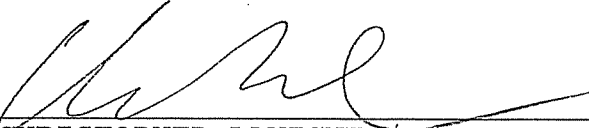


Approved:


CHRISTOPHER LAVIGNE / CHI T. STEVE KWOK
Assistant United States Attorneys

Before: HONORABLE FRANK MAAS
United States Magistrate Judge
Southern District of New York

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: UNITED STATES OF AMERICA

SEALED COMPLAINT

- v. -

MAREK LESZCZYNSKI,

Defendant.

: Violations of
: 18 U.S.C. §§ 371 & 2;
: 15 U.S.C. §§ 78j(b) & 78ff;
: 17 C.F.R. § 240.10b-5

: COUNTY OF OFFENSE:

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NEW YORK

SOUTHERN DISTRICT OF NEW YORK, ss.:

ERIC BURNS, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation, and charges as follows:

COUNT ONE

(Conspiracy To Commit Securities Fraud)

1. From in or about May 2005, up to and including in or about December 2008, MAREK LESZCZYNSKI, the defendant, 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, (a) securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff; and Title 17, Code of Federal Regulations, Section 240.10b-5; and (b) wire fraud, in violation of Title 18, United States Code, Section 1343.

2. It was a part and an object of the conspiracy that MAREK LESZCZYNSKI, the defendant, 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 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.

3. It was further a part and an object of the conspiracy that MAREK LESZCZYNSKI, the defendant, and others known and unknown, willfully and knowingly, having devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, transmitted and caused to be transmitted by means of a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

Overt Acts

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

a. On or about September 16, 2008, MAREK LESZCZYNSKI, the defendant, sent an email from New York, New York, to a client containing a false trading confirmation stating that 350,000 shares of the stock of a company ("Company-1") were sold at the average price of \$4.3629/share.

b. On or about September 17, 2008, LESZCZYNSKI sent an email from New York, New York, to a client containing a false trading confirmation stating that 20,000 shares of the stock of a company ("Company-2") were bought at the average price of \$15.2240/share.

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

COUNT TWO (Securities Fraud)

5. From in or about May 2005, up to and including in or about December 2008, MAREK LESZCZYNSKI, 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 LESZCZYNSKI and others executed on behalf of certain institutional investors, LESZCZYNSKI caused prices at which securities were bought and sold to be falsely recorded and reported to clients.

(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.)

The bases for my knowledge and the foregoing charges are, in part, as follows:

6. I am a Special Agent with the New York Office of the Federal Bureau of Investigation of the Department of Justice ("FBI") and I have been personally involved in the investigation of this matter. I have been a Special Agent with the FBI working on white collar investigations for approximately 3 years. During this time, my responsibilities have included the investigation of violations of the securities fraud and wire fraud statutes, among others, and I have participated in numerous investigations of offenses involving such violations.

7. This affidavit is based on my conversations with others, including other agents with the FBI, attorneys with the United States Securities and Exchange Commission ("SEC"), and others. It is also based on my review of numerous documents, including, but not limited to, e-mails and trading records. This affidavit is further based on my review of recorded phone calls between MAREK LESZCZYNSKI, the defendant, and those clients whose buy and sell orders LESZCZYNSKI handled. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all of the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Relevant Entity and Individuals

8. At all times relevant to this Complaint, Broker-Dealer 1 was a broker-dealer registered with the 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 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 Complaint, Broker-Dealer 1's New York office employed approximately 45 individuals.

9. From in or about 2005, up to and including in or about December 2010, MAREK LESZCZYNSKI, the defendant, was employed by Broker-Dealer 1 and worked in the firm's New York City office. LESZCZYNSKI was a sales broker for Broker-Dealer 1's Cash Equity Desk. As a sales broker, LESZCZYNSKI was responsible for receiving orders to buy or sell securities from Broker-Dealer 1's clients, relaying those orders to traders who executed the trades, communicating with clients as their orders were being filled, and, once the orders were completed, sending out trading confirmations that showed, among other things, the prices at which securities were bought or sold and the commissions, if any, that Broker-Dealer 1 charged.

10. From in or about February 2005, up to and including in or about November 2010, an individual who is now cooperating with the Government ("CW-1")¹ was employed by Broker-Dealer 1 and worked in the firm's New York City office. CW-1 was a middle office manager and an execution trader for Broker-Dealer 1's Cash Equity Desk. As a middle office manager, CW-1 was responsible for inputting trading data, including the prices at which securities were bought and sold, into a trading blotter maintained by Broker-Dealer 1. As an execution trader, CW-1 received his order instructions from the sales brokers, including MAREK LESZCZYNSKI, the defendant, and executed buy and sell

¹ On or about October 2, 2012, CW-1 pled guilty, pursuant to a cooperation agreement with the Government, to a criminal Information that charged him with various securities fraud violations relating to the allegations contained herein. CW-1 is cooperating with the Government in the hopes of receiving leniency from his sentencing Judge at the time of sentencing. As described elsewhere in this Affidavit, the information provided by CW-1 has thus far proven to be truthful and reliable, and, where possible, corroborated by independent sources of information.

orders at the direction of sales brokers, including LESZCZYNSKI.

Overview of the Scheme To Defraud

11. MAREK LESZCZYNSKI, the defendant, and others perpetrated a scheme to defraud certain institutional clients of Broker-Dealer 1 of millions of dollars in fees to which Broker-Dealer 1 was not entitled. These undisclosed profits were earned as a result of LESZCZYNSKI and his co-conspirators misrepresenting the prices at which securities were bought and sold.

12. Specifically, where Broker-Dealer 1 received a buy order from a client, MAREK LESZCZYNSKI, the defendant, and others, at times, caused the purchase price of the security that would be reported back to the client to be "marked up" from its actual purchase price. On the flipside, where Broker-Dealer 1 received a sell order from a client, LESZCZYNSKI and others, at times, caused the sale price of the security that would be reported back to the client to be "marked down" from its actual sale price. The difference between the actual execution prices and the false prices reported to clients was not disclosed to Broker-Dealer 1's clients. Rather, it was secretly added to or subtracted from the actual execution prices of securities, and was separate and apart from Broker-Dealer 1's agreed-upon commissions that were disclosed on trading confirmations sent to Broker-Dealer 1's clients.

The Scheme To Defraud

13. Based on my interviews with CW-1, I have learned the following:

a. Throughout CW-1's employment at Broker-Dealer 1's Cash Equity Desk in New York, CW-1's compensation consisted of a base salary and a performance bonus. CW-1 understood that his bonus was determined at the discretion of a co-conspirator not named as a defendant herein, who was the head of the Cash Equity Desk at Broker-Dealer 1's New York Office ("CC-1"). CW-1 also understood that the size of his bonus was based in large part on the productivity of the Cash Equity Desk as a whole.

b. At various times during his employment at Broker-Dealer 1's Cash Equity Desk in New York, CW-1 overheard numerous conversations where CC-1 instructed MAREK LESZCZYNSKI, the defendant, another co-conspirator not named as a defendant herein and who was employed as a sales broker for Broker-Dealer 1's Cash Equity Desk in New York ("CC-2"), and others, in sum and

substance, to "take more on the trade." CW-1 understood this to be CC-1's instruction to increase the undisclosed markup. (in the case of a purchase order) and markdown (in the case of a sale order) between the price reported to the client and the security's true execution price.

c. When he was asked to execute trades on behalf of Broker-Dealer 1's clients, CW-1 received his order instructions from, among others, LESZCZYNSKI and CC-2. On various occasions after LESZCZYNSKI instructed CW-1 to charge an undisclosed markup and after the client received the trading confirmation, LESZCZYNSKI asked CW-1, in sum and substance, whether the client had "said anything about the markup."

