

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**RAJ RAJARATNAM, and
GALLEON MANAGEMENT, LP,**

Defendants.

09 Civ. 8811 (JSR)

ECF CASE

**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S STATEMENT OF
UNDISPUTED MATERIAL FACTS PURSUANT TO LOCAL CIVIL RULE 56.1
IN SUPPORT OF ITS MOTION FOR PARTIAL SUMMARY JUDGMENT AGAINST
DEFENDANTS RAJ RAJARATNAM AND GALLEON MANAGEMENT, LP**

Pursuant to Local Civil Rule 56.1, plaintiff Securities and Exchange Commission (the "Commission") respectfully submits that there are no genuine issues to be tried as to the following material facts.

BACKGROUND

I. Jurisdiction and Venue

1. The Commission filed its Second Amended Complaint in this action on January 29, 2010. (Ex. A-1.)¹
2. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e),

¹ All citations are to exhibits attached to the accompanying Declaration of John Henderson in Support of Plaintiff's Motion for Partial Summary Judgment against Defendants Raj Rajaratnam and Galleon Management, LP.

and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. (Exs. A-1, ¶ 4; A-2, ¶ 4; A-7, ¶ 4.)

3. Venue lies in this Court pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa]. (Exs. A-1, ¶ 5; A-2, ¶ 5; A-7, ¶ 5.)

II. Raj Rajaratnam and Galleon

4. Raj Rajaratnam (“Rajaratnam”) is the co-founder and the Managing General Partner of Galleon Management, LP (“Galleon”). (Exs. A-1, ¶ 7; A-7, ¶ 7.)

5. Prior to founding Galleon, Rajaratnam worked at Needham & Co., a registered broker-dealer, for 11 years, at which time he held Series 7 and Series 24 securities licenses. (Exs. A-1, ¶ 7; A-7, ¶ 7.)

6. On January 20, 2011, the United States filed a Second Superseding Indictment (the “S2 Indictment”) against Rajaratnam in the matter U.S. v. Raj Rajaratnam, S2 09 Cr. 1184 (RJH) (“U.S. v. Rajaratnam”). (Ex. A-4.)

7. The S2 Indictment charged Rajaratnam with nine counts of securities fraud, in violation of Sections 78j(b) and 78ff of Title 15 of the United States Code, Section 2 of Title 18 of the United States Code, and Sections 240.10b-5 and 240.10b5-2 of Title 17 of the Code of Federal Regulations. (*Id.*)

8. The S2 Indictment also charged Rajaratnam with five counts of conspiracy to commit securities fraud. (*Id.*)

9. From March to April 2011, Rajaratnam was tried on the S2 Indictment before a jury in the United States District Court for the Southern District of New York, with Judge Holwell presiding over the trial. (Ex. A-6 at 1; 5649:17-19.)

10. On May 11, 2011, a jury convicted Rajaratnam of all 14 counts in the S2 Indictment. (Ex. A-5.)

11. Galleon, a Delaware limited partnership, is a registered investment adviser based in New York, New York, that, as of March 2009, had over \$2.6 billion under management. (Exs. A-1, ¶ 6; A-2, ¶ 6.)

12. Galleon was founded in 1997 and registered with the Commission in January 2006. (Exs. A-1, ¶ 6; A-2, ¶ 6.)

13. Galleon was the investment manager for several hedge funds, including, among others, Galleon Technology Offshore, Ltd., Galleon Diversified Fund, Ltd., Galleon Emerging Technology Offshore, Ltd., Galleon Buccaneers Offshore, Ltd., Galleon Explorers Offshore, Ltd., and Galleon Strategic Fund, Ltd. (Ex. A-2, ¶ 6.)

14. In the aftermath of the October 16, 2009, arrest of Rajaratnam on insider trading charges, Galleon began the process of liquidating itself and the hedge funds it advised. (Ex. A-6 at 3954:4-3956:1; 4656:14-21.)

III. Rajaratnam's Control of Certain Galleon Funds

15. Rajaratnam was the Portfolio Manager of several hedge funds for which Galleon was the investment adviser, including the Technology Offshore Fund, Technology Partners Fund, and Technology MAC Fund (collectively, the "Galleon Tech funds") and the Diversified fund. (Exs. A-1, ¶ 7; A-7, ¶ 7; Ex. A-6 at 2562:15-22.)

16. Rajaratnam controlled the trading accounts in which the Galleon Tech funds and the Diversified fund traded the stocks at issue in connection with this motion (Ex. A-6 at

2565:15-2567:12, 3363:15- 3364, 3608:1-15, 5129-5131:19, 5135:20-5138:15;² Ex. T [GX 101]), including with respect to:

- (a) Intel Corporation (Ex. A-6 at 3373:1-3383:1; Ex. C [GX 4]);
- (b) Clearwire (Ex. A-6 at 2453; 3391:10-22; Ex. G [GX 9]);
- (c) Akamai (Ex. A-6 at 2453; 3470:7-3471; Ex. Q [GX 41]); and
- (d) ATI. (Ex. A-6 at 3414-3418:23, 3422:14-3425:3, 3427:11-3428:21; Ex. N [GX 20-R].)

INSIDER TRADING BY RAJARATNAM AND GALLEON

I. Insider Trading in Intel

17. The S2 Indictment charged Rajaratnam with securities fraud on the basis that he caused the Galleon Tech and/or Diversified funds to execute transactions in the securities of Intel Corp. ("Intel") in or about April 2007 on the basis of material, nonpublic information. (Ex. A-4 ¶¶ 40-41 (Count Fourteen).)

18. Rajiv Goel testified at Rajaratnam's trial. (Ex. A-6 at 1560:7-11.)

19. Goel and Rajaratnam were close friends. (Ex. A-6 at 1571:11.)

20. Goel and Rajaratnam studied together at Wharton Business School. (Ex. A-6 at 1572:15-16.)

21. Afterwards, they kept in touch, to the point where they and their families vacationed together. (Ex. A-6 at 1572:13-18.)

² "GX" means "Government Exhibit," and refers to exhibits that the United States received in evidence in U.S. v. Rajaratnam.

22. Rajaratnam told Goel that he worked at a fund in New York called Galleon, that Rajaratnam functioned as Galleon's CEO, and that Rajaratnam was managing money at Galleon. (Ex. A-6 at 1572:19-1573:1.)

23. Goel knew that Rajaratnam traded stocks and made money for his investors. (Ex. A-6 at 1573:2-6.)

24. Rajaratnam helped Goel financially in at least three different ways. (Ex. A-6 at 1576:11.)

25. Rajaratnam lent Goel \$100,000 when Goel was buying a house in 2005. (Ex. A-6 at 1576:11-12; 1577:5-7.)

26. Goel never repaid Rajaratnam for the loan. (Ex. A-6 at 1590:20-25.)

27. Rajaratnam gave Goel \$500,000 in 2006. (Ex. A-6 at 1576:17; 1577:8-11; 1591:22-1592:14.)

28. In or around 2005, Goel asked Rajaratnam to make Goel money by trading stocks in Goel's account. (Ex. A-6 at 1576:20-25.)

