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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

RAJARENGAN (a/k/a RENGAN) RAJARATNAM,

Defendant.

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendant Rajarengan (a/k/a Rengan) Rajaratnam ("Rengan" or "Defendant"), alleges as follows:

SUMMARY

1. This matter concerns the participation of Rengan, a former portfolio manager at the now-defunct hedge fund advisory firms Sedna Capital Management, LLC ("Sedna") and Galleon Management, LP ("Galleon"), in multiple insider trading schemes. From at least January 2006 to August 2008, Rengan's brother and Galleon's founder, Raj Rajaratnam, conveyed material nonpublic information to Rengan concerning five different public companies, Polycom, Inc. ("Polycom") Hilton Hotels Corporation

("Hilton"), Clearwire Corporation ("Clearwire"), Akamai Technologies Inc. ("Akamai"), and Advanced Micro Devices Inc. ("AMD"). Rengan traded based on this material nonpublic information in his personal brokerage account, on behalf of certain Sedna hedge funds, and on behalf of certain Galleon hedge funds, generating, in the aggregate, over $3 million in illicit profits.

2. In January 2006, Raj Rajaratnam received material nonpublic information about Polycom's fourth quarter 2005 earnings from his friend and former colleague Roomy Khan ("Khan"). Khan had obtained the information from Sunil Bhalla ("Bhalla"), a senior executive at Polycom. Raj Rajaratnam passed the inside information to Rengan, who traded profitably on the tip in his personal brokerage account and on behalf of funds that he managed at his investment advisory firm Sedna. In addition to trading, Rengan also conveyed the tip about Polycom to a friend and former colleague, who traded profitably in his own personal brokerage account, and who caused the investment advisory firm where he worked to trade profitably as well.

3. In July 2007, Raj Rajaratnam received from Khan material nonpublic information about Hilton's impending takeover by The Blackstone Group. Khan had obtained the information from Deep Shah ("Shah"), an analyst at the rating agency Moody's Corporation ("Moody's"). Raj Rajaratnam passed the information to Rengan, who traded profitably on the tip in his personal brokerage account. In addition to trading, Rengan also conveyed the tip about Hilton to a friend and former colleague, who traded profitably in his own personal brokerage account, and who caused the investment advisory firm where he worked to trade profitably as well.

4. In March 2008, after Rengan had closed down Sedna and joined Galleon,

Raj Rajaratnam received material nonpublic information concerning Clearwire's anticipated joint venture with Sprint. Raj Rajaratnam obtained the information from his friend Rajiv Goel ("Goel"), who was a managing director at Intel Capital ("Intel"), a division of Intel Corporation. Raj Rajaratnam conveyed this information to Rengan, who traded profitably in his personal brokerage account and on behalf of Galleon hedge funds.

5. In July 2008, Raj Rajaratnam received material nonpublic information about a negative earnings announcement that Akamai was about to make. Raj Rajaratnam received the information from his friend Danielle Chiesi ("Chiesi"), who had obtained it from an executive at Akamai (the "Akamai Source"). Raj Rajaratnam conveyed this information to Rengan, who traded profitably on behalf of Galleon hedge funds.

6. In August 2008, Raj Rajaratnam received material nonpublic information about potential investments by foreign sovereign entities in AMD. Raj Rajaratnam obtained the information from his friend Anil Kumar ("Kumar"), who was a consultant at the management consulting firm McKinsey & Co. ("McKinsey") that was advising AMD on the transactions. Raj Rajaratnam conveyed this information to Rengan and informed Rengan that he had bought shares of AMD for a Galleon hedge fund portfolio that Rengan managed. Around this time, Rengan and Raj Rajaratnam also discussed ways to corrupt other McKinsey employees in addition to Kumar.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d)]. The Commission seeks a permanent injunction against the Defendant,

enjoining him from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint; disgorgement of all trading profits or losses avoided from the unlawful insider trading activity set forth in this Complaint, together with prejudgment interest; and civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]. The Commission also seeks any other relief the Court may deem appropriate pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)].

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

9. Venue lies in this Court pursuant to Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Southern District of New York. For example, Rengan received certain material nonpublic information from Raj Rajaratnam while both worked at Galleon's headquarters in New York, New York. In addition, certain of the illegal trades that this complaint describes were placed by Galleon traders working in New York, New York.

