



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

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**EXPERT NETWORKING FIRM SALES MANAGER SENTENCED
IN MANHATTAN FEDERAL COURT TO 30 MONTHS IN PRISON FOR
INSIDER TRADING SCHEME**

Preet Bharara, the United States Attorney for the Southern District of New York, announced that JAMES FLEISHMAN, a sales manager at an expert networking firm ("the Firm"), was sentenced today in Manhattan Federal Court to 30 months in prison for his participation in an insider trading scheme in which he facilitated the passing of material, nonpublic information ("Inside Information") about publicly traded companies to multiple hedge funds for the purpose of executing profitable securities transactions. FLEISHMAN was found guilty on September 20, 2011 after a three-week trial. He was sentenced today by U.S. District Judge Jed S. Rakoff.

Manhattan U.S. Attorney Preet Bharara stated: "The sentencing of James Fleishman stands for the proposition that if business as usual means violating the securities laws then business as usual has to stop, and those, like Mr. Fleishman, who see it as a quick and easy way to make a profit will be punished. Unfortunately, this is simply the latest case to make those points. By now the message should be clear."

According to the Superseding Indictment filed in Manhattan federal court, other court documents, statements made during related court proceedings, and the evidence presented at trial:

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 could earn hundreds of dollars per hour or per call from the Firm for their consultations with clients. Firm clients, which included hedge funds, often paid the Firm tens of thousands of dollars annually for access to its consultant network and services.

FLEISHMAN served as a Sales Manager for the Firm, and was responsible for attracting new clients and ensuring service to existing clients. He promoted the Firm's consultation services by arranging for clients, including hedge funds, to speak with consultants, knowing that

certain consultants would provide confidential information, including Inside Information, to clients for the purpose of buying and selling stocks.

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In addition to his prison term, Judge Rakoff sentenced FLEISHMAN, 42, of Santa Clara, California, to two years of supervised release. Forfeiture will be determined at a later date.

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.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Antonia Apps and David Leibowitz are in charge of the prosecution.