

Judge Dismisses Securities Fraud Charges After Prosecutors Overreach

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In the wake of the financial crisis, prosecutors have become zealous in pursuing [alleged white-collar criminals](#). In some cases, courts have found that they've been overzealous and overcharged defendants with as many charges as possible, even when evidence does not support them.

For instance, a federal judge in Washington recently dismissed several counts in a \$50 million securities fraud case. He ruled that the U.S. Justice Department was overreaching in bringing the charges.

The indictment charged three defendants, Shelly Singhal, Loretta Bush and Dennis Pelino, with participating in an insider-trading scheme and making false statements to the Securities and Exchange Commission, according to the [Legal Times](#). However, the indictment did not expressly charge any violation of federal securities laws. Rather, it included mail and wire fraud allegations as well as false statement charges.

"This case represents an attempt by the federal government to expand the legal duties owed to the United States Securities and Exchange Commission by a corporate entity that is organized under the laws of the Cayman Islands, headquartered in China, traded publicly in Japan, and exempt from SEC reporting requirements—by charging the defendants with false statements and mail fraud," the opinion states. "On the face of the indictment, however, many of these counts do not pass constitutional muster."

The judge subsequently dismissed all of the false statement counts against the defendants. In total, four of the substantive counts and a substantial part of the conspiracy charge were thrown out, and portions of the indictment were stricken.

As this case highlights, a skilled white-collar criminal defense attorney can often secure the dismissal of certain charges, particularly when prosecutors are guilty of overreaching.

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About Ashley D. Adams, PLC

At Ashley D. Adams, PLC, we have a well-established track record of success in false claim cases that can make a difference. For both organization defending against false claims charges and individuals pursuing qui tam claims, Ashley's background with the complex law is a substantial advantage.

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