United States Attorney
Southern District of New York

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MAN SENTENCED TO 51 MONTHS IN PRISON FOR FRAUDULENT SALE OF GUCCI STOCK OPTIONS

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that TIMOTHY KHAN was sentenced today to 51 months in prison and ordered to pay more than $8 million in restitution on charges relating to his fraudulent sale of purported options to purchase stock of designer retailer Gucci Group NV ("Gucci"). KHAN, a Canadian citizen who resided in London, England, has been ordered detained since the his arrest on April 17, 2007. According to documents filed in this case:

In October of 1995, KHAN told an investment professional ("Victim #1") that KHAN was on the Advisory Board of Gucci, an international company engaged in the manufacture and sale of designer retail items, including clothing, handbags, and jewelry. KHAN told Victim #1 that he had been put on the Advisory Board of Gucci to help turn around the struggling company, and to market its products worldwide. KHAN told Victim #1 that because of his position on the Advisory Board of Gucci, he had an opportunity to obtain options to purchase Gucci stock at a price discounted from that offered in the company's Initial Public Offering ("IPO"). He told Victim #1 that he was working on the IPO with the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Gucci, both of whom he identified by name, and that he was frequently traveling with the CFO of Gucci. KHAN also provided several documents to Victim #1, including agreements purportedly signed by the CFO of Gucci permitting KHAN to purchase and sell millions of shares in Gucci at the price of $7.50 and $14.00 per share, below the Gucci IPO price of $22.00 per share. Between 1995 and 2006, at KHAN's direction, Victim #1 wired millions to KHAN in connection with the purported purchase of Gucci options.

In October 1995, Gucci's stock was sold to the public in an IPO at $22 per share. In March 1996, Gucci issued a secondary offering of its stock at $48 per share, and in March

1999, Gucci issued additional shares at $75 per share. In July 2004, Gucci became a wholly-owned subsidiary of another company that had purchased Gucci’s outstanding shares for approximately $85 per share.

Beginning in 1996, Victim #1 repeatedly told KHAN that he wanted KHAN to exercise the Gucci options, sell the stock, and deliver the proceeds to him. However, from 1996 through April 2007, KHAN provided various false excuses why that could not be accomplished. For example, KHAN claimed that the "European Union Taxation Authority" in Brussels was delaying the distribution of the proceeds from the investment because of certain tax obligations. Between 1996 and 2006, KHAN also provided various documents to Victim #1 purporting either to modify the investment or to explain the delay in receiving the proceeds of the investment. In fact, there is no "European Union Taxation Authority," and the CEO and CFO of Gucci have confirmed that they did not know KHAN; that they had not offered KHAN options to purchase Gucci stock; and that KHAN did not hold the positions he claimed at Gucci. A Gucci representative has further confirmed that according to Gucci’s records, KHAN has never been associated with Gucci.

United States District Judge MIRIAM GOLDMAN CEDARBAUM, who imposed the sentence, also ordered KHAN to pay $8,603,720 in restitution and to serve two years’ supervised release.

KHAN pleaded guilty on March 18, 2008, to one count of securities fraud and one count of wire fraud.

Mr. GARCIA commended the Federal Bureau of Investigation for its work in the case.

Assistant United States Attorney JONATHAN R. STREETER is in charge of the prosecution.

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