



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*



U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE  
Wednesday, October 12, 2011  
<http://www.justice.gov/usao/nys>

CONTACT: Ellen Davis, Jerika Richardson,  
Carly Sullivan  
(212) 637-2600

**FORMER ATTORNEY AND WALL STREET PROFESSIONAL  
MICHAEL KIMELMAN 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 MICHAEL KIMELMAN, a former attorney, 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"), including information misappropriated from a law firm. Following a four-week jury trial, MICHAEL KIMELMAN was convicted in June 2011 on all counts against him, including two counts of securities fraud and one count of conspiracy to commit securities fraud. KIMELMAN was sentenced today by U.S. District Judge RICHARD J. SULLIVAN.

Manhattan U.S. Attorney PREET BHARARA stated: "Michael Kimelman was part of a corrupt network of insider traders who flagrantly violated the securities laws. With today's sentence, every defendant who went to trial in connection with that scheme has been sentenced. We will continue to pursue those who illegally exploit their privileged positions for financial gain."

According to the Indictment, a Complaint previously filed in this case, and the trial evidence:

In late 2007, MICHAEL KIMELMAN, ZVI GOFFER, and EMANUEL GOFFER founded Incremental Capital, a securities trading firm located in New York, New York. In 2007 and 2008, KIMELMAN, obtained Inside Information from ZVI GOFFER about mergers and acquisitions of public companies, and traded based on that information. The Inside Information included information provided by two attorneys, ARTHUR CUTILLO and BRIEN SANTARLAS, regarding potential acquisitions of 3Com Corporation, P.F. Chang's China Bistro, Inc., and Clear Channel Communications, Inc. CUTILLO and SANTARLAS delivered the Inside Information to JASON GOLDFARB, another attorney, who provided it to ZVI GOFFER. GOFFER then delivered it to MICHAEL KIMELMAN, among others, and KIMELMAN then used it to execute trades. KIMELMAN made combined profits of nearly \$290,000 based on these trades. In addition, in an effort to avoid detection by law enforcement, KIMELMAN and certain coconspirators engaged in trading strategies designed to conceal their insider trading.

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In addition to the prison term, Judge SULLIVAN sentenced KIMELMAN, 40, of Larchmont, New York, to three years of supervised release. KIMELMAN was also ordered to pay forfeiture in the amount of \$289,079 and a \$300 special assessment fee.

ZVI GOFFER and EMANUEL GOFFER were also convicted after trial of conspiracy and securities fraud charges for their roles in the scheme. CUTILLO, GOLDFARB, and SANTARLAS previously pled guilty to conspiracy and securities fraud charges in connection with their participation in the scheme. ZVI GOFFER was sentenced to 120 months in prison; EMANUEL GOFFER was sentenced to three years in prison; CUTILLO was sentenced to 30 months in prison; GOLDFARB was sentenced to three years in prison; and SANTARLAS's sentencing is scheduled for October 28, 2011, at 2:30 p.m.

Mr. BHARARA praised the investigative work of the FBI and thanked the SEC for its assistance with the investigation.

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.

Assistant U.S. Attorneys ANDREW FISH, RICHARD TARLOWE, and REED BRODSKY are in charge of the prosecution.

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