

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

-v.-

TRENT MARTIN,

Defendant.

INDICTMENT

S1 12 Cr. 887

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The Grand Jury charges:

The Defendant and Other Relevant Parties

1. At all times relevant to this Indictment, TRENT MARTIN, the defendant, was a citizen of Australia who lived in Manhattan. MARTIN worked primarily in Stamford, Connecticut for an international financial services firm as a research analyst.

2. At all times relevant to this Indictment, Thomas C. Conratt ("Conratt") shared an apartment in Manhattan with TRENT MARTIN, the defendant. Conratt worked as a stock broker in the Manhattan offices of a Connecticut-based securities trading firm ("Securities Trading Firm-1").

3. At all times relevant to this Indictment, David J. Weishaus ("Weishaus") worked as a stock broker at Securities Trading Firm-1. Weishaus and Conratt were close friends who had attended law school together in Baltimore. While working together at Securities Trading Firm-1, Weishaus and Conratt regularly

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FOR THE SOUTHERN DISTRICT OF N.Y.

DEPUTY CLERK

communicated with each other by exchanging instant messages.

4. At all times relevant to this Indictment, the "New York Law Firm" was a large Manhattan-based law firm that had a significant mergers and acquisitions practice.

5. At all times relevant to this Indictment, Attorney-1 was a citizen of New Zealand who lived in Manhattan and worked as a corporate lawyer for the New York Law Firm in Manhattan.

6. At all times relevant to this Indictment, CC-1 and CC-2, co-conspirators not charged as defendants herein, were stock brokers in the Manhattan office of Securities Trading Firm-1 and part of a circle of friends with Conradt, Weishaus, and others.

7. At all times relevant to this Indictment, International Business Machines ("IBM") was a publicly-traded global technology and services company based in Armonk, New York.

8. Before it was acquired by IBM on or about October 2, 2009, as described in more detail below, SPSS Inc. ("SPSS") was a publicly-traded software company based in Chicago, Illinois. SPSS's common stock traded on the Nasdaq stock exchange.

**Duty of Trust and Confidence Owed by TRENT MARTIN to Attorney-1**

9. At all times relevant to this Indictment, TRENT MARTIN, the defendant, and Attorney-1 were close friends who had a history, pattern and practice of sharing confidences with each other relating to their careers, families, relationships, and

plans for the future. MARTIN and Attorney-1 sought advice from each other and shared common interests, a common cultural background, and the common experience of being single men who worked in demanding industries and lived far from their home countries of, respectively, Australia and New Zealand. Attorney-1 considered MARTIN to be his closest friend in New York City.

10. At various times, Attorney-1 and TRENT MARTIN, the defendant, exchanged personal confidences as well as non-public information concerning their jobs. For example, on one occasion when MARTIN and Attorney-1 were at a comedy club together in or about December 2008, MARTIN handed his Blackberry to Attorney-1 so that Attorney-1 could read an e-mail that MARTIN had sent to colleagues at his firm in which he provided advice about the stock market.

**Attorney-1 Learns Inside Information  
About the IBM/SPSS Transaction**

11. In or about the spring of 2009, the New York Law Firm represented IBM in connection with an offer by IBM to acquire SPSS (the "IBM/SPSS Transaction"). The New York Law Firm assigned various partners and associates to work on the matter. Given the confidential nature of the IBM/SPSS Transaction, and the risk of insider trading if the details of the transaction leaked before it was publicly announced, the New York Law Firm took various precautions to maintain its secrecy. Among other things, the New York Law Firm used code names for IBM and SPSS in the documents

that it prepared in connection with the IBM/SPSS Transaction. At all relevant times, the New York Law Firm maintained a strict written policy prohibiting any person connected with the firm from, among other things, "[r]evealing 'inside' information to anyone else except on a strict 'need to know' basis." On or about September 29, 2008, Attorney-1 certified to the New York Law Firm in writing that he had read and understood this policy.

