



***United States Attorney
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FINANCIAL CONSULTANTS CHARGED WITH SECURITIES FRAUD

*ALLEGEDLY TRADING ON INSIDE INFORMATION ABOUT ACQUISITION OF
INTERNATIONAL SECURITIES EXCHANGE, PRINCIPALS OF FINANCIAL
CONSULTING FIRM NETTED OVER \$1 MILLION IN PROFIT*

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced the filing of a Complaint in Manhattan federal court today charging JOHN MARSHALL, ALAN TUCKER, and MARK LARSON with securities fraud related to insider trading activity. According to the Complaint:

MARSHALL, TUCKER, and LARSON are principals at Marshall Tucker & Associates, LLC ("MTA"), a derivatives consulting and financial engineering firm based in Port Jefferson, New York. In addition to their work at MTA, MARSHALL and TUCKER have both served as professors in the fields of finance and economics at several business schools in the New York City metropolitan area. MARSHALL also served as Vice Chairman of the Board of Directors of International Securities Exchange ("ISE"), Chairman of ISE's Audit and Finance Committee, and a member of ISE's Executive Committee. In 2006 and 2007, ISE, a Manhattan-based options and stock exchange, became the target of a cash merger with Eurex Frankfurt AG ("Eurex"), a derivative exchange jointly operated by Deutsche Börse AG and SWX Swiss Exchange. Through his position at ISE, MARSHALL was able to obtain material, non-public information about the pending merger and provide it to his business partners, TUCKER and LARSON, in violation of his fiduciary duties to ISE and ISE's stockholders. TUCKER and LARSON then used that

information to make trades of ISE stocks and stock options ahead of the market.

Specifically, from 2006 through 2007, MARSHALL obtained the material, non-public information regarding the ISE-Eurex merger from meetings of the ISE Board of Directors and Executive Committee in the months preceding the April 2007 announcement of the merger. Upon receiving the inside information from MARSHALL, TUCKER and LARSON transferred almost half a million dollars in funds from an MTA bank account to a brokerage account at Ameritrade, through which TUCKER purchased hundreds of ISE call options with strike prices higher than the market price of the underlying security (known as "out-of-the-money" call options). Purchasers of this kind of options are betting that the price of the underlying stock will rise. LARSON and TUCKER also bought ISE common stock for their personal accounts.

After the announcement of the ISE-Eurex merger, the value of TUCKER's options increased dramatically, resulting in a profit of approximately \$1.053 million. Similarly, LARSON made purchases of ISE common stock in his personal Ameritrade brokerage account. After the merger announcement and resulting increase in ISE stock price, LARSON sold his shares for a substantial profit as well.

MARSHALL, TUCKER, and LARSON surrendered earlier today and are expected to be presented before the United States Magistrate Judge later today in Manhattan federal court.

MARSHALL, TUCKER, and LARSON are each charged with one count of conspiracy to commit securities fraud and ten counts of securities fraud. The conspiracy charge carries a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000, or twice the gross gain or gross loss from the offense. Each securities fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$5 million, or twice the gross gain or gross loss from the offense.

MARSHALL, 55, resides in Stony Brook, New York. TUCKER, 46, resides in Yardley, Pennsylvania. LARSON, 44, resides in Miller Place, New York.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the work of the SEC and the FBI in the investigation of this case.

Assistant United States Attorney GLEN G. McGORTY is in charge of the prosecution.

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

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