DEFENDANT

10. **Rengan**, age 42, worked as a portfolio manager at Galleon from late 2007 through 2009. Immediately prior to working at Galleon, he was a portfolio manager at Sedna, an investment advisory firm that he had co-founded in 2004. From 2003 to 2004, Rengan was an analyst at the investment advisory firm S.A.C. Capital Advisors, LLC.

RELEVANT INDIVIDUALS AND ENTITIES

11. **Raj Rajaratnam**, age 55, is incarcerated in federal prison in Massachusetts. He was the founder and Managing General Partner of Galleon. From 1997 to 2009, Raj Rajaratnam served as the portfolio manager of numerous Galleon hedge funds. In May 2011, Raj Rajaratnam was convicted of 14 counts of conspiracy and securities fraud relating to multiple insider trading schemes he participated in at Galleon, including the insider trading in the securities of Polycom, Hilton, Clearwire, Akamai, and AMD described in this Complaint. In September 2011, he was sentenced to 11 years in prison.

12. **Galleon**, a Delaware limited partnership that Raj Rajaratnam founded in 1997, was a hedge fund investment adviser based in New York, New York. At its height, Galleon claimed to manage assets with a total value of more than $7 billion. In the wake of Raj Rajaratnam's arrest on October 16, 2009, Galleon began to wind down its business and liquidate the hedge funds it managed. In October 2011, Galleon settled the Commission's claims against it for its role in the conduct described in this Complaint.

13. **Bhalla,** age 55, resides in Fremont, California. Bhalla joined Polycom in February 2000, and was a Senior Vice President and General Manager of the company's Voice Division in at least December 2005 and January 2006. In September 2011, Bhalla settled the Commission's claims against him for his role in the conduct described in this Complaint.

14. **Chiesi,** age 47, resides in a halfway house in the Bronx, New York. During the relevant time period, Chiesi was a consultant and a portfolio manager at New Castle Funds, a then-registered hedge fund adviser. In August 2011, Chiesi was

sentenced to 30 months of incarceration after pleading guilty to securities fraud charges relating in part to her participation with Raj Rajaratnam in an insider trading scheme concerning Akamai described in this Complaint. In June 2011, Chiesi settled the Commission's claims against her for her role in the conduct described in this Complaint.

15. **Goel**, age 38, resides in Sunnyvale, California and is a former executive of Intel. In September 2012, Goel was sentenced to two years of probation following his guilty plea to securities fraud charges relating in part to his participation with Raj Rajaratnam in an insider trading scheme concerning Clearwire described in this Complaint. In October 2010, Goel settled the Commission's claims against him for his role in the conduct described in this Complaint.

16. **Khan,** age 54, resides in Fort Lauderdale, Florida. During the relevant period, Khan was an individual investor. Previously, she had been employed by Galleon. In February 2013, Khan was sentenced to time served and three years of supervised release after pleading guilty to securities fraud charges relating in part to her participation with Raj Rajaratnam in insider trading schemes concerning Polycom and Hilton described in this Complaint. In October 2010, Khan settled the Commission's claims against her for her role in the conduct described in this Complaint.

17. **Kumar,** age 55, resides in Saratoga, California. During the relevant period, Kumar was a director at McKinsey, a global business consulting firm. In July 2012, Kumar was sentenced to two years of probation following his guilty plea to securities fraud charges relating in part to his participation with Raj Rajaratnam in an insider trading scheme concerning AMD described in this Complaint. In January 2010, Kumar settled the Commission's claims against him for his role in the conduct described

in this Complaint.

18. **Shah,** age 31, resided in Jersey City, New Jersey during the relevant period, and, in 2007, was employed at Moody's as a lodging industry analyst. In August 2011, the Commission obtained a default judgment against Shah for his role in the Hilton insider trading scheme described in this Complaint.

19. **Akamai** is a Delaware corporation headquartered in Cambridge, Massachusetts. Akamai is an internet content delivery provider. Akamai's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its stock trades on the Nasdaq under the symbol "AKAM."

20. **AMD** is a Delaware corporation headquartered in Sunnyvale, California. AMD is a global semi-conductor company. AMD's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its stock trades on the New York Stock Exchange ("NYSE") under the symbol "AMD."

21. **Clearwire** is a Delaware corporation headquartered in Kirkland, Washington. Clearwire builds and operates wireless broadband networks in the United States. Clearwire's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its stock trades on the Nasdaq under the symbol "CLWR."

22. **Hilton** is a Delaware corporation that is headquartered in Beverly Hills, California. Hilton is a leading international hotel chain. Hilton's securities were registered with the Commission pursuant to Section 12(b) of the Exchange Act and, prior to October 24, 2007, its stock traded on the NYSE under the symbol "HLT." On October 24, 2007, Hilton was taken private by The Blackstone Group and its stock ceased trading

on the NYSE pursuant to a merger agreement that was announced after the close of the market on July 3, 2007.

23. **Polycom** is a Delaware corporation headquartered in Pleasanton, California. Polycom produces applications for voice, video, and data networking. Polycom's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its stock trades on the Nasdaq under the symbol "PLCM."

24. **Sedna** was an unregistered hedge fund investment adviser co-founded by Rengan Rajaratnam in 2004. Sedna ceased its advisory operations in or about mid-2007.

FACTS

A. Insider Trading in Polycom

25. In January 2006, Bhalla was a senior Polycom executive with access to confidential information concerning Polycom's earnings. Bhalla owed Polycom a duty not to disclose confidential information he obtained while he worked there.

26. In or around 2002 or 2003, Khan befriended Bhalla. At times, between the time Khan befriended Bhalla and at least the middle of 2006, Khan and Bhalla discussed stocks and Khan provided Bhalla with stock tips.

27. In or around late December 2005 or early January 2006, Bhalla obtained material nonpublic information concerning Polycom's earnings for the company's fourth quarter of 2005, including detailed information about Polycom's unit sales, gross margins, and revenues. On or before January 10, 2006, Bhalla provided Khan with the material nonpublic earnings information.

28. Khan traded while in possession of the information that Bhalla provided by purchasing Polycom securities in her personal account. Khan also conveyed the

material nonpublic information she received from Bhalla to others, including Raj Rajaratnam.

29. On or about January 10, 2006, Khan told Raj Rajaratnam that Polycom's revenues for Q4 2005 would beat street estimates. Khan also gave Raj Rajaratnam all the other information she received from Bhalla, including that the backlog was up and that the guidance would be strong. Khan told Raj Rajaratnam that Khan's information regarding Polycom was from a senior executive at Polycom and was reliable.

30. After obtaining this information from Khan, Raj Rajaratnam began purchasing Polycom securities for the accounts of certain Galleon hedge funds. From January 10 through January 25, 2006, the date of the Polycom earnings release, Raj Rajaratnam purchased 245,000 shares of Polycom and 500 Polycom call option contracts on behalf of Galleon hedge funds.

31. Raj Rajaratnam also shared Khan's tip with his brother, Rengan. On Saturday, January 21, 2006, Raj Rajaratnam called Rengan on his cell phone. From Monday, January 23 through Wednesday, January 25, 2006, Rengan purchased 30,000 Polycom shares for his personal brokerage account and caused his investment advisory firm, Sedna, to acquire 400,000 shares of Polycom stock for the funds that it managed.

32. Following the close of the markets on January 25, 2006, Polycom announced its quarterly earnings results, which included higher-than-expected revenues. The following day, Polycom's stock opened at $18.30 per share, up about 8% compared to the previous day's closing price of $16.98 per share.

33. On January 26, 2006, the day after Polycom's quarterly earnings announcement, Rengan sold the Polycom shares he had acquired in his personal account,

reaping profits of over $66,000. Sedna sold the shares that Rengan had caused it to acquire and generated profits of more than $890,000.

34. In addition to trading in his personal brokerage account and on behalf of Sedna hedge funds, on January 23 and 24, 2006, Rengan conveyed the material nonpublic information concerning Polycom to a friend of his who worked at another hedge fund advisory firm. This friend then acquired Polycom shares in his personal brokerage account and caused his hedge fund to acquire shares of Polycom, and later sold those shares for a profit.

B. <u>Insider Trading in Hilton</u>

35. Khan obtained material nonpublic information in advance of a July 3, 2007 announcement that a private equity group would be buying Hilton for $47.50 per share, a premium of $11.45 per share over the stock's July 3 closing price (the "Hilton Transaction"). Khan obtained the nonpublic information from Shah, a friend and roommate of Khan's cousin. At the time, Shah was working as an analyst at Moody's, a rating agency that was evaluating Hilton's debt in connection with the Hilton Transaction. Because of his position at Moody's, Shah had access to inside information about Hilton. Shah owed Moody's a duty not to disclose confidential information that he obtained as a result of his employment at Moody's.

36. On July 2, 2007, in breach of his duty of confidentiality, Shah provided Khan with specific information concerning the upcoming Hilton Transaction. Shah told Khan that Hilton was going to be taken private in a deal to be announced the following day, at a price around the mid-$40s per share. Shah indicated that he had learned this information through a communication that representatives of Moody's had received from

Hilton management.

37. Khan traded while in possession of the inside information that Shah had provided by purchasing Hilton securities in her personal account. Khan also conveyed the material nonpublic information she received from Shah to others, including Raj Rajaratnam.

38. On July 2, 2007, Khan passed Shah's Hilton tip to Raj Rajaratnam. After receiving the tip from Khan, on July 3, 2007, Raj Rajaratnam and Galleon purchased 400,000 shares of Hilton for the Galleon Tech funds -- whose stated purpose was to make investments in the technology sector, rather than the lodging sector -- on the basis of this material nonpublic information.

39. In addition, Raj Rajaratnam conveyed the tip concerning Hilton to Rengan. On the morning of July 3, Raj Rajaratnam and Rengan had at least two short phone conversations. Less than an hour later, Rengan began purchasing Hilton shares in his personal brokerage account, acquiring 71,200 shares before the markets closed at 1 p.m. for the July 4th holiday.

40. On the evening of July 3, the Hilton Transaction was announced at an $11.45 per share premium over that day's closing price of $36.05. On July 5, the first trading day after the July 4th holiday, the price of Hilton common stock shot up to $45.39 per share.

41. On July 5, 2007, Rengan sold the Hilton shares he had acquired in his personal account, netting a profit of over $675,000.

42. In addition to trading in his personal brokerage account, Rengan conveyed the material nonpublic information concerning the Hilton Transaction to his friend who

worked at another hedge fund advisory firm. As with the tip that Rengan had provided concerning Polycom, this friend then acquired Hilton shares in his personal brokerage account and caused his hedge fund to acquire shares of Hilton, and later sold those shares for a profit.

C. Insider Trading in Clearwire

43. As a managing director at Intel, Goel had access to nonpublic and confidential information about the company. Goel knew that he was obligated to protect the confidentiality of information that he learned during his employment at Intel. Goel violated his obligation by sharing such information with his close friend Raj Rajaratnam.

44. Specifically, in 2008, Goel shared with Raj Rajaratnam information about a strategic investment that Intel was going to make in Clearwire. Goel learned confidential information about the Clearwire deal from another senior executive at Intel who was working on the deal.

45. On the evening of March 20, 2008, Goel conveyed material nonpublic information to Raj Rajaratnam about the deal. Raj Rajaratnam and Goel discussed how to value the new Clearwire joint venture entity based on certain, specific information regarding the deal, including that Intel would invest $1 billion and receive 10 percent of the new entity. On a subsequent call between Goel and Raj Rajaratnam, Goel informed Raj Rajaratnam that the Intel board had approved the Clearwire deal.

46. On the next trading day, March 24, 2008, Raj Rajaratnam caused Galleon hedge funds to purchase 185,000 shares of Clearwire stock. On March 25, 2008, Raj Rajaratnam caused Galleon hedge funds to purchase an additional 200,000 shares of Clearwire stock.

47. In addition, Raj Rajaratnam conveyed the material nonpublic information concerning Intel and Clearwire to his brother Rengan. After receiving this information, Rengan purchased 65,000 shares of Clearwire in his personal brokerage account between March 24 and March 26, 2008.

48. In addition, beginning on March 24 and continuing through March 26, 2008, Rengan caused certain Galleon hedge funds to purchase at least 120,000 shares of Clearwire stock.

49. On March 25, 2008, Raj Rajaratnam and Rengan spoke by phone. The conversation was recorded. In that conversation, Rengan told his brother Raj Rajaratnam that "[w]e're [expletive] man. . . . It just hit the Wall Street Journal." Raj Rajaratnam responded, "What's that?", and Rengan replied "the Clearwire stuff. . . It's all over the Wall Street Journal." Rengan added that the newspaper was "short on details, but they kind of say, you know, they're looking to raise as much as three billion, but they don't have any of the equity split." Rengan next said, "So, I don't know how much you got in today, but, I think (unintelligible) is gonna rip tomorrow. . . . Can't catch a break." Indeed, as Rengan predicted, through the course of the day on March 26, 2008, Clearwire's stock price increased approximately $2.50 per share.

50. From March 26 to April 21, 2008, Rengan sold the Clearwire shares that he purchased in his personal brokerage account, earning illegal profits of over $100,000. In addition, from March 26 to April 10, 2008, Galleon hedge funds sold the Clearwire shares that Rengan had caused them to buy for illicit profit of more than $225,000.

D. Insider Trading in Akamai

51. In the summer of 2008, the Akamai Source was the senior director of

marketing for Akamai. The Akamai Source was acquainted with Danielle Chiesi, who was employed at the hedge fund advisory firm New Castle Funds and was a friend of Raj Rajaratnam.

52. As of July 17, 2008, Akamai expected to lower its revenue guidance for the company's 2008 fiscal year. During the week of July 23, 2008, the Akamai Source had meetings with employees of Akamai who knew about the upcoming downward guidance, which was confidential information. On July 24, 2008, the Akamai Source spoke with Chiesi on three separate occasions for a total of 30 minutes.

53. On July 24, 2008, approximately 10 minutes after concluding a telephone call with the Akamai Source, Chiesi spoke to Raj Rajaratnam. Chiesi told Raj Rajaratnam that Akamai was going to issue lower-than-expected revenue guidance and that people at Akamai expected the company's stock price to drop to $25 per share.

54. Beginning on July 25 and continuing through July 30, 2008, Raj Rajaratnam caused Galleon hedge funds to sell short 575,000 shares of Akamai stock. On July 30, 2008, Raj Rajaratnam also caused Galleon hedge funds to buy 2,000 Akamai put options.

55. In addition, on the morning of July 25, 2008, Raj Rajaratnam conveyed the material nonpublic information concerning Akamai to his brother Rengan. Beginning on July 25 and continuing through July 29, 2008, Rengan caused Galleon hedge funds to sell short approximately 200,000 shares of Akamai stock.

56. On July 30, 2008, after the close of trading, Akamai announced negative earnings results and provided earnings and revenues forecasts that were below consensus estimates. Following the announcement, Akamai's stock declined nearly 20%, from

$31.25 per share on July 30 to $25.06 per share on the day after the announcement.

57. Shortly after Akamai announced its worse-than-expected revenue forecast, Rengan and Raj Rajaratnam spoke by phone and the call was recorded. Rengan began the call by thanking Raj. Raj then asked Rengan "how much Akamai did you have," to which Rengan responded "I had 200,000 short." Raj responded "yeah good. I don't think you cover it yet. You know I think you wait for all the weasels to cover," and Rengan replied "right."

58. The Galleon hedge funds which Rengan caused to trade Akamai covered their short positions in Akamai from July 28 to July 31, 2008, netting a profit of over $1.1 million.

E. Insider Trading in AMD

59. From 2002 to 2008, Kumar worked in McKinsey's global outsourcing and offshoring practice, which helped its clients decide where they should perform manufacturing, research and other functions, and then in McKinsey's practice on globalization. McKinsey had a code of professional responsibility that required its employees to protect the confidentiality of client information. Kumar also signed a confidential information agreement with McKinsey in which he promised that he would not make unauthorized disclosures of the confidential information of McKinsey's clients.

60. Kumar and Raj Rajaratnam went to business school together and maintained a relationship thereafter. In the early 2000s, Kumar agreed to become a consultant for Raj Rajaratnam in addition to working at McKinsey, and by at least 2008 had received more than $1 million from Raj Rajaratnam.

61. In June 2008, McKinsey began advising AMD in connection with AMD's

negotiations to obtain an investment from two foreign sovereign entities. AMD had an agreement with McKinsey that McKinsey would keep AMD's information confidential. Kumar was one of the individuals at McKinsey knowledgeable about the negotiations.

62. Kumar provided Raj Rajaratnam with material nonpublic information concerning the contemplated transactions with the foreign sovereign entities. On August 15, 2008, Kumar and Raj Rajaratnam spoke by phone, and the call was recorded. Kumar informed Raj Rajaratnam that the parties had "shaken hands" and "they're going ahead with the deal" so "I think, uh, you can now just buy . . . You know, I thought we, in the India . . . thing, also we had a whole bunch of AMD . . . Remember we bought it at 4."

63. Later that day, Rengan called Raj Rajaratnam. During the recorded conversation, Raj Rajaratnam told his brother "I just heard that . . . AMD had a handshake with the . . . Arabs . . to put six billion dollars. I'm buying some, I bought, I am buying two fifty for you, O.K.?" Rengan replied, "Alright, thanks a lot, man, I appreciate it." Consistent with Raj Rajaratnam's statement to his brother, Galleon trading records show that 250,000 shares of AMD had been ordered earlier that day.[1] On the following days, Rengan caused Galleon hedge funds to purchase additional shares of AMD stock.

