



U.S. Department of Justice

*United States Attorney's Office
District of Delaware*

*1007 Orange Street, Suite 700
P.O. Box 2046
Wilmington, Delaware 19899-2046*

*(302) 573-6277
FAX (302) 573-6220*

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David C. Weiss
United States Attorney
(302) 573-6277

TWO NEWARK MEN INDICTED ON INSIDER TRADING CHARGES

David C. Weiss, United States Attorney for the District of Delaware, announced today the return of a twenty-six count indictment that charges Jeffery Temple, age 40, and Benedict Pastro, age 43, both of Newark, DE, with securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5, 240.10b-5-1, and 240.10b-5-2.¹ Temple is charged in sixteen counts, Pastro is charged in ten counts. Each count charged in the Indictment is punishable by a maximum term of 20 years imprisonment, and a fine of up to \$5,000,000.

According to the indictment, during the period from June 2009 through September 2010, the defendants engaged in a scheme to conduct securities trades based on material, non-public information which Temple would obtain by virtue of his position as a network manager for a Wilmington law firm. The inside information that Temple obtained related to upcoming public announcements of mergers and acquisitions involving clients of the law firm. Temple would share the information with Pastro, his brother-in-law, and both defendants would purchase stocks and options prior to the public announcements at issue. As a result of executing securities transactions based on the inside information, the defendants collectively obtained at least \$180,000 in illegal profits.

¹An indictment is only an accusation. A defendant is presumed to be innocent until proven guilty.

U.S. Attorney Weiss stated: “Our nation’s stock markets can only function in a free manner when individuals who have access to inside information do not use that information to obtain an unfair advantage over the rest of the investing public. This case reflects our continuing commitment to vigorously prosecute those who undermine our system of capital markets by committing securities fraud.”

The return of this indictment comes one day after Attorney General Eric H. Holder announced the results of Operation Broken Trust, a nationwide operation which targeted a broad array of investment fraud schemes that directly preyed upon the investing public. Since August 16, 2010, Operation Broken Trust has involved enforcement actions against 343 criminal defendants and 189 civil defendants for fraud schemes involving more than 120,000 victims throughout the country.

In June 2010, the United States Attorney’s Office for the District of Delaware and the Delaware Department of Justice formed a Securities Fraud Working Group. Led by State Securities Commissioner Peter O. Jamison, III, and Keith M. Rosen, the Chief of the U.S. Attorney’s Office Criminal Division, the working group has brought together federal and state resources to help address the problem of investment fraud in Delaware. Other federal law enforcement participants in the working group include the FBI, IRS, ICE, and the U.S. Postal Inspection Service.

The investigation of Temple and Pastro was conducted by the FBI, in coordination with the U.S. Securities and Exchange Commission, who today also announced the filing of a related civil complaint in the United States District Court for the District of Delaware. U.S. Attorney Weiss praised the work of the FBI in investigating this matter, and thanked the SEC’s Philadelphia Regional Office for its assistance.

The case was investigated by FBI Special Agent Jennifer Ferry and is being prosecuted by Assistant United States Attorneys Keith M. Rosen and Shawn A. Weede.

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