



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
FEBRUARY 2, 2010

CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL,  
JANICE OH  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

**FORMER HEDGE FUND EMPLOYEE PLEADS GUILTY IN MANHATTAN  
FEDERAL COURT TO INSIDER TRADING CHARGES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today the unsealing of an Information charging DAVID SLAINE, a former employee of a hedge fund called Chelsey Capital ("Chelsey"), with participating in an insider trading scheme that, according to submissions in related cases, resulted in over \$3 million in profits to Chelsey. SLAINE previously pleaded guilty in December 2009 to conspiracy and securities fraud charges arising from the insider trading scheme.

According to the charging documents and court proceedings in this and related cases:

Between February and December 2002, SLAINE worked for Chelsey, where he participated in trading equity securities on behalf of Chelsey. During that time another Chelsey employee - ERIK FRANKLIN - was obtaining material, nonpublic information regarding upcoming upgrades and downgrades in UBS analysts' securities recommendations (the "UBS Inside Information"). FRANKLIN obtained the UBS Inside Information from MITCHEL GUTTENBERG, an employee in the New York City office of UBS. FRANKLIN shared the UBS Inside Information with SLAINE, and they used it to execute profitable securities transactions for Chelsey. In addition, SLAINE used the UBS Inside Information to executes profitable securities transactions in his personal brokerage account.

SLAINE, 50, pleaded guilty on December 18, 2009, to conspiracy and securities fraud charges before United States District Judge RICHARD J. HOLWELL. SLAINE faces a maximum sentence of 25 years in prison. He is scheduled to be sentenced on June 25, 2010.

United States Attorney PREET BHARARA said: "David Slaine used insider information in order to gain an illegal advantage over others who were playing by the rules. Slaine's

guilty plea represents another step in our ongoing effort to hold corrupt professionals on Wall Street accountable."

Mr. BHARARA 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 FISH and REED BRODSKY are in charge of the prosecution.

10-034

###