

1 SAM S. PUATHASNANON, Cal. Bar No. 198430
Email: puathasnanons@sec.gov
2 ANN C. KIM, Cal. Bar No. 212438
Email: kimac@sec.gov
3 WENDY E. PEARSON, Cal. Bar No. 211099
Email: pearsonw@sec.gov
4

5 Attorneys for Plaintiff
Securities and Exchange Commission
Michele Wein Layne, Regional Director
6 John W. Berry, Regional Trial Counsel
5670 Wilshire Boulevard, 11th Floor
7 Los Angeles, California 90036
Telephone: (323) 965-3998
8 Facsimile: (323) 965-3815

9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 JING WANG and GARY YIN,

16 Defendants.
17

Case No. **'13CV2270 L WVG**
COMPLAINT

18 Plaintiff Securities and Exchange Commission (“SEC”) alleges as follows:

19 **SUMMARY**

20 1. This action concerns an insider trading scheme by Defendants Jing Wang, a
21 former officer of Qualcomm, Inc. (“Qualcomm”), and his financial advisor Gary Yin
22 concerning the securities of Qualcomm and Atheros Communications Incorporated
23 (“Atheros”).

24 2. Through his position at Qualcomm, Wang acquired material nonpublic
25 information about Qualcomm’s financial results and performance as well as its plans to
26 acquire Atheros. Wang then purchased stock in both companies on the basis of the
27 nonpublic information, and sold the stock at a profit after the disclosure of the nonpublic
28 information.

1 and 27 of the Exchange Act, 15 U.S.C. §§ 78u(e), 78u-1 and 78aa. In connection with
2 the conduct described in this complaint, Defendants, directly or indirectly, made use of
3 the means or instrumentalities of interstate commerce, of the mails, or of the facilities of
4 a national securities exchange.

5 9. Venue is proper in this district pursuant to Section 27 of the Exchange Act,
6 15 U.S.C. § 78aa, because certain of the transactions, acts, practices and courses of
7 conduct constituting violations of the federal securities laws occurred within this district.
8 Venue is also proper in this district because Defendants reside in this district.

9 **DEFENDANTS**

10 10. **Jing Wang**, age 51, resides in Del Mar, California. Wang is the former
11 executive vice president and president of Global Business Operations for Qualcomm. He
12 was designated an officer of Qualcomm pursuant to Section 16 of the Exchange Act on
13 January 11, 2008. Wang resigned from Qualcomm on May 1, 2013 after having been on
14 administrative leave beginning on May 19, 2012.

15 11. **Gary Yin**, age 54, resides in San Diego, California. Yin is a former senior
16 vice president, International Wealth Management Advisor at the San Diego branch office
17 of Merrill Lynch. From July 1994 through April 15, 2013, Yin was a registered
18 representative with Merrill Lynch, a broker-dealer registered with the SEC. From
19 approximately December 2008 to April 2013, Yin was associated with Merrill Lynch, an
20 investment adviser registered with the SEC.

21 **RELEVANT ENTITIES**

22 12. **Qualcomm** is a Delaware corporation headquartered in San Diego,
23 California. Qualcomm's common stock trades on the Nasdaq Global Select Market
24 under the symbol "QCOM" and is registered with the SEC pursuant to Section 12(b) of
25 the Exchange Act.

26 13. **Atheros** was a Delaware corporation headquartered in San Jose, California
27 until it was acquired by Qualcomm in an acquisition that was announced on January 5,
28 2011. Atheros's common stock was traded on the Nasdaq Global Select market under the

1 symbol “ATHR” and was registered with the SEC pursuant to Section 12(b) of the
2 Exchange Act.

3 **STATEMENT OF FACTS**

4 **A. Defendants Wang and Yin**

5 14. Since 2005, Wang and Yin have been friends and members of the same
6 church. When Wang learned that Yin was a financial advisor at Merrill Lynch, Wang
7 asked Yin to manage his money.

8 15. In October 2005, Wang opened a number of brokerage accounts with
9 Merrill Lynch’s San Diego branch office. He transferred all of the assets from a
10 brokerage account he held at another firm into one of the newly established Merrill
11 Lynch accounts. Each of these accounts were disclosed to Qualcomm and managed by
12 Yin.

13 **B. Wang and Yin Engaged in an Insider Trading Scheme**

14 **1. Wang and Yin establish sham accounts to hide stock trading**

15 16. In early 2006, Wang approached Yin about hiding cash transactions. Yin
16 suggested that Wang create an entity registered in the British Virgin Islands (“BVI”), use
17 the name of a non-U.S. citizen family member as the beneficial owner of the entity and
18 open a brokerage account in the newly created entity’s name. Yin advised Wang that
19 doing so would not only hide the transactions, but would also help Wang avoid paying
20 capital gains taxes on assets in this account.

21 17. In late March or early April 2006, Yin helped Wang set up a secret account
22 in the name of a BVI company called “Unicorn Global Enterprises Ltd” (the “Unicorn
23 account”). Wang listed his older brother, who lives in China, as the sole director,
24 shareholder and registered owner of Unicorn.

25 18. Wang owned and controlled the purchases and sales in the Unicorn
26 account. Wang originally funded the Unicorn account with a \$360,000 transfer from a
27 personal account that he held at E-Trade. The Unicorn account was linked to Wang in
28 Merrill Lynch’s internal computer systems. Yin, the financial advisor for the account,

1 knew that the money in the Unicorn account belonged to Wang. Wang never disclosed
2 the existence of the Unicorn account to Qualcomm.

3 19. Moreover, Wang authorized transfers of money out of the Unicorn account
4 and directed any changes that were made to the account. For example, on November 19,
5 2010, Wang requested that Merrill Lynch change the account address from his residence
6 in China, a hotel room at the St. Regis Hotel in Beijing, to the address for Unicorn's
7 registered agent in the BVI.

8 20. Yin similarly created his own entity registered in the BVI named "Pacific
9 Rim," which was held in his mother-in-law's name. Yin opened a brokerage account at
10 Merrill Lynch for Pacific Rim (the "Pacific Rim account"). Yin owned and controlled
11 the purchases and sales in the Pacific Rim account. Yin used the Pacific Rim account to
12 hide funds he was using for investments and to hold stocks so that Yin could avoid
13 paying capital gains taxes.

14 **2. Qualcomm's insider trading policies**

15 21. As an employee of Qualcomm, Wang was subject to the company's insider
16 trading policy, which prohibited trading if an employee became aware of material
17 nonpublic information. This policy specifically identified "material" information to
18 include information related to (1) "[f]inancial performance, especially quarterly and year-
19 end earnings, and significant changes in financial performance . . .," (2) "[p]otential
20 acquisitions," and (3) "changes in Qualcomm dividend policies or amounts."

21 22. Moreover, as an officer of Qualcomm, Wang was restricted in his ability to
22 trade Qualcomm stock. He was required to obtain preclearance from Qualcomm of all
23 his Qualcomm trades. Qualcomm's insider trading policy also prohibited its officers,
24 directors and employees "who in the course of working for Qualcomm, learn[] of
25 material nonpublic information of another company with which Qualcomm does business
26 . . . [from trading] in that company's securities until that information becomes public or is
27 no longer material."

28 23. As early as January 2008, Yin became aware that Wang was an officer at

1 Qualcomm. Yin knew that, as a Qualcomm officer, Wang was (1) restricted from
2 purchasing or selling Qualcomm stock during certain periods of the year, known as
3 closed trading windows, (2) needed preclearance from the company before executing any
4 trades in Qualcomm stock and (3) was required to file reports with the SEC regarding
5 changes in his beneficial ownership of Qualcomm stock.

6 24. After January 2008, Yin coordinated with Qualcomm's stock
7 administration group on Wang's legitimate Qualcomm trades to ensure the trades were
8 precleared and to assist with Wang's SEC reporting requirements. However, Yin never
9 coordinated with Qualcomm's stock administration group or assisted with Wang's SEC
10 reporting requirements in connection with Wang's Qualcomm trades made in the secret
11 Unicorn account.