12. On or about May 26, 2009, the New York Law Firm assigned Attorney-1 to work on the IBM/SPSS Transaction. Thereafter, Attorney-1 learned material non-public information concerning the proposed transaction (hereinafter "Inside Information"), including the names of the parties involved, the general nature of the transaction, and the share price at which IBM proposed to buy SPSS (\$50 per share).

**MARTIN Breaches his Duty of Trust and Confidence to Attorney-1 and Buys SPSS Securities Using the Inside Information**

13. On or about May 31, 2009, following Attorney-1's assignment to the IBM/SPSS Transaction, Attorney-1 met his close friend, TRENT MARTIN, the defendant, for brunch at a restaurant in Manhattan. During the meeting, Attorney-1 confided in MARTIN that he was feeling significant stress as a result of being assigned to the IBM/SPSS Transaction. Attorney-1 told MARTIN, among other things, that Attorney-1 worried that he (Attorney-1) had limited experience working on transactions like the IBM/SPSS Transaction, that one of the attorneys at the New York Law Firm working on the

deal was known to be particularly demanding, and that Attorney-1's performance on the assignment would affect his professional standing at the New York Law Firm.

14. In the course of describing his personal and professional concerns to TRENT MARTIN, the defendant, Attorney-1, told MARTIN that IBM was negotiating to acquire SPSS for a significant premium over its market price. Attorney-1 knew that he was not permitted to disclose this Inside Information to MARTIN, but Attorney-1 expected that MARTIN would keep it confidential because of, among other reasons, their history, pattern and practice of sharing confidences, and MARTIN's training as a research analyst at MARTIN's international financial services firm. That training included, among other things, compliance training that emphasized the prohibition on insider trading and the risk of criminal sanctions for such conduct. MARTIN knew and reasonably should have known that Attorney-1 expected MARTIN to maintain the confidentiality of this Inside Information about the IBM/SPSS Transaction.

15. As of the date of this brunch (on or about May 31, 2009), the fact that IBM had offered to buy SPSS, and the fact that IBM had offered to buy SPSS for a significant premium, were not publicly known.

MARTIN and Others Use the Inside Information To Trade in SPSS

16. On or about June 3, 2009, TRENT MARTIN, the defendant, bought approximately 1,500 shares of SPSS common stock for approximately \$34.20 per share in his personal brokerage account on the basis of Inside Information concerning the IBM/SPSS Transaction.

17. In or about June 2009, TRENT MARTIN, the defendant, told Conradt the Inside Information regarding the IBM/SPSS Transaction that MARTIN had learned from Attorney-1. Also in or about June 2009, Conradt communicated the same Inside Information to Weishaus.

18. Beginning on or about June 24, 2009, Weishaus began purchasing SPSS common stock and call options in his personal brokerage account on the basis of Inside Information concerning the IBM/SPSS Transaction. For example, on or about June 25, 2009, Weishaus bought approximately 50 SPSS call option contracts at a strike price of \$40, with an expiration date of September 19, 2009, in his personal brokerage account on the basis of Inside Information concerning the IBM/SPSS Transaction. Each of these call option contracts represented the right, but not the obligation, to purchase 100 shares of SPSS common stock at the strike price before the expiration of the contracts.

19. Beginning on or about June 26, 2009, Conradt began purchasing shares of SPSS common stock in his personal brokerage account on the basis of Inside Information concerning the IBM/SPSS Transaction. For example, on or about June 26, 2009, Conradt bought approximately 30 shares of SPSS common stock for approximately \$32.67 per share in his personal brokerage account on the basis of Inside Information concerning the IBM/SPSS Transaction.

20. On or about July 1, 2009, Conradt and Weishaus exchanged numerous instant messages. In one exchange, Weishaus wrote to Conradt, "somebody is buying spss . . . we should get [CC-1] to buy a fuckload [of SPSS shares] . . . like, [CC-1], buy 100000 shares." Conradt responded, "jesus don't tell anyone else . . . we gotta keep this in the family." Weishaus answered, "dude, no way. i dont want to go to jail fuck that . . . martha stewart spent 5 months in the slammer . . . and they tried to fuck the mavericks owner." Later that same day, Weishaus wrote to Conradt, "jesus, we need spss to run up i need that lexus."

