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**UBS EXECUTIVE AND FORMER MORGAN STANLEY LAWYER AMONG 13
CHARGED IN MASSIVE INSIDER TRADING SCHEMES**

*Trading On Tips About UBS Research Analyst Upgrades
And Downgrades, And About Morgan Stanley Client Merger Deals,
Netted Defendants More Than \$8 million*

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of ten Indictments and criminal Informations in Manhattan federal court charging MITCHEL GUTTENBERG, an executive director and institutional client manager at UBS; RANDI COLLOTTA, a former in-house attorney at Morgan Stanley; and eleven other defendants with participating in two massive insider trading schemes and in two separate bribery schemes in the securities industry that, in total, netted the defendants more than \$8 million in illegal profits. Four of the thirteen defendants have pleaded guilty to conspiracy, securities fraud, and commercial bribery charges arising from the schemes. According to the charges contained in six Indictments and four criminal Informations (collectively the "Charging Documents"):

Wall Street professionals and others repeatedly traded on material, nonpublic information tipped by insiders at UBS Securities LLC ("UBS") and Morgan Stanley and Co. ("Morgan Stanley"), earning millions of dollars of illegal profits for themselves and for hedge funds with which they were affiliated. Two registered representatives of Assent LLC, a broker-dealer with offices in New York and New Jersey, accepted tens of

thousands of dollars to conceal the UBS insider trading scheme. Finally, a broker at Banc of America Securities LLC allocated to a hedge fund shares from initial public offerings and secondary offerings in exchange for cash kickbacks.

The UBS Insider Trading Scheme

GUTTENBERG, an institutional client manager in UBS's equity research department, sold to two individuals - DAVID TAVDY and ERIK FRANKLIN - material, nonpublic information regarding upcoming upgrades and downgrades in UBS analysts' securities recommendations (the "UBS Inside Information"). As the Charging Documents allege, investors, including institutional investors and professional money managers, regularly relied on UBS analysts' ratings of public companies' securities. As a result, changes in UBS analysts' recommendations regarding a particular company's securities 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 was a member of the IRC, and, accordingly, UBS entrusted GUTTENBERG with the UBS Inside Information.

GUTTENBERG sold the UBS Inside Information to TAVDY and FRANKLIN for hundreds of thousands of dollars, and, separately, TAVDY and FRANKLIN used the UBS Inside Information to earn in excess of \$4 million each. TAVDY and FRANKLIN executed the profitable transactions in various brokerage accounts under their control, and FRANKLIN also traded on behalf of a series of hedge funds (Lyford Cay Capital, Chelsea Capital, and Q Capital Investment Partners, L.P.) with which FRANKLIN was associated.

TAVDY, FRANKLIN, and other recipients of the UBS Inside Information profited in the following manner: when GUTTENBERG communicated that UBS was about to announce an upgrade in its recommendation for a company's stock, the recipient of the UBS Inside Information would purchase the stock. After UBS publicly announced its upgrade, the price of the stock would generally increase. The recipient would then sell the stock, earning a profit. Similarly, when GUTTENBERG communicated that UBS was about to announce a downgrade in its recommendation for a company's stock, the recipient of the UBS inside information would sell the stock short. After UBS publicly announced its downgrade, the price of the stock would generally fall. The recipient would then purchase the stock that he had sold short, earning a profit.

For example, on March 28, 2006, GUTTENBERG communicated to TAVDY that UBS was going to downgrade its rating on the stock of Caterpillar, Inc. That day, TAVDY sold short approximately 11,000 shares of Caterpillar stock in one of TAVDY's brokerage accounts. The next day, March 29, 2006, UBS publicly announced that it was downgrading its rating on Caterpillar from "buy" to "neutral." Following the UBS announcement, on or about March 29, 2006, TAVDY covered his short position by purchasing approximately 11,000 shares of Caterpillar stock in the same brokerage account, resulting in a profit of at least approximately \$30,000.

Similarly, on May 25, 2006, GUTTENBERG communicated to TAVDY that UBS was going to upgrade its rating on the stock of Goldman Sachs Group, Inc. ("Goldman Sachs"). That day, TAVDY bought approximately 7300 shares of Goldman Sachs stock in one of TAVDY's brokerage accounts. The following day, May 26, 2006, UBS publicly announced that it was upgrading its rating on Goldman Sachs from "neutral" to "buy." Following the UBS announcement, on or about May 26, 2006, TAVDY sold approximately 7300 shares of Goldman Sachs stock from the same brokerage account, resulting in a profit of at least approximately \$20,000.

In addition to TAVDY and FRANKLIN, the following individuals traded on the UBS Inside Information:

- MARK LENOWITZ, who worked with FRANKLIN at the Chelsey Capital and Q Capital hedge funds and who obtained the UBS Inside Information from FRANKLIN;
- KEN OKADA and ROBERT BABCOCK, two former registered representatives at Bear Stearns & Co., who obtained the UBS Inside Information by observing FRANKLIN's trading in Bear Stearns accounts; and
- DAVID GLASS, the operator of a trading firm called Jasper Capital, through which TAVDY also executed trades based on the UBS Inside Information.

The Morgan Stanley Insider Trading Scheme

The Charging Documents allege that at relevant times, RANDI COLLOTTA was an attorney in the global compliance division of Morgan Stanley. At various times, Morgan Stanley provided financial services and investment banking advice and services to the Morgan Stanley clients, in connection with potential and actual corporate merger and acquisition transactions. In the course of that work, Morgan Stanley personnel, including RANDI

COLLOTTA, had access to material, nonpublic information, including information concerning the transactions (the "Morgan Stanley Deals") listed below:

MORGAN STANLEY CLIENT	ACQUIRER	ANNOUNCEMENT	DATE OF PUBLIC ANNOUNCEMENT
Argosy Gaming Co. ("Argosy")	Penn National Gaming, Inc. ("Penn National")	Penn National to acquire Argosy	November 3, 2004
Macromedia, Inc. ("Macromedia")	Adobe Systems, Inc. ("Adobe")	Adobe to acquire Macromedia	April 18, 2005
Catellus Development Corporation ("Catellus")	ProLogis	ProLogis to acquire Catellus	June 6, 2005
PacifiCare Health Systems, Inc. ("PacifiCare")	UnitedHealth Group	UnitedHealth Group to acquire PacifiCare	July 6, 2005

In violation of her duties to Morgan Stanley and its clients, RANDI COLLOTTA provided material, nonpublic information regarding certain public companies' planned merger and acquisition activities (the "Morgan Stanley Inside Information"), including information concerning the Morgan Stanley Deals, to her husband, CHRISTOPHER COLLOTTA, and another individual, MARC JURMAN. JURMAN traded on this inside information, and also passed the Morgan Stanley Inside Information to BABCOCK, who himself both traded on that information and passed it to FRANKLIN and OKADA, who both traded, directly or indirectly, on that information. Profits from the scheme were, totaling in the hundreds of thousands of dollars, passed back up the ladder from FRANKLIN to BABCOCK to JURMAN to the COLLOTTAs.

Transactions based on the Morgan Stanley Inside Information included the following: in June 2005, based on the Morgan Stanley Inside Information, OKADA told a relative (the "Tippee") to purchase PacifiCare securities. Between on or about June 30, 2005, and on or about July 5, 2005, the Tippee purchased approximately 521 PacifiCare call options in a brokerage account under the Tippee's control. On July 6, 2005, UnitedHealth Group announced that it had signed a definitive agreement to merge with

PacifiCare for a combination of cash and stock. Following this announcement, on July 6, 2005, the Tippee sold the PacifiCare options, resulting in a profit of approximately \$215,000.

The Assent Bribery Scheme

Assent LLC was a brokerage firm that maintained the Jasper Capital account through which TAVDY and GLASS executed trades based on the UBS Inside Information. The Charging Documents allege that in or about August 2006, SAMUEL W. CHILDS, JR., and LAURENCE MCKEEVER, two brokers at Assent LLC, agreed to conceal TAVDY and GLASS's trading based on the UBS Inside Information from higher level Assent management, in exchange for payments from GLASS and TAVDY. The Charging Documents allege that, as part of this deal, GLASS agreed to pay a total of approximately \$100,000 to CHILDS and approximately \$50,000 to MCKEEVER, and that GLASS delivered a total of \$30,000 to both CHILDS and MCKEEVER in \$10,000 installments between August and November 2006.

The Banc of America Securities Kickback Scheme

Between late 2005 and October 2006, PAUL RISOLI, a registered representative at Banc of America Securities, allocated shares of initial public offerings and secondary offerings to Q Capital (FRANKLIN's hedge fund) in exchange for cash kickbacks. Q Capital earned at least \$160,000 in profits by selling shares from the allocations on the secondary market, and that FRANKLIN paid RISOLI at least \$9,500 as part of the scheme.

