



*United States Attorney
Southern District of New York*



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**FORMER IBM SENIOR VICE PRESIDENT SENTENCED
IN MANHATTAN FEDERAL COURT TO 6 MONTHS IN PRISON
IN INSIDER TRADING CASE**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ROBERT MOFFAT, JR., a former senior executive at International Business Machines Corp. ("IBM"), was sentenced today in Manhattan federal court to six months in prison for his participation in the largest hedge fund insider trading case in history. U.S. District Judge DEBORAH A. BATTIS, who imposed the sentence, also imposed a two

According to documents previously filed in Manhattan federal court and statements made during MOFFAT'S guilty plea proceeding:

MOFFAT, 54, of Ridgefield, Connecticut, was a Senior Vice President and Group Executive in charge of IBM's Systems and Technology Group. In addition, MOFFAT served as a non-voting member of the Board of Directors of the Lenovo Group Ltd. ("Lenovo").

From August to October 2008, MOFFAT engaged in an insider trading scheme in which he obtained material, nonpublic information ("Inside Information") relating to IBM, Lenovo, and Advanced Micro Devices, Inc. ("AMD"), which he provided to CHIESI. MOFFAT provided the Inside Information to CHIESI in breach of fiduciary and other duties of trust and confidence that he owed to IBM and Lenovo, to assist CHIESI illegally execute securities transactions. MOFFAT knew that the information he provided to CHIESI was material and non-public, and that it would be helpful to CHIESI in performing her job executing securities transactions.

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On March 29, 2010, MOFFAT pled guilty to conspiring to commit insider trading crimes with DANIELLE CHIESI, who worked at New Castle Partners ("New Castle"), an equity hedge fund affiliated with Bear Stearns Asset Management and then JPMorgan Chase. MOFFAT also pled guilty to substantive securities fraud. CHIESI has been charged in a separate Indictment.

Manhattan U.S. Attorney PREET BHARARA said: "As a senior executive at IBM, Robert Moffat was entrusted with secret and valuable information. As today's sentence reflects, illegally betraying that trust is a serious crime, and even high-flying executives do not receive get-out-of-jail-free cards for participation in insider trading. This Office, along with our partners at the Federal Bureau of Investigation and the U.S. Securities and Exchange Commission, will continue to pursue illegal insider trading, which compromises the integrity of our markets."

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He also thanked the U.S. Securities and Exchange Commission for its assistance in the investigation. Mr. BHARARA also noted 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.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys JONATHAN STREETER and REED BRODSKY and Special Assistant U.S. Attorney ANDREW MICHAELSON are in charge of the prosecution.

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