



*United States Attorney
Southern District of New York*



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**MANHATTAN U.S. ATTORNEY ANNOUNCES GUILTY PLEA
OF DONALD LONGUEUIL TO INSIDER TRADING CHARGES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that DONALD LONGUEUIL pled guilty today to conspiracy and securities fraud charges arising from an insider trading scheme in which he obtained and traded on material, nonpublic information. LONGUEUIL participated in this scheme while working as a research analyst and a portfolio manager at two different hedge funds. During his plea allocution and in his plea agreement, LONGUEUIL admitted that, upon reading of the Government's investigation in the press, he destroyed and disposed of a flash drive and hard drives relevant to his securities fraud conviction. LONGUEUIL pled guilty before U.S. District Judge JED S. RAKOFF.

Manhattan U.S. Attorney PREET BHARARA stated: "Less than three months after being arrested on insider trading charges, Donald Longueuil has pled guilty. He is the latest example of a privileged professional who thought he was above the law and found out the hard way he surely was not. Insider trading is a serious problem and a serious crime that we will continue to prosecute."

According to the Indictment, a Complaint previously filed in this case, and statements made during today's guilty plea proceeding:

Between 2006 and 2010, LONGUEUIL, along with SAMIR BARAI, a former portfolio manager at two hedge funds, JASON PFLAUM, a former research analyst for BARAI, and NOAH FREEMAN, a research analyst at a hedge fund and then a portfolio manager at another fund, and their co-conspirators participated in a conspiracy to obtain nonpublic information ("Inside Information"), including detailed financial earnings, about numerous public companies. These companies included Marvell Technology Group, Ltd. ("Marvell"), NVIDIA Corporation ("NVIDIA"), Fairchild Semiconductor Corporation ("Fairchild"), Advanced Micro Devices, Inc. ("AMD"), Actel Corporation

("Actel"), and Cypress Semiconductor Corporation ("Cypress"). LONGUEUIL obtained Inside Information both from employees who worked at these and other public companies, as well as from independent research consultants who communicated with employees at public companies. Often, the defendant and/or his co-conspirators used an "expert networking" firm to communicate with and pay their sources of Inside Information. In addition, although LONGUEUIL and his co-conspirators worked at separate hedge funds, they had regular conference calls during which they shared the Inside Information they learned with each other.

In May 2008, for example, LONGUEUIL obtained Inside Information about Marvell from a co-conspirator and caused the hedge fund where he worked to execute trades in Marvell. Based on the Inside Information provided by LONGUEUIL, the hedge fund realized trading gains of more than \$1 million.

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LONGUEUIL, 35, pled guilty to one count of securities fraud based on his trading in Marvell, and one count of conspiracy to commit securities fraud and wire fraud. The conspiracy count carries a maximum sentence of five years in prison, and the securities fraud count carries a maximum sentence of 20 years in prison. He also faces a maximum fine of \$250,000, or twice the gross gain or loss from the offense on the conspiracy count and a maximum fine of \$5 million on the securities fraud count. LONGUEUIL agreed as part of his plea agreement to forfeit \$1,251,685.15, representing the amount of proceeds obtained as a result of the securities fraud offenses.

LONGUEUIL is scheduled to be sentenced by Judge RAKOFF on July 29, 2011, at 4:00 p.m.

FREEMAN and PFLAUM previously pled guilty in Manhattan federal court. Charges against BARAI remain pending and are merely accusations. He is presumed innocent unless and until proven guilty.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the U.S. Securities and Exchange Commission for its assistance in the investigation of this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and

prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

Assistant U.S. Attorneys AVI WEITZMAN and DAVID LEIBOWITZ, and Special Assistant U.S. Attorney ANDREW Z. MICHAELSON, are in charge of the prosecution.

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