



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
MAY 15, 2009**

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**FORMER ERNST & YOUNG PARTNER FOUND  
GUILTY IN INSIDER TRADING SCHEME**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that former Ernst & Young, LLP, ("E&Y") partner JAMES GANSMAN was found guilty today, following a two-week jury trial, of six counts relating to insider trading based on confidential information he obtained from E&Y.

As established by the evidence at trial before United States District Judge MIRIAM GOLDMAN CEDARBAUM:

As a partner at E&Y, GANSMAN had access to confidential firm information about several merger and acquisition transactions involving E&Y clients. GANSMAN passed the inside information to another person -- investment banker DONNA MURDOCH -- who traded on the information, gaining more than \$300,000 in profits. (MURDOCH previously pleaded guilty in this matter and testified during the Government's case at GANSMAN's trial.)

In particular, from May 2006 through July 2007, E&Y advised various entities in connection with mergers and acquisitions involving publicly traded companies, including Freescale Semiconductor, Portal Player, Spectralink, K2, and Dade Behring. GANSMAN, an attorney, was the partner at E&Y in charge of the human resource consulting services that E&Y provided for the transactions. As such, GANSMAN obtained confidential inside information about the transactions which he regularly leaked to MURDOCH. After receipt of the information, MURDOCH purchased securities of the targets of those acquisitions, and, following public disclosure of the acquisitions, sold the previously purchased securities for a substantial profit.

The jury found GANSMAN guilty of six counts of securities fraud (Counts Five through Ten of the Indictment). Each of those counts carries a maximum prison term of 20 years

and a maximum fine of the greater of \$5 million or twice the gross pecuniary gain or loss from the offense. GANSMAN was acquitted of one count of conspiracy to commit securities fraud (Count One) and three other counts of securities fraud (Counts Two through Four).

GANSMAN, 48, resides in New York, New York. GANSMAN is scheduled to be sentenced by the Judge CEDARBAUM on October 1, 2009, at 10:00 am.

Mr. DASSIN praised the investigative work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance. He added that the investigation is continuing.

Assistant United States Attorneys JONATHAN R. STREETER and VIRGINIA CHAVEZ ROMANO are in charge of the prosecution.

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