



*United States Attorney  
Southern District of New York*



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**THREE INSIDERS AT PUBLIC COMPANIES AND ONE EXECUTIVE  
OF EXPERT-NETWORKING FIRM CHARGED WITH CONSPIRING  
TO DISTRIBUTE INSIDE INFORMATION TO THE FIRM'S CLIENTS**

*Another Public Company Insider Pleads Guilty To Conspiring To  
Distribute Inside Information In Connection With Work As A  
Consultant For An Expert-Networking Firm*

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 JAMES FLEISHMAN, an Executive for an "expert-networking" firm (the "Firm"), was arrested this morning on wire fraud and conspiracy charges for conspiring to provide confidential information, including material, nonpublic information ("Inside Information"), to the Firm's clients, including hedge funds. DANIEL DEVORE, formerly a Global Supply Manager for Dell, Inc., who worked as a consultant for the Firm, previously pled guilty on December 10, 2010, to an Information charging him with wire fraud and conspiracy to commit wire fraud and securities fraud. BHARARA and FEDARCYK also announced the arrests this morning of public company employees MARK ANTHONY LONGORIA, WALTER SHIMOON, and MANOSHA KARUNATILAKA on wire fraud and conspiracy to commit securities fraud and wire fraud charges in connection with their employment as consultants for the Firm.

Manhattan U.S. Attorney PREET BHARARA said: "Today's charges allege that a corrupt network of insiders at some of the world's leading technology companies served as so-called 'consultants' who sold out their employers by stealing and then peddling their valuable inside information. The detailed allegations in the Complaint, along with the guilty plea unsealed

today, describe criminal conduct that went well beyond any legitimate information-sharing or good faith business practice. Over the next many months and beyond, we will continue to enforce the law, police the market, and protect honest businesses and their shareholders by working methodically with the FBI and SEC to root out corporate corruption and insider trading."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "The information trafficked by the four 'consultants' went way beyond permissible market research; it was insider information. And the fifth defendant was directly involved in the transfer of inside information from the consultants to hedge funds and other end users. The more than \$400,000 the firm paid the four 'consultants,' merely to participate in phone calls with firm clients, is an indication of the value placed on the information. This wasn't market research. What the defendants did was purchase and sell insider information. Our investigation is most assuredly continuing."

According to the Complaint and Information unsealed today in Manhattan federal court:

#### **The Firm and Fleishman's Employment**

The Firm advertised itself as an "independent investment research firm that provides institutional money managers and analysts with market intelligence," through a "Global Advisory Team of Experts." The Firm advertised that its team of consultants "have real-world experience in industries such as healthcare, technology, media, telecommunications, retail, manufacturing, energy and aerospace." The Firm stated that its consultants "speak one-on-one with [Firm] clients to provide up-to-the-minute intelligence on trends, issues, regulations and dynamics affecting a particular company, product or industry." Consultants who became part of the Firm's expert network can earn hundreds of dollars per hour or per call from the Firm for their consultations with Firm clients. Firm clients, which included hedge funds, often paid the Firm tens of thousands of dollars annually for access to the Firm's consultant network and services.

FLEISHMAN, 41, of Santa Clara, California, served as a Sales Manager for the Firm responsible for attracting new clients and ensuring service to existing clients. FLEISHMAN promoted the Firm's consultation services by arranging for clients, including hedge funds, to speak with consultants knowing that consultants would provide confidential information, including Inside Information, to clients.

**Devore Provided Confidential Information  
about Dell and Dell's Suppliers, Including Inside Information**

DEVORE was employed by Dell, Inc. ("Dell"), as a Global Supply Manager. While employed at Dell, DEVORE provided confidential information about Dell and Dell's suppliers, including Inside Information, to clients of the Firm, including hedge funds. Between late 2007 through August 2010, the Firm paid DEVORE approximately \$145,750 for providing information, including Inside Information, to the Firm and, directly and indirectly, to Firm clients.

**Longoria Provided AMD Confidential Information,  
Including Inside Information**

LONGORIA, 44, of Round Rock, Texas, was employed by Advanced Micro Devices, Inc. ("AMD"), as a Supply Chain Manager in Round Rock, Texas. As part of his employment with AMD, LONGORIA executed an employment agreement with AMD that restricted the disclosure of AMD confidential information.

While employed at AMD, LONGORIA engaged in consultation calls with Firm clients. During the consultation calls, LONGORIA provided confidential AMD information, including Inside Information. For example, during telephone calls with cooperating witnesses in July 2009, LONGORIA provided AMD revenue information, average sales prices, product sales figures, and gross margin information. Between January 2008 and March 2010, the Firm paid LONGORIA more than \$200,000 for consultation services he provided.

**Shimoon Provided Flextronics and Apple Confidential Information,  
Including Inside Information**

SHIMOON, 39, of San Diego, California, was employed by Flextronics International, Ltd. ("Flextronics"), as a Senior Director of Business Development in San Diego, California. During the relevant time period, Flextronics had a business relationship with Apple, Inc. ("Apple"), pursuant to which Flextronics supplied certain electronic components to Apple, including specifically-engineered camera and charger components to Apple for its "iPhone" cellular telephones and "iPod" portable media players.

As part of this business relationship, Flextronics and certain Flextronics employees were provided with information and forecasts regarding Apple purchase or shipping orders regarding certain Flextronics components, as well as information regarding

alternative suppliers for Apple products. The confidentiality of this kind of information was governed by non-disclosure agreements executed between Flextronics and Apple. In addition, Apple often shared information with Flextronics about future Apple products under development. The confidentiality of this information was governed by a separate non-disclosure agreement executed between Flextronics and Apple. For example, in or about 2009, Apple informed Flextronics about a highly secretive project being developed that ultimately resulted in the public product launch of the "iPad" tablet computer.

SHIMOON also signed an employment agreement with Flextronics that restricted the disclosure of Flextronics confidential information and prohibited any business activity that competed with Flextronics' business.

While employed at Flextronics, SHIMOON engaged in consultation calls with Firm clients, during which he provided confidential Flextronics and Apple information, including Inside Information. For example, SHIMOON provided highly confidential sales forecast information and new product features for Apple's forthcoming "iPhone" cellular telephone. Between January 2008 and June 2010, the Firm paid SHIMOON more than \$22,000 for consultation services he provided.

**Karunatilaka Provided TSMC Confidential Information,  
Including Inside Information**

KARUNATILAKA, 37, of Marlborough, Massachusetts, was employed by Taiwan Semiconductor Manufacturing Company, Inc. ("TSMC") as an Account Manager. As part of his employment with TSMC, KARUNATILAKA executed an employment agreement with TSMC that restricted the disclosure of confidential information and prohibited any outside employment.

While employed at TSMC, KARUNATILAKA engaged in consultation calls with Firm clients, during which he provided confidential TSMC information, including Inside Information such as TSMC product sales and shipping information. Between January 2008 and June 2010, the Firm paid KARUNATILAKA more than \$35,000 for consultation services he provided.

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Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He thanked the U.S. Securities and Exchange Commission for its assistance in this matter. He also thanked Apple, Flextronics, AMD, TSMC, and Dell for their assistance in the investigation. Mr. BHARARA noted that the investigation is continuing.

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. Attorneys REED BRODSKY, ANTONIA APPS, and DAVID LEIBOWITZ, and Special Assistant U.S. Attorney ANDREW MICHAELSON are 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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