

 An official website of the United States government
[Here's how you know](#)



Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, August 5, 2021

Jury Convicts Two Former Wall Street Bank Traders of Wire Fraud

A federal jury convicted two men for engaging in a multi-year fraud scheme to manipulate U.S. commodities markets for publicly traded precious metals futures contracts.

According to court documents and evidence presented at trial, Edward Bases, 59, of New Canaan, Connecticut, a former senior trader employed at Deutsche Bank and Bank of America in New York, and John Pacilio, 57, of New York, New York, a former senior trader employed at Bank of America and Morgan Stanley in New York, fraudulently pushed market prices up or down by routinely placing large “spoof” orders in the precious metals futures markets that they did not intend to fill. Bases and Pacilio did so in order to manipulate prices for their own gain and the banks’ gain, and to defraud other traders on the Commodity Exchange Inc. (COMEX) and the New York Mercantile Exchange Inc. (NYMEX), both of which are exchanges run by the CME Group Inc. (CME).

“These defendants undermined public confidence in U.S. commodities markets by manipulating prices to create the false appearance of supply and demand,” said Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department’s Criminal Division. “This verdict shows that the Department of Justice is committed to holding accountable those who line their pockets by manipulating our financial markets through fraud.”

Court documents and witness testimony also showed that Bases and Pacilio taught other traders how to engage in the practice of spoofing, which involves placing orders on the exchange that, at the time they were placed, were not intended to be executed. For example, electronic chat messages introduced as evidence during trial demonstrated that, while he was placing deceptive trades, Bases stated, “that does show you how easy it is to manipulate it sometimes . . . I know how to ‘game’ this stuff.” Evidence introduced at trial also included electronic chat messages from Pacilio stating, “I just put in 500 lots to spoof the gold,” and “if you spoof this it really moves.”

“Illegally moving market prices in a direction that suits individual interests is a quick way to lose investor confidence and rack up federal criminal charges,” said Acting Assistant Director in Charge Jacqueline Maguire of the FBI’s New York Field Office. “The FBI will continue to pursue those who manipulate our financial markets.”

As a result of Bases’s and Pacilio’s scheme, other market participants, some of whom testified at trial, were induced to trade at prices, quantities, and times that they otherwise would not have traded. Bases and Pacilio engaged in this conduct despite having received and been trained on bank policies prohibiting fraud and deceptive trading practices.

Bases was convicted of conspiracy to commit wire fraud affecting a financial institution and wire fraud affecting a financial institution. Pacilio was convicted of conspiracy to commit wire fraud affecting a financial institution, wire fraud affecting a financial institution, and commodities fraud. Conspiracy to commit wire fraud and wire fraud affecting a financial institution carry a maximum sentence of 30 years’ imprisonment per count. Commodities fraud carries a maximum sentence of 25 years’ imprisonment. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Acting Principal Assistant Chief Avi Perry and Trial Attorneys Scott Armstrong and John Liolos of the Criminal Division’s Fraud Section are prosecuting the case. The FBI’s New York Field Office investigated this case.

The Criminal Division's Fraud Section plays a pivotal role in the Justice Department's fight against white collar crime around the country, and its Market Integrity & Major Frauds Unit is the national leader in prosecuting fraud and manipulation in the U.S. commodity markets.

Topic(s):

Financial Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section

Press Release Number:

21-746

Updated August 6, 2021