

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67204 / June 14, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14918

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In the Matter of	:	ORDER INSTITUTING ADMINISTRATIVE
	:	PROCEEDINGS PURSUANT TO RULE
MATTHEW H. KLUGER,	:	102(e) OF THE COMMISSION’S RULES OF
	:	PRACTICE, MAKING FINDINGS, AND
Respondent.	:	IMPOSING REMEDIAL SANCTIONS
	:	
	:	
	:	

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Matthew H. Kluger (“Respondent” or “Kluger”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph 2 of Section III below, and Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Kluger, age 51, is and has been an attorney licensed to practice in the State of New York and the District of Columbia. From December 5, 2005 until approximately February 2011, Kluger was a mergers and acquisitions lawyer in Wilson Sonsini Goodrich & Rosati’s (“Wilson Sonsini”) Washington, DC office. Immediately prior to his association with Wilson Sonsini, from approximately 2004 to 2005, Kluger was Associate General Counsel at Asbury Automotive Group. From 2001 to 2004, Kluger worked as an attorney, including at a law firm located in New Jersey. From 1998 to 2001, Kluger was an associate at Skadden, Arps, Meagher & Flom, LLP. From 1994 to 1998, Kluger was a summer associate and an associate at Cravath, Swaine & Moore, LLP.

2. On May 2, 2012, a final judgment was entered by consent against Kluger, permanently enjoining him from future violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, in the civil action entitled Securities and Exchange Commission v. Matthew H. Kluger, et al., Civil Action Number 2:11-cv-01936, in the United States District Court for the District of New Jersey. Kluger was ordered to pay \$502,500, representing profits gained as a result of the conduct alleged in the complaint, which was partially satisfied and offset, on a dollar-for-dollar basis, by \$87,500 in cash that was seized by the Federal Bureau of Investigation at the direction of the U.S. Attorney’s Office in the District of New Jersey on or about March 18, 2011, upon Kluger’s agreement that he shall not contest, directly or indirectly, the seizure of those funds, or any amount thereof, in any civil or criminal proceeding. In addition, Kluger was ordered to pay \$14,010 in prejudgment interest.

3. The Commission’s complaint alleged that Kluger engaged in a long-standing serial insider trading scheme along with two others: Kenneth T. Robinson (“Robinson”), who was identified only as the “middle man”, and Garrett D. Bauer (“Bauer”). The complaint alleged that over the course of several years, Kluger repeatedly accessed material nonpublic information about pending mergers and acquisitions from the computer system of his former employer, Wilson Sonsini, and passed that information to his friend, Robinson, who served as the middle man, and further passed along the information to Bauer to place trades for the benefit of Kluger and Robinson. Robinson also traded for himself and Kluger in two instances. From at least

April 2006 through February 2011, based on nonpublic information that Kluger obtained from Wilson Sonsini, Bauer and/or Robinson traded in advance of at least eleven pending mergers and acquisitions involving companies that were advised by Wilson Sonsini, and the trio realized over \$32 million in ill-gotten gains.

4. On December 14, 2011, Kluger pled guilty to conspiracy to commit securities fraud [18 U.S.C. § 371], securities fraud [15 U.S.C. § 78j(b) and 78ff(a) and 17 C.F.R. § 240.10b-5], conspiracy to commit money laundering [18 U.S.C. § 1956(h)], and obstruction of justice [18 U.S.C. § 1512(c)(2)] before the United States District Court for the District of New Jersey, in United States v. Matthew H. Kluger, No. 2:11-cr-00858.

5. In pleading guilty, Kluger admitted that, among other things, between 1994 and 2011 he engaged in a scheme in which there were numerous instances of buying and selling securities based on inside information that he had obtained from his employment at various law firms. Kluger also admitted that he knew that Bauer was purchasing securities for Robinson, and himself, based on the inside information that Kluger had stolen from the law firms and passed on to Robinson, and that Kluger would receive his portion of the profits from Robinson. Kluger further admitted that he received these payments in cash in an effort to conceal and disguise the nature, location, source, ownership or control of proceeds from the insider trading scheme. Kluger admitted that in undertaking these actions, he acted knowingly, willfully, and with the intent to defraud.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Kluger's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Kluger is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary