

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
:
UNITED STATES OF AMERICA
:
-v.-
:
HENRY CONDRON,
:
Defendant.
:
- - - - - X

SEALED INFORMATION

12 Cr. ____

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entity and Individuals

1. At all times relevant to this Information, Broker-Dealer 1 was a broker-dealer registered with the United States Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). Broker-Dealer 1 was headquartered in London, England, with offices in Europe, Asia, and New York, New York. Among other services Broker-Dealer 1 provided to its clients, Broker-Dealer 1 bought and sold securities on behalf of institutional clients, such as commercial banks and investment firms, located throughout the United States and in major cities in Europe. At various times relevant to this Information, Broker-Dealer 1's New York office employed approximately 45 individuals.

2. From in or about February 2005, up to and including in or about November 2010, HENRY CONDRON, the

defendant, was employed by Broker-Dealer 1 and worked in the firm's New York City office. CONDRON was a middle office manager and an execution trader for Broker-Dealer 1's Cash Equity Desk. As a middle office manager, CONDRON was responsible for inputting trading data, including the prices at which securities were bought and sold, into Broker-Dealer 1's trading blotters, which are spreadsheets that contain information about trade executions. CONDRON received his order instructions from the sales brokers who, in turn, received buy and sell instructions from Broker-Dealer 1's clients. As an execution trader, CONDRON executed buy and sell orders at the direction of sales brokers.

3. From in or about 2005, up to and including in or about June 2010, a co-conspirator not named as a defendant herein ("CC-1") was the head of Broker-Dealer 1's Cash Equity Desk.

4. From in or about 2005, up to and including in or about December 2010, a co-conspirator not named as a defendant herein ("CC-2") was employed as a sales broker at Broker-Dealer 1.

5. From in or about February 2005, up to and including in or about December 2010, a co-conspirator not named as a defendant herein ("CC-3") was employed as a sales broker at Broker-Dealer 1.

6. From in or about November 2004 to the present, a co-conspirator not named as a defendant herein ("CC-4") was

employed as a middle office manager and an execution trader at Broker-Dealer 1.

The Scheme To Defraud

7. From in or about February 2005, up to and including in or about December 2008, HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, perpetrated a scheme to defraud Broker-Dealer 1's clients of millions of dollars in fees to which Broker-Dealer 1 was not entitled.

8. HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, perpetrated this scheme to defraud by, among other things, causing prices at which securities were bought and sold to be inaccurately inputted into trading blotters maintained by Broker-Dealer 1. Specifically, where Broker-Dealer 1 received a buy order from a client, CONDRON, CC-1, CC-2, CC-3, CC-4, and others known and unknown, at times, caused the purchase price of the security to be "marked up" from its actual purchase price. On the flipside, where Broker-Dealer 1 received a sell order from a client, CONDRON, CC-1, CC-2, CC-3, CC-4, and others known and unknown, at times, caused the sale price of the security to be "marked down" from its actual sale price.

9. Based on the inaccurate data that had been entered into Broker-Dealer 1's trading blotters, HENRY CONDRON, the

defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, caused false trading confirmations to be generated and sent to various Broker-Dealer 1 clients.

10. As a result of such misrepresentations, HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, enabled Broker-Dealer 1 to earn undisclosed trading profits beyond the legitimate trading commissions to which Broker-Dealer 1 was entitled.

11. As a result of the scheme, HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, gave Broker-Dealer 1's senior management the false impression that the Cash Equity Desk was more profitable than it actually was. At the same time, as a result of the enhanced performance of the Cash Equity Desk, CONDRON, CC-1, CC-2, CC-3, CC-4, and others known and unknown, were awarded more lucrative performance bonuses.