64. Raj Rajaratnam and Rengan spoke again on August 15. During a subsequent recorded call, Rengan told Raj Rajaratnam that he had just finished a meeting

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[1] AMD's stock price increased by about 24.6% following the announcement of the AMD transactions with the foreign sovereign entities, opening at $5.27 per share on October 7 after closing the day before at $4.23 per share. However, because the worldwide economic crisis sent stock prices, including AMD's, lower in September and October 2008, AMD's share price was lower following the October 7 announcement than it was when Raj Rajaratnam ordered that the 250,000 shares be purchased.

with a friend named David Palecek ("Palecek"), who worked with Kumar at McKinsey. Rengan said that Palecek "works for uh, your buddy." Rengan had asked Palecek about AMD, and reported that Palecek said to "buy it, buy as much as you can as soon as you can." Raj responded, "Yeah, I told you, right?" Rengan added that Palecek "finally spilled his beans and said 'is it some Arabs are putting money in?'" Rengan said that Palecek "thinks the stock's gonna rip."

65. During another call that day about Palecek, Raj Rajaratnam suggested getting Kumar to assign Palecek to different projects at McKinsey so that Palecek would "have access to" and they would "be able to chat with him, and if he is a little dirty, right?" Rengan responded, "He's a little dirty I'll tell you why, . . . because he . . . kind of volunteered 'cause when I said AMD, kind of volunteered the information on the investments." Rengan also told his brother that when Rengan asked Palecek for other stock ideas, Palecek responded that "the problem is all my best ideas . . . are inside information." Rengan said that he had replied to Palecek by saying, "you know, that's not a problem, I'm sure we can hire [Palecek's wife] as a . . . consultant for Galleon." Rengan added that Palecek was "definitely . . . thinking about playing ball."

CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

66. The Commission realleges and incorporates by reference paragraphs 1 through 65, as though fully set forth herein.

67. The information concerning Polycom, Hilton, Clearwire, Akamai, and AMD provided by various tippers (including Bhalla, Shah, Goel, the Akamai Source, and Kumar) to their immediate tippees (including Khan, Raj Rajaratnam, and Chiesi) was, in

each case, material and nonpublic. In addition, the information was, in each case, considered confidential by the company that was the source of the information, and the company that was the source of the information had policies protecting confidential information.

68. The material nonpublic information concerning Polycom, Hilton, Clearwire, Akamai, and AMD was provided to the tippees in breach of the fiduciary duty that the insiders owed to their respective employers, and the insiders provided the information with the expectation of receiving a benefit from doing so.

69. Rengan, Raj Rajaratnam, Khan, and Chiesi each tipped their respective tippees material nonpublic information concerning Polycom, Hilton, Clearwire, Akamai, and/or AMD, with the expectation of a benefit from doing so, and each knew, recklessly disregarded, or should have known, that the information was conveyed in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence.

70. Rengan, Raj Rajaratnam, Khan, and Chiesi each knew, recklessly disregarded, or should have known, that the material nonpublic information concerning Polycom, Hilton, Clearwire, Akamai, and/or AMD that each received from their respective tippers was disclosed or misappropriated in breach of a fiduciary duty, or similar relationship of trust and confidence.

71. Rengan is liable for the trading in Polycom, Hilton, Clearwire, Akamai, and/or AMD in certain Sedna hedge funds and in certain Galleon hedge funds because he directly or indirectly effectuated the trades on behalf of the Sedna hedge funds and Galleon hedge funds and/or unlawfully disclosed the material nonpublic information to the Sedna hedge funds or Galleon hedge funds.

72. By virtue of the foregoing, Rengan, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange, directly or indirectly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon persons.

73. By virtue of the foregoing, Rengan, directly or indirectly, violated, and, unless enjoined, will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

RELIEF SOUGHT

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently restraining and enjoining the Defendant from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Ordering the Defendant to disgorge, with prejudgment interest, all ill-gotten gains received as a result of the conduct alleged in this Complaint, including his ill-gotten gains, and the illicit trading profits, other ill-gotten gains, and/or losses avoided of his direct and downstream tippees;

III.

Ordering the Defendant to pay civil monetary penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

IV.

Granting such other and further relief as this Court may deem just and proper.

Dated: New York, New York
March 21, 2013

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