29. From 2007 to 2009, Goel frequently spoke with Rajaratnam both by phone and in person. (Ex. A-6 at 1573:21-1574:3.)

30. Intel is a microprocessor manufacturer headquartered in Santa Clara, California and it is a publicly-traded company. (Ex. A-7, ¶ 34; Ex. A-6 at 1567:5-9.)

31. Goel began working at Intel in January 2000. (Ex. A-6 at 1562:17-20.)

32. Goel worked in Intel's treasury department. (Ex. A-6 at 1562:17-20.)

33. Intel's treasury department reported to Intel's Chief Financial Officer. (Ex. A-6 at 1564:6-9.)

34. As a member of Intel's treasury department, Goel worked with Intel Capital. (Ex. A-6 at 1564:12-13.)

35. Intel Capital invested money in strategic companies that would further the strategy of Intel. (Ex. A-6 at 1564:14-16.)

36. Goel's responsibility was to consider whether it made sense, financially, for Intel to participate in a deal, and how to structure such deals. (Ex. A-6 at 1564:22-24.)

37. Goel became a managing director of Intel's treasury department in approximately 2006. (Ex. A-6 at 1565:17-19.)

38. As a managing director, Goel continued to support the Intel Capital team. (Ex. A-6 at 1565:20-22.)

39. While working at Intel, Goel had access to nonpublic and confidential information about Intel. (Ex. A-6 at 1567:10-15.)

40. Goel knew, upon joining Intel, that he was obligated to keep nonpublic and confidential information that he learned while an employee of Intel, and to share such information on an as-needed basis and only if it was for the benefit of Intel. (Ex. A-6 at 1567:16-24; 1582:4-11.)

41. Goel violated his obligations with respect to nonpublic and confidential information of Intel by sharing that information in violation of the policies that were outlined to him. (Ex. A-6 at 1567:2-5.)

42. Goel shared information with Rajaratnam. (Ex. A-6 at 1568:1-10.)

43. Goel told Rajaratnam that Goel worked at Intel in the treasury department and with Intel Capital employees. (Ex. A-6 at 1573:13-18.)

44. Rajaratnam asked Goel for information about Intel. (Ex. A-6 at 1575:1-2.)

45. Rajaratnam told Goel that he was trading Intel stock. (Ex. A-6 at 1575:11-13.)
46. In violation of his obligations to Intel, Goel shared with Rajaratnam Intel earnings and financial information, as well as information regarding strategic investments that Intel was going to make. (Ex. A-6 at 1568:12-1569:10.)
47. The Intel earnings or financial information that Goel shared with Rajaratnam related to the first quarter of 2007. (Ex. A-6 at 1568:19-21.)
48. In April 2007, a colleague of Goel's in Intel investor relations, Alex Lenke, shared with Goel information about Intel's quarterly earnings for the first quarter of 2007. (Ex. A-6 at 1569:3-12.)
49. Lenke testified that in April 2007, Goel wanted to know about Intel's earnings. (Ex. A-6 at 933:4-9.)
50. Lenke told Goel information about Intel's revenue numbers and margins. (Ex. A-6 at 1647:14-18.)
51. Lenke updated Goel about Intel's business outlook. (Ex. A-6 at 1647:22-1649:5.)
52. During one of the update calls, Goel learned information that was "in kind of the opposite direction of the earlier" information. (Ex. A-6 at 1650:16-21.)
53. Goel knew that the information he received from Lenke was confidential because Intel had not yet released the information. (Ex. A-6 at 1569:13-19.)
54. Goel informed Rajaratnam as to Intel's revenue and gross margin for the first quarter of 2007. (Ex. A-6 at 1651:7-12; 1675:18-1676:1.)
55. Goel informed Rajaratnam of updates he received from Lenke. (Ex. A-6 at 1676:4-15.)

56. Goel gave the information to Rajaratnam because he and Rajaratnam were good friends. (Ex. A-6 at 1575:18-23.)

57. On April 9, 2007, approximately one week before Intel's earnings announcement, Lenke learned that Intel's quarterly revenue would be "significantly worse" than in prior years. (Ex. A-6 at 934:2-937:4; Ex. AAA [GX 1070].)

58. On April 9, 2007 at 10:15 a.m., a telephone call lasting 3 minutes was placed from a line subscribed to Goel to a line subscribed to Rajaratnam. (Ex. A [GX 2]; Ex. A-6 at 3368:13-3371:6.)

59. On April 9, 2007 at 11:21, Rajaratnam sent an instant message to Ian Horowitz ("Horowitz") that stated "short 1 million intc." (Ex. ZZ [GX 1033]; Ex. A-6 at 3371:7-3372:11.)

60. From 2006 forward, Horowitz was a trader at Galleon who traded Rajaratnam's accounts. (Ex. A-6 at 2654:5-8.)

61. Rajaratnam caused the Galleon Tech fund to sell short 1 million shares of Intel on April 9, 2007. (Ex. C [GX 4].)

62. GX 4 is a summary chart that reflects Galleon Tech and Diversified trading in Intel stock from April 9, 2007 through April 17, 2007. (Ex. C [GX 4]; Ex. A-6 at 3373:1-4.)

63. FBI Supervisory Special Agent James C. Barnacle ("Agent Barnacle") testified at Rajaratnam's trial. (Ex. A-6 at 3351:4-9.)

64. The information in summary chart GX 4 was verified by Agent Barnacle by reference to GX 150; GX 100-D; GX 308; GX 309; GX 310; and GX 333. (Ex. C [GX 4]; Ex. A-6 at 3374:7-16.)

65. GX 150 includes copies of brokerage account statements reflecting trading by Galleon hedge funds. (Ex. A-6 at 3395:8-9.)

66. GX 100-D reflects internal order management system data maintained by Galleon concerning, among other things, its purchase and sales of Intel securities. (Ex. A-6 at 3361:17-3362:21.)

67. The manager codes included on GX 100-D include manager codes indicative of trades ordered by Rajaratnam. (Ex. A-6 at 2567:8-11; 4699:21-4700:22; Ex. S [GX 78].)

68. GX 308-310 and GX 333 are order tickets concerning Galleon's trades concerning Intel stock. (Ex. NNNN [S2].)

69. Rajaratnam caused the Galleon Tech fund to sell short 150,000 shares of Intel on April 10, 2007. (Ex. C [GX 4].)

70. On April 12, 2007, Lenke learned information regarding Intel's outlook, including "good news" about gross margins, which was "a very important driver of Intel's stock price." (Ex. A-6 at 937:10-941:14; Ex. BBB [GX 1072].)

71. Lenke spoke with Goel about the earnings on April 12 or 13, and he had a specific recollection of also speaking with Goel on Monday, April 16, 2007. (Ex. A-6 at 941:15-945:24.)

72. On April 13, 2007, two telephone calls lasting a total of 11 minutes were placed from a line subscribed to Goel to a line subscribed to Lenke, including a 10 minute call beginning at 3:11 p.m. (Ex. A [GX 2]; Ex. A-6 at 3376:3-16.)

73. On April 13, 2007 at 3:21 p.m., a telephone call lasting three minutes was placed from a line subscribed to Goel to a line subscribed to Rajaratnam. (Ex. A [GX 2]; Ex. A-6 at 3376:17-23.)

74. On April 13, 2007, five minutes after his call with Goel, Rajaratnam caused the Galleon Tech fund to begin to cover its short position in Intel by buying 500,000 shares of Intel. (Exs. A, C [GX 2, 4]; Ex. A-6 at 3376:24-3377:9.)

75. During the April 16, 2007 conversation, Lenke provided Goel with information about earnings and “told [Goel] this made him an insider.” (Ex. A-6 at 943:24-944:24.)

76. On April 16, 2007, a total of six calls lasting a total of nine minutes were placed between lines subscribed to Goel and lines subscribed to Rajaratnam. (Ex. A [GX 2]; Ex. A-6 at 3378:19-3379:17.)

77. On April 16, 2007 at 1:44 p.m., a call lasting two minutes was placed from a line subscribed to Rajaratnam to a line subscribed to Horowitz. (Ex. A [GX 2]; Ex. A-6 at 3379:17-19.)

78. On April 16, 2007, Rajaratnam caused the Galleon Tech fund to cover its 650,000 short position in Intel and to buy an additional 500,000 shares. (Ex. C [GX 4]; Ex. A-6 at 3379:20-3380:11.)

79. On April 17, 2007, Rajaratnam caused the Galleon Tech and Diversified funds to purchase an additional 1,479,044 shares of Intel. (Exs. C, D [GX 4, 5]; Ex. A-6 at 3381:21-3382:7.)

80. After Intel announced its first quarter results on April 17, 2007, its stock price went up. (Ex. A-6 at 3382:8-15; Exs. OOOO, PPPP [GX 118, 1077].)

81. The Galleon funds combined profit and loss avoidance on the above trades equaled \$2,481,271, consisting of profits of \$1,598,356 and avoided losses of \$882,915. (Ex. A-6 at 3385:14-3388:11; Ex. E [GX 6].)

82. GX 6 is a summary chart that reflects Galleon Tech and Diversified profit and loss avoidance from trading Intel Stock from April 13 through April 17, 2007. (Ex. E [GX 6]; Ex. A-6 at 3385:14-20.)

83. Agent Barnacle verified the accuracy of the profit information represented in GX 6 by reference to Galleon's brokerage statements. (Ex. A-6 at 3374:7-16.)

84. The \$1,598,356 in Intel profits were calculated by Agent Barnacle by calculating the difference between the amount paid for the shares, and the price at which they were sold. (Ex. A-6 at 3386:18-3387:19.)

85. Agent Barnacle calculated the \$882,915 loss avoidance by calculating the difference between what the Intel shares were actually sold at and the opening price for Intel shares of common stock on the first trading day after April 17, 2007, the date of the announcement. (Ex. A-6 at 3387:20-3388:11.)

86. In calculating realized profits, Agent Barnacle calculated the difference between the purchase price for any given share purchase and the subsequent sale price. (Ex. A-6 at 3386:14-3387; 3511:3-8.)

87. In calculating profits on short sales, Agent Barnacle calculated the difference between the price at which any given share was sold, and the price at which covering shares were purchased. (Ex. A-6 at 3511:18-24).

88. In calculating insider trading losses avoided (in anticipation of negative announcements), Agent Barnacle calculated the difference between the amount realized in closing a given share position and the value that such position would have had after public dissemination of the relevant news. (Ex. A-6 at 3511-3512.)

89. In calculating realized profits and losses avoided, Agent Barnacle netted purchases and sales of shares against one another on a first in, first out, or FIFO, basis. (Ex. A-6 at 3387:4-19.)

II. Insider Trading in Clearwire

90. The S2 Indictment charged Rajaratnam with securities fraud on the basis that he caused the Galleon Tech and/or Diversified funds to execute transactions in the securities of Clearwire Corporation ("Clearwire") on the basis of material, nonpublic information. (Ex. A-4 ¶¶ 36-37 (Counts Six and Seven).)

91. The S2 Indictment charged that Rajaratnam caused the Galleon Tech fund to purchase 125,800 shares of Clearwire common stock on approximately March 24, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Six).)

92. The S2 Indictment charged that Rajaratnam caused the Galleon Tech fund to purchase 136,000 shares of Clearwire common stock on approximately March 25, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Seven).)

93. Clearwire builds and operates wireless broadband networks in the United States and elsewhere, is headquartered in Washington state, and is publicly traded. (Ex. A-7, ¶ 27.)

94. In 2008, Goel shared with Rajaratnam information about a strategic investment that Intel was going to make in Clearwire. (Ex. A-6 at 1568:22-1569:2.)

95. Goel learned confidential information about the Clearwire deal from a colleague of his, Sriram Viswanathan. (Ex. A-6 at 1570:15-20; 1916:23-1917:1.)

96. In March 2008, Viswanathan headed the mobility investment group for Intel Capital and was also the vice president for the WiMAX program office for Intel. (Ex. A-6 at 1914:25-1915:2.)

97. In March 2008, Viswanathan was working on the Clearwire deal. (Ex. A-6 at 1915:2-3.)

98. Goel also learned about the deal because there was general “buzz” and excitement within Intel about the deal since it was a large transaction for Intel Capital. (Ex. A-6 at 1570:21-1571:6; 1912:14-20.)

99. Goel knew the information about the Clearwire deal was confidential because Intel had not made any formal announcements or issued any press releases about the deal. (Ex. A-6 at 1571:16-21.)

100. Goel was not authorized to disclose information about the Clearwire deal to anyone outside Intel, including Galleon. (Ex. A-6 at 1341:19-25.)

101. On March 19, 2008, Goel and Rajaratnam discussed the Clearwire deal by telephone. (Ex. Z [GX 502-T]; Ex. A-6 at 1913:13-1915:24.)

102. Goel also spoke with Rajaratnam about the Clearwire deal prior to March 19, 2008. (Ex. A-6 at 1916:15-22.)

103. On the evening of March 20, 2008, Goel and Rajaratnam again discussed the Clearwire deal. (Exs. AA, BB, CC [GX 503-T, 504-T, 505-T]; Ex. A-6 at 1920:3-1952:2.)

104. Rajaratnam and Goel discussed how to value the new Clearwire entity based on certain, specific information regarding the deal, including that Intel would invest \$1 billion and receive 10 percent of the new entity. (Ex. AA [GX 503-T]; Ex. A-6 at 1922:22-1924:12.)

