



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FBI
NEIL DONOVAN, JIM MARGOLIN
(212) 384-2715, 2720**

**MAN ARRESTED FOR STEALING PROPRIETARY INFORMATION
RELATING TO HEDGE FUNDS FROM MORGAN STANLEY**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today that RONALD PETEKA, 41, a former Morgan Stanley & Co. ("Morgan Stanley") client service representative, was arrested today on charges relating to the alleged theft of proprietary Morgan Stanley information regarding hedge funds. According to the Complaint filed in Manhattan federal court:

Morgan Stanley's Prime Brokerage Division provides financial and administrative services to numerous hedge funds. While working with IRA CHILOWITZ, a Morgan Stanley Information Technology Department consultant, PETEKA obtained access to numerous confidential and proprietary documents belonging to Morgan Stanley. These included a list of all of Morgan Stanley's Prime Brokerage hedge fund clients, and the formulas used to calculate rates paid by the clients to Morgan Stanley for certain prime brokerage services (the "Client Rate List"). Data in the Client Rate List is not generally known to the public and is valuable to competitors of Morgan Stanley.

As alleged in the Complaint, and in previous court filings against CHILOWITZ, from December 2005 until February 2006, PETEKA and CHILOWITZ conspired to misappropriate the Client Rate List and to transmit it, via e-mail, to PETEKA. On January 31, 2007, CHILOWITZ pleaded guilty to four felony counts charging conspiracy, transportation of stolen property, theft of trade secrets, and unauthorized computer access related to his

conspiracy with PETEKA. At his guilty plea, CHILOWITZ admitted that he took the confidential and proprietary information from Morgan Stanley because it would potentially assist him and PETEKA in generating business for a consulting firm they had planned to form.

If convicted, PETEKA, a resident of Farmingdale, New York, faces a total maximum sentence of 5 years' imprisonment, and a maximum fine of \$250,000. PETEKA appeared earlier this afternoon before United States Magistrate Judge DOUGLAS F. EATON, who set PETEKA's bail as a \$35,000 bond.

Mr. GARCIA praised the investigative efforts of the FBI's Computer Hacking and Intellectual Property Squad. Mr. GARCIA added that the investigation is continuing.

Assistant United States Attorneys JOSHUA KLEIN and JOSEPH V. DeMARCO are in charge of the prosecution.

The charges and allegations contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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