

and attending classes at MIT. In the latter part of 1994, Fenjiro and defendant Prabhakar developed a friendship, which continued when Prabhakar moved to New York.

3. At all times material to this Information, Wasserstein was an international investment banking firm, which in part specialized in mergers and acquisitions. As part of its business, it advised and represented publicly-traded companies that were interested in merging with or acquiring other companies. For Wasserstein employees, information concerning an upcoming merger or acquisition was confidential information, which the employees had a duty not to disclose to anyone outside the firm prior to a public announcement.

4. At all times material to this Information, Conrail was a corporation, whose shares were traded on the New York Stock Exchange.

THE SCHEME TO COMMIT INSIDER TRADING

5. While still a student at MIT, defendant Prabhakar agreed with Fenjiro that Prabhakar would pass on to Fenjiro confidential information concerning proposed mergers and acquisitions that he learned about through his employment at Wasserstein. When working at Wasserstein, defendant Prabhakar periodically disclosed to Fenjiro confidential non-public information that he learned about through his employment.

6. In or about October, 1996, defendant Prabhakar spoke with Fenjiro in Boston by telephone and told him that it appeared to him that Conrail was a likely takeover target. Prabhakar reached this conclusion based on seeing confidential, non-public documents at Wasserstein and observing a flurry of activity. Armed with this insider information, Fenjiro purchased 350 call options of Conrail for \$22,310. On October 15, 1996, after the public announcement that CSX Corporation had purchased Conrail, Fenjiro sold the same 350 calls of Conrail for a total of \$418,541.09. Shortly thereafter, Fenjiro traveled from Boston to New York and gave defendant Prabhakar approximately \$40,000 in cash from the profits from the insider trade.

7. On or about October 14, 1996, in the District of Massachusetts and elsewhere, the defendant,

RAJ H. PRABHAKAR

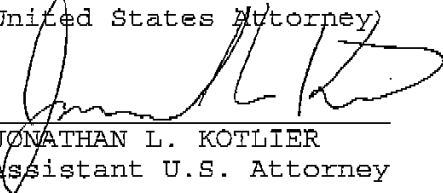
and Elies Fenjiro did knowingly and willfully, by the use of means and instrumentalities of interstate commerce and the mails, directly and indirectly use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities and contravention of Rule 10b-5 (17 C.F.R. Section 240.10b-5) of the Rules and Regulations promulgated by the United States Securities and Exchange Commission, and did (a) employ a device, scheme and artifice to defraud, (b) make untrue statements of material facts and omit to state material facts

necessary in order to make the statements made, in light of circumstances under which they were made, not misleading, and (c) engage in acts, practices and a course of business which would and did operate as a fraud and deceit, in connection with the shares of Conrail, specifically, by engaging in a scheme to purchase 350 call options of Conrail, while in possession of material, non-public information concerning Conrail, a company whose shares were traded on a national exchange.

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), 17 C.F.R. §240.10b-5, and Title 18, United States Code, Section 2.

MICHAEL J. SULLIVAN
United States Attorney

By:



JONATHAN L. KOTLIER
Assistant U.S. Attorney

Dated: 10/29/01