12 3. Wang's and Yin's March 1, 2010 purchases of Qualcomm stock

13 25. As early as February 24, 2010, Wang was aware that Qualcomm executives
14 were planning a board proposal to increase Qualcomm's quarterly dividends and to
15 request authority to initiate a stock repurchase program. On that day, Wang received an
16 email attaching briefing materials for the March 1, 2010 board of directors' meeting that
17 included a presentation on "Dividend and Stock Repurchase Returning Capital to
18 Shareholder." Specifically, this presentation recommended raising Qualcomm's regular
19 \$0.17 quarterly dividend to \$0.19, and recommended a new \$3.0 billion stock repurchase.

20 26. On February 26, 2010, Qualcomm sent an email to its executives, including
21 Wang, informing them that the trading window was closed effective 1:00 p.m. (PST) on
22 February 26, 2010.

23 27. On March 1, 2010, Wang attended Qualcomm's board meeting, which
24 started at 7:30 a.m. (PST). During that meeting Qualcomm's board resolved (1) "that the
25 quarterly dividend [would be] increased from \$0.17 to \$0.19 per share for dividends paid
26 after March 28, 2010," a 12% increase; and (2) "that the Company is hereby authorized
27 to purchase up to \$3.0 billion of its shares of common stock" in a new stock repurchase
28 program.

1 28. Wang traded in Qualcomm stock on the basis of this material nonpublic
2 information regarding the pending announcement of Qualcomm's dividend increase and
3 share repurchase. On March 1, 2010, Wang instructed Yin to use all the funds in the
4 Unicorn account to purchase Qualcomm stock. Wang called Yin at approximately 10:07
5 a.m. (PST) on March 1, 2010. Ten minutes later, at approximately 10:17 a.m. (PST), Yin
6 executed Wang's purchase of 7,700 shares of Qualcomm stock, for a total of \$277,739, in
7 the Unicorn account.

8 29. The Qualcomm trading window was closed on March 1, 2010. Wang did
9 not preclear these purchases with Qualcomm or file a Form 4 with the SEC.

10 30. Yin knew that Wang did not preclear or file a Form 4 for these purchases.
11 Yin also knew that the Qualcomm purchase was out of character for Wang because Wang
12 had never previously purchased Qualcomm stock on the open market in his Merrill
13 Lynch accounts.

14 31. Yin traded in Qualcomm stock on the basis of material nonpublic
15 information regarding Wang's secret trading in Qualcomm stock and, upon information
16 and belief, the pending announcement of Qualcomm's dividend increase and share
17 repurchase. Between 10:41 a.m. (PST) and 11:25 a.m. (PST) on March 1, 2010, Yin
18 purchased for himself 1,100 shares of Qualcomm stock, for a total of \$39,523, in his
19 Pacific Rim account. During that same period, Yin purchased an additional 180 shares
20 for a total of \$6,461.98 in a trust account held by him and his wife.

21 32. Later that day, after Wang's and Yin's trades were executed, Qualcomm
22 made a series of announcements, including a press release issued at 1:30 p.m. (PST),
23 announcing the quarterly cash dividend and stock repurchase program. As a result of this
24 announcement, Qualcomm's stock increased 6.7%, from the March 1 closing price of
25 \$35.56 per share to the March 2 closing price of \$37.93 per share.

26 33. On December 2, 2010, Wang's 7,700 shares of Qualcomm stock in his
27 Unicorn account were sold at his instruction for a total of \$372,448.23. Wang did not file
28 a Form 4 with the SEC for these sales.

1 34. Yin sold all of his Qualcomm stock from his illegal trades on March 30,
2 2010, November 4, 2010, and February 18, 2011 for a total of \$63,549.00.

3 **4. Wang's and Yin's December 2010 purchases of Atheros stock**

4 35. After selling all of the Qualcomm stock held in the Unicorn account on
5 December 2, 2010, Wang used the funds from that sale to purchase shares of Atheros in
6 advance of a planned acquisition by Qualcomm.

7 36. On or about September 29, 2010, Wang received a copy of the briefing
8 materials for Qualcomm's October 4, 2010 board of directors' meeting. These materials
9 included a September 2010 PowerPoint presentation that provided reasons why
10 Qualcomm should acquire Atheros. Wang also attended the October 4, 2010 board of
11 directors' meeting during which the board received a briefing on the potential acquisition
12 of Atheros.

13 37. Qualcomm's planned acquisition of Atheros was a highly confidential
14 project. Qualcomm referred to the acquisition internally as "Project Tango" to protect the
15 confidentiality of the transaction.

16 38. Wang traded in Atheros stock on the basis of this material nonpublic
17 information regarding the Atheros acquisition. Around December 1 or 2, 2010, when
18 Wang instructed Yin to sell all of Wang's Qualcomm stock in the Unicorn account, he
19 also told Yin to prepare to buy as many shares of Atheros stock as possible with the funds
20 in the Unicorn account. Wang also told Yin that he was leaving on a trip to China and
21 would contact Yin to give final approval on executing the Atheros trade.

22 39. On December 6, 2010, Wang attended a Qualcomm board meeting in Hong
23 Kong at which a resolution was passed to pursue the acquisition. The Atheros discussion
24 occurred on December 6, 2010 between 12:45 p.m. and 2:00 p.m., local Hong Kong time,
25 which was between 8:45 p.m. and 10:00 p.m. (PST) on December 5, 2010. By attending
26 the board meeting, Wang obtained material nonpublic information that Qualcomm
27 planned to acquire Atheros at \$45 per share.

28 40. Due to the time difference, the December 6 board meeting ended in Hong

1 Kong before the U.S. markets opened on December 6. Once the markets opened that
2 day, Wang and Yin communicated several times. At 7:43 a.m. (PST), Wang called Yin
3 for three minutes. Yin then sent a text message to Wang at 8:25 a.m. (PST) At 8:26 a.m.
4 (PST), Yin called Wang for one minute. At 8:36 a.m. (PST), Wang then called Yin for
5 two minutes.

6 41. Moments after that last call, Wang purchased 10,800 Atheros shares in the
7 Unicorn account, which was the maximum number of shares Wang could purchase with
8 the funds in the account. Wang purchased 100 shares for \$34.16 per share at 8:42 a.m.
9 (PST). He then purchased 10,700 shares for \$34.2782 per share at 8:53 a.m. (PST).
10 Wang's purchases were at a price significantly below Qualcomm's planned offer of \$45
11 per share for Atheros.

12 42. Yin traded in Atheros stock on the basis of material nonpublic information
13 regarding the Atheros acquisition that he received from Wang. On December 7, 2010,
14 Yin purchased 1,000 shares of Atheros stock for \$34.80 per share in his Pacific Rim
15 account. Yin knew that Wang had a tip regarding Atheros and that Wang was
16 encouraging him to buy Atheros stock. Yin knew, or was reckless in not knowing, the
17 Atheros purchase was out of character for Wang because he knew that Wang had rarely
18 purchased equity stocks on the open market and that Wang's investments were primarily
19 in money market mutual funds. Yin had not previously purchased Atheros stock.

20 43. On January 4, 2011 at 12:00 p.m. (PST), the New York Times Dealbook
21 section posted an article "QCOM is Said to Be Set to Buy ATHR for \$3.5 Billion." That
22 day, Atheros shares closed at \$44.00, an increase of \$6.98, or 18.9% from the prior
23 trading day's close. On January 5, at 5:15 a.m. (PST), Qualcomm announced that
24 Qualcomm and Atheros had entered into a definitive agreement whereby Qualcomm
25 intended to acquire Atheros for \$45 per share in cash, representing an enterprise value of
26 \$3.1 billion. On January 5, Atheros shares closed up an additional \$0.64 from the prior
27 trading day's close. In total, after both public releases related to the acquisition, Atheros'
28 shares closed at an increase of \$7.62, or 20.6%, from the January 3, 2011 closing price.

1 44. On January 12, 2011, Yin sold his 1,000 Atheros shares in the Pacific Rim
2 account for \$44.68 per share for a total of \$44,680.

3 45. On January 25, 2011, Wang's 10,800 Atheros shares in his Unicorn account
4 were sold at his instruction at \$44.60 per share for a total of \$481,680.

5 **5. Wang's January 25, 2011 purchase of Qualcomm stock**

6 46. Four minutes after selling all of the Atheros stock in the Unicorn account,
7 Wang used the proceeds of that sale to purchase shares of Qualcomm in advance of an
8 announcement that Qualcomm would raise its revenue and earnings guidance for the
9 fiscal year.

10 47. As early as December 1, 2010, Wang was aware that Qualcomm expected
11 to raise guidance for fiscal year 2011. On December 1, 2010, Wang received an email
12 attaching the briefing materials for the December 6, 2010 board of directors' meeting that
13 included an updated first quarter 2011 and full fiscal year financial outlook. The briefing
14 materials also included a presentation that discussed meetings with Atheros executives on
15 October 29, 2010 during which Qualcomm "provided strong guidance for 2011" that was
16 "[w]ell above the street's new consensus numbers." This information was further
17 confirmed during the December 6, 2010 board meeting in Hong Kong, which included a
18 discussion of Qualcomm's better than expected first quarter financial performance.
19 Wang also learned that Qualcomm planned to announce its earnings results on January
20 26, 2011.

21 48. On December 6, 2010, Qualcomm sent an email to its executives, including
22 Wang, informing them that the trading window was closed as of December 5, 2010.

23 49. Wang traded in Qualcomm stock on the basis of material nonpublic
24 information regarding Qualcomm's increased guidance. On January 25, 2011 at 11:34
25 a.m. (PST), one day before Qualcomm was going to announce its revised earnings
26 guidance, Wang called Yin for one minute. At approximately 11:46 a.m. (PST) that same
27 day, Wang sold all of his Atheros shares in the Unicorn account at \$44.60 per share for
28 \$481,680. Four minutes later, at approximately 11:50 a.m. (PST) on January 25, Wang

1 used the proceeds from this sale to purchase 9,450 shares of Qualcomm stock at \$50.8799
2 per share for \$480,815.06.

3 50. The Qualcomm trading window was closed on January 25, 2011. Wang did
4 not preclear these purchases with Qualcomm or file a Form 4 with the SEC.

5 51. The following day at 1 p.m. (PST), Qualcomm issued a press release
6 announcing record first quarter fiscal 2011 results, and the raising of revenue and
7 earnings guidance for the fiscal year. As a result of this announcement, Qualcomm's
8 stock increased 5.9% from a January 26 closing price of \$51.86 per share to a January 27
9 closing price of \$54.90 per share.

10 52. On December 27, 2011, during a closed trading window, Wang's 9,450
11 shares of Qualcomm stock in his Unicorn account were sold at his instruction for
12 \$518,818.23. Wang did not file a Form 4 with the SEC for these sales.

13 **6. Defendants' efforts to conceal their insider trading**

14 53. Wang eventually realized that his illegal trading may be detected by Merrill
15 Lynch or others. He then executed a plan to conceal his trading activity. At first, Wang
16 asked Yin to delete records related to these trades in the Unicorn account. Because the
17 trading records were permanent records in Merrill Lynch's systems they could not be
18 deleted. Wang then told Yin he would think some more about it and contact Yin with
19 instructions on how to proceed.

20 54. In or about January 2012, Wang directed Yin to establish a new BVI
21 corporation under the name "Clearview Resources, Ltd." (the "Clearview Resources
22 account") and to open a new account at Merrill Lynch for the entity. The insider trading
23 proceeds in the Unicorn account were then transferred to the Clearview Resources
24 account in an effort to further distance Wang from the Unicorn trades.

25 55. Later, in or about April 2012, Wang informed Yin that the trades may be
26 detected by the SEC or others because the SEC had subpoenaed Wang's emails. Wang
27 was concerned that his control of the Unicorn account and his insider trading would be
28 discovered. At this time, Wang concocted a cover story for the Atheros trades, which he

1 conveyed to Yin. Specifically, Wang convinced Yin to say that the Atheros trades were
2 made by Wang's brother, Bing Wang, who was also known as Bin Wang. Because Yin
3 had never communicated with Bing Wang, Wang instructed Yin to travel to China with
4 the Unicorn account statements and review the trades with Bing Wang so that Bing Wang
5 could explain the trading if asked. Yin did so in May 2012.

6 56. To further hide Wang's ownership of the Unicorn account and his link to
7 the trades in Atheros, on July 5, 2012, Yin removed the Unicorn account from Wang's
8 "household" in Merrill Lynch's computer system. "Householding" is a function used by
9 Merrill Lynch to link related accounts.

10 **C. Materiality of Nonpublic Information Related to Qualcomm and Atheros**

11 57. The information used by Wang and Yin to trade in Qualcomm and Atheros
12 stock was material and nonpublic.

13 58. The March 1, 2010 information that Qualcomm's board of directors passed
14 a resolution to increase its quarterly dividend and start a new \$3.0 billion stock
15 repurchase program was material. Qualcomm's stock price rose 6.7% after the news was
16 made public. Further, as to Yin, the nonpublic information that Wang, a Qualcomm
17 officer, was purchasing Qualcomm stock in a secret account, without preclearance, was
18 also material.

19 59. Information that Qualcomm's board of directors passed a resolution to
20 acquire Atheros was material. Atheros' stock price rose 20.6% after the New York
21 Times Dealbook section and Qualcomm publicly announced the acquisition on January 4
22 and 5, 2011 respectively.

23 60. As to Yin, the nonpublic information that Wang intended to use of all of the
24 proceeds of his first Qualcomm sale in the secret Unicorn account to purchase Atheros
25 stock was also material. Yin knew that Wang had tipped him regarding Atheros. Yin
26 also knew that Wang's Atheros purchase was out of character for Wang because he had
27 rarely purchased equity stocks on the open market.

28 61. Likewise, nonpublic information regarding Qualcomm's planned January

1 26, 2011 announcement of record earnings in the first quarter and substantially raising
2 guidance for the fiscal year was material. Qualcomm's stock price rose 5.9% after
3 Qualcomm made the public announcement of this information.

4 **D. Wang's Breach of Fiduciary Duty to Qualcomm and Atheros**

5 62. As a Qualcomm officer, Wang owed a fiduciary duty to the shareholders of
6 the company, as well as a duty of trust or confidence to Qualcomm. Wang acknowledged
7 in writing his awareness of the company's insider trading policy, which specifically
8 prohibited trading in Qualcomm securities while in possession of material nonpublic
9 information and tipping or disclosing material nonpublic information to outsiders.
10 Moreover, when a Qualcomm officer possesses material nonpublic information about a
11 company that Qualcomm does business with, the insider trading policy prohibits the
12 officer from trading in the securities of that other company.

13 63. Wang breached these duties when he traded in (1) Qualcomm stock on
14 March 1, 2010 prior to the company's announcement regarding increased dividends and a
15 new \$3.0 billion stock repurchase program; (2) Atheros stock on December 6, 2010 prior
16 to the announcement that Qualcomm was acquiring Atheros and (3) Qualcomm stock on
17 January 25, 2011 before Qualcomm publicly announced its record quarterly results and
18 raised guidance for the fiscal year.

19 64. Wang further breached his duty of trust or confidence to Qualcomm when
20 he tipped Yin about purchasing Atheros stock prior to Qualcomm's public announcement
21 of the Atheros acquisition. By tipping Yin to purchase Atheros stock, Wang provided a
22 gift of confidential information to Yin, his friend and financial advisor, who then traded
23 on that information.

24 65. In addition, Wang was a temporary insider of Atheros. Atheros shared
25 confidential information with Qualcomm in connection with the proposed, and ultimately
26 completed, acquisition. Wang became aware of this material nonpublic information
27 concerning Atheros through his employment with Qualcomm. As a result, Wang owed a
28 duty to Atheros and its shareholders not to trade on its material nonpublic information.

1 Wang breached that duty when he traded in Atheros stock on December 6, 2010 and
2 when he tipped Yin.

3 **E. Yin Breached a Duty of Trust and Confidence He Owed to Wang and Merrill**
4 **Lynch**

5 66. As Wang's financial advisor and friend, Yin owed Wang a duty of trust and
6 confidence.

7 67. Yin purchased Qualcomm stock on March 1, 2010 based on material
8 nonpublic information he misappropriated from Wang. This misappropriation breached
9 the duty of trust or confidence he owed Wang.

10 68. Yin's trading in Atheros and Qualcomm also violated Merrill Lynch's
11 policies in place at the time of Yin's trades. These policies, among other things, (1)
12 require Merrill Lynch employees to keep information about a client's orders confidential,
13 (2) bar employees from using client orders in any way to trade in employee accounts, and
14 (3) prohibit employees from taking advantage of client trades by, among other things,
15 "piggybacking," or patterning, an employee's trades after a client's trading.

16 69. Yin's misappropriation of information regarding Wang's trades breached a
17 duty of trust or confidence that Yin owed to Merrill Lynch.

18 **F. Defendants' Scienter**

19 70. Wang acted with scienter by trading in the securities of Qualcomm and
20 Atheros while in possession of material nonpublic information he obtained through his
21 employment with Qualcomm.

22 71. Because he was an officer of Qualcomm and acknowledged receiving the
23 company's insider trading policies, Wang knew, or was reckless in not knowing, the
24 federal securities laws concerning insider trading.

25 72. Wang knew, or was reckless in not knowing, that if he obtained material
26 nonpublic information through his employment with Qualcomm, he should maintain the
27 information in confidence and not use it for his own personal benefit.

28 73. Wang knew, or was reckless in not knowing, that he was prohibited from

1 trading on material nonpublic information concerning Qualcomm's acquisitions or
2 financial results.

3 74. Wang knew, or was reckless in not knowing, that, because he was in
4 possession of material nonpublic information about Atheros, he was prohibited from
5 trading in Atheros stock.

6 75. Yin knew, or was reckless in not knowing, that due to Wang's position at
7 Qualcomm, Wang had access to material nonpublic information about Qualcomm.

8 76. Yin acted with scienter by trading in the securities of Qualcomm while he
9 was aware of material nonpublic information that he misappropriated from Wang.

10 77. Yin knew, or should have known, that Wang's tip concerning Atheros was
11 conveyed in breach of Wang's fiduciary duties.

12 78. Yin knew, or was reckless in not knowing, that if he received confidential
13 information from Wang, Yin should maintain the information in confidence and not use it
14 for his own personal benefit.

15 79. Yin acted with scienter by trading in the securities of Atheros while he was
16 aware of material nonpublic information obtained from Wang.

17 80. Yin knew, or was reckless in not knowing, that the information he obtained
18 about Qualcomm and Atheros was material and nonpublic.

19 81. Moreover, at the time Yin purchased Qualcomm and Atheros stock, he also
20 knew, or was reckless in not knowing, that the confidential information he possessed
21 about Wang's trading was material and nonpublic. Yin knew, or was reckless in not
22 knowing, that trading on the basis of such misappropriated information was in violation
23 of the duties he owed to his employer, Merrill Lynch.

24 **G. Wang's Failure to Report His Beneficial Ownership of Qualcomm**

25 82. As of January 2008, Wang was required to file Forms 4 with the SEC to
26 disclose the changes in his beneficial ownership of Qualcomm stock because he was
27 designated a Section 16 officer of the company.

28 83. Wang failed to file Forms 4 for the following trades he made in Qualcomm

1 stock through his Unicorn account: (1) March 1, 2010 purchase of 7,700 shares of
2 Qualcomm stock; (2) December 2, 2010 sale of 7,700 shares of Qualcomm stock; (3)
3 January 25, 2011 purchase of 9,450 shares of Qualcomm stock; and (4) December 27,
4 2011 sale of 9,450 shares of Qualcomm stock.

5 **FIRST CLAIM FOR RELIEF**

6 **(Against All Defendants)**

7 **Fraud in Connection with the Sale of Securities**

8 **Violations Of Section 10(b) Of The Exchange Act and Rule 10b-5**

9 84. The SEC realleges and incorporates by reference paragraphs 1 through 83
10 above.

11 85. Wang and Yin, by engaging in the conduct described above, directly or
12 indirectly, in connection with the purchase or sale of a security, by the use of means or
13 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
14 securities exchange, with scienter:

15 (a) employed devices, schemes, or artifices to defraud;

16 (b) made untrue statements of a material fact or omitted to state a
17 material fact necessary in order to make the statements made, in the light of the
18 circumstances under which they were made, not misleading; or

19 (c) engaged in acts, practices, or courses of business which operated or
20 would operate as a fraud or deceit upon other persons.

21 86. By engaging in the conduct described above, Wang and Yin, violated, and
22 unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange
23 Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder 17 C.F.R. § 240.10b-5.

24 **SECOND CLAIM FOR RELIEF**

25 **(Against Wang)**

26 **Failure to Report Beneficial Ownership of Public Securities**

27 **Violations of Section 16(a) of the Exchange Act and Rule 16a-3 thereunder**

28 87. The SEC realleges and incorporates by reference paragraphs 1 through 83

1 above.

2 88. Defendant Wang, by engaging in the conduct described above, and as an
3 officer of Qualcomm, failed to file with the SEC required statements of, or changes to,
4 his beneficial ownership of Qualcomm stock on Forms 4.

5 89. By engaging in the conduct described above, Wang, violated, and unless
6 restrained and enjoined, will continue to violate, Section 16(a) of the Exchange Act, 15
7 U.S.C. § 78p(a), and Rule 16a-3 thereunder, 17 C.F.R. § 240.16a-3.

8 **PRAYER FOR RELIEF**

9 WHEREFORE, the SEC respectfully requests that the Court:

10 **I.**

11 Issue findings of fact and conclusions of law that Wang and Yin committed the
12 alleged violations.

13 **II.**

14 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of
15 Civil Procedure, permanently enjoining Defendant Wang and his agents, servants,
16 employees, and attorneys, and those persons in active concert or participation with him,
17 who receive actual notice of the judgment by personal service or otherwise, and each of
18 them, from violating Sections 10(b) and 16(a) of the Exchange Act, 15 U.S.C. §§ 78j(b)
19 and 78p(a), and Rules 10b-5 and 16a-3 thereunder, 17 C.F.R. §§ 240.10b-5 and 240.16a-
20 3.

21 **III.**

22 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of
23 Civil Procedure, permanently enjoining Defendant Yin and his agents, servants,
24 employees, and attorneys, and those persons in active concert or participation with him,
25 who receive actual notice of the judgment by personal service or otherwise, and each of
26 them, from violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule
27 10b-5 thereunder, 17 C.F.R. § 240.10b-5.
28

1 **IV.**

2 Order Defendants Wang and Yin to disgorge the illegal trading profits described
3 herein, together with prejudgment interest thereon.

4 **V.**

5 Order Defendants Wang and Yin to pay civil penalties under Sections 21(d)(3) and
6 21A(a)(2) of the Exchange Act, 15 U.S.C. §§ 78u(d)(3) and 78u-1(a)(2).

7 **VI.**

8 Prohibit Defendant Wang from acting as an officer or director of any public
9 company pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

10 **VII.**

11 Retain jurisdiction of this action in accordance with the principles of equity and
12 the Federal Rules of Civil Procedure in order to implement and carry out the terms of all
13 orders and decrees that may be entered, or to entertain any suitable application or motion
14 for additional relief within the jurisdiction of this Court.

15 **VIII.**

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

18
19 Dated: September 23, 2013

Respectfully submitted,

20
21 /s/ Sam S. Puathasnanon
22 Sam S. Puathasnanon
23 Ann C. Kim
24 Wendy Pearson
25 Attorneys for Plaintiff
26 Securities and Exchange Commission
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