105. On a subsequent call between Goel and Rajaratnam on March 20, 2008, Goel informed Rajaratnam that the Intel board had approved the Clearwire deal the previous day. (Ex. BB [GX 504-T].)

106. The information that Rajaratnam and Goel discussed on the March 20 calls about the Clearwire deal was confidential. (Ex. A-6 at 1342-47; 1920:3-1935:3; 1943:8-1945:15; 1949:6-1952:2.)

107. On the next trading day, March 24, 2008, Rajaratnam caused the Galleon Tech funds to purchase 185,000 shares of Clearwire stock. (Ex. G [GX 9]; Ex. A-6 at 3394:19-3395:23.)

108. Rajaratnam caused the Galleon Tech funds to purchase 200,000 shares of Clearwire stock on March 25, 2008. (Ex. G [GX 9]; Ex. A-6 at 3394:19-3395:23.)

109. GX 9 is a summary chart that reflects trading by Rajaratnam's manager code "TMT" in Clearwire Securities allocated to Galleon Tech funds on March 24, 2008 and March 25, 2008. (Ex. G [GX 9]; Ex. A-6 at 3394:19-3395:23.)

110. The information in GX 9 was verified by Agent Barncale by reference to GX 150, 100-J, 342, 343, 344, and 345. (Ex. G [GX 9].)

111. GX 100-J reflects internal order management system data maintained by Galleon concerning, among other things, its purchase and sales of Clearwire securities. (Ex. A-6 at 3361:17-3362:21.)

112. The manager codes included on GX 100-J include manager codes indicative of trades ordered by Rajaratnam. (Ex. A-6 at 2567:8-11; 4699:21-4700:22; Ex. S [GX 78].)

113. GX 342-345 are order tickets concerning Galleon's trades in Clearwire stock. (Ex. NNNN [S2].)

114. Goel and Rajaratnam again discussed the status of the Clearwire deal on April 1, 2008. (Ex. DD [GX 514-T-R]; Ex. A-6 at 1962:10-1965:1.)

115. Goel and Rajaratnam again discussed the status of the Clearwire deal on April 15, 2008. (Ex. EE [GX 519-T]; Ex. A-6 at 1966:21-1967:13.)

116. Goel shared information about the Clearwire deal with Rajaratnam because they were good friends. (Ex. A-6 at 1575:24-1576:3.)

117. Intel's investment in the Clearwire deal was publicly announced on May 7, 2008, approximately six weeks after the charged trades. (Ex. OOO [GX 1152].)

118. Overall, the Galleon Tech funds realized illicit gains of \$851,724 on their Clearwire trading described above. (Ex. A-6 at 3396:2-10; Ex. H [GX 12].)

119. GX 12 is a summary chart that reflects Galleon Tech profit from purchases of Clearwire Stock on March 24 and 25, 2008. (Ex. A-6 at 3396:2-7; Ex. H [GX 12].)

120. Agent Barnacle calculated profit information represented in GX 12 by reference to Galleon's brokerage statements. (Ex. A-6 at 3394:1-3396:7.)

III. Insider Trading in PeopleSupport

121. The S2 Indictment charged Rajaratnam with securities fraud on the basis that he executed transactions in the securities of PeopleSupport on the basis of material, nonpublic information he obtained from a source at PeopleSupport. (Ex. A-4 ¶¶ 36-37 (Counts Eleven and Twelve).)

122. The S2 Indictment charged that Rajaratnam purchased 15,000 shares of PeopleSupport common stock on approximately July 28, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Eleven).)

123. The S2 Indictment charged that Rajaratnam purchased 30,000 shares of PeopleSupport common stock on approximately October 7, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Twelve).)

124. From 2005 to 2009, Rajaratnam traded in a brokerage account that belonged to Goel. (Ex. A-6 at 1607:16-22.)

125. PeopleSupport was a company that performed outsourcing work for other businesses. (Ex. A-6 at 1028:19-20.)

126. PeopleSupport handled call center work for its clients, meaning that it took customer service calls on behalf of its clients. (Ex. A-6 at 1028:21-24.)

127. PeopleSupport became a public company in 2004. (Ex. A-6 at 1029:6-7.)

128. At one point, Galleon was PeopleSupport's largest public investor. (Ex. A-6 at 1030:9-10.)

129. Galleon and PeopleSupport reached an agreement whereby Galleon could suggest a member for PeopleSupport's board of directors. (Ex. A-6 at 1030:14-17.)

130. Galleon reached the agreement with PeopleSupport in early 2008. (Ex. A-6 at 1031:11-13; Ex. CCC [GX 1100].)

131. Galleon's designee for the PeopleSupport board was Krish Panu. (Ex. A-6 at 1031:14-16; Exs. CCC, DDD [GX 1100, 1101].)

132. Panu sat on PeopleSupport's board for most of 2008. (Ex. A-6 at 1036:1-7; Ex. DDD [GX 1101].)

133. Panu executed a non-disclosure agreement with PeopleSupport. (Ex. A-6 at 1038:21-1039:1; 1162:11-1163:2; Ex. EEE [GX 1102].)

134. The agreement required Panu to keep PeopleSupport information confidential. (Ex. A-6 at 1039:8-24; 1163:3-1164:2; Ex. EEE [GX 1102].)

135. The agreement provided that if Panu disclosed any PeopleSupport confidential information, he could do so only to those who needed to know the information to evaluate a proposed transaction provided that the persons to whom he disclosed the information were also bound by the confidentiality restrictions of the agreement. (Ex. A-6 at 1039:25-1040:18; Ex. EEE [GX 1102].)

136. As a member of PeopleSupport's board of directors, Panu had access to all information that was shared with the board of directors, including confidential information. (Ex. A-6 at 1041:11-17.)

137. PeopleSupport had an insider trading policy in 2008. (Ex. MMM [GX 1128]; Ex. A-6 at 1043:4-1046:10.)

138. The policy prohibited PeopleSupport employees who had material non-public information about PeopleSupport from buying or selling securities of the company, or engaging in any other action to take advantage of or pass on to others that information. (Ex. MMM [GX1128]; Ex. A-6 at 1044:20-1045:5.)

139. In 2008, there were discussions at the board level of PeopleSupport regarding potentially selling the company to another company. (Ex. A-6 at 1046:12-15.)

140. In May 2008, PeopleSupport began to engage in talks with other companies about being acquired. (Ex. A-6 at 1055:4-23.)

141. PeopleSupport board members learned about these talks. (Ex. A-6 at 1055:24-1056:1.)

142. The board members could not disclose information about PeopleSupport potentially being acquired, per the PeopleSupport insider trading policy. (Ex. A-6 at 1056:2-6.)

