

Exhibit A-6

Part Three

1308RAJ1 Goel - direct Page 1936

1 Is that a transcript of a conversation on March 20,
2 2008, six minutes after the conversation we just reviewed in
3 503T -- I'm sorry, five minutes after?
4 A. If 9:06 was the start time, yes, it was less than five
5 minutes away, because this call would have taken a couple of
6 minutes I guess, the first call.
7 Q. The first call 503T?
8 A. 503T must have taken a couple of minutes. Yes, it's within
9 five minutes.
10 Q. 504T in front of you, prior to coming to court today did
11 you review it to identify the participants speaking and what
12 they were saying and the accuracy of the conversation in the
13 transcript?
14 A. Yes, sir.
15 MR. BRODSKY: I think this one may also be in
16 evidence, but we offer it.
17 (Government's Exhibits 504 and 504T received in
18 evidence)
19 MR. BRODSKY: Can we publish it?
20 THE COURT: Yes.
21 Q. Mr. Goel, this is the call on March 20, 2008, at 9:11 p.m.,
22 between you and Mr. Rajaratnam, on 504T?
23 A. Yes, it is.
24 Q. At the beginning of the call, you say, "What else is going
25 on?"

1308RAJ1 Goel - direct Page 1937

1 Mr. Rajaratnam says, "You know I'm focused now, you
2 know."
3 You see that?
4 A. Yes, I do.
5 Q. When you listened to the call, is that how the call
6 started, this call at 9:11 p.m., the recording?
7 A. Could you repeat that?
8 Q. On line 17, is that how this recording started at 9:11
9 p.m., the unintelligible word, and then, "You know, I'm focused
10 now, you know?"
11 A. That is the way I heard the call.
12 Q. You then ask on line 19, "What else is going on?" Do you
13 see that?
14 A. Yes, sir.
15 Q. On line 23 and 24, you say, "Hey, get me a job with one of
16 your powerful friends, man. I'm tired of this company."
17 Do you see that?
18 A. Yes, sir.
19 Q. What did you mean you were tired of this company?
20 A. I had been working there for a few years, and I was looking
21 for something in greener pastures.
22 Q. Did you discuss frustrations you had at Intel with Mr.
23 Rajaratnam?
24 A. Occasionally, yes.
25 Q. On line 23, when you say, "Hey, get me a job with one of

1308RAJ1 Goel - direct Page 1938

1 your powerful friends," did you ask Mr. Rajaratnam for
2 assistance to help you get a job with one of his powerful
3 friends?
4 A. We were friends, Mr. Brodsky. We spoke freely, you know.
5 I don't know if there is a substantive meaning associated with
6 this comment, but it was just a friendly chitchat relating to
7 this aspect of the conversation.
8 Q. Two days ago we saw an e-mail communication where you were
9 taking a trip to New York on or about November 28, 2006. Do
10 you remember that?
11 A. Yes, sir, I do.
12 Q. The e-mail referenced Mark and Rajat and Parag?
13 A. Yes, sir.
14 Q. Did you have a meeting with any one of those three
15 individuals when you came to New York?
16 A. I recall we had a drink after hours in New York.
17 Q. What did the discussion relate to?
18 A. I do not recall, sir.
19 (Continued on next page)
20
21
22
23
24
25

1307RAJ2 Goel - direct Page 1939

1 BY MR. BRODSKY:
2 Q. Did you have any conversations with -- and the Parag in
3 that e-mail, who did that refer to?
4 A. Mr. Parag Saxena.
5 Q. Did you have any discussions in the future with Mr. Saxena
6 about a potential job?
7 A. I don't know if it was after that meeting or before that
8 meeting, but, yes, I met Mr. Parag Saxena in Palo Alto as well,
9 in addition to the meeting in New York.
10 Q. Did it relate to a potential job?
11 A. Yes, sir.
12 Q. What was the potential job?
13 A. Mr. Saxena and Mr. Rajaratnam, Mr. Gupta and Mark, I forget
14 his last name, they were contemplating setting up a fund to
15 make investments in Asia. This was -- if I recall correctly,
16 this was a fund which would make public investments as well as
17 private investments, and Mr. Rajaratnam and I spoke about the
18 possibility of maybe I could explore joining them on the
19 private side, explore, but that is what the opportunity was.
20 Q. Do you recall whether that new fund had a name?
21 A. Eventually it became NSR. I forget what they were
22 contemplating at that point in time.
23 Q. Did you say NSR?
24 A. NSR, New Silk Route.
25 Q. Were you ever invited to join NSR or New Silk Route?

1307RAJ2 Goel - direct Page 1940

1 A. No, sir, I was not. I presume when you said was I invited,
2 was an offer made to me?
3 Q. Yes, was an offer made to you.
4 A. No, sir.
5 MR. BRODSKY: At this time, your Honor, I would like
6 to play 504-T.
7 THE COURT: Proceed.
8 (Audiotape played)
9 MR. BRODSKY: We can stop it there. Can we jump to 3
10 minutes and 52 seconds.
11 (Audiotape played)
12 MR. BRODSKY: If we can stop for a moment.
13 Q. Mr. Goel, what were you talking about sending to him?
14 A. In which line, sir?
15 Q. If you go to page 5, line 23 to 24, you say, "Will you read
16 something if I send it to you?" And then on line 37 you say,
17 "It's basically the write-up that got me the award."
18 A. Yes. Yes, sir.
19 Q. What were you talking about sending him?
20 A. I was talking about a write-up, a nomination that my
21 manager wrote nominating me to get the Intel Achievement Award
22 for the transaction that I had done.
23 Q. Do you have 1046 for identification in front of you?
24 A. Yes, sir, I do.
25 Q. What is that?

1307RAJ2 Goel - direct Page 1941

1 A. That is an e-mail from me to Mr. Rajaratnam.
2 Q. What's the date of the e-mail?
3 A. It's march 20, 2008.
4 Q. Same day as the phone call we were just listening to?
5 A. Yes, sir. The time is different.
6 Q. Is the time in Pacific time?
7 A. Yes, that would be from my computer, yes.
8 Q. So, on the time of the 1046 for identification it says what
9 time?
10 A. 1046 is at 8:06 p.m. That's 11:06 I guess New York.
11 Q. 11:06 p.m.?
12 A. Eastern Standard Time.
13 MR. BRODSKY: Your Honor, we offer 1046.
14 MR. LYNAM: No objection, your Honor.
15 THE COURT: Admitted.
16 (Government's Exhibit 1046 received in evidence)
17 Q. So, Mr. Goel, the e-mail on the bottom is from you to
18 Mr. Rajaratnam, correct?
19 A. Yes.
20 Q. And that's what you were saying, March 20, 2008 at 8:06
21 p.m. is really 11:06 p.m. New York time?
22 A. That would be, yes, that's correct.
23 Q. And here the subject line says "FW: Smart IAA."
24 What did that mean?
25 A. The IAA is Intel Achievement Award. And Smart is the name

1307RAJ2 Goel - direct Page 1942

1 of the company in which I had executed this transaction,
2 relating to the company that I executed the transaction for.
3 Q. The e-mail above it is an e-mail from your Intel address to
4 your Hotmail address. Do you see that?
5 A. Yes, sir, I do.
6 Q. What is that?
7 A. I was just sending myself a copy of that.
8 Q. And the attachment, if we could just go to the first page.
9 The attachment relates to the award that you won?
10 A. I'm sorry. This was the nomination for the award.
11 Q. The nomination.
12 A. Yes.
13 Q. If we can turn back to the transcript on page -- before we
14 do that.
15 Mr. Rajaratnam on page 7, do you see in the
16 transcript, said, "You should not have any expectations of
17 financial rewards but a lot of psychic rewards."
18 Did you have an understanding of what he was saying
19 there?
20 A. Yes, sir, I do.
21 Q. What was he saying?
22 A. He was telling me that you made all this money but you
23 shouldn't have any expectations of getting anymore monetary
24 awards but more psychic rewards from Intel. That's what he is
25 saying. I made a lot of money for Intel in this transaction.

1307RAJ2 Goel - direct Page 1943

1 Q. But you didn't receive any money in return.
2 A. Marginal amounts.
3 Q. Can we turn to page 8. Restart the recording at line 10.
4 (Audiotape played)
5 MR. BRODSKY: Let me back up just a little bit and
6 start again.
7 (Audiotape played)
8 Q. Mr. Goel, let me further direct your attention on page 8 to
9 the lines 12 and 13. You say, "If I hear anything about Intel
10 or...or even about that...you know...the deal, I'll give you
11 ..."
12 Do you see that?
13 A. Yes, I do.
14 Q. And then Mr. Rajaratnam says, "April 1st, right?"
15 You say, "Huh?"
16 Mr. Rajaratnam says, "April 1st, right?"
17 And then you say "Yeah, but you know, these deals...
18 don't hold me to that date..."
19 What did you mean when you said, "Don't hold me to
20 that date"?
21 A. The Clearwire transaction, that is what I'm referring to
22 over here, don't hold me to that date, as to the closure of
23 that transaction, closure, signing a press release, etc.
24 Q. And on line 22 you say, "Because these deals, they're so
25 complex. And every (UI) there's so many parties involved.

1307RAJ2 Goel - direct Page 1944

1 They will all have their say."
2 Do you see that?
3 A. Yes, I do.
4 Q. What did you mean by "because these deals are so complex,
5 there are so many parties involved, they will all have their
6 say"?"
7 A. In our previous conversation we spoke about who the
8 investors were or were going to be in Clearwire, which included
9 Comcast, Sprint obviously, Google, Time Warner, so on and so
10 forth. These were all strategic investors. They all had their
11 own reasons, strategy reasons, strategic reasons to make that
12 investment, and whenever we have strategic investments people
13 want different kinds of terms and different kinds of treatment,
14 so they want to have their own side agreements, business
15 contracts. It becomes very complex, and that is what I'm
16 referring to in this piece of the conversation.
17 Q. And then on lines 33 and 34, after Mr. Rajaratnam said "But
18 the April 1st is the cable show, they might want to announce it
19 then," what's your understanding of what Mr. Rajaratnam meant
20 when he said "but the April 1st is the cable show"? What was
21 the cable show?
22 A. So, that -- I do not recall the exact name of the cable
23 show, but there was a cable show for April 1st.
24 Q. What do you mean by cable show?
25 A. It's a communication cable show, and cable companies come

1307RAJ2 Goel - direct Page 1945

1 together and make announcements, show their wares, so to speak.
2 Q. By wares you mean show their products?
3 A. Yes.
4 Q. Lines 33 and 34 you say again, "But all I'm saying is don't
5 hold me to that date." Do you see that?
6 A. Yes, sir.
7 Q. And then on line 39 you say, "But yesterday our board
8 approved this deal."
9 Do you see that?
10 A. Yes, sir, I do.
11 Q. What board were you talking about that approved this deal?
12 A. I was talking about the Intel Corporation board.
13 Q. Was the fact that the Intel Corporation board of directors
14 approved this deal confidential or public information?
15 A. Very confidential, sir.
16 Q. Very confidential. Your disclosure of the Intel board of
17 directors' approval of the deal to Mr. Rajaratnam, was that a
18 violation of your obligations at Intel?
19 A. Yes, sir.
20 Q. Could we put up in evidence 1045. If you would look at it
21 on the screen, Mr. Goel. It says minutes of board of directors
22 meeting, Intel Corporation, March 19, 2008. Do you see that,
23 Mr. Goel?
24 A. Yes, sir, I do.
25 Q. You didn't attend this meeting, correct?

1307RAJ2 Goel - direct Page 1946

1 A. No, sir, I don't attend board meetings.
2 Q. And this meeting occurred on March 19, a day before your
3 conversation on March 20, that we just listened to, with
4 Mr. Rajaratnam?
5 A. Yes, sir.
6 Q. How did you learn that the Intel board of directors had
7 approved the deal relating to Clearwire yesterday when you told
8 Mr. Rajaratnam on March 20, or in other words, on March 19,
9 2008?
10 A. Either through Mr. Sriram Viswanathan or a colleague who
11 was involved in that transaction.
12 Q. Did you ever tell any of the colleagues at Intel or
13 Mr. Viswanathan that you were disclosing that information to
14 Mr. Rajaratnam?
15 A. No, sir.
16 Q. You never sought authorization to disclose that
17 information?
18 A. No, sir.
19 MR. BRODSKY: One moment, your Honor.
20 Q. Do you have 505-T before you?
21 A. Yes, sir, I do.
22 Q. OK, thank you. Do you recognize 505-T? And do you have
23 507-T before you as well?
24 A. No, sir, I don't have 507-T.
25 Q. With 505-T --

1307RAJ2 Goel - direct Page 1947

1 A. Let me just read through them. I do not have 507-T.
2 Q. Do you have it in the binder? Can you look at it in the
3 binder next to you?
4 A. Yes, sir.
5 Q. First take 505-T. Is that a call between you and
6 Mr. Rajaratnam?
7 A. Yes, sir.
8 Q. Is that on the same day as the last call we listened to on
9 March 20, 2008?
10 A. Yes, sir.
11 Q. And prior to coming to court today did you review this
12 transcript 505-T for identification, and does it reflect
13 accurately, to the best of your ability, the conversation you
14 had with Mr. Rajaratnam and Mr. Goel -- and yourself? I
15 apologize.
16 A. Yes, sir.
17 MR. BRODSKY: Your Honor, we offer 505-T and the
18 recording 505.
19 MR. LYNAM: No objection.
20 THE COURT: Received.
21 (Government's Exhibits 505-T and 505 received in
22 evidence)
23 Q. And Mr. Goel, 507-T for identification, do you have that
24 before you in the binder?
25 A. Yes, sir, but it does not have my initials, so just for the

1307RAJ2 Goel - direct Page 1948

1 record.
2 Q. Even though it doesn't have your initials, did you prior to
3 coming to court today review it and verify the accuracy of the
4 information in that call?
5 A. Yes, sir.
6 Q. And is that a call on March 24, 2008?
7 A. Actually just a second, please. I cannot comment on that.
8 I would like to read the call with my initials on it just to
9 make sure.
10 Q. OK. We will find --
11 A. Just to make sure.
12 Q. I think we gave it to you, Mr. Goel, but let me -- I
13 apologize, I may have given it to the law clerk. That's my
14 fault. I'm sorry. There you go.
15 A. Thank you.
16 Q. My apologies. 507-T, do you have that before you,
17 Mr. Goel?
18 A. Yes, sir.
19 Q. And does that contain your initials?
20 A. This one does. Thank you.
21 Q. And prior to coming to court did you review that transcript
22 to verify the accuracy of the statements made there between you
23 and Mr. Rajaratnam?
24 A. Yes, sir.
25 MR. BRODSKY: We offer also 507-T, your Honor, and the

1307RAJ2 Goel - direct Page 1949

1 underlying recording 507.
2 MR. LYNAM: No objection.
3 THE COURT: Admitted.
4 (Government's Exhibits 507-T and 507 received in
5 evidence)
6 Q. So let's start with 505-T. This is a call 505-T. It's a
7 recorded conversation on March 20, 2008?
8 A. Yes, sir.
9 Q. At what time?
10 A. 10 p.m.
11 MR. BRODSKY: All right. Let's play that.
12 (Audiotape played)
13 Q. Mr. Goel, that's a call later on March 20, 2008, in the
14 night after the two prior calls we just listened to?
15 A. Yes, sir.
16 Q. On the first page, line 27, you say, "You know, the 17 to
17 20." Then you go on to say in lines 31 to 33, "is what the
18 strategics are attributing to this."
19 Do you see that?
20 A. Yes, sir.
21 Q. What did you mean by "is what the strategics are
22 attributing to this"?
23 A. What I'm saying is strategic investors, as I was mentioning
24 earlier, even my perspective is different. Over the long term
25 I look at various issues. And what I am alluding to over here

1307RAJ2 Goel - direct Page 1950

1 is strategics might have a different perspective from public
2 markets and perceive a transaction.
3 Q. You say, "Whether the public goes for that is or is not
4 another issue." Right? Do you see that?
5 A. I'm differentiating between the perspectives of public
6 investors and strategic investors. That's what I'm trying to
7 do here.
8 Q. Did you have at this time any experience with trading or
9 making trading decisions?
10 A. No, sir. I mean I don't know about experience. Sure, I've
11 traded stocks a few times, but I am not by any means a public
12 stock trader by any means.
13 Q. And when you were saying "whether the public goes for that
14 ... is or is not another issue" were you referring to what
15 trading decision Mr. Rajaratnam was going to make or not going
16 to make?
17 A. Yes, sir.
18 Q. And on line 2, at the top, when you said, "But the public
19 might have a totally different perspective of the markets,"
20 what did you mean by the markets?
21 A. The public investors.
22 Q. And on lines 13 and 14 when Mr. Rajaratnam said, "There is
23 only...I mean you can only do the math. Right? You can't know
24 where the stock will stay."
25 Do you see that?

1307RAJ2 Goel - direct Page 1951

1 A. Yes, I do.
2 Q. And you say, "Yeah, but that's what I'm saying, that the
3 math, it works only because the strategics are attributing that
4 value."
5 Do you see that?
6 A. Yes, sir.
7 Q. What does the math refer to?
8 A. I believe it's referring to the earlier conversation by
9 Mr. Rajaratnam emphatically says that's the math.
10 Q. And the math was based in part on the information you gave
11 him?
12 A. Yes.
13 MR. LYNAM: Objection, your Honor. Leading the
14 witness.
15 THE COURT: Sustained.
16 Q. Was the math that Mr. Rajaratnam was doing based at all on
17 the information you were giving him relating to the Clearwire
18 transaction?
19 A. Yes, sir.
20 Q. And was the math that Mr. Rajaratnam was doing based at
21 all -- withdrawn.
22 The math that Mr. Rajaratnam was doing, based on the
23 information you are giving him, is that confidential
24 information or public information?
25 A. The math or the information?

1307RAJ2	Goel - direct	Page 1952	1307RAJ2	Goel - direct	Page 1954
1	Q. The information.		1	March 20, 2008?	
2	A. The information is confidential, sir.		2	A. Yes, sir.	
3	Q. Now, four days later do you see in 507-T you have another		3	Q. Do you see the title, it says "Comcast, Time Warner Cable	
4	conversation with Mr. Rajaratnam? 507-T.		4	in Wireless Talks?"	
5	A. Yes, sir.		5	A. Yes, sir.	
6	Q. What's the date of that conversation?		6	Q. If you look at the first paragraph where it says, "The two	
7	A. This is March 24, 7:59 p.m.		7	biggest U.S. cable providers, Comcast Corp. and Time Warner	
8	Q. And you are calling Mr. Rajaratnam.		8	Cable, are discussing a plan to provide funding for a new	
9	A. Indeed I am.		9	wireless company and will be operated by Sprint Nextel Corp.	
10	MR. BRODSKY: Can we play that.		10	and Clearwire Corp., people familiar with the matter say"--	
11	(Audiotape played)		11	"people familiar with the talks say."	
12	Q. Mr. Goel, do you recall having additional conversations --		12	Do you see that?	
13	withdrawn.		13	A. Yes, sir.	
14	Do you recall the conversations, if any, that you had		14	Q. Does it identify in that paragraph who the people familiar	
15	with Mr. Rajaratnam between the March 20th calls that we just		15	with the talks are?	
16	listened to and this call on March 24, 2008?		16	A. No, sir.	
17	A. No, sir, I do not remember.		17	Q. And going to the fourth full paragraph, do you see where it	
18	Q. And when you say to him "...your approach is wrong...on the		18	says, "Intel Corp. has signaled a willingness to put in about a	
19	enterprise value of the...actually equity value, not		19	billion dollars or more depending on the terms, people familiar	
20	enterprise," do you see that?		20	with the discussions say"? Do you see that in the fourth	
21	A. Yes, sir, I do.		21	paragraph?	
22	Q. Do you recall any conversation prior to March 24, 2008 that		22	A. I do, sir.	
23	you had with Mr. Rajaratnam relating to enterprise value?		23	Q. Does it say who "those people familiar with the discussions	
24	A. I don't recall, sir. The conversations that were played		24	say" who they are, in that paragraph?	
25	before, that's what I recall.		25	A. No, sir.	
1307RAJ2	Goel - direct	Page 1953	1307RAJ2	Goel - direct	Page 1955
1	Q. And on the next page you say, "Can you call me at home?"		1	Q. And then the last two sentences of that paragraph it says,	
2	On page 2 at the top. And on line 6 you say, "I'll also try		2	"The exact amount each would contribute could change..."	
3	you from home."		3	Do you see that?	
4	Do you see that?		4	A. Yes, sir.	
5	A. Yes, sir.		5	Q. "And people involved in the discussions said it is still	
6	Q. And then you say on line 10, "Because I don't like talking		6	possible the entire deal could fall through."	
7	over a cell phone on this."		7	Do you see that?	
8	A. Yes, sir.		8	A. Yes.	
9	Q. And then Mr. Rajaratnam says, "I'll call you at home."		9	Q. What does it say after that?	
10	A. Yes.		10	A. "Google and Intel both declined to comment."	
11	Q. Do you remember a subsequent conversation with		11	Q. And does it say in that paragraph anywhere that the board	
12	Mr. Rajaratnam on March 24, 2008 or shortly thereafter on March		12	of directors of Intel approved the investment of up to a	
13	25, 2008 relating to a conversation about the Clearwire deal?		13	billion dollars -- of a billion dollars in this transaction,	
14	A. I do not, sir.		14	the Clearwire transaction?	
15	Q. I am showing you, Mr. Goel, 1151 in evidence. Do you see		15	A. No, sir, it does not.	
16	that? Can we put that up on the screen.		16	Q. Does it mention anything about the collar?	
17	A. Yes, sir.		17	A. Up until this point it hasn't. I haven't read the whole	
18	Q. Do you see it's a Wall Street Journal article dated March		18	article.	
19	26, 2008?		19	Q. And up until that point does it talk anything about the	
20	A. Yes, sir.		20	equity splits, percentages of ownership by participants?	
21	Q. Seven days after your March 19, 2008 call with		21	A. No, sir, it does not.	
22	Mr. Rajaratnam?		22	Q. Mr. Goel, I'm showing you a transcript dated March 25,	
23	A. I'm sorry. How many days after which call? Seven days		23	2008. Do you see that?	
24	after March 19? Yes, yes.		24	A. Yes, I do, sir.	
25	Q. And six days after your several calls you had with him on		25	Q. Prior to coming to court today did you review this	

1307RAJ2	Goel - direct	Page 1960	1307RAJ2	Goel - direct	Page 1962
1	3 billion, but they don't have any of the equity split."		1	A. April 1, 2008 at 1:03 p.m. One-zero-three p.m.	
2	Do you see that?		2	MR. BRODSKY: Your Honor, I offered these, correct?	
3	A. I do.		3	THE COURT: Yes.	
4	Q. Prior to this -- on the March 20, 2008 conversation you had		4	MR. BRODSKY: I just wanted to make sure.	
5	with Mr. Rajaratnam, the conversations, the conversations you		5	514-TR, can we play that. Thank you.	
6	had with Mr. Rajaratnam before that --		6	(Audiotape played)	
7	A. Yes.		7	MR. BRODSKY: Stop it there and jump to one minute 58	
8	Q. -- about the Clearwire transaction, did you disclose to		8	seconds.	
9	Mr. Rajaratnam information about the equity splits?		9	(Audiotape played)	
10	A. Yes, sir.		10	Q. Mr. Goel, just turning to the first page of that recording,	
11	Q. Was that confidential information?		11	the transcript of the recording we just heard, 514-TR --	
12	A. That was, sir.		12	A. Yes, sir.	
13	Q. The \$3.5 billion that you talked to Mr. Rajaratnam about in		13	Q. I direct your attention to line 33 where it says,	
14	the March 20, 2008 call, do you remember that?		14	"Philadelphia program," And it discusses staying in a hotel.	
15	A. Yes, he talks about \$3.5 billion.		15	What does that relate to, the Philadelphia program?	
16	Q. Did you give him that information?		16	A. A reunion.	
17	A. Yes, sir.		17	Q. For what?	
18	Q. Was that information confidential?		18	A. For the Wharton class, the class that we graduated.	
19	A. Yes, sir.		19	Q. You said the class we graduated. Who did you mean by we?	
20	Q. Mr. Goel, let me show you 513-T for identification and		20	A. Mr. Rajaratnam and I.	
21	514-TR for identification. Would you take a moment to review		21	Q. And after you talk about the reunion, the Wharton reunion,	
22	those two transcripts.		22	let me direct your attention to line 17 where Mr. Rajaratnam	
23	A. Yes, sir.		23	says, "OK, and the WiMAX stuff is happening today."	
24	Q. Do you recognize them?		24	Do you see that?	
25	A. Yes, sir.		25	A. Yes, sir.	
1307RAJ2	Goel - direct	Page 1961	1307RAJ2	Goel - direct	Page 1963
1	Q. Prior to coming to court today did you review them?		1	Q. And you responding, "WiMAX stuff is happening today? I	
2	A. Yes, I did.		2	don't know if it's happening today, I'm out of the office."	
3	Q. What's the date on both of these?		3	Do you see that?	
4	A. April 1, 2008.		4	A. Yes, I do.	
5	Q. Do these transcripts reflect accurately, to the best of		5	Q. Were you out of the office because you were sick?	
6	your ability, the conversation as reflected in the recording?		6	A. I don't remember, but from the call that's what I --	
7	A. Yes, sir.		7	Q. And then -- we will get to that in one moment. You then	
8	MR. BRODSKY: We offer 513-T and 514-TR.		8	say on line 20, "You want me to try and find out?"	
9	MR. LYNAM: No objection.		9	Do you see that?	
10	THE COURT: Admitted.		10	A. Yes, sir.	
11	(Government's Exhibits 513-T and 514-TR received in		11	Q. What were you offering to do?	
12	evidence)		12	A. To find out if the announcement was going to happen today.	
13	Q. 513, what's the date of this recording?		13	Q. And Mr. Rajaratnam responded, "Because you said they might	
14	A. Which one, sir?		14	at the CTIA, right?"	
15	Q. 513-TR.		15	A. Yes, sir.	
16	A. I have 513-T and 514-TR.		16	Q. You say on line 24, "yeah, yeah, yeah. That's what the	
17	Q. I apologize. 513-T, you are correct.		17	objective was."	
18	A. Yes, sir, that is April 1, 2008.		18	Do you see that?	
19	Q. What's the time?		19	A. Yes, sir.	
20	A. 12:59 p.m.		20	Q. What's the CTIA?	
21	Q. Who is the call from?		21	A. A conference.	
22	A. It is a call from Mr. Raj Rajaratnam to myself.		22	Q. Does that relate to cable or not relate to cable?	
23	(Audiotape played)		23	A. It's the communication. As I mentioned before, it's a	
24	Q. Turn to 514-TR. Put that on the screen. What's the date		24	communication. Cable is part of the communication world, so...	
25	and time of this call?		25	Q. Is that what you were referring to, you and Mr. Rajaratnam,	

1307RAJ2 Goel - direct Page 1964

1 on March 20, 2008?
2 A. Yes, sir.
3 Q. And then on line 28, 29, you say, "But I haven't heard
4 anything because I've been out...I've been out for board
5 meetings and then I've been sick."
6 Do you see that?
7 A. Yes, sir.
8 Q. What do you mean by the board meetings there?
9 A. That I was on the board of a few companies that were
10 private companies, investments that Intel had made. But I
11 don't remember the specific board meeting, which company, the
12 specific name of the company, but I would have been attending
13 the board meetings of one or more of those companies.
14 Q. You said they were board meetings of private companies?
15 A. Yes, investments that Intel makes, you know, private
16 investments.
17 Q. And those private companies, did their shares publicly
18 trade on any stock exchange?
19 A. No, not at that time, no.
20 Q. The next line by Mr. Rajaratnam on page 2, line 31, he
21 says, "yeah, if you hear anything, let me know."
22 Do you see that?
23 A. Yes.
24 Q. And you say, "OK, I'll do that."
25 Do you see that?

