



*United States Attorney
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**CALIFORNIA MAN PLEADS GUILTY IN MANHATTAN FEDERAL COURT
TO INSIDER TRADING SCHEME INVOLVING THEFT
OF CONFIDENTIAL INFORMATION
FROM THE WALT DISNEY COMPANY**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced that YONNI SEBBAG, a/k/a "Jonathan Cyrus," pled guilty today to fraud charges related to his participation in an insider trading scheme in which SEBBAG and his co-conspirator BONNIE HOXIE, an assistant to a top executive at the Walt Disney Company ("Disney"), obtained confidential inside information, including information about Disney's quarterly earnings, and attempted to sell the information to investment companies seeking to trade on inside information. SEBBAG, 30, of Los Angeles, California, entered his guilty plea today in Manhattan federal court before U.S. Magistrate Judge JAMES L. COTT.

According to the Information to which SEBBAG pled guilty, the criminal Complaint previously filed in this case, and statements made during the guilty plea proceeding:

From March 2010 through May 25, 2010, HOXIE was employed as a secretary to Disney's Head of Corporate Communications. In this capacity, HOXIE obtained material, nonpublic information, including Disney's quarterly earnings statements (the "Inside Information"). In violation of HOXIE's duties of trust and confidence, HOXIE disclosed the Inside Information to SEBBAG, who in turn offered to sell the Inside

Information to outside investors for the purpose of trading in advance of the official public announcement of Disney's earnings.

As part of the scheme, SEBBAG and HOXIE sent anonymous letters to multiple hedge funds and other investment companies, many of which were located in Manhattan, offering to sell the Inside Information for purposes of illegal insider trading. Special agents of the FBI, who were working in undercover capacities, posed as hedge fund traders (the "Tippees") and agreed to buy the Inside Information from SEBBAG for purposes of trading in advance of the public announcement of the Inside Information.

On May 8, 2010, three days in advance of the May 11, 2010, public announcement of Disney's earnings for the second quarter of 2010, SEBBAG and HOXIE sent to the Tippees a confidential document titled "The Walt Disney Company Q2 Fiscal 2010 Key Topics Speaking Points." The document contained a collection of talking points that Disney executives intended to refer to while answering analysts' questions during the May 11, 2010, earnings call.

In addition, on May 11, 2010, roughly two hours in advance of the public announcement, SEBBAG and HOXIE notified the Tippees that Disney's earnings per share would be 48 cents -- which was better than what stock analysts had forecast. On May 14, 2010, SEBBAG met with two undercover FBI agents in New York and accepted payment of \$15,000 cash for having released the Inside Information. SEBBAG further agreed that he would provide similar confidential information in the future in return for a 30% share of any profits from the insider-trading scheme.

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SEBBAG pled guilty to one count of conspiracy to commit securities fraud and wire fraud and one count of wire fraud. The wire fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. The conspiracy count carries a maximum sentence of five years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. SEBBAG agreed as part of his plea agreement to forfeit \$15,000, representing the funds he received from the undercover FBI agents.

SEBBAG is scheduled to be sentenced by U.S. District Court Judge BARBARA S. JONES on November 16, 2010. SEBBAG is detained pending sentencing.

Manhattan U.S. Attorney PREET BHARARA stated: "Today Yonni Sebbag admitted that he exploited his access to confidential information to hatch an illegal insider trading scheme, and he must now face the consequences. In today's economic landscape, we will not tolerate scams that undermine confidence in our financial markets. Together with the FBI and our partners on the Financial Fraud Enforcement Task Force, this Office will vigorously pursue and prosecute insider trading to the fullest extent of the law."

FBI New York Assistant Director-in-Charge JANICE K. FEDARCYK said: "Yonni Sebbag attempted to steal valuable information from the Walt Disney Company, a place known for having fun, and will now spend his next vacation as a convicted felon. Stealing corporate information is a serious crime and affects the entire country. The FBI will vigorously pursue those who attempt this type of criminal activity."

Mr. BHARARA praised the work of the FBI and thanked the U.S. Securities and Exchange Commission for its assistance in the investigation.

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.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorney JULIAN J. MOORE is in charge of the prosecution.

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

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