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Ex-Goldman Programmer Found Guilty in Code Theft

By CHAD BRAY

NEW YORK—A former [Goldman Sachs Group Inc.](#) computer programmer was convicted Friday of stealing the confidential source code of the investment bank's high-speed trading system.



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Bloomberg News

Sergey Aleynikov leaves federal court in New York on Thursday.

High-speed trading and other financial firms aggressively protect their code, considering it a trade secret and a competitive advantage. Goldman required employees to sign a confidentiality agreement as part of their employment and that any software created by them in their jobs were the property of the investment bank.

Sergey Aleynikov's conviction is the second guilty verdict in as many months involving the theft of high-speed trading code. Last month, Samarth Agrawal, a former Société Générale trader, was convicted of stealing the bank's high-frequency trading code after he freely admitted to sharing aspects of the bank's

computer code with a rival.

The trial of Mr. Aleynikov focused on the complex computer programs used by investment banks, hedge funds and other securities firms to squeeze more profits from their trading operations. Such high-frequency trading involves rapid-fire buy and sell orders aimed at capitalizing on minuscule differences in price.

In its second day of deliberations, the jury found Mr. Aleynikov guilty of theft of trade secrets and transportation of stolen property. He faces as much as 10 years in prison on the trade secrets charge.

Deal Journal

The 'Wheel of Fortune' Connection

U.S. District Judge Denise Cote changed his bail conditions after the verdict, requiring Mr. Aleynikov to be subject to home confinement pending sentencing.

The judge also suggested that his name be added to a watch list to prevent him from leaving the country. Mr. Aleynikov is originally from Russia.

Kevin Marino, Mr. Aleynikov's lawyer, declined to comment after the verdict.

Goldman Sachs declined to comment on the verdict.

Federal prosecutors in Manhattan had alleged that Mr. Aleynikov secretly copied Goldman Sachs's confidential source code for its high-frequency trading platform in his last days at the investment bank and uploaded it to a server in Germany.

Prosecutors had alleged that Mr. Aleynikov, 40 years old, intended to use it to build a similar trading platform at his new employer, Teza Technologies LLC.

Portions of the testimony of four witnesses, including three current or former Goldman employees, were closed during the Aleynikov trial. Prosecutors had asked that portions of the trial be closed to the public to protect Goldman's trade secrets.

Mr. Marino contended Mr. Aleynikov simply made a mistake in trying to download open-source code from Goldman, but didn't steal proprietary information from the investment bank. He said Mr. Aleynikov made no efforts to sell the information he took and didn't share it with Teza.

In his closing argument Thursday, Mr. Marino said Teza actually was better at high-frequency trading than Goldman. "The general common notion that Goldman Sachs is the New York Yankees and Goldman's systems are the best ain't necessarily so," Mr. Marino said.

In her closing argument Thursday, Assistant U.S. Attorney Rebecca Rohr said Mr. Aleynikov was eager to please his new bosses at Teza. Prosecutors said he used the code as a cheat sheet for his new job.

Mr. Aleynikov was offered compensation worth about \$1.15 million at Teza, nearly three times the amount he was making at Goldman at the time.

"He absolutely knew he was taking Goldman Sachs's trading secrets...and he planned to use them for his own benefit," Ms. Rohr said.

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