The Conspiracy

12. From in or about February 2005, up to and including in or about December 2008, HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, willfully and knowingly, did combine, conspire, confederate and agree together and with others to commit offenses against the United States, to wit, to commit securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

The Object Of The Conspiracy

Securities Fraud

13. It was a part and an object of the conspiracy that HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon a person; all in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Means And Methods Of The Conspiracy

14. Among the means and methods by which HENRY CONDRON, the defendant, CC-1, CC-2, CC-3, CC-4, and their co-conspirators would and did carry out their conspiracy were the following:

a. CONDRON, CC-1, CC-2, CC-3, CC-4, and their co-conspirators recorded or caused prices to be recorded into trading blotters that were different from the actual prices at which securities were bought and sold on behalf of various clients.

b. CONDRON, CC-1, CC-2, CC-3, CC-4, and their co-conspirators caused inaccurate trading confirmations to be generated from trading blotters and sent to various Broker-Dealer 1 clients.

c. The manufactured markups (in the case of purchases) and markdowns (in the case of sales) enabled Broker-Dealer 1's Cash Equity Desk to earn undisclosed profits on trades and appear more profitable than it was.

d. CONDRON, CC-1, CC-2, CC-3, CC-4, and their co-conspirators were awarded lucrative performance bonuses.

Overt Acts

15. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. At various times in or about 2005, CC-1 instructed HENRY CONDRON, the defendant, CC-2, CC-3, CC-4, and others, in sum and substance, to increase the markup between the

price reported to the client and the true execution price of the security trade.

b. On or about October 8, 2007, HENRY CONDRON, the defendant, sent a false trading confirmation to a Broker-Dealer 1 client stating that 40,000 shares of the stock of a company ("Company-1") were sold at the price of \$164.1225/share.

c. On or about September 17, 2008, CC-2 sent a false trading confirmation to a Broker-Dealer 1 client stating that 20,000 shares of the stock of a company ("Company-2") were bought at the price of \$15.2240/share.

d. On or about February 27, 2007, CC-3 sent a false trading confirmation to a Broker-Dealer 1 client stating that 32,100 shares of the stock of a company ("Company-3") were bought at the price of \$26.4356/share.

e. On or about April 30, 2007, CC-4 sent a false trading confirmation to a Broker-Dealer 1 client stating that 10,000 shares of the stock of a company ("Company-4") were bought at the price of \$9.2436/share.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

16. The allegations contained in paragraphs 1 through 11 and 14 through 15 are repeated, realleged and incorporated by reference as if fully set forth herein.

17. From in or about February 2005, up to and including in or about December 2008, in the Southern District of New York and elsewhere, HENRY CONDRON, the defendant, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, in order to earn undisclosed profits on trades that he and others executed on behalf of various institutional investors, CONDRON falsely

recorded and reported to Broker-Dealer 1's clients the prices at which various securities were bought and sold.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Section
240.10b-5, and Title 18, United States Code, Section 2.)

COUNT THREE

(Conspiracy to Commit Securities Fraud)

The United States Attorney further charges:

Relevant Entity and Individuals

18. At all times relevant to this Information, Broker-Dealer 2 was a broker-dealer registered with the SEC and FINRA. Broker-Dealer 2 was headquartered in New York, New York, with offices in, among other places, New York, New York, and Miami, Florida. Among other services Broker-Dealer 2 provided to its clients, Broker-Dealer 2 bought and sold securities on behalf of institutional clients, such as commercial banks and investment firms, located throughout the United States and in major cities in Europe. At various times relevant to this Information, Broker-Dealer 2's New York office employed approximately seven individuals.

19. From in or about November 2010, up to and including in or about April 2012, HENRY CONDRON, the defendant, was employed by Broker-Dealer 2 and worked in the firm's New York City office. CONDRON was Vice President of Execution for Broker-Dealer 2's Cash Equity Desk. In that capacity, CONDRON was

responsible for executing buy and sell orders and sending trading confirmations to Broker-Dealer 2's clients.

20. From in or about December 2010, up to and including in or about September 2012, CC-2 was Broker-Dealer 2's Managing Director of Equity Trading. In that capacity, CC-2 directly supervised HENRY CONDRON, the defendant. CC-2's job functions included receiving buy and sell orders from Broker-Dealer 2's clients and sending trading confirmations to clients once orders were completed.

The Scheme To Defraud

21. From in or about December 2010, up to and including in or about April 2012, HENRY CONDRON, the defendant, CC-2, and others known and unknown, perpetrated a scheme to defraud Broker-Dealer 2's clients of thousands of dollars in fees to which Broker-Dealer 2 was not entitled.

22. HENRY CONDRON, the defendant, CC-2, and others known and unknown, perpetrated this scheme to defraud by, among other things, causing commissions to be recorded into trading blotters that were in excess of the agreed-upon commissions with Broker-Dealer 2's clients.

23. Based on the inaccurate data that had been entered into Broker-Dealer 2's trading blotters, HENRY CONDRON, the defendant, CC-2, and others known and unknown, caused false

trading confirmations to be generated and sent to various Broker-Dealer 2 clients.

24. As a result of such misrepresentations, HENRY CONDRON, the defendant, CC-2, and others known and unknown, enabled Broker-Dealer 2 to earn additional undisclosed trading profits beyond the legitimate trading commissions to which Broker-Dealer 2 was entitled.

25. As a result of the scheme, HENRY CONDRON, the defendant, CC-2, and others known and unknown, gave Broker-Dealer 2's senior management the false impression that the Cash Equity Desk was more profitable than it actually was. At the same time, as a result of the enhanced performance of the Cash Equity Desk, CONDRON, CC-2, and others known and unknown, were awarded more lucrative performance bonuses.

The Conspiracy

26. From in or about December 2010, up to and including in or about April 2012, HENRY CONDRON, the defendant, CC-2, and others known and unknown, willfully and knowingly, did combine, conspire, confederate and agree together and with others to commit offenses against the United States, to wit, to commit securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

The Object Of The Conspiracy

Securities Fraud

27. It was a part and an object of the conspiracy that HENRY CONDRON, the defendant, CC-2, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon a person; all in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Means And Methods Of The Conspiracy

28. Among the means and methods by which HENRY CONDRON, the defendant, CC-2, and their co-conspirators would and did carry out their conspiracy were the following:

a. CONDRON, CC-2, and their co-conspirators caused commissions to be recorded into trading blotters that were in excess of the agreed-upon commissions with Broker-Dealer 2's clients.

b. CONDRON, CC-2, and their co-conspirators caused inaccurate trading confirmations to be generated from trading blotters and sent to various clients.

c. The manufactured markups (in the case of purchases) and markdowns (in the case of sales) enabled Broker-Dealer 2's Cash Equity Desk to earn additional undisclosed commissions on trades and appear more profitable than it was.

d. CONDRON, CC-2, and their co-conspirators were awarded lucrative performance bonuses.

Overt Acts

29. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about June 7, 2011, CC-2 sent a false trading confirmation to a Broker-Dealer 2 client stating that 250,000 shares of the stock of a company ("Company-5") were bought at the average price, including commissions, of \$6.103/share.

b. On or about June 16, 2011, HENRY CONDRON, the defendant, sent a false trading confirmation to a Broker-Dealer 2 client stating that 100,000 shares of the stock of a company ("Company-6") were bought at the average price, including commissions, of \$11.3355/share.

(Title 18, United States Code, Section 371.)

FORFEITURE ALLEGATION

30. As the result of committing the securities fraud offenses, in violation of Title 15, United States Code, Sections 78j(b) & 78ff, Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2, as alleged in Counts One through Three of this Information, HENRY CONDRON, the defendant, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses alleged in Counts One through Three of this Information.

Substitute Asset Provision

31. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third person;

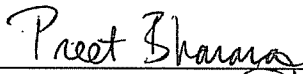
(3) has been placed beyond the jurisdiction of the Court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. §853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981 and 1343, Title 28, United States Code, Section 2461, Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5).


PREET BHARARA (PBB)
United States Attorney

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SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

HENRY CONDRON,

Defendant.

12 Cr. ____ (NRB)

(Title 18, United States Code, Section 371;
Title 15, United States Code, Sections
78j(b) & 78ff;
Title 17, Code of Federal Regulations,
Section 240.10b-5; and
Title 18, United States Code, Section 2.)

PREET BHARARA
United States Attorney.