



Financial Advisor Careers

- warm leads
- an established territory
- an existing book of business

APPLY NOW

Sign in to al.com »
Not a member? Register Now »

Site Search Search Local Business Listings
Search by keyword, town name, Web ID and more...



Home | News | Weather | Sports | Entertainment | Travel | Interact | Jobs | Autos | Real Estate | Classifieds | Shop | Place An Ad

Stories from The Birmingham News
Feature stories and reports from The Birmingham News

Sponsored By:



Inside

Stories from The Birmingham News »

Browse by category

- Big Story
- Breaking News
- community
- Davis-Cup
- Fairfield
- Golf
- Graduation
- High School
- Inauguration
- Motorsports
- Must See
- Recruiting
- SEC
- Shared - Mobile
- Sports
- Swine Flu

RSS Feed

Browse by month

Select a date



Stories from The Birmingham News videos



Video of Hueytown robbery

from Bob Sims -- The Birmingham News



Criminal cases unlikely on new debt allegations in Jefferson County

By Robert K. Gordon -- The Birmingham News
November 08, 2009, 7:30AM



Jefferson County Commissioner Shelia Smoot, left, in a file photo. (The Birmingham News / Bernard Troncaie)

It may be too late to seek criminal indictments related to the latest allegations of a pay-to-play arrangement in Jefferson County bond business, former prosecutors said.

"On most federal charges, it's generally a five-year statute of limitations," former U.S. Attorney Alice Martin said.

The U.S. Securities and Exchange Commission filed a lawsuit Wednesday against bankers Charles LeCroy and Douglas MacFaddin, saying they arranged in 2002 and 2003 to pay more than \$1 million in fees -- at the behest of Commissioner Shelia Smoot and former Commissioner Jeff Germany -- to certain local firms in exchange for JPMorgan Chase & Co. landing Jefferson County business. The deals gave JPMorgan the largest auction rate securities and swap agreement transactions in the firm's history.

A series of deals with JPMorgan and other firms backfired, leaving Jefferson County teetering on the brink of bankruptcy.

In taped phone conversations, LeCroy and MacFaddin acknowledged the payments to Gardnry Michael Capital and ABI Capital Management were "free money" and "payoffs." The SEC suit says the firms paid by LeCroy and MacFaddin played no official role in the transactions and performed few, if any, services.

There are ways around the statute of limitations, former federal prosecutor Ron Brunson said.

"The usual statute of limitations is five years from the date of the incident," he said. "There is a method of capturing cases within the conspiracy statute. If someone conspires to commit a crime, the statute begins running at the last overt act. That could be yesterday for an event that happened in 2002. If the government is considering charging, they would need to go forward with a conspiracy-type charge."

There is another option, Brunson said, although he doesn't like it. "The



Former Jefferson County Commissioner Jeff Germany. (The Birmingham News file)

Stories from The Birmingham News headlines

- Flu may be down, but not out, Alabama officials say 7:03AM
- 'It's over. I'm finally free,' says teen acquitted in Banana Joe's slayings 5:30AM
- Brighton mayor fires city clerk 5:48PM
- Bridge Point Church to hold open house, dedication service 5:29PM
- Moss Rock Festival includes HGTV host 4:49PM

More: Stories from The Birmingham News »

Financial Advisor Careers

- warm leads
- an established territory
- an existing book of business

VALIC
careers.valic.com

APPLY NOW

Popular Tags

- Alabama baseball billiards Birmingham bowling calendar community Community community cross country dome football grilling Keysha Drexel--The Birmingham News Los Angeles Angels recipes recreation calendar Robert K. Gordon running stadium swimming table tennis Thomas Spencer Tom Gordon volleyball

Find Your Graduating Class

I graduated in:

1996
1986
1976
1966

classmates.com **FIND**

Most Commented on al.com

The stories you're talking about

government can obtain an indictment and then seal it to protect the statute of limitations and continue their investigation in other areas."

That is what the government did in its case against Larry Langford, former president of the County Commission.

A sealed indictment was filed in July 2008. A superseding indictment was filed Nov. 25, 2008, and unsealed Dec. 1. Langford, then Birmingham's mayor, was convicted Oct. 28 on 60 counts of bribery, conspiracy, money laundering, fraud and tax evasion.

Brunson said obtaining an indictment and keeping it secret just so authorities can bolster their case borders on an abuse of power.

"The reasons to seal an indictment should be limited," he said. An example would be to give a law enforcement officer an element of surprise when making an arrest in an effort to ensure the officer's safety.

Tricky calculations

Bringing criminal charges and calculating the statute of limitations related to financial transactions can be tricky, defense lawyer Richard Jaffe said.

"You borrow some money and do some kind of swap, that's continuing the transaction, perhaps extending the statute of limitations," Jaffe said. "You do a bond deal, but what if it takes a year to complete? It's a real hard question to answer."

U.S. Attorney Joyce White Vance said her office played no role in bringing the SEC's civil action and that her office learned of it the day it was announced. She also said the SEC lawsuit was not necessarily an indication that any criminal indictments were forthcoming.

JPMorgan agreed to pay \$75 million in penalties and forfeit \$647 million in fees to settle an SEC investigation. LeCroy and MacFaddin have 20 days to respond to the lawsuit.

Mom Makes \$63/Hr Online
Stay at home Mom makes \$7,100 a month! Read her story: Special Report
www.WallStreetGazetteNews.com

DIRECTV - Official Site
DIRECTV: 150 Ch for \$29.99/mo (1y). No start up costs + Free Install.
www.directv.com

Idaho Building Permits
Reach filers of new construction projects in Southern Idaho
www.Compass-Direct.com

Recommend (0)


Print this Email this Share this:

Previous story: UA seeks Bryce sale

Next story: Alabama Guardsman recalls chaos of Fort Hood shooting

Comments (7 total) RSS Post a comment


Oldest comments are shown first. Show newest comments first

 Posted by **bhamfella**
November 08, 2009, 9:12AM

Hope the reporter remembers to pull and read Smoot's deposition testimony from over the summer. Last overt act for Smoot occurred by her when she denied the allegations in the deposition.

Inappropriate comment? Alert us.

Reply to this comment | Post a new comment

 Posted by **sburks**
November 08, 2009, 10:10AM

Vance should be investigating Smoot's current activities, I doubt that she has discontinued her money train just yet!

Inappropriate comment? Alert us.

Reply to this comment | Post a new comment

 Posted by **afageezer**

338 comments
Nick Saban fires back on criticism for SEC game officials

245 comments
Auburn analysis: Gene Chizik playing it smart for final push

201 comments
Video: Auburn coach Ted Roof on his defense, QB Chris Todd on the offense

142 comments
Tea Party Express makes stop in Birmingham's Kelly Ingram Park

128 comments
SEC not planning to comment on non-interception play from Alabama-LSU game

From Our Advertisers

- Birmingham's only accredited chest pain center
- Low fares can be found here
- \$2 OFF 2010 Alabama International Auto Show

Advertise With Us >>