

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

United States of America

v.

Pawan Passi,

*Defendant.*

**Deferred Prosecution Agreement**

**24 Cr. \_\_\_\_\_**

TO: Pawan Passi

On January \_\_\_\_, 2024, the attached criminal information was filed by the United States Attorney's Office, in which you are accused of committing an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2 (the "Information"). Nonetheless, after a thorough investigation the United States Attorney's Office has determined that the interests of the United States and your own interest will best be served by deferring prosecution in this District. Prosecution will be deferred during the term of your good behavior and satisfactory compliance with the terms of this agreement for the period of six months from the signing of this agreement.

The United States enters into this Agreement based on the individual facts and circumstances presented by this case, including:

- a. Your admission to the conduct described in the Information;
- b. Your lack of criminal history;
- c. Your agreement to accept full responsibility for your conduct;
- d. The non-criminal alternatives to prosecution, to wit, your agreement to resolve with the U.S. Securities and Exchange Commission through a civil complaint and injunction that will be filed on January 12, 2024, and accept the financial penalties associated therewith, relating to the conduct described in the Information; and
- e. The unique professional and personal context of this case.

The terms and conditions constituting your good behavior and satisfactory compliance are as follows:

- (1) You shall refrain from violation of any law (federal, state, and local). You shall immediately contact your U.S. Pretrial Services Officer if arrested or questioned by a law enforcement officer.
- (2) You shall associate only with law-abiding persons.
- (3) You shall work regularly at a lawful occupation and/or regularly attend school and support your legal dependents, if any, to the best of your ability. When out of work or not attending school, you shall notify your supervising U.S. Pretrial Services Officer at once. You shall consult him or her prior to job and school changes.
- (4) You shall not leave the Southern or Eastern Districts of New York or the District of New Jersey without permission of your supervising U.S. Pretrial Services Officer.
- (5) You shall notify your supervising U.S. Pretrial Services Officer immediately of any change in your place of residence.
- (6) You shall follow your supervising U.S. Pretrial Services Officer's instructions and advice.
- (7) You shall report to your supervising U.S. Pretrial Services Officer as directed.
- (8) No monetary penalty shall be imposed, as you have already forfeited approximately \$7.4 million in compensation from your former employer, due to the conduct alleged in the Information.

As a further condition you hereby consent to disclosure, by any federal, state, or local government agency, or by any medical or substance abuse treatment provider, to the U.S. Pretrial Services Officer supervising your case, of such medical and treatment records as may be requested by the U.S. Pretrial Services Officer to evaluate deferral of prosecution in this case. You further agree that you will execute any additional consent forms that any such agency or provider may require to release such information.

Special conditions are as follows:

By accepting this agreement you specifically agree, and will not in the future contest, that from 2018 to August 2021, you agreed with, or represented to, the potential sellers of certain large blocks of equity securities that Morgan Stanley would keep information concerning their potential sales confidential, knowing that you would disclose certain of that information to prospective buyers of the securities, and that the prospective buyers would use the information to trade in advance of the block sales.


The United States Attorney may at any time revoke or modify any condition of this provisional release or change the period of such supervision. The United States Attorney may discharge you from supervision at any time.

If upon successful completion of your supervision a written report from your supervising U.S. Pretrial Services Officer is received to the effect that you have complied with all the rules, regulations, conditions, and special conditions applicable to your deferred prosecution, the U.S. Attorney's Office will move to dismiss the Information and no further prosecution will be instituted in this District for the conduct alleged in the Information.

Dated: New York, New York

January \_\_\_\_, 2024

DAMIAN WILLIAMS  
United States Attorney for the  
Southern District of New York

By:   
\_\_\_\_\_  
Margaret Graham  
Justin Rodriguez  
Samuel P. Rothschild  
Assistant United States Attorneys

The undersigned hereby consents to the foregoing and expressly waives any and all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, the Speedy Trial Act, 18 U.S.C. §§ 3161 et seq., and any other pertinent provisions, and consents to the adjournment of all pending proceedings in this case. The undersigned further waives the applicable statute of limitations with respect to any prosecution that is not time-barred on the date that this agreement is signed. It is the intent of this provision to toll the applicable statute of limitations during the pendency of the deferred prosecution.

Dated: New York, New York

January \_\_\_\_, 2024

\_\_\_\_\_  
James G. Cavoli, Esq.  
Attorney for Defendant

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Pawan Passi  
Defendant

Pursuant to 18 U.S.C. § 3161(h)(2), exclusion under the Speedy Trial Act of the period of time during which the prosecution of the defendant is deferred pursuant to this agreement is hereby approved.

Dated: New York, New York

January \_\_\_\_, 2024

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United States District Court Judge

The undersigned hereby consents to the foregoing and will accept supervision of the above-named defendant on the conditions set forth herein.

Dated: New York, New York

January \_\_\_\_, 2024

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Stephen Boose  
United States Pretrial Services Officer

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

PAWAN PASSI,

Defendant.

**INFORMATION**

24 Cr.

**COUNT ONE**  
**(Securities Fraud)**

The United States Attorney charges:

1. From at least in or about 2018 through at least in or about August 2021, in the Southern District of New York and elsewhere, PAWAN PASSI, the defendant, willfully and knowingly, directly and indirectly, by use of a means and an instrumentality of interstate commerce and of the mails, and of a facility of a national securities exchange, used and employed, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme, and artifice to defraud; (b) making an untrue statement of a material fact and omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in an act, practice, and course of business which operated and would operate as a fraud and deceit upon a person, to wit, PASSI agreed with, or represented to, the potential sellers of certain large blocks of equity securities that Morgan Stanley would keep information concerning their potential sales confidential, knowing that he would disclose certain of that information to

prospective buyers of the securities and that the prospective buyers would use the information to trade in advance of the block sales.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.)

### **FORFEITURE ALLEGATION**

2. As a result of committing the offense charged in Count One of this Information, PAWAN PASSI, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offense, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offense that the defendant personally obtained.

### **Substitute Assets Provision**

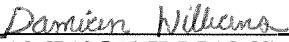
3. If any of the above-described forfeitable property, as a result of any act or omission by the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and

Title 28, United States Code, Section 2461, to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461.)

  
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DAMIAN WILLIAMS  
United States Attorney