21. Later that same day (July 1, 2009), Conradt sent an instant message to CC-2 asking, "did you buy options or the stock for our horse, btw?" CC-2 responded, "no havent yet, im a dick, been distracted." When Conradt and Weishaus communicated with each other and other members of their circle of friends about SPSS, they referred to it as their "horse."

22. On or about July 10, 2009, Conradt and Weishaus again exchanged instant messages. Weishaus wrote to Conradt, "we need some turn around on spss." Conradt responded, "yeah i called trent, gonna get more details tonight he was at work, couldn't talk[,] " referring to Conradt's roommate, TRENT MARTIN, the defendant.

23. On or about July 22, 2009, on the basis of Inside Information concerning the IBM/SPSS Transaction, TRENT MARTIN, the defendant, purchased, in his personal brokerage account, approximately 29 SPSS call option contracts at a strike price of \$35, with an expiration date of September 19, 2009.

24. On or about July 23, 2009, beginning at approximately 3:21 p.m., on a day when the trading volume in SPSS common stock was significantly higher than the recent average, Weishaus wrote to Conradt, "dude, horsey is moving . . . horsey can run! . . . come horsey, come on horsey!!!! RUUUUUNNN!!!!!" Conradt responded, "what's going on with the horse? going up?"

25. Later that same day (July 23, 2009), Conradt asked Weishaus to buy SPSS call options for Conradt. Weishaus declined. In response, Conradt wrote, "wtf, i'm setting this deal up for everyone . . . makin everyone rich." Weishaus responded, "[Another individual] is gonna put in 50k sept options." Conradt then wrote, referring to TRENT MARTIN, the defendant, "holy fuck . . . god trent told me not to tell anyone . . . big mistake."



Weishaus then noted, "eh, we'll get rich." In response, Conradt wrote, "in any case i'm just glad to contribute actually you guys have done a lot for me, esp you and [another individual] i didn't think for a second i wouldn't tell you." Weishaus answered, "this is gonna be sweet, we just need this thing to pop next week or im out." Conradt responded, "it's gonna blow up." Weishaus responded, "any[way], lets not type."

**MARTIN Admits to Attorney-1 That He Had  
Traded on the Inside Information**

26. On or about July 23, 2009, TRENT MARTIN, the defendant, visited Attorney-1 at his (Attorney-1's) apartment in Manhattan. At that time, MARTIN told Attorney-1 that he had purchased SPSS common stock and call options on the basis of the Inside Information that Attorney-1 had disclosed to MARTIN at their brunch on or about May 31, 2009. MARTIN expressed concern to Attorney-1 that, since he had bought a significant volume of SPSS call options at a favorable price, the transactions would attract attention. MARTIN sought Attorney-1's advice on the situation and told Attorney-1 that MARTIN would suffer a loss if he unwound his long position in SPSS at that time. Attorney-1 was furious with MARTIN and urged MARTIN to sell his SPSS shares and options immediately. MARTIN and Attorney-1 discussed various ways in which MARTIN could cancel or unwind his SPSS options position without attracting attention. MARTIN apologized to Attorney-1 for trading on the information Attorney-1 had told him at the brunch

meeting.

27. On or about July 24, 2009, TRENT MARTIN, the defendant, sold the approximately 29 SPSS call option contracts that he had purchased on or about July 22, 2009. Thereafter, on or about July 27, 2009, MARTIN sold approximately 1,000 of the approximately 1,500 SPSS shares that he had purchased on or about June 3, 2009.

**The Public Announcement of the IBM/SPSS Transaction**

28. On or about July 28, 2009, at approximately 7:31 a.m., IBM and SPSS publicly announced the IBM/SPSS Transaction. That same day, SPSS's share price closed at approximately \$49.45, up approximately 41 percent from the prior day's closing price of approximately \$35.09 per share.

