

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.  
 :  
 v. : Criminal No. 11-  
 :  
 : 18 U.S.C. § 371  
 GARRETT BAUER : 15 U.S.C. §§ 78j(b) and 78ff;  
 : 17 C.F.R. § 240.10b-5  
 : 18 U.S.C. § 1956(h)  
 : 18 U.S.C. § 1512(c)(2)  
 : 18 U.S.C. § 2

INFORMATION

The defendant having waived in open court prosecution by indictment and any objections to venue (see Count 3), the United States Attorney for the District of New Jersey charges:

COUNT ONE

(Conspiracy to Commit Securities Fraud)

1. At all times relevant to this Information:

a. Matthew Kluger ("Kluger"), currently a resident of Oakton, Virginia, was a 1995 graduate of New York University School of Law. Between in or about 1994 and on or about March 11, 2011, defendant Kluger worked as a summer associate and later an attorney at various prominent international law firms (collectively referred to as the "Law Firms"). Specifically:

i. From in or about 1994 to in or about 1997, defendant Kluger was first a summer associate and then later an associate in the corporate department at Cravath Swaine

& Moore LLP's New York office.

ii. From in or about 1998 to in or about 2001, defendant Kluger worked as a corporate associate at Skadden, Arps, Slate, Meagher & Flom LLP's New York and Palo Alto, California offices.

iii. From in or about 2001 to in or about 2002, defendant Kluger worked as a corporate associate at Fried, Frank, Harris, Shriver & Jacobson LLP's New York office.

iv. From in or about December 2005 to on or about March 11, 2011, defendant Kluger worked as a senior corporate associate at Wilson Sonsini Goodrich & Rosati PC's ("Wilson Sonsini") Washington, D.C. office.

b. As an attorney at the Law Firms, Kluger had access to material nonpublic information ("Inside Information") concerning clients' potential sales and mergers, as well as other material, nonpublic information. Kluger had a duty not to disclose Inside Information he learned through his position at the Law Firms, and not to use such information for his personal benefit or the benefit of others.

c. Defendant GARRETT BAUER, a resident of Manhattan, New York, was a professional stock trader who has worked at various proprietary trading firms over the last 20 years.

d. Kenneth Robinson ("Robinson"), a resident of

Long Beach, New York, was, at one time, a registered trader but primarily worked in the mortgage loan business for his professional career.

### The Conspiracy

2. From in or about 1994 to in or about March 2011, in Hudson and Middlesex Counties, in the District of New Jersey, and elsewhere, defendant

GARRETT BAUER

did knowingly and willfully combine, conspire, confederate and agree with Kluger, Robinson, and others to commit offenses against the United States, namely, securities fraud, by using and employing by the direct and indirect use of the means and instrumentalities of interstate commerce and the mails, in connection with the purchase and sale of securities, manipulative and deceptive devices, including the purchases and sales of securities of issuers on the basis of material nonpublic information about those securities and issuers, in breach of a duty of trust and confidence that was owed directly, indirectly, and derivatively, to the issuers of those securities, the shareholders of those issuers, and to other persons who are the source of the material nonpublic information, contrary to 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

3. The object of the conspiracy was for defendant GARRETT BAUER, Kluger, Robinson, and others, to obtain money by purchasing securities on the basis of Inside Information Kluger gained through his employment at the Law Firms.

### Manner and Means of the Conspiracy

4. It was a part of the conspiracy that while at the Law Firms, Kluger regularly stole from the Law Firms and their clients, and disclosed to Robinson, Inside Information regarding anticipated corporate mergers and acquisitions on which his law firms were working. Early in the scheme, Kluger disclosed information relating to deals on which he personally worked. As the scheme developed, and in an effort to avoid law enforcement detection, Kluger was careful to steal and disclose information about deals on which he did not personally work, but which he learned about by searching the Law Firms' computer systems.

5. Once Kluger gave the Inside Information to Robinson, Robinson then passed the information to defendant GARRETT BAUER with instructions regarding how many shares defendant GARRETT BAUER should purchase for Robinson and Kluger. Defendant GARRETT BAUER, in turn, then purchased shares for himself, Robinson, and Kluger in his trading accounts and quickly sold those shares once the transaction was publicly announced. Many of the shares that defendant GARRETT BAUER purchased were

executed through computer servers in New Jersey.

6. When defendant GARRETT BAUER obtained the illicit profits from selling the shares, he gave Robinson (directly) and Kluger (through Robinson) their portions of the proceeds. To limit the chance of detection by law enforcement, and to conceal and disguise the source of the money, defendant GARRETT BAUER paid Robinson and Kluger their proceeds in cash which he obtained from numerous ATM withdrawals. The cash payments Robinson and Kluger received were regularly in excess of ten thousand dollars per transaction.

7. In two transactions, instead of defendant GARRETT BAUER buying and selling the securities, Robinson traded in his own accounts based on Inside Information from Kluger and paid Kluger his share of the proceeds in cash.

8. In total, Kluger provided Inside Information relating to more than 30 different corporate transactions to Robinson and either defendant GARRETT BAUER or Robinson traded, on behalf of all three coconspirators, based on the Inside Information.

9. In an effort to prevent their insider trading scheme from being detected, in recent years defendant GARRETT BAUER, Kluger, and Robinson used pay phones and prepaid cellular phones to discuss their illicit scheme and transactions.

10. In or about March 2011, after learning about the

existence of the FBI's and IRS's criminal investigation of their insider trading scheme, defendant GARRETT BAUER destroyed a prepaid cellular phone that he had used to communicate with Robinson regarding their illicit scheme. After learning of the criminal investigation, defendant GARRETT BAUER also instructed Robinson to burn approximately \$175,000 cash that defendant GARRETT BAUER had recently given Robinson as his and Kluger's proceeds of a recent illicit transaction based on Inside Information that Kluger had obtained from Wilson Sonsini.

#### Overt Acts

11. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. In or about January 2011, Kluger accessed his law firm's computer system regarding CSR PLC's planned merger with Zoran Corp. and shared that information with Robinson so defendant GARRETT BAUER could purchase Zoran Corp. stock on behalf of all three coconspirators.

b. Between on or about January 24, 2011 and on or about February 17, 2011, defendant GARRETT BAUER caused the purchase of approximately 1,461,056 shares of Zoran Corp.

c. On or about March 3, 2011, defendant GARRETT BAUER gave Robinson approximately \$175,000 in cash, as a portion of the proceeds of the illicit Zoran Corp. stock transaction,

which Robinson was to split with Kluger.

In violation of Title 18, United States Code, Section  
371.

COUNT TWO  
(Securities Fraud)

1. The allegations set forth in paragraphs 1 and 4 through 11 of Count One of this Information are realleged and incorporated herein.

2. From on or about January 24, 2011, to on or about February 17, 2011, in the District of New Jersey and elsewhere, defendant

GARRETT BAUER,

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 (Rule "10b-5") in connection with the purchases and sales of securities by (a) employing devices, schemes, and artifices to defraud members of the investing public; (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 a course of business which operated and would operate as a fraud and deceit upon persons, in that he executed and caused the execution of purchases of approximately 1,461,056 shares of Zoran Corp. stock based upon the material, nonpublic information Kluger obtained



through his employment as an attorney at Wilson Sonsini.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff(a) and Title 17, Code of Federal Regulations, Section 240.10b-5.

COUNT THREE  
(Conspiracy to Commit Money Laundering)

1. The allegations set forth in paragraphs 1 and 4 through 11 of Count One of this Information are realleged and incorporated herein.

