



*United States Attorney
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**DANIELLE CHIESI SENTENCED IN MANHATTAN FEDERAL COURT
TO 30 MONTHS IN PRISON FOR INSIDER TRADING CRIMES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that DANIELLE CHIESI was sentenced to 30 months in prison for her participation in insider trading crimes with, among others, RAJ RAJARATNAM, the former head of the Galleon Group family of hedge funds. CHIESI previously pled guilty to receiving material, non-public information ("Inside Information") from public company insiders and hedge fund managers and then executing trades in securities based on the misappropriated, confidential information. Specifically, CHIESI pled guilty to three counts of conspiracy to commit securities fraud on January 19, 2011 before U.S. District Judge RICHARD J. HOLWELL, who also imposed today's sentence.

Manhattan U.S. Attorney PREET BHARARA said: "For Danielle Chiesi, cultivating corporate insiders to gain an illegal trading edge was the ultimate elixir. She was the vital artery through which inside information flowed between captains of industry and billionaire hedge fund managers, and she reveled in the conquest. She will now pay a steep price for repeatedly flouting the law and cheating ordinary investors in the process."

According to the charging documents and court proceedings in this case:

CHIESI was a portfolio manager and senior analyst at New Castle Partners ("New Castle"), which operated as an equity hedge fund with approximately \$1 billion in assets under management first at Bear Stearns Asset Management and then JPMorgan Chase.

From August 2008 through January 2009, CHIESI participated in multiple schemes to execute securities transactions based on Inside Information. For example, CHIESI obtained Inside Information from ROBERT MOFFAT, formerly an executive at International Business Machines Corp. ("IBM"), regarding IBM, Advanced Micro Devices, Inc., and Sun Microsystems

Inc., in violation of MOFFAT's duties to IBM and its business partners. CHIESI then traded on the basis of this Inside Information in accounts affiliated with New Castle, and also shared the information with MARK KURLAND, the founder and co-head of New Castle, so that he could place additional trades. In addition, CHIESI shared Inside Information obtained from MOFFAT with RAJARATNAM, who, in exchange, provided her with Inside Information that he obtained in breach of fiduciary duties. The hedge fund where CHIESI worked gained profits of at least \$1.7 million from trades based on Inside Information.

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In addition to her prison term, Judge HOLWELL sentenced CHIESI, 45, of New York, New York, to two years of supervised release and imposed a fine of \$25,000.

During the sentencing proceeding today, Judge HOLWELL stated:
deplorable." He also said: "The message to Wall Street needs to be loud and clear, if you trade on inside information, you will be caught, convicted and sent to prison."

CHIESI'S co-conspirators MOFFAT and KURLAND have both previously pled guilty and been sentenced. RAJARATNAM was convicted after trial of multiple insider trading charges, including a conspiracy to engage in insider trading with CHIESI. RAJARATNAM's sentencing is scheduled for September 27, 2011, at 10:00 a.m.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He also thanked the United States 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.

Assistant United States Attorneys JONATHAN STREETER and REED BRODSKY and Special Assistant United States Attorney ANDREW MICHAELSON are in charge of the prosecution.

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