

2013R00061/SUE/RJG

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

RECEIVED

JAN 15 2015

AT 8:30
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA : Hon.
:
v. : Crim. No. 15- 28 (MAS)
:
STEVEN METRO : 18 U.S.C. § 371
: 15 U.S.C. §§ 78j(b), 78n(e), & 78ff
: 17 C.F.R. §§ 240.10b-5 & 240.14e-3(a)
: 18 U.S.C. § 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at
Trenton, charges:

COUNT ONE

(Conspiracy to Commit Securities Fraud and Tender Offer Fraud)

Background

1. At all times relevant to this Indictment unless otherwise
indicated:

a. Defendant STEVEN METRO was an attorney and a
resident of Katonah, New York. Beginning in or about November 1999 and
continuing through in or about March 2014, defendant STEVEN METRO was
employed in the New York office of Simpson Thacher & Bartlett LLP (the "Law
Firm").

b. Defendant STEVEN METRO was employed as the Law
Firm's managing clerk and, as such, was responsible for, among other things,

filing pleadings on behalf of attorneys at the Law Firm. Through his employment, defendant STEVEN METRO obtained access to material nonpublic information concerning corporate transactions, such as mergers and acquisitions or tender offers, in which the Law Firm represented a party or financial advisor to the transaction (the "Inside Information"). Accessing such Inside Information was generally not part of defendant STEVEN METRO's employment responsibilities as the Law Firm's managing clerk.

c. Defendant STEVEN METRO had a duty not to disclose the Inside Information that he obtained and accessed through his employment at the Law Firm, or to use such information for his personal benefit or the benefit of others.

d. Frank Tamayo ("Tamayo") was a mortgage broker and a personal friend of defendant STEVEN METRO. Defendant STEVEN METRO and Tamayo first met while both were attending law school in New York.

e. Vladimir Eydelman ("Eydelman"), was a securities broker-dealer registered with the United States Securities and Exchange Commission, and a resident of Colts Neck, New Jersey. From in or about 2001 through in or about August 2012, Eydelman was employed as a broker-dealer by Oppenheimer & Co. Inc., an investment bank and full-service investment firm. From in or about September 2012 and continuing through in or about March 2014, Eydelman was employed as a broker-dealer by the global financial services firm Morgan Stanley & Co. LLC.

f. The securities purchased and sold by and on behalf of defendant STEVEN METRO, Tamayo, and Eydelman, and others in connection with the insider trading conspiracy described herein were listed on the NASDAQ Stock Market ("NASDAQ") and the New York Stock Exchange ("NYSE").

g. NASDAQ was the largest electronic equity securities trading market in the United States and was the second largest equities-based exchange in the world based on market capitalization. NASDAQ did not have a central trading floor. Instead, it relied on computer servers to facilitate all trading activity. Since at least 2006, NASDAQ maintained computer servers in Carteret, New Jersey.

h. NYSE was the largest equities-based exchange in the world based on total market capitalization of its listed securities. By in or about August 2010, all of NYSE's trade processing and data services were performed at its data center in Mahwah, New Jersey.

The Conspiracy

2. From in or about February 2009 through in or about March 2014, in the District of New Jersey and elsewhere, the defendant,

STEVEN METRO,

did knowingly and willfully combine, conspire and agree with Tamayo, Eydelman, and others to commit offenses against the United States, namely:

a. securities fraud, by using and employing by the direct and indirect use of the means and instrumentalities of interstate commerce, and

of the mails, and of facilities of national securities exchanges, in connection with the purchase and sale of securities, manipulative and deceptive devices, including the purchases and sales of securities of issuers on the basis of material nonpublic information about those securities and issuers, in breach of a duty of trust and confidence that was owed directly, indirectly, and derivatively, to the issuers of those securities, the shareholders of those issuers, and to other persons and entities who were the source of the material nonpublic information, in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud members of the investing public; (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 a course of business which operated and would operate as a fraud and deceit upon persons, contrary to Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; and

b. tender offer fraud, by engaging in fraudulent, deceptive, and manipulative acts and practices, in connection with tender offers, in that, after the offering persons had taken substantial steps to commence the tender offers, defendant STEVEN METRO, Tamayo, and Eydelman, while in possession of material information relating to such tender offers, which information they knew and had reason to know was nonpublic and had been acquired directly and

indirectly from the offering person, from the issuer of the securities sought and to be sought by such tender offers, and any officer, director, partner, and employee and any other person acting on behalf of the offering persons and such issuers, purchased and sold and caused to be purchased and sold such securities, and securities convertible into or exchangeable for any such securities, and an option and right to obtain and to dispose of any of the foregoing securities, without first publicly disclosing such information and its source by press release and otherwise, contrary to Title 15, United State Code, Sections 78n(e) and 78ff, and Title 17, Code of Federal Regulations, Section 240.14e-3(a).

