



*United States Attorney  
Southern District of New York*

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**MERRILL LYNCH INVESTMENT BANKER AND GOLDMAN SACHS  
ASSOCIATE CHARGED FEDERALLY WITH MASSIVE  
INTERNATIONAL INSIDER TRADING SCHEME**

*Trading Ahead of Merrill Lynch Deals and on Pre-  
publication Copies of Business Week Magazine Netted  
Scheme More Than \$6.7 million*

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and ANDREW ARENA, Special Agent-in-Charge of the Criminal Division of the New York Office of the Federal Bureau of Investigation, announced today the unsealing of a Complaint in Manhattan federal court charging STANISLAV SHPIGELMAN, an investment banking analyst with Merrill Lynch & Co., and EUGENE PLOTKIN, an Associate in the Fixed Income Research Division at Goldman Sachs & Co., with participating in a massive insider trading scheme that resulted in more than \$6.7 million in illicit gains.

The arrests are the result of an eight-month investigation that began in early August 2005 when the FBI began investigating highly profitable trading in call options for the common stock of Reebok just prior to Reebok's August 3, 2005 public announcement that it had agreed to be acquired by Adidas. Following this announcement, Reebok's common stock increased more than \$13 per share (more than 30 percent) from its closing price the day before.

In the two days prior to the Adidas-Reebok announcement, an account in the name of Sonja Anticevic purchased

nearly 2,000 "out of the money" call options for Reebok stock at a total cost of approximately \$130,000. "Out of the money" call options are options that, at the time purchased, have an exercise price above the current market price of the underlying security. Immediately following the announcement and the surge in the price of Reebok's shares, the Anticevic Account liquidated its entire position in the call options, obtaining proceeds of approximately \$2,171,000 from the sale of the call options and realizing profits of over \$2,000,000.

According to the Complaint, further investigation in August 2005 revealed that the Anticevic Account was controlled by David Pajcin, a/k/a "Jeff," a co-conspirator of PLOTKIN and SHPIGELMAN. Pajcin was subsequently arrested by the FBI and is now cooperating with the investigation. As detailed in the Complaint, PLOTKIN and Pajcin were at the center of schemes to trade on inside information from SHPIGELMAN at Merrill Lynch, including details of the Reebok/Adidas deal, and a separate scheme to obtain advance copies of Business Week magazine in order to trade on inside information from the magazine's "Inside Wall Street" column. With respect to the Business Week scheme, the FBI in Wisconsin today also arrested JUAN RENTERIA, an employee of the Quad Graphics printing plant in Hartford, Wisconsin, one of the locations where Business Week is printed. RENTERIA is charged in the Complaint with stealing pre-publication copies of Business Week from the Quad plant and conveying information from the "Inside Wall Street" column to Pajcin and PLOTKIN. Nickolaus Shuster, another Quad Graphics employee, has previously been arrested in the case and charged, like RENTERIA, with stealing Business Week from the plant and relaying its contents to PLOTKIN and Pajcin prior to the magazine's public release.

**Scheme To Trade on Inside Information Regarding  
Merrill Lynch Merger and Acquisition Deals**

The Complaint charges that in 2004 and 2005, PLOTKIN and Pajcin obtained inside information concerning numerous pending mergers and acquisitions from SHPIGELMAN, who was and is an investment banking analyst in the Mergers and Acquisitions Division of Merrill Lynch. In exchange for cash payments and promises of future payments based on a percentage of profits, SHPIGELMAN provided PLOTKIN and Pajcin with information concerning approximately six different pending mergers or acquisitions being handled by Merrill Lynch, some of which SHPIGELMAN had worked on directly. This allowed PLOTKIN and Pajcin, and others with whom they shared the inside information, to purchase securities based on knowledge of the deals prior to the public announcement of the transactions. They then

liquidated those positions immediately after the public announcement of the transactions, thus locking in the profits resulting from the rise in stock prices caused by the public announcement. As a result of this insider trading, PLOTKIN, Pajcin, and others earned at least \$6.4 million in illicit gains, according to the Complaint, based on trading ahead of the following Merrill Lynch deals:

MERRILL LYNCH CLIENT	TARGET	ANNOUNCEMENT	DATE OF PUBLIC ANNOUNCEMENT
Procter & Gamble Company ("P&G")	The Gillette Company ("Gillette")	P&G acquires The Gillette Company	01/28/05
Eon Labs, Inc. ("Eon")	Eon Labs, Inc.	Novartis AG to acquire Eon Labs, Inc.	02/21/05
Cinergy Corp. ("Cinergy")	Cinergy	Cinergy and Duke Energy Agree to Merge	05/09/05
Celgene Corp. ("Celgene")	Celgene	Amgen, Inc. seeking to acquire Celgene; deal ultimately unsuccessful	----
Adidas-Salomon AG ("Adidas")	Reebok International, Ltd. ("Reebok")	Adidas to acquire Reebok	08/03/05
Quest Diagnostics, Inc. ("Quest")	LabOne, Inc.	Quest to acquire LabOne	08/08/05

