

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 :
 v. : Criminal No. 11-
 :
 : 18 U.S.C. § 371
 MATTHEW KLUGER : 15 U.S.C. §§ 78j(b) and 78ff;
 : 17 C.F.R. § 240.10b-5
 : 18 U.S.C. § 1956(h)
 : 18 U.S.C. § 1512(c)(2)
 : 18 U.S.C. § 2

INFORMATION

The defendant having waived in open court prosecution by indictment and any objections to venue (see Count 3), the United States Attorney for the District of New Jersey charges:

COUNT ONE

(Conspiracy to Commit Securities Fraud)

1. At all times relevant to this Information:

a. Defendant MATTHEW KLUGER, currently a resident of Oakton, Virginia, was a 1995 graduate of New York University School of Law. Between in or about 1994 and on or about March 11, 2011, defendant KLUGER worked as a summer associate and later an attorney at various prominent international law firms (collectively referred to as the "Law Firms"). Specifically:

i. From in or about 1994 to in or about 1997, defendant KLUGER was first a summer associate and then later an associate in the corporate department at Cravath Swaine

& Moore LLP's New York office.

ii. From in or about 1998 to in or about 2001, defendant KLUGER worked as a corporate associate at Skadden, Arps, Slate, Meagher & Flom LLP's New York and Palo Alto, California offices.

iii. From in or about 2001 to in or about 2002, defendant KLUGER worked as a corporate associate at Fried, Frank, Harris, Shriver & Jacobson LLP's New York office.

iv. From in or about December 2005 to on or about March 11, 2011, defendant KLUGER worked as a senior corporate associate at Wilson Sonsini Goodrich & Rosati PC's ("Wilson Sonsini") Washington, D.C. office.

b. As an attorney at the Law Firms, defendant KLUGER had access to material nonpublic information ("Inside Information") concerning clients' potential sales and mergers, as well as other material, nonpublic information. Defendant KLUGER had a duty not to disclose Inside Information he learned through his position at the Law Firms, and not to use such information for his personal benefit or the benefit of others.

c. Garrett Bauer ("Bauer"), a resident of Manhattan, New York, was a professional stock trader who has worked at various proprietary trading firms over the last 20 years.

d. Kenneth Robinson ("Robinson"), a resident of

Long Beach, New York, was, at one time, a registered trader but primarily worked in the mortgage loan business for his professional career.

The Conspiracy

2. From in or about 1994 to in or about March 2011, in Hudson and Middlesex Counties, in the District of New Jersey, and elsewhere, defendant

MATTHEW KLUGER

did knowingly and willfully combine, conspire, confederate and agree with Bauer, Robinson, and others to commit offenses against the United States, namely, securities fraud, by using and employing by the direct and indirect use of the means and instrumentalities of interstate commerce and the mails, in connection with the purchase and sale of securities, manipulative and deceptive devices, including the purchases and sales of securities of issuers on the basis of material nonpublic information about those securities and issuers, in breach of a duty of trust and confidence that was owed directly, indirectly, and derivatively, to the issuers of those securities, the shareholders of those issuers, and to other persons who are the source of the material nonpublic information, contrary to Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Object of the Conspiracy

3. The object of the conspiracy was for defendant MATTHEW KLUGER, Bauer, Robinson, and others, to obtain money by purchasing securities on the basis of Inside Information that defendant KLUGER gained through his employment at the Law Firms.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that while at the Law Firms, defendant KLUGER regularly stole from the Law Firms and their clients, and disclosed to Robinson, Inside Information regarding anticipated corporate mergers and acquisitions on which his law firms were working. Early in the scheme, defendant KLUGER disclosed information relating to deals on which he personally worked. As the scheme developed, and in an effort to avoid law enforcement detection, defendant KLUGER was careful to steal and disclose information about deals on which he did not personally work, but which he learned about by searching the Law Firms' computer systems.

5. Once defendant KLUGER gave the Inside Information to Robinson, Robinson then passed the information to Bauer with instructions regarding how many shares Bauer should purchase for Robinson and defendant KLUGER. Bauer, in turn, then purchased in his trading accounts shares for himself, defendant KLUGER, and Robinson, and quickly sold those shares once the transaction was publicly announced. Many of the shares that Bauer purchased were

executed through computer servers in New Jersey.

6. When Bauer obtained the illicit profits from selling the shares, he gave Robinson (directly) and defendant KLUGER (through Robinson) their portions of the proceeds. To limit the chance of detection by law enforcement, and to conceal and disguise the source of the money, Bauer paid Robinson and defendant KLUGER their proceeds in cash which he obtained from numerous ATM withdrawals. The cash payments Robinson and defendant KLUGER received were regularly in excess of ten thousand dollars per transaction.

7. In two transactions, instead of Bauer buying and selling the securities, Robinson traded in his own accounts based on Inside Information from defendant KLUGER and paid defendant KLUGER his share of the proceeds in cash.

8. In total, defendant KLUGER provided Inside Information relating to more than 30 different corporate transactions to Robinson and either Bauer or Robinson traded, on behalf of the coconspirators, based on the Inside Information.

9. In an effort to prevent their insider trading scheme from being detected, in recent years, defendant KLUGER, Bauer and Robinson used pay phones and prepaid cellular phones to discuss their illicit scheme and transactions.

