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U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

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13 **UNITED STATES DISTRICT COURT**  
14 **NORTHERN DISTRICT OF CALIFORNIA**  
15 **SAN FRANCISCO DIVISION**

**JCS**

17 **SECURITIES AND EXCHANGE**  
18 **COMMISSION,**  
19 **Plaintiff,**  
20 **v.**  
21 **BENJAMIN P. JONES, WILLIAM F. JONES,**  
22 **III, WILLIAM T. DAILEY, III, and**  
**JEREMIAH E. CARROLL,**  
23 **Defendants.**

Case No. **CV 09 4895**

**COMPLAINT**

26 Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows:  
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28

## SUMMARY OF THE ACTION

1  
2 1. This complaint involves insider trading in the common stock of Jamdat Mobile, Inc.  
3 (“Jamdat”) prior to a December 8, 2005 announcement that the company would be acquired by  
4 Electronic Arts (“EA”).

5 2. In the fall of 2005, Benjamin Jones (“Ben Jones”), a former Vice President of Jamdat  
6 and a company insider, shared confidential information regarding Jamdat’s acquisition  
7 discussions with his brother, William Jones, III (“Bill Jones”), and others.

8 3. In October and November 2005, Bill Jones purchased Jamdat stock while in possession  
9 of this material, nonpublic information, and also tipped his friend William Dailey, III (“Dailey”),  
10 a registered securities trader for Needham & Co., LLC. In November, Dailey bought Jamdat  
11 stock for his own account on the basis of this material, nonpublic information.

12 4. Separately, on or about December 7, 2005, after the close of the stock market, Ben  
13 Jones informed his brother, Bill Jones, that Jamdat was being acquired by EA for \$27 per share  
14 and that the acquisition would be made public the following day.

15 5. Within minutes of learning of the acquisition, Bill Jones informed his brother-in-law,  
16 Jeremiah Carroll (“Carroll”), of the impending transaction. Carroll then purchased Jamdat shares  
17 on December 8, 2005, prior to the acquisition announcement.

18 6. Bill Jones also tipped Dailey on December 7 regarding the Jamdat acquisition. Dailey,  
19 in turn, tipped the information that he had received from Bill Jones to Alissa Joelle Kueng  
20 (“Kueng”), a sales specialist at J.P. Morgan Securities Inc. (“J.P. Morgan”). Kueng tipped  
21 others, who then traded on the basis of her tips. Dailey did not make any additional purchases of  
22 Jamdat stock.

23 7. While Ben Jones did not personally trade, nor did he receive any proceeds from any  
24 trades, his tips resulted in total trading profits of more than \$430,000. The dissemination of the  
25 material, nonpublic information and consequent trading constituted violations of Section 10(b) of  
26 the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17  
27 C.F.R. § 240.10b-5] thereunder. The Commission requests that this Court permanently enjoin  
28 the defendants from violating the aforesaid statutory provision and rule, order disgorgement of

1 illegal trading profits with prejudgment interest thereon, and impose civil penalties.

2 **JURISDICTION, VENUE, AND INTRADISTRICT ASSIGNMENT**

3 8. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A, and  
4 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1, and 78aa].

5 9. Venue is proper in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. §  
6 78aa] because certain acts and transactions constituting the violations occurred in this district.

7 10. Defendants, directly or indirectly, made use of the means or instrumentalities of  
8 interstate commerce, or of the mails, or the facilities of a national securities exchange in  
9 connection with the transactions, acts, practices and courses of business alleged in the complaint.

10 11. Unless restrained and enjoined by this Court, defendants will continue to engage in  
11 acts, practices, and transactions similar to those described in the complaint.

12 12. Assignment to the San Francisco Division is appropriate pursuant to Civil Local Rule  
13 3-2 because events giving rise to the Commission's claims occurred, among other places, in San  
14 Francisco County.

15 **DEFENDANTS**

16 13. Benjamin P. Jones, age 37, resides in Manhattan Beach, California. During the relevant  
17 period, Ben Jones was Jamdat's Senior Vice President of Sales for North America. Ben Jones is  
18 the younger brother of Bill Jones.