Object of the Conspiracy

3. The object of the conspiracy was for defendant STEVEN METRO, Tamayo, Eydelman, and others, to profit by transacting in securities on the basis of Inside Information that defendant STEVEN METRO obtained through his employment at the Law Firm, which Inside Information related to corporate transactions involving Law Firm clients, including: (a) planned mergers and acquisitions involving such clients; and (b) planned tender offers involving such clients.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that while employed by the Law Firm, defendant STEVEN METRO regularly obtained from the Law Firm's computer systems Inside Information regarding corporate transactions in which the Law Firm was involved. To obtain such Inside Information, which generally

was not necessary as part of defendant STEVEN METRO's responsibilities as the Law Firm's managing clerk, defendant STEVEN METRO accessed and then searched the Law Firm's computer system using search terms such as "merger agreement," "bid letter," "engagement letter," "due diligence," as well as client names, Law Firm internal client-matter numbers, and combinations thereof.

5. It was further part of the conspiracy that after obtaining the Inside Information from the Law Firm, defendant STEVEN METRO disclosed the Inside Information to Tamayo. To effect the disclosure, defendant STEVEN METRO and Tamayo arranged to meet in-person, often at a bar or coffee shop located near their respective workplaces in New York City. During such meetings, defendant STEVEN METRO provided Tamayo Inside Information pertaining to, among other things, the names and NYSE or NASDAQ ticker symbols of the Law Firm's clients whose securities should be purchased, the general timing of planned corporate transactions involving those Law Firm clients, and information related to how the corporate transaction would affect the issuers' stock price once announced.

6. It was further part of the conspiracy that after receiving the Inside Information from defendant STEVEN METRO, Tamayo wrote down on small pieces of paper or on napkins the NYSE or NASDAQ ticker symbols of the companies whose securities should be purchased.

7. It was further part of the conspiracy that after obtaining the Inside Information from defendant STEVEN METRO, Tamayo disclosed the

Inside Information to Eydelman. To effect the disclosure, Tamayo and Eydelman arranged to meet in-person, often inside Grand Central Station in New York City. At those meetings, which took place by the large clock near the center of Grand Central Station's main terminal, Tamayo disclosed the Inside Information to Eydelman by showing Eydelman the piece of paper or napkin on which were written the relevant NYSE or NASDAQ ticker symbols of the companies that defendant STEVEN METRO had disclosed to Tamayo. Tamayo also verbally provided Eydelman the Inside Information that defendant STEVEN METRO had disclosed to Tamayo regarding the relevant corporate transactions involving those companies.

8. It was further part of the conspiracy that after passing the Inside Information on to Eydelman at the Grand Central Station clock, Tamayo then folded up the paper or napkin that contained the NYSE or NASDAQ ticker symbols written on it, placed it into his mouth, and chewed and ingested the paper or napkin to destroy it.

9. It was further part of the conspiracy that after receiving the Inside Information, Eydelman used the Inside Information to trade in the securities of the companies involved in the corporate transaction that was the subject of the Inside Information on behalf of himself, his family members, his friends, Tamayo, and other brokerage clients, prior to the public announcement of the Inside Information.

10. It was further part of the conspiracy that Eydelman then sold

those shares and covered any positions shortly after the public announcement of the corporate transaction that was the subject of the Inside Information.

11. It was further part of the conspiracy that Tamayo also, at times, advised one or more friends to engage in securities transactions based upon the Inside Information that defendant STEVEN METRO disclosed. Tamayo also utilized Inside Information to engage in securities transactions on behalf of his girlfriend and a family member.

12. It was further part of the conspiracy that as payment for the Inside Information, defendant STEVEN METRO and Tamayo agreed that defendant STEVEN METRO's share of the profits from Tamayo's trading on the Inside Information was to be reinvested by Tamayo in subsequent securities trading. During the course of the insider trading conspiracy, Tamayo regularly apprised defendant STEVEN METRO of the running balance of defendant STEVEN METRO's share of the insider trading profits, which balance had reached approximately \$168,000 as of in or about October 2013.

13. It was further part of the conspiracy that during a meeting between defendant STEVEN METRO and Tamayo on or about January 28, 2014, defendant STEVEN METRO sought to "cash out" his share of the accrued profits from the insider trading conspiracy, by asking Tamayo for a portion of defendant STEVEN METRO's share of its profits.

14. It was further part of the conspiracy that on or about February 20, 2014, Eydelman provided approximately \$7,000 in cash to Tamayo for

Tamayo to give to defendant STEVEN METRO. That \$7,000 represented a portion of defendant STEVEN METRO's profit from the insider trading conspiracy.

15. It was further part of the conspiracy that defendant STEVEN METRO provided to Tamayo Inside Information relating to at least thirteen different corporate transactions involving the Law Firm's clients, so that defendant STEVEN METRO, Tamayo, and Eydelman could profit from the Inside Information.

16. It was further part of the conspiracy that by exploiting the Inside Information that defendant STEVEN METRO had obtained from the Law Firm, defendant STEVEN METRO, Tamayo, and Eydelman netted more than approximately \$5.6 million in illicit profits by executing trades, on behalf of themselves and/or others, based on the Inside Information.

