



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

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**FORMER IBM SENIOR VICE PRESIDENT PLEADS GUILTY  
IN MANHATTAN FEDERAL COURT TO INSIDER TRADING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ROBERT MOFFAT, JR., a former senior executive at International Business Machines Corp. ("IBM"), pleaded guilty today to a two-count Information charging him with conspiracy and securities fraud stemming from his involvement in the largest hedge fund insider trading case in history. MOFFAT pleaded guilty in Manhattan federal court before United States Magistrate Judge FRANK MAAS.

According to the Information to which MOFFAT pleaded guilty, a Complaint previously filed in this case, and statements made during today's guilty plea proceeding:

From August to October 2008, MOFFAT engaged in an insider trading scheme in which MOFFAT obtained material, nonpublic information ("Inside Information") relating to IBM, Advanced Micro Devices, Inc. ("AMD") and Lenovo Group Ltd. ("Lenovo"), and provided it to DANIELLE CHIESI, a friend who worked during the relevant time period for New Castle Partners, an equity hedge fund group affiliated with JPMorgan Chase & Co. At the time of the conspiracy, MOFFAT was a Senior Vice President and Group Executive in IBM's Systems and Technology Group. In addition, MOFFAT also served as a non-voting member of Lenovo's Board of Directors.

MOFFAT provided the Inside Information to CHIESI in breach of fiduciary and other duties of trust and confidence that he owed to IBM and Lenovo, to allow CHIESI to illegally execute securities transactions.

Specifically, in September 2008, MOFFAT provided Chiesi with Inside Information relating to IBM's and Lenovo's performance in the companies' respective fiscal quarters ending in September 2008. In addition, in August and September 2008, MOFFAT provided CHIESI with Inside Information relating to a business deal pursuant to which AMD would spin off its

manufacturing business into a separate entity. MOFFAT was involved in the deal because AMD needed to obtain a license from IBM in connection with the deal in order to use certain IBM technology. On August 22, 2008, during a phone call that was intercepted by the Government pursuant to a court-authorized wiretap, MOFFAT provided CHIESI with information regarding the timing of the deal's announcement and told her that there was "zero" chance that it would not happen. On September 22, 2008, during another phone call that was intercepted by the Government pursuant to a court-authorized wiretap, MOFFAT told CHIESI that AMD was going to "try to announce [the deal] by 10/10," referring to October 10, 2008. On October 7, 2008, AMD announced the deal.

CHIESI traded in the securities of IBM and AMD on the basis of Inside Information provided by MOFFAT in accounts affiliated with New Castle. New Castle did not ultimately realize a profit that is attributable to the Inside Information provided, however, in part because of the turmoil that afflicted the stock markets as a result of the fiscal crisis in the fall of 2008.

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The Information charges MOFFAT with one count of conspiracy to commit securities fraud and one count of securities fraud. The conspiracy count carries a maximum sentence of five years in prison and a maximum fine of the greater of \$250,000 or twice the gross gain or loss from the offense. The securities fraud count carries a maximum sentence of 20 years in prison and a fine of \$5 million. The Information also seeks forfeiture from MOFFAT of the property that constitutes or is derived from proceeds traceable to the commission of the offenses charged.

MOFFAT, 53, resides in Ridgefield, Connecticut.

The Government's criminal case against MOFFAT was assigned to Judge NAOMI R. BUCHWALD. MOFFAT is scheduled to be sentenced on July 26, 2010, by Judge BUCHWALD.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation ("FBI") and thanked the U.S. Securities and Exchange Commission ("SEC") for its assistance. Mr. BHARARA added that the investigation is continuing.

U.S. Attorney PREET BHARARA said: "While a senior executive at a Fortune 500 company, Robert Moffat willfully ignored his professional and legal responsibilities by secretly feeding inside information to his friend. Moffat's guilty plea

marks the 11th conviction in this ongoing insider trading investigation. Together with our partners at the FBI and the SEC, we will continue to protect the integrity of our markets by prosecuting illegal tipping by corporate professionals."

This case is being handled by the Office's Securities and Commodities Fraud Task Force. 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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