143. Aegis, a division of an Indian company called the Essar Group, became the focus of talks about acquiring PeopleSupport. (Ex. A-6 at 1055:14-18; 1056:7-13.)

144. PeopleSupport and Aegis engaged in confidential negotiations and discussions in 2008. (Ex. A-6 at 1057:4-17.)

145. On June 30, 2008, Panu received an email with a presentation to the PeopleSupport board indicating that the board had chosen to undertake a review of a potential sale of the company. (Ex. A-6 at 1061:16-1062:23; Exs. FFF, GGG [GX 1106, 1107].)

146. PeopleSupport held a meeting of the board of directors on June 30, 2008. (Ex. HHH [GX 1108]; Ex. A-6 at 1064:4-16.)

147. Panu attended the meeting. (Ex. A-6 at 1064:17-18.)

148. The board discussed a potential acquisition by the Essar Group. (Ex. A-6 at 1064:19-23.)

149. On June 30, 2008, a total of four telephone calls lasting a total of 14 minutes were placed from a line subscribed to Panu to a line subscribed to Rajaratnam. (Ex. I [GX 14]; Ex. A-6 at 3401:14-3403:23.)

150. On July 2, 2008, either Mr. Rajaratnam or someone working for him or at his behest purchased 15,000 shares of PeopleSupport in Goel's Charles Schwab account. (Ex. PPP [GX 1278]; Ex. A-6 at 1978:25-1979:20; 3404:1-8.)

151. PeopleSupport was headquartered in California. (Ex. A-6 at 1116:23-1117:1.)

152. Krish Panu was the head of a Galleon fund based based out of Galleon's California office. (Ex. A-6 at 2621:16-17.)

153. From July 21 to July 25, 2008, a total of five calls lasting a total of 89 minutes were placed from a line subscribed to Galleon's California office to a line subscribed to Rajaratnam. (Ex. I [GX 14]; Ex. A-6 at 3406:19-3407:5.)

154. PeopleSupport held a board meeting on July 28, 2008. (Ex. III [GX 1113]; Ex. A-6 at 1067:6-9.)

155. Panu attended the board meeting. (Ex. III [GX 1113]; Ex. A-6 at 1067:6-11.)

156. At the board meeting, details for a deal between PeopleSupport and Aegis were discussed, including the anticipated date for signing the deal and announcing it to the public. (Ex. III [GX 1113]; Ex. A-6 at 1068:2-23.)

157. Panu was obligated to keep this information confidential. (Ex. A-6 at 1069:5-15.)

158. On July 28, 2008, a call lasting seven minutes was placed from a line subscribed to Panu to a line subscribed to Rajaratnam. (Ex. I [GX 14]; Ex. A-6 at 3406:1-9.)

159. On July 28, 2008, either Mr. Rajaratnam or someone working for him or at his behest purchased 15,000 shares of PeopleSupport in Goel's Charles Schwab account. (Ex. QQQ [GX 1279]; Ex. A-6 at 1979:21-1981:10; 3406:12-14.)

160. On July 30, 2008, Rajaratnam and Goel spoke by telephone. (Ex. GG [GX 539-T]; Ex. A-6 at 1983:25-1986:21.)

161. Rajaratnam told Goel that "the Ruias made a firm bid now . . . [i]n the amount, 12.25." (Ex. GG [GX 539-T at 2:37-41].)

162. The Ruias were the chairman and vice chairman and principal owners of the Essar Group. (Ex. A-6 at 1075:3-7.)

163. The information that Rajaratnam disclosed to Goel was confidential. (Ex. A-6 at 1176:2-5.)

164. No one on the PeopleSupport board of directors could trade based on that information or provide it to someone at Galleon so that Galleon could trade on it. (Ex. A-6 at 1176:6-1177:8.)

165. The deal between PeopleSupport and Aegis was announced on August 4, 2008. (Ex. X [GX 117]; Ex. A-6 at 1073:6-20.)

166. Goel estimated he made approximately \$103,000 from the sale of the 30,000 PeopleSupport shares on August 11, 2008. (Ex. A-6 at 1988:10-1989:7.)

167. Consistent with Goel's estimate, Agent Barnacle calculated Goel's profits as \$102,143. (Ex. A-6 at 3408:10-16; Exs. J, PPP-RRR [GX 16, 1278-1280].)

168. GX 16 is a summary profit calculation concerning the PeopleSupport Trading done in Goel's account in August of 2008. (Ex. J [GX 16].)

169. Agent Barnacle used GX 1278-1280 to verify the accuracy of GX 16. (Ex. J [GX 16].)

170. GX 1278-1280 are Goel brokerage account statements for July and August of 2008. (Exs. PPP-RRR [GX 1278-1280].)

171. In October 2008, the Essar Group contacted PeopleSupport and told PeopleSupport that it needed an extra two weeks to close the deal between Aegis and PeopleSupport, due to liquidity problems in the economy. (Ex. A-6 at 1079:19-23.)

172. PeopleSupport announced this information to the public on the morning of October 7, 2008, causing its stock price to drop. (Ex. A-6 at 1079:25-1080:3; 1092:6-1094:7; Exs. JJJ, Y [GX 1120, 120].)

173. PeopleSupport worked out a revised agreement with the Essar Group and a revised closing schedule by the end of the day on October 7, 2008. (Ex. A-6 at 1080:6-11; 1094:8-14; Exs. KKK, NNN [GX 1121, 1135].)

174. All of the information about the trouble closing the deal with Essar Group was conveyed to the PeopleSupport board of directors, including Panu. (Ex. A-6 at 1080:12-17; 1089:25-1090:3; 1094:8-14; Ex. LLL [GX 1127].)

175. All of the developments about the trouble closing the deal with Essar Group that occurred during the day on October 7, 2008 were confidential. (Ex. A-6 at 1080:18-1081:3; 1098:18-1099:9.)

176. The following day PeopleSupport's stock price went back up. (Ex. A-6 at 1081:6-8; Ex. Y [GX 120].)

177. On October 6, 2008, at least one call lasting at least two minutes was placed between a line subscribed to Panu and a line subscribed to Rajaratnam. (Ex. K [GX 17]; Ex. A-6 at 3409:11-3411:4.)

178. On October 7, 2008 at 12:27 p.m., a call lasting 10 minutes was placed from a line subscribed to Galleon to a line subscribed to Panu. (Ex. K [GX 17]; Ex. A-6 at 3411:16-17.)

179. On October 7, 2008, at 1:46 p.m., Rajaratnam and Goel spoke by phone. (Ex. KK [GX 654-T-G].)

180. Rajaratnam told Goel about the delay in PeopleSupport closing the deal with the Essar Group and said "[w]e know because one of our guys is on the board." (Ex. KK [GX 654-T-G at 1:31-43]; Ex. A-6 at 1101:24-1102:25.)

181. Rajaratnam also told Goel that he bought shares of PeopleSupport in Goel's Charles Schwab account. (Ex. KK [GX 654-T-G at 2]; Ex. A-6 at 1103:11-1105:13.)

