



*United States Attorney
Southern District of New York*

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**MAN PLEADS GUILTY TO FEDERAL CHARGE RELATING TO THEFT
OF PROPRIETARY HEDGE FUND INFORMATION
FROM MORGAN STANLEY**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that RONALD PETEKA, 42, pleaded guilty today in Manhattan federal court to a charge relating to the theft of proprietary information regarding hedge funds from Morgan Stanley & Co. ("Morgan Stanley"). According to the Indictment filed in Manhattan federal court, other documents filed in this case, and statements made in court during PETEKA's guilty plea proceeding and the guilty plea proceeding of his co-conspirator:

Morgan Stanley's Prime Brokerage Division provides financial and administrative services to numerous hedge funds. RONALD PETEKA was employed by a Manhattan company in the business of, among other things, negotiating on behalf of hedge funds the rates that hedge funds pay to Morgan Stanley and its competitors for prime brokerage services. IRA CHILOWITZ -- a former Morgan Stanley Information Technology Department consultant -- obtained access to numerous confidential and proprietary documents belonging to Morgan Stanley, including a list of all of Morgan Stanley's Prime Brokerage hedge fund clients and the formulas used to calculate rates paid by the clients to Morgan Stanley for certain prime brokerage services (the "Client Rate List"). Data in the Client Rate List is not generally known to the public and is valuable to competitors of Morgan Stanley.

Between December 2005 and February 2006, CHILOWITZ misappropriated the Client Rate List and other proprietary information, and transmitted it via email to PETEKA.

PETEKA pleaded guilty today before United States

District Judge LAURA TAYLOR SWAIN to one count of interstate transportation of stolen property. He admitted that he and CHILOWITZ misappropriated proprietary information from Morgan Stanley.

PETEKA faces a total maximum sentence of 10 years in prison and a maximum fine of \$250,000 when he is sentenced on October 8, 2008 by Judge SWAIN. CHILOWITZ pleaded guilty in January 2007 to related charges, admitting that he took the confidential and proprietary information from Morgan Stanley because it would potentially assist him and PETEKA in generating business for a consulting firm they had planned to form.

Mr. GARCIA praised the investigative work of the Federal Bureau of Investigation's Computer Hacking and Intellectual Property Squad.

Assistant United States Attorney JOSHUA KLEIN is in charge of the prosecution.

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