



*United States Attorney
Southern District of New York*



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**MANHATTAN U.S. ATTORNEY CHARGES FORMER CONSULTANT AND
FORMER INVESTMENT PROFESSIONAL WITH INSIDER TRADING
SCHEME THAT REAPED MORE THAN \$2.6 MILLION
IN ILLEGAL PROFITS**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of charges against SCOTT ALLEN, a former consultant at a global human resources consulting firm (the "Consulting Firm"), and JOHN BENNETT, an independent film producer and former investment professional, for engaging in an insider trading scheme that reaped more than \$2.6 million in illegal profits.

Manhattan U.S. Attorney PREET BHARARA stated: "As alleged in today's Complaint, Scott Allen and John Bennett were old friends who chose to profit from that friendship by breaking the law. Illegal insider trading has become all too commonplace in all too many quarters, and we will continue our efforts to prosecute and punish those who flout the securities laws."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK stated: "Today's charges mark yet another instance of shameless profit-driven peddling of insider information. The lengths to the clearest indication these defendants knew what they were doing was criminal. The FBI will continue to scrutinize conduct - and root out misconduct - in securities transactions."

According to the Complaint unsealed today in Manhattan federal court:

In his role as a principal of the Consulting Firm, ALLEN learned material, non-public information (the "Inside Information") concerning the April 2008 acquisition of Millennium Pharmaceuticals, Inc. ("Millenium"), by Takeda Pharmaceutical Company Limited, and the September 2009 acquisition of Sepracor, Inc. ("Sepracor"), by Dainippon Sumitomo Pharma Co., Ltd. Prior to the public announcements of those acquisitions, ALLEN disclosed the Inside Information to BENNETT, a longtime friend, and BENNETT, in turn, reaped over \$1.1 million in illegal profits from securities transactions he executed based on the Inside Information.

For example, between February 29, 2008, and April 2, 2008, BENNETT purchased approximately 1,090 Millennium call options at a total cost of approximately \$17,000. Following the public announcement of the Millennium acquisition on April 10, 2008, Millennium's stock price rose approximately 50%, and BENNETT sold all of his call options for approximately \$619,000. Additionally, between May 27, 2009, and July 22, 2009, BENNETT purchased approximately 1,700 Sepracor call options at a total cost of approximately \$227,000. Following the public announcement of the Sepracor acquisition on September 3, 2009, Sepracor's stock price rose approximately 26%, and BENNETT sold all 1,100 of his unexpired call options for approximately \$682,000.

BENNETT also disclosed the Inside Information he had learned from ALLEN to a co-conspirator ("CC-1") who executed securities transactions in Millennium and Sepracor securities in advance of the public announcement of their respective acquisitions. The combined illegal profits from the trading of BENNETT and CC-1 in Millennium and Sepracor securities exceeded \$2.6 million.

In exchange for providing the Inside Information, ALLEN received more than \$100,000 in cash payments from BENNETT. These cash payments were delivered in person, on more than 20 occasions between April 21, 2008, and August 16, 2010.

Moreover, in addition, ALLEN and BENNETT undertook efforts to conceal the insider trading scheme from authorities and to avoid detection. For example, in October 2010, when interviewed at his home by FBI agents, ALLEN falsely claimed that he had not spoken to BENNETT in three or four years when, in fact, he had met with and spoken to BENNETT repeatedly through at least July 2010. Rather than use his cell phone or another phone that was traceable to him, ALLEN repeatedly communicated with

BENNETT in person and contacted him by using a public phone at LaGuardia Airport.

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ALLEN, 45, of Atlanta, Georgia, and BENNETT, 48, of Norwalk, Connecticut, both surrendered to authorities earlier this morning. ALLEN is expected to appear later today in Magistrate Court in the Northern District of Georgia, and BENNETT is expected to appear later today in Magistrate Court in the Southern District of New York.

ALLEN and BENNETT are each charged with one count of conspiracy to commit securities fraud and two counts of securities fraud. They each face a maximum penalty of five years in prison on the conspiracy charge and 20 years in prison on each of the securities fraud charges. In addition, with respect to the conspiracy charge, they face a maximum fine of \$250,000 or twice the gross gain or loss derived from the crimes. For each of the securities fraud charges, the defendants face a maximum fine of \$5 million or twice the gross gain or loss derived from the crime.

Mr. BHARARA praised the efforts of the FBI. He also thanked the SEC for its assistance in the investigation.

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 U.S. Attorneys RICHARD C. TARLOWE and MARISSA MOLÉ 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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