

Two charged with huge insider trading in tech deals

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A person walks along Wall Street in the financial district in New York. A corporate attorney and a Wall Street trader used insider information to earn millions dealing in the stocks of some of the biggest tech-sector M&A deals in the past five years, the government said Wednesday.

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The Securities and Exchange Commission alleged that lawyer Matthew Kluger and [trader](#) Garrett Bauer netted \$32 million from a trading scheme based on illegal tip-offs about mergers and acquisitions involving Intel, Hewlett-Packard and Oracle.

"This case involves a longstanding serial insider trading ring that made at

least \$32 million in illegal profits," the SEC said in its complaint.

According to the SEC, Kluger, who worked for a leading law firm advising in the high-tech sector, accessed and then passed confidential information through an intermediary to Bauer between April 2006 and March 2011.

The information related to some of the biggest deals in technology: Intel's 2010 takeover of McAfee, Hewlett-Packard's 2009 acquisition of 3Com and Oracle's buyout of Sun Microsystems in the same year.

The pair used public and disposable phones to avoid detection. The middleman was not identified in the complaint.

"They plotted to fly under law enforcement radar by using disposable phones to hide their communications, cash withdrawals to obscure the flow of tainted money, and a middleman to conceal Kluger as the secret source of inside information," said Robert Khuzami, director of the SEC's enforcement division, said in a statement.

"Now, those same schemes and devices serve only to make it clear beyond any doubt that Kluger and Bauer were involved in an illegal scheme."

Kluger, formerly with the law firm Wilson Sonsini Goodrich & Rosati, which has a focus on M&A activities, and Bauer have since been arrested.

The SEC said its investigation was continuing.

An SEC spokeswoman refused to comment on the middleman's identity or role in the prosecution of the case.

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