**MARTIN, Conradt, Weishaus, CC-1 and CC-2  
Profit From Trading in SPSS**

29. On or about the day of the public announcement of the IBM/SPSS Transaction, July 28, 2009, TRENT MARTIN, the defendant, held approximately 500 shares of SPSS common stock that he had purchased on the basis of Inside Information concerning the IBM/SPSS Transaction. MARTIN held these shares through the completion of the IBM/SPSS Transaction, and then, on or about October 5, 2009, he sold these shares, yielding a profit of approximately \$7,900.

30. On or about July 28, 2009, when IBM and SPSS publicly announced their transaction, Conradt held approximately

170 shares of SPSS common stock that he had purchased on the basis of Inside Information concerning the IBM/SPSS Transaction. Conradt sold those shares on or about July 29, 2009, yielding a profit of approximately \$2,538.

31. On or about July 28, 2009, Weishaus held various SPSS call options that he had purchased on the basis of Inside Information concerning the IBM/SPSS Transaction. Weishaus sold these options between August 2009 and September 2009, yielding a profit of approximately \$129,290.

32. Beginning on or about June 25, 2009 up through and including on or about July 22, 2009, CC-1 purchased various SPSS call options on the basis of Inside Information concerning the IBM/SPSS Transaction. After the IBM/SPSS Transaction was publicly announced, CC-1 sold these call options for a profit of approximately \$629,954.

33. Beginning on or about July 22, 2009 up through and including on or about July 27, 2009, CC-2 purchased various SPSS call options on the basis of Inside Information concerning the IBM/SPSS Transaction. After the IBM/SPSS Transaction was publicly announced, CC-2 sold these call options for a profit of approximately \$254,360.

#### **The SEC Investigates Insider Trading in SPSS**

34. In or about October 2010, Attorney-1 learned from another lawyer at the New York Law Firm that the U.S. Securities

and Exchange Commission (the "SEC") was investigating insider trading in relation to the IBM/SPSS Transaction. Shortly thereafter, Attorney-1 informed TRENT MARTIN, the defendant, about the SEC investigation.

35. In or about October or November 2010, TRENT MARTIN, the defendant, told Attorney-1 that MARTIN had retained some SPSS shares at the time of the public announcement of the IBM/SPSS Transaction, and thereby earned a profit of approximately \$8,000.

36. In or about November 2010, TRENT MARTIN, the defendant, told Attorney-1 that he had not only profited on Attorney-1's Inside Information but also disclosed it to MARTIN's roommate, Conradt, before the transaction was publicly announced. MARTIN told Attorney-1 that MARTIN believed Conradt had taken a large position in SPSS before the announcement and had, in turn, shared the Inside Information with others. MARTIN repeatedly apologized to Attorney-1 for disclosing information concerning the IBM/SPSS Transaction to Conradt.

37. Later in or about November 2010, Attorney-1 visited TRENT MARTIN, the defendant, at MARTIN's apartment in Manhattan. At that time, Attorney-1 saw that MARTIN was packing up his belongings to leave New York City. MARTIN told Attorney-1 that MARTIN had quit his job and was returning to Australia in light of the SEC investigation. MARTIN told Attorney-1 that he knew that insider trading can result in jail sentences and referred to the

criminal prosecution of Martha Stewart.

### STATUTORY ALLEGATIONS

#### The Conspiracy

38. From in or about June 2009 up through and including in or about July 2009, in the Southern District of New York and elsewhere, TRENT MARTIN, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) & 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5 and Section 240.10b5-2(b)(1)&(2).

#### Object of the Conspiracy

39. It was a part and object of the conspiracy that TRENT MARTIN, the defendant, and others known and unknown, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, willfully and knowingly 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 fact 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, all 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 Section 240.10b5-2(b)(1)&(2).