2. From in or about March 2006 through in or about March 2011, in the Southern and Eastern Districts of New York and elsewhere, defendant

GARRETT BAUER,

knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, conspired with Kluger, Robinson, and with others to conduct and attempt to conduct financial transactions that in fact involved the proceeds of specified unlawful activity, namely securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5 and 240.10b5-2, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i).

In violation of Title 18, United States Code, Section 1956(h).

COUNT FOUR  
(Obstruction of Justice)

1. The allegations set forth in paragraphs 1 and 4 through 11 of Count One of this Information are realleged and incorporated herein.

2. In or about March 2011, in the District of New Jersey and elsewhere, defendant

GARRETT BAUER

did knowingly and corruptly obstruct, influence, and impede, and attempt to obstruct, influence, and impede, an official proceeding, namely, investigations of insider trading in the securities identified herein by the grand jury, the United States Attorney's Office, the FBI, and the IRS, by destroying a prepaid cellular phone that defendant GARRETT BAUER used in furtherance of the insider trading scheme and by instructing Robinson to burn approximately \$175,000 in cash which defendant GARRETT BAUER had provided Robinson as a portion of the proceeds from the Zoran Corp. stock transaction as part of the insider trading scheme.

In violation of Title 18, United States Code, Section 1512(c)(2) and Section 2.

### FIRST FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

2. The United States hereby gives notice to the defendant that, upon conviction of the offenses charged in Counts 1 and 2 of this Information, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 15, United States Code, Sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2, and Title 18, United States Code, Section 371, alleged in Counts 1 and 2 of this Information, including but not limited to the following:

a. The contents of the following accounts:

i. Citibank, N.A., Money Market Plus account # 27343951, in the name of Garrett Bauer;

ii. Citibank, N.A., High Interest Checking account # 34968167, in the name of Garrett Bauer;

iii. Citibank, N.A., Ultimate Money account # 9935713410, in the name of Garrett Bauer;

iv. Citibank, N.A., Ultimate Savings account # 9945636295, in the name of Garrett Bauer;

v. Citibank, N.A., Saving Plus account # 9958701682, in the name of Garrett Bauer;

vi. Citibank, N.A., e-Saving account # 9961779472, in the name of Garrett Bauer;

vii. TD Ameritrade account # 784-991986, in the name of Garrett Bauer;

viii. Goldman Sachs Execution and Clearing account # 4ZG01209, in the name of Garrett Bauer; and

b. All right, title, and interest, including all appurtenances and improvements thereon, in the real property located at 7137 Via Firenze, Boca Raton, Florida; and

c. All right, title, and interest, including all appurtenances and improvements thereon, in the real property located at 157 E. 84th Street, Apt. #4-E, New York, New York.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

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 subdivided without difficulty,

the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

## SECOND FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 982.

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in Count 3 of this Information, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 982(a)(1), of any and all property, real or personal, involved in the violation of Title 18, United States Code, Section 1956(h), alleged in Count 3 of this Information, and any property traceable to such property, including but not limited to the following:

a. The contents of the following accounts:

i. Citibank, N.A., Money Market Plus account # 27343951, in the name of Garrett Bauer;

ii. Citibank, N.A., High Interest Checking account # 34968167, in the name of Garrett Bauer;

iii. Citibank, N.A., Ultimate Money account # 9935713410, in the name of Garrett Bauer;

iv. Citibank, N.A., Ultimate Savings account # 9945636295, in the name of Garrett Bauer;

v. Citibank, N.A., Saving Plus account # 9958701682, in the name of Garrett Bauer;

vi. Citibank, N.A., e-Saving account # 9961779472, in the name of Garrett Bauer;

vii. TD Ameritrade account # 784-991986, in the name of Garrett Bauer; and

viii. Goldman Sachs Execution and Clearing account # 4ZG01209, in the name of Garrett Bauer.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

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 subdivided without difficulty, the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

A handwritten signature in cursive script, reading "Paul J. Fishman", followed by a horizontal line.

PAUL J. FISHMAN  
United States Attorney