**Scheme To Trade on Inside Information Obtained From  
Pre-Publication Access to Business Week and  
the "Inside Wall Street" Column**

At the same time that PLOTKIN and Pajcin were trading on the Merrill Lynch deal information from SHPIGELMAN, it is alleged that PLOTKIN and Pajcin engaged in a second scheme to gain inside information from Business Week Magazine. According to the Complaint, PLOTKIN and Pajcin bribed two employees of a printing plant where Business Week was produced, JUAN RENTERIA

and Nickolaus Shuster. RENTERIA and Shuster provided PLOTKIN and Pajcin with the names of stocks favorably mentioned in Business Week's "Inside Wall Street" column one trading day before the column was available to the public. As a result, PLOTKIN and Pajcin traded in approximately 20 different stocks one day before the favorable review of those stocks was mentioned in Business Week. PLOTKIN and Pajcin then sold the "Inside Wall Street" stocks, after the "Inside Wall Street" article had become public and the article influenced the stock prices of the stocks mentioned in the column. As a result of the insider trading based on the information from "Inside Wall Street" prior to its public release, PLOTKIN, Pajcin, and others earned at least \$340,000 in illicit gains. The trading in stocks based on inside information from pre-publication copies of Business Week included the following according to the Complaint:

<u>Stock in Column (Symbol)</u>	<u>Date of Publication</u>
The Street.com	Nov. 18, 2004
Biolase Technology, Inc.	Nov. 18, 2004
Curis, Inc.	Dec. 2, 2004
SIPEX Corporation	Dec. 9, 2004
Alltel Corp., Inc.	Dec. 16, 2004
Cornell Corrections, Inc.	Jan. 6, 2005
Spectrum Pharm., Inc.	Jan. 13, 2005
Arbitron, Inc.	Jan. 20, 2005
IMAX Corporation	Feb. 3, 2005
Impax Labs, Inc.	March 3, 2005
PriceSmart, Inc.	June 9, 2005
Perficient, Inc.	June 9, 2005
Casual Male Retail Group, Inc.	June 16, 2005
Federal Express Corp.	June 16, 2005
Alaska Communications Systems	June 16, 2005
Energy Conversion Devices	June 23, 2005
Mikohn Gaming Corp.	June 30, 2005
Polycom, Inc.	July 7, 2005
Spectrum Pharm., Inc.	July 14, 2005
Symbol Technologies, Inc.	July 28, 2005

#### **Insider Trading Fund Established**

In order to further their schemes, according to the Complaint, PLOTKIN and Pajcin pooled their money together in order to create an insider trading fund to be used for their various schemes on the agreement that they would share in the illicit profits generated by their insider trading. PLOTKIN and Pajcin plotted in various other ways to find additional sources of inside information by, for example, helping other individuals get jobs at investment banks in the hopes that these individuals

would later misappropriate inside information gained in the course of their employment.

**Inside Information Passed on to Tippees in Europe and Others in U.S., Including PLOTKIN Family Member**

According to the Complaint, in order to enhance their combined profits, PLOTKIN and Pajcin tipped other individuals, including a family member of PLOTKIN's, on the agreement that a share of the profits made by the tippees would be paid to PLOTKIN and Pajcin. Two of the tippees are located in Germany, where Pajcin traveled to meet with them in both 2004 and 2005. A review of the trading accounts of the foreign tippees and the PLOTKIN family member reveal that the tippees traded in securities ahead of the Merrill Lynch deal information provided by SHPIGELMAN and the "Inside Wall Street" information provided by RENTERIA and Shuster.

\* \* \*

PLOTKIN, 26, resides in Rockland County, New York. SHPIGELMAN, 23, resides in Brooklyn, New York. PLOTKIN and SHPIGELMAN will be presented in Manhattan federal court today.

RENTERIA, 20, lives in Wisconsin, and was arrested there this morning.

As a result of the various charges in the Complaint, PLOTKIN faces a maximum penalty of 70 years in prison. SHPIGELMAN faces a maximum penalty of 55 years in prison, and RENTERIA faces a maximum penalty of 15 years in prison.

Also today, the SEC separately announced the filing of civil insider trading charges against SHPIGELMAN, PLOTKIN, RENTERIA, and others. The SEC originally sued Pajcin and others in August 2005, and obtained an order freezing more than \$6 million in illicit trading proceeds around the world.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the FBI and the SEC for their handling of this investigation. Mr. GARCIA also noted that the investigation is continuing.

Assistant United States Attorney BENJAMIN M. LAWSKY is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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