**Means And Methods Of The Conspiracy**

40. Among the means and methods by which TRENT MARTIN, the defendant, and others carried out the conspiracy were the following:

a. Attorney-1, without the permission of the New York Law Firm, disclosed to MARTIN Inside Information about the IBM/SPSS Transaction.

b. MARTIN misappropriated Inside Information from Attorney-1 concerning the IBM/SPSS Transaction in violation of the duty of trust and confidence that MARTIN owed to Attorney-1, with whom MARTIN had a history, pattern and practice of sharing personal and professional confidences, such that MARTIN knew that he should not trade on the Inside Information or share it with others.

c. MARTIN shared Inside Information concerning the IBM/SPSS Transaction with his roommate, Conradt.

d. Conradt, in turn, shared Inside Information concerning the IBM/SPSS Transaction with Weishaus.

e. While aware of the Inside Information, MARTIN, Conradt, and Weishaus bought SPSS call options and/or common stock before the public announcement of the IBM/SPSS Transaction. MARTIN, Conradt, and Weishaus profited from this trading in SPSS because the stock price of SPSS rose considerably upon the public announcement of the IBM/SPSS Transaction on July 28, 2009.

#### Overt Acts

41. In furtherance of the conspiracy and to effect the illegal object thereof, TRENT MARTIN, the defendant, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about June 3, 2009, MARTIN purchased approximately 1,500 shares of SPSS common stock on the basis of Inside Information concerning the IBM/SPSS Transaction.

b. On or about June 25, 2009, Weishaus purchased approximately 50 SPSS call option contracts on the basis of Inside Information concerning the IBM/SPSS Transaction.

c. On or about June 26, 2009, Conradt, while working at the offices of Securities Trading Firm-1 in Manhattan, purchased approximately 30 shares of SPSS common stock on the basis of Inside Information concerning the IBM/SPSS Transaction.

d. On or about July 1, 2009, Conradt and Weishaus exchanged instant messages about the Inside Information.

e. On or about July 23, 2009, Conradt and Weishaus exchanged instant messages about the Inside Information.

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

**COUNT TWO**

(Securities Fraud)

The Grand Jury further charges:

42. The allegations contained in paragraphs 1 through 37 and 40 through 41 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

43. On or about June 3, 2009, in the Southern District of New York and elsewhere, TRENT MARTIN, the defendant, 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, in connection with the purchase and sale of securities, willfully and knowingly did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2, by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact 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, MARTIN executed the securities transaction listed below on the basis of Inside Information concerning the IBM/SPSS Transaction:

COUNT	TRADE DATE	TRANSACTION
TWO	6/3/09	Purchased 1,500 shares of SPSS common stock at \$34.20 per share

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2(b)(1)&(2); and Title 18, United States Code, Section 2.)

#### FORFEITURE ALLEGATION

44. As a result of committing one or more of the foregoing securities fraud offenses alleged in Counts One and Two of this Indictment, TRENT MARTIN, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses alleged in Counts One and Two of this Indictment, including but not limited to the following:

#### Money Judgment

a. At least a sum of money in United States currency that constitutes or was derived from proceeds traceable to the commission of the securities fraud offenses alleged in Counts One and Two of this Indictment.

Substitute Assets Provision

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

- (i) cannot be located upon the exercise of due diligence;
- (ii) has been transferred or sold to, or deposited with, a third party;
- (iii) has been placed beyond the jurisdiction of the court;
- (iv) has been substantially diminished in value; or
- (v) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

(Title 15, United States Code, Sections 78j(b) & 78ff;  
Title 18, United States Code, Sections 371 & 981;  
Title 21, United States Code, Section 853(p);  
Title 28, United States Code, Section 2461;  
and Title 17, Code of Federal Regulations,  
Sections 240.10b-5 and 240.10b5-2(b)(1)&(2).)

FOREPERSON

  
PREET BHARARA   
United States Attorney

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- v. -

TRENT MARTIN

Defendant.

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INDICTMENT

(18 U.S.C. §§ 2, 371; Title 15, United  
States Code, Sections 78j(b) & 78ff;  
Title 17, Code of Federal Regulations,  
Sections 240.10b-5 and 240.10b5-2)

PREET BHARARA  
United States Attorney.

A TRUE BILL

  
Foreperson.

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