



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
NOVEMBER 19, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS, EDELI RIVERA,
JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FORMER SOCIETE GENERALE TRADER FOUND GUILTY
IN MANHATTAN FEDERAL COURT OF STEALING HIGH-FREQUENCY
TRADING SYSTEM CODE**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that SAMARTH AGRAWAL, a former trader at Societe Generale ("SocGen"), was found guilty this afternoon of theft of trade secrets and interstate transportation of stolen property for stealing the proprietary computer code used in SocGen's high-frequency trading system. AGRAWAL was found guilty by a federal jury after an eight-day trial before U.S. District Judge JED S. RAKOFF.

Manhattan U.S. Attorney PREET BHARARA stated: "As the Manhattan federal jury has now found, Samarth Agrawal was a thief who hoped to make a small fortune by stealing and copying sophisticated computer code that was the equivalent of gold bullion to his former employers. Today's verdict sends a clear message that this Office and the FBI will investigate and prosecute the theft of valuable trade secrets for the serious crime that it is."

According to the evidence introduced at the trial and other documents and proceedings in the case:

From March 2007 to November 2009, AGRAWAL worked at SocGen's New York offices, first as a quantitative analyst and then as a trader in SocGen's High Frequency Trading Group. Over the past several years, SocGen has spent millions of dollars developing a computer system and associated computer code (the "Code") that allowed SocGen to engage in sophisticated, high-speed trading on various securities markets. The Code and its associated trading programs have generated millions of dollars in profits for SocGen. SocGen has taken several steps to protect the confidentiality of the Code, including limiting access to only those employees whose jobs require it, and then to only those portions of the Code related to their job; monitoring its computer systems and restricting electronic transfers outside of

its computer systems; and preventing the computers used by individuals in the High Frequency Trading Group from making portable electronic copies of the Code.

In April 2009, AGRAWAL was promoted to the position of trader within SocGen's High Frequency Trading Group. On Friday, June 12, 2009, AGRAWAL obtained access to a unit of the Code relating to the type of trading activity in which he was involved ("Unit A"). The next day, AGRAWAL printed out hundreds of pages of Unit A Code from his office at SocGen. AGRAWAL was caught on surveillance cameras stashing the printouts of the Code in a backpack. AGRAWAL then took the Code to his home in New Jersey.

Prior to the time he obtained access to the Code, printed it out, and took it home, AGRAWAL had been trying to leave SocGen to find more lucrative work at another company that engaged in high-frequency trading. In particular, AGRAWAL was negotiating with Tower Capital Research LLC ("Tower"), a proprietary trading group and hedge fund, to develop a high-frequency trading system for Tower. During a meeting on June 8, 2009, with partners of Tower, AGRAWAL claimed he had a complete understanding of SocGen's Unit A trading system and said that he wanted to build a copy of the same trading system at Tower.

In early July 2009, the Tower partners offered AGRAWAL a job which would have paid him a total of \$575,000 up front plus 20% of the profits generated by the copy of SocGen's Unit A trading system that AGRAWAL intended to build at Tower. AGRAWAL agreed to these terms in principal in August 2009. Between June and November 2009, AGRAWAL met repeatedly with the Tower partners and other employees of Tower. During those meetings, AGRAWAL disclosed confidential details of SocGen's trading system to the Tower representatives.

On November 17, 2009, AGRAWAL submitted a letter of resignation to his supervisor at the SocGen. In the months that followed, until he was supposed to start work at Tower in April 2010, AGRAWAL disclosed to Tower employees further details of SocGen's trading system that he obtained from the Unit A Code he had printed out and taken home, in order to give Tower employees guidance on the structure of the high-frequency trading system AGRAWAL wanted them to build.

AGRAWAL was arrested on April 19, 2010, the day he was supposed to start work at Tower. A subsequent search of his apartment revealed the copy of the stolen Code, which was neatly organized in folders on his desk.

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AGRAWAL, 26, faces a maximum sentence of 10 years in prison on each of the theft of trade secrets and interstate transportation of stolen property counts. AGRAWAL is scheduled to be sentenced on February 24, 2011, at 5:00 p.m. by Judge RAKOFF.

Mr. BHARARA praised the investigative work of the FBI in this case. Mr. BHARARA also thanked Societe Generale for its cooperation in the investigation.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys THOMAS G.A. BROWN and DANIEL LEVY are in charge of the prosecution.

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