10. In or about March 2011, after learning that the FBI and IRS had a pending criminal investigation of their insider

trading scheme, defendant KLUGER destroyed a prepaid cellular phone that he had used to communicate with Robinson regarding their illicit scheme, as well as a computer and iPhone he had used to look up stock quotes related to the scheme. Defendant KLUGER told Robinson in a consensually recorded telephone call on or about March 17, 2011: "I got rid of my computer. I got rid of my iPhone where I had looked up some stock quotes. Those are gone. I mean history. Gone. . . . [A]nd obviously the phone that you and I talked on, that's gone, too."

11. After learning of the criminal investigation, defendant KLUGER also instructed Robinson to destroy the telephone that Robinson used to call defendant KLUGER at home, and to destroy Robinson's written record of defendant KLUGER's phone number. Defendant KLUGER told Robinson in a consensually recorded telephone call on or about March 17, 2011: "I would really feel better if you got rid of this phone. . . . I just, I hate the idea of you being in possession of something that has my phone number." Defendant KLUGER further stated during that conversation: "And I really would like to see this phone go bye-bye ASAP, like maybe tonight if you can. . . . Do you want this to be our undoing?" Defendant KLUGER further stated to Robinson: "No, no, no, you don't have to drive five miles. There's probably a garbage can somewhere down the street."

Overt Acts

12. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. In or about January 2011, defendant KLUGER accessed his law firm's computer system regarding CSR PLC's planned merger with Zoran Corp. and shared that information with Robinson so Bauer could purchase Zoran Corp. stock on behalf of all three coconspirators.

b. Between on or about January 24, 2011 and on or about February 17, 2011, Bauer caused the purchase of approximately 1,461,056 shares of Zoran Corp.

c. On or about March 3, 2011, Bauer gave Robinson approximately \$175,000 in cash, as a portion of the proceeds of the illicit Zoran Corp. stock transaction, which Robinson was to split with defendant KLUGER.

In violation of Title 18, United States Code, Section 371.

COUNT TWO
(Securities Fraud)

1. The allegations set forth in paragraphs 1 and 4 through 12 of Count One of this Information are realleged and incorporated herein.

2. From on or about January 24, 2011, to on or about February 17, 2011, in the District of New Jersey and elsewhere, defendant

MATTHEW KLUGER,

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 (Rule "10b-5") in connection with the purchases and sales of securities by (a) employing devices, schemes, and artifices to defraud members of the investing public; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and a course of business which operated and would operate as a fraud and deceit upon persons, in that he caused the execution of purchases of approximately 1,461,056 shares of Zoran Corp. stock based upon material, nonpublic information that defendant KLUGER improperly

obtained through his employment as an attorney at Wilson Sonsini.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff(a) and Title 17, Code of Federal Regulations, Section 240.10b-5.

COUNT THREE

(Conspiracy to Commit Money Laundering)

1. The allegations set forth in paragraphs 1 and 4 through 12 of Count One of this Information are realleged and incorporated herein.

2. From in or about March 2006 through in or about March 2011, in the Southern and Eastern Districts of New York, the Eastern District of Virginia, and elsewhere, defendant

MATTHEW KLUGER,

knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, conspired with Bauer, Robinson, and with others to conduct and attempt to conduct financial transactions that in fact involved the proceeds of specified unlawful activity, namely securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5 and 240.10b5-2, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i).

In violation of Title 18, United States Code, Section 1956(h).

COUNT FOUR
(Obstruction of Justice)

1. The allegations set forth in paragraphs 1 and 4 through 12 of Count One of this Information are realleged and incorporated herein.

2. In or about March 2011, in the District of New Jersey and elsewhere, defendant

MATTHEW KLUGER

did knowingly and corruptly obstruct, influence, and impede, and attempt to obstruct, influence, and impede, an official proceeding, namely, investigations of insider trading in the securities identified herein by the grand jury, the United States Attorney's Office, the FBI, and the IRS, by destroying a computer, iPhone, and prepaid cellular phone that defendant KLUGER had used in furtherance of the insider trading scheme and by instructing Robinson to destroy the prepaid cellular phone that Robinson had used to call defendant KLUGER at home to discuss the federal criminal investigation of the insider trading scheme.

In violation of Title 18, United States Code, Section 1512(c)(2) and Section 2.

FIRST FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

2. The United States hereby gives notice to the defendant that, upon conviction of the offenses charged in Counts 1 and 2 of this Information, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, of approximately \$415,000 in United States currency, or any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 15, United States Code, Sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2, and Title 18, United States Code, Section 371, alleged in Counts 1 and 2 of this Information.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited

with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty,

the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

SECOND FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 982.

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in Count 3 of this Information, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 982(a)(1), of approximately \$415,000 in United States currency, or any and all property, real or personal, involved in the violation of Title 18, United States Code, Section 1956(h), alleged in Count 3 of this Information, and any property traceable to such property.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

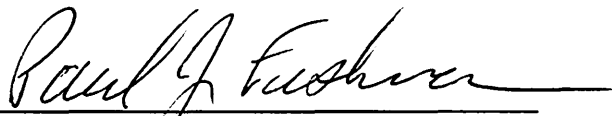
a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty, the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).



PAUL J. FISHMAN
United States Attorney