



*United States Attorney
Southern District of New York*



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**FORMER RESEARCH ANALYST AND PORTFOLIO MANAGER SENTENCED
IN MANHATTAN FEDERAL COURT TO 30 MONTHS
IN PRISON FOR INSIDER TRADING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that DONALD LONGUEUIL was sentenced today in Manhattan Federal Court to 30 months in prison for his participation in an insider trading scheme in which he obtained and traded on material, nonpublic information ("Inside Information"). LONGUEUIL, who participated in this scheme while working as a research analyst and a portfolio manager at two different hedge funds, previously pled guilty to one count of securities fraud and one count of conspiracy to commit securities fraud and wire fraud on April 28, 2011. U.S. District Judge JED S. RAKOFF imposed today's sentence.

Manhattan U.S. Attorney PREET BHARARA stated: "Donald Longueuil thought he could cover his tracks by frantically searching the streets of New York in the middle of the night for places to conceal the evidence of his crimes. It turns out he may have been too smart for his own good, as he now becomes the latest privileged professional to go to jail for brazenly breaking the laws against insider trading."

According to the Indictment, a Complaint previously filed in this case, and statements made in court:

Between 2006 and 2010, LONGUEUIL, along with SAMIR BARAI, a former portfolio manager at two hedge funds, JASON PFLAUM, a former research analyst for BARAI, and NOAH FREEMAN, a research analyst at a hedge fund and then a portfolio manager at another fund, and their co-conspirators, participated in a conspiracy to obtain Inside Information, including detailed financial earnings, about numerous public companies. These companies included Marvell Technology Group, Ltd. ("Marvell"), NVIDIA Corporation ("NVIDIA"), Fairchild Semiconductor Corporation ("Fairchild"), Advanced Micro Devices, Inc. ("AMD"), Actel Corporation ("Actel"), and Cypress Semiconductor

Corporation ("Cypress"). LONGUEUIL and his hedge fund co-conspirators obtained Inside Information both from employees who worked at these and other public companies, as well as from independent research consultants who communicated with employees at public companies. Often, LONGUEUIL and/or his co-conspirators used an "expert networking" firm to communicate with and pay their sources of Inside Information. In addition, although LONGUEUIL and his co-conspirators worked at separate hedge funds, they had regular conference calls and meetings during which they shared the Inside Information they learned.

In May 2008, for example, LONGUEUIL obtained Inside Information -- specifically the nonpublic financial quarterly earnings of Marvell -- from SAMIR BARAI, and caused the hedge fund where he worked to execute trades in Marvell. Based on the Inside Information provided by LONGUEUIL, the hedge fund realized trading gains of more than \$1 million.

During his plea allocution and in his plea agreement, LONGUEUIL admitted that, upon reading of the Government's investigation in the press, he destroyed and disposed of a flash drive and hard drives relevant to his securities fraud conviction.

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In addition to his prison term, Judge RAKOFF sentenced LONGUEUIL, 35, of New York, New York, to two years of supervised release. LONGUEUIL was also ordered to pay a \$200 special assessment and forfeit \$1,251,685, representing the amount of proceeds obtained as a result of the securities fraud offenses.

In sentencing LONGUEUIL, Judge RAKOFF described his insider trading conduct as "serious," and "not a one-time aberration," and added that his criminal conduct was "seriously compounded" by the obstruction of justice that followed. Judge RAKOFF also noted that a substantial sentence is necessary to deter others because the crime has "infiltrated too much of the business of this country."

LONGUEUIL's co-defendants BARAI, FREEMAN, and PFLAUM, have all pled guilty and await sentencing.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the U.S. Securities and Exchange Commission for its assistance in the investigation of this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which

Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys AVI WEITZMAN and DAVID LEIBOWITZ, and Special Assistant U.S. Attorney ANDREW Z. MICHAELSON, are in charge of the prosecution.

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