17. It was further part of the conspiracy that in an effort to prevent their lucrative insider trading from being detected, defendant STEVEN METRO, Tamayo, and Eydelman relied on various means to conceal the conspiracy, including but not limited to: (a) defendant STEVEN METRO using Tamayo as a middleman to avoid any direct contact between defendant STEVEN METRO, the source of the Inside Information, and the broker-dealer, Eydelman; (b) defendant STEVEN METRO refraining, save for one occasion, from personally engaging in securities transactions using Inside Information; (c) passing the Inside Information at in-person, one-on-one meetings at bars, coffee shops, and

in Grand Central Station; (d) Tamayo chewing, until destroyed, the pieces of paper on which he wrote the NYSE and NASDAQ ticker symbols of the Law Firm clients whose Inside Information defendant STEVEN METRO disclosed to him; and (e) Tamayo and Eydelman exchanging "covering" emails that contained false justifications designed to suggest that their trades in the subject securities were based on research, not Inside Information.

Overt Acts

18. In furtherance of the conspiracy and to effect its illegal objects, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. In or about December 2009, defendant STEVEN METRO obtained Inside Information through his work at the Law Firm concerning plans by Tyco International Ltd. to acquire Brinks Home Security (the "Tyco-Brinks Deal"), and divulged that Inside Information to Tamayo so that defendant STEVEN METRO and Tamayo could profit from the execution of securities transactions based on the Inside Information.

b. In or about December 2009, Tamayo disclosed the Inside Information of the Tyco-Brinks Deal to Eydelman. Tamayo told Eydelman that the Inside Information came from a source inside a law firm.

c. Between on or about December 31, 2009 and on or about January 15, 2010, Eydelman used that Inside Information to trade illegally in Brinks Home Security securities on behalf of himself, certain family members and friends, and various clients, including Tamayo, for profits totaling more than approximately \$700,000.

In violation of Title 18, United States Code, Section 371.

COUNT TWO
(Securities Fraud-Insider Trading)

1. The allegations set forth in paragraphs 1, and 4 through 18 of Count One of this Indictment are realleged and incorporated herein.

2. From on or about January 31, 2011 through on or about April 19, 2011, in the District of New Jersey and elsewhere, the defendant

STEVEN METRO,

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, did knowingly and willfully use manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 in connection with the purchase and sales of securities by: (a) employing devices, schemes, and artifices to defraud members of the investing public; (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 a course of business which operated and would operate as a fraud and deceit upon persons, in that he executed and caused Tamayo and Eydelman and others to: (i) purchase approximately 947,150 shares of SMART Modular Technologies stock; (ii) purchase approximately 450 SMART Modular Technologies call options; and (iii) sell approximately 1,150 SMART Modular Technologies put options, based upon Inside Information that defendant STEVEN METRO improperly obtained through his employment at the Law Firm.

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 Title 18, United States Code, Section 2.

COUNT THREE
(Tender Offer Fraud)

1. The allegations set forth in paragraphs 1 and 4 through 18 of Count One of this Indictment are realleged and incorporated herein.

2. From on or about June 21, 2011 through on or about August 22, 2011, in the District of New Jersey and elsewhere, the defendant,

STEVEN METRO,

did knowingly and willfully engage in fraudulent, deceptive, and manipulative acts and practices, in connection with a tender offer, in that, after the offering person had taken substantial steps to commence the tender offer, defendant STEVEN METRO, Tamayo, and Eydelman, while in possession of material information relating to such tender offer, which information they knew and had reason to know was nonpublic and had been acquired directly and indirectly from the offering person, from the issuer of the securities sought and to be sought by the tender offer, and from an officer, director, partner, employee, and any other person acting on behalf of the offering person and of the issuer of such securities, purchased and sold, and caused to be purchased and sold, such securities, without first publicly disclosing such information and its source, in that they executed and caused the execution of purchases of approximately 695,650 shares of PharMerica Corp. stock and approximately 1,511 PharMerica Corp. call options.

In violation of Title 15, United States Code, Sections 78n(e) and 78ff, Title 17, Code of Federal Regulations, Section 240.14e-3(a), and Title 18, United

States Code, Section 2.

FORFEITURE ALLEGATIONS

1. As the result of committing the offenses constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Counts One, Two and Three of this Indictment, defendant STEVEN METRO 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(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said conspiracy and securities fraud offenses, and all property traceable thereto, including, but not limited to the following:

- a. A sum of money equal to \$1,056,969.69, representing the proceeds of the offenses alleged in Counts One, Two and Three of this Indictment; and
- b. All of the defendant's right, title and interest in the following specific property:
 - i. \$13,989.22 in funds from a bank account in the name of Steven Metro at ETrade; and
 - ii. \$30,448.08 in funds from an account in the name of Steven Metro at JP Morgan Chase.

Substitute Assets Provision

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

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

A True Bill,

Paul J. Fishman
PAUL J. FISHMAN
United States Attorney


Foreperson

CASE NUMBER: 15-

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

STEVEN METRO

INDICTMENT FOR

18 U.S.C. § 371

15 U.S.C. §§ 78j(b), 78n(e), & 78ff

17 C.F.R. §§ 240.10b-5 & 240.14e-3(a)

18 U.S.C. § 2

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