



Department of Justice

**United States Attorney Melinda Haag
Northern District of California**

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TWO BAY AREA MEN PLEAD GUILTY TO INSIDER TRADING SCHEME

SAN FRANCISCO – Joseph Seto and Zisen Yu pleaded guilty in federal court in San Francisco yesterday to conspiracy to commit insider trading, United States Attorney Melinda Haag announced.

In pleading guilty, Seto and Yu admitted that in early 2008 they received material non-public information from Chen Tang, who at that time was the CFO of a private equity fund. Through his position, Tang had learned that Tempur-Pedic International, Inc., was going to pre-announce earnings news and that Tang's employer planned to purchase a large stake in Tempur-Pedic. Tang disclosed that information to Seto and Yu, who then invested based on Tang's unauthorized disclosures. Seto and Yu made approximately \$2 million as a result of their trading on the insider information. In April 2010, Tang pleaded guilty to one count of conspiracy and one count of insider trading based on his role in this scheme.

"This case addresses investment professionals misappropriating insider information to gain an unfair advantage in the market," United States Attorney Melinda Haag said. "My office takes these crimes seriously and works hard to protect the markets from fraud."

Seto, 41, of San Francisco, and Yu, 43, of Fremont, Calif., were charged in an Information with one count of conspiracy to commit insider trading in violation of Title 18, United States Code, Section 371. Pursuant to their plea agreements, Seto and Yu pleaded guilty to that charge.

Seto and Yu remain out of custody on bail. A sentencing date has not been set. The next court date is scheduled for Sept. 15, 2011, before Judge Jeffrey S. White in San Francisco. The maximum statutory penalty for conspiracy is five years of imprisonment and a \$250,000 fine. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Jonathan Schmidt is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Elizabeth Garcia. The prosecution is the result of a one-year investigation by the Federal Bureau of Investigation with substantial assistance from the Division of Enforcement of the Securities and Exchange Commission's San Francisco Regional Office.

Further Information:

Case #: CR 11-0397 JSW

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at Jack.Gillund@usdoj.gov.

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