

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

-v.-

JESSE TORTORA,

Defendant.

INFORMATION

1:1 CRIM - 430

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. From in or about 2007 through in or about May 2010, JESSE TORTORA, the defendant, worked as a research analyst for a hedge fund based in Stamford, Connecticut ("Hedge Fund A"). At certain times relevant to this Information, Hedge Fund A had approximately \$4 billion in assets under management.

The Insider Trading Scheme

2. From at least in or about 2007 through in or about 2010, JESSE TORTORA, the defendant, and others known and unknown, conspired to engage in insider trading. In furtherance of the conspiracy, TORTORA, together with one or more coconspirators at Hedge Fund A (the "Hedge Fund A Coconspirators"), obtained material, nonpublic information ("Inside Information") from certain other coconspirators (and in certain cases, exchanged Inside Information with such coconspirators), known and unknown,

including one or more coconspirators at other hedge funds and investment firms (the "Hedge Fund/Investment Firm Coconspirators"), for the purpose of executing profitable transactions on the basis of the Inside Information for the benefit of Hedge Fund A.

3. In addition, in furtherance of the conspiracy, JESSE TORTORA, the defendant, certain of the Hedge Fund/Investment Firm Coconspirators, and others known and unknown, utilized expert networking firms, including a firm whose main office was located in Mountain View, California (the "Firm"), to gain and/or facilitate access to employees at public companies ("Firm Consultants") who in turn provided Inside Information. The Firm paid the Firm Consultants to provide information to its clients ("Firm Clients"). The Firm Clients included Hedge Fund A and other hedge funds at which the Hedge Fund/Investment Firm Coconspirators worked. The Firm Clients paid money to the Firm to gain access to the Firm Consultants.

4. JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, and the Hedge Fund/Investment Firm Coconspirators obtained the Inside Information directly and indirectly from public company employees, including the Firm Consultants. The Inside Information related to various technology companies whose shares are traded on public exchanges (the "Technology Companies"). The Inside Information included information relating

to earnings, revenues, gross margins, and other confidential and material business developments of the Technology Companies.

5. The Inside Information provided to JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, the Hedge Fund/Investment Firm Coconspirators, and others known and unknown, was obtained in violation of: (i) fiduciary and other duties of trust and confidence owed by the employees of the Technology Companies to their employers; (ii) expectations of confidentiality held by the Technology Companies; and (iii) written policies of the Technology Companies regarding the use and safekeeping of Inside Information.

6. As a part of the scheme, JESSE TORTORA, the defendant, exchanged Inside Information with the Hedge Fund/Investment Firm Coconspirators by email and by telephone. In addition, TORTORA often forwarded by email the Inside Information he received from the Hedge Fund/Investment Firm Coconspirators to one of the Hedge Fund A Coconspirators.

7. On the basis of the Inside Information that JESSE TORTORA, the defendant, obtained from both the Hedge Fund/Investment Firm Coconspirators and the Firm Consultants, the Hedge Fund A Coconspirators, and others known and unknown, executed and caused others to execute transactions in the securities of the Technology Companies, earning substantial sums in unlawful profits.

8. For example, in or about 2008, JESSE TORTORA, the defendant, obtained Inside Information pertaining to Dell, Inc. ("Dell"), which traded on the NASDAQ, from certain of the Hedge Fund/Investment Firm Coconspirators. The Inside Information included information concerning Dell's revenue and gross margin numbers before that information was made public in connection with the company's quarterly earnings announcements. TORTORA provided this information to the Hedge Fund A Coconspirators in advance of the quarterly announcements, and one or more of the Hedge Fund A Coconspirators executed or caused to be executed transactions in securities of Dell based on the Inside Information, earning millions of dollars in profits for Hedge Fund A.

9. Specifically, in advance of Dell's August 28, 2008 quarterly earnings announcement, JESSE TORTORA, the defendant, received Inside Information indicating that Dell's gross margins would be materially lower than the prevailing market expectations. TORTORA provided this Inside Information to one or more of the Hedge Fund A Coconspirators. Based in part on that Inside Information, one or more of the Hedge Fund A Coconspirators sold short shares of Dell stock and purchased option contracts in Dell. Shortly after Dell's August 28, 2008 quarterly earnings announcement, which caused the price of Dell shares to drop by approximately 13%, one or more of the Hedge Fund A Coconspirators covered Hedge Fund A's entire short position in Dell and sold all

of the Dell option contracts purchased by Hedge Fund A, realizing a profit in the millions of dollars for Hedge Fund A.

The Conspiracy

10. From at least in or about 2007 through in or about 2010, in the Southern District of New York and elsewhere, JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, the Hedge Fund/Investment Firm Coconspirators, the Firm Consultants, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense 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

11. It was a part and an object of the conspiracy that JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, the Hedge Fund/Investment Firm Coconspirators, the Firm Consultants, 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

12. Among the means and methods by which JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, the Hedge Fund/Investment Firm Coconspirators, the Firm Consultants, and others known and unknown would and did carry out the conspiracy were the following:

a. TORTORA obtained Inside Information directly and indirectly from employees of public companies, including the Firm Consultants, that had been disclosed by those employees in violation of duties of trust and confidence.

b. TORTORA and the Hedge Fund/Investment Firm Coconspirators shared with each other Inside Information that they obtained from public company employees, including the Firm Consultants.

c. TORTORA provided the Inside Information that he obtained from the Hedge Fund/Investment Firm Coconspirators, the Firm Consultants, and others known and unknown, to one or more of the Hedge Fund A Coconspirators.

d. The Hedge Fund A Coconspirators used the Inside Information to execute and to cause others to execute profitable securities transactions at Hedge Fund A in numerous public companies, knowing that the information had been disclosed by public company employees in violation of duties of trust and confidence owed to their employers.

Overt Acts

13. In furtherance of the conspiracy, and to effect the illegal object thereof, JESSE TORTORA, the defendant, the Hedge Fund A Coconspirators, the Hedge Fund/Investment Firm Coconspirators, the Firm Consultants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about August 2008, TORTORA, while working at Hedge Fund A from his home office located in New York, New York, obtained Inside Information pertaining to Dell from certain of the Hedge Fund/Investment Firm Coconspirators.

b. In or about August and September 2008, one or more of the Hedge Fund A Coconspirators caused Hedge Fund A to

execute securities transactions in Dell on the basis of the Inside Information provided by TORTORA.

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

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

14. The allegations contained in paragraphs 1 through 9 and 12 through 13 are repeated and realleged as though fully set forth herein.

15. From at least in or about 2007 through in or about 2010, in the Southern District of New York and elsewhere, JESSE TORTORA, 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, TORTORA received Inside Information from, among others, the Hedge Fund/Investment Firm Coconspirators and Firm Consultants, and relayed such Inside Information to the Hedge Fund A Coconspirators, who in turn effected securities transactions 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

16. As a result of committing both of the foregoing securities fraud offenses alleged in Counts One and Two of this Information, JESSE TORTORA, 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

17. 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 (MPB)
United States Attorney

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INFORMATION

11 Cr. ____ (JFK)

(18 U.S.C. §§ 371, 2
15 U.S.C. §§ 78j(b), and 78ff)

PREET BHARARA
United States Attorney.