1307RAJ2 Goel - direct Page 1965

1 A. Yes, sir.
2 Q. Do you remember whether you heard anything after this and
3 then talked to Mr. Rajaratnam about it, relating to the
4 Clearwire transaction?
5 A. No, sir.
6 THE COURT: Mr. Brodsky, if this is a good time to
7 break, we will take our morning break.
8 MR. BRODSKY: Yes, it is.
9 THE COURT: You may step down.
10 All right, 15 minutes.
11 (Recess)
12 (Continued on next page)
13
14
15
16
17
18
19
20
21
22
23
24
25

1308RAJ3 Goel - direct Page 1966

1 (Jury present)
2 THE COURT: Mr. Brodsky, you may continue.
3 MR. BRODSKY: Thank you, your Honor.
4 BY MR. BRODSKY:
5 Q. Mr. Goel, I am showing you 519 for identification, 520 for
6 identification, 521 for identification, 1152 in evidence and
7 1252 in evidence and 1064. Just start with the first one if
8 you wouldn't mind.
9 Do you have 519T for identification in front of you?
10 A. Yes, sir, I do.
11 Q. Prior to coming to court today, did you review this
12 recording and verify the accuracy of the transcript?
13 A. Yes, sir.
14 Q. What is the date of the call?
15 A. April 15, 2008.
16 Q. Who is it between?
17 A. Mr. Raj Rajaratnam and myself.
18 MR. BRODSKY: We offer 519 and 519T.
19 MR. LYNAM: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibits 519 and 519T received in
22 evidence)
23 MR. BRODSKY: Why don't we play 519?
24 (Audiotape played)
25 Q. Mr. Goel, let me direct your attention to lines 27 through

1308RAJ3 Goel - direct Page 1967

1 29, when you said, "But that stuff is not happening as
2 planned." Do you see that?
3 A. Yes, sir, I do.
4 Q. What is the "that stuff"?
5 A. It's the Clearwire transaction.
6 Q. When you said, "There's some major bumps on the way," do
7 you see that?
8 A. Yes, sir.
9 Q. What were you referring to, bumps about what?
10 A. As I mentioned earlier, a lot of strategic investors, each
11 one has their own agenda, so to speak. So when you have so
12 many strategic pairs at the table, it's plenty of bumps.
13 That's what I'm talking about here.
14 Q. Let me ask you to turn to 520T -- at the end of that, I'm
15 sorry, at 519T, you said on line 33, "I'll call you tonight
16 from home." Do you see that?
17 A. Yes.
18 Q. Let me ask you, 520T, do you recognize that?
19 A. 520T?
20 Q. For identification.
21 A. Yes, sir, I do.
22 Q. Prior to coming to court today, did you review this for
23 accuracy?
24 A. Yes, sir, I did.
25 Q. What is the date of this recording?

1308RAJ3	Goel - direct	Page 1976	1308RAJ3	Goel - direct	Page 1978
1	company controlled by wireless pioneer Craig O. McCaw; and one		1	references to conversations?	
2	independent member to be nominated by the new company's		2	THE COURT: Yes.	
3	nominating committee."		3	Q. Do you recall, Mr. Goel, when Mr. Rajaratnam told you Mr.	
4	Q. Then if I could ask you to turn to the next page on the		4	Panu was on the board of directors for PeopleSupport?	
5	bottom. Would you read the first sentence of the last		5	A. I do not recall, sir.	
6	paragraph?		6	Q. Mr. Goel, I am showing you 1278 and 1279 for identification	
7	A. "Comcast will invest 1.5 billion, Intel Capital will invest		7	and 539T. Would you take a moment to review that, please?	
8	1 billion in addition to its previous investments made in		8	A. Yes, sir, I have seen these. Thank you.	
9	Clearwire, Time Warner Cable will invest 550 million, Google		9	Q. 1278 and 1279 for identification, what are they?	
10	will invest 500 million, and Bright House Networks will invest		10	A. They are trade confirmations from Charles Schwab relating	
11	100 million, for an aggregate total of \$3.2 billion."		11	to trades made in my account at Charles Schwab.	
12	You want me to continue reading?		12	Q. What security do they relate to?	
13	Q. No. Thank you.		13	A. Both trade confirmations relate to a security for	
14	Do you have 1064 in evidence in front of you?		14	PeopleSupport; the symbol is PSPT.	
15	Do you remember sending these e-mails, Mr. Goel?		15	MR. BRODSKY: We offer 1278 and 1279.	
16	A. I do now that I am looking at it.		16	MR. LYNAM: No objection.	
17	Q. What were you telling Sriram on May 7, 2008?		17	THE COURT: Admitted.	
18	A. "Sriram: Congratulations, significant effort into this,		18	(Government's Exhibits 1278 and 1279 received in	
19	but the outcome clearly will be landscape changing. Once		19	evidence)	
20	again, great stuff. Rajiv."		20	Q. This is a record from your brokerage account?	
21	Do you want me to read the other e-mail as well?		21	A. Yes, sir.	
22	Q. No. That's fine. Thank you.		22	MR. BRODSKY: Can we blow up the page?	
23	Why don't we turn, Mr. Goel, to PeopleSupport.		23	Q. What does this trade confirmation reflect in terms of when	
24	You testified earlier, about two days ago, about		24	PeopleSupport stock was purchased in your brokerage account?	
25	Mr. Krish Panu?		25	A. The first Government Exhibit 1278, the first trade date of	
1308RAJ3	Goel - direct	Page 1977	1308RAJ3	Goel - direct	Page 1979
1	A. Yes.		1	July 2, 2008.	
2	Q. You talked about how Mr. Rajaratnam told you he was the		2	Q. What do you mean by trade date?	
3	former CEO of @Road?		3	A. Trade date is when the order was placed with the brokerage.	
4	A. That is indeed correct.		4	Q. If you go to the third page of this document?	
5	Q. Did there come a time when you met him in person?		5	A. Are you referring to 1278?	
6	A. Yes.		6	Q. 1278, yes.	
7	Q. Based on your conversations with Mr. Rajaratnam, did you		7	Would you tell the members of the jury how many shares	
8	learn where Mr. Panu went to work after he was the CEO or chief		8	of PeopleSupport were purchased in your account on July 2,	
9	executive officer of @Road?		9	2008?	
10	A. Could you repeat that question again, please?		10	A. On July 2, 2008, 15,000 shares of PeopleSupport were	
11	Q. Did you learn from Mr. Rajaratnam where Mr. Panu went to		11	purchased.	
12	work after @Road was acquired when Mr. Panu was the CEO of		12	Q. For a total amount of how much money?	
13	@Road?		13	A. For a total amount of approximately \$125,000.	
14	A. I don't know about the time line that we are talking about		14	Q. Did you make that trade, did you purchase the 15,000 shares	
15	here, but Mr. Panu joined Mr. Rajaratnam at some point in time.		15	of PeopleSupport in your brokerage account on July 2, 2008?	
16	Q. At Galleon?		16	A. No.	
17	A. At Galleon. Whether it was immediately after his stint at		17	Q. Who purchased the 15,000 shares of PeopleSupport in your	
18	@Road or after I don't know.		18	account on July 2, 2008?	
19	Q. Based on your conversations with Mr. Rajaratnam, did you		19	A. Either Mr. Rajaratnam or somebody working for him or	
20	learn whether Mr. Panu was a member of the board of directors		20	somebody at his behest.	
21	of any public company?		21	Q. If you would turn to 1279 in evidence?	
22	A. Yes, sir.		22	MR. BRODSKY: We can blow up again the first page.	
23	Q. Which one?		23	Q. Is this another confirmation from your brokerage account,	
24	A. PeopleSupport.		24	Mr. Goel?	
25	MR. LYNAM: Can we have a time frame for these		25	A. Yes, sir.	

1308RAJ3 Goel - direct Page 1980

1 Q. When was PeopleSupport once again purchased in your
2 account?
3 A. When?
4 Q. Yes.
5 A. It was 28th of July 2008.
6 Q. Once again, if you would turn to the fourth page this time.
7 A. Fifth page.
8 Q. It might be the fifth page of the document. Thank you.
9 A. This trade confirmation is not initialed by me, just for
10 the record.
11 Q. Do you recognize it as a trade confirmation of a purchase
12 of PeopleSupport in your account?
13 A. Yes. The same holds true for the 1278.
14 Q. And on page, where it says page 4 of 4 --
15 A. Yes.
16 Q. -- would you tell us how many shares of PeopleSupport were
17 purchased in your account on July 28, 2008?
18 A. 15,000 shares.
19 Q. Is that an additional 15,000 shares to what was purchased
20 before in your account on July 2, 2008?
21 A. Yes, sir.
22 Q. How much was this additional 15,000 shares purchased for in
23 your account on July 28, 2008?
24 A. Approximately \$131,000.
25 Q. So the total amount, approximately, would you tell us of

1308RAJ3 Goel - direct Page 1981

1 the value of the PeopleSupport shares in your account, in your
2 brokerage account, as of July 28, 2008, was what?
3 A. Approximately, \$256,000. \$255,000. Sorry.
4 Q. 1279 in evidence, the purchases of 15,000 shares on July
5 28, 2008, did you make those purchases of PeopleSupport in your
6 brokerage account?
7 A. No, sir.
8 Q. Who did that?
9 A. Either Mr. Raj Rajaratnam or somebody working for him or
10 somebody at his behest.
11 Q. Where were you on July 2, 2008?
12 A. I was out of the country, sir. I was in India, is what I
13 recall.
14 Q. Let me show you, Mr. Goel, 1220 in evidence, take that for
15 a moment, and 1288 for identification.
16 Would you turn to on 1220 in evidence -- this is the
17 document that says IP address information at the top. Do you
18 see that, Mr. Goel?
19 A. Yes.
20 Q. It says Charles Schwab at the bottom?
21 A. Yes.
22 Q. Would you turn to the page that says Internet protocol
23 log-in information for the July 2008 period?
24 A. I have, sir.
25 MR. BRODSKY: Can we turn to that page?

1308RAJ3 Goel - direct Page 1982

1 Let me tell you what page number it is. Page 10.
2 Can we blow up the July column only?
3 Can we highlight the July 2, 2008, 14:37:49 column,
4 and the July 28, 2008, 12:42:14 column?
5 Q. Mr. Goel, do you see that?
6 A. I do.
7 Q. Do you see the IP address written with respect to July 2,
8 2008, and the IP address stating 63.117.23.251?
9 A. I do.
10 Q. Is that the same IP address for July 28 at 12:42?
11 A. Could you repeat that, please?
12 Q. Does the IP address that I just read for July 2, 2008,
13 first access at 2:37 p.m. and last access at 2:39 p.m., the
14 same one as the IP address number highlighted on your screen
15 for July 28, 2008, from 12:42 to 12:44?
16 A. Yes, it is.
17 Q. Do you have Government Exhibit 1288 for identification next
18 to you?
19 A. Yes, I do.
20 MR. BRODSKY: Leave up page 10 of 1220.
21 Q. Does 1288 name the company for the IP address of
22 63.117.23.251?
23 A. Yes, sir.
24 Q. For the July 2008 period?
25 A. It says July 2, 2008, and then immediately July 28, 2008?

1308RAJ3 Goel - direct Page 1983

1 Yes.
2 Q. What is the company?
3 A. Galleon Group.
4 MR. BRODSKY: We offer 1288, your Honor.
5 MR. LYNAM: May I consult with Mr. Brodsky?
6 No objection, your Honor.
7 THE COURT: Admitted.
8 (Government's Exhibit 1288 received in evidence)
9 Q. Mr. Goel, from time to time, did you check your brokerage
10 account in 2006, 2007 and 2008 when Mr. Rajaratnam was making
11 trades in your account?
12 A. Yes, sir.
13 Q. Let me ask you to turn to 539T for identification.
14 Do you recognize 539T?
15 A. I do.
16 Q. Does it have your initials on it?
17 A. Yes, sir.
18 Q. Prior to coming to court today, did you review the
19 transcript 539T?
20 A. Yes, sir.
21 Q. What is the date of that call?
22 A. July 30, 2008.
23 Q. At 2:02 p.m.?
24 A. At 2:02 p.m., indeed.
25 MR. BRODSKY: I believe it's in evidence, but to the

1308RAJ3 Goel - direct Page 1984

1 extent it's not, we offer 539T and the underlying recording
2 539?
3 MR. LYNAM: No objection.
4 THE COURT: Admitted.
5 (Government's Exhibits 539 and 539T received in
6 evidence)
7 MR. BRODSKY: Play that.
8 (Audiotape played)
9 Q. Mr. Goel, let me ask you to turn to page 1 of the
10 transcript?
11 A. Yes, sir.
12 Q. This is July 30, 2008, two days after the purchase of an
13 additional 15,000 shares of PeopleSupport in your brokerage
14 account?
15 A. Yes, sir.
16 Q. To begin with, let me just ask you to turn to page 2 first,
17 and then we will come back to the discussion earlier.
18 Let me direct your attention to lines 37 to 43 on page
19 2. Do you see that?
20 A. Yes, I do.
21 Q. You see where Mr. Rajaratnam says on line 37, "Yeah, yeah,
22 so the Ruias made a firm bid now"?
23 A. Yes.
24 Q. Who are the Ruias?
25 A. The Ruias are the founders and managers, CEOs, whatever you

1308RAJ3 Goel - direct Page 1985

1 want to call them, of an industrial conglomerate group in India
2 called Essar.
3 Q. Prior to this conversation, prior to Mr. Rajaratnam saying
4 on line 37, "Yeah, yeah, so the Ruias made a firm bid now," did
5 you have conversations with Mr. Rajaratnam regarding the Ruias
6 making a bid?
7 A. I don't recall the tone of this conversation, yes.
8 Q. You don't recall the specific conversation?
9 A. The specific conversation, I don't remember.
10 Q. Do you generally recall conversations, although you don't
11 remember the specificity of them?
12 A. Yes.
13 Q. Do you generally recall conversations with Mr. Rajaratnam
14 prior to July 30, 2008 regarding the Ruias making a bid?
15 MR. LYNAM: I object to the leading.
16 THE COURT: Sustained.
17 A. Yes.
18 THE WITNESS: I apologize.
19 Q. What was your understanding of what Mr. Rajaratnam meant
20 by, "So the Ruias are making a firm bid now"?
21 A. My understanding was that he was talking about a company
22 called PeopleSupport in the U.S. that was being acquired by the
23 Essar Group for their information technology business.
24 Q. When Mr. Rajaratnam said on line 41, "In the amount 12.25,"
25 what is your understanding of what Mr. Rajaratnam meant when he

1308RAJ3 Goel - direct Page 1986

1 said 12.25?
2 A. This was supposed to be the price per share of
3 PeopleSupport that the Ruias would pay.
4 Q. And your response, Mr. Goel, on line 43, where you said,
5 "Oh, wonderful, wonderful thanks," what did you mean by that?
6 A. I was thanking him.
7 Q. Why were you thanking him after he informed you that the
8 Ruias were making a firm bid in the amount of 12.25 per share
9 for PeopleSupport stock?
10 A. Because he had bought PeopleSupport shares for me in my
11 account, and I would make a profit from that.
12 Q. And on the next page, lines 2 through 4, when Mr.
13 Rajaratnam said, "Not, not bad, huh?," and you said, "Very
14 good, very good, thanks," you were doing the same thing there?
15 A. Doing the what thing?
16 Q. What did you mean when you were telling him, "Very good,
17 very goods, thanks"?
18 A. I was thanking him, and I was agreeing with him when he
19 said, not bad, not bad, as if he had made a profit. He had
20 bought the shares at whatever lower price and the bid was now
21 at 12:25.
22 Q. Before we get to the earlier part of the call, let me show
23 you Government Exhibit 1117 in evidence.
24 MR. BRODSKY: Can we put that on the screen?
25 Can we blow up from the top?

1308RAJ3 Goel - direct Page 1987

1 Q. Mr. Goel, do you see this announcement on August 4, 2008?
2 A. Yes, sir, I do.
3 Q. Can you read the title?
4 A. "PeopleSupport to merge with Essar Services (Mauritius), a
5 wholly owned subsidiary of Aegis BPO."
6 Q. You mentioned before Essar and the Ruias. What is the
7 connection, if any, between the Ruias and Essar Services
8 (Mauritius), a wholly owned subsidiary of Aegis BPO?
9 A. It's all part of the umbrella of the Essar Group. Like I
10 said earlier, they are a huge conglomerate, and they have
11 different industries that they operate in, and this happens to
12 be from the information technology line of business.
13 Q. What do you mean by umbrella?
14 A. It's a holding company structure that they have, that's my
15 understanding, but I am not an expert in that group, corporate
16 structures, but words to that effect, that they have various
17 companies.
18 Q. Would you read the first line of the second paragraph,
19 "Under the terms of the agreement"?
20 A. Could I read what?
21 Q. The first line of the second paragraph where it begins,
22 "Under the terms of the agreement."
23 A. "Under the terms of the agreement, Aegis BPO will pay
24 PeopleSupport stockholders \$12.25 per share in cash through
25 Essar Services (Mauritius), which represents a premium of

1308RAJ3	Goel - direct	Page 1988	1308RAJ3	Goel - direct	Page 1990
1	approximately 29 percent over PeopleSupport's closing share		1	A. Yes, sir. August 11 was the date I believe.	
2	price on August 1, 2008, the last trading day prior to today's		2	Q. Let me ask you to turn back to Government Exhibit 539T in	
3	announcement, and a premium of approximately 42 percent over		3	evidence, and on the first page direct your attention to line	
4	the average trading price of the company's shares during the		4	35 of that July 30, 2008 call.	
5	previous 30 days."		5	A. Yes, sir.	
6	Q. Did you make money after this announcement was made with		6	Q. You see where it says, "The deal has been approved"?	
7	respect to the 30,000 shares of PeopleSupport stock that Mr.		7	A. Yes, sir.	
8	Rajaratnam had purchased in your brokerage account?		8	Q. "At least by the consultant internally"?	
9	A. Yes, sir.		9	A. Yes.	
10	Q. Mr. Goel, let me show you 1280 for identification.		10	Q. "For 10 million"?	
11	Do you recognize that?		11	A. Yes.	
12	A. Yes, sir, I do.		12	Q. Following on the second page, at the top, where Mr.	
13	Q. What is that?		13	Rajaratnam says, "OK. That's the -- I'm sorry for Galleon."	
14	A. It is a trade confirmation from Charles Schwab relating to		14	Do you see that?	
15	some sales of PeopleSupport stock in my account on 11th of		15	A. Yes, I do.	
16	August 2008.		16	Q. On line 8, you say, "This is for the U.S."	
17	MR. BRODSKY: We offer 1280.		17	What did you mean, "The deal has been approved, at	
18	MR. LYNAM: No objection.		18	least by the consultants internally, for 10 million"?	
19	THE COURT: Admitted.		19	A. Intel has lots of employees and they have a pension fund,	
20	(Government's Exhibit 1280 received in evidence)		20	and part of the pension fund is that they try to invest money	
21	MR. BRODSKY: Can we highlight PeopleSupport, Inc.?		21	with investment managers, hedge funds, private equity funds,	
22	Can we highlight the symbol PSPT and the action and		22	etc. So they are always looking for some good investment	
23	the trade date?		23	management firms, and that's what I am talking about here.	
24	Q. Mr. Goel, how much was the PeopleSupport stock for 30,000		24	Q. When you're talking about that, what has been approved?	
25	shares sold for in your account on August 11, 2008 after the		25	A. So I had made introductions between Intel and Galleon, and	
1308RAJ3	Goel - direct	Page 1989	1308RAJ3	Goel - direct	Page 1991
1	public announcement of the acquisition of PeopleSupport?		1	we have -- we had some internal approval processes, and we were	
2	A. It sold for \$11.94, for a total of \$358,000, approximately.		2	using some internal -- some consultant to first vet whether	
3	Q. Approximately how much money did you make from Mr.		3	those investment management companies were good, and that's the	
4	Rajaratnam's purchases of PeopleSupport for 30,000 shares of		4	clearance, and that's an important clearance, and that's what I	
5	PeopleSupport in your account in July of 2008?		5	am talking about here.	
6	A. Approximately, I want to say 103,000, if I did the math		6	Q. Were you involved at all in the process by which Intel made	
7	correctly.		7	a decision whether or not to invest any of Intel Corporation's	
8	Q. Let me ask you to turn back to the transcript.		8	employees' pension fund money at Galleon?	
9	Before we go back to the transcript, there was one		9	A. Whether I was involved? No, sir.	
10	other thing I wanted to get to.		10	Q. In the final decision-making.	
11	This is Government Exhibit 119. It's in evidence.		11	A. No, sir.	
12	MR. BRODSKY: Can we publish that?		12	Q. Do you know whether or not Intel eventually invested any of	
13	Q. Mr. Goel, I want to direct your attention to this Bloomberg		13	its employees' pension money with Galleon?	
14	chart. Do you see that?		14	A. No, sir, they did not.	
15	A. Yes, sir.		15	Q. Mr. Goel, I would like to turn now to direct your attention	
16	MR. BRODSKY: Would you highlight July 2,		16	to October 7th of 2008.	
17	approximately around July 2, 2008?		17	Would you take a moment to look at Government Exhibit	
18	Can you highlight July 28, 2008 on this chart?		18	1281 for identification in front of you?	
19	Can you highlight August 4, 2008?		19	A. Yes, sir.	
20	Q. Mr. Goel, does this chart now show the two dates on July 2		20	Q. What is that?	
21	and July 28, 2008 when your 30,000 shares were purchased in		21	A. That is a trade confirmation from Charles Schwab relating	
22	your brokerage account by Mr. Rajaratnam?		22	to some PeopleSupport shares that were bought in my account on	
23	A. Yes, sir.		23	7th of October 2008.	
24	Q. The PeopleSupport stock in your account was sold after		24	MR. BRODSKY: We offer 1281.	
25	August 4, 2008, is that correct?		25	MR. LYNAM: No objection.	