False Statements

OKADA is also charged with making false statements to the FBI during the investigation.

Guilty Pleas

Four of the defendants have already entered guilty pleas. On February 26, 2007, JURMAN pleaded guilty to a two-count criminal Information charging conspiracy and securities fraud in connection with the Morgan Stanley insider trading scheme. On February 27, 2007, FRANKLIN pleaded guilty to a four-count criminal Information charging of conspiracy, securities fraud, and commercial bribery in violation of the Travel Act, in connection with the UBS insider trading scheme, the Morgan Stanley insider trading scheme, and the Banc of America Securities kickback scheme. On February 28, 2007, ROBERT BABCOCK pleaded guilty to a two-count criminal Information charging conspiracy and securities fraud in connection with the Morgan

Stanley insider trading scheme and the UBS insider trading scheme. On February 28, 2007, DAVID GLASS pleaded guilty to a two-count criminal Information containing charges of conspiracy and securities fraud in connection with the UBS insider trading scheme.

GUTTENBERG, RANDI COLLOTTA, CHRISTOPHER COLLOTTA, CHILDS, McKEEVER, LENOWITZ, OKADA, and RISOLI will be arraigned in Manhattan federal court today by United States Magistrate Judge HENRY B. PITMAN. TAVDY will be presented today in United States District Court in Miami, Florida.

DEFENDANT	CHARGES	MAXIMUM TERM OF IMPRISONMENT
MITCHEL GUTTENBERG	- two counts of conspiracy to commit securities fraud - four counts of securities fraud	5 years on each count 20 years on each count
DAVID TAVDY	- one count of conspiracy to commit securities fraud - two counts of securities fraud	5 years 20 years on each count
RANDI COLLOTTA	- one count of conspiracy to commit securities fraud - three counts of securities fraud	5 years 20 years on each count
CHRISTOPHER COLLOTTA	- one count of conspiracy to commit securities fraud - three counts of securities fraud	5 years 20 years on each count

<p>SAMUEL W. CHILDS, JR.</p>	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud, wire fraud, and commercial bribery in violation of Travel Act - two counts of wire fraud - two counts of commercial bribery in violation of Travel Act 	<p>5 years</p> <p>20 years on each count</p> <p>5 years on each count</p>
<p>LAURENCE MCKEEVER</p>	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud, wire fraud, and commercial bribery in violation of Travel Act - two counts of wire fraud - two counts of commercial bribery in violation of Travel Act 	<p>5 years</p> <p>20 years on each count</p> <p>5 years on each count</p>
<p>MARK LENOWITZ</p>	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud - five counts of securities fraud 	<p>5 years</p> <p>20 years on each count</p>
<p>KEN OKADA</p>	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud - two counts of securities fraud - three counts of securities fraud - one count of false statements 	<p>5 years</p> <p>20 years on each count</p> <p>10 years on each count</p> <p>5 years</p>

PAUL RISOLI	<ul style="list-style-type: none"> - one count of conspiracy to commit wire fraud and commercial bribery in violation of Travel Act - one count of wire fraud - one count of commercial bribery in violation of Travel Act 	<p>5 years</p> <p>20 years</p> <p>5 years</p>
ERIK FRANKLIN	<ul style="list-style-type: none"> - two counts of conspiracy to commit securities fraud - one count of securities fraud - one count of commercial bribery in violation of Travel Act 	<p>5 years on each count</p> <p>20 years</p> <p>5 years</p>
ROBERT BABCOCK	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud - one count of securities fraud 	<p>5 years</p> <p>10 years</p>
DAVID GLASS	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud - one count of securities fraud 	<p>5 years</p> <p>20 years</p>
MARC JURMAN	<ul style="list-style-type: none"> - one count of conspiracy to commit securities fraud - one count of securities fraud 	<p>5 years</p> <p>20 years</p>

Also today, the Securities and Exchange Commission ("SEC") separately announced the filing of civil insider trading charges against GUTTENBERG, TAVDY, RANDI COLLOTTA, CHRISTOPHER COLLOTTA, FRANKLIN, LENOWITZ, BABCOCK, OKADA, GLASS, and JURMAN, as well as certain other individuals or entities.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the FBI and thanked the SEC for its assistance in the investigation. Mr. GARCIA also noted

that the investigation is continuing.

Assistant United States Attorney ANDREW FISH is in charge of the prosecutions.

The charges contained in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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