

Ex-Morgan Stanley Adviser Cops Plea Over Data Breach

By **Max Stendahl**

Law360, New York (September 21, 2015, 1:54 PM ET) -- A former Morgan Stanley financial adviser on Monday pled guilty in New York federal court to improperly obtaining confidential data on approximately 730,000 of the bank's clients, but his attorney blamed hackers for posting some of the information to the Internet.



Morgan Stanley said in January, when it fired former adviser Galen Marsh, that personal information for about 900 of its wealth management clients, including account names and numbers, had been posted to the Internet. (Credit: AP)

Galen Marsh, 31, pled guilty to one count of unauthorized computer access during a hearing before U.S. District Judge Kevin Duffy. Morgan Stanley fired Marsh in January after accusing him of accessing the information without permission. At the time, the bank said that personal information for around 900 of its wealth management clients, including account names and numbers, had been posted to the Internet.

Marsh's attorney, Robert Gottlieb of Gottlieb & Gordon LLP, said on Monday that "outside hackers" were responsible for those disclosures.

"Mr. Marsh is an outstanding young man who made a mistake by accessing information from his firm's computers," Gottlieb said. "His plea today, however, finally and clearly establishes that Mr. Marsh never sold, never disclosed and never posted any confidential information on the Internet."

Marsh faces between 30 and 37 months in prison under nonbinding federal sentencing guidelines, according to the terms of Monday's plea agreement. He may not appeal any sentence of 37 months or fewer.

Gottlieb said on Monday that a nonjail sentence would be the “appropriate and just” result.

In a statement, Morgan Stanley thanked the U.S. Attorney's Office and the FBI for their efforts leading up to Marsh's plea.

"This action, which follows Morgan Stanley's initial investigation and reporting of his misconduct, makes clear that misuse of client account information will not be tolerated," the bank said.

According to a criminal information filed in Manhattan court, from June 2011 through December 2014, Marsh conducted about 6,000 searches in Morgan Stanley's computer systems to obtain clients' names, addresses, telephone numbers, account numbers and other confidential information. Prosecutors said that Marsh uploaded the data to a personal server at his home in New Jersey and used the information to his advantage as a financial adviser.

Near the end of the time period in question, prosecutors alleged, Marsh had employment discussions with two Morgan Stanley competitors.

FBI Assistant Director-in-Charge Diego Rodriguez said that Marsh's actions had put clients' information at risk.

"Today's guilty plea should send a message to those who inappropriately obtain and mishandle sensitive information that such actions may not just be improper, they can also be criminal," Rodriguez said in a statement.

Marsh, of Hoboken, New Jersey, is scheduled to be sentenced Dec. 7.

The government is represented by Christine Magdo.

Marsh is represented by Robert Gottlieb of Gottlieb & Gordon LLP.

The case is USA v. Marsh, in the U.S. District Court for the Southern District of New York. A case number was not immediately available on Monday.

--Editing by Stephen Berg.