d. In or about late 2008, as the result of a company restructuring, a new compliance officer was hired to oversee the activities of the Cash Equity Desk. Shortly after the announcement of the hiring of the new compliance officer, CC-1 convened a meeting that, among others, LESZCZYNSKI, CC-2, and CW-1 attended. During this meeting, CC-1 stated, in sum and substance, that as a result of the hiring of the new compliance manager, they had to stop charging markups.

e. After the meeting described in the preceding paragraph, CW-1 had multiple conversations with LESZCZYNSKI and CC-2 about various ways to continue charging markups. Among other things, they discussed going to work at another broker-dealer or recording the trades in different ways that would mask the markups from the new compliance officer and Broker Dealer 1's clients.

f. In or about late 2010, CW-1 and LESZCZYNSKI left Broker-Dealer 1 to start working for another broker-dealer with offices in New York, New York, and Miami, Florida ("Broker-Dealer 2"). On various occasions after they started working at Broker-Dealer 2, LESZCZYNSKI told CW-1, in sum and substance, that while they were at Broker-Dealer 1, LESZCZYNSKI only "did a little bit, not as much as CC-1" or CC-2. CW-1 understood this to mean that, while LESZCZYNSKI charged undisclosed markups at Broker-Dealer 1, he did so less frequently than did CC-1 and CC-2.

14. I have reviewed trading records from Broker-Dealer 1, including records of trades handled by MAREK LESZCZYNSKI, the defendant. In addition, I have reviewed recorded telephone calls that Broker-Dealer 1 maintained in the ordinary course of its business, including phone calls between LESZCZYNSKI and Broker-Dealer 1 clients with whom LESZCZYNSKI spoke.

15. Based on my review of the trading records, phone calls, and Broker-Dealer 1's trading blotter, I have learned the following:

September 16, 2008 Sale Order

a. On or about September 16, 2008, at approximately 3:23 p.m., MAREK LESZCZYNSKI, the defendant, received a telephone call from a client located in London, England, who requested the sale of, among other things, 350,000 shares of a multinational company ("Company-1").

b. The following table summarizes the average price per share of Company-1's stock, as I calculated it based on the data shown in Broker-Dealer 1's trading records, at various points during the afternoon of September 16, 2008 as LESZCZYNSKI caused the shares to be sold. The table also shows the corresponding average price per share that LESZCZYNSKI was reporting to the client over the telephone at the same time that the order was being filled:

Execution Time	Shares Sold	Cumulative Total Shares Sold	Average Price/Share	Average Price/Share As Reported by MAREK LESZCZYNSKI to Client
3:24:49 p.m.	60,000 shares	60,000 shares	\$4.42185	\$4.4387
3:25:15 p.m.	50,000 shares	110,000 shares	\$4.457836	\$4.4528
3:26:05 p.m.	90,000 shares	200,000 shares	\$4.41434	\$4.4073
3:26:26 p.m.	30,000 shares	230,000 shares	\$4.41073	\$4.4037
3:26:55 p.m.	50,000 shares	280,000 shares	\$4.401761	\$4.3948
3:27:12 p.m.	20,000 shares	300,000 shares	\$4.39414	\$4.3866
3:27:18 p.m.	20,000 shares	320,000 shares	\$4.385756	\$4.3783

