
From: Venizelos, George C.
Sent: Friday, May 30, 2014 8:53 PM
To: Donald, J. Peter; Frankel, Richard M.; Sinos, Christos G.; [REDACTED]
Cc: Foelsch, Joseph D.
Subject: Re: WSJ - FBI, SEC Probe Trading of Carl Icahn, Billy Walters, Phil Mickelson Insider-Trading Investigation Began in 2011 With Unusual Trades in Clorox

Categories: Pert

Why would he do that to his client. Just stop talking to this reporter for now! If we don't have enough evidence by now its over. I mean it when I say cease contact with this reporter for now, if I find out someone is still talking to this reporter after today than there will be reassignments immediately.

From: Donald, J. Peter
To: Venizelos, George C.; Frankel, Richard M.; Sinos, Christos G.; [REDACTED]
Sent: Fri May 30 20:47:02 2014
Subject: Re: WSJ - FBI, SEC Probe Trading of Carl Icahn, Billy Walters, Phil Mickelson Insider-Trading Investigation Began in 2011 With Unusual Trades in Clorox

The WSJ told me that the defense attorney told them that agents had approached his client.

Peter
J. Peter Donald
Office of Public Affairs, FBI New York
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From: Venizelos, George C.
To: Donald, J. Peter; Frankel, Richard M.; Sinos, Christos G.; [REDACTED]
Sent: Fri May 30 20:44:04 2014
Subject: Re: WSJ - FBI, SEC Probe Trading of Carl Icahn, Billy Walters, Phil Mickelson Insider-Trading Investigation Began in 2011 With Unusual Trades in Clorox

All.
How did he find out about agent approaching PM on thursday. I don't buy that he told them. This not good do not speak to this reporter again for now and I want all of us on this email to sit down monday morning. This is not good

From: Donald, J. Peter
To: Venizelos, George C.; Kortan, Michael P.; Frankel, Richard M.; Leff, Douglas A.; [REDACTED] Thoresen, Matthew A.; Rom, Edmund H.; Shea, Gavin P.; Howard, Michael H. (NY)(FBI); Bresson, Paul E.; McCrehan, Jeffrey R.; Margolin, James (USANYS)
Cc: Sinos, Christos G.; Senatore, Adrienne L.; Langmesser, Kelly J.; Ranucci, Jennifer M.
Sent: Fri May 30 19:46:44 2014
Subject: WSJ - FBI, SEC Probe Trading of Carl Icahn, Billy Walters, Phil Mickelson Insider-Trading Investigation Began in 2011 With Unusual Trades in Clorox

Here is their story.

WSJ - FBI, SEC Probe Trading of Carl Icahn, Billy Walters, Phil Mickelson
Insider-Trading Investigation Began in 2011 With Unusual Trades in Clorox

By
SUSAN PULLIAM And
MICHAEL ROTHFELD
May 30, 2014 7:36 p.m. ET

Federal investigators are pursuing a major insider-trading probe involving finance, gambling and sports, examining the trading of investor Carl Icahn, golfer Phil Mickelson and Las Vegas bettor William "Billy" Walters. The Federal Bureau of Investigation and the Securities and Exchange Commission are examining whether Mr. Mickelson and Mr. Walters traded illicitly on nonpublic information from Mr. Icahn about his investments in public companies, people briefed on the probe said.

Investigators are examining whether over the past three years Mr. Icahn tipped Mr. Walters—famous in Las Vegas for his sports-betting acumen—about potentially market-moving investments by Mr. Icahn's company.

The FBI and SEC are examining whether Mr. Walters on at least one occasion passed a tip on to Mr. Mickelson, these people said, and are studying the two men's trading patterns.

"We do not know of any investigation," Mr. Icahn said on Friday. "We are always very careful to observe all legal requirements in all of our activities." The suggestion that he was involved in improper trading, he said, was "inflammatory and speculative."

"Phil is not the target of any investigation. Period," said a lawyer for Mr. Mickelson, Glenn Cohen, on Friday, adding that an FBI agent had told him Mr. Mickelson wasn't a target. The FBI declined to comment on Mr. Cohen's statement.

Two FBI agents approached Mr. Mickelson on Thursday after he finished a round of golf at the Memorial Tournament in Dublin, Ohio, seeking to speak with him in connection with the investigation, a person familiar with the situation said. Mr. Mickelson referred them to his attorney, this person said.

When asked to comment about the investigation, Mr. Walters, reached by phone on Friday, said, "I don't have any comment about anything," and then hung up.

The probe comes as part of the government's increased focus on insider trading, which has resulted in 85 convictions and guilty pleas out of 90 people charged by prosecutors in Manhattan federal court since August 2009. None has been acquitted; five cases are pending.

The most prominent of those cases largely have involved Wall Street traders, corporate executives and others in the financial world. Messrs. Icahn, Walters and Mickelson are among the highest-profile group of figures to be in the government's sights.

There is no indication the government will bring a case in the current investigation, the people briefed on the probe said. Indeed, publicity of the probe could jeopardize the government's ability to put together any potential case, they said, by limiting its ability to covertly gather evidence.

The investigation signals that the FBI and the SEC are concerned about a potential dark side of shareholder activism. Activist investors push for broad changes at companies or try to move stock prices with their arguments. Mr. Icahn, a 78-year-old billionaire, has come to epitomize such activism in U.S. boardrooms.

Investigators are focusing on potentially abusive practices among such activists, including whether they are leaking information about their stakes before making public disclosures—the subject of a Wall Street Journal page-one article in March.

It isn't clear what legal theory the investigators would use if they built a case against the three men. Leaks by activists about positions they are building is a murky area of securities law. Some lawyers in recent years have advised investing clients that such leaks don't violate securities laws because they don't represent a "breach," or violation, of a duty to keep the information secret.

One potential legal theory could involve the duty an investor has to shareholders at a public company, some lawyers say. Mr. Icahn runs publicly traded Icahn Enterprises LP. One question is whether investors like Mr. Icahn have a duty to keep

their nonpublic trading a secret in the interest of their shareholders, some lawyers say. Federal securities law also prohibits trading based on nonpublic information about tender offers that are in the works.

Mr. Walters, born in Kentucky to a family of professional poker players, is a legendary sports bettor who wagers based on computerized forecasts of the outcomes of games, among other factors. He has also become a force in the Las Vegas real-estate world and has bought and sold golf courses.

Mr. Icahn met Mr. Walters, 67, through a mutual acquaintance when Mr. Icahn's company owned the Stratosphere Hotel in Las Vegas. Mr. Icahn bought the Stratosphere in 1998 and sold it along with several other properties for \$1.2 billion in 2008.

The two struck up a friendship. Mr. Icahn was once an avid poker player and enjoys betting on football games. The two have spoken about stocks.

Mr. Walters and Mr. Mickelson, 43, play golf together, said people familiar with their relationship. Sometimes Mr. Walters has suggested stocks for Mr. Mickelson to consider buying, one of the people said.

Mr. Mickelson, who has one of the most loyal followings of top professional golfers, has won the prestigious Masters three times.

Mr. Icahn said he didn't know who Mr. Mickelson was.

The government investigation began three years ago after Mr. Icahn accumulated a 9.1% stake in Clorox Co. in February 2011, said the people briefed on the probe. On July 15, 2011, he made a \$10.2 billion offer for Clorox that caused the stock to jump.

Well-timed trading around the time of his bid caught the attention of investigators, who began digging into the suspicious trading in Clorox stock, the people familiar with the probe said.

On Wall Street, rumors had swirled that word leaked out ahead of Mr. Icahn's Clorox bid. Large, highly risky trades had been made in Clorox options four days before his bid. After his \$76.50-a-share offer was announced, those options soared in value along with Clorox shares, which closed on July 15 up 8.9% at \$74.55.

Investigators have examined trades in Clorox options, the people briefed on the probe said.

Clorox rejected Mr. Icahn's overture. He launched a proxy battle in August 2011, proposing a slate to replace the company's board with 11 of his nominees. In September 2011, he dropped his proxy battle.

By December 2011, he had sold his entire 12 million shares in the company. Clorox shares, which reached a high in 2011 just after Mr. Icahn's bid, closed at around \$66 at the end 2011. A Clorox spokeswoman declined to comment.

The investigators expanded their probe to look at trading patterns by Mr. Walters and Mr. Mickelson relating to Dean Foods Co., said the people briefed on the probe. The FBI, following its approach to Mr. Mickelson on Thursday, expressed an interest in his trading in Dean Foods, a person familiar with the situation said.

Mr. Icahn said he never traded in Dean Foods. A Dean Foods spokesman declined to comment.

—Jenny Strasburg contributed to this article.

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Cc: Sinos, Christos G.; Senatore, Adrienne L.; Langmesser, Kelly J.; Ranucci, Jennifer M.

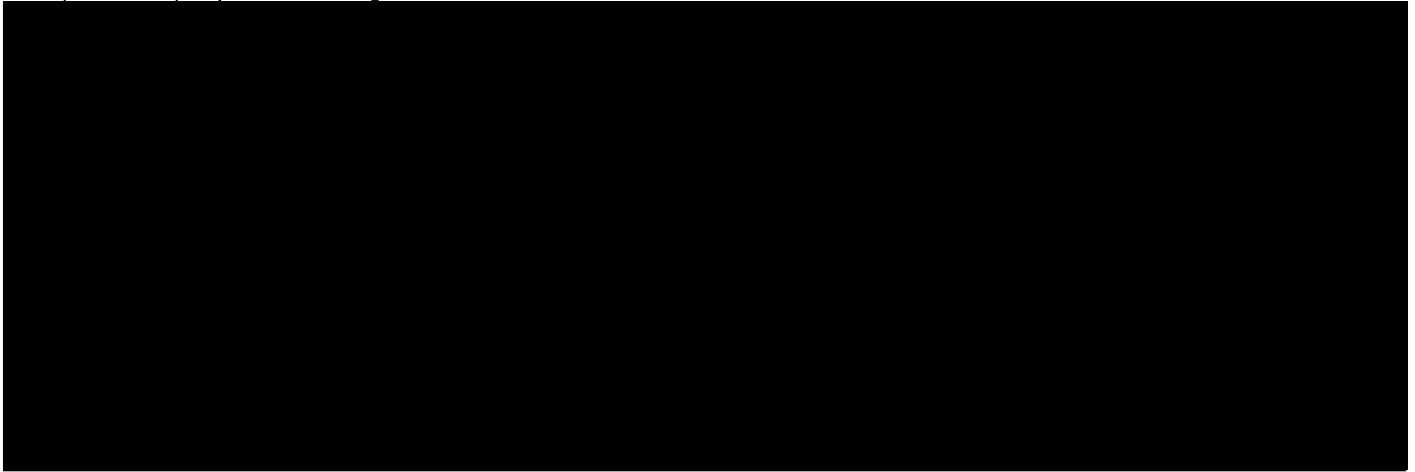
Sent: Fri May 30 15:24:33 2014

Subject: WSJ story on FBI insider trading investigation into Carl Icahn, Billy Walters, and golfer Phil Mickelson

Good afternoon,

The Wall Street Journal will likely publish a front page story tomorrow outlining a detailed story about an insider trading investigation by the FBI in New York.

They will likely say the following:



Thank you,

Peter

J. Peter Donald

Office of Public Affairs

FBI New York Field Office

212-384-3088 (direct) | 212-384-2100 (main press line)

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