

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA :
:
-v.- :
:
JASON PFLAUM, : INFORMATION
:
Defendant. : 10 Cr. ____
:
- - - - - x

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. At all times relevant to this Information, JASON PFLAUM, the defendant, worked as a research analyst for a hedge fund based in New York, New York ("Hedge Fund A"). At certain times relevant to this Information, Hedge Fund A had nearly \$100 million in assets under management.

2. At certain times relevant to this Information, a coconspirator not named as a defendant herein ("CC-1") founded and managed Hedge Fund A.

The Insider Trading Scheme

3. From at least in or about mid-2008 through in or about October 2010, JASON PFLAUM, the defendant, CC-1, and others known and unknown, participated in a scheme to defraud by executing securities trades based on material, nonpublic information regarding certain public companies ("Inside

Information") that had been misappropriated in violation of duties of trust and confidence.

4. As a part of the scheme, JASON PFLAUM, the defendant, CC-1, and others known and unknown obtained Inside Information in a number of ways. For example, PFLAUM, CC-1, and others known and unknown utilized an expert networking firm (the "Firm") to gain and/or facilitate access to employees at companies ("Firm Consultants") who in turn provided PFLAUM, CC-1, and others Inside Information. The Inside Information provided included information regarding earnings, revenues, gross margins, and other confidential and material business developments which had been misappropriated in violation of duties of trust and confidence.

5. The Inside Information provided to JASON PFLAUM, the defendant, CC-1, and others known and unknown was obtained in violation of: (i) fiduciary and other duties of trust and confidence owed by the Firm Consultants and other company employees to their employers; (ii) expectations of confidentiality held by the employers of the Firm Consultants and other company employees who provided the Inside Information; and (iii) written policies of Firm consultants and other company employees regarding the safeguarding of Inside Information.

6. On the basis of the Inside Information, JASON PFLAUM, the defendant, CC-1, and others known and unknown, executed trades and caused others to execute trades in the

securities of numerous public companies, earning substantial sums in unlawful profits.

The Conspiracy

7. From at least in or about mid-2008 through in or about October 2010, in the Southern District of New York and elsewhere, JASON PFLAUM, the defendant, CC-1, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to commit offenses against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Object of the Conspiracy

Securities Fraud

8. It was a part and an object of the conspiracy that JASON PFLAUM, the defendant, CC-1, and others known and unknown, unlawfully, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5 by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material

fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon any person, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Means and Methods of the Conspiracy

9. Among the means and methods by which JASON PFLAUM, the defendant, CC-1, and their coconspirators would and did carry out the conspiracy were the following:

a. PFLAUM and/or CC-1 obtained Inside Information that had been misappropriated by others in violation of duties of trust and confidence.

b. In the event that PFLAUM received the Inside Information outside of CC-1's presence, PFLAUM provided the Inside Information to CC-1.

c. PFLAUM, CC-1, and their coconspirators used the Inside Information to execute and to cause others to execute profitable securities transactions in numerous public companies.

Overt Act

10. In furtherance of the conspiracy, and to effect the illegal object thereof, JASON PFLAUM, the defendant, CC-1, and their coconspirators committed the following overt act, among

others, in the Southern District of New York and elsewhere:

a. On or about October 13, 2009, a coconspirator not named herein ("CC-2") who was an employee at a public company that trades over the New York Stock Exchange ("Technology Company A") had two telephone calls with PFLAUM, who was located in New York, New York, during which CC-2 provided PFLAUM with material nonpublic information about Technology Company A.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

11. The allegations contained in paragraphs 1 through 6 and 9 through 10 are repeated and realleged as though fully set forth herein.

12. From in or about mid-2008 through in or about October 2009, in the Southern District of New York and elsewhere, JASON PFLAUM, the defendant, unlawfully, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of

material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, PFLAUM received Inside Information from CC-2 and relayed such Inside Information to CC-1, who in turn effected securities trades based on such Inside Information.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2; and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

13. As a result of committing one or more of the foregoing securities fraud offenses alleged in Counts One and Two of this Information, JASON PFLAUM, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses, including but not limited to the following:

Money Judgment

a. At least a sum of money in United States currency which was derived from proceeds traceable to the commission of the securities fraud offenses.

Substitute Assets Provision

14. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981; Title 28, United States Code, Section 2461; Title 18, United States Code, Sections 371 and 2; Title 15, United States Code, Sections 78j(b) and 78ff; and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2).

PREET BHARARA
United States Attorney