182. On October 7, 2008, Rajaratnam purchased 30,000 shares of PeopleSupport in Goel's Charles Schwab account. (Ex. A-6 at 1991:15-1992:16; 3412:16-20; Exs. L, M, KK, SSS [GX 18, 19, 654-T-G, 1281].)

183. Goel estimated he made approximately \$50,000 in profit from the October 9 sale of the 30,000 PeopleSupport shares purchased on October 7, 2008. (Ex. A-6 at 1999:8-21.)

184. Consistent with Goel's estimate, Agent Barnacle calculated Goel's profit as \$49,806. (Ex. A-6 at 3412:14-3413:6; Exs. L, M [GX 18, 19].)

185. GX 19 is a summary profit calculation concerning Rajiv Goel's PeopleSupport Trading. (Ex. M [GX 19].)

186. Agent Barnacle used GX 1281 and 1282 to verify the accuracy of the information in GX 19. (Ex. M [GX 19].)

187. GX 1281 and GX 1282 are Goel's October 2008 brokerage account statements. (Exs. SSS, TTT [GX 1281, 1282].)

IV. Insider Trading in Akamai Securities

188. The S2 Indictment charged Rajaratnam with securities fraud on the basis that he caused the Galleon Tech and/or Diversified funds to execute transactions in the securities of Akamai on the basis of material, nonpublic information he obtained from Danielle Chiesi. (Ex. A-4 ¶¶ 36-37 (Counts Eight, Nine and Ten).)

189. The S2 Indictment charged that Rajaratnam caused the Galleon Tech fund to sell short 138,550 shares of Akamai common stock on approximately July 25, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Eight).)

190. The S2 Indictment charged that Rajaratnam caused the Galleon Tech fund to sell short 173,300 shares of Akamai common stock on approximately July 29, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Nine).)

191. The S2 Indictment charged that Rajaratnam caused the Galleon Tech fund to sell short 86,650 shares of Akamai common stock and to sell 1,400 Akamai put options on approximately July 30, 2008 on the basis of material, nonpublic information. (Ex. A-4 ¶ 37 (Count Ten).)

192. Akamai Technology is a company that accelerates content and application delivery over the internet. (Ex. A-6 at 3217:14-16.)

193. Akamai is a public company. (Ex. A-6 at 3218:2-3.)

194. Prior to the time that Akamai reports earnings results to the public, they are confidential. (Ex. A-6 at 3218:16-19.)

195. Akamai has a code of conduct that prohibits employees from insider trading on material, nonpublic information about Akamai and selectively disclosing such information to select individuals or groups. (Ex. A-6 at 3218:22-3223:4; Ex. LLLL [GX 2608].)

196. Kieran Taylor was an Akamai employee from at least November 2005 to late 2009. (Ex. A-6 at 3224:8-15.)

197. Taylor received the Akamai code of conduct. (Ex. EEEE [GX 2544]; Ex. A-6 at 3223:5-19.)

198. In the summer of 2008 Taylor was the senior director of marketing for Akamai. (Ex. A-6 at 3224:16-18.)

199. Taylor was acquainted with Danielle Chiesi. (Exs. FFFF, GGGG [GX 2545, 2546]; Ex. A-6 at 3225:15-3227:11.)

200. In April 2008, Taylor was reminded by his boss at Akamai about his responsibilities not to give material nonpublic information to anyone in the investor community. (Ex. A-6 at 3234:4-3237:23; Exs. HHHH, IIII [GX 2557, 2558].)

201. From time to time while he worked at Akamai, Taylor learned nonpublic financial information about the company. (Ex. A-6 at 3225:5-7; 3243:9-3249:6; Ex. KKKK [GX 2566].)

202. By July 17, 2008, according to a draft earnings call script, Akamai expected to lower its revenue guidance for 2008. (Ex. CCCC [GX 2502 at 10]; Ex. A-6 at 3253:23-3256:13.)

203. This information was confidential as of July 17, 2008. (Ex. A-6 at 3256:10-13.)
204. During the week of July 23, 2008, Taylor had meetings with employees of Akamai who knew about the upcoming downward guidance. (Exs. DDDD, MMMM [GX 2507, 2614-B]; Ex. A-6 at 3260:8-3264:17; 3266:4-3272:8.)
205. On July 24, 2008, a total of three calls lasting a total of 30 minutes were placed between lines subscribed to Chiesi and lines subscribed to Taylor, including, at 8:52 p.m., a call lasting 15 minutes. (Ex. P [GX 39]; Ex. A-6 at 3469:3-19.)
206. On July 24, 2008, Chiesi spoke to Rajaratnam by phone at 9:18 p.m. (Ex. FF [532-T].)
207. Chiesi told Rajaratnam that Akamai was going to guide down and that internal people at Akamai expected the company's stock price would drop to \$25 per share. (Ex. FF [GX 532-T at 1:26-43].)
208. On July 25, 2008, Rajaratnam caused the Galleon Tech fund to sell short 200,000 shares of Akamai. (Ex. Q [GX 41]; Ex. A-6 at 3471:9-3472:2.)
209. GX 41 is a summary chart that reflects Galleon Tech's trading in Akamai securities from July 25, 2008 through July 30, 2008. (Ex. A-6 at 3470:7-11; 3471:9-3472:2.)
210. The information in GX 41 was verified by Agent Barnacle by reference to GX 150; GX 100-F; and GX 103-A. (Ex. Q [GX 41].)
211. GX 100-F reflects internal order management system data maintained by Galleon concerning, among other things, its purchase and sale of Akamai securities. (Ex. A-6 at 3361:17-3362:21.)
212. The manager codes included on GX 100-F include manager codes indicative of trades ordered by Rajaratnam. (Ex. A-6 at 2567:8-11; 4699:21-4700:22; Ex. S [GX 78].)

213. GX 103-A reflects internal order management system data maintained by Galleon concerning, among other things, its purchase and sale of Akamai securities. (Ex. A-6 at 3361:17-3362:21.)

214. The manager codes included on GX 103-A include manager codes indicative of trades ordered by Rajaratnam. (Ex. A-6 at 2567:8-11; 4699:21-4700:22; Ex. S [GX 78].)

215. On July 29, 2008, Rajaratnam caused the Galleon Tech fund to sell short 250,000 shares of Akamai. (Ex. Q [GX 41]; Ex. A-6 at 3471:9-3472:2.)

216. On July 30, 2008, Rajaratnam caused the Galleon Tech fund to sell short 125,000 shares of Akamai. (Ex. Q [GX 41]; Ex. A-6 at 3471:9-3472:2.)

217. On July 30, 2008, Rajaratnam caused the Galleon Tech fund to buy 2,000 Akamai put options. (Ex. Q [GX 41]; Ex. A-6 at 3471:9-3472:2.)