19 14. William F. Jones, III, age 43, resides in Danville, California. During the relevant  
20 period, Bill Jones was a one-third owner and an officer of an office supply business located in  
21 Redwood City, California. Bill Jones is the older brother of Ben Jones.

22 15. William T. Dailey, III, age 41, resides in San Mateo, California. During the relevant  
23 period, from 2003 through 2006, Dailey was a trader and the office manager in the San Francisco  
24 office of Needham & Co., LLC, a registered broker-dealer based in New York.

25 16. Jeremiah E. Carroll, age 43, is a brother-in-law of Bill Jones. During the relevant  
26 period, Carroll worked with Bill Jones in Redwood, California.

27 **RELATED ENTITY**

28 17. Jamdat Mobile, Inc. was a Delaware corporation located in Los Angeles, California.

1 During the relevant period, Jamdat created games for use on cellular telephones. Following its  
2 Initial Public Offering in September 2004, Jamdat's common shares were registered with the  
3 Commission pursuant to Section 12(g) of the Exchange Act, and its shares traded on the  
4 NASDAQ. On December 8, 2005, Jamdat announced that it would be acquired by EA for \$27  
5 per share. The acquisition was completed in February 2006.

### 6 FACTUAL ALLEGATIONS

#### 7 Ben Jones Tipped Bill Jones and Others about 8 Jamdat's Acquisition Discussions in the Fall of 2005

9 18. Jamdat began acquisition discussions with EA in late August 2005. By about late  
10 September, another bidder (hereinafter, "Bidder A"), began its own discussions with Jamdat  
11 about a possible acquisition. Jamdat continued discussions with both EA and Bidder A over the  
12 next two months. On or about October 5, 2005, Jamdat and EA entered into a confidentiality and  
13 nondisclosure agreement. Several weeks later, in late October 2005, EA and Bidder A each  
14 submitted a confidential, non-binding "expression of interest" to purchase all of Jamdat's  
15 outstanding shares. By late November, Jamdat and EA had agreed on the primary terms of the  
16 acquisition, including a purchase price of \$27 per share. Jamdat continued to work out the  
17 details of the acquisition with EA up to the December 8 announcement.

18 19. Throughout the fall of 2005, Ben Jones was among approximately a dozen Jamdat  
19 employees who regularly were apprised of the status of Jamdat's acquisition discussions with EA  
20 and Bidder A. Ben Jones knew that Jamdat's discussions with EA and Bidder A were material  
21 and confidential.

22 20. Nevertheless, between September and November 2005, Ben Jones periodically shared  
23 material, nonpublic information about Jamdat's ongoing acquisition discussions with Bill Jones  
24 in breach of his duty to Jamdat.

25 21. While in possession of the material, nonpublic information provided by his brother, Bill  
26 Jones purchased a total of approximately 4,000 shares of Jamdat stock in three separate  
27 purchases on or about October 7, October 20, and November 1, 2005. Following the  
28 announcement of the acquisition, Bill Jones profited by \$34,237 on these trades.

1 22. Ben Jones also tipped certain close friends about the acquisition talks. Several of these  
2 friends proceeded to buy small amounts of Jamdat stock in October 2005. Following the  
3 announcement of the acquisition, these friends profited by \$20,180 on these trades.

4 **Bill Jones Tipped Dailey with Information that He Learned**  
5 **from Ben Jones about Jamdat's Acquisition Discussions**

6 23. In or about September 2005, Bill Jones began sharing material, nonpublic information  
7 about Jamdat's acquisition discussions with Dailey -- a registered securities trader. At first, Bill  
8 Jones told Dailey that Jamdat was "in play." Throughout the following months, Bill Jones  
9 continued to supply Dailey with updates on Jamdat's acquisition negotiations. In or about early  
10 November 2005, Bill Jones told Dailey that Bidder A had emerged as a potential acquirer of  
11 Jamdat. Bill Jones gave Dailey this information just days after Bidder A had provided Jamdat  
12 with a preliminary offer to purchase Jamdat's outstanding shares.

