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In Insider Case, Harvard Classmates on Different Sides of the Court

By Matthew Goldstein and Ben Protess January 10, 2014 5:59 pm

In May 1999, on the stately campus of Harvard Law School, Mathew Martoma was facing expulsion for doctoring his grades in the hopes of securing a coveted judicial clerkship.

That same month, Arlo Devlin-Brown was preparing to graduate from the school on his way to one such clerkship.

Fifteen years later, the classmates are having something of a reunion in Federal District Court in Lower Manhattan, though there is not much to celebrate.

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Mr. Devlin-Brown is prosecuting Mr. Martoma, who went on to become a trader at SAC Capital Advisors, on criminal insider trading charges. Mr. Martoma, who went by the name Ajai Mathew Thomas at Harvard, is accused of using secret drug trial information to help SAC avoid losses and gain profits of \$276 million.

The case, which prosecutors at the United States attorney’s office in Manhattan called “the most lucrative insider trading scheme ever charged,” took an unexpected turn on Thursday when the judge presiding over the trial unsealed court records detailing Mr. Martoma’s expulsion from Harvard. Mr. Devlin-Brown, as an assistant United States attorney and the lead prosecutor in the case, had pressed the judge to release the records.

Mr. Martoma, the records show, used a computer program to change grades from B's to A's, including in classes like criminal law and civil procedure. He then sent the fabricated transcript to 23 judges when he applied for clerkships.

Mr. Martoma told Harvard that he falsified his transcript mainly to impress his parents. Harvard's disciplinary board concluded that Mr. Martoma "was apparently under extreme parental pressure to excel academically."

Lou Colasuonno, a spokesman for Mr. Martoma, said on Thursday: "This event of 15 years ago is entirely unrelated to, and has no bearing on, this case." He added that the prosecution, in raising the issue, was trying to "unduly influence the ongoing court proceedings." He had no additional comment on Friday.

It is unclear whether Mr. Devlin-Brown was aware of the expulsion at the time. Authorities discovered the expulsion in the course of investigating Mr. Martoma, one person briefed on the case said, and the tip did not come from Mr. Devlin-Brown. In fact, Mr. Martoma and Mr. Devlin-Brown may not have even known each other from their Boston days, given the class size of Harvard Law School. According to Harvard, the class of 2016 has 564 students.

The disclosure of Mr. Martoma's expulsion coincided with the final day of jury selection in his trial. On Friday, Mr. Devlin-Brown and Mr. Martoma's lawyer delivered opening arguments in the case.

The trial, which is expected to last up to a month, comes two months after SAC itself pleaded guilty to criminal insider trading charges. The hedge fund, run by the billionaire investor Steven A. Cohen, declined to comment on Thursday whether it was aware of Mr. Martoma's infraction at Harvard.

In an interview on Friday, a classmate recalled that rumors spread widely on campus about a law student being expelled for changing grades. That person said he did not connect the dots between those rumors and Mr. Martoma until the disclosures on Thursday.

Mr. Martoma and Mr. Devlin-Brown followed somewhat similar paths at Harvard, according to publicly available records, both participating in the famous

Ames Moot Court Competition. Mr. Devlin-Brown won the prize for best oralist, while his group won for best team. Mr. Martoma, probably in a different year, was awarded the best brief in the competition for first-year students.

After school, their paths diverged, with Mr. Martoma, after being expelled, landing at Stanford Business School. He eventually found his way to Wall Street, obtaining a job at SAC in 2006.

Mr. Devlin-Brown stuck to the law. After a clerkship on the United States Court of Appeals for the First Circuit, he joined WilmerHale as an associate. He became a prosecutor in 2005.

Mr. Devlin-Brown and Mr. Martoma are not the only Harvard Law links to the trial. Mr. Martoma's lawyer, Richard Strassberg of Goodwin Procter, graduated from Harvard Law a decade before his client altered the grades.

Lorin L. Reisner, the chief of the criminal division at the United States attorney's office, graduated from Harvard Law School in 1986. Mr. Reisner graduated a year ahead of Richard B. Zabel, the deputy United States attorney in Manhattan.

Mr. Reisner and Mr. Zabel, like Mr. Devlin-Brown, were named best oralists in the Ames Moot Court Competition.

Correction: January 14, 2014

An article on Saturday about the expulsion from Harvard Law School of Mathew Martoma, a former SAC Capital Advisors' employee now on trial for insider trading, gave an incorrect spelling from court documents for his original given name. He was Ajai, not Ajay.

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