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In a Case Turning on Financial Ills, a Search for Jurors

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The first criminal trial stemming from the financial panic opened on Tuesday in a courtroom in New York with one overarching question: in this era of foreclosures and bank bailouts, how carefully balanced does a jury have to be to render a fair verdict on financiers?

The case centers on two former executives of Bear Stearns, Ralph R. Cioffi and Matthew M. Tannin, who have been accused of lying to investors about the perilous state of two giant hedge funds that they oversaw. They have pleaded not guilty.

Selecting jurors — always a delicate dance — was particularly difficult given the turmoil on Wall Street. Several potential jurors interviewed by lawyers on Tuesday expressed contempt for the financial industry as a whole.

"People on Wall Street get away with a lot of wrongdoing," one said. Another, who claimed to have lost money in the stock market, told the court that "financial institutions always try to bend the rules to make as much money as possible."

The case will be a crucial test for prosecutors, who must persuade a jury of mostly working-class New Yorkers, some from foreign countries like Grenada and Ukraine, that Mr. Cioffi and Mr. Tannin acted criminally when they privately expressed concerns about their funds' health while presenting a much rosier picture to investors. Even before potential jurors entered the courtroom, Judge Frederic Block of Federal District Court dismissed two of them after lawyers said they had expressed bias in questionnaires asking their opinions on the economy and Wall Street.

Legal experts said it would be almost impossible to find jurors unaffected by the crisis.

If the men are convicted of the securities fraud charges, they face up to 20 years in prison each.

"Both sides will probably pitch this at a very gut and emotional level, which is how most cases are decided anyway," Robert S. Duboff, who runs the jury consulting firm HawkPartners, said. "But sometimes the people who are the most bitter at the institution could well end up being sympathetic to the people on trial."

In arguing their case, prosecutors are likely to contrast the lives of Wall Street executives with those of ordinary Americans. The two executives at Bear Stearns, which collapsed into the arms of **JPMorgan Chase** in 2008, made many millions of dollars.

In an e-mail message disclosed by the prosecution last week, Mr. Tannin wrote that he made $2 million in 2006. He also expressed extreme anxiety about the performance of the hedge funds, writing in November 2006 that he could no longer sleep and began taking antidepressants because of fear the funds could eventually "blow up."

The funds filed for bankruptcy in the summer of 2007, costing investors more than $1.4 billion. Both men were then dismissed.

One potential juror from Brooklyn, under questioning from Judge Block, said his feelings about workers in the financial industry depended on who the people were and added that investment managers seemed as if "they have very stressful jobs."

In his questioning, Judge Block pointed out that even though many jurors had lost a chunk of their savings, the case was "not a revenge opportunity."

The prosecution's case is expected to hinge on messages between Mr. Cioffi and Mr. Tannin showing they were concerned about the funds even as they collected more money from investors. The government's case rests on whether jurors believe the two knowingly deceived investors about the funds.

"While this jury may not understand the arcane financial issues, they will have a sense of what's right and what's wrong," said Brian L. Rubin, a partner in the litigation practice of Sutherland Asbill & Brennan.

The defense has argued that Mr. Cioffi and Mr. Tannin were victims of the crisis and managed their investors' money the best they could. Mr. Cioffi is also accused of insider trading; prosecutors say he took $2 million out of one fund and moved it into another. Opening statements in the trial begin on Wednesday.