13 24. On or about November 3, 2005, shortly after receiving Bill Jones's tip about Bidder A's  
14 interest in Jamdat, Dailey, who had never before purchased Jamdat stock, purchased 2,500 shares  
15 of Jamdat at approximately \$18.60 per share. Following the announcement of Jamdat's  
16 acquisition, Dailey sold his shares of Jamdat and profited by \$20,311.

17 **The December 7, 2005 Tips**

18 25. In the early evening of December 7, 2005, after the close of the stock market, Ben  
19 Jones telephoned Bill Jones and informed him that EA was acquiring Jamdat at \$27 per share,  
20 and that the agreement would be announced the following day.

21 26. Within minutes of learning of the acquisition, Bill Jones called Carroll and Dailey and  
22 informed them of the impending acquisition.

23 27. The following day, prior to the announcement, and based on Bill Jones's tip, Carroll  
24 bought 1,250 shares of Jamdat stock at approximately \$23 per share. Following the  
25 announcement of Jamdat's acquisition, Carroll profited by \$5,142 on his trade.

26 28. During their telephone conversation on December 7, Bill Jones told Dailey that EA and  
27 Jamdat had completed an acquisition agreement, to be announced the following day, and that the  
28 information had come from Ben Jones. Bill Jones also informed Dailey that the acquisition price

1 would be \$27 per share.

2 29. At the time Dailey received the tip about the impending acquisition from Bill Jones on  
3 December 7, Dailey was on a social outing with Kueng, a sales specialist for J.P. Morgan, and  
4 others. Dailey passed the tip that he received from Bill Jones to Kueng, who then gave the  
5 information to a J.P. Morgan trader and several institutional clients.

6 30. The J.P. Morgan trader and two of the institutional clients then bought Jamdat stock  
7 prior to the acquisition announcement.

8 31. In total, the illegal profits resulting from Dailey's and Kueng's tips exceeded \$350,000.

9 **FIRST CLAIM FOR RELIEF**

10 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and**  
11 **Rule 10b-5 [17 C.F.R. § 240.10b-5] by Ben Jones**

12 32. Paragraphs 1 through 31 are re-alleged and incorporated herein by reference.

13 33. Ben Jones knew, or was reckless in not knowing, that the information he provided to  
14 his brother and others about Jamdat's acquisition discussions was material, nonpublic  
15 information. Ben Jones breached a duty to his employer when he provided the information  
16 regarding Jamdat to his brother and others, who traded in Jamdat securities on the basis of such  
17 information.

18 34. By engaging in the conduct described above, Ben Jones, knowingly or recklessly,  
19 directly or indirectly (a) employed a device, scheme, or artifice to defraud; (b) made untrue  
20 statements of material fact or omitted to state a material fact necessary in order to make the  
21 statements made, in the light of the circumstances under which they were made, not misleading;  
22 or (c) engaged in an act, practice, or course of business which operated or would operate as a  
23 fraud or deceit upon other persons, in connection with the purchase or sale of securities, by the  
24 use of the means or instrumentalities of interstate commerce, of the mails, or the facilities of a  
25 national securities exchange.

26 35. By reason of the foregoing, Ben Jones violated Section 10(b) of the Exchange Act [15  
27 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and is likely to commit such  
28 violations in the future unless enjoined from doing so.

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**SECOND CLAIM FOR RELIEF**

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and  
Rule 10b-5 [17 C.F.R. § 240.10b-5] by Bill Jones**

36. Paragraphs 1 through 35 are re-alleged and incorporated herein by reference.

37. Bill Jones purchased Jamdat stock on the basis of material, nonpublic information which he knew, or was reckless in not knowing, was provided to him in breach of a duty to that company. Bill Jones profited by \$34,237 through his investment in Jamdat stock.

38. Bill Jones provided material, nonpublic information regarding Jamdat to Carroll and Dailey, who bought Jamdat stock on the basis of such information. Bill Jones knew, or was reckless in not knowing, that the information he provided to Carroll and Dailey was material, nonpublic information provided to him in breach of a duty to Jamdat.

39. By engaging in the conduct described above, Bill Jones, knowingly or recklessly, directly or indirectly (a) employed a device, scheme, or artifice to defraud; (b) made untrue statements of material fact or omitted to state a material fact 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 an act, practice, or course of business which operated or would operate as a fraud or deceit upon other persons, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange.

