

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72958 / September 2, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16050

In the Matter of

JESSE C. LITVAK,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Jesse C. Litvak (“Respondent” or “Litvak”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From April 2008 to December 2011, Respondent was a registered representative (CRD #2921134) associated with Jefferies LLC (formerly known as Jefferies & Company, Inc.) (“Jefferies”). Jefferies (SEC File No. 8-15074) has been registered with the Commission as a broker-dealer since 1969. For the portion of time in which he engaged in the conduct underlying the indictment described below, Respondent was associated with a broker-dealer registered with the Commission. Respondent is 39 years old and is a resident of New York, New York.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On March 7, 2014, a jury returned a verdict of guilty against Respondent on ten counts of securities fraud (15 U.S.C. §§ 78j(b), 78ff), one count of Troubled Asset Relief Program (TARP) fraud (18 U.S.C. § 1031), and four counts of making false statements to the government (18 U.S.C. § 1001) before the United States District Court for the District of Connecticut, in United States v. Jesse C. Litvak, Case No. 3:13-cr-00019-JCH. On July 25, 2014, the Court entered the judgment based on the guilty verdict. Litvak was sentenced to a prison term of 24 months followed by three years of supervised release and ordered to pay a fine of \$1,750,000 and restitution in an amount to be ordered.

3. The counts of the criminal indictment as to which the jury found Litvak guilty alleged, among other things, that Litvak was a trader of residential mortgaged-backed securities ("RMBS") at Jefferies. The indictment further alleged that Jefferies acted as a match-maker, serving as a conduit for a bond to pass from a seller to a buyer of RMBS and that the firm's profit on such trades was the difference between the price it paid the seller and the price it charged the buyer. The indictment further alleged that Litvak used materially false misrepresentations to increase the profitability of trades. For example, the indictment alleges that Litvak misrepresented to buyers of RMBS the price Jefferies had paid for the security and misrepresented to sellers of RMBS the price Jefferies charged for the security.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Jill M. Peterson
Assistant Secretary