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**FORMER CEO OF COMMODITIES BROKERAGE FIRM PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO NATURAL GAS OPTIONS
FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced yesterday that KEVIN CASSIDY, the CEO of the commercial brokerage firm, Optionable, pled guilty in Manhattan federal court to one count of conspiring to defraud the Bank of Montreal ("BMO"). CASSIDY'S plea follows the guilty plea in November 2008 of BMO's former lead natural gas derivatives trader, DAVID LEE, who admitted to deliberately misstating the value of BMO's multi-million dollar natural gas derivatives portfolio. In yesterday's plea before U.S. District Judge THOMAS P. GRIESA, CASSIDY admitted that he and LEE fraudulently subverted the process by which BMO attempted to independently verify the value of its natural gas derivatives portfolio, which had the effect of permitting LEE's own mismarking scheme to go undetected.

According to the one-count Information to which CASSIDY pled guilty, as well as statements made during today's guilty plea proceedings:

As a regular practice, BMO required its commodities traders to "mark their books" on a daily basis by assigning the fair market value to each open financial position in the trader's portfolio. BMO used these marks, among other things, to value its commodities trading positions, to determine its daily commodities-related profits and/or losses, and to assess BMO's risk exposure related to its trading positions. Through a process called "independent price verification," BMO sought to verify the accuracy of the marks that commodities traders assigned to their positions by comparing those marks to independent market quotes for similar positions.

Beginning in May 2003, LEE began overvaluing, or "mismarking," his natural gas book by deliberately overstating the fair market value of some of his positions, which made his

book look more profitable to BMO than it was and earned him larger bonuses. As part of its independent price verification of LEE's marks, BMO regularly compared them to price quotes for similar positions that BMO obtained from third-party brokerage firms, including Optionable.

Beginning in December 2004, CASSIDY and LEE conspired to subvert BMO's independent price verification process by having LEE supply CASSIDY with price quotes for positions in BMO's natural gas book, which CASSIDY would then report to BMO without revealing that the quotes had actually originated with LEE himself. Even though CASSIDY was aware that BMO was using the quotes he supplied for the purpose of evaluating and double-checking the accuracy of how LEE was marking his book, CASSIDY and Optionable fraudulently presented the quotes as having come from a source independent of LEE while concealing that they, in fact, had been supplied directly by LEE.

CASSIDY helped LEE subvert BMO's independent price verification process as a way to create an incentive for LEE to use Optionable to execute commission-generating trades on behalf of BMO. From 2004 to 2007, Optionable received an increasing amount of commission-generating trading business from BMO and these commissions constituted a growing and material percentage of Optionable's revenues. By 2007, Optionable obtained more than 40 percent of its annual brokerage revenues from BMO.

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CASSIDY, 52, of Bedford Hills, New York, pled guilty to one count of conspiracy to commit wire fraud. He faces a statutory maximum of five years in prison, a maximum fine of \$250,000, or twice the gross gain or loss from the offense, and a maximum period of three years of supervised release. As part of his plea agreement, CASSIDY has agreed to forfeit the proceeds he obtained as a result of the offense.

CASSIDY is scheduled to be sentenced by Judge GRIESA on December 15, 2011, at 4:30 p.m.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He also thanked the U.S. Commodity Futures Trading Commission, the U.S. Securities and Exchange Commission, and Manhattan District Attorney's Office for their assistance.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys MICHAEL A. LEVY and JILLIAN B. BERMAN are in charge of the prosecution.