40. By reason of the foregoing, Bill Jones violated 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] and is likely to commit such violations in the future unless enjoined from doing so.

**THIRD CLAIM FOR RELIEF**

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and  
Rule 10b-5 [17 C.F.R. § 240.10b-5] by William Dailey**

41. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.



1 42. Dailey bought Jamdat stock on the basis of material, nonpublic information that he  
2 knew, or was reckless in not knowing, was provided to him in breach of a duty to that company.  
3 Dailey profited by \$20,311 through his trading in Jamdat stock.

4 43. Dailey provided material, nonpublic information regarding Jamdat to Kueng, who  
5 subsequently conveyed that information to her colleague and clients. Dailey knew, or was  
6 reckless in not knowing, that the information that he provided to Kueng was material, nonpublic  
7 information provided to him in breach of a duty to Jamdat.  
8

9 44. By engaging in the conduct described above, Dailey, knowingly or recklessly, directly  
10 or indirectly (a) employed a device, scheme, or artifice to defraud; (b) made untrue statements of  
11 material fact or omitted to state a material fact necessary in order to make the statements made,  
12 in the light of the circumstances under which they were made, not misleading; or (c) engaged in  
13 an act, practice, or course of business which operated or would operate as a fraud or deceit upon  
14 other persons, in connection with the purchase or sale of securities, by the use of the means or  
15 instrumentalities of interstate commerce, of the mails, or the facilities of a national securities  
16 exchange.  
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19 45. By reason of the foregoing, Dailey violated Section 10(b) of the Exchange Act [15  
20 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and is likely to commit such  
21 violations in the future unless enjoined from doing so.  
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#### 23 **FOURTH CLAIM FOR RELIEF**

#### 24 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and** 25 **Rule 10b-5 [17 C.F.R. § 240.10b-5] by Jeremiah Carroll**

26 46. Paragraphs 1 through 45 are re-alleged and incorporated herein by reference.

27 47. Carroll bought Jamdat stock on the basis of material, nonpublic information which he  
28 knew, or was reckless in not knowing, was provided to him in breach of a duty to that company.



1 Carroll profited by \$5,142 through his investment in Jamdat stock.

2 48. By engaging in the conduct described above, Carroll, knowingly or recklessly, directly  
3 or indirectly (a) employed a device, scheme, or artifice to defraud; (b) made untrue statements of  
4 material fact or omitted to state a material fact necessary in order to make the statements made,  
5 in the light of the circumstances under which they were made, not misleading; or (c) engaged in  
6 an act, practice, or course of business which operated or would operate as a fraud or deceit upon  
7 other persons, in connection with the purchase or sale of securities, by the use of the means or  
8 instrumentalities of interstate commerce, of the mails, or the facilities of a national securities  
9 exchange.

10 49. By reason of the foregoing, Carroll violated Section 10(b) of the Exchange Act [15  
11 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and is likely to commit such  
12 violations in the future unless enjoined from doing so.

13  
14 **PRAYER FOR RELIEF**

15 WHEREFORE, the Commission respectfully requests that this Court:

16 **I.**

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

19 **II.**

20 Order the Defendants to disgorge all profits, jointly and severally, from the unlawful  
21 trading in Jamdat securities, together with prejudgment interest;

22 **III.**

23 Order the Defendants to pay a civil penalty pursuant to Section 21A of the Exchange Act  
24 [15 U.S.C. § 78u-1];  
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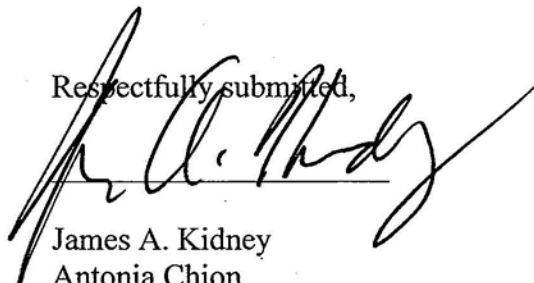
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IV.

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: Oct. 15, 2009

Respectfully submitted,



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