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AUG 12 2014

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JUDGE CHARLES R. NORGLER
U.S. District Court Judge

UNITED STATES OF AMERICA

v.

SAHIL UPPAL,
also known as "Sonny Uppal"

No. 11 CR 699-2

Judge Charles R. Norgle

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, ZACHARY T. FARDON, defendant SAHIL UPPAL, and his attorney, DANIEL COLLINS, is made pursuant to Federal Rule of Criminal Procedure 11 and is governed in part by Rule 11(c)(1)(A), as more fully set forth below. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The superseding indictment in this case charges defendant with (a) wire fraud, in violation of 18 U.S.C. § 1343 (Counts 4-9); and (b) obstruction of justice, in violation of 18 U.S.C. § 1519 (Count 23).

3. Defendant has read the charges against him contained in the superseding indictment, and those charges have been fully explained to him by his attorney.

4. Defendant fully understands the nature and elements of the crimes with which he has been charged.

Charge to Which Defendant Is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the following count of the superseding indictment: Count 23, which charges defendant with obstruction of justice, in violation of 18 U.S.C. § 1519.

Factual Basis

6. Defendant will plead guilty because he is in fact guilty of the charge contained in Count 23 of the superseding indictment. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt and constitute relevant conduct pursuant to Guideline § 1B1.3:

Citadel, LLC

Citadel, LLC, was located in Chicago, Illinois, and was a financial firm that operated high-performance technology and computer source code to support the rapid buying and selling of publicly-traded stocks (commonly referred to as "high frequency trading" or "HFT"), which Citadel referred to as Tactical Trading.

Citadel's employees were instructed and required to keep confidential source code and other information related to Citadel's HFT platform. Citadel maintained a company employee handbook, as well as policies on using and protecting Citadel's proprietary and confidential information, which employees were required to review. Among other things, the employee handbook and policies prohibited employees from: (a) Using or releasing information about any Citadel business to others without proper authorization, whether for business or personal purposes; (b)

Conducting Citadel business or disclosing information related to Citadel through non-approved electronic communications systems, including email accounts held on third-party email systems not approved by Citadel; and (c) Removing, copying, transmitting or forwarding any of Citadel's proprietary or confidential information from any location (or permitting anyone else to do so) either electronically or by means of removable media or otherwise, unless specifically authorized by a manager.

Citadel also required employees to sign a non-disclosure agreement in which Citadel employees agreed to use confidential information only as required to perform their duties for Citadel (and not for their personal benefit or for the benefit of any other individual or entity). The non-disclosure agreement defined confidential information as including information relating to Citadel's internal financial affairs; strategies; portfolio holdings; portfolio management techniques; quantitative analytics and models used to evaluate financial instruments; proprietary software (including the proprietary system architectures); and Citadel's business and investment processes. Citadel employees agreed that any work done in the course of their employment of a creative or technical nature would be assigned to Citadel. Citadel employees were required to acknowledge that they understood that this work belonged to Citadel, not the employees, and that the employees understood they had no rights in the work. It was material to Citadel that its

employees used Citadel's confidential business information in a manner consistent with Citadel's employee handbook, non-disclosure agreement, and policies.

UPPAL's Employment at Citadel

From in or about September 2010 through on or about September 20, 2011, UPPAL was employed by Citadel as a Quantitative Researcher. UPPAL's primary job responsibilities included researching and developing a high-frequency trading strategy for equity investments. On or about July 30, 2010, UPPAL signed Citadel's non-disclosure agreement. On or about September 7, 2010, on or about his first day of employment at Citadel, UPPAL signed Citadel's Employee Handbook Acknowledgement Form, in which UPPAL acknowledged that he was responsible for reading the employee handbook, familiarizing himself with its contents, and adhering to all of the policies and procedures of Citadel. On or about December 1, 2010, and again on or about August 1, 2011, UPPAL certified that he had received Citadel's policies and procedures and understood that he was obligated to comply with them.

