

**EXCERPTS FROM PRESS RELEASES  
ISSUED BY THE  
DEPARTMENT OF JUSTICE AND  
UNITED STATES ATTORNEYS' OFFICES**

Collected by  
Alan M. Buie  
Assistant United States Attorney  
Western District of Texas

for the  
35<sup>th</sup> Annual Conference on  
Securities Regulation and Business Law  
February 7, 2013  
Austin, Texas

1. Former Chairman Of Consulting Firm And Board Director, Rajat Gupta, Sentenced In Manhattan Federal Court To Two Years In Prison For Insider Trading (USAO SDNY October 24, 2012)
2. Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay \$160 Million Penalty (DOJ June 27, 2012)
3. UBS Securities Japan Co. Ltd. to Plead Guilty to Felony Wire Fraud for Long-running Manipulation of LIBOR Benchmark Interest Rates (DOJ December 19, 2012)
4. Principal of Offshore Brokerage Firm Sentenced in Miami to 20 Years in Prison for \$7 Million Stock Manipulation Scam (DOJ May 11, 2012)
5. CEO of Axius Inc. and Finance Professional Indicted for Alleged Roles in Scheme to Bribe Stock Brokers and Manipulate Stock Prices (DOJ July 5, 2012)
6. Allen Stanford Convicted in Houston for Orchestrating \$7 Billion Investment Fraud Scheme (DOJ March 6, 2012)
7. Woodlands Man Sentenced in Ponzi Scheme (USAO SDTX March 12, 2012)
8. Dallas Man Sentenced in Half Billion Dollar Ponzi Scheme (USAO EDTX May 4, 2012)
9. Last of Seven Defendants Sentenced in AmeriFirst Securities Fraud Case (USAO NDTX July 27, 2012)
10. Texas Federal Jury Convicts Former Triton President and C.E.O. in Ponzi Scheme (USAO WDTX August 18, 2011)

## **Former Chairman Of Consulting Firm And Board Director, Rajat Gupta, Sentenced In Manhattan Federal Court To Two Years In Prison For Insider Trading**

Preet Bharara, the United States Attorney for the Southern District announced that RAJAT K. GUPTA, the former Chairman of an international consulting firm, and a member of the Boards of Directors of The Goldman Sachs Group, Inc. ("Goldman Sachs") and the Procter & Gamble Company ("P&G"), was sentenced today in Manhattan federal court to two years in prison for crimes stemming from his involvement in an insider trading scheme with his business partner and friend, Raj Rajaratnam, the founder and former head of the Galleon Group ("Galleon"). GUPTA was convicted on June 15, 2012, following a four-week jury trial. He was sentenced today by U.S. District Judge Jed S. Rakoff.

GUPTA repeatedly disclosed material, nonpublic information ("Inside Information") that he acquired in his capacity as a member of the Board of Directors of Goldman Sachs with the understanding that Rajaratnam would use the Inside Information to purchase and sell securities. Rajaratnam, in turn, caused the execution of transactions in the securities of Goldman Sachs on the basis of the Inside Information, and shared it with others at Galleon, thereby earning illegal profits, and illegally avoiding losses, of millions of dollars. On separate occasions that were proven at trial, GUPTA gave Rajaratnam illegal tips that included highly sensitive information about Goldman Sachs. Examples of these tips include the September 23, 2008 tip disclosing the Board's approval of a \$5 billion investment by Berkshire Hathaway, and an October 23, 2008 tip disclosing the fact that Goldman Sachs was losing money for the quarter, which it had never done since becoming a public company. Based on the September tip, Rajaratnam and others at Galleon earned over \$1 million in illegal profits. The October tip helped Rajaratnam avoid losses of several million dollars.

At trial, GUPTA was convicted of one count of conspiracy to commit securities fraud and three counts of securities fraud. He was acquitted on two other securities fraud counts.

Rajaratnam was convicted in a jury trial on May 11, 2011, of 14 counts of conspiracy and securities fraud. He was sentenced on October 13, 2011, to 11 years in prison, and ordered to pay forfeiture in the amount of \$53,816,434, and a \$10 million fine.

Mr. Bharara praised the outstanding efforts of the Federal Bureau of Investigation. He also thanked the Securities and Exchange Commission for its assistance in the investigation.

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

## Title search: Excerpts from Press Releases Issued by the Department of Justice and United States Attorneys' Offices

First appeared as part of the conference materials for the 35<sup>th</sup> Annual Securities Regulation and Business Law session "Enforcement: Federal and State Initiatives"