USAO#2002R00528/ENT&WHD

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 02-
v.	:	18 U.S.C. §§ 1030 & 2 15 U.S.C. §§ 78j(b) & 78ff(a) 17 C.F.R. § 240.10b-5
ROGER DURONIO	:	**INDICTMENT**

The Grand Jury, in and for the District of New Jersey, sitting at Newark, charges:

COUNT ONE

Securities Fraud

1. At all times relevant to the Indictment:

(a) UBS PaineWebber, Inc. ("UBS PaineWebber") was a registered broker dealer that provided financial services through its approximately 370 branch offices located across the United States. UBS PaineWebber's parent company, UBS, A.G., was publicly traded in the United States on the New York Stock Exchange, a national securities exchange; and

(b) UBS PaineWebber owned and operated a large computer network that connected approximately 1,500 computers located throughout its branch offices across the United States. These computers were used in interstate commerce and communication, and therefore were protected computers, as defined in Title 18, United States Code, Section 1030(e)(2)(B).

2. At times relevant to this Indictment:

(a) defendant ROGER DURONIO was a resident of Bogota, New Jersey, and, from in or about June 1999 through in or about February 2002, was employed as a computer systems administrator at UBS PaineWebber's Hudson County, New Jersey headquarters;

(b) as a computer systems administrator, defendant ROGER DURONIO had responsibility for, and access to, UBS PaineWebber's entire computer network. That access allowed defendant ROGER DURONIO to (i) transmit computer programs to almost all of UBS PaineWebber's computers and (ii) use the Internet to access UBS PaineWebber's computer network from outside its offices, using UBS PaineWebber's "virtual private network," a computer program designed to allow secure internet access to authorized users; and

(c) defendant ROGER DURONIO repeatedly expressed dissatisfaction with his salary and bonus, and ultimately, on or about February 22, 2002, defendant ROGER DURONIO quit his job at UBS PaineWebber.

The Object of the Scheme to Defraud

3. The object of defendant ROGER DURONIO's scheme and artifice to defraud was to drive down the value of the stock of UBS, A.G., by damaging UBS PaineWebber's computer network, and to profit personally from the intended fall in UBS, A.G.'s stock

price.

4. In furtherance of the scheme and artifice to defraud, between at least as early as in or about November 2001 and in or about February 2002, defendant ROGER DURONIO constructed a computer program known as a logic bomb. This type of computer program was designed to cause some form of damage to a computer, such as the deletion of files and/or data, when a certain set of conditions listed in the program occurred.

5. In furtherance of the scheme and artifice to defraud, between at least as early as November 2001 and in or about February 2002, defendant ROGER DURONIO installed that logic bomb on more than 1,000 computers ("the victim computers") by causing the transmission of the logic bomb across UBS PaineWebber's computer network.

6. In furtherance of the scheme and artifice to defraud, defendant ROGER DURONIO designed this logic bomb to delete all files stored on the hard drives of the victim computers at 9:30 a.m., on Mondays in March, April and May 2002.

7. In furtherance of the scheme and artifice to defraud, and in anticipation that the stock price of UBS, A.G. would decline in response to damage caused by the logic bomb, between on or about February 5, 2002, and on or about March 1, 2002, defendant ROGER DURONIO purchased put option contracts, traded on national securities exchanges, for the stock of UBS, A.G., as set

forth below:

Purchase Date	Number of Put Option Contracts	Purchase Price	Strike Price	Expiration Date
February 5, 2002	1	$285.82	$45	March 15, 2002
February 22, 2002	10	$1,172.67	$45	March 15, 2002
February 22, 2002	20	$329.80	$40	March 15, 2002
February 28, 2002	25	$2,091.13	$45	March 15, 2002
February 28, 2002	75	$1,609.13	$40	March 15, 2002
March 1, 2002	12	$4,528.43	$50	March 15, 2002
March 1, 2002	125	$10,410.65	$45	March 15, 2002
March 1, 2002	50	$1,334.38	$40	March 15, 2002
Total	318	$21,762.01		

8. A "put option contract" is a type of security which increases in value as a company's stock price drops. Each of the put option contracts set forth above gave defendant ROGER DURONIO the right to sell 100 shares of UBS, A.G. stock at a specific price, known as a "strike price," before March 15, 2002. Thus, defendant ROGER DURONIO stood to profit if UBS, A.G's stock was trading below the strike price on or before March 15, 2002. Conversely, if UBS, A.G.'s stock was trading above the strike price on March 15, 2002, the put option contracts defendant ROGER DURONIO purchased would have no value. Therefore, under these contracts, the more the price of UBS, A.G.'s stock might fall, the more defendant ROGER DURONIO stood to profit.

9. In furtherance of the scheme and artifice to defraud, at approximately 9:30 a.m., on or about Monday, March 4, 2002, defendant ROGER DURONIO caused the logic bomb he had constructed and installed to begin deleting files stored on the hard drives of more than 1,000 of the victim computers, causing UBS PaineWebber to thereafter spend over $3,000,000 to assess and repair the damage.

10. From at least as early as in or about November 2001, through on or about March 4, 2002, in Hudson County, in the District of New Jersey and elsewhere, defendant

ROGER DURONIO

did knowingly and willfully, by the use of means and instrumentalities of interstate commerce, the mails, and the facilities of the national securities exchanges, directly and indirectly, use and employ manipulative and deceptive devices, schemes, and artifices to defraud, make untrue statements of material facts and omissions of material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon persons, in connection with the purchase and sale of securities registered on national securities exchanges, as more specifically described in paragraphs 3 through 9 of this Count.

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

COUNT TWO

Fraud and Related Activity
In Connection with Computers

1. Paragraphs 1 through 9 of Count One are incorporated herein as if fully set forth.

2. On or about March 4, 2002, in Hudson County, in the District of New Jersey, and elsewhere, defendant

ROGER DURONIO

did knowingly and willfully cause the transmission of a program, namely, the logic bomb more specifically described in paragraphs 4 through 6 and 9 of Count One, and as a result of such conduct, intentionally caused damage without authorization to protected computers, namely, UBS PaineWebber's computer network, and by such conduct caused loss to one or more persons during any one year period aggregating at least $5,000, as more specifically described in paragraph 9 of Count One.

In violation of Title 18, United States Code, Sections 1030(a)(5)(A)(i), 1030(c)(4)(A) and 2.

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY