



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

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<http://www.justice.gov/usao/nys>

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**MANHATTAN U.S. ATTORNEY ANNOUNCES AGREEMENT WITH
DIAMONDBACK CAPITAL MANAGEMENT, LLC TO PAY
\$6 MILLION TO RESOLVE INSIDER TRADING INVESTIGATION**

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that Diamondback Capital Management, LLC (“Diamondback”) has agreed to pay \$6,000,000 to the United States and entered into a non-prosecution agreement (“NPA”) with the U.S. Attorney’s Office, in which the Office agrees not to criminally prosecute Diamondback related to charges of insider trading by certain firm employees. Specifically, between January 1, 2008 and January 20, 2012, certain Diamondback employees obtained material, non-public information (“Inside Information”) from public company employees through outside consultants and expert networking firms, and used this information to execute securities transactions. The \$6,000,000 represents the total amount of illegal profits and losses avoided as a result of trades that were based, or likely based, in whole or in part, on Inside Information. The NPA, which applies only to Diamondback and not to any individuals, requires that the firm provide its full and truthful cooperation to the United States, including the voluntary provision of information and documents.

As part of the NPA, Diamondback provided a detailed Statement of Facts to the U.S. Attorney’s Office setting forth the wrongful conduct of two of its employees. Specifically, the Statement of Facts describes details of certain unlawful trades that were made in 2008. The Statement of Facts and the forfeiture of \$6,000,000, negotiated by the U.S. Attorney’s Office, were also incorporated into a proposed settlement agreement between Diamondback and the Securities and Exchange Commission, which was subsequently submitted for approval to Judge Paul G. Gardephe of the U.S. District Court for the Southern District of New York. The U.S. Attorney’s Office entered into the NPA based on factors including:

- Diamondback’s prompt and voluntary cooperation upon becoming aware of the Government’s investigation, which is ongoing;
- Diamondback’s voluntary implementation of remedial measures since becoming aware of the Government’s investigation, as set forth in the Statement of Facts;
- Diamondback’s willingness to continue to cooperate with this Office and the Federal Bureau of Investigation (“FBI”); and

- Diamondback's representation, based on an investigation by external counsel, that the misconduct under investigation did not, and does not, extend beyond that described in the Statement of Facts, and was not known by the firm's co-founders.

In the event that the firm violates the NPA, the U.S. Attorney's Office may prosecute Diamondback.

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Mr. Bharara thanked the FBI for its outstanding work in the investigation of this matter.

This investigation is being overseen by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Antonia M. Apps, David S. Leibowitz and Richard C. Tarlowe are in charge of the prosecution.

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