

Ex-State Street executive released amid COVID-19 outbreak

1/8/21 REUTERS LEGAL 23:58:07 • Copyright (c) 2021 Thomson Reuters • Jody Godoy

REUTERS LEGAL • January 8, 2021



(Reuters) - A federal judge in Boston ordered a former State Street executive released to home confinement on Friday because of a COVID-19 outbreak at the prison where he was serving an 18-month sentence for overcharging the bank's customers by adding secret commissions to trades.

U.S. District Judge Leo Sorokin said Ross McLellan, 48, should be released to home confinement after his attorney Martin Weinberg expressed concern about his vulnerability to a COVID-19 outbreak at FMC Devens, a prison in Ayer, Massachusetts, where more than 40% of the 740 inmates have tested positive for the virus and six have died. McLellan was serving his sentence at the facility's minimum security camp but was assigned to work in its medical facility, where the outbreak is occurring, according to Weinberg.

"I think it was an appropriate and principled judicial reaction to an unprecedented outbreak," Weinberg said on Friday.

Boston federal prosecutors had opposed the request, saying that McLellan should wait until February 8, when the Bureau of Prisons had approved his release. Prison staff practiced social distancing and medical facility inmates were not present in the areas such as the warden's office where McLellan and other camp inmates worked, they said.

Weinberg said in court filings that McLellan has been diagnosed with diabetes, obesity, high blood pressure and high cholesterol, putting him at higher risk of death from COVID-19.

Sorokin ordered McLellan to serve 10 months in home confinement and complete 50 hours of community service during a three year term of supervised release. McLellan had served six months in prison.

McLellan, a former executive vice president at State Street, is one of four ex-employees of the Boston-based bank who have since 2016 faced charges in the United States that they engaged in schemes to overcharge institutional clients.

The case followed a 2014 settlement between State Street and the UK Financial Conduct Authority in which the bank paid a fine of 22.9 million pounds, or \$38 million at the time, for charging six customers markups.

In 2017, State Street agreed to pay \$64.6 million to resolve related U.S. criminal and civil investigations.

Prosecutors said that McLellan conspired with others from 2010 to 2011 to add secret commissions to trades made for six customers using the bank's "transition management" business.

The service helps large institutional clients such as pension funds move investments between and among asset managers or liquidate large investment portfolios with the goal of minimizing the costs of transitioning the investments.

The case is U.S. v. McLellan, et al, U.S. District Court, District of Massachusetts, No. 16-cr-10094.

For McLellan: Martin Weinberg

For the United States: Assistant U.S. Attorney Stephen Frank of the U.S. Attorney's Office of the District of Massachusetts

References

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