



*United States Attorney
Southern District of New York*



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**TECHNOLOGY COMPANY INSIDER PLEADS GUILTY IN MANHATTAN
FEDERAL COURT TO INSIDER TRADING CHARGES**

*Defendant Distributed Inside Information Regarding Flextronics,
Apple, And OmniVision To Expert-Networking Firm And Research Firm*

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that WALTER SHIMOON pled guilty in Manhattan federal court to conspiracy and securities fraud charges arising from schemes in which he provided confidential information, including material, nonpublic information ("Inside Information"), to employees and clients of an expert-networking firm (the "Firm"). SHIMOON also provided Inside Information to a consultant who operated a research firm (the "Consultant") and then provided the information to certain money managers. SHIMOON pled guilty before U.S. District Judge JED S. RAKOFF.

According to the Information, a Complaint previously filed in this case, and statements made during today's guilty plea proceeding:

At all relevant times, SHIMOON worked as a Director of Business Development at Flextronics International, Ltd. ("Flextronics"), a technology company that designed, engineered and manufactured electronics products. During that time, SHIMOON obtained confidential information, including Inside Information, concerning Flextronics; customers of Flextronics, including Apple, Inc. ("Apple"); and suppliers of Flextronics, including OmniVision Technologies, Inc. ("OVTI"). SHIMOON then provided this information to employees and clients of the Firm and to the Consultant.

For example, SHIMOON provided Inside Information concerning OVTI's revenues to an employee of a hedge fund located in White Plains, New York, that was a client of the Firm. The hedge fund subsequently executed securities transactions in OVTI and earned profits of over \$750,000. On another occasion,

SHIMOON disclosed to the Consultant, and, separately, to a cooperating witness who claimed to represent a Firm client, that Apple would be launching a new iPhone in 2010 that would contain two cameras. The cameras would give iPhone users the ability to videoconference, which was a significant enhancement over prior generations of the iPhone. SHIMOON knew that disclosure of this and other information violated fiduciary duties he owed to Flextronics, and/or violated non-disclosure agreements executed between Flextronics and Apple.

The Firm paid SHIMOON approximately \$18,000 for the consultation services he provided from mid-2008 to 2010. The Consultant in turn paid SHIMOON approximately \$27,500 for providing confidential information, including Inside Information.

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SHIMOON, 39, of San Diego, California, pled guilty to two counts of conspiracy to commit securities fraud and wire fraud (Counts One and Two), and one count of securities fraud (Count Three). He faces a statutory maximum of 30 years in prison. Specifically, Counts One and Two each carry a maximum sentence of five years in prison, and Count Three carries a maximum sentence of 20 years in prison. SHIMOON also faces a maximum fine of \$250,000, or twice the gross gain or loss from the offense on each of Counts One and Two, and a maximum fine of \$5 million, or twice the gross gain or loss from the offense on Count Three. As part of his plea agreement, SHIMOON has agreed to forfeit the proceeds he obtained as a result of the offense.

SHIMOON is scheduled to be sentenced by Judge RAKOFF on

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation. He also thanked the U.S. Securities and Exchange Commission for their assistance.

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 KATHERINE GOLDSTEIN, ANTONIA M. APPS, DAVID LEIBOWITZ, and AVI WEITZMAN are in charge of the prosecution.

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