UPPAL's Transfer of Files 7, 8, and 9 from Citadel

During the course of UPPAL's employment by Citadel, UPPAL wrote three files—File 7, File 8, and File 9—that consisted of computer script used as a research tool in developing quantitative trading models. UPPAL wrote the script during the course of his employment at Citadel. On or about July 26, 2011, UPPAL used a computer to transfer File 7, File 8, and File 9 to a computer jointly accessible to

UPPAL and codefendant Yihao Pu, aka "Ben Pu." File 7, File 8, and File 9 were intellectual property that belonged to Citadel, not UPPAL. UPPAL transferred these files without Citadel's authorization or approval. UPPAL knew that Citadel had not granted Pu access to File 7, File 8, and File 9.

UPPAL Aided and Abetted Pu's Concealment of Computer Equipment in Contemplation of an Investigation

On or about the afternoon of August 26, 2011, UPPAL was present at Pu's apartment with Individual A. UPPAL learned that Citadel representatives earlier had confronted Pu about having obtained confidential business information from Citadel. UPPAL also was aware that Citadel representatives instructed Pu to return to Citadel any of Citadel's confidential information in Pu's possession. At this time, UPPAL advised Pu that he should turn everything in to Citadel. Later that evening, however, UPPAL and Individual A returned to Pu's apartment and UPPAL, Pu, and Individual A concealed and transferred from Pu's apartment Pu's computer equipment, including six of Pu's computer hard drives, computer cables, and monitors, by carrying the equipment in a suitcase and several cardboard boxes to Individual A's car. Two of the hard drives that UPPAL, Pu, and Individual A transferred and concealed contained large amounts of Citadel's confidential business information.

UPPAL acted with the intent to impede and obstruct an investigation into Pu's conduct. This matter was within the jurisdiction of the Federal Bureau of Investigation, an agency of the United States.

On or about August 29, 2011, Citadel representatives spoke with UPPAL about Pu having obtained confidential business information from Citadel. UPPAL provided some information to Citadel representatives about UPPAL's knowledge of this matter, but UPPAL intentionally failed to disclose to Citadel representatives that on August 26, 2011, UPPAL and Individual A assisted Pu with concealing and transferring computer equipment, including Pu's hard drives, from Pu's apartment to Individual A's apartment. Additionally, on August 29, 2011 and September 1, 2011, Citadel representatives did not ask, and UPPAL did not disclose, that UPPAL had transferred Files 7 through 9 to a computer jointly accessible to UPPAL and Pu.

From on or about August 26, 2011, to on or about August 28, 2011, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, UPPAL, together with Pu and Individual A, knowingly concealed and covered up a record, document and tangible object, namely computer equipment that contained electronic documents and files containing proprietary and confidential information of Citadel, with the intent to impede, obstruct, and influence the investigation and proper administration of any matter within the jurisdiction of any department and agency of the United States, and in relation to and contemplation of any such matter and case, in violation of 18 U.S.C. § 1519.

Maximum Statutory Penalties

7. Defendant understands that the charge to which he is pleading guilty carries the following statutory penalties:

a. A maximum sentence of 20 years' imprisonment. This offense also carries a maximum fine of \$250,000. Defendant further understands that the judge also may impose a term of supervised release of not more than three years.

b. Defendant further understands that the Court must order restitution to the victims of the offense in an amount determined by the Court.

c. In accord with 18 U.S.C. § 3013, defendant will be assessed \$100 on the charge to which he has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

8. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points, except as specified below:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the

Guidelines Manual currently in effect, namely the November 2013 Guidelines Manual.

b. Offense Level Calculations.

i. The base offense level is 14, pursuant to Guideline § 2J1.2(a).

ii. It is the government's position that an additional two levels are added, pursuant to Guideline § 2J1.2(b)(3)(A), because the offense (a) involved the destruction, alteration or fabrication of a substantial number of records, documents or tangible objects; and (b) involved the selection of any essential or especially probative record, document or tangible object to destroy or alter. Defendant reserves the right to disagree with the applicability of this Guideline provision at sentencing.

