

# Martin Shkreli is found guilty of three of eight securities fraud charges

By Renae Merle August 4

NEW YORK — A Brooklyn jury on Friday found Martin Shkreli, the former hedge fund manager notorious for brazenly raising the price of a critical drug, guilty of defrauding his investors.

Shkreli shook his head in apparent disbelief as the first of three guilty verdicts was read. His father, who attended every day of the more than four-week trial, put his head in hands. Shkreli, who was acquitted on five other charges, faces up to 20 years in prison, though legal experts say he is likely to be sentenced to much less.

The jury's decision, following five days of deliberations, did not give either side the clear victory they wanted, but was certainly humbling for Shkreli who had boasted that prosecutors would have to apologize to him when the case was over.

Yet with the audacity that has become his trademark, Shkreli met a scrum of reporters outside the courthouse and said he was "delighted in many ways," noting that he had been exonerated on charges he considered more serious.

"This was a witch hunt of epic proportions," he said. "Maybe they found one or two broomsticks, but at the end of the day we were acquitted of the most important charges in this case."

Prosecutors convinced the jury of five men and seven women that Shkreli, 34, misled investors in two of his hedge funds, MSMB Capital and MSMB Healthcare. Shkreli lied in order to get their money and then to cover up massive losses after he made a bad stock bet, according prosecutors.

"Justice was served," said Bridget M. Rohde, acting U.S. Attorney for the Eastern District of New York.

But the jurors did not find him guilty of one serious charge: That Shkreli had looted a pharmaceutical he founded, Retrophin, of \$10 million, to repay investors.

Shkreli's high-powered attorney, Benjamin Brafman, clung to the acquittal on that count as a victory that he said ultimately could mean that Shkreli would serve little to no prison time. "We're not 100 percent pleased, we're 90 percent pleased," said

Brafman, Shkreli's defense attorney, disputed all of the charges and attempted to sway the jury with a simple rebuttal: His investors were wealthy and sophisticated and he ultimately made them richer.

"My investors made three to five times their money," Shkreli said during the press scrum after the verdict. And Retrophin wouldn't exist without him, he said, boasting that he had taken it from an "idea in my head to a half-a-billion-dollar company."

That is a compelling argument, but not good enough, Goodnow said. "Shkreli's lack of contrition and the way he cut people to the bone with his words no doubt evinced anger in the jurors that Shkreli's defense team simply could not overcome," he said.

Shkreli still faces civil charges from the Securities and Exchange and a \$65 million lawsuit filed by Retrophin, which ousted him.


"It is a hollow victory if you want to call it a victory," said David Chase, a former SEC prosecutor. Matsumoto, the judge, still has the discretion to send Shkreli to prison for several years, he said. She has not set a date for sentencing.

Still, an hour after leaving the courtroom, Shkreli was back where he feels comfortable: At home in a room full of music equipment where he livestreams his life.

"I think I can get probation. I think there's a decent chance," he said with a beer in his hand and still wearing the polo shirt and glasses he wore to court. "I think we're going to end up appealing this. I'm going to talk about this with my lawyers." His cat, named Trashy, made regular appearances in the background.

*Alex Schiffer in Washington contributed to this story.*

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Renaë Merle covers white collar crime and Wall Street for The Washington Post.  Follow @renaemerle