218. On July 30, 2008, after the close of trading, Akamai publicly announced that it was lowering its guidance for 2008. (Ex. A-6 at 3279:10-3280:23; Ex. JJJJ [GX 2562].)

219. Akamai's share price declined after the announcement. (Ex. A-6 at 3281:25-3282:1; Exs. V, W [GX 116, 116T].)

220. On July 30, 2008, Chiesi spoke to Rajaratnam by phone. (Ex. HH [GX 543-T].)

221. Rajaratnam thanked Chiesi. (Ex. HH [GX 543-T at 1:19].)

222. On August 27, 2008, Chiesi spoke to Rajaratnam by phone. (Ex. II [GX 594-T-R].)

223. Rajaratnam told Chiesi "[o]n Akamai, or IBM, anything, be radio silent." (Ex. II [GX 594-T-R at 3:4-5].)

224. On September 9, 2008, Chiesi spoke to Taylor by phone. (Ex. LL [GX 698-T].)

225. Chiesi and Taylor discussed Akamai and AMD. (Ex. LL [GX 698-T].)

226. On September 23, 2008, Chiesi spoke to Rajaratnam by phone. (Ex. JJ [GX 625-T-R].)

227. Rajaratnam told Chiesi, "I must defer to you on IBM." Chiesi responded, "And Akamai too." Rajaratnam responded, "Akamai too" (Ex. JJ [GX 625-T-R at 4:17-22].)

228. On October 10, 2008, Chiesi spoke to Taylor by phone. (Ex. MM [GX 703-T].)

229. Taylor told Chiesi that he had a "major present" for her and that the present was information. (Ex. MM [GX 703-T at 4:3, 11].)

230. At the time of the call, Taylor had learned material nonpublic information about something that Akamai was working on. (Ex. A-6 at 3289:15-3290:20.)

231. Overall, the Galleon Tech funds realized illicit gains of \$5,139,851, in connection with the Akamai trading described above. (Ex. A-6 at 3473:16-25; Ex. R [GX 44].)

232. GX 44 is a summary chart that reflects Galleon Tech profits from trading in Akamai securities beginning on July 25, 2008. (Ex. A-6 at 3473:16-20; Ex. R [GX 44].)

233. GX 44 was verified by Agent Barnacle by reference to GX 150. (Ex. R [GX 44].)

234. Agent Barnacle did not include in his profit calculations for Galleon Tech profits any profits from any pre-existing short position held by Galleon Tech. (Ex. A-6 at 3473:21-25.)

V. Insider Trading in ATI

235. The S2 Indictment charged Rajaratnam with securities fraud on the basis that he caused the Galleon Tech and/or Diversified funds to execute transactions in the securities of ATI from in or about March 2006 to in or about July 2006 on the basis of material, nonpublic information. (Ex. A-4 ¶¶ 38-39 (Count Thirteen).)

236. Anil Kumar worked at McKinsey & Company, an international management consulting firm, for twenty-three and a half years, from approximately 1986 to 2009. (Ex. A-6 at 232:11-236:4; 241:6-7.)

237. From 2002 to 2008, Kumar worked in McKinsey's global outsourcing and offshoring practice, which helped its clients decide where they should do manufacturing, research and other functions, and then in McKinsey's practice on globalization. (Ex. A-6 at 235:15-236:4.)

238. McKinsey had a code of professional responsibility that required its employees to protect the confidentiality of client information. (Ex. A-6 at 273:4-274:24; Ex. OO [GX 751].)

239. Kumar also signed a confidential information agreement with McKinsey that he would not make unauthorized disclosures of confidential client information. (Ex. A-6 at 275:10-277:7; Ex. NN [GX 750].)

240. AMD is a semiconductor company that makes chips that go into laptops and PCs. (Ex. A-6 at 280:14-16.)

241. AMD had an agreement with McKinsey that McKinsey would keep AMD's information confidential. (Ex. A-6 at 281:11-282:24; Ex. PP [GX 754].)

242. From 2004 to 2009, AMD was a client of Kumar's. (Ex. A-6 at 287:22-288:15.)

243. Kumar met Rajaratnam in business school in approximately 1982. (Ex. A-6 at 250:8-10.)

244. From approximately 1983 to 1993, Rajaratnam and Kumar met once or twice a year. (Ex. A-6 at 251:9-19.)

245. Kumar was aware that Rajaratnam founded the Galleon hedge fund. (Ex. A-6 at 252:7-16.)

246. From 1999 to 2003, Kumar spoke with Rajaratnam three to four times a year. (Ex. A-6 at 255:5-16.)

247. On behalf of McKinsey, Kumar sought to provide services to Galleon in 2002. (Ex. A-6 at 257:11-19.)

248. In late 2003, Rajaratnam offered to retain Kumar as a consultant outside of McKinsey for a half million dollars a year. (Ex. A-6 at 263:18-264:9.)

249. Kumar agreed to the arrangement after discussions with Rajaratnam. (Ex. A-6 at 264:17-18.)

250. Rajaratnam suggested to Kumar to find someone in India who could accept the payments and who could reinvest the money in Galleon. (Ex. A-6 at 266:1-4.)

251. Kumar found someone who signed the consulting agreement with Rajaratnam. (Ex. A-6 at 266:16-18.)

252. An employee of Rajaratnam set up the entity Pecos Trading Company with a bank account in Switzerland to receive the money. (Ex. A-6 at 266:21-267:7.)

253. Kumar used the name of his housekeeper, Manju Das, to set up an off-shore account at Galleon. (Ex. A-6 at 267:12-271:24; Ex. UUU [GX 2105].)

254. In exchange, Rajaratnam asked Kumar to keep track of his knowledge in the industry and share it with Rajaratnam, and to keep a list of ideas that Kumar heard and chat with Rajaratnam about what he had seen once a month or every six weeks. (Ex. A-6 at 271:25-272:16.)

255. In 2004 and 2005, Kumar received a total of \$1.1 to \$1.2 million dollars from Rajaratnam. (Ex. A-6 at 283:3-20, 325:22-333:25, 337:3-342:10; Exs. QQ, RR, SS, VVV-BBBB [GX 764, 766, 767, 2119- 2125].)

256. In or around December 2005, Rajaratnam told Kumar that Kumar's advice was not as valuable because Kumar was not able to get Rajaratnam the detailed quarterly financial results that Rajaratnam wanted from either AMD or Kumar's other clients, and Rajaratnam wanted to move to an arrangement whereby he monitored the benefit of what Kumar told him. (Ex. A-6 at 341:18-342:24.)

257. In 2006, Kumar told Rajaratnam that he would prefer that at the end of the year Rajaratnam decide, in Rajaratnam's judgment, whether there was any value to Kumar's information and what to pay Kumar. (Ex. A-6 at 345:2-12.)

258. In September 2005, AMD began to look for a way to partner with another company that specialized in graphics chips. (Ex. A-6 at 346:12-347:2.)