iii. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline § 3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

iv. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the government anticipates the offense level is 13, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 12 to 18 months' imprisonment. The defendant anticipates that the offense level is 12, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 10 to 16 months' imprisonment. Defendant acknowledges that this will in addition to any supervised release and fine the Court may impose.

e. Defendant and his attorney and the government acknowledge that the above guidelines calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional guidelines provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

10. Both parties expressly acknowledge that this Agreement is not governed by Federal Rule of Criminal Procedure 11(c)(1)(B), and that errors in applying or interpreting any of the sentencing guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the guidelines. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

11. Each party is free to recommend whatever sentence it deems appropriate.

12. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

13. Regarding restitution, defendant acknowledges that pursuant to 18 U.S.C. § 3663A, the Court must order defendant, together with any jointly liable co-defendants, to make full restitution to the victims in an amount to be determined by the Court at sentencing, which amount shall reflect credit for any funds repaid prior to sentencing.

14. Restitution shall be due immediately, but paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that, pursuant to 18 U.S.C. § 3664(k), he is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect his ability to pay restitution.

15. Defendant agrees to pay the special assessment of \$100 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

16. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to 18 U.S.C. §§ 3572, 3613, and 3664(m), notwithstanding any payment schedule set by the Court.

17. After sentence has been imposed on the count to which defendant pleads guilty as agreed herein, the government will move to dismiss the remaining counts of the superseding indictment against him.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

18. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 11 CR 699.

19. This Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver, or release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Agreement.

Waiver of Rights

20. Defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and his attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it was persuaded of his guilt beyond a reasonable doubt and that it was to consider each count of the superseding

indictment separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

b. **Appellate rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial, and may only appeal the validity of this plea of guilty and the sentence

imposed. Defendant understands that any appeal must be filed within 14 calendar days of the entry of the judgment of conviction.

21. Defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs, with the exception of the appellate rights specifically preserved above. Defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

22. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope, and extent of defendant's conduct regarding the charges against him, and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

23. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of his sentence for

obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of 18 U.S.C. § 1001, or as a contempt of the Court.

24. For the purpose of monitoring defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the returns and return information, as provided for in 26 U.S.C. § 6103(b).

Other Terms

25. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

Conclusion

26. Defendant understands that this Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

27. Defendant understands that his compliance with each part of this Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

28. Should the judge refuse to accept defendant's plea of guilty, this Agreement shall become null and void and neither party will be bound to it.

29. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement, to cause defendant to plead guilty.

30. Defendant acknowledges that he has read this Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

ZACHARY T. FARDON
United States Attorney

SAHIL UPPAL
Defendant


LINDSAY C. JENKINS
PATRICK M. OTLEWSKI
Assistant U.S. Attorneys

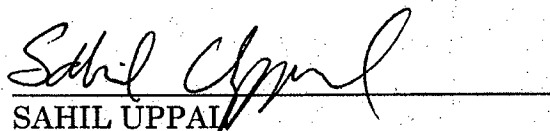
DANIEL COLLINS
Attorney for Defendant

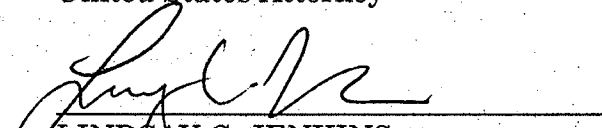
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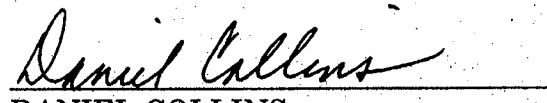
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AGREED THIS DATE: August 12, 2014


ZACHARY T. FARDON
United States Attorney


SAHIL UPPAL
Defendant


LINDSAY C. JENKINS
PATRICK M. OTLEWSKI
Assistant U.S. Attorneys


DANIEL COLLINS
Attorney for Defendant