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FORMER NEW YORK LIFE MUTUAL MANAGER
SENTENCED TO FEDERAL PRISON IN KICKBACK SCHEME

JAMES COMEY, the United States Attorney for the Southern District of New York, announced that SRINIVAS ANUMOLU, a former portfolio manager at New York Life Mutual Insurance Company ("New York Life"), was sentenced in Manhattan federal court today to two years in prison on commercial bribery charges growing out of his participation in an illegal kickback and bribery scheme.

ANUMOLU, who pled guilty on May 29, 2002 to a criminal Information charging him with commercial bribery, was sentenced by United States District Judge SHIRLEY WHOL KRAM.

From 1997 through July 2000, ANUMOLU, who at the time was a portfolio manager at New York Life in New York and his co-worker Anthony Dong-Yin Shen, a securities trader formerly employed by New York Life, accepted kickbacks from Ronald W. Pinto, a former Senior Sales Person at Nomura Securities

International ("Nomura"), a broker-dealer, with offices in New York. Pinto paid the bribes to ensure that Shen and ANUMOLU would cause New York Life to engage in certain securities transactions with Nomura, from which Pinto earned large commissions.

According to the Information and ANUMOLU's statements at his guilty plea, he and Shen entered into an agreement with Pinto to obtain cash and gifts, and to ultimately share commissions in exchange for executing numerous trades, typically involving mortgage-backed securities at prices that were "off-market" or otherwise disadvantageous to New York Life. The scheme capitalized on the lack of price transparency in the market for such securities.

According to the Information, the scheme started as a result of "one-way" bets placed by Shen, ANUMOLU, and Pinto on the 1996 Academy Awards ("Oscars"). First, in March 1997, Shen and ANUMOLU bet Pinto, among other things, that the movie "The English Patient" would win the 1996 Oscar for best picture. This was a "one-way" bet: Pinto would fund the bet, and pay ANUMOLU and Shen if the "English Patient" won the Oscar, but would not require them to pay him if the movie did not win the Oscar. In exchange for "one-way" bets, Shen and ANUMOLU would execute trades with Nomura at favorable prices. Because Shen and ANUMOLU won the bet, Pinto paid them each \$2500 in cash.

According to the Information, Shen and ANUMOLU decided that, rather than placing bets with Pinto in exchange for trading with Nomura, they would prefer to receive a straight percentage of the commissions Pinto earned. Shen, ANUMOLU, and Pinto agreed that in exchange for 30 percent of Pinto's commissions, they would execute numerous trades with Nomura at prices that were "off-market" or otherwise disadvantageous to New York Life. This arrangement guaranteed that Pinto would receive a greater commission on trades with New York Life, thus guaranteeing ANUMOLU and Shen a larger kickback from Pinto. During the course of the scheme, ANUMOLU and Shen accepted kickbacks in excess of \$200,000.

Shen was fired from New York Life in November 1999 according to the Information. By June 2000, once Pinto and ANUMOLU learned that New York Life was scrutinizing the trading activities of Shen, they decided that they must agree on a cover story to prevent the illegal scheme from being exposed. Pinto proposed to Shen that if questioned they should deny that Pinto had given them cash, and lie by stating that Pinto had treated them to nights of lavish adult entertainment. ANUMOLU also told Shen that if questioned, Shen should maintain the cover story that they received "massive entertainment" from Pinto. ANUMOLU informed Shen that he would make sure Pinto told the same false

story. In addition, ANUMOLU also offered to pay Shen shares of stock in the California company he worked for if Shen would "keep me out of it."

According to the Information and ANUMOLU's plea, during the course of the scheme, Shen, ANUMOLU, and Pinto executed over 200 trades. In connection with these sales and purchases, Pinto received over \$3 million in commissions from Nomura, which amounted to nearly all of the compensation that Pinto earned between 1997 and 1999. Pinto also paid ANUMOLU and Shen more than \$200,000 in cash kickbacks.

Mr. COMEY praised the investigative efforts of the United States Postal Inspection Service, and thanked the United States Securities and Exchange Commission, the National Association of Securities Dealers, and the New York Stock Exchange for its assistance.

On May 28, 2002, Pinto pled guilty to an Indictment charging him with securities fraud, in connection with his participation in the secret kickback scheme, and was sentenced to 21 months in prison.

On March 22, 2001, Shen pled guilty to an Information charging him with conspiring to commit securities fraud, mail fraud, wire fraud, and commercial bribery, in connection with his participation in the schemes. Shen faces sentencing on February

6, 2003. On March 19, 2002, Deborah Breckenridge, a former sales person at Suncoast Capital Group, LTD, a broker-dealer, pled guilty to an Indictment charging her with conspiring to commit securities fraud, mail fraud, wire fraud, and commercial bribery, and committing securities fraud, in connection with her participation in a secret kickback scheme with Shen as well from 1997 until August 1999. On September 25, 2002, United States District Judge JOHN G. KOELTL sentenced Breckenridge to 18 months' imprisonment.

ANUMOLU, 39, lives in Sunnyvale, California.

Shen, 27, lives in Manhattan.

Assistant United States Attorneys MYLAN L. DENERSTEIN and STEVEN R. GLASER are in charge of the prosecution.

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