



***United States Attorney  
Southern District of New York***

**FOR IMMEDIATE RELEASE  
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**FORMER INVESTMENT ADVISER PLEADS GUILTY  
IN MANHATTAN FEDERAL COURT TO INSIDER TRADING  
AND FORFEITS OVER \$1.4 MILLION**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ALEXEI P. KOVAL, a/k/a "Aleksey Koval," pled guilty today to conspiracy and securities fraud charges in connection with his participation in an insider trading scheme. KOVAL obtained inside information from his co-conspirator, IGOR POTEROBA, a former investment banker in the Healthcare Group of UBS Securities LLC ("UBS"), and then traded on that information. The information related to six mergers and acquisitions that certain UBS clients were contemplating. KOVAL pled guilty in Manhattan federal court before U.S. District Judge PAUL A. CROTTY.

Manhattan U.S. Attorney PREET BHARARA said: "Alexei Koval flagrantly violated the securities laws to make a quick profit, and now he will pay for his crimes. Insider trading undermines faith in the market and cheats honest investors. It will not be tolerated. Together with our law enforcement partners, we will continue to prosecute and punish those who use their access to inside information to break the law."

According to documents previously filed in Manhattan federal court:

From May 2006 through at least 2009, KOVAL was a registered investment adviser. During approximately the same time period, POTEROBA served as an Executive Director at UBS. In that capacity, POTEROBA obtained material, non-public information (the "UBS Inside Information") regarding certain mergers and acquisitions involving the following six publicly traded healthcare companies: Guilford Pharmaceuticals, Inc., Molecular Devices Corporations, PharmaNet Development Group, Inc., Via Cell, Inc., Millennium Pharmaceuticals, Inc., and Indevus Pharmaceuticals, Inc. (collectively, the "Healthcare Companies"). In violation of his duties of trust and confidence, POTEROBA then disclosed the UBS Inside Information to KOVAL, who in turn disclosed the UBS Inside information to another co-conspirator ("CC-1").

As part of the scheme, KOVAL typically received tips from POTEROBA by telephone in advance of a public announcement about certain mergers and acquisitions. Shortly after receiving a tip from POTEROBA, KOVAL and CC-1 purchased securities in one of the Healthcare Companies on the basis of the UBS Inside Information. Following the public announcement of the acquisition, KOVAL and CC-1 quickly sold the securities they had purchased. KOVAL and CC-1 executed dozens of securities transactions based on UBS Inside Information provided by POTEROBA. KOVAL then paid a portion of the profits to POTEROBA.

KOVAL pled guilty to three counts of securities fraud and one count of conspiracy to commit securities fraud. The securities fraud counts each carry a maximum sentence of 20 years in prison and a maximum fine of \$5 million. The conspiracy count carries a maximum sentence of five years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. KOVAL agreed as part of his plea agreement to forfeit at least \$1,414,290.00, representing the amount of proceeds obtained as a result of the securities fraud offenses.

KOVAL, 36, of Chicago, Illinois, and Pasadena, California, will surrender to federal authorities on January 14, 2011, and is scheduled to be sentenced by Judge CROTTY on April

POTEROBA, 37, of Darien, Connecticut, pled guilty to similar charges before Judge CROTTY on December 21, 2010. He is scheduled to be sentenced on March 16, 2011.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. Mr. BHARARA also thanked the U.S. Securities and Exchange Commission for its assistance in the investigation.

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. Attorney MARISSA MOLÉ is in charge of the prosecution.

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