

## Sixth Circuit: Foreign Currency Scheme Doesn't Pay

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In [\*United States v. Teadt\*](#), the *Sixth Circuit* affirmed the convictions of Michael Teadt, Bradford Huebner, and Charles Emmenecker for their roles in a \$24 million currency fraud scheme. Huebner and Emmenecker teamed up with another man who claimed to be a foreign-currency expert and sold and marketed Iraqi dinars. The men claimed that the dinars would increase in value based on speculation of an imminent currency revaluation by the Iraqi government, and vaguely referenced a fictional statute in order to bolster their investors' confidence. The three then established hedge funds and sold almost 1,000 "inception investors' seats" at \$750 each. Meanwhile, Teadt applied for subsidized job training benefits in order to cover costs of the hedge fund business. The defendants were convicted of assorted counts of wire fraud, mail fraud, money laundering, and structuring.

On appeal, the Court rejected each of the defendants' varying arguments. Using a manifest miscarriage of justice standard of review for failure to renew their motions for acquittal after the close of the evidence, the Court denied each defendant's sufficiency of the evidence argument. Teadt's testimony gave rise to a reasonable inference that he intended to commit mail fraud, and the record was not devoid of evidence sufficient for the jury to disbelieve Huebner's and Emmenecker's allegedly sincere beliefs about the revaluation of the dinar.

Next, the Court affirmed the amount of restitution ordered by the district court under the Mandatory Victims Restitution Act ("MVRA"). The Court seemingly lauded Huebner for "creatively" claiming "that since many of the purchasers do not consider themselves victims, they cannot be recognized as such under the law." Despite the creativity of this argument, the Court nevertheless found that the MVRA does not require a victim to subjectively believe that he or she has been harmed. The Court also found that the victims suffered an actual loss because the dinars "are worth much less than the price they paid and likely always will be," and that the district court could impose joint-and-several liability in order to fully compensate the victims.

Finally, the Court found no prosecutorial or juror misconduct. Despite the defendants' claim that the prosecutor improperly referred to evidence of cash deposits into Emmenecker and Teadt's accounts that was not in the record, the Court held that the prosecutor "was merely conceding that the government had no direct evidence of how Teadt or Emmenecker benefitted monetarily from the crimes." The *Sixth Circuit* also concluded that the issue of sleeping jurors did not deprive Emmenecker of his Fifth Amendment due process rights or his Sixth Amendment right to an impartial jury.

National Law Review, Volume VI, Number 180

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