



*United States Attorney
Southern District of New York*



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**FORMER CHAIRMAN OF PENNSYLVANIA INVESTMENT BANKING
FIRM PLEADS GUILTY IN MANHATTAN FEDERAL COURT
TO INSIDER TRADING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that RICHARD A. HANSEN, a former Chairman of The Keystone Equities Group ("Keystone Equities"), pled guilty yesterday in Manhattan federal court to conspiracy and securities fraud charges in connection with his participation in an insider trading scheme. HANSEN pled guilty before U.S. District Judge PAUL A. CROTTY.

According to the Information previously filed and the statements made during the guilty plea proceeding:

From June 2006 through September 2006, while he was Chairman of Keystone Equities, HANSEN made stock purchases based on material, nonpublic information ("Inside Information"). HANSEN received the Inside Information from an individual named DONNA MURDOCH, who in turn obtained the Inside Information from JAMES GANSMAN. GANSMAN had access to the Inside Information because of his employment as a partner at the accounting firm Ernst & Young.

On June 20, 2006, GANSMAN informed MURDOCH that he had learned that Advanced Microdevices, Inc. ("AMD") and ATI Technologies ("ATI") were in discussions concerning AMD's potential acquisition of ATI. MURDOCH thereafter tipped HANSEN about the impending acquisition and informed HANSEN that GANSMAN was working on the transaction. On June 23, 2006, HANSEN purchased or caused to be purchased 1,000 shares of ATI in two brokerage firm accounts in his daughters' names. On July 24, 2006, ATI and AMD jointly announced that an AMD subsidiary would acquire all of ATI's outstanding common stock. On that same day, ATI's stock price climbed to a 52-week high of \$19.69 before closing at \$19.67 -- up nearly 19 percent from its previous day's

close. HANSEN thereafter sold or caused to be sold the ATI stock in his daughters' accounts, realizing profits of almost \$10,000.

Additionally, on June 23, 2006, GANSMAN learned that Ernst & Young had been retained by the Blackstone Group in connection with a possible acquisition of Freescale Semiconductor Corporation. Between June 23, 2006, and July 18, 2006, GANSMAN gave information to MURDOCH concerning this impending transaction. MURDOCH then tipped HANSEN about the Freescale deal, including that GANSMAN was working on it. On July 18, 2006, HANSEN purchased Freescale stock through two brokerage firm accounts held in his daughters' names. On September 11, 2006, a wire service reported that Freescale would be acquired by an investment consortium led by Ernst & Young client Blackstone, and Freescale publicly announced it was "in discussions with parties relating to a possible business transaction." That day, Freescale's stock price rose to a 52-week high of \$37.18 before closing at \$37.06, up 20.5 percent from its previous trading day's close of \$30.75. Approximately four days later, Freescale announced that it had entered into a definitive agreement to be acquired by a private equity consortium led by Blackstone. Shortly after the acquisition announcement, HANSEN sold or caused to be sold the Freescale shares he had purchased in his daughters' accounts, realizing a profit of over \$20,000.

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HANSEN, 71, of Pennsylvania, faces a statutory maximum sentence of 25 years in prison.

MURDOCH previously pled guilty to securities fraud and other crimes pursuant. Her sentence is pending. GANSMAN was convicted by a jury of six counts of securities fraud and was sentenced to one year and one day in prison.

Mr. BHARARA praised the work of the Federal Bureau of Investigation and thanked the SEC 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.

Assistant U.S. Attorney VIRGINIA CHAVEZ ROMANO is in charge of the prosecution.

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