<p>1308RAJ3 Goel - direct Page 1992</p> <p>1 THE COURT: Admitted. 2 (Government's Exhibit 1281 received in evidence) 3 Q. Mr. Goel, how many shares of PeopleSupport were purchased 4 in your account on October 7, 2008? 5 A. 30,000. 6 Q. Approximately how much -- what was the total amount of 7 money spent -- 8 MR. BRODSKY: If we can go to the third page, page 3 9 of 3, and blow that up. 10 Q. What was the total amount of money spent on the 30,000 11 shares of PeopleSupport purchased in your account on October 7, 12 2008? 13 A. It was \$287,000, approximately. 14 Q. Did you purchase the 30,000 shares of PeopleSupport in your 15 brokerage account on October 7, 2008? 16 A. No, sir. 17 Q. Do you have Government Exhibit 1220 in evidence in front of 18 you, the addresses? 19 A. Yes, sir. 20 Q. I ask you to turn to the second to last page, which I 21 believe would be page 11. Can I direct your attention to 22 October 7, 2008? 23 A. Yes, sir. 24 Q. Let me direct your attention to October 7, 2008, where it 25 says 13:09:44, first access, and last access October 7, 2008,</p>	<p>1308RAJ3 Goel - direct Page 1994</p> <p>1 you heard it between yourself and Mr. Rajaratnam? 2 A. Yes, sir. 3 MR. BRODSKY: We offer 654-TG. 4 MR. LYNAM: No objection. 5 THE COURT: Admitted. 6 (Government's Exhibit 654-TG received in evidence) 7 MR. BRODSKY: Play the call. 8 (Audiotape played) 9 (Continued on next page)</p>
<p>1308RAJ3 Goel - direct Page 1993</p> <p>1 13:22:07. Do you see that? 2 A. Yes. 3 Q. The IP address there, the 63.117.23.251, is that the same 4 IP address that was reflected in the access of your brokerage 5 account on July 2, 2008 and July 28, 2008? 6 A. It was the same IP address. 7 Q. And the company again associated with that IP address? 8 A. This statement, Government Exhibit 1288, is for the month 9 of July. For July the company name was Galleon Group. 10 Q. Let me ask you to turn your attention to 1120 in evidence. 11 Do you have that in front of you? 12 MR. BRODSKY: Can we blow that up? 13 A. Yes, sir. 14 Q. Can you read the title of this press release on October 7, 15 2008? 16 A. "PeopleSupport announces receipt of request to delay 17 closing of merger transaction up to October 31, 2008." 18 This is dated October 7, 2008 and it's on the 19 PeopleSupport letterhead. 20 Q. Let me ask you to turn to 654-TG for identification. 21 A. Yes, sir. 22 Q. Prior to coming to court today, did you review this 23 transcript of a recorded conversation on October 7, 2008? 24 A. Yes, sir. 25 Q. Does this transcript accurately reflect the conversation as</p>	<p>13o7raj4 Goel - direct Page 1995</p> <p>1 BY MR. BRODSKY: 2 Q. Mr. Goel, let me direct your attention to the first page of 3 654-TG. 4 A. Yes, sir. 5 Q. Mr. Rajaratnam on line 31 to 32 says, "You know, 6 PeopleSupport and the Ruias are supposed to close on Tuesday 7 ..." 8 Do you see that? 9 A. Yes. 10 Q. The Ruias again, who are they? 11 A. The Ruias are the founders and managers of the industrial 12 conglomerate, the business conglomerate of the SA movement. 13 Q. Do you see where Mr. Rajaratnam says, "Now they are moving 14 to October 31, right? So the stock went down \$2.39. OK." 15 Do you see that? 16 A. Yes, I do, sir. 17 Q. The press release that we just looked at, Government 18 Exhibit 1120 in evidence, what day did it say the closing was 19 moving to? 20 A. It said no later than October 31, 2008. And when you 21 referred to the word closing, I am assuming you are talking 22 about acquiring PeopleSupport stock. 23 Q. Yes. 24 A. Just to clarify. 25 Q. And can we put up Government Exhibit 120 in evidence. Can</p>

13o7raj4 Goel - direct Page 1996

1 we blow up the right-hand portion of the exhibit.
2 Do you see on October 7, 2008, and we highlight that
3 and then downward.
4 Mr. Goel, do you see where Mr. Rajaratnam said on line
5 36 to 37, with 120 still up on the screen, "So the stock went
6 down \$2.79. OK."
7 Do you see that?
8 A. Yes, I do.
9 Q. Does 120 in evidence show the stock price of PeopleSupport
10 dropped roughly on October 7, 2008?
11 A. October 7? Yes, right.
12 Q. And do you see --
13 Can we go back to the transcript. Page 1, blow up 41
14 through 43.
15 Do you see where Mr. Rajaratnam says, "We know because
16 one of our guys is on the board."
17 A. Yes, sir.
18 Q. What was your understanding of what that meant when
19 Mr. Rajaratnam said to you, "We know because one of our guys is
20 on the board"?
21 A. He is talking about somebody who he knows on the board of
22 directors of PeopleSupport.
23 Q. And on PeopleSupport, were you aware of anybody
24 Mr. Rajaratnam knew on the board of directors of PeopleSupport?
25 A. Yes, I was, sir.

13o7raj4 Goel - direct Page 1997

1 Q. Who was that?
2 A. Mr. Krish Panu.
3 Q. And on page 2, line 19 to 20, where Mr. Rajaratnam said, "I
4 went to Charles Schwab and I put in your thing and I wanted to
5 buy 30,000 shares, right?"
6 Do you see that?
7 A. Yes, sir, I do.
8 Q. What was your understandings of "I put in your thing"?
9 A. My account ID and my password, I suppose. That's what it
10 appears.
11 Q. Now, on the last page where Mr. Rajaratnam asks you if you
12 have a pen or a pencil --
13 A. Yes, sir.
14 Q. -- do you recall ever contacting Charles Schwab about the
15 trading on this day, October 7, 2008 in your account?
16 A. Yes, sir, I did.
17 Q. Did you call them?
18 A. Yes, sir.
19 Q. And what happened?
20 A. They sent me all kinds of date stamps and time stamps and
21 prices. They sent it over to me. I looked at them, and we
22 closed the chapter on that.
23 Q. Let me put up Government Exhibit 1121 in evidence.
24 Mr. Goel, what does this press release say on October 7, 2008
25 by PeopleSupport? Can you read the title?

13o7raj4 Goel - direct Page 1998

1 A. PeopleSupport and SR Services announce schedule for
2 completion of merger transaction.
3 Q. Read the first sentence.
4 A. Los Angeles, California and Mumbai Inc. dated October 7,
5 2008, PeopleSupport, Inc., NASDAQ PSPT, the company, a leading
6 offshore business process outsourcing (BPO) provider, and Essar
7 Services Mauritius, Essar Services today announce that subject
8 to approval by PeopleSupport stockholders at the special
9 meeting to be held on October 8, 2008, the closing under the
10 merger agreement and effective date of the merger by Essar
11 Services to acquire PeopleSupport is expected to take place no
12 later than October 31, 2008.
13 Q. Mr. Goel, can I ask you to turn to 1282 for identification.
14 Do you recognize 1282?
15 A. Yes, sir.
16 Q. What is that?
17 A. It doesn't have my initials, just for the record. It is a
18 Charles Schwab trade confirmation statement.
19 Q. And what does -- what date is it? What date does it
20 reflect a trade was made on your account?
21 A. So, this confirmation confirms that on October 9, 2008
22 certain shares, certain number of shares of PeopleSupport was
23 sold in my Charles Schwab account.
24 MR. BRODSKY: We offer 1282.
25 MR. LYNAM: No objection.

13o7raj4 Goel - direct Page 1999

1 THE COURT: Admitted.
2 (Government's Exhibit 1282 received in evidence)
3 Q. So, Mr. Goel, can we turn to the second to last page of
4 this document. On October 9, 2008, approximately how much
5 money were the 30,000 shares of PeopleSupport purchased on
6 October 7, 2008 sold for in your account?
7 A. They were sold for approximately \$337,000.
8 Q. Approximately how much money did you make from the
9 purchases of 30,000 shares of PeopleSupport stock in your
10 account on October 7, 2009 and the sale of that stock on
11 October 9 -- withdrawn.
12 Approximately how much money did you make from the
13 purchases of 30,000 shares of PeopleSupport stock purchased on
14 October 7, 2008 in your account and subsequently sold two days
15 later on October 9, 2008?
16 A. Just a bit of a correction, the shares were bought on
17 October 7, not October 8, and the shares were sold on October
18 9.
19 Q. How much did you make from the purchases on October 7 and
20 then the sale on October 9?
21 A. Approximately \$50,000.
22 MR. BRODSKY: You can take that down.
23 Q. Mr. Goel, after you disclosed information about the
24 Clearwire transaction to Mr. Rajaratnam in 2008, did
25 Mr. Rajaratnam ask you for additional information relating to

<p>13T8RAJ2 Smith - direct Page 2442</p> <p>1 hedge fund. 2 Q. What is a hedge fund in general? 3 A. A hedge fund is a firm that takes other people's money, 4 whether they are institutions or high net worth individuals, 5 and invests that money on their behalf and tries to make a 6 return. So it's a financial investment manager basically. 7 Q. Has a pool of investors' money that it manages? 8 A. Yes. 9 Q. And you said this particular hedge fund Galleon was, I 10 think you described it as a long/short equity fund. What did 11 you mean by that? 12 A. Long/short means that the fund could both buy stocks and 13 bet that they would increase in value, and also sell short or 14 bet that the stock price would decline. So that the firm could 15 make money by increases or decreases in the price of a stock. 16 Q. It would buy or sell stock? 17 A. Right. 18 Q. And place bets on whether the stock was going to go up or 19 down? 20 A. Yes. 21 Q. When you joined Galleon, where were you located? 22 A. In New York. 23 Q. So you moved back, I guess, from California to New York? 24 A. Yes. 25 Q. How did you come to work at Galleon?</p>	<p>13T8RAJ2 Smith - direct Page 2444</p> <p>1 those two jobs? 2 A. OK. An analyst is responsible for covering a collection of 3 companies and essentially giving a recommendation to the 4 portfolio managers about whether to buy or sell those specific 5 companies that they are following. The portfolio manager's job 6 is to decide what companies to actually buy or sell, how to 7 invest the money that they are responsible for, and create the 8 portfolio and produce a return. 9 Q. In general, do the analysts have authority to buy or sell 10 stock? 11 A. No. 12 Q. But the portfolio managers do? 13 A. Yes. 14 Q. When you became a portfolio manager, about how much money 15 were you given to manage? 16 A. Approximately, \$100 million. 17 Q. During the course of your time at Galleon, whether as an 18 analyst or as a portfolio manager, did you violate any laws? 19 A. Yes. 20 Q. What generally did you do? 21 A. I violated the securities law by trading on nonpublic 22 information that was material. 23 Q. Insider trading? 24 A. Yes. 25 Q. What did you do with the inside information you obtained?</p>
<p>13T8RAJ2 Smith - direct Page 2443</p> <p>1 A. A friend referred me to one of the members of the 2 recruiting team at Galleon. I requested an interview and was 3 given one in late December. 4 Q. When did you end up starting? 5 A. February 2002. 6 Q. Who ran Galleon? 7 A. Raj Rajaratnam. 8 Q. What was his role at Galleon? 9 A. He was the head of the firm, the CEO basically. I think 10 his title was managing general partner. He also ran the 11 technology fund, which was, I believe, the largest fund at that 12 time. 13 Q. Who started or founded Galleon? 14 A. Raj Rajaratnam and Gary Rosenbach. 15 Q. When you started Galleon, what was your starting position 16 or your first job at Galleon? 17 A. I was an analyst. 18 Q. Over your time at Galleon, did you have any other jobs 19 other than analyst? 20 A. Yes. In 2006, I became a portfolio manager, meaning I had 21 responsibility for managing money in a separate fund. 22 Q. You started as an analyst and at some point became a 23 portfolio manager? 24 A. Yes. 25 Q. Can you describe generally what the difference is between</p>	<p>13T8RAJ2 Smith - direct Page 2445</p> <p>1 A. At times I traded on it for my own portfolio, and also 2 shared that information with others at Galleon. 3 Q. Did there come a time when you left Galleon? 4 A. Yes. 5 Q. About when did you leave Galleon? 6 A. Approximately, November 2010 -- sorry, 2009. 7 Q. After you left Galleon, what did you do next? 8 A. Some months following my departure, when the firm basically 9 dissolved, I started essentially my own business managing money 10 for someone else. 11 Q. So can you describe what you were doing? 12 A. I set up a small firm, basically, which contracted with 13 another investor, and my responsibilities essentially were the 14 same as they were at Galleon. I was managing money for 15 somebody else, investing money on their behalf to try and 16 increase the value. 17 Q. There came a time when you left Galleon and became a 18 portfolio manager for some other fund effectively? 19 A. That's correct. 20 Q. During that time period, did you obtain any confidential 21 information about public companies? 22 A. I did. 23 Q. Who did you obtain that information from? 24 A. From a buy-side analyst located in Taiwan. 25 Q. You say a buy-side analyst. What does that mean?</p>

<p>13T8RAJ2 Smith - direct Page 2450</p> <p>1 A. Yes. 2 Q. Who identified the people for you to call in that manner? 3 A. The FBI did. 4 Q. The FBI gave you the names of the people who they wanted 5 you to call? 6 A. Yes. 7 Q. What was your understanding as to the reason why the FBI 8 wanted you to make those calls and record them? 9 A. The FBI told me that they had evidence against of people 10 that they were discussing with me and that they wanted me to 11 help them gather further evidence about insider trading. 12 Q. What was your understanding of what the FBI's goal was? 13 A. To gather further evidence. 14 Q. Who, if anyone, told you how to go about achieving the 15 FBI's goals on the calls that the FBI asked you to make? 16 A. The FBI did. 17 Q. Prior to making the calls, what conversations did you have 18 with the FBI about what to do and how to act on those calls? 19 A. I had several meetings and conversations with FBI agents 20 prior to placing those calls, in which the agents coached me on 21 how to conduct myself during the calls, what to do in different 22 scenarios, how to craft a story basically to tell during the 23 call, to keep the person on the other end of the phone talking, 24 and ultimately what the goal of the call was, which in each 25 case was to get the other person on the other end of the phone</p>	<p>13T8RAJ2 Smith - direct Page 2452</p> <p>1 to lie during those consensually recorded calls that were being 2 made at the FBI's direction? 3 A. Yes. 4 Q. Can you describe some of those situations generally? 5 A. They instructed me, for instance, to change the course of 6 the conversation if the person on the other end of the phone 7 started pushing back or getting nervous about the topic that I 8 was trying to discuss. They said talk about something else and 9 then come back to the subject you want to talk about later. 10 Q. So you said that Galleon was a hedge fund and you described 11 what a hedge fund is generally. Was Galleon one fund or many 12 funds? 13 A. Galleon was a firm that had a number of funds under the 14 umbrella of the firm. 15 Q. Approximately how many funds did Galleon have? 16 A. It changed over time. In 2008, it could have been dozens. 17 Q. What were some of the names of those funds? 18 A. The technology fund, the health care fund, explorers, 19 admirals, buccaneers. My fund was called the communications 20 fund. 21 Q. Did each of these funds have different -- can you move the 22 microphone closer to you or sit closer? 23 A. I'm sorry. Is that better? 24 Q. That is better. I could hear you before, but I am not sure 25 others can.</p>
<p>13T8RAJ2 Smith - direct Page 2451</p> <p>1 to say something specific. 2 Q. Who was it that initially suggested the stories that would 3 be used on the calls to try to achieve the FBI's goals? 4 A. The FBI. 5 Q. Did the FBI instruct you on how to respond if the person on 6 the other side of the call started acting one way or another? 7 A. Yes, they did. 8 Q. Did you in fact end up making any of these calls and 9 recording them? 10 A. I did. 11 Q. On those calls, did you attempt to execute the various 12 plots designed to achieve the FBI's goals? 13 A. Yes, I did. 14 Q. Who, again, had come up with those plots in the first 15 place? 16 A. The FBI agents. 17 Q. On the calls that you made at the FBI's direction, when you 18 were carrying out the plot that the FBI instructed you to carry 19 out, did you always tell the truth? 20 A. No. They told me not to tell the truth during those calls. 21 Q. Why not or under what circumstances? 22 A. For instance, if the person on the other end of the phone 23 asked if I was recording the call, that I was to answer 24 definitively no. 25 Q. Were there other circumstances where you were called upon</p>	<p>13T8RAJ2 Smith - direct Page 2453</p> <p>1 Each of these different funds, were they separate 2 pools of money, if you will? 3 A. Yes. 4 Q. Did they have different investing strategies or focuses? 5 A. They did, largely reflecting the personality of the 6 portfolio manager, the person in charge of the fund. 7 Q. So there were different people in charge of the different 8 funds? 9 A. Yes. And then depending on the fund, they may have a 10 different sector focus, sector being a type of company that 11 they would invest in, technology companies or energy companies, 12 health care companies or financial companies, for instance. 13 Q. So, for example, a technology fund would be primarily 14 focused on technology companies? 15 A. Yes. 16 Q. What were some of the other sector funds that Galleon ran? 17 A. Health care, financial services, energy, for instance. 18 Q. What was Raj Rajaratnam's role with respect to these funds? 19 A. He was ultimately responsible for the firm, but 20 specifically responsible for the technology fund and some other 21 funds. 22 Q. Which other funds was he primarily responsible for? 23 A. My understanding is the diversified fund was one. I 24 believe in some way the crossover fund was also his 25 responsibility.</p>

13TFRAJ5 Smith - direct Page 2562

1 out of positions that I already had, but nobody else had
2 authority to initiate a position to buy new stake in the stock
3 or short a position in the stock. And --
4 Q. I'm sorry, go ahead.
5 A. The discretion that the trader had was limited to only
6 being about a quarter of the position size. So if I had a
7 hundred shares, he could buy or sell 25 shares without asking
8 me in advance.
9 Q. What was the name of your trader?
10 A. Ian Horowitz.
11 Q. And other than yourself and this limited discretion that
12 Ian Horowitz had, was there anyone else who could place buy or
13 sell orders in your fund?
14 A. No.
15 Q. Now, you testified that Galleon had a bunch of funds. I'd
16 like to walk through them. Did each fund have its own
17 portfolio manager?
18 A. Yes.
19 Q. Who was the portfolio manager for the technology fund?
20 A. Raj.
21 Q. Who was the portfolio manager for the diversified fund?
22 A. Raj.
23 Q. What are some of the other main funds at Galleon during the
24 time when you were managing money at Galleon?
25 A. Explorer's fund, health care fund, buccaneers, captains and

13TFRAJ5 Smith - direct Page 2563

1 admirals, among others.
2 Q. Who was the portfolio manager for the explorer's fund?
3 A. Rick Schutte.
4 Q. Who was the portfolio manager for the buccaneers fund?
5 A. There were several, but they included Gary Rosenbach and
6 Leon Shaulov.
7 Q. Who was the portfolio manager for the admirals fund?
8 A. At the time he was there, it was Mike Curtis and then
9 others took over.
10 Q. Are you familiar with a fund called crossover fund?
11 A. Yes.
12 Q. What's the crossover fund?
13 A. Crossover fund was a fund that was launched in 2007 and it
14 was slightly different from the other funds at Galleon. The
15 funds I just mentioned at Galleon all invested in public
16 stocks, so they bought and sold public stocks. The crossover
17 fund had a dual mandate to both invest in private companies
18 that were going to go public, as well as take a portion of its
19 money and invest in public companies, as the other funds did.
20 Q. Who managed the crossover fund's investments in public
21 companies?
22 A. A number of people, including Rengan Rajaratnam and Raj.
23 Q. Who is Rengan Rajaratnam?
24 A. He was a portfolio manager at Galleon, Raj's brother.
25 Q. Approximately when did he join Galleon?

13TFRAJ5 Smith - direct Page 2564

1 A. He was at Galleon for a time in the early part of the
2 2000's and then left and rejoined Galleon sometime after 2007,
3 I think 2008.
4 Q. What authority did Raj Rajaratnam have to place trades in
5 the funds that were managed by others at Galleon like the
6 buccaneers fund or the explorer's fund?
7 A. Well, Raj was the head of the firm, so I suppose he could
8 do whatever he wanted. But I think that he, at least to my
9 observation, never did that. He respected the authority of the
10 portfolio managers to manage their own portfolios.
11 Q. When you wanted to place a trade in your fund, what
12 mechanically did you do?
13 A. I instructed my trader or one of the other traders to place
14 the trade by telling them what stock, how many shares and what
15 price if I was going to specify to execute. And so I would
16 either message them using instant message or if I were standing
17 at the desk I would tell them, or if I were somewhere else I
18 could call them on the phone. And so I would say, for
19 instance, buy 100,000 shares of Intel at \$20.
20 Q. And then the trader would execute that?
21 A. Correct.
22 Q. You said if were you standing at the desk. What desk are
23 you referring to?
24 A. In Galleon's offices we had a trading desk.
25 Q. What is a trading desk?

13TFRAJ5 Smith - direct Page 2565

1 A. A trading desk in our case was a long table, basically,
2 where approximately eight or ten people sat on each side and
3 each seat had a computer and a number of screens and a
4 telephone, and the trader sat all together monitoring the
5 markets, making trades, doing other activities.
6 Q. And your trader was Ian Horowitz?
7 A. Correct.
8 Q. Did he trade for any other of the portfolio managers at
9 Galleon?
10 A. Yes. He also traded in 2007 and after for Raj and Rick
11 Schutte.
12 Q. So you would put your orders in with Mr. Horowitz?
13 A. Correct.
14 Q. And other portfolio managers could, too?
15 A. Each portfolio manager would have a trader designated to be
16 the person they would go to first. If that trader was
17 unavailable you could go to whoever else was on the desk.
18 Q. And what if anything did Galleon do to keep track of which
19 portfolio manager was placing which trades with which traders?
20 A. Every time a trade was placed there would be an entry into
21 an electric, an electronic system, an order management system
22 that would include information about what stock, the number of
23 shares, the price, which fund that purchase or sale would be
24 allocated to, and the time, the initials of the trader and some
25 other technical information.

13TFRAJ5 Smith - direct Page 2566

1 Q. Who entered that information into the system?
2 A. In general, it would be the trader who executed the trade,
3 but it may also be their assistant or someone else.
4 Q. What did the system maintain with respect to the trader who
5 placed the trade?
6 A. It recorded their initials.
7 Q. It entered the trader's initials?
8 A. Correct.
9 Q. And what did the system maintain with respect to which
10 portfolio manager had placed the trade?
11 A. Well, it wouldn't say which portfolio manager, but it would
12 say which fund the trade was allocated to, and in general, you
13 could assume that only the portfolio manager could put buys or
14 sells of stock into his or her fund.
15 Q. What did this system maintain with respect to the fund, the
16 name of the fund?
17 A. It would show an abbreviation, a three-letter abbreviation
18 for the fund.
19 Q. Was there a three-letter abbreviation associated with your
20 fund?
21 A. Yes.
22 Q. Was there more than one three-letter abbreviation
23 associated with your fund?
24 A. Yes. There were a number of codes or three-letter
25 abbreviations associated with my fund, but there was one

13TFRAJ5 Smith - direct Page 2567

1 general code associated with my fund.
2 Q. What was the general code associated with your fund?
3 A. COP.
4 Q. What were some of the other three-letter codes that were
5 associated with your fund?
6 A. POA, COM, POL. There are some others, more technical ones,
7 but I don't recall.
8 Q. What three-letter codes did Rajaratnam use to place his
9 trades?
10 A. For the technology fund the codes included TMT, TAM, GCR --
11 I'm sorry, GRC, GLT. For the diversified fund would be DIV.
12 That's all I can recall.
13 Q. Did anyone other than Mr. Rajaratnam, to your knowledge,
14 use those codes that you just mentioned?
15 A. No.
16 Q. What were the codes for the admirals fund?
17 A. ADR, I believe ADS, maybe ADM.
18 Q. What were the codes for the crossover fund?
19 A. I can't recall.
20 Q. Did there come a time when Joe Liu managed money?
21 A. Yes.
22 Q. Did he have any codes associated with his trading?
23 A. Yes, he did. BUL and EM2.
24 Q. What were the codes associated with the Captains fund?
25 A. I can't recall.

13TFRAJ5 Smith - direct Page 2568

1 Q. I've placed before you a document marked Government Exhibit
2 101. Can you generally describe this document?
3 A. This is a list of those aforementioned codes and the
4 associated fund name.
5 MR. MICHAELSON: The government offers Government
6 Exhibit 101.
7 MR. LYNAM: No objection.
8 THE COURT: Admitted.
9 (Government's Exhibit 101 received in evidence)
10 Q. Directing your attention to the first page towards the
11 bottom. There's a code TOD. Is that code associated with --
12 A. Yes, that's the primary code for captains.
13 Q. And there's a code up above, BUC. What is that code
14 associated with?
15 A. That's the Buccaneers fund.
16 Q. And who managed the Buccaneers fund again?
17 A. Leon Shaulov and Gary Rosenbach.
18 MR. MICHAELSON: You can take that down.
19 Q. What does Galleon earn for managing its investors' money?
20 A. The way Galleon makes money is twofold. Firstly, there's
21 just a fee that they charge as a percentage of the amount of
22 money that an investor gives to Galleon to invest on their
23 behalf. Typically that's 2 percent of the money and that's
24 called a management fee.
25 The other way is that they take a piece of the

13TFRAJ5 Smith - direct Page 2569

1 profits, so if an investor gives their money, pays 2 percent
2 and Galleon at the end of the period at the end of the year has
3 made a profit for the investor, they would keep a portion for
4 themselves. That's called the incentive fee and it's typically
5 about 20 percent.
6 Q. That would be 20 percent of what?
7 A. Of the profit.
8 Q. So what effect does profitable performance have on
9 Galleon's 20 percent incentive fee?
10 A. It has a direct impact. The more profitable -- every
11 dollar that you make above zero you get to keep 20 cents of.
12 Q. What effect does profitable performance have on how much
13 money Galleon is able to attract from investors?
14 A. Many investors view past performance as an indicator of the
15 future, though they usually tell you not to, they do, and so
16 more profitability typically means more assets.
17 Q. And in general, if Galleon performs well, what happens to
18 the amount of money that Galleon has under management?
19 A. It increases in general.
20 Q. And what impact does that have on the amount of money that
21 Galleon makes through its 2 percent management fee?
22 A. Well, because it's a percentage, the more money there is to
23 manage, the higher the management fee revenue will be.
24 Q. When you were at Galleon, did you know one way or another
25 whether Mr. Rajaratnam was an investor in Galleon?

<p>13TFRAJ5 Smith - direct Page 2570</p> <p>1 A. I understood that he was. 2 Q. What conversations did you have with him about whether he 3 was an investor of Galleon? 4 A. He told me he was. 5 Q. Are you familiar with a company called ATI Technologies? 6 A. Yes. 7 Q. When you became a portfolio manager in early 2006, what was 8 ATI Technologies? 9 A. What did the company do? Is that what you're asking? 10 Q. Yeah, what did it do? 11 A. It sold semi conductor products that we called graphics 12 chips that help computers and cell phones and other things 13 display the information that they want to, like video or other 14 shapes and text. 15 Q. Was it a public company? 16 A. Yes. 17 Q. What exchange did it trade on? 18 A. It traded, among other things, on the NASDAQ. 19 Q. Did there come a time when you started to buy stock in ATI 20 in the fund that you were managing in early 2006? 21 A. Yes. 22 Q. Approximately when did you start buying? 23 A. In the first quarter I started to cover a short position 24 and became long the stock in early March. 25 Q. What does it mean to cover a short position?</p>	<p>13TFRAJ5 Smith - direct Page 2572</p> <p>1 buying? 2 A. Correct. From that point the stock had declined enough 3 that I felt that much of the bad news was reflected in the 4 price. I also anticipated that the fundamentals would begin to 5 improve later that year, and typically when the fundamentals 6 improved, then the stock price will also improve. Or go up. 7 Q. Did there come a time when you started to hear rumors about 8 a potential acquisition of ATI? 9 A. Yes. 10 Q. Approximately when did you start hearing those rumors? 11 A. Approximately April of 2006. 12 Q. What impact, if any, did those rumors have on your 13 decisions to buy or sell ATI stock? 14 A. They didn't have much of an impact. I didn't think that 15 they were necessarily credible. 16 Q. In general, what impact do rumors of possible acquisitions 17 have on your decisions to buy or sell stock? 18 A. In general, rumors have little to no impact on my decision 19 to buy or sell stocks. Rumors happen all the time in the 20 market. You don't know the source of them. They typically end 21 up not being true and they cause short-term fluctuations in the 22 price, but if the rumor after a short period of time turns out 23 to be inaccurate, the price usually jumps back to where it was 24 before the rumor started. 25 Q. That's if the rumor turns out to be inaccurate?</p>
<p>13TFRAJ5 Smith - direct Page 2571</p> <p>1 A. To cover a short is the converse or the opposite of selling 2 a long. A short position means you're betting that the stock 3 price is going to decline and covering that means you're taking 4 that bet off. 5 Q. And what is a long position? 6 A. A long position is when you buy shares and you're betting 7 that the stock price will increase. 8 Q. And in general, what were your reasons for covering your 9 short position or buying ATI stock at that time? 10 A. At that time the company's fundamentals had deteriorated 11 and the stock price had declined, so my bet had paid off and I 12 chose to take my profits and cover. 13 Q. You say the fundamentals deteriorated. What do you mean by 14 that? 15 A. Meaning the business levels, the revenues that they were 16 achieving in general prior to that time had started to worsen 17 versus what the expectations on the Street had been. 18 Q. And at that time were you long the stock or short the 19 stock? 20 A. At one point -- at that point I was short the stock. 21 Q. So you were betting that the stock was going to go down? 22 A. Yes. 23 Q. And it did go down? 24 A. Yes. 25 Q. And then you reversed and covered your short and started</p>	<p>13TFRAJ5 Smith - direct Page 2573</p> <p>1 A. Correct. 2 Q. They snap back? 3 A. Inaccurate. 4 Q. Do you recall your testimony earlier this morning about 5 Kamal Ahmed and the ICST/IDTI acquisition? 6 A. Yes. 7 Q. Who again was Kamal Ahmed? 8 A. He was a Morgan Stanley investment banker. 9 Q. Did there come a time when you had conversations with 10 Mr. Ahmed regarding ATI? 11 A. Yes. 12 Q. When was that conversation? 13 A. May 3, 2006. 14 Q. Where were you? 15 A. I was in California. 16 Q. Did you see him in person? 17 A. Yes. We had lunch. 18 Q. What did Kamal Ahmed tell you? 19 A. I asked Kamal -- 20 MR. LYNAM: Your Honor, same hearsay objection as 21 before. 22 THE COURT: Overruled. Proceed. 23 A. At lunch I asked Kamal if he had heard the rumors that had 24 been around the prior couple of weeks about AMD potentially 25 acquiring ATI, and he said yes, and told me that in fact those</p>

13TFRAJ5 Smith - direct Page 2574

1 were more than rumors, that indeed there was a deal underway
2 for AMD to purchase ATYT.
3 THE COURT: Ladies and gentlemen, I give you the same
4 instruction I gave you before, and that is this witness'
5 testimony as to what Kamal Ahmed said to him is not being
6 offered to show the truth of that statement but only as
7 evidence that it was said to him.
8 MR. MICHAELSON: Thank you, your Honor.
9 Q. What was the significance of what Kamal Ahmed told you
10 about AMD's acquisition of ATI at that lunch?
11 A. Well, it was significant because it was coming from an
12 authoritative source, so it moved my view of that potential
13 from, you know, very skeptical, speculative market rumors to
14 something that was as near certainty as I could imagine at that
15 point. I knew that Kamal was a senior banker for that space
16 and that even if he wasn't directly involved in the deal, that
17 he was likely to have knowledge of it. So his confirmation of
18 those rumors had a dramatic impact on my thinking.
19 Indeed, following that meeting, over the course of
20 some time I more than doubled my position size in ATI. The
21 reason being because now I had both a fundamental view that
22 this was a good stock from my other work, but now I also knew
23 that this acquisition was on the horizon. So I really, I sort
24 of had two ways to win and when you have a level of certainty
25 in the stock market, the reality of making money is that you

13TFRAJ5 Smith - direct Page 2576

1 A. Yes.
2 Q. In general, what's the difference between rumors or
3 speculation about an acquisition and information about an
4 acquisition obtained from someone who is working on it?
5 A. In general, one, the first one doesn't typically come out
6 to be true and the second one does.
7 Q. What was your understanding as to whether Kamal Ahmed was
8 authorized to tell you what he did about AMD's acquisition of
9 ATI?
10 A. I knew he wasn't authorized to tell me.
11 Q. How do you know that?
12 A. I had worked at Morgan Stanley. I had known that their
13 code of conduct instructed all employees not to communicate
14 that type of information not only with people outside of the
15 company, but even people inside the company who didn't work on
16 those deals, firstly, and secondly, this was material
17 non-public information because it was about an impending
18 merger.
19 Q. After the meeting with Mr. Ahmed, the lunch meeting, were
20 there also times when you sold stock in ATYT?
21 A. Yes:
22 Q. What is ATYT?
23 A. That's the ticker symbol for ATI Technologies.
24 Q. And in general what were the reasons why you bought ATYT
25 stock or why you sold ATYT stock following the lunch meeting?

13TFRAJ5 Smith - direct Page 2575

1 need to place big bets. So I sort of went all in, pushed all
2 my chips into this stock, because if it turned out that the
3 rumor wasn't -- or the acquisition didn't come to fruition, I
4 still had the fundamentals to bail me out, and if the
5 fundamentals or if my view of the fundamentals turned out to be
6 wrong, then I had the potential acquisition. So it had a big
7 impact.
8 Q. Was there a term that was used to describe when you had two
9 reasons to buy a stock?
10 A. I -- yes. We refer to it as two torpedoes in the water.
11 If one misses, the other was likely to hit.
12 Q. Did you have two torpedoes in the water with respect to
13 ATI --
14 A. Yes.
15 Q. What were those?
16 A. Firstly, my view of the fundamentals improving and
17 secondly, the acquisition by AMD.
18 Q. Did you buy ATI stock in your fund after your lunch with
19 Mr. Kamal Ahmed?
20 A. At some point, yes, I did.
21 Q. And were those purchases based on what Kamal Ahmed told
22 you?
23 A. They were.
24 Q. Were they also based on your fundamental research that you
25 described?

13TFRAJ5 Smith - direct Page 2577

1 A. In general because the price increased and decreased and I
2 took the opportunity to sell when the stock went up and buy
3 back when the price went down.
4 MR. MICHAELSON: Could we publish Exhibit 110 in
5 evidence? I'm not sure if you have it there, but it's up on
6 your screen.
7 Q. Do you recognize this document?
8 A. Yes, this is a stock price chart of ATYT from March to
9 August of 2006.
10 Q. And if we could highlight around early May. When was your
11 lunch with Mr. Ahmed?
12 A. May 3rd.
13 Q. If we could highlight around there. And in general at the
14 time of that lunch, where was ATI stock trading?
15 A. Approximately 17.
16 Q. Trading relatively high or low compared to where it had
17 been over the preceding month?
18 A. The high end of that level, of that range.
19 Q. So following your lunch with Mr. Ahmed, did you go right
20 out and buy or what did you do?
21 A. Actually, my first transaction was to sell. Because the
22 price exceeded 17 or thereabouts, which I viewed as the upper
23 end of the range.
24 Q. And then over time as the price went down as reflected on
25 this chart, what did you do?

13TFRAJ5 Smith - direct Page 2578

1 A. I increased my position by buying.
2 Q. And between the time when you received the tip and around
3 the time of the announcement, overall did you buy or sell more
4 ATI stock?
5 A. I net bought.
6 Q. Lot or a little?
7 A. I doubled my position.
8 Q. I put in front of you a document marked Government Exhibit
9 2458. Do you recognize that document?
10 A. Yes.
11 Q. Can you describe it?
12 A. This is a travel approval form.
13 Q. What is the date?
14 A. March 23, 2006.
15 Q. What does it relate to?
16 A. It relates to a visit -- sorry, to a trip that I took to
17 California in early May.
18 MR. MICHAELSON: Government offers Government Exhibit
19 2458.
20 MR. LYNAM: No objection.
21 THE COURT: Admitted.
22 (Government's Exhibit 2458 received in evidence)
23 Q. What is this document about?
24 A. This is a document I submitted for approval, to get
25 approval for some expenses to go to California for a few days

13TFRAJ5 Smith - direct Page 2580

1 trip and I tell her that I have lunch on the third with Kamal.
2 Q. And where do you say that you're going to be meeting him?
3 A. P.F. Chang's at Stanford mall at noon.
4 Q. What Kamal are you referring to?
5 A. Kamal Ahmed.
6 Q. Were there any other Kamals whom you met for lunch during
7 that time period?
8 A. No.
9 Q. Did you meet with Mr. Ahmed for lunch on the third at P F.
10 Chang's?
11 A. Yes.
12 Q. Is that the lunch where he told you that AMD was going to
13 acquire ATI as you testified?
14 A. Yes.
15 Q. Who if anyone did you tell about Ahmed's tip?
16 A. I told Raj following my lunch.
17 Q. What did you tell him?
18 A. I told him about the substance of my lunch, that I had met
19 with Kamal, and that he had confirmed the rumor that we had
20 been hearing.
21 Q. What did you tell Rajaratnam regarding the source of this
22 information?
23 A. I told him that I had met with Kamal for lunch.
24 Q. Approximately when did you convey this information to
25 Mr. Rajaratnam?

13TFRAJ5 Smith - direct Page 2579

1 to visit companies.
2 Q. What were the dates of your trip?
3 A. May 2nd to May 5th.
4 Q. Of what year?
5 A. 2006.
6 Q. Now, directing your attention to Government Exhibit 2433.
7 Can you describe this document, please?
8 A. This is an instant message exchange between myself and my
9 administrative assistant.
10 Q. What is the date?
11 A. April 28, 2006.
12 Q. Does this relate to your trip to California?
13 A. Yes.
14 MR. MICHAELSON: Government offers Government Exhibit
15 2433.
16 MR. LYNAM: No objection.
17 THE COURT: Admitted.
18 (Government's Exhibit 2433 received in evidence)
19 MR. MICHAELSON: If we could just highlight the first
20 four or five lines on the page, please. Five or six.
21 Q. It says at the top there Meg Parikh, MEGPARIKH. Who is
22 that?
23 A. That's my administrative assistant's IM address.
24 Q. What are you writing to her in this instant message?
25 A. I ask her to create a calendar for my upcoming California

13TFRAJ5 Smith - direct Page 2581

1 A. I phoned him following my lunch.
2 Q. So you were still out in California?
3 A. Yes.
4 Q. What did he say?
5 A. Thank you. I don't recall specifically what he said.
6 Q. At this time had you already told Mr. Rajaratnam about
7 other information you obtained from Mr. Ahmed?
8 A. Yes, I had told him about ICST and IDTI.
9 Q. And do you recall your testimony about Mr. Rajaratnam
10 telling you that Mr. Ahmed is a good contact? Do you recall
11 that?
12 MR. LYNAM: Your Honor, object to the leading.
13 THE COURT: Sustained.
14 Q. What had Mr. Rajaratnam told you about Kamal Ahmed prior to
15 you sharing this tip regarding the ATYT acquisition?
16 A. That he was a good contact.
17 Q. When you provided the tip from Kamal Ahmed regarding the
18 acquisition to Mr. Rajaratnam, what if anything did you know if
19 anything about whether Mr. Rajaratnam already owned stock in
20 ATI?
21 A. I knew that he did own stock in ATI.
22 Q. How did you know that?
23 A. He told me.
24 Q. Are you familiar with an individual named Anil Kumar?
25 A. I am now, yes.

13T8RAJ6 Smith - direct Page 2618

1 A. Raj.
2 Q. If you could please read the paragraph beginning with "we
3 have talked"?

4 A. "We have talked over the months about me doing something
5 with the Galleon Group. I think this could be exciting for me
6 and hopefully add value to what you are trying to accomplish.
7 I have tremendous respect for you both as a businessman and as
8 a personal friend."
9 Q. Then he writes, "Here is a proposed plan." What does
10 number 1 say?
11 A. "I could consider starting either January 1 or April 1,
12 2007."
13 Q. Again, at the time of this document, Mr. Chellam still
14 worked at Xilinx?
15 A. Correct.
16 Q. Referring you to Government Exhibit 3361, do you recognize
17 this document?
18 A. Yes.
19 Q. What is this?
20 A. This is a K-1 tax return.
21 Q. Who is the tax return for?
22 A. Kris Chellam.
23 MR. MICHAELSON: The government offers Government
24 Exhibit 3361.
25 MR. LYNAM: Can I just consult with Mr. Michaelson?

13T8RAJ6 Smith - direct Page 2619

1 THE COURT: Yes.
2 MR. LYNAM: No objection, your Honor.
3 THE COURT: Admitted.
4 (Government's Exhibit 3361 received in evidence)
5 Q. Do you see at the top of the form it says schedule K-1?
6 A. Yes.
7 Q. 2006.
8 Are you familiar with schedule K-1 tax forms?
9 A. I am.
10 Q. What, in general, are they for?
11 A. They are for investments.
12 Q. What do they generally reflect with respect to hedge fund
13 investments?
14 A. Among other things, they show how much money you had at the
15 beginning of a period and how much your investment was worth at
16 the end of a period.
17 Q. What is the period of time reflected in this tax return?
18 A. 2006.
19 Q. And during that time, was Mr. Chellam still working at
20 Xilinx?
21 A. Yes.
22 Q. Now, in part 1, under letter B, it says partnership's name,
23 Galleon Technology Partners II. What is that?
24 A. That's the technology fund at Galleon.
25 (Continued on next page)

13TFRAJ7 Smith - direct Page 2620

1 Q. And the bottom of the screen it says information about the
2 partner, letter H partner's name Kris Chellam and Evelyn
3 Chellam. What does this mean?
4 A. This means that Kris Chellam and Evelyn Chellam had
5 investment in 2006 in Galleon technology partners 2 LP.
6 Q. If we can zoom out and highlight just the bottom third or
7 so of the document, highlight for blowup. Thank you. In
8 letter N, what information is conveyed in letter N with respect
9 to Mr. Chellam's investment in Galleon technology fund in 2006?
10 A. It shows that at the beginning of 2006 he had \$957,000 and
11 change and at the end of 2006 his account was worth 1.2 million
12 approximately.
13 Q. Now, directing your attention to Government Exhibit 3364,
14 what is this?
15 A. This is a letter to Kris from Raj.
16 Q. What generally, what's the date of this?
17 A. May 1, 2007.
18 Q. And what generally is this about?
19 A. It's an offer letter.
20 PLAINTIFF: Government offers Government Exhibit 3364.
21 MR. LYNAM: No objection.
22 THE COURT: Admitted.
23 (Government's Exhibit 3364 received in evidence)
24 Q. Would you please read the first paragraph?
25 A. "It gives us great pleasure to extend to you an offer of

13TFRAJ7 Smith - direct Page 2621

1 employment for the position of CEO Galleon crossover. We are
2 excited that you are considering joining Galleon special
3 opportunities LLC and becoming a part of our team."
4 Q. What is the Galleon crossover?
5 A. The Galleon crossover was a fund that had both private and
6 public investments.
7 Q. What do you mean by that?
8 A. I mean that the purpose of the fund was to buy shares of
9 publicly listed companies and trade those shares, but also and
10 unlike the other Galleon funds, had a mandate to buy companies
11 that had not yet gone public, or private companies.
12 Q. Do you recognize this photo, Government Exhibit 3614 in
13 evidence?
14 A. Yes. It's Krish Panu.
15 Q. Who is Krish Panu?
16 A. Krish Panu was the other head of the Galleon crossover fund
17 in California.
18 Q. When did Mr. Panu join Galleon?
19 A. I believe in 2007.
20 Q. What did Mr. Panu do before joining Galleon?
21 A. He worked at a public company called @Road.
22 Q. What happened to @Road, if you know?
23 A. @Road at one point, at some point was purchased by another
24 company, Trimble.
25 Q. And directing your attention to, do you remember when @Road

13TFRAJ7 Smith - direct Page 2630

1 A. Similarly, was a technology company, made a different type
2 of semi conductor, but also had a down and out share price.
3 Q. And what was the significance of that with respect to the
4 crossover fund?
5 A. Well, it made all three of those companies eligible targets
6 for purchase by the crossover fund.
7 Q. Continuing on the next page, Mr. Raj says we'll leave an
8 e-mail trail. Mr. Smith, did you create any e-mail trails
9 during your time at Galleon?
10 A. Yes.
11 Q. About what stocks?
12 A. ATYT.
13 Q. Could you describe for us the e-mail trail that you created
14 with respect to ATYT?
15 A. I sent e-mails that gave legitimate reasons, although
16 weren't the primary or complete motivation for purchase of the
17 stock to have it on the record.
18 Q. Do you recall seeing earlier an e-mail that you sent to
19 Mr. Rajaratnam in June of 2006 the day of ATI's earnings
20 announcement?
21 A. Yes.
22 Q. Was that an e-mail trail?
23 A. It was.
24 Q. Who instructed you to send that e-mail?
25 A. Raj asked me to send him an e-mail with what to do with

13TFRAJ7 Smith - direct Page 2632

1 (In open court; jury not present)
2 THE COURT: Counsel, are there any issues we need to
3 discuss this afternoon?
4 MR. STREETER: No, your Honor.
5 MR. DOWD: Your Honor, with respect to the issue we
6 talked about this morning, we will send to counsel and to
7 Justin, if you don't mind, the intended portions that we intend
8 to take up on cross, so you can look at them and counsel can
9 look at them.
10 THE COURT: Okay. Thank you. I appreciate it.
11 (Adjourned to March 30, 2011 at 9:30 a.m.)
12
13
14
15
16
17
18
19
20
21
22
23
24
25

13TFRAJ7 Smith - direct Page 2631

1 ATYT.
2 Q. Now, you ---when you say on the record, what did you mean
3 by that?
4 A. When I say -- I'm sorry, could you repeat?
5 Q. I believe in response to a question you talked about how
6 the e-mail would put something on the record. What do you mean
7 by that?
8 A. I meant that it would be logged into the system, it would
9 be archived by the system. At the time we were purchasing we
10 could always point to that e-mail to say that was the reason
11 for our purchase.
12 Q. And was that the primary reason for sending the e-mail that
13 you did?
14 A. Yes.
15 Q. Now, you --
16 MR. MICHAELSON: This may be a good time to break.
17 THE COURT: All right, we'll break for today, and
18 begin again tomorrow again at 9:30. Good evening.
19 (Jury excused)
20 (Continued on next page)
21
22
23
24
25

Page 2633

1 INDEX OF EXAMINATION

2 Examination of:	Page
3 CAROL ANN SHIELDS	
4 Direct By Mr. Streeter	2419
5 ADAM SMITH	
6 Direct By Mr. Michaelson	2437
7	
	GOVERNMENT EXHIBITS
8 Exhibit No.	Received
9 101	2568
10 144	2511
11 144T	2512
12 261	2431
13 261A	2432
14 271	2609
15 271A	2610
16 279	2431
17 684	2558
18 1583	2616
19 2400	2582
20 2402	2594
21 2405	2538
22 2406	2541
23 2407	2545
24 2408	2546
25 2409	2548

13U8RAJ1 Page 2635
1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x
4 UNITED STATES OF AMERICA,
5 v. 09 CR 1184 (RJH)
6 RAJ RAJARATNAM,
7 Defendant.
8 -----x
9 New York, N.Y.
10 March 30, 2011
11 9:40 a.m.
12 Before:
13 HON. RICHARD J. HOLWELL
14 District Judge
15 APPEARANCES
16 PREET BHARARA
17 United States Attorney for the
18 Southern District of New York
19 JONATHAN R. STREETER
20 REED M. BRODSKY
21 ANDREW MICHAELSON
22 Assistant United States Attorneys
23 AKIN GUMP STRAUSS HAUER & FELD LLP
24 Attorneys for Defendant
25 JOHN M. DOWD
TERENCE J. LYNAM
ALSO PRESENT: B.J. KANG, FBI

13U8RAJ1 Smith - direct Page 2637
1 legitimate reasons, although not the primary or complete
2 motivation?
3 A. In the case that I was referring to with ATI, the
4 legitimate reason in my answer was referring to those items
5 which articulated the fundamental positive attributes of the
6 stock, its valuation, its improving fundamental situation, and
7 to me those were legitimate reasons, but not complete reasons,
8 because I had an alternative reason to be long on the stock
9 which is the potential takeover.
10 Q. Who had you learned about that potential takeover from?
11 A. Kamal Ahmed.
12 Q. What was the primary or complete motivation for the
13 purchases of ATI stock?
14 A. The complete reason was that the stock -- the company would
15 be bought by another company causing its share price to
16 increase, on the one hand, and then backed up by the
17 fundamental reasons which I just cited.
18 Q. Why have on the record an e-mail with a legitimate set of
19 reasons to be buying the stock?
20 A. On the day in question, I anticipated that the stock would
21 decline precipitously. They had offered worse than expected
22 earnings results or outlook that morning, which typically
23 causes a negative reaction in the stock. So I could anticipate
24 that we would be purchasing shares, we being Raj, myself and
25 perhaps others. And so I wanted to -- and so the motivation to

13U8RAJ1 Page 2636
1 (Trial resumed; jury present)
2 ADAM SMITH, resumed.
3 THE COURT: Good morning, ladies and gentlemen.
4 We are going to continue with the direct examination
5 of Mr. Smith.
6 Mr. Michaelson.
7 DIRECT EXAMINATION (Cont'd)
8 BY MR. MICHAELSON:
9 Q. Good morning, Mr. Smith.
10 A. Good morning.
11 Q. At the end of the day yesterday we had just played a
12 recorded conversation in which Mr. Rajaratnam talked about an
13 e-mail trail. Do you recall that?
14 A. Yes.
15 Q. And I asked you a question or two about an e-mail trail
16 that you created during your time at Galleon. Do you recall
17 that?
18 A. I do.
19 Q. At the very end you testified in response to a question
20 about the e-mail trail that you created as follows:
21 You said, "I sent e-mails that gave legitimate
22 reasons, although weren't the primary or complete motivation,
23 for purchase of the stock to have it on the record.
24 I want to follow-up on that testimony.
25 What did you mean when you said the e-mail trails gave

13U8RAJ1 Smith - direct Page 2638
1 have a corporate record would be to correspond to the purchase
2 of shares that day.
3 Q. What does it mean to have a document on the record, what do
4 you mean by that?
5 A. Something that we could refer back to, and we knew the
6 e-mail would be archived, and so by sending it it was putting
7 it on the record.
8 MR. MICHAELSON: Ms. Pilcer, would you please publish
9 Government Exhibit 2402 in evidence?
10 Q. This morning you have been referring to a specific instance
11 of an e-mail trail. Is Government Exhibit 2402 that e-mail
12 trail?
13 A. Yes.
14 Q. Are the reasons for buying ATI stock, or ATYT, that are
15 reflected in this e-mail the legitimate reasons to be buying
16 ATI stock at that time?
17 A. Those are legitimate reasons, yes.
18 Q. How long before you sent this e-mail to Mr. Rajaratnam had
19 you previously communicated these reasons to buy ATI stock to
20 Mr. Rajaratnam?
21 A. Starting in early March, I had changed my position from
22 short to long, and among other reasons for my fundamental
23 positive thesis were these: VISTA, which was the upcoming
24 Windows launch, was known in March, the other technical issues
25 to do with their chip, the R58X, and some other fundamental

13U8RAJ1 Smith - direct Page 2639

1 reasons about their margins all existed in March, and we had
2 discussed them internally pretty extensively.
3 Q. You had been communicating these types of legitimate
4 reasons to buy ATI stock to Mr. Rajaratnam since March?
5 A. Yes.
6 Q. Was the information regarding AMD's acquisition of ATI you
7 obtained from Mr. Ahmed a legitimate reason to buy ATI stock?
8 A. No.
9 Q. Why not?
10 A. It was confidential. There was material nonpublic
11 information from someone I knew who shouldn't have given it to
12 me.
13 Q. Why would you want an e-mail in the file, or a corporate
14 record, to refer back to that has these reasons but not the
15 information you obtained from Mr. Ahmed?
16 A. In the event that anybody looked into the issue, one can
17 point to this e-mail to say that this was the reason that we
18 purchased the shares on that day.
19 Q. What do you mean that someone might look into this, what
20 are you referring to?
21 A. The government.
22 Q. If the government were to look into the issue, they would
23 see these reasons, but not information you obtained from Mr.
24 Ahmed?
25 MR. LYNAM: Objection. Leading.

13U8RAJ1 Smith - direct Page 2640

1 THE COURT: Sustained.
2 Q. If the government were to look into the issue, what would
3 they find?
4 A. They would find these reasons and not the reason of the
5 information from Mr. Ahmed.
6 Q. The subject line of this e-mail is "ATYT -- what to do."
7 What did you understand about whether Mr. Rajaratnam
8 was asking for your advice on what to do on ATYT?
9 A. Well, I think he knew what to do because --
10 MR. LYNAM: Object. Move to strike about what he
11 knew.
12 THE COURT: Sustained.
13 Q. What was your understanding, Mr. Smith, as to why you were
14 sending this e-mail to Mr. Rajaratnam?
15 A. My understanding was to put legitimate reasons in the
16 corporate record for why to buy that stock that day, but not
17 the complete reason.
18 Q. Now, you have testified about these e-mail trails, and do
19 you recall yesterday your testimony about conversations that
20 you had with Mr. Rajaratnam about what not to put in e-mails?
21 A. Yes.
22 Q. Can you describe generally those conversations again?
23 A. In general, the conversations were about never including
24 sensitive material, nonpublic or inside information, in written
25 form, either in IM or e-mail.

13U8RAJ1 Smith - direct Page 2641

1 Q. Other than these efforts to keep certain things out of
2 e-mails and instant messages, and these other efforts to put
3 certain things in e-mails and instant messages, what
4 conversations, if any, did you have with Mr. Rajaratnam
5 regarding other methods to avoid being detected for insider
6 trading?
7 MR. LYNAM: Can we have a time period to these
8 conversations, please?
9 THE COURT: Mr. Michaelson.
10 MR. MICHAELSON: May I first establish whether any
11 such conversation took place and then I will ask for the time
12 period, if that's all right with your Honor.
13 THE COURT: All right.
14 Q. Did you have any such conversations with Mr. Rajaratnam
15 about methods to avoid being detected for insider trading other
16 than what we have discussed regarding putting certain things in
17 e-mails and keeping certain things out of e-mails?
18 A. Yes.
19 Q. When were those conversations?
20 A. Early on in my tenure as a portfolio manager, I recall
21 several discussions where we talked about trading around a
22 position, in other words, buying and selling in a stock ahead
23 of an event. Even though, for instance, we would anticipate a
24 positive catalyst, the idea was to put basically into the
25 record or show a pattern of buying and selling, selling being

13U8RAJ1 Smith - direct Page 2642

1 inconsistent with what we hoped would happen with the stock,
2 and again, basically just being able to point back, if the
3 government or anybody ever asked why you had a big position in
4 the stock, we could say, well, look, we made sales before it
5 happened so clearly we didn't know for certain that it was
6 going to happen.
7 Q. Can you give us sort of an example of what you mean by
8 this?
9 A. Sure. Just a generic example would be if we were long
10 100,000 shares of a stock on Monday and we thought something
11 good was going to happen on Wednesday, maybe you could sell
12 25,000 shares on Monday night, Tuesday morning you would buy
13 50,000 shares, so you would have 125,000 shares, and then at
14 the end of the day Tuesday you would sell 25,000 shares. So
15 you would enter Wednesday still with the same 100,000 shares
16 that you started with of the stock, hoping that something good
17 would happen, but you would have made sales the prior day or
18 two.
19 Q. What is the significance of making sales if good news is
20 coming?
21 A. Well, it shows that you -- it indicates that you weren't
22 certain that whatever happened was going to happen; it's
23 inconsistent with expecting something positive.
24 Q. In the scenario that you're talking about here, trading
25 around, showing a pattern of trading, are the sales being made

13U8RAJ1 Smith - direct Page 2643

1 because there is uncertainty about whether the event in
2 question is going to happen?
3 A. No.
4 Q. What is the purpose of making the sales in the scenario
5 that you're describing?
6 A. To bolster an argument that you didn't know what was going
7 to happen was going to happen.
8 Q. To bolster an argument in what context?
9 A. In the event of an inquiry, investigation, audit, anything
10 like that from the government.
11 Q. What did Mr. Rajaratnam tell you about this?
12 A. He said it was a good idea, that he did it, that it was
13 worthwhile to do, and that's all.
14 Q. When you were at Galleon, did you have an understanding as
15 to whether the government undertook efforts to detect or do
16 surveillance for insider trading?
17 A. In general, most people in the market knew that trading
18 options ahead of a big event, like a merger announcement, was
19 ill-advised because the government typically would look at
20 options activity prior to announcements of say a merger.
21 MR. LYNAM: I object. There is no foundation as to
22 what most people in the market knew.
23 THE COURT: Sustained.
24 Q. What was your understanding about trading options?
25 A. My understanding was that the government would look at

13U8RAJ1 Smith - direct Page 2644

1 options trades prior to big announcements. I knew this because
2 I had read repeatedly in Wall Street Journal and other
3 newspaper articles about individuals, who had never traded a
4 share in their lives, buying thousands of options prior to some
5 event, and the government catching them because they analyzed
6 those trades prior to whatever announcement it was.
7 Q. What are options?
8 A. Options are -- it's basically a way to make a bet on a
9 stock price without buying or selling a stock. Technically
10 you're buying the right to buy shares at a certain price at a
11 certain date in the future, or sell them in the case of a put
12 option. So it's a way of basically leveraging your bet, making
13 it a more concentrated bet. It's more like a Lottery ticket,
14 but it also basically adds an insurance policy, because if
15 you're wrong, then the Lottery ticket you bought goes out
16 worthless.
17 Q. What are the options you could buy if you think the stock
18 price is going to go up?
19 A. That would be called a call option.
20 Q. Are there options you could buy if you think the stock
21 price is going to go down?
22 A. Yes. That's called a put option.
23 Q. What was the basis for your understanding that the
24 government looked into options trading to try to detect insider
25 trading?

13U8RAJ1 Smith - direct Page 2645

1 A. I read in the Wall Street Journal, The New York Times, many
2 other publications, about instances where people had been
3 detected and prosecuted by the government for illegal trading.
4 And the point of those articles was that the people -- those
5 people had purchased options right before an event.
6 The option allows you to spend a little money to make
7 a lot of money. So if you're certain something is about to
8 happen, it's the most efficient way to maximize profit given
9 limited capital.
10 Q. What, during your time at Galleon, were other things that
11 you understood the government did to detect insider trading?
12 A. I knew for funds that had registered with the government
13 that regular audits were performed.
14 Q. Was Galleon registered with the government?
15 A. Yes.
16 Q. What do you mean the government would perform audits?
17 A. Representatives from the Securities and Exchange Commission
18 would come to the offices and ask for records. I don't know
19 exactly how they did it, but they spent time looking through
20 documents, I guess they looked at e-mails, IMs, they looked at
21 account statements, policies and procedures, and so forth.
22 Q. The government would review e-mails and instant messages
23 that Galleon sort?
24 A. Correct.
25 Q. What about with respect to -- you mentioned options. What

13U8RAJ1 Smith - direct Page 2646

1 about with respect to stock. What, if anything, was your
2 understanding of what the government did to detect insider
3 trading with respect to stock purchases?
4 A. My understanding was that also in the case where there was
5 a big stock price move, typically driven by an event like a
6 merger, the government would look for any unusual activity in
7 trading, not just in options but also in the shares of the
8 stock. And the government had available to them all trading
9 records. So they could see, if there was a large purchase that
10 was out of the normal pattern for whoever it was that was
11 buying or selling that stock, that may be an indication that
12 they knew something.
13 Q. Can you describe what you mean by a large purchase that was
14 out of pattern?
15 A. Sure. If you had never bought a share of something and all
16 of a sudden you go spend half of your net worth buying a stock
17 right before it's bought, that would be out of pattern.
18 Q. Do you recall yesterday I asked you a few questions about
19 Xilinx?
20 A. Yes.
21 Q. In 2006, where did Kris Chellam work?
22 A. At Xilinx.
23 Q. Yesterday you also described a term called the ax. What
24 does the ax mean again?
25 A. The ax was a term that we attached to an analyst who was

13U8RAJ1 Smith - direct Page 2651

1 whether Mr. Janmohamed's projections and recommendations were
2 profitable ideas?
3 A. I think as part of those conversations, the basis for his
4 statements were that Nadeem's recommendations were not
5 profitable in and of themselves.
6 Q. Did you end up conducting any interviews for another
7 analyst in that space?
8 A. Yes.
9 Q. Whatever came of that?
10 A. Nothing.
11 Q. What happened?
12 A. We couldn't find anybody that we liked or the urgency of
13 the issue seemed to pass and we just went on with life.
14 Q. Now, yesterday you testified about how many hundreds of
15 e-mails you received per day from analysts?
16 A. Yes.
17 Q. You testified you could not read all of them. Do you
18 recall that?
19 A. I do.
20 Q. Did you ever see with your own eyes Mr. Rajaratnam do
21 anything with his e-mails?
22 A. Yeah. I would be in his office talking with him and
23 watching him interact with his e-mail Outlook. He would read
24 some e-mails, but then he would also see, like I would, that
25 there would be big blocks of e-mails that weren't, in his

13U8RAJ1 Smith - direct Page 2652

1 judgment, probably worth it, and he would highlight them all
2 and delete them. I think he probably, as I did, scanned the
3 titles to see if there was --
4 MR. LYNAM: Object to what he thinks he probably did.
5 THE COURT: Objection sustained.
6 Q. What did you see Mr. Rajaratnam do?
7 A. I saw him read some e-mails and highlight a bulk of
8 other -- blocks of other e-mails and delete them.
9 Q. I have placed before you Government Exhibit 2450. Do you
10 have that in front of you?
11 A. Yes.
12 Q. Can you describe this document?
13 A. This is a catalogue of user names for instant message
14 accounts and their corresponding user.
15 Q. Did you participate in the creation of this?
16 A. I did.
17 Q. What is this based on?
18 A. This is based on my instant message account user list.
19 Q. Did you review this?
20 A. Yes.
21 Q. Is it accurate?
22 A. Yes.
23 MR. MICHAELSON: The government offers Government
24 Exhibit 2450.
25 MR. LYNAM: No objection.

13U8RAJ1 Smith - direct Page 2653

1 THE COURT: Admitted.
2 (Government's Exhibit 2450 received in evidence)
3 Q. What does the left column of this document contain?
4 A. The screen user name for the corresponding user's instant
5 message account.
6 Q. The column on the right?
7 A. Is the user, the name of the user.
8 Q. I want to go down the list and ask you a couple of basic
9 questions.
10 The first user is Ali Far. Who is Ali Far?
11 A. Ali was, when I arrived at Galleon in 2002, an analyst and
12 subsequently a portfolio manager at Galleon until around 2007.
13 Q. Who is the second name, Apjit Walia?
14 A. Apjit Walia was in 2006 a sell-side analyst at RBC Capital.
15 Q. And the third name Alison Lynch, who is that?
16 A. She was a saleswoman who worked at Smith Barney, Citigroup,
17 whatever it is called now.
18 Q. Chad Anderson?
19 A. He was also a salesperson at a sell-side bank, Piper
20 Jaffray.
21 Q. Caryn Eisenberg?
22 A. Caryn Eisenberg at times was -- or during the period of
23 time was Raj's administrative assistant.
24 Q. David Rodgers?
25 A. Also a sell-side salesperson who at a certain time worked

13U8RAJ1 Smith - direct Page 2654

1 at RBC, a sell-side bank.
2 Q. Gary Rosenbach?
3 A. Gary was cofounder of Galleon with Raj, and until he left
4 was the head of the trading desk, chief trader.
5 Q. Ian Horowitz?
6 A. Ian Horowitz from about 2006 was a trader at Galleon. He
7 was the primary trader for my account as well as Raj and Rick
8 Schutte's account.
9 Q. Isvari Mahadeva?
10 A. Isvari was a portfolio manager at Galleon.
11 Q. During approximately what time period?
12 A. The entire time I was there. I don't know when she
13 started.
14 Q. Joe Liu we discussed yesterday.
15 Keryn Limmer?
16 A. Keryn Limmer was a trader at Galleon, a junior trader.
17 Q. When did she join Galleon, approximately?
18 A. I don't know. Before I arrived.
19 Q. Was she there the entire time you were there?
20 A. No. She left at some point during my tenure at Galleon. I
21 don't recall exactly when.
22 Q. Leon Shaulov?
23 A. Leon Shaulov was a trader and portfolio manager at the
24 Galleon Group for most of the time that I was there.
25 Q. Nadeem Janmohamed?

1449raj4 Page 3214

1 show trading in connection with it.
2 Finally, Mr. Rajaratnam's counsel makes the point that
3 the video he says are more sensational. The video consists of
4 a total of less than 50 seconds of a very hard-to-see screen
5 with Ms. Khan at a fax machine. Now, their argument is
6 completely inconsistent with their other argument that this
7 shows nothing about Mr. Rajaratnam because it shows Ms. Khan at
8 a fax machine. So it's inconsistent within their own argument.
9 Second, there's nothing that's going to be more
10 sensational than Mr. Rajaratnam's own recorded voice on
11 wiretaps talking and receiving inside information and telling
12 fellow employees to create an e-mail trail.
13 THE COURT: You don't have any of that with respect to
14 the Roomy Khan/Raj Rajaratnam conspiracy.
15 MR. BRODSKY: We do not have recorded conversations
16 back in 1997 and 1998.
17 THE COURT: For that conspiracy it's more sensational.
18 MR. BRODSKY: For that conspiracy. So we don't have
19 anything that's going to be even close to being as sensational
20 as the wiretap recordings we're playing today or that we've
21 already played in this trial; and frankly, your Honor, won't be
22 an mini-trial at all. This is an hour testimony. It's very
23 short. And it's only designed -- we're not going to be
24 telling -- we would ask the court to give the limiting
25 instruction that the Second Circuit advises with respect to

1449raj4 Page 3215

1 this evidence.
2 We don't want this evidence to confuse the jury. What
3 we want to tell the jury with this evidence is it's designed to
4 show: One, the background of the relationship between these
5 two individuals; and, two, Mr. Rajaratnam's intent, and that
6 this wasn't a mistake or an accident when they communicated
7 with each other in 2006 and 2007 with respect to Hilton, Google
8 and Polycom.
9 I'm happy to answer your Honor's questions with
10 respect to that.
11 THE COURT: I'm going to -- I reserve decision. This
12 is not coming out with this next witness, I take it?
13 MR. BRODSKY: Correct, your Honor.
14 THE COURT: All right. Then let's see if the jury is
15 ready.
16 Are we ready with the binders? Do we want to hold up
17 the jury?
18 MR. BRODSKY: They want to doublecheck that.
19 We're ready, your Honor.
20 THE COURT: Jury entry.
21 (Jury present)
22 (Continued on next page)
23
24
25

1449raj4 Page 3216

1 (In open court)
2 THE COURT: Please take your seats. Government call
3 its next witness.
4 MR. STREETER: Yes, your Honor. The government calls
5 J.D. Sherman.
6 J. DONALD SHERMAN,
7 called as a witness by the Government,
8 having been duly sworn, testified as follows:
9 THE COURT: Good afternoon, Mr. Sherman.
10 Mr. Streeter.
11 MR. STREETER: Thank you, your Honor.
12 DIRECT EXAMINATION
13 BY MR. STREETER:
14 Q. Good afternoon, Mr. Sherman.
15 A. Good afternoon.
16 Q. How old are you, sir?
17 A. I'm 45 years old.
18 Q. Can you describe briefly your educational background.
19 A. Yes. I have an undergraduate degree in economics from
20 Emory University and an MBA in finance from the University of
21 Chicago.
22 Q. And where did you go to work after you got your MBA?
23 A. I worked at IBM after my MBA.
24 Q. What was your last job -- how long did you work at IBM?
25 A. For fifteen years.

1449raj4 Sherman - direct Page 3217

1 Q. What was your last job at IBM?
2 A. I was the vice-president of finance for IBM systems and
3 technology group, which is basically the hardware part of IBM.
4 Q. What were your responsibilities in that job?
5 A. All of finance which would include financial planning,
6 analysis, financial strategy, sales operations, expense
7 management and the like.
8 Q. And when did you leave IBM?
9 A. I left IBM in November of 2005.
10 Q. Where did you go to work?
11 A. I went to work at Akamai Technologies.
12 Q. Is that where you work now?
13 A. Yes.
14 Q. What's Akamai Technologies?
15 A. Akamai Technology is a company that accelerates content and
16 application delivery over the internet.
17 Q. What does that mean?
18 A. Well to -- for example, it means if you are downloading a
19 song from Apple iTunes, you're very likely using the Akamai
20 network to complete that download.
21 Q. What is your position at Akamai?
22 A. I'm the chief financial officer.
23 Q. What does that mean?
24 A. It means I'm the chief executive -- the executive officer
25 responsible for the financials and the accounting of the

1449raj4 Sherman - direct Page 3218

1 business.
2 Q. Is Akamai a publicly traded company?
3 A. Yes, we are.
4 Q. What exchange are you traded on?
5 A. Traded on the NASDAQ.
6 Q. How do you go about reporting your financial results to the
7 public?
8 A. We go through a process to compile the results through our
9 accounting and close process. It takes us about three or four
10 weeks. And usually about the fourth week of the month
11 following a quarter close we file an AK with the Securities and
12 Exchange Commission, we issue a press release which contains
13 the results of the quarter. And we do an earnings call shortly
14 after that with investors or anyone who wants to call in and
15 listen to our explanation of the results.
16 Q. And prior to reporting those results to the investing
17 public, are your financial results, are they confidential or
18 are they a matter of public record?
19 A. They are confidential.
20 Q. Does Akamai have a code of conduct?
21 A. Yes, we do.
22 Q. Take a look at Government Exhibit 2608 on the pile in front
23 of you. What's that?
24 A. This is our code of business conduct and ethics.
25 MR. STREETER: Government offers 2608.

1449raj4 Sherman - direct Page 3219

1 MR. DOWD: No objection, your Honor.
2 THE COURT: Admitted.
3 (Government's Exhibit 2608 received in evidence)
4 Q. What's the date on the bottom of this?
5 A. This was revised as of October 20, 2004.
6 Q. And can you turn to the 9th page of the document.
7 A. Yes.
8 MR. STREETER: And if I could ask Ms. Pilcer to blow
9 up paragraph 5.
10 Q. Can you go ahead and read, start reading paragraph five.
11 I'll tell you when to stop.
12 A. "Investment activity. It is a conflict of interest and
13 illegal, if investment activity that benefits you (or a
14 relative or other person with whom you have a personal
15 relationship), actually is, or appears to be, influenced by
16 material nonpublic information that you possess by virtue of
17 your position with Akamai.
18 "Insider trading. You may not buy or sell Akamai
19 stock or bonds or encourage others to do so if you have
20 material, nonpublic information about Akamai, even if you do
21 not use such information as a basis for such trade and even if
22 you have not been notified that you are blacked out. Material
23 nonpublic information is information that is not publicly
24 available that could affect the price of our securities. It
25 includes, but is not limited to, financial results, earnings,

1449raj4 Sherman - direct Page 3220

1 estimates, major organizational changes, new offerings, changes
2 in a material contract, or other significant business
3 developments at Akamai. If you know, or have been told, that
4 you possess such information, you must wait until that
5 information becomes publicly available before making any
6 transaction involving Akamai stock. In addition, you may not
7 give material, nonpublic information, or tips based on such
8 information, to family members, friends, or anyone outside the
9 company. You are also obliged to comply with trading blackouts
10 that are issued in connection with Akamai's insider trading
11 policy."
12 Q. Let me ask you to stop right there. There are two
13 references to blackout periods. What's the reference to
14 blackout?
15 A. Blackout is, I suppose, colloquial for being notified that
16 you are in possession of material nonpublic information and
17 being formally reminded that you're not allowed to trade on
18 that information.
19 Q. If one is in possession of this kind of information
20 described here but hasn't received a blackout notice from
21 someone at Akamai, what is that employee's obligation with
22 respect to that information?
23 A. Again, the employee's obligation is that they may not trade
24 the stock or share that information outside the company.
25 Q. In the paragraph you've just read, right about the middle

1449raj4 Sherman - direct Page 3221

1 it says, "financial results, earnings and estimates." Do you
2 see that?
3 A. Yes.
4 Q. What are estimates?
5 A. Estimates would be our forecast about the future financial
6 performance of the company.
7 Q. So is that among the things that's defined here as material
8 nonpublic information?
9 A. Yes.
10 Q. And prior to you announcing your estimates, how was that
11 information -- the estimates about the company's future
12 performance treated within the firm?
13 A. It's treated as confidential.
14 Q. I'm going to ask you to turn to page 17 of the document.
15 MR. STREETER: Blow up the top half of the document.
16 Q. If you could just read the paragraph that begins you are
17 also prohibited.
18 A. "You are also prohibited from selectively disclosing
19 material, nonpublic information about Akamai to select
20 individuals or groups (e.g., a small group of investors or
21 customers) without disclosing that information on a broad
22 public basis (e.g., a press release or SEC filing). If you
23 accidentally disclose such information, you must contact the
24 legal department immediately."
25 Q. And could you turn to the next page.

1449raj4 Sherman - direct Page 3222

1 MR. STREETER: Can we blow up paragraph number three.
2 Q. Can you begin reading paragraph number three.
3 A. "Public communications. When Akamai disseminates company
4 information to the press, the financial analyst community, and
5 its stockholders, such information must be especially accurate,
6 complete, and consistent. There are numerous laws and
7 regulations that prohibit the selective disclosure of material
8 information to financial analysts and similar persons. For
9 this reason, you must refer all inquiries regarding financial,
10 stock, or similar information to those individuals designated
11 by Akamai as official Akamai spokespersons, who include
12 Akamai's chief executive officer, chief financial officer,
13 president, director of investor relations, chief marketing
14 officer, or director of public relations. Unless authorized by
15 these official Akamai spokespersons, you may not speak directly
16 to the press, the financial analyst community or Akamai's
17 stockholders regarding financial, stock, or similar matters."
18 Q. Can you go ahead and read the first example below.
19 A. Yes. "Example. You have access to information regarding
20 Akamai's unreleased quarterly financial performance. An
21 analyst for a large broker firm, or a reporter from your local
22 paper, calls you and asks: How is the quarter looking? You
23 must refuse to answer the question, otherwise decline to
24 comment, and refer the individual to the director of investor
25 relations or the chief marketing officer, director of public

1449raj4 Sherman - direct Page 3224

1 A. Yes, I do.
2 Q. Who is that?
3 A. That's Kieran Taylor.
4 MR. STREETER: The government offers 3612.
5 MR. DOWD: No objection.
6 THE COURT: Admitted.
7 (Government's Exhibit 3612 received in evidence)
8 Q. When did you first meet Kieran Taylor?
9 A. When I -- shortly after I joined the company in November of
10 2005.
11 Q. Does Mr. Taylor work or did Mr. Taylor at the time work at
12 Akamai?
13 A. Yes, he did.
14 Q. From then until when roughly did he work there?
15 A. He worked there until late 2009.
16 Q. And what was his job at Akamai in the summer of 2008?
17 A. Kieran worked in the marketing department as the senior
18 director of marketing.
19 Q. What does that mean in terms of his responsibilities?
20 A. His responsibilities would include how we positioned
21 products to sell in the marketplace to certain sets of
22 customers, how he trained the sales force to sell those
23 products, and how we took those products to market.
24 Q. Who did Mr. Taylor report to?
25 A. He reported to Brad Rinklin who is the vice-president of

1449raj4 Sherman - direct Page 3223

1 relations as appropriate."
2 Q. Is every employee required to certify that they've read
3 this policy?
4 A. Yes, they are.
5 Q. Take a look at Government Exhibit 2544. What's 2544?
6 A. This is an acknowledgment of receipt of Akamai's code of
7 business conduct and ethics.
8 MR. STREETER: Government offers 2544.
9 MR. DOWD: No objection, your Honor.
10 THE COURT: Admitted.
11 (Government's Exhibit 2544 received in evidence)
12 Q. Who is the person whose acknowledgment this is?
13 A. This is Kieran Taylor's acknowledgment.
14 Q. Can you just read the first sentence.
15 A. Yes. "I certify that I have received and read the Akamai
16 code of business conduct and ethics."
17 Q. Can you read the second sentence.
18 A. Yes. "I understand and agree to comply with the code
19 including the policies described or referenced in the code."
20 Q. Do you know this individual, Kieran Taylor?
21 A. Yes, I do.
22 Q. I'm showing you a photograph that's been marked for
23 identification as Government Exhibit 3612. Do you see that?
24 A. Yes.
25 Q. Do you recognize that person?

1449raj4 Sherman - direct Page 3225

1 marketing.
2 Q. Who was -- who did Mr. Rinklin report to?
3 A. Mr. Rinklin reported to Bob Hughes, who was the executive
4 vice-president of global sales, services and marketing.
5 Q. From time to time, while Mr. Taylor worked at Akamai, had
6 he learned nonpublic financial information about Akamai?
7 A. Yes, he did.
8 Q. Is he himself directly involved in the quarterly reporting
9 process that you described briefly before?
10 A. No, he's not.
11 Q. I want to ask you to take a look at a document marked for
12 identification as Government Exhibit 2545.
13 A. Okay.
14 Q. What is this?
15 A. This is a meeting notification.
16 Q. And do you know whose meeting notification it is?
17 A. Yes. It's from Kieran Taylor's calendar.
18 MR. STREETER: Government offers 2545.
19 MR. DOWD: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibit 2545 received in evidence)
22 Q. Can you go ahead and read that.
23 A. Yes. Subject Chiesi cocktail. Start 9-27-2007 at 5:00 and
24 end at 9-27-2007 at 5:30 p.m.
25 Q. Do you know someone named Danielle Chiesi?

1449raj4 Sherman - direct Page 3226

1 A. Yes, I do.
2 Q. Have you met her yourself?
3 A. Yes.
4 Q. Have you spoken with her on the phone as well?
5 A. Yes.
6 Q. I'm showing you a photograph that's already in evidence,
7 Government Exhibit 3605. Do you recognize that person?
8 A. Yes.
9 Q. Who is that?
10 A. That's Danielle Chiesi.
11 Q. Can you take a look at Government Exhibit 2546. What's
12 that?
13 A. Is this is an e-mail from Kieran Taylor to myself.
14 MR. STREETER: Government offers 2546.
15 THE COURT: Any objection?
16 MR. DOWD: I don't know why it's relevant, your Honor.
17 It's the year 2007. I have a question as to relevance.
18 MR. STREETER: Your Honor, it shows the relationship
19 between certain of the people that are relevant here.
20 THE COURT: Admitted.
21 (Government's Exhibit 2546 received in evidence)
22 MR. STREETER: First off, can we split the screen and
23 pull up this and then pull up the prior exhibit 2545 at the
24 bottom.
25 Q. Can you go ahead and read the one at the top. The one

1449raj4 Sherman - direct Page 3227

1 involving you.
2 A. Yes. "Hi JD. I had the fortune of meeting Bob last night
3 in New York City at a small cocktail party. We spent a good
4 two hours together, had some great conversation around Akamai
5 and he had many fantastic things to say about you. He asked
6 that I pass a hello along to you. Best, Kieran."
7 Q. What's the date that this was sent to you?
8 A. Friday, September 28, 2007.
9 Q. How does that compare to the document below in terms of the
10 date of the -- what's called Chiesi cocktail?
11 A. It's the day after that.
12 Q. And the Bob mentioned here, do you see the subject line?
13 A. Yes.
14 Q. Can you read that aloud.
15 A. Regards from Bob Moffat.
16 Q. Who is Bob Moffat?
17 A. Bob Moffat is a former colleague of mine from IBM.
18 Q. And at this time, from 2008, do you know where Mr. Moffat
19 worked?
20 A. He did work at IBM. I believe at this time he was the
21 general manager -- senior vice-president and general manager of
22 the systems and technology group.
23 Q. You mentioned before that you at some point met Ms. Chiesi?
24 A. Yes.
25 Q. Can you describe what the circumstances were.

1449raj4 Sherman - direct Page 3228

1 A. Yes. I met her at an investor conference sponsored by
2 Goldman Sachs.
3 Q. Where was this meeting?
4 A. It was in New York City.
5 Q. And what were the circumstances of your meeting with
6 Ms. Chiesi?
7 A. It was in a small investor group meeting, which are
8 customary at these investor conferences.
9 Q. And how many people were at this particular small meeting?
10 A. There were about four or five investors in the meeting.
11 Q. And how about from Akamai?
12 A. From Akamai there were three individuals: Myself, Jennifer
13 Heizer, who worked in our investor relations area, and Paul
14 Sagan, our CEO.
15 Q. You said there were four or five investors?
16 A. Yes.
17 Q. Was Ms. Chiesi among the investors?
18 A. Yes, she was.
19 Q. What typically happens at these kinds of meetings?
20 A. Generally they are Q and A format. Investors ask questions
21 about our business; in general, about the products of the
22 business, the health of the market, etc., and we try to answer
23 those questions.
24 Q. During those kinds of meetings, do you ever disclose
25 material nonpublic information?

1449raj4 Sherman - direct Page 3229

1 A. No, we don't.
2 Q. If it's the middle of a quarter and you have some
3 information about the finances of the company so far to date in
4 that quarter, at one of these meetings, and if you were asked a
5 question about that, what would be your response?
6 A. We don't comment on results in the middle of the quarter.
7 Q. How long did this meeting last?
8 A. They generally run between 30 minutes and an hour. I can't
9 recall if it was one of the shorter meetings or the longer.
10 MR. DOWD: Excuse me. Could we get a date of this
11 meeting, your Honor?
12 Q. Do you have a general memory?
13 A. It was the first week of February of 2008, I believe.
14 Q. Take a look at Government Exhibit 2551. Does that --
15 A. Yes.
16 Q. What does that tell you -- does it refresh your memory
17 about when it was?
18 A. Yes.
19 Q. When was it?
20 A. It was the first week of February of 2008. I don't
21 remember the precise date.
22 Q. And did you speak with Ms. Chiesi at this event?
23 A. Yes, I did.
24 Q. What were the circumstances of your speaking with her?
25 I don't want you to tell us anything about what she

1449raj4 Sherman - direct Page 3234

1 the conversation, did you have a subsequent conversation with
2 Mr. Moffat about this?
3 A. Yes, I did.
4 Q. And did there come a time when you had a conversation with
5 Robert Hughes about Ms. Chiesi?
6 A. Yes.
7 Q. When roughly was that in relation to this?
8 A. It was very shortly after that, probably the early part of
9 the following week.
10 Q. And who is Mr. Hughes?
11 A. Bob Hughes is our executive vice-president of global sales,
12 services and marketing.
13 Q. Where does he fit in the executive structure with respect
14 to Mr. Taylor?
15 A. He is Mr. Taylor's boss' boss.
16 Q. What did you say -- what did you say to Mr. Hughes?
17 A. I mentioned to Bob that potentially we should remind Kieran
18 of his responsibilities not to give any material nonpublic
19 information to anyone in the investor community, and not speak
20 to anybody on Akamai's behalf.
21 Q. And did you have a subsequent sort of e-mail follow-up with
22 Mr. Hughes about that?
23 A. Yes, I did.
24 Q. Take a look at Government Exhibit 2557.
25 What's this?

1449raj4 Sherman - direct Page 3235

1 A. This is an e-mail exchange between me and Bob Hughes.
2 MR. STREETER: Government offers 2557.
3 MR. DOWD: No objection.
4 THE COURT: Admitted.
5 (Government's Exhibit 2557 received in evidence)
6 MR. STREETER: If we could blow up the bottom part of
7 the e-mail.
8 Q. Can you read the bottom e-mail, who it's from, who it's to,
9 and what it says.
10 A. Yes. It's from Bob to me. And no subject. It says, "I am
11 with Kieran. Did you speak to him?" Which he sent on his
12 BlackBerry.
13 Q. What's the date?
14 A. Thursday, April 3.
15 Q. What do you respond?
16 A. I respond no.
17 MR. STREETER: And then could we move back out and
18 blow up the top half.
19 Q. What does he say to you?
20 A. He says do you want me to?
21 Q. What do you say back?
22 A. I say I can do it but you could also mention it to him.
23 Q. Can you turn to the second page of this document.
24 Blow up -- in the e-mail in the bottom portion it says
25 original message?

1449raj4 Sherman - direct Page 3236

1 A. Yes.
2 Q. Is this an e-mail that's later in that same day?
3 A. Yes.
4 Q. April 3?
5 A. That's correct.
6 Q. And who is it from and who is it to?
7 A. It's from Bob Hughes to me.
8 Q. Can you read just the first line of it?
9 A. Yes. "Spoke to Kieran. He is going to call you."
10 Q. Did you have subsequent contact with Mr. Taylor on this
11 subject?
12 A. Yes, I did.
13 Q. Before we get to that, can you take a look at Government
14 Exhibit 2558. What's this?
15 A. This is an e-mail from Kieran to me.
16 MR. STREETER: Government offers 2558.
17 MR. DOWD: No objection.
18 THE COURT: Admitted.
19 (Government's Exhibit 2558 received in evidence)
20 Q. What's the date on this?
21 A. This is dated Thursday, April 3, 2008 at 9:49 p.m.
22 Q. So it's that -- the evening of those prior e-mails we just
23 looked at?
24 A. That's correct.
25 Q. And who is it from, and who is it to?

1449raj4 Sherman - direct Page 3237

1 A. It's from Kieran Taylor to me.
2 Q. Can you read the content of it.
3 A. Yes. "Hi JD. Met with Bob this a.m. and he mentioned that
4 you and I should catch up regarding some messaging that might
5 go on the Street and pinned to my name. I'm in SFO tonight and
6 redevye into office tomorrow. Call me on my cell at any time
7 and I'll reach out to you tomorrow. Thanks much, Kieran."
8 Q. Do you know who the Bob is he refers to?
9 A. Yes. That's Bob Hughes.
10 Q. That's his boss' boss?
11 A. That is correct.
12 Q. The person with whom you had the e-mail communication with
13 the day before?
14 A. That's correct.
15 Q. Did you have a conversation with Mr. Taylor?
16 A. Yes.
17 Q. What did you say to him?
18 A. I reminded him of his responsibilities not to share
19 financial information outside the company and also not to talk
20 to investors; instead, refer them to either me or our investor
21 relations department.
22 Q. Now, this is April 3, 2008; is that right?
23 A. Yes.
24 Q. At the end of April 2008, did you have a quarterly
25 reporting of financial performance?

1449raj4	Sherman - direct	Page 3242	1449raj4	Sherman - direct	Page 3244
1	\$1.70. With our profit performance in Q1 we think we are		1	A. Yes.	
2	tracking to the high end of that range or slightly above and		2	Q. At a general meeting, what portions of the meeting -- what	
3	based on this we are raising our guidance of \$1.68 to \$1.71 of		3	portions would Mr. Taylor -- let me back up.	
4	normalized EPS for 2008."		4	Are there some participants or attendees who don't	
5	Q. First of all, is this good news or bad news?		5	attend the whole meeting?	
6	A. It's relatively good news because we've confirmed our		6	A. Yes, there are.	
7	guidance and we've said that we're going to be towards the high		7	Q. And what portions generally do you recall Mr. Taylor	
8	end of revenue, and we've also taken up the earnings per share		8	attending and not attending?	
9	estimate.		9	A. Mr. Taylor would have attended the portions that he had	
10	Q. What do you mean by taken up?		10	relevance for. So, not all -- not all but the ones that he	
11	A. We've increased our estimate as to how much we'll earn per		11	would as -- in his role in marketing would have relevance for.	
12	share.		12	MR. STREETER: Government offers 2566, by the way.	
13	Q. So, you're telling the investing public you think you're		13	MR. DOWD: No objection.	
14	going to do better than you thought you were going to do		14	THE COURT: Admitted.	
15	before?		15	(Government's Exhibit 2566 received in evidence)	
16	A. That's correct.		16	Q. I'm going to ask you to turn to the first page after -- the	
17	Q. What are you telling the investing public about how much		17	second page of the document.	
18	you expect your revenue to be in the year 2008?		18	Do you see at the top where it says deferred revenue	
19	A. Between \$800 and \$825 million.		19	update?	
20	Q. What are you telling you think your earnings per share or		20	A. Yes.	
21	EPS is going to be?		21	Q. As a general matter, do you believe that Mr. Taylor	
22	A. Between \$1.68 and \$1.71.		22	generally attended that section?	
23	Q. When is the next time when you announce guidance or		23	A. He would not have.	
24	financial performance to the investing public?		24	Q. Turn to the next page, page three, finance update. As a	
25	A. At the next quarterly conference call which happens roughly		25	general matter do you believe that he attended that portion?	
1449raj4	Sherman - direct	Page 3243	1449raj4	Sherman - direct	Page 3245
1	90 days or three months after this one.		1	A. He would not have.	
2	Q. So the end of July?		2	Q. And can you look at the next section, corporate services	
3	A. That's correct.		3	update. Do you have memory whether or not Mr. Taylor would	
4	Q. In the interim, as the quarter's unfolding, do you learn		4	have generally attended that section?	
5	things about how business is performing during the quarter?		5	A. He wouldn't have.	
6	A. Yes, we do.		6	Q. Turning now to page six of ten. Do you see that next	
7	Q. Are you learning things about how the sales are doing?		7	section, commerce industry?	
8	A. Yes.		8	A. Yes.	
9	Q. I want to ask you to turn to Government Exhibit 2566.		9	Q. What does that refer to?	
10	What's this?		10	A. That's a analysis review of how we're dealing with a set of	
11	A. These are minutes from an internal meeting that we		11	customers, specifically the customers that are conducting	
12	colloquially call the MOM meeting or management operations		12	commerce over the internet.	
13	meeting that was conducted on June 9 of 2008.		13	Q. Do you know one way or another whether Mr. Taylor would	
14	Q. On June 9 how far into that next quarter is this?		14	attend this portion of the meeting?	
15	A. We have two -- two of three months completed and obviously		15	A. Yes. I believe he would have.	
16	there's about 21 days left in the quarter.		16	Q. What role would he have? Why would he be at this portion?	
17	Q. And do you attend this meeting?		17	A. He has the role of educating our sales force about the	
18	A. Yes, I do.		18	products and helping us -- helping us develop our go-to-market	
19	Q. And looking at the bottom of the group list of attendees,		19	strategies for certain customers to match them with our	
20	what's the second to last name there?		20	solutions.	
21	A. Kieran Taylor.		21	Q. And you said this is a segment of your customers?	
22	Q. Does Mr. Taylor attend some portion of these meeting?		22	A. That's correct.	
23	A. Yes, he does.		23	Q. Is there an update about how you're doing with those	
24	Q. As a general matter -- and you attended numerous of these		24	customers?	
25	meetings over time at Akamai?		25	A. That's right.	

1449raj4 Sherman - direct Page 3246

1 Q. What effect, if any, does how you're doing with those
2 customers have on how you're going to do that quarter
3 generally?
4 A. It would have some effect. This particular segment at this
5 point represented about 20 percent of our revenue.
6 Q. And can you turn to the next page and look at the bottom.
7 Do you see the three-year plan?
8 A. Yes.
9 Q. Do you recall one way or another whether or not Mr. Taylor
10 generally attended that?
11 A. He would have attended this section.
12 Q. And what effect -- what happens at the three-year planning
13 portion of the meeting?
14 A. In this portion of the meeting, we were talking about the
15 development of our longer term plan in preparation for an
16 upcoming board meeting in July where we spend some time
17 thinking about the longer term strategy for Akamai.
18 Q. And what effect, if anything, does this talk of longer term
19 strategy relate to -- what relationship, if anything, does this
20 talk of longer term strategy to the quarter that you're in the
21 middle of right now?
22 A. Some. But only an indirect relationship.
23 Q. Can you turn then to page nine of ten. What's this? The
24 portion there that's entitled sales update?
25 A. This is the section of the meeting where the sales leaders

1449raj4 Sherman - direct Page 3247

1 reviewed the -- how the sales force is performing during the
2 year.
3 Q. And how does -- how does how the sales force is performing
4 affect the financial results that you're going to report in --
5 at the end of July coming up?
6 A. It's very important, obviously, the sales productivity,
7 which is our way of saying how are we doing in terms of driving
8 revenue with our customers, has a direct impact on our
9 financial performance.
10 Q. And do you recall one way or another whether or not
11 Mr. Taylor generally attended this portion of the meetings?
12 A. Yes. Kieran would have generally attended this portion of
13 the meeting.
14 Q. What role does he have with respect to the sales update
15 portion of the meeting? Why would he be there?
16 A. Marketing and sales work very closely together. And
17 usually if there are any actions that we need to take to
18 improve sales productivity that involves marketing.
19 Q. What relationship is there between sales and the revenue
20 you report at the end of the quarter?
21 A. It's a very close relationship. Obviously sales is
22 responsible for the revenue of the company.
23 Q. And at this time on June 9, in a quarter, would you have
24 some information about how the sales are going?
25 A. Yes. We would have some information.

1449raj4 Sherman - direct Page 3248

1 Q. And what would you know -- do you recall at this time --
2 let's focus on this particular quarter, June 9, 2008, what did
3 you know at that time about how Akamai was doing relative to
4 its projections about how it would do?
5 A. Well, we would have had two months worth of revenue
6 actuals, two out of three months for the quarter. That would
7 give us a sense of where we're tracking for in the quarterly
8 revenue. And we would also have some metrics about the
9 signings of our sales force for long-term contracts and how
10 those signings were tracking to plan. And that would influence
11 the full year revenue. Not so much the second quarter revenue
12 but would have a more profound influence on the full year
13 revenue.
14 Q. And let me ask you in the sales update, is the full year --
15 is the revenue of the whole company discussed or just the sales
16 revenue?
17 A. The revenue of the whole company which is the sales
18 revenue. Effectively those are the same thing.
19 Q. They are the same thing?
20 A. Yes.
21 Q. So the sales update, was that something that would be
22 discussed?
23 A. Yes.
24 Q. Was the information about how the company was doing at that
25 point in the quarter, was that information that someone was

1449raj4 Sherman - direct Page 3249

1 permitted to reveal to someone in the public, or was it
2 confidential information?
3 A. No. It was confidential information.
4 Q. Did Mr. Taylor from time to time come into possession of
5 confidential information about Akamai's finances?
6 A. Yes, he would have.
7 Q. Can you take a look at Government Exhibit 2578. What's
8 that?
9 A. This is an e-mail from Chris Schoettle to a group of
10 individuals. Looks like it's an e-mail planning the work that
11 has to be done for our three-year plan preparation.
12 Q. And is this -- are there attachments to this containing --
13 A. Yes. We have -- there's an attached presentation which
14 looks like an early draft of our three-year plan.
15 Q. Does this contain some financial information about the
16 company?
17 A. Yes, it does.
18 MR. STREETER: Government offers 2578.
19 MR. DOWD: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibit 2578 received in evidence)
22 MR. STREETER: If we could just blow up the top.
23 Q. When is the date?
24 A. The date is June 10, 2008.
25 Q. Is Mr. Taylor one of the recipients of this?

1449raj4 Sherman - direct Page 3250

1 A. Yes, he is.
2 Q. Now, when is it that you first start getting hard numbers
3 about how you've done? When does the quarter actually end?
4 A. The second quarter ends on June 30.
5 Q. When is it that you actually start getting hard numbers on
6 how you've done in the quarter that just ended?
7 A. We get the first pass look at the revenue numbers within a
8 week of that.
9 Q. And can you turn to Government Exhibit 2574. What's
10 Government Exhibit 2574?
11 A. This is a management report written for our board of
12 directors dated July 16, 2008.
13 Q. Are you the author of this?
14 A. Yes, I am.
15 MR. STREETER: Government offers 2574.
16 MR. DOWD: No objection.
17 THE COURT: Admitted.
18 (Government's Exhibit 2574 received in evidence)
19 Q. What generally is this?
20 A. For each board meeting, we write a series of management
21 reports, including one from me as the chief financial officer.
22 This is a recap of our quarterly results. And it also
23 talks about our full year forecast and expectations for
24 financial performance for the full year as well as other
25 relevant financial topics.

1449raj4 Sherman - direct Page 3251

1 Q. By July 16, 2008 how much information did you have about
2 the quarter that just ended on June 31?
3 A. (No response).
4 Q. Or June 30?
5 A. We pretty much had all the information. The results were
6 still preliminary to complete our final audit for the quarter.
7 But we pretty much have all the information.
8 Q. Do you have a sense at this point about how you're going to
9 do?
10 A. Yes. We know pretty well.
11 Q. Do you have a sense about how things look for the future?
12 A. Yes.
13 Q. Can you read the first two sentences.
14 A. Yes. "Second quarter revenue is expected to be
15 approximately \$194 million, which is up \$7 million, or four
16 percent from Q1 and up 27 percent from last year. While this
17 is within our Street guidance of 194 to \$197 million, it is at
18 the low end and is a disappointing result, as it represents a
19 significant slowdown and is \$5 million below our Q2 budget."
20 Q. Let me ask you to turn to the next page. If we could blow
21 up the paragraph that begins, "Our current Street guidance."
22 What's meant by Street guidance, by the way?
23 A. Street is basically colloquial for the set of Wall Street
24 analysts that follow our company and issue their analyst
25 reports and projections for our company. And guidance, of

1449raj4 Sherman - direct Page 3252

1 course, is our projection for the full year that we give to the
2 Street.
3 Q. So can you go ahead and read this paragraph or begin
4 reading it.
5 A. Yes. "Our current Street guidance is for revenue of 800 to
6 \$825 million and normalized EPS of \$1.68 to \$1.71. So \$800
7 million and \$1.69 would put us at the low end of that range."
8 Q. When you say, "Our current Street guidance," and you
9 describe those two numbers, are those the numbers that were
10 included in that conference call review from the 30th of
11 April?
12 A. Yes.
13 Q. So you're just -- at this point you're telling the board
14 here's what we told the investing public before?
15 A. That's correct.
16 Q. Okay. Can you continue reading.
17 A. "After fully vetting our forecast leading up to our Q2
18 earnings announcement, we will likely bring the range down
19 slightly, both for revenue and earnings. While we won't be
20 alone in this environment, it is a message that likely will not
21 be received well by the investment community, and we are likely
22 to see our stock price driven down, depending on where it is
23 trading at the time."
24 (Continued on next page)
25

1448RAJ5 Sherman - direct Page 3253

1 Q. Can you explain that last sentence? What are you telling
2 the board is going to happen with your guidance and what are
3 you saying the effect of that is going to be on the stock?
4 A. We are telling the board that we are going to inform our
5 investors that we are not growing as fast and not going to make
6 as much profit in the current year as we expected, and we think
7 that that very likely will reduce their estimates and their
8 estimates of the value of Akamai, and so the stock price will
9 trade down.
10 Q. This document is dated July 16. Do you recall what date
11 this particular month you actually announced your guidance and
12 your quarterly results?
13 A. On July 30.
14 Q. What starts happening after this July 16, what is happening
15 to get ready for that?
16 A. Internally we start to prepare for our earnings
17 announcement.
18 Q. What does that involve?
19 A. That involves a group of individuals, first of all,
20 finalizing the actual financial numbers, and then, secondly,
21 preparing and compiling an earnings script that we will use to
22 conduct the conference call.
23 Q. Take a look at 2502. What is that?
24 A. This is an e-mail sent out by Noelle Faris to Jeff Young,
25 and attached to it is the first -- is one of the early drafts

1448RAJ5 Sherman - direct Page 3254

1 of our Q2 earnings script.
2 MR. STREETER: The government offers 2502.
3 MR. DOWD: No objection.
4 THE COURT: Admitted.
5 (Government's Exhibit 2502 received in evidence)
6 Q. Who actually works on drafting this document?
7 A. There are a group of people that work on drafting this
8 document. The sort of owner of the draft is Noelle Faris, who
9 is our senior manager of investor relations.
10 Q. What date is this being sent?
11 A. This is being sent on Thursday, July 17.
12 Q. Who is she sending it to?
13 A. To Jeff Young.
14 Q. What is Jeff Young's role at the company?
15 A. Director of corporate communications. So Jeff is
16 responsible for our communications to the press largely.
17 Q. Is there a portion of this script that's directed to the
18 guidance that you're anticipating giving at this time?
19 A. Yes.
20 Q. Can you turn to the tenth page of the document, which is
21 the page numbered 960?
22 Is this the draft of what you might say about
23 guidance?
24 A. Let's see. I'm sorry. I am on the wrong page.
25 Q. It has page 9 at the bottom. It's actually the tenth page

1448RAJ5 Sherman - direct Page 3255

1 of the document.
2 A. Yes. I see it.
3 Yes. That's the section where we start to talk about
4 our guidance.
5 Q. What does the draft say about what you're going to do with
6 guidance?
7 A. The draft says that we are going to reduce the -- lower the
8 guidance range for both revenue and earnings per share.
9 Q. Are you familiar with the term guide down?
10 A. Yes.
11 Q. What does that mean?
12 A. That means lower guidance, which is what we are doing here.
13 Q. So what are you doing -- you see some numbers there. At
14 this point in the drafting process, are these the numbers that
15 end up being the final numbers?
16 A. I don't believe they ended up being the final numbers. I
17 think the guidance was a tad lower than this.
18 Q. The numbers you announced were a little bit worse than
19 these?
20 A. Yes.
21 Q. What are you doing to the revenue number, the guidance
22 revenue number here, what is being anticipated here?
23 A. We are changing the revenue guidance range to between 790
24 and \$805 million.
25 Q. How about the earnings per share?

1448RAJ5 Sherman - direct Page 3256

1 A. We are changing that to \$1.64 to \$1.69.
2 Q. How do those compare to the numbers you had reported to the
3 public on the prior conference call?
4 A. On the prior conference call, we gave a revenue range of
5 between 800 and \$825 million, so the revenue is mostly lower.
6 There is an overlap at the bottom end of that.
7 And then on earnings per share, we had previously
8 guided \$1.68 to \$1.71. So, again, a slight overlap but
9 generally lower.
10 Q. Is the fact that you're going to be guiding down, is that a
11 piece of information that's confidential within the company at
12 this time?
13 A. Yes, it is.
14 Q. Is that something that employees of the company are
15 permitted to share outside the company?
16 A. No, they are not.
17 Q. Are any efforts made even to limit who within the company
18 actually has access to this information?
19 A. Yes, there are.
20 Q. What sort of broadly are those?
21 A. We make sure that only the people who need to know the
22 information, who participate in the process or are going to
23 need it for other purposes have access to the information.
24 Q. Can you take a look at Government Exhibit 2503?
25 A. OK.

1448RAJ5 Sherman - direct Page 3257

1 Q. What is that?
2 A. This is a note from Paul Sagan, our CEO, to a group of
3 individuals who are working on the script draft, and it looks
4 like it's Paul adding his comments to the script draft.
5 Q. This list of people, are these more people that are being
6 sort of brought into the loop?
7 A. Yes. These are people that are participating in the
8 earnings release preparation process.
9 Q. I am not going to ask about every name.
10 First of all, what is the date on this?
11 A. July 21, 2008.
12 Q. The last name on the list J. Heizer, do you see that?
13 A. Yes.
14 Q. Who is that person?
15 A. That person is Jennifer Heizer, and she is an analyst in
16 our investor relations group.
17 Q. The attachment here contains a draft of the guidance that
18 you're going to give?
19 A. Yes. This is an updated draft as of July 18 -- as of July
20 20 with Paul's comments.
21 MR. STREETER: You don't actually need to change the
22 page. You can go back to the front page.
23 Q. So all these people are now in the loop on this?
24 A. That's correct.
25 Q. Can you take a look at Government Exhibit 2593?

1448RAJ5 Sherman - direct Page 3258

1 MR. STREETER: Apologies. I offer 2503.
2 MR. DOWD: No objection.
3 THE COURT: Admitted.
4 (Government's Exhibit 2503 received in evidence)
5 MR. STREETER: Can we blow up the list of people on
6 the front page?
7 Q. This was just another draft of the script including the new
8 guidance you're going to give?
9 A. Yes, that's correct.
10 Q. This is a list of people who are being cc'd on that?
11 A. That's correct.
12 Q. These are all people who are involved in the process one
13 way or another?
14 A. That's right.
15 Q. Can you take a look at 2593?
16 A. OK.
17 Q. What is 2593?
18 A. 2593 is an e-mail from Jeff Young to Paul Sagan dated
19 Monday, July 31.
20 MR. STREETER: The government offers 2593.
21 MR. DOWD: No objection.
22 THE COURT: Admitted.
23 (Government's Exhibit 2593 received in evidence)
24 Q. What is Mr. Young's role in this process?
25 A. Jeff is responsible for handling our press relations on

1448RAJ5 Sherman - direct Page 3260

1 What is this?
2 A. This is an e-mail from Noelle Faris to a group of
3 individuals and it's another draft of the script and press
4 release for our earnings announcement.
5 MR. STREETER: The government offers 2507.
6 MR. DOWD: No objection.
7 THE COURT: Admitted.
8 (Government's Exhibit 2507 received in evidence)
9 MR. STREETER: First of all, let's blow up the top and
10 show the top.
11 Q. It's from Noelle Faris, right?
12 A. Yes.
13 Q. When is it dated?
14 A. July 23, 2008.
15 Q. This list of people that received it, are those all people
16 who are in the loop in finding out this information?
17 A. Yes.
18 Q. All people who are involved in the process of developing
19 the financial reporting that you're going to do in seven days?
20 A. Yes.
21 Q. And the conference call, etc.?
22 A. That's correct.
23 Q. Can you turn to page 9 of the document? I think it's the
24 tenth page in, but it's numbered 9.
25 Do you see the section guidance?

1448RAJ5 Sherman - direct Page 3259

1 this matter as well as all matters.
2 Q. What is the date on this?
3 A. July 21, 2008.
4 Q. How many days away are we now from the release?
5 A. We are nine days away.
6 Q. Can you read the content of this?
7 A. "Paul, I know this quarter has the makings of potentially
8 tough press headlines. I recommend us doing the usual few wire
9 interviews and leaving it at that, just to control the message
10 as much as possible."
11 Q. He says, "I know this quarter has the makings of
12 potentially tough press headlines." Did the quarter have the
13 makings of potentially tough press headlines?
14 A. Yes, it did.
15 Q. Why is that?
16 A. Because our financial performance wasn't as good as we had
17 hoped and our guidance was going to disappoint investors.
18 Q. Was the fact that you were going to have this sort of
19 disappointing new guidance, was that something that was public
20 or confidential within the company?
21 A. It was confidential.
22 Q. Was an employee of Akamai permitted to share that
23 information outside the company?
24 A. No, they weren't.
25 Q. Let me ask you to take a look at Government Exhibit 2507.

1448RAJ5 Sherman - direct Page 3261

1 A. Yes.
2 Q. Can you read the paragraph "given this"?
3 A. "Given this, and taking into account the uncertainties in
4 the back half of the year, we now expect to come in for the
5 full year at the low end of our earlier revenue guidance or
6 slightly lower. So we are updating our guidance to revenue of
7 between 790 and \$805 million for the full year, or 25 to 27
8 percent growth."
9 Q. On the next page, is there a section that addresses EPS?
10 A. Yes.
11 Q. Did the numbers end up being a little bit worse than these
12 numbers?
13 A. I believe they did.
14 Q. Can we go back to the front page?
15 All these people on this list are involved one way or
16 another in the process?
17 A. Yes.
18 Q. Can you go ahead and go through the list, starting with
19 Ms. Faris, and tell us who these people are and what their
20 involvement is?
21 A. Noelle Faris is our senior manager of investor relations so
22 she is the primary coordinator of our earnings announcements
23 and all investor activity.
24 Obviously, my name is first. I'm the chief financial
25 officer.

1448RAJ5	Sherman - direct	Page 3262	1448RAJ5	Sherman - direct	Page 3264
1	Paul is Paul Sagan, our chief executive officer.		1	Q. You were going through the list telling us who is in that	
2	S. Smith is Sandy Smith, who is a senior director in		2	group who attends that meeting. Can you continue?	
3	the finance organization.		3	A. After Bob Hughes, Chris Schoettle, who is the executive	
4	R. Komenda is Rosemary Komenda. She is also a senior		4	vice president of products for us. Harald Prokop is the senior	
5	director in the finance organization.		5	vice president of engineering. Bobby Blumofe is our senior	
6	S. Forman is Steve Forman. Steve is our accounting		6	vice president of operations. Tom Leighton is our chief	
7	controller.		7	scientist and co-founder.	
8	E. McGowan is Ed McGowan. He is a vice president of		8	Q. Are there any other people in the finance department, other	
9	corporate development. And we were transitioning Sandy into		9	than the ones on this list, who are involved in the process and	
10	his former role.		10	would be in the know about the fact that you're guiding down?	
11	K. Lieberman is Kerry Lieberman. She is the assistant		11	A. Yes. There are a couple of people who reported to Rosemary	
12	controller who is responsible for our financial reporting.		12	Komenda and Sandy Smith who participate in the process of	
13	J. Young is Jeff Young. We have mentioned that he is		13	putting together the numbers in the forecast.	
14	the director of corporate communications.		14	Q. Who are those people?	
15	M. Haratun is Melanie Haratunian. She is our general		15	A. One would be Jasmine O'Reilly, who is our revenue analyst,	
16	counsel, our chief lawyer.		16	and another would be Matt Philbin, who is our consolidation	
17	J. Hammons is Jim Hammons, who is the assistant		17	manager.	
18	general counsel.		18	Q. If an executive in the company learned from any of these	
19	Q. Now, if an employee who wasn't in the loop, or an executive		19	people you just mentioned that aren't on the list, but other	
20	who wasn't in the loop, one way or another learned about this		20	people in the loop, that around this time July 23 that Akamai	
21	guiding down that's coming up, would that employee be permitted		21	was going to guide down, would that be something that an	
22	to share that information outside the company?		22	executive who learned that from these people would be permitted	
23	A. No.		23	to share outside the company?	
24	Q. Would that employee be permitted to provide that		24	A. No.	
25	information so someone else can trade on it?		25	Q. Would that be a violation of the company's code of conduct?	
1448RAJ5	Sherman - direct	Page 3263	1448RAJ5	Sherman - direct	Page 3265
1	A. No.		1	A. It would.	
2	Q. Are there other people, other than the people on this list,		2	Q. Would it be a breach of that person's duty to the company?	
3	who are in the know about the fact that the company is going to		3	A. Yes.	
4	guide down?		4	Q. I want to ask you to take a look at Government Exhibit	
5	A. Yes. There were other people that would have been.		5	2614B. Do you know what this is?	
6	Q. Can you start listing some of those people and tell us who		6	A. Yes. I believe this is an extract of the calendar items	
7	those people are?		7	from Kieran Taylor's calendar.	
8	A. Yes. Pretty much the senior management team -- the		8	Q. For what period of time?	
9	director of course was Paul Sagan -- who are not part of the		9	A. It looks like for the week beginning July 1, 2008.	
10	process, but were a part of the senior management team, such as		10	Q. July 1 or July --	
11	Bob Hughes, who is the executive vice president.		11	A. I'm sorry. July 21, 2008. I apologize.	
12	Q. Let me stop you right there. How is it that you're certain		12	Q. Looking back --	
13	that sort of senior executive staff knows about this?		13	MR. STREETER: Can we pull up 2507 quickly?	
14	A. Because the senior executive staff would have participated		14	Q. -- is that the week when the script is being worked on?	
15	in the board meeting, at which time we talked about the		15	A. Yes, it is.	
16	earnings and the guiding and our forecast going forward. We		16	Q. Is that the week when you're rolling up the final numbers	
17	also talked about that frequently at Paul's staff meeting,		17	for this release that's going to happen a week later?	
18	which occurs weekly.		18	A. Yes.	
19	Q. Who attends the staff meeting?		19	Q. What is the all hands meeting?	
20	A. All of Paul's direct reports.		20	A. The all hands meeting is a meeting that we have each	
21	Q. So this fact that you were guiding down would have been a		21	quarter, the day after we announce our earnings, where we	
22	discussion at those meetings as well?		22	invite all employees to a meeting to listen to Paul and the	
23	A. Yes.		23	senior team talk about the quarter and the direction the	
24	Q. Was it a discussion at those meetings?		24	company is headed and other employee relations type topics.	
25	A. Yes, it was.		25	Q. Is guidance discussed at the all hands meeting as well?	

<p>1448RAJ5 Sherman - direct Page 3266</p> <p>1 A. Yes, it is. 2 Q. Let me stop right there and actually go back to the 3 calendar, if we could. 4 MR. STREETER: Can we pull up 2614B again? 5 Q. This is Kieran Taylor's calendar, is that correct? 6 A. Yes, that's correct. 7 MR. STREETER: The government offers 2614B. 8 MR. DOWD: No objection. 9 THE COURT: Admitted. 10 (Government's Exhibit 2614B received in evidence) 11 Q. This is the calendar for that week in which all this 12 activity is happening? 13 A. Yes. 14 Q. For the people who are working on this, is this sort of 15 their primary focus at this time or is it just one of many 16 things that is going on? 17 A. The people working on? 18 Q. The people working on the script. 19 A. It's one of many things going on, but it's obviously of 20 primary importance. 21 Q. Looking at this calendar, if we could go to the bottom and 22 blow up the left side of the last entry at the bottom. 23 Actually, can we go up to the top of the document and 24 show what the different categories are here all the way over 25 to -- take out locations, just put through required attendees.</p>	<p>1448RAJ5 Sherman - direct Page 3268</p> <p>1 A. Sandy Smith. 2 Q. Is Sandy Smith one of the people who is formally in the 3 process of preparing for that announcement of the downward 4 guidance? 5 A. Yes. 6 Q. Does this indicate that she had a meeting scheduled with 7 Mr. Taylor? 8 A. Yes. 9 Q. Can you turn to the next page and can we blow up that same 10 thing for the top two entries on the next page. 11 Can you go to the first one and tell us what the 12 subject was of this particular meeting? 13 A. Yes. That's a product line review weekly meeting. 14 Q. Do you see the start date? 15 A. July 23, 2008. 16 Q. What is the time? 17 A. 1:00. 18 Q. Moving over to the required attendees, do you see -- 19 actually, I want to highlight certain names. 20 MR. STREETER: Can you highlight the name Chris 21 Schoettle? 22 Q. Was that one of the persons who was in the know about the 23 downward guidance? 24 A. Yes. 25 Q. The next name Bob Hughes, is that one of the people in the</p>
<p>1448RAJ5 Sherman - direct Page 3267</p> <p>1 What are the different sort of categories contained in 2 the calendar? 3 A. It looks like it says, the date of the meeting, the start 4 and stop time for that meeting. I am not sure what all day 5 event means. I assume false means it's not an all day event. 6 A reminder on/off, I'm not sure exactly what that is. Reminder 7 date would be when the calendar function would remind you of 8 it. Reminder time, when the calendar function would remind you 9 of that meeting coming up. Meeting organizer would be the 10 person who is coordinating and setting up the meeting. And 11 required attendees would be the individuals that are required 12 to be at the meeting. 13 Q. The first category on the left, what is that? 14 A. Subject. 15 MR. STREETER: Can we go down to the bottom and blow 16 up that same series of columns at the bottom of the page? 17 Q. The last entry here, what does it say for the subject? 18 A. Review sales messaging. 19 Q. What date is that? 20 A. July 23, 2008. 21 Q. What time? 22 A. At 4 p.m. 23 Q. Who is the meeting organizer? 24 A. Kieran Taylor. 25 Q. Who is the required attendee?</p>	<p>1448RAJ5 Sherman - direct Page 3269</p> <p>1 know? 2 A. Yes. 3 Q. The next name Tom Leighton? 4 A. Yes. 5 Q. And the name below that Robert Blumofe, is he one of the 6 people in the know as well? 7 A. Yes, he would be. 8 Q. Formally in the process and one of those people? 9 A. He was on the senior executive team, so he wasn't in the 10 process of developing the numbers, but he was in the discussion 11 of our guidance. 12 Q. And Harald Prokop, do you see that? 13 A. Yes. 14 Q. Is he also in that category? 15 A. Similar position to Bobby Blumofe. 16 Q. Then now down to the next line, do we see Kieran Taylor's 17 name there? 18 A. We do. 19 Q. He was scheduled to attend the meeting with all these folks 20 on the 23rd of July at 1 p.m.? 21 A. Yes. 22 Q. Can we look at the next entry, commerce media plan 23 discussion. 24 Is that that same day later in the day? 25 A. Yes, it is.</p>

1448RAJ5 Sherman - direct Page 3270

1 Q. Can you look at the required attendees?
2 A. OK.
3 Q. Is Mr. Taylor one of the attendees?
4 A. Yes.
5 Q. And is Jeff Young also?
6 A. Yes.
7 Q. Is Jeff Young one of the people formally involved in the
8 process?
9 A. Yes.
10 MR. STREETER: And can we move out and blow up the
11 entry after that, the next entry -- fourth entry down. I
12 apologize.
13 Q. This is a meeting on what day and at what time?
14 A. 2008 customer advisory board meeting.
15 Q. Are Jeff Young and Kieran Taylor again attendees at this
16 meeting?
17 A. Yes.
18 Q. Is Jeff Young one of the people who knows the information?
19 A. Yes.
20 MR. STREETER: And can you back up and can we blow up
21 the last four entries at the bottom of this page?
22 I'm sorry. I apologize. From updated prep to
23 follow-up meeting with Harald.
24 Q. Updated prep, what date is that meeting scheduled for?
25 A. July 24.

1448RAJ5 Sherman - direct Page 3271

1 Q. At what time?
2 A. 6:30 p.m.
3 Q. Looking over at the required attendees, is Kieran Taylor
4 one of the attendees?
5 A. Yes, he is.
6 Q. And is Tom Leighton one of the attendees?
7 A. Yes.
8 Q. And is Mr. Leighton one of the people who was on that
9 executive staff who knows about this?
10 A. Yes.
11 Q. The next meeting, updated playbook navigational review?
12 A. Yes.
13 Q. What time is that?
14 A. That's at 11 a.m.
15 Q. On what day?
16 A. On 7/24. July 24.
17 Q. Looking at the meeting organizer, who is that?
18 A. Sandy Smith.
19 Q. Is she involved in the process formally?
20 A. Yes.
21 Q. Is Kieran Taylor one of the required attendees?
22 A. Yes.
23 Q. The last one, follow-up meeting with Harald on CAF
24 improvements. Do you see that?
25 A. Yes.

1448RAJ5 Sherman - direct Page 3272

1 Q. What time is that meeting?
2 A. July 24, at 1 p.m.
3 Q. And is Kieran Taylor one of the attendees at that meeting?
4 A. Yes.
5 Q. And is Harald Prokop also?
6 A. Yes.
7 Q. Is he one of the people who was formally in the know?
8 A. Yes.
9 Q. Mr. Taylor was not technically one of the in-the-know
10 people at the company, is that correct?
11 A. That's correct.
12 Q. We talked briefly about the all hands slides. Can you take
13 a look at Government Exhibit 2515?
14 Is this an e-mail from Jeff Young to the CEO about the
15 all hands slides?
16 A. Am I on the wrong -- 2515 you said?
17 Q. 2515, Government Exhibit 2515.
18 A. I see it.
19 Q. What is this?
20 A. This is an e-mail from Jeff Young to Paul Sagan, with a
21 draft of the all hands slides attached.
22 MR. STREETER: The government offers 2515.
23 MR. DOWD: No objection.
24 THE COURT: Admitted.
25 (Government's Exhibit 2515 received in evidence)

1448RAJ5 Sherman - direct Page 3273

1 Q. When is this dated?
2 A. This is dated Thursday, July 24, at 7:05 p.m.
3 Q. Can you turn to the page that has the Bates number at the
4 bottom ending in 003?
5 A. OK.
6 Q. Does this contain the financial guidance as well?
7 A. Yes, it does.
8 Q. What does it say about what you're going to do with the
9 guidance compared to what you had announced to the public at
10 the last public announcement?
11 A. The full year?
12 Q. Yes.
13 A. The full year, revenue was a guidance of 790 to \$805
14 million in revenue, and that compares to our prior guidance of
15 800 to \$825 million in revenue.
16 And the full year, normalized EPS guidance of \$1.64 to
17 \$1.69, and that compares to \$1.68 to \$1.71 which was the prior
18 guidance.
19 Q. This is representing the downward guidance?
20 A. Yes.
21 Q. Are there other people involved in working on these slides?
22 A. Jeff generally works with my staff and the same people who
23 are involved with the earnings process.
24 Q. Noelle Faris and Sandy Smith?
25 A. Yes. Correct.

1448RAJ5 Sherman - direct Page 3278

1 think was going to happen to the stock price when you announced
2 this on the 30th?
3 A. Certainly, it was going to go down.
4 Q. I now want to move to the 30th. Can you take a look at
5 Government Exhibit 2523? What is this?
6 A. This is an e-mail from Jeff Young to a group of
7 individuals, and it has attached to it the final press release,
8 which we will issue at 4:01 p.m. on Wednesday, July 30.
9 MR. STREETER: The government offers 2523.
10 MR. DOWD: No objection.
11 THE COURT: Admitted.
12 (Government's Exhibit 2523 received in evidence)
13 Q. Why 4:01, what is the significance of that?
14 A. The stock market stops trading, it closes at 4:00, so we
15 issue shortly after the market closes.
16 MR. STREETER: Just one note with respect to 532.
17 Given that there were some redactions, we are only offering the
18 portion of the call that were contained in the unredacted
19 portions of the transcript.
20 THE COURT: That's understood.
21 Q. What happens between 4:01 and 4:30?
22 A. We generally conduct a couple, two to three press
23 interviews with the financial press, such as Bloomberg and
24 Reuters and folks like that, before we initiate the call, our
25 conference call at 4:30.

1448RAJ5 Sherman - direct Page 3279

1 Q. Does the press release itself contain the guidance?
2 A. It does not.
3 Q. When you're conducting those interviews with press, do you
4 discuss the guidance?
5 A. We do not.
6 Q. When is the first time that you tell the investing public
7 about the guidance?
8 A. We tell the public for the first time on the call in my
9 portion of the text.
10 Q. Can you turn to Government Exhibit 2562? What is this?
11 A. This is the final transcript from the call we conducted on
12 July 30, 2008, at 4:30 p.m., compiled by Thomson.
13 MR. STREETER: The government offers 2562.
14 MR. DOWD: No objection.
15 THE COURT: Admitted.
16 (Government's Exhibit 2562 received in evidence)
17 Q. Who are the participants in the conference call?
18 A. The participants are Noelle Faris, the senior manager of
19 investor relations; Paul Sagan, our CEO; and myself.
20 Q. Now, this is Wednesday, July 30, is that right?
21 A. That's right.
22 Q. Can we turn to the page that's numbered 4 in this document?
23 I think it's actually the fifth page.
24 A. OK.
25 MR. STREETER: If we can blow up sort of the middle of

1448RAJ5 Sherman - direct Page 3280

1 the document.
2 Q. What section of the conference call is this?
3 A. This is the section where I'm talking about the financial
4 results, specifically, the section where I am talking about our
5 guidance for the next quarter and the remainder of the year.
6 Q. Can you read the first sentence that's at the top of the
7 blowup there?
8 A. "With the first half of 2008 behind us, it is becoming
9 clear that the pressures being felt by many of our customers
10 from the economic environment will not ease in the short-term.
11 Further, in the media space, while our clients continue to
12 develop higher quality video initiatives, we are not expecting
13 this trend to impact the back half of 2008 significantly enough
14 to offset the pressure from the general economic environment.
15 "Based on the trends we are seeing, we now expect to
16 come in for the full year at the low end of our earlier revenue
17 guidance or slightly below. So we are updating the guidance of
18 revenue to 785 million and 800 million for the full year, or 23
19 to 26 percent growth."
20 Q. When you say, "So we are updating the guidance of revenue
21 to 785 to 800 million," when you say "updating," what are you
22 really doing with the guidance here?
23 A. What we are really doing is taking it down.
24 Q. How do those numbers compare to the ones that were in the
25 April conference call, the last time you spoke to the public

1448RAJ5 Sherman - direct Page 3281

1 about this?
2 A. The numbers in the April conference call were between 800
3 million and \$825 million.
4 Q. Then can you read the paragraph that starts "however"?
5 A. "However, with the lower than anticipated interest rates
6 impacting our interest income as well as the slower top line
7 growth, we are also likely to be at the low end of our earnings
8 guidance or slightly below. So we are updating our earnings
9 guidance to \$1.63 to \$1.69 of normalized earnings per share.
10 That would translate into year-over-year normalized net income
11 growth of 23 to 28 percent."
12 Q. So when you say, "So we are updating our earnings guidance
13 to \$1.63 to \$1.69 of normalized earnings per share," what are
14 you saying you're doing compared to the one you announced the
15 last time you spoke to the public about this?
16 A. Our previous guidance \$1.68 to \$1.71 so we are lowering
17 that range.
18 Q. That difference appears only to be a few cents here. Can
19 you explain to the jury what the significance of that is?
20 A. Yes. As we mentioned before, this is an earnings per share
21 number. We have 180 million shares outstanding so that makes
22 every penny matter.
23 Q. This is done at 4:30 p.m., is that correct?
24 A. Yes, that's right.
25 Q. What did happen to the stock after this?

1448RAJ5	Sherman - direct	Page 3282	1448RAJ5	Sherman - direct	Page 3284
1	A. The stock went down significantly.		1	A. \$31.25.	
2	Q. Can you take a look at Government Exhibit 116? What is		2	Q. What was the closing price the following day at 7:30, July	
3	116?		3	31?	
4	A. This is a screen shot from Bloomberg which shows the		4	A. \$23.34.	
5	performance of Akamai stock over a period of time.		5	Q. I would like you to turn to your binder.	
6	MR. STREETER: The government offers 116.		6	A. OK.	
7	MR. DOWD: No objection.		7	Q. Turn to Government Exhibit 543T.	
8	THE COURT: Admitted.		8	A. OK.	
9	(Government's Exhibit 116 received in evidence)		9	Q. Do you have it?	
10	Q. What is the time period that's covered by this?		10	A. Yes.	
11	A. It looks like all of 2007 and 2008 through August 4th or		11	Q. Did you listen to this call?	
12	so.		12	A. Yes, I did.	
13	Q. If you could look at the range at the top there. What does		13	Q. Did you recognize the female voice on the call?	
14	that say?		14	A. I did, yes.	
15	A. I am sorry, the range at the top?		15	Q. Whose voice did you recognize it to be?	
16	From June 2, 2008 through 8/4/2008. I am sorry. I		16	A. Danielle Chiesi.	
17	was wrong about looking at the bottom of the graph.		17	MR. STREETER: The government offers 543 and 543T.	
18	Q. Does this include the day after you did this announcement		18	MR. DOWD: No objection.	
19	at 4:30 p.m.?		19	THE COURT: Admitted.	
20	A. Yes, it does.		20	(Government's Exhibits 543 and 543T received in	
21	Q. Can we go over and look at that day? You announced on July		21	evidence)	
22	30.		22	MR. STREETER: At this time, I would like to go ahead	
23	MR. STREETER: Can we highlight where that is on the		23	and play it.	
24	chart?		24	(Audiotape played)	
25	Actually, can we highlight July 30 and the 31st?		25	MR. STREETER: Your Honor, there is one portion of	
1448RAJ5	Sherman - direct	Page 3283	1448RAJ5	Sherman - direct	Page 3285
1	Q. So what happened to the stock after the announcement the		1	this I believe that you wanted to give the instruction.	
2	next day that it was traded?		2	THE COURT: What page?	
3	A. It fell from about \$31 to about \$23.		3	MR. STREETER: Mr. Dowd, what is the portion that you	
4	Q. What is that in dollar terms?		4	wanted the instruction?	
5	A. That's about an \$8 decline per share.		5	THE COURT: Let's move on.	
6	Q. What is it in percentage terms?		6	Q. Mr. Sherman, can you take a look at Government Exhibit	
7	A. A little over 25 percent, right around 25 percent.		7	594TR in your binder?	
8	Q. In your time as the CFO or chief financial officer of		8	A. OK. I see it.	
9	Akamai, how many times do you recall a drop of this magnitude?		9	Q. Do you have it in front of you?	
10	A. Maybe twice.		10	A. I do.	
11	Q. Other than this or including this?		11	Q. Did you listen to this call?	
12	A. Including this.		12	A. I did.	
13	Q. Was this a significant drop?		13	Q. Did you recognize the female voice on the call?	
14	A. Yes. It was a very significant drop.		14	A. I did.	
15	Q. Just looking at Government Exhibit 116T, what is 116T?		15	Q. Whose voice did you recognize it to be?	
16	A. It also looks like a Bloomberg screen shot which has		16	A. Danielle Chiesi.	
17	opening high, close ranges for the day surrounding the earnings		17	MR. STREETER: At this time, the government offers	
18	release.		18	594TR and the portions of the call that are transcribed in	
19	MR. STREETER: The government offers 116T.		19	594TR.	
20	MR. DOWD: No objection.		20	THE COURT: Admitted.	
21	THE COURT: Admitted.		21	MR. DOWD: I don't have a copy of it.	
22	(Government's Exhibit 116T received in evidence)		22	Thank you.	
23	Q. Can you take a look at the closing price on the day you		23	(Government's Exhibit 594TR received in evidence)	
24	announced; in other words, 4 p.m. on Wednesday, July 30, a half		24	MR. STREETER: Can we go ahead and play that?	
25	hour before the conference call, what was the closing price?		25	THE COURT: Yes.	

<p>1448RAJ5 Sherman - direct Page 3286</p> <p>1 (Audiotape played) 2 THE COURT: Mr. Streeter, is this a good place for us 3 to take our afternoon break? 4 MR. STREETER: It is, your Honor. 5 THE COURT: All right. 6 (Jury exits courtroom) 7 THE COURT: You may step down. 8 We will take our 15 minute break. 9 Mr. Dowd, I was looking at the wrong copy of the 10 transcript, and I realize that 532T should have gotten an 11 instruction from me on two third-party statements. I can go 12 back and give it now, but I think I have probably given it 13 enough that you might simply say let's make sure we get it done 14 the next time. 15 MR. DOWD: In addition, I think I indicated on one of 16 these that I had no objection. I didn't mean to waive any 17 previous points that we raised. I don't know if the Court 18 understands that. 19 THE COURT: Yes, I understand that. 20 (Recess) 21 (Continued on next page) 22 23 24 25</p>	<p>1449raj6 Page 3287</p> <p>1 (Jury present) 2 THE COURT: Please take your seats. 3 Mr. Streeter. 4 MR. STREETER: I think someone is going to -- 5 J. DONALD SHERMAN, resumed 6 DIRECT EXAMINATION CONTINUED 7 BY MR. STREETER: 8 Q. Mr. Sherman, could I ask you to turn in your transcript 9 binder to 698T which I believe is towards the beginning. 10 A. Okay. 11 Q. Do you have it in front of you? 12 A. Yes. 13 Q. What's the date of this particular call? 14 A. September 9, 2008. 15 Q. Have you listened to it? 16 A. Yes, I have. 17 Q. Did you recognize the voices of the participants? 18 A. I did. 19 Q. Who were they? 20 A. Danielle Chiesi and Kieran Taylor. 21 Q. Let me ask you a question. You described a meeting that 22 you had with Ms. Chiesi. Did you ever meet her in person other 23 than that one meeting? 24 A. No. Just that one meeting. 25 MR. STREETER: The government at this time would like</p>
<p>1449raj6 Page 3287</p> <p>1 MR. BRODSKY: During our oral argument on the issue of 2 Mr. West. I didn't fully hear your question regarding the 3 sensational nature of the video compared to other evidence 4 relating to Ms. Khan. When I answered your question, I was 5 talking about general evidence overall rather than the evidence 6 relating to that count. My response to that is I don't -- I 7 think the way the courts look at it is they look at it over all 8 the evidence being introduced against the defendant during the 9 trial as opposed to each count. 10 But to the extent that your Honor's concerned, it 11 could be minimized by eliminating the videos, the playing of 12 the videos, if that's where your Honor, you know, lands, and 13 just introducing the still images, which are hard to see. But 14 if that's where your Honor lands, I just wanted to let your 15 Honor know that that is a possibility, if that's where your 16 Honor's concern is. 17 THE COURT: All right. Thank you. 18 MR. BRODSKY: We're also happy to provide you with a 19 copy of the videos, your Honor, so you can see they're really 20 not sensational. They're hard to see is what they are. 21 THE COURT: Yes. I probably would like to see them. 22 MR. BRODSKY: Thank you, your Honor. 23 THE COURT: All right. Let's bring the jury in. 24 (Continued on next page) 25</p>	<p>1449raj6 Sherman - direct Page 3289</p> <p>1 to offer 698T and the portions that are reflected in that, and 2 the recording itself, 698. 3 THE COURT: Subject to prior objections, it's 4 admitted. 5 (Government's Exhibits 698 and 698T received in 6 evidence) 7 (Audio recording played) 8 Q. Can you turn now to 625TR in your transcript binder. 9 A. Okay. 10 Q. Do you see that? What's the date on this? 11 A. September 23, 2008. 12 Q. Did you listen to this call? 13 A. I did. 14 Q. And did you recognize the female voice on the call? 15 A. I did, yes. 16 Q. Whose voice was that? 17 A. Danielle Chiesi. 18 MR. STREETER: The government offers 625TR and the 19 underlying call, portions reflected in the transcript. 20 MR. DOWD: Subject to our -- 21 THE COURT: All right. Admitted. 22 (Government's Exhibits 625 and 625TR received in 23 evidence) 24 (Audio recording played) 25 Q. Mr. Sherman, directing your attention to the beginning of</p>

1449raj6	Sherman - direct	Page 3290	1449raj6	Sherman - direct	Page 3292
1	October of 2008. At that time did Kieran Taylor come to learn		1	respect to providing inside information to Ms. Chiesi.	
2	certain material nonpublic information about something that		2	MR. DOWD: Well, your Honor, I think that's the	
3	was -- that Akamai was working on?		3	instruction that really ought to be given here. Otherwise,	
4	A. Yes, he did.		4	it's going to be very confusing to the jury. And it's going to	
5	Q. And was he working on that in the early part of October of		5	land on Raj.	
6	2008?		6	I mean as I understood it, what Mr. Streeter just said	
7	A. Yes, he was.		7	was the reason -- they persuaded you to let them do this. But	
8	Q. And have you reviewed the call, Government Exhibit 703T?		8	it did not have anything to do with any conspiracy or offense	
9	A. I did listen to that call.		9	alleged in this indictment, so.	
10	Q. Did you recognize the voices?		10	THE COURT: It's not clear to me -- first of all, let	
11	A. Yes, I did.		11	me step back. The reason I determined that the reference on	
12	Q. Who were the voices on the call?		12	page three of the transcript to Mr. Taylor coming with a	
13	A. Danielle Chiesi and Kieran Taylor.		13	present, which he then identifies as information, there's	
14	Q. What does it say the date of that call is?		14	relevance to show the existence of a quid pro quo relationship	
15	A. October 10, 2008.		15	between Taylor and Chiesi. That's why it's being admitted.	
16	Q. Right around the time Mr. Taylor had just come into		16	Now, I'm not sure exactly what your objection is to	
17	possession of that material nonpublic information?		17	this passage.	
18	A. Yes. That's correct.		18	MR. DOWD: Well my objection is, your Honor, that the	
19	MR. STREETER: The government offers 703T and the		19	jury could believe that the reference to material nonpublic	
20	portions of the call transcribed in 703T.		20	information has to do with --	
21	MR. DOWD: Your Honor, may we see you at the sidebar?		21	THE COURT: In reference to information?	
22	THE COURT: Yes.		22	MR. DOWD: What?	
23	(Continued on next page)		23	THE COURT: This reference.	
24			24	MR. DOWD: What Mr. Streeter just asked the witness	
25			25	was the witness -- was Taylor possessed of material nonpublic	
1449raj6	Sherman - direct	Page 3291	1449raj6	Sherman - direct	Page 3293
1	(At the sidebar)		1	information. Yes. He didn't identify what it was. Apparently	
2	MR. DOWD: I'm sorry, your Honor. I may have		2	has to do with Limelight. So, the jury is left sort of	
3	forgotten but are we going to have an instruction on this that		3	speculating and wondering what that is and whether it's part of	
4	this is not the material nonpublic information that we're		4	this case. And I just think that has to be clarified for the	
5	dealing with here in the courtroom?		5	jury; that this is coming in for a particular purpose and not	
6	MR. STREETER: I think that would be fine. I think we		6	relevant to something that Mr. Rajaratnam may have done in	
7	should work on that instruction because I don't want to have		7	October, which he didn't do, and it's not even alleged in this	
8	any lack of clarity.		8	case. I think there's some confusion here. And I'm simply	
9	Your Honor, the background here is that you recall		9	asking if the Court can clarify that. Otherwise, I think	
10	Mr. Dowd made an objection about us bringing up the Limelight,		10	they're going to believe that they're still dealing with	
11	the potential acquisition by Akamai of Limelight.		11	something here that --	
12	THE COURT: Yes.		12	THE COURT: Tell me what, specifically what kind of	
13	MR. STREETER: And I had understood that Mr. Dowd --		13	instruction you're asking for.	
14	THE COURT: Is Limelight in this transcript?		14	MR. DOWD: Well, I think that the reference from the	
15	MR. STREETER: It's not. But what the clear		15	witness that the material nonpublic information is not related	
16	implication is, that he's working on that transaction and		16	to the allegation in this case but rather has to do with the	
17	that's when he says, "I've got a present for you."		17	relationship between Taylor and Chiesi.	
18	I had thought Mr. Dowd would prefer that I not mention		18	MR. STREETER: Your Honor, I think that's too limited.	
19	Limelight. But I don't want to just do an instruction on the		19	I mean it's not just that. It's that Taylor had a state of	
20	fly that confuses the jury about this. I'm happy for us to		20	mind to breach. You know that's something we need to prove,	
21	come back tomorrow and give an instruction about this.		21	that he intentionally breached. That's part of the basic	
22	It's basically the case that this is not anything that		22	allegations we need to prove to prove the count. So, if you	
23	we're alleging that Raj insider traded on or conspired to		23	limit him in that way, we won't be able to argue that this is	
24	insider trade on. This is being offered to show Mr. Taylor's		24	evidence that Mr. Taylor, you know, was of a mind to breach his	
25	state of mind with respect to this and his state of mind with		25	duties to his employer.	

1458RAJ1 Page 3348

1 (In open court)
2 MR. STREETER: Could we turn to Government Exhibit
3 2612. I don't know if it's clear, but I offer Government
4 Exhibit 2534.
5 THE COURT: Admitted.
6 (Government's Exhibit 2534 received in evidence)
7 MR. STREETER: 2612, I also offer this.
8 THE COURT: Admitted.
9 (Government's Exhibit 2612 received in evidence)
10 MR. STREETER: At the top it says, "Conversation ID:
11 Hope you shorted some Akam."
12 Start time: July 30, 5:08 p.m.
13 Then going down into the body, the first entry is
14 Rajatgalleon, 5:08 p.m., saying, "Hope you shorted some Akam."
15 Then Joeliu2003 is the person who appears next.
16 Then Government Exhibit 2611, I offer that.
17 THE COURT: Admitted.
18 (Government's Exhibit 2611 received in evidence)
19 MR. STREETER: And this is at 7:08 p.m. on July 30.
20 If we can go to the first entry.
21 Joeliu2003 at 7:08 p.m., on July 30, 2008, says,
22 "Thank you, Raj. Indeed, I did some."
23 That's it, your Honor. Thank you.
24 MR. BRODSKY: Before we call our next witness, we'd
25 like to read a stipulation and publish two of the exhibits with

1458RAJ1 Page 3349

1 respect to that stipulation.
2 The stipulation is S12, and I would like to read it
3 and then publish the exhibits 1354 and 1351 for identification.
4 Government Exhibit S12 states: "It is hereby
5 stipulated and agreed by and among the United States of
6 America, by Preet Bharara, United States Attorney for the
7 Southern District of New York, Jonathan Streeter, Reed Brodsky,
8 Assistant U.S. Attorneys, and Andrew Michaelson, Special
9 Assistant U.S. Attorney, and Raj Rajaratnam, the defendant, by
10 and through his attorneys, John Dowd, Terence Lynam, Bill White
11 and Michael Starr, that:
12 "1. On June 7, 2007, Raj Rajaratnam, the defendant,
13 testified in a proceeding conducted by the United States
14 Securities and Exchange Commission.
15 "2. Government Exhibits 1350 through 1355 are true
16 and accurate excerpts from the transcript of that testimony."
17 So we offer, your Honor, S12 and 1350 through 1355.
18 THE COURT: Admitted.
19 (Government's Exhibits S12, 1350 through 1355 received
20 in evidence)
21 MR. BRODSKY: Can we put up on the screen Government
22 Exhibit 1354?
23 can we just blow up the text in the entire document in
24 1354 from the testimony at the top through the bottom?
25 It reads at the top, "Testimony of Raj Rajaratnam,

1458RAJ1 Page 3350

1 June 7, 2007. Page 27, lines 8-25. Page 28, lines 1-3.
2 "Q. What would you describe as your primary e-mail account?
3 "A. I have two primary e-mail accounts, Raj@galleongrp.com and
4 Rajr@galleongrp.com.
5 "Q. Do you use one more than the other?
6 "A. I use Rajr@galleongrp.com more than Raj.
7 "Q. Do you check both every day?
8 "A. I get over 2,000 e-mails a day, so Anita checks them and
9 she prints the ones she thinks are important.
10 "Q. How many e-mails do you receive in the Rajr account today?
11 "A. I would be guessing, maybe 150 to 200.
12 "Q. I'm just trying to get a sense as to whether one of the
13 two accounts is called a blast and the account that gets fewer
14 e-mails and you work with more?
15 "A. On my business card I have Raj@galleongrp.com. So that
16 gets all the brokerage blasts and all of that. People I really
17 want to hear from, I give them my Rajr@galleongrp.com because I
18 was unrelated with brokerage reports but now Rajr has become,
19 there's a few hundred e-mails a day. I probably need to get
20 another one."
21 If we can put up Government Exhibit 1351 in evidence
22 and blow up again the text.
23 "Testimony of Raj Rajaratnam, June 7, 2007. Page 67,
24 lines 19-22.
25 "Q. How much capital do you have invested in the various

1458RAJ1 Page 3351

1 Galleon funds?
2 "A. Any number that I would give you would be off. I would
3 say it's in the hundreds of millions."
4 Your Honor, at this time, we'd like to call Special
5 Agent James Barnacle.
6 THE COURT: Proceed.
7 JAMES BARNACLE,
8 called as a witness by the government,
9 having been duly sworn, testified as follows:
10 THE DEPUTY CLERK: State your first and last name and
11 spell them slowly for the record.
12 THE WITNESS: James C. Barnacle, Jr., J-A-M-E-S,
13 B-A-R-N-A-C-L-E.
14 DIRECT EXAMINATION
15 BY MR. BRODSKY:
16 Q. Mr. Barnacle, where do you work?
17 A. I work for the FBI.
18 Q. How long have you worked for the FBI?
19 A. A little over five years.
20 Q. Are you currently assigned to any particular squad?
21 A. Yes, sir. Currently I am assigned to two squads.
22 Q. Which squads?
23 A. Securities and commodities squad, which is C1, and C3.
24 Q. With respect to C3, what do they do?
25 A. They do financial institution fraud.