



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
MARCH 18, 2011

CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS, JERIKA RICHARDSON
EDELI RIVERA, CARLY SULLIVAN
PUBLIC INFORMATION OFFICE
(212) 637-2600

**FORMER GOLDMAN SACHS COMPUTER PROGRAMMER SENTENCED
IN MANHATTAN FEDERAL COURT TO 97 MONTHS IN PRISON
FOR STEALING FIRM'S TRADE SECRETS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that SERGEY ALEYNIKOV, a former computer programmer at Goldman Sachs & Co. ("Goldman Sachs") was sentenced today in Manhattan federal court to 97 months in prison for stealing valuable, proprietary computer code of Goldman Sachs. A jury in Manhattan federal court previously found ALEYNIKOV guilty on December 10, 2010, of theft of trade secrets and interstate transportation of stolen property charges. U.S. District Judge DENISE L. COTE imposed the sentence on ALEYNIKOV.

Manhattan U.S. Attorney PREET BHARARA said: "Protecting the proprietary information of America's companies is critically important. Today's sentence sends a clear message that professionals like Sergey Aleynikov who abuse their positions of trust to steal confidential business information from their employers will be prosecuted and punished."

According to the evidence presented at trial and at the sentencing hearing:

From May 2007 to June 2009, ALEYNIKOV was employed at Goldman Sachs as a computer programmer responsible for developing computer programs supporting the firm's high-frequency trading on various commodities and equities markets. Since acquiring the system in 1999 for approximately \$500 million, Goldman Sachs modified and maintained it, and took significant measures to protect the confidentiality of its computer programs. Goldman Sachs' trading system generated millions of dollars per year in profits for the firm. They took several measures to protect the system's source code, including requiring all Goldman employees to agree to a confidentiality agreement.

In April 2009, ALEYNIKOV resigned from Goldman Sachs and accepted a job at Teza Technologies ("Teza"), a newly-formed

company in Chicago, Illinois. He was hired to develop Teza's own version of a computer platform that would allow Teza to engage in high-frequency trading. His last day of employment at Goldman Sachs was June 5, 2009.

Beginning at approximately 5:20 p.m. on June 5, 2009 -- his last day working at Goldman Sachs -- ALEYNIKOV, from his desk at Goldman Sachs, transferred substantial portions of the firm's proprietary computer code for its trading platform to an outside computer server in Germany. He encrypted the files and transferred them over the Internet without informing Goldman Sachs. After transferring the files, he deleted the program he used to encrypt them and deleted his computer's "bash history," which records the most recent commands executed on his computer.

In addition, throughout his employment at Goldman Sachs, ALEYNIKOV transferred thousands of computer code files related to the firm's proprietary trading program from the firm's computers to his home computers, without the knowledge or authorization of Goldman Sachs.

On July 2, 2009, ALEYNIKOV flew to Chicago, Illinois, to attend meetings at Teza's offices, bringing with him his laptop computer and another storage device, each of which contained Goldman Sachs's proprietary source code. He was arrested on July 3, 2009, as he arrived at Newark Airport following that visit.

* * *

In addition to the prison sentence, Judge COTE ordered ALEYNIKOV to serve three years of supervised release following his prison sentence. Judge COTE also ordered him to pay a \$12,500 fine.

During the sentencing proceeding, Judge COTE said that, "[Aleynikov's] conduct deserves a significant sentence because the scope of his theft was audacious -- motivated solely by greed, and it was characterized by supreme disloyalty to his employer."

Mr. BHARARA praised the investigative work of the FBI in this case. Mr. BHARARA also thanked Goldman Sachs for its cooperation in the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys JOSEPH FACCIPONTI and REBECCA ROHR are in charge of the prosecution.

11-078

###