3:27:32 p.m.	30,000 shares	350,000 shares	\$4.370943	\$4.3629
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c. As the trades shown in the chart above were being executed, LESZCZYNSKI kept the client apprised of the status of his order in real-time by phone, by telling the client, among other things, the number of shares that had been sold and the average price/share. For example, as set forth in the chart above, shortly after a total of 110,000 shares of the stock of Company-1 had been sold, LESZCZYNSKI stated to the client the following: "Sold 110,000 at four spot four five two eight, i.e. [\$4.4528]." Similarly, shortly after 200,000 shares of the stock of Company-1 had been sold, LESZCZYNSKI was on the phone again with the client, stating: "Sold 200,000 at four spot four O seven three, i.e., [\$4.4073]." As reflected above, these statements were not the actual average sale prices of the shares. Specifically, LESZCZYNSKI understated the actual average sale price on virtually every occasion that he was speaking to the client, which resulted in the client receiving less money from the sale of these shares than the amount to which it was entitled, and enabling Broker-Dealer 1 to earn undisclosed profits.

d. On September 16, 2008, at approximately 4:00 p.m., LESZCZYNSKI sent an email to, among other individuals, the client who placed the sale order described in paragraph 15(b). In this email, LESZCZYNSKI attached a trading confirmation. The average price/share shown on the trading confirmation is "\$4.3629," i.e., \$0.008043/share less than the actual average price/share of \$4.370943/share. Because 350,000 shares were sold, Broker-Dealer 1 earned approximately \$2,815.05 (\$0.008043/share x 350,000 shares) in undisclosed profit from this transaction.

e. Broker-Dealer 1's trading blotter contained less precise, but similarly skewed, price information for this sale of 350,000 shares of Company-1's stock. Under the column entitled "Execution Price," which purportedly sets forth the actual average prices at which securities were bought and sold, an average price/share of "\$4.37" is shown for this trade. Under the column entitled "Gross Price," which purportedly sets forth the average prices plus any fees that Broker-Dealer 1 charged, an average price/share of "\$4.36" is shown. In other words, the price shown under the "Gross Price" column is \$0.01/share less than the price shown under the "Execution Price" column. The trading confirmation that Broker-Dealer 1 sent to the client (which, as explained in subparagraph (d) above, reflected a price

of \$4.3629) did not provide the actual sale price, as reflected in the "Execution Price" column of the trading blotter.

September 17, 2008 Purchase Order

f. On or about September 17, 2008, at approximately 8:35 a.m., LESZCZYNSKI received a telephone call from a client located in London, England, who requested the purchase of, among other things, 50,000 shares of the stock of a multinational company ("Company-2"). After 20,000 shares of the stock of Company-2 were filled, the client canceled the rest of the order.

g. The following table summarizes the average cost per share of Company-2's stock, as I calculated it based on the data shown in Broker-Dealer 1's trading records, at various points during the morning of September 17, 2008 as LESZCZYNSKI caused the shares to be purchased. The table also shows the corresponding average cost per share that LESZCZYNSKI was reporting to the client over the telephone at the same time that the order was being filled:

Execution Time	Shares Purchased	Cumulative Total Shares Purchased	Average Price/Share	Average Price/Share As Reported by MAREK LESZCZYNSKI to Client
8:37:58 a.m.	2,000 shares	2,000 shares	\$15.200	\$15.21
8:38:50 a.m.	6,000 shares	8,000 shares	\$15.2200	\$15.23
8:39:01 a.m.	2,000 shares	10,000 shares	\$15.2240	\$15.2340
8:39:55 a.m.	4,000 shares	14,000 shares	\$15.20286	\$15.2129
8:41:37 a.m.	2,000 shares	16,000 shares	\$15.20875	\$15.2253
8:42:19 a.m.	4,000 shares	20,000 shares	\$15.2120	\$15.2240

h. As the trades shown in the chart above were being executed, LESZCZYNSKI kept the client apprised of the

status of his order in real-time by phone, by telling the client, among other things, the number of shares that had been bought and the average price/share. For example, as set forth in the chart above, shortly after 10,000 shares of the stock of Company-2 had been purchased, LESZCZYNSKI stated to the client the following: "You've done 10,000 [Company-1] at fifteen twenty three forty [i.e., \$15.2340]." Similarly, shortly after 14,000 shares of the stock of Company-2 had been purchased, LESZCZYNSKI was on the phone again with the client, stating: "You've done 14,000 [Company-1] at fifteen twenty-one twenty-nine [i.e., \$15.2129]." As reflected above, these statements were not the actual average purchase prices of the shares. Specifically, LESZCZYNSKI overstated the average purchase price on each occasion that he was speaking to the client, which resulted in the client overpaying Broker-Dealer 1 for these shares, and enabling Broker-Dealer 1 to earn undisclosed profits.

