



*United States Attorney
Southern District of New York*



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**MANHATTAN U.S. ATTORNEY CHARGES ASSISTANT TO TOP DISNEY
EXECUTIVE AND ACCOMPLICE WITH INSIDER TRADING SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest of BONNIE J. HOXIE, an assistant to a top executive at Walt Disney Company ("Disney"), and YONNI SEBBAG, a/k/a "Jonathan Cyrus," a friend of HOXIE, on charges of conspiracy and wire fraud. The charges against both HOXIE and SEBBAG stem from their participation in an insider trading scheme in which HOXIE, in her capacity as a Disney employee, obtained confidential inside information, including about Disney's quarterly earnings, and passed that information to SEBBAG, who in turn attempted to sell the information to buyers seeking to trade on inside information.

According to the two-count Complaint filed in Manhattan federal court:

From March 2010 through May 25, 2010, HOXIE was employed as a secretary to Disney's Head of Corporate Communications. In this capacity, HOXIE obtained material, nonpublic information, including Disney's quarterly earnings statements (the "Inside Information"). Then, in violation of her duties of trust and confidence, HOXIE disclosed the Inside Information to SEBBAG, who in turn disclosed the Inside Information to outside investors for the purpose of trading in advance of the official public announcement of Disney's earnings.

As part of the scheme, SEBBAG and HOXIE caused to be sent anonymous letters to multiple hedge funds and other investment companies, many of which were located in Manhattan, offering to sell the Inside Information for purposes of illegal insider trading. Various agents of the FBI, who were working in

undercover capacities, posed as hedge fund traders (the "Tippees") and offered to buy the Inside Information from SEBBAG and HOXIE for purposes of trading in advance of the public announcement of the Inside Information.

On May 8, 2010, three days in advance of the May 11, 2010, public announcement of Disney's earnings for the second quarter of 2010, SEBBAG and HOXIE caused to be sent to the Tippees a confidential document titled "The Walt Disney Company Q2 Fiscal 2010 Key Topics Speaking Points," which contained a collection of talking points that Disney executives referred to while answering analysts' questions during the May 11, 2010, earnings call.

In addition, on May 11, 2010, roughly two hours in advance of the public announcement, the defendants notified the Tippees that Disney's earnings per share would be 48 cents -- which was better than what stock analysts had predicted. On May 14, 2010, SEBBAG met with two undercover FBI agents in New York and accepted payment of \$15,000 cash for having released the Inside Information. SEBBAG further agreed that he would provide similar confidential information in the future in return for a thirty percent share of any profits from the insider-trading scheme.

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HOXIE, 33, and SEBBAG, 29, both of Los Angeles, California, were arrested this morning in Los Angeles and are expected to be presented this afternoon before a United States Magistrate Judge in Los Angeles federal court.

HOXIE and SEBBAG are each charged with one count of wire fraud and one count of conspiracy to commit securities fraud and wire fraud. They each face a maximum sentence of 20 years in prison on the wire fraud charge and five years in prison on the conspiracy charge. On both counts, HOXIE and SEBBAG also face a fine of the greater of \$250,000, or twice the gross gain or gross loss from the offense.

U.S. Attorney PREET BHARARA stated: "Today's arrests of Disney insider Bonnie Hoxie and her alleged accomplice Yonni Sebbag suggest that the integrity of the securities exchanges can be compromised not only by top executives, but also by anyone entrusted with material, non-public information. This Office, along with the FBI and the Securities and Exchange Commission, is committed to identifying and prosecuting all individuals - on whatever rung of the corporate ladder -- whose greed motivates

them to betray their employer's trust and corrupt the market."

GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York FBI stated: "This investigation should serve as a warning, if you're contemplating acquiring and profiteering from insider information, sometimes the person you're trying to sell it to is really an undercover FBI agent. What the case also shows is that the FBI's vigilance is needed to police the small percentage of bad apples who can cause so much damage. The majority behave like the dozens of hedge funds and investment companies that received Hoxie and Sebbag's offers of insider Disney information: none took the bait, and almost all notified the FBI. The FBI continues its commitment to vigorous enforcement in securities trading and the handling of material non-public information."

Mr. BHARARA praised the work of the FBI and thanked the United States Securities and Exchange Commission for its assistance in the investigation. Mr. BHARARA added that the investigation is continuing.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

Assistant United States Attorneys ALEXANDER J. WILLSCHER and JULIAN J. MOORE are 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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