



*United States Attorney
Southern District of New York*

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**TRADER SENTENCED TO MORE THAN FIVE YEARS IN PRISON
IN CONNECTION WITH UBS INSIDER TRADING SCHEME**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that DAVID TAVDY was sentenced today to 63 months in prison in connection with his participation in a massive insider trading scheme which netted millions of dollars in illegal profits. TAVDY was sentenced in Manhattan federal court by United States District Judge DEBORAH A. BATTIS, who also ordered TAVDY to forfeit \$10.3 million, reflecting the proceeds of the scheme in which TAVDY participated. According to documents filed in this case and statements made during court proceedings:

Between early 2002 and August 2006, MITCHEL GUTTENBERG, a former executive director in the equity research department of UBS Securities LLC ("UBS"), repeatedly sold material nonpublic information to TAVDY regarding upcoming upgrades and downgrades in the securities recommendations of UBS analysts. Investors, including institutional investors and professional money managers, regularly relied on the analysts' recommendations and as a result changes in recommendations were material to investors and often had a direct effect on the trading price of that company's stock.

Before UBS publicly releases its analysts' upgrades and downgrades, they must be reviewed by the UBS Investment Review Committee ("IRC"). GUTTENBERG became a member of the IRC in December 2001 and as a result had pre-publication access to the analysts' upgrades and downgrades. In breach of his duties of trust and confidence to UBS, and in violation of UBS's written policies, GUTTENBERG sold that information to DAVID TAVDY, who, together with a coconspirator, used the information to execute hundreds of securities transactions, earning approximately \$10.3 million in illegal profits.

On February 27, 2008, TAVDY pleaded guilty to one count of conspiracy to commit securities fraud and two counts of securities fraud in connection with the insider trading scheme.

In addition to the prison term and forfeiture, BATTIS sentenced the defendant to three years of supervised release.

TAVDY's co-defendant, GUTTENBERG, also pleaded guilty on February 27, 2008, to two counts of conspiracy to commit securities fraud and four counts of securities fraud, in connection with the insider trading scheme. GUTTENBERG was sentenced on November 3, 2008 to 78 months in prison.

Mr. DASSIN praised the work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance in the investigation.

Assistant United States Attorneys ANDREW L. FISH and JOSHUA A. GOLDBERG are in charge of the prosecution.

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