i. On September 17, 2008, at approximately 8:46 a.m., LESZCZYNSKI sent an email to, among other individuals, the client who placed the purchase order described in paragraph 15(g). In this email, LESZCZYNSKI attached a trading confirmation, which shows the average cost/share of 20,000 shares of Company-2's stock as "\$15.2240," i.e., \$0.012 above the actual average cost/share of \$15.2120. Because 20,000 shares were purchased, Broker-Dealer 1 earned \$240 (\$0.012/share x 20,000 shares) in undisclosed profit from this transaction.

j. Broker-Dealer 1's trading blotter contained less precise, but similarly skewed, price information for this purchase of 20,000 shares of Company-2's stock. Under the column entitled "Execution Price," an average price/share of "\$15.21" is shown for this trade. Under the column entitled "Gross Price," an average price/share of "\$15.22" is shown. In other words, the price shown under the "Gross Price" column is \$0.01/share more than the price shown under the "Execution Price" column. The trading confirmation that Broker-Dealer 1 sent to the client (which, as explained in subparagraph (i) above, reflected a price of \$15.2240) did not provide the actual sale price, as reflected in the "Execution Price" column of the trading blotter.

16. Based on my investigation to date, the two examples cited above in paragraph 15 are illustrative of a broad pattern at Broker-Dealer 1's Cash Equity Desk of marking up purchase prices and marking down sale prices in which MAREK LESZCZYNSKI, the defendant, was involved with others. Based on calculations to date, from in or about 2005 up to and including in or about December 2008, Broker-Dealer 1's clients were defrauded of millions of dollars in improper markups and

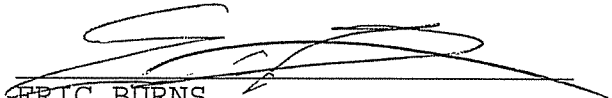
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17. As a result of the scheme to defraud, MAREK LESZCZYNSKI, the defendant, and others were awarded more lucrative performance bonuses. Based on my review of LESZCZYNSKI's personnel file, I have learned the following:

a. LESZCZYNSKI's compensation was tied to the "revenue allocated to [him] from [his] work in [his] team," i.e., the Cash Equity Desk. Specifically, according to the terms of a document entitled "Agreement Between MAREK LESZCZYNSKI and [Broker-Dealer 1]," LESZCZYNSKI was eligible to receive a "standard bonus" "equivalent to twenty five percent of all revenue" attributable to LESZCZYNSKI above \$30,000 per quarter. On top of the "standard bonus," LESZCZYNSKI was eligible to receive a "premium bonus" "equivalent to an extra twenty five percent of all revenue" attributable to LESZCZYNSKI above \$65,000 per quarter. Finally, on top of the bonuses described above, LESZCZYNSKI was eligible to receive a "super bonus" "equivalent to an extra ten percent of all revenue" attributable to LESZCZYNSKI above \$95,000 per quarter.

b. Based on my review of salary records maintained by Broker-Dealer 1, I have learned that, on top of his annual salary of approximately \$50,000, LESZCZYNSKI received a bonus of \$604,437.63 in 2007, a bonus of \$2,448,406.07 in 2008, and a bonus of \$692,087.21 in 2009.

WHEREFORE, deponent prays that a warrant be issued for the arrest of MAREK LESZCZYNSKI, the defendant, and that he be arrested and imprisoned or bailed, as the case may be.


ERIC BURNS
Special Agent
Federal Bureau of Investigation

Sworn to before me this
4 day of October, 2012


UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK