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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RAJ RAJARATNAM, and
GALLEON MANAGEMENT, LP,

Defendants.

09 Civ. 8811 (JSR)

ECF CASE

PLAINTIFF'S REPLY MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION FOR PARTIAL SUMMARY JUDGMENT AGAINST DEFENDANTS RAJ RAJARATNAM AND GALLEON MANAGEMENT, LP

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A. The Commission is Entitled to Injunctive Relief

1. Rajaratnam Does Not Contest Liability and the Imposition of Injunctive Relief

Rajaratnam concedes that, by operation of collateral estoppel, he is precluded from contesting liability for insider trading with respect to Clearwire, Akamai, PeopleSupport, ATI and Intel (the "Collateral Estoppel Stocks"). Rajaratnam Opp. at 1.[1] Rajaratnam does not oppose the entry of a permanent injunction against him based his liability. *Id.* The Commission therefore respectfully requests that the Court enter an order permanently enjoining Rajaratnam from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities and Exchange Act of 1934 ("Exchange Act") and Exchange Act Rule 10b-5.[2]

2. Galleon is Liable Based on Rajaratnam's Conduct, about which There is No Genuine Dispute

"[S]ince a corporation can act only through its agents, a corporation is liable, as a principal, for the actions of its responsible officers and authorized agents." *SEC v. Tome*, 638 F. Supp. 596, 623 (S.D.N.Y. 1986) (citation omitted) (applying common law agency concepts to Section 10(b) and Rule 10b-5); *see also SEC v. Management Dynamics, Inc.*, 515 F.2d 801, 812-13 (2d Cir. 1975) (applying agency principles to uphold injunction against brokerage firm based on unlawful conduct of vice-president in charge of trading). In *Tome*, the court held that a

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[1] "Rajaratnam Opp." refers to the "Opposition To Plaintiff's Motion For Partial Summary Judgment On Behalf Of Raj Rajaratnam," filed October 17, 2011. "Galleon Opp." refers to the "Memorandum Of Law Of Defendant Galleon Management, L.P. In Opposition To Plaintiff's Motion For Partial Summary Judgment," filed October 17, 2011.

[2] The Commission does not intend to proceed to trial to prove insider trading in the stocks that were not the subject of Rajaratnam's substantive securities fraud convictions.

brokerage holding company was jointly liable for the insider trading of its founder and general manager. *Tome,* 638 F. Supp. at 624-25 ("Officers are able to make policy and generally carry authority to bind the corporation. Their action in behalf of the corporation is therefore primary ... .") (citation omitted). Here, Rajaratnam founded Galleon and was Galleon's managing general partner during the time period relevant to this action, a fact that neither defendant disputes. *See* Rajaratnam 56.1 Response ¶ 4; Galleon 56.1 Response ¶ 4.[3] Under well-established agency principles, Rajaratnam's actions bind Galleon, and Galleon is jointly liable for Rajaratnam's securities law violations. *See Management Dynamics*, 515 F.2d at 813; *Tome*, 638 F. Supp. at 625.

Galleon's argument that the Commission has not shown privity between Galleon and Rajaratnam for the purpose of applying collateral estoppel against Galleon is a red herring. *See* Galleon Opp. at 3-6. The Commission's motion for partial summary judgment with respect to Galleon is not based on the application of collateral estoppel; rather, it is based on the imputation of Rajaratnam's conduct to Galleon and it is based on facts as to which there can be no genuine dispute.

The Commission demonstrated in its opening brief that the facts necessarily determined at Rajaratnam's criminal trial supported his convictions beyond a reasonable doubt. *See* Pl's Mem. Of Law in Support at 9-16; SMF ¶¶ 17-292; *see also U.S. v. Rajaratnam*, 2011 U.S. Dist. LEXIS 91365 (S.D.N.Y. Aug. 11, 2011) (holding that sufficient evidence supported Rajaratnam's convictions). These facts were set forth in detail in the SMF. Galleon has not

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[3] For the most part, Rajaratnam does not dispute the Commission's Rule 56.1 Statement of Undisputed Material Facts Pursuant to Local Civil Rule 56.1 ("SMF"). To the extent Rajaratnam deems a fact "immaterial," the Court should deem that fact admitted for the purposes of this motion because it is not specifically controverted, as required by Local Rule 56.1. Similarly, Galleon's blanket responses that "genuine and triable issues of material fact exist," without specifically citing to evidence in contravention, should be deemed admissions.

shown these facts to be in genuine dispute. Galleon's general denials of these facts amount to admissions. *See* Local Rule 56.1(c). Thus, based on the facts set forth in the Commission's moving papers, it is entitled to partial summary judgment and the relief it requests against Galleon.

Additionally, in cases analogous to this one, courts have imposed summary judgment against entities whose principals violated the securities laws and were themselves subject to the doctrine of collateral estoppel. For example, in *SEC v. Opulentica, LLC*, 479 F. Supp. 2d 319 (S.D.N.Y. 2007), the court granted summary judgment against a purported stock trading firm after finding the firm's principal liable for securities law violations on the basis of the collateral estoppel effect of the principal's criminal conviction by guilty plea. The court held that summary judgment against the firm was appropriate because the principal (and his co-defendant employee) "perpetrated their fraud through" the firm. *Id.* at 328. Similarly, in *SEC v. Tee to Green Golf Parks, Inc.*, No. 00 CV 478S, 2011 U.S. Dist. LEXIS 4388 (W.D.N.Y. Jan. 18, 2011), the court found a defendant, who was president of a corporate defendant, liable for securities violations on the basis of his guilty plea in a parallel criminal proceeding. The court held the corporate defendant liable for the same violations, because the president's misconduct could be imputed to the corporation. *Id.* at *23-24 (citing *SEC v. Manor Nursing Ctrs., Inc.*, 458 F.2d 1082, 1089 n.3 (2d Cir. 1972)). Based on Rajaratnam's conduct, as set forth in the SMF and as to which there can be no genuine dispute, and given his position within Galleon, Galleon is jointly responsible for Rajaratnam's violations.[4]

[4] The fact that *Opulentica* and *Tee to Green* involved corporate principals who pleaded guilty does not change the analysis here. Because Rajaratnam asserted the Fifth Amendment during discovery in this action, the Commission is entitled to a negative inference with respect to Rajaratnam, and he is analogous to the defendants who pleaded guilty in *Opulentica* and *Tee to Green.*

B. The Commission is Entitled to Disgorgement and Prejudgment Interest

The primary purpose of disgorgement as a remedy for violation of the securities laws is to deprive violators of their ill-gotten gains, thereby effectuating the deterrence objectives of those laws. *See, e.g., SEC v. Wang,* 944 F.2d 80, 85 (2d Cir.1991); *SEC v. Commonwealth Chem. Sec., Inc.,* 574 F.2d 90, 102 (2d Cir.1978). Based on Rajaratnam's criminal conviction and his admission of liability here, the Commission is entitled to an order disgorging the defendants of the ill-gotten gains and losses avoided through their insider trading in the Collateral Estoppel Stocks. *See SEC v. First Jersey Sec., Inc.,* 101 F.3d 1450, 1474 (2d Cir. 1996) ("Once the district court has found federal securities law violations, it has broad equitable power to fashion appropriate remedies, including ordering that culpable defendants disgorge their profits."). The defendants should also be held liable for prejudgment interest. *See SEC v. Moran*, 944 F. Supp. 286, 295 (S.D.N.Y. 1996) (Requiring a defendant to pay prejudgment interest serves to "prevent[] a defendant from obtaining the benefit of what amounts to an interest free loan procured as a result of illegal activity.").

Where a firm receives gains through unlawful conduct and where its high ranking officer has collaborated in that conduct and has profited from the violations, it is appropriate to order disgorgement against the firm and its officer on a joint and several basis. *See, e.g., Tome*, 638 F. Supp. at 624-25. Rajaratnam conducted unlawful insider trading through accounts he controlled at Galleon, and both Rajaratnam and Galleon benefited from the insider trading. Thus, Rajaratnam and Galleon should be ordered jointly and severally liable for disgorgement of the illicit gains and losses avoided resulting from that trading. *See Tome,* 638 F. Supp. at 624-25.

Furthermore, Rajaratnam and Galleon are jointly and severally liable for the insider trading profits and losses avoided, including those that were distributed by the firm to its

investors. *See, e.g., SEC v. Anticevic*, 2010 U.S. Dist. LEXIS 50207, at *20 (S.D.N.Y. May 14, 2010) ("In insider trading cases, the tipper may be held jointly and severally liable for the profits obtained by his tippees.") (citing cases). Joint and several liability is appropriate because the rule against insider-trading "would be virtually nullified if those in possession of such information, although prohibited from trading in their own accounts, were free to use the insider information on trades to benefit [others]." *Id.* (citing *SEC v. Warde*, 151 F.3d 42, 49 (2d Cir. 1998)).

Defendants argue that they should not be ordered to disgorge their ill-gotten gains because Rajaratnam has been ordered to pay $53,816,434 in forfeiture relating to the Collateral Estoppel Stocks in the criminal case. The Commission agrees that under the circumstances presented here, payments Rajaratnam makes toward his forfeiture order should be credited to an order of disgorgement. *See SEC v. Credit Bancorp, Ltd.*, 738 F. Supp. 2d 376, 391 (S.D.N.Y. 2010); *SEC v. Palmisano*, 135 F.3d 860, 864 (2d Cir. 1998).

The Commission requests that the Court order Rajaratnam and Galleon jointly and severally liable for disgorgement in the amount $31,563,661. It would be appropriate for the Court's order to provide for an offset for forfeiture paid in Rajaratnam's criminal action. Defendants' arguments concerning the Commission's calculations of the disgorgement amount are addressed below in the discussion of civil penalties.

C. The Commission is Entitled to Civil Penalties, Based on Profits Gained and Losses Avoided of $31,563,661

The Commission seeks civil penalties pursuant to Section 21A of the Exchange Act, which states that such a penalty shall be determined by the court in light of the facts and circumstances, up to three times the profit gained or loss avoided. 15 U.S.C. §78u-1(a)(2). In its opening brief, the Commission demonstrated that Rajaratnam and Galleon were responsible for

$31,563,661 in trading profits and losses avoided as a result of the insider trading in the Collateral Estoppel Stocks, and it seeks a penalty based on that amount. Defendants argue that number is too high because it does not take into account "unrelated market factors" and because it overstates the amount of profits that Rajaratnam and Galleon actually received. *See* Rajaratnam Opp. at 8-13; Galleon Opp. at 9-10. These arguments – fully briefed and argued before Judge Holwell at Rajaratnam's sentencing – were rejected there and the Court should reject them now for several reasons.

First, for purposes of computing civil penalties for insider trading, the Exchange Act defines "profit gained" or "loss avoided" as "the difference between the purchase or sale price of the security and the value of that security as measured by the trading price of the security a reasonable period after public dissemination of the nonpublic information." 15 U.S.C. § 78u-1(e). Congress clearly intended that the profits gained and losses avoided be calculated as the Commission has done for purposes of determining the civil penalty here. Defendants' argument that a different method should be used is unavailing in light of the plain language of the statute.

Second, Rajaratnam should be precluded from contesting the $31,563,661 figure. During the sentencing phase of his criminal trial, Rajaratnam stipulated to a forfeiture amount of $53,816,434. *See* White Decl. Ex. 1 at 29:11-19. That total included the same trading profits for Akamai, ATI, Clearwire, Intel and PeopleSupport that the Commission asserts the Court should now adopt.[5] *See* Henderson Reply Decl. Exs. 1-2 at 3544:16-3545:3 [GX-1]. Rajaratnam had the opportunity to litigate the appropriate forfeiture amount at his criminal trial, and he chose not to do so. He cannot reasonably complain about the calculation of that figure now, especially where – in the same breath – he is arguing that his forfeiture payment obviates an order of

[5] The stipulated total apparently backed-out losses avoided of $882,915 on the Intel trade. *See* Commission Brief at 19.

disgorgement in this action. *See* Rajaratnam Opp. at 4-5. Rajaratnam should be held to the forfeiture amount for the Collateral Estoppel Stocks that he agreed to in the parallel criminal action.

Third, the reasons defendants offer for departing from the statutory approach are not compelling. In support of their argument that "unrelated market factors" should be accounted for, defendants raise issues more relevant to theories of loss causation in private securities litigation. *See* Rajaratnam Opp. at 9-10 (citing, *e.g., Dura Pharm., Inc. v. Broudo*, 544 U.S. 336, 346 (2005)). But courts in this Circuit have expressly rejected defendants' efforts to use various market or other factors to reduce the Commission's disgorgement calculations in insider trading cases. *See, e.g., Warde*, 151 F.3d at 50 (rejecting defendant's argument to discount disgorgement for amount of profit attributable to price increases before inside information became public); *SEC v. Drucker*, 528 F. Supp. 2d 450, 452 (S.D.N.Y. 2007) (rejecting defendant's argument to discount disgorgement to account for drop in stock price after defendants sold but before inside information became public); *see also SEC v. Svoboda*, 409 F. Supp. 2d 331, 345 (S.D.N.Y. 2006) (rejecting defendant's request to discount disgorgement to account for unspecified costs incurred in connection with trades and for taxes paid on trading gains).

The record in this case is abundantly clear; Rajaratnam traded the Collateral Estoppel Stocks because of unlawful tips of material non-public information. *See* SMF ¶¶ 17-292. At the time that Rajaratnam and Galleon profited based on inside information, the money that flowed into their coffers was not discounted in any way to account for "market movements that were unrelated to the inside information." Excluding any portion of the illicit profits, whether for

disgorgement or penalty calculation purposes, would permit these defendants to reap the benefits of a portion of the illicit profits that flowed from Rajaratnam's criminal conduct. [6]

Nor should this Court confine the Commission's calculations to the amount that Rajaratnam supposedly personally received based on his illicit trading. The statute does not so confine the calculus. *See* 15 U.S.C. § 78u-1(e) (defining profit gained or loss avoided for penalty purposes). And, given that it was the illegal conduct of Rajaratnam and Galleon that generated the profits gained and losses avoided to themselves and Galleon's investors, there is even less reason to exclude the illegal profits distributed to investors from the calculation of a penalty than to exclude them from a calculation of disgorgement. Likewise, and with good reason, Judge Holwell did not credit the same argument by Rajaratnam in the context of determining Rajaratnam's criminal sentence. *See* White Decl. Ex. 1 at 26:16-20 ("The gain amount also includes both the defendant's personal gains from insider trading as well as the much larger gains realized by Galleon investors . . . .").

D. Maximum Civil Penalties Are Appropriate Against Rajaratnam

Rajaratnam argues that no civil penalty whatsoever should be imposed on him because he has already been punished in the criminal case. Rajaratnam Opp. at 5-7. This argument fails for three reasons. First, criminal and civil penalties are not mutually exclusive. Indeed, courts have often imposed substantial civil penalties on defendants that already have been sentenced to prison terms and fines in cases where the conduct was far less egregious than Rajaratnam's. Second, Rajaratnam's repeated and blatant lies under oath during the Commission's

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[6] The fact that Rajaratnam and Galleon employed an expert who conducted "event studies" in order to come up with a profit figure, while the Commission has not, does not in any way undermine the Commission's methodology. None of the cases that defendants cite for the purported necessity of econometric analysis involved Commission prosecution of insider trading. *See* Rajaratnam Opp. at 9-11; Galleon Opp. at 9 n. 4.

investigation to cover up evidence of his insider trading scheme and his continuing insider trading after giving false testimony to the Commission merit the imposition of a separate and substantial civil penalty in this case over and above any criminal sentence. Third, the criminal sentence did not reflect the full extent of Rajaratnam's wrongdoing. Judge Holwell took into account Rajaratnam's medical condition and charitable works in imposing a prison term that was approximately 8 ½ to 13 years lower than the sentencing guideline range.

1. Civil and Criminal Penalties Are Not Mutually Exclusive Remedies

The relevant statutes contemplate the imposition of both criminal and civil penalties for the same conduct. *Compare* 15 U.S.C. § 78ff and 18 U.S.C. § 3571 (criminal penalties) *with* 15 U.S.C. § 78u-1 (civil penalties). Neither the criminal nor the civil penalty provisions state that the imposition of a penalty under one provision precludes the imposition of an additional penalty for the same conduct under any other provision.

Courts frequently impose civil penalties upon defendants who have received criminal sentences. *See, e.g., SEC v. Rosenthal,* 2011 U.S. App. LEXIS 11732, at *6-7 (2d Cir. Jun. 9, 2011) (district court did not abuse its discretion in imposing civil penalty equal to two times the defendants' illegal insider trading profits where defendants already sentenced to 60 month and 33 month prison terms and $100,000 and $75,000 criminal fines); *SEC v. Svoboda,* 409 F. Supp. 2d 331, 347-48 (S.D.N.Y. 2006) (civil penalties imposed on insider traders who had already been sentenced to 41 months and a year and a day prison term, respectively, and criminal fines of $300,000 and $200,000, respectively, based on same conduct); *SEC v. Freeman*, 290 F. Supp. 2d 401, 407 (S.D.N.Y. 2003) and *U.S. v. Fricker*, 00 CR 502, Dkt. #138 (S.D.N.Y.) (civil penalty equal to disgorgement amount imposed on defendant already sentenced to prison term and $300,000 criminal fine). The cases cited by Rajaratnam where no civil penalty was imposed,

see Rajaratnam Opp. at 6, are easily distinguished. *See SEC v. Shah*, 1993 U.S. Dist. LEXIS 10347 (S.D.N.Y. Jul. 28, 1993) (defendant engaged in one isolated act of insider trading); *SEC v. Mellert*, 2006 U.S. Dist. LEXIS 14070, *4 (N.D. Cal. Mar. 29, 2006) (defendant not employed in securities industry; conduct involved an "isolated incident" and defendant "made no effort to conceal his ill-gotten gains."); *SEC v. Smath*, 277 F. Supp. 2d 186, 188 (E.D.N.Y. 2003) (defendant received only $5,354 in ill-gotten gains; expended $75,000 on defense; was working as a manager at Dunkin' Donuts; his actions did not "fall within the confines of traditional insider trading" and sentence was affirmed "with reluctance.").

In addition, the factors courts look to in order to determine whether a civil penalty should be imposed contain no requirement that any such penalty be reduced based on a related criminal penalty. *See SEC v. Haligiannis*, 470 F. Supp. 2d 373, 386 (S.D.N.Y. 2007) (listing factors). Each of these factors weighs heavily in favor of a substantial civil penalty. Rajaratnam's conduct as the leader of a network of insider traders was wide-ranging, repetitive and ongoing. Rajaratnam corrupted individuals at the very highest echelons of the financial world into betraying their fiduciary duties to their companies and clients, and garnered millions in illicit gains as a result of his conduct. Rajaratnam's prominent position as principal of a high-profile hedge fund and his leadership of a wide-ranging network of insider trading, combined with his high degree of scienter, obstruction of justice, and elaborate efforts to conceal his criminal conduct from law enforcement strongly favor the imposition of a maximum penalty.

Rajaratnam's argument that a significant penalty is at odds with how other defendants in this case have been punished is unavailing. *See* Rajaratnam Opp. at 7-8. All of the defendants Rajaratnam cites to as receiving lesser or no penalties pleaded guilty to criminal charges and settled with the Commission before trial. Many also have cooperated with the government.

Only Rajaratnam has demonstrated a total lack of acceptance of responsibility for his actions. His continuing failure to express any remorse (he remained silent at his criminal sentencing) only adds to the egregious nature of his conduct and warrants the imposition of the maximum penalty.

2. *Rajaratnam's Repeated Lies under Oath to the Commission During Its Investigation and His Continued Wrongful Conduct Warrant a Substantial Penalty Independent of Any Criminal Penalty*

Rajaratnam's lies to the Commission during its investigation into insider trading also warrant the imposition of a substantial penalty in this action independent from those imposed by the sentencing judge. Rajaratnam appeared before the Commission in June 2007 to provide testimony during the investigation that lead to this action. At that time, the Commission staff questioned Rajaratnam extensively about the basis for his trading in various stocks and he lied under oath in response.

For example, Rajaratnam was asked numerous questions about AMD, including whether any of his contacts had access to inside information about AMD:

> Q: Did you have any reason to believe that AMD was going to acquire ATYT before the announcement of the acquisition?
>
> A: No.

Henderson Decl. Ex. RRRR at 114:17-20.

> Q: Do you have reason to believe that anyone with whom you do communicate about AMD has access to inside information about AMD?
>
> A: No.

Henderson Reply Decl. Ex. 3 at 141:10-13. At the time he testified, Rajaratnam knew that he had been receiving inside information about AMD from Anil Kumar for years. *See* Henderson

Decl. Ex. A-1 at 333-37.[7] Indeed, in January 2007 – less than five months prior to testifying – Rajaratnam paid Kumar a $1 million bonus for the ATI tip. *See id.* at 387-88 & Ex. TT [GX-772]. Instead of testifying truthfully, Rajaratnam lied to conceal his crimes with Kumar, claiming that