from the bank trader. As part of the charged scheme, IANNUZZI received a \$1,700 cash kickback from the undercover agent, and IANNUZZI, in turn, provided a portion of that cash kickback to the bank trader at Israel Discount Bank.

Sentencing is scheduled for July 27, 2005 before United States District Judge ALVIN K. HELLERSTEIN. IANNUZZI faces a maximum term of 5 years' imprisonment on the conspiracy charge, and 30 years' imprisonment on the wire fraud charge.

In addition to these charges, IANNUZZI has been indicted for his participation in retail foreign currency frauds in connection with his company, Itrade. Those charges remain pending before United States District Judge VICTOR MARRERO.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation, and thanked the Commodity Futures Trading Commission for its assistance in the investigation and trial.

Assistant United States Attorneys MARC A. WEINSTEIN and DEIRDRE A. MCEVOY are in charge of the prosecution.

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