259. Kumar signed a non-disclosure agreement with AMD concerning the prospect of AMD's partnering with a graphics chip company. (Ex. A-6 at 347:12-349:20; Ex. VV [GX 805].)

260. ATI was a leading graphics chip company. (Ex. A-6 at 345:24-346:5.)

261. Kumar told Rajaratnam that AMD was considering partnering with a graphics company, including potentially ATI. (Ex. A-6 at 350:2-20.)

262. By December 2005, McKinsey was proposing to help AMD approach ATI about a possible combination. (Ex. A-6 at 350:21-353:12; Ex. YY [GX 846].)

263. In late December 2005, AMD opened a dialogue with ATI. (Ex. A-6 at 354:9-10; Ex. WW [GX 809].)

264. Kumar told Rajaratnam that AMD was in early discussions with ATI. (Ex. A-6 at 354:21-355:3.)

265. Kumar told Rajaratnam that a potential deal between AMD and ATI should not be discussed with anyone. (Ex. A-6 at 355:4-9.)

266. From September 2005 to July 2006, Kumar spoke to Rajaratnam about the AMD/ATI deal approximately once a month. (Ex. A-6 at 356:9-357:1; 362:11-15.)

267. Kumar updated Rajaratnam about the potential timing for the deal. (Ex. A-6 at 360:23-361:15.)

268. Kumar told Rajaratnam when the deal became fifty percent certain. (Ex. A-6 at 362:16-362:24.)

269. Kumar told Rajaratnam that AMD was going to pay more than \$20 per share for ATI. (Ex. A-6 at 366:19-367:1.)

270. In May 2006, Kumar told Rajaratnam that AMD's management was very keen to do the deal and had a lot of latitude as to how much AMD could pay for ATI. (Ex. A-6 at 373:15-374:4.)

271. The deal between ATI and AMD was publicly announced on July 24, 2006. (Ex. A-6 at 384:24-386:6; Ex. UU [GX 801].)

272. After the deal was announced, ATI's stock price rose from roughly \$16 to just under \$20. (Ex. U [GX 110]; Ex. A-6 at 386:7-387:6.)

273. After the deal was announced, Kumar spoke to Rajaratnam, and Rajaratnam thanked him, saying "That was fantastic. We are all cheering you right now." (Ex. A-6 at 387:7-16.)

274. After Thanksgiving 2006, Rajaratnam told Kumar that he was going to give him \$1 million. (Ex. A-6 at 387:17-388:3.)

275. Kumar asked Rajaratnam to send the money to an account that Kumar maintained in an Indian bank, which Rajaratnam did. (Ex. A-6 at 389:8-391:15; Ex. TT [GX 772].)

276. Kumar believed that Rajaratnam paid him \$1 million because Kumar told him about the ATI deal. (Ex. A-6 at 907:3-5.)

277. In 2006, Adam Smith was a portfolio manager at Galleon. (Ex. A-6 at 2443:15-23.)

278. In 2006, Kamal Ahmed was an investment banker with Morgan Stanley covering semiconductor companies. (Ex. A-6 at 1856:7-13, 2573:7-8.)

279. In May 2006, Smith spoke with Ahmed, and Ahmed told Smith that there was a deal underway for AMD to purchase ATI. (Ex. A-6 at 2573:9-2574:2.)

280. Smith knew that Ahmed was a senior banker in the semiconductor area and that Ahmed was likely to have knowledge of the deal even if he was not directly involved in it. (Ex. A-6 at 2574:9-18.)

281. Smith knew that Ahmed was not authorized to tell Smith about the AMD/ATI deal. (Ex. A-6 at 2576:7-10.)

282. Smith had worked at Morgan Stanley and knew that Morgan Stanley's code of conduct instructed employees not to communicate information like the information about the AMD/ATI deal outside the company, and that this information was material, non-public information because it related to an impending merger. (Ex. A-6 at 2576:11-18.)

283. After Smith spoke to Ahmed, Smith told Rajaratnam that Smith had met with Ahmed and heard about the ATI/AMD deal. (Ex. A-6 at 2580:15-2581:5.)

284. Rajaratnam purchased shares of ATI in March 2006. (Ex. A-6 at 3416:9-11; Ex. N [GX 20-R].)

285. GX 20-R is a summary chart indicating Galleon Tech and Diversified daily closing positions in ATI technologies stock from January 1, 2006 through July 28, 2006. (Ex. A-6 at 3414:4-20; 5136:20-5137:14.)

286. Rajaratnam took a position as large as 3.4 million shares in ATI in March 2006. (Ex. A-6 at 3416:12-16; Ex. QQQQ [GX 20].)

287. In mid-May 2006, Rajaratnam held a position of just under 4 million shares of ATI. (Ex. A-6 at 3422:14-18; Ex. QQQQ [GX 20].)

288. By the end of May 2006, Rajaratnam increased his position in ATI to 5 million shares. (Ex. A-6 at 3423:17-23; Ex. QQQQ [GX 20].)

289. Shortly before July 24, 2006, Rajaratnam held a position of approximately 5.4 million shares of ATI. (Ex. A-6 at 3424:25-3425:3; Ex. QQQQ [GX 20].)

290. Overall, the Galleon funds realized illicit gains of \$22,938,866 in connection with the ATI trading described above. (Ex. A-6 at 3425:19-3426:11; Ex. O [GX 21].)

291. GX 21 is a summary chart that reflects Galleon Tech and Diversified profit realized on securities of ATI held at the time of AMD's acquisition of ATI on July 24, 2006. (Ex. O [GX 21]; Ex. A-6 at 3426:2-9.)

292. GX 21 was verified by Agent Barnacle by reference to GX 150. (Ex. A-6 at 3374:7-16.)

VI. Certain Additional Conduct Relevant to Penalties

293. Rajartanam created false email trails containing alternative justifications for trading securities. (Ex. A-6 at 2630-31, 2636-40).

294. In order to prevent detection, Rajaratnam instructed Smith and Chiesi to both buy and sell securities when in possession of inside information to create the false impression of not having inside information. (Ex. A-6 at 2641-2646; Ex. II [GX 5940T-R at 2:8-39]).

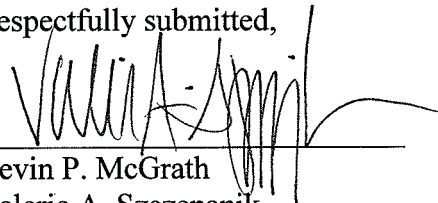
295. On June 7, 2007, Rajaratnam testified before the SEC under oath. (Ex. RRRR)

296. During that testimony, Rajaratnam was asked whether he had any reason to believe that AMD was going to acquire ATI before the announcement. (Ex. RRRR at 114.)

297. Rajaratnam replied that he did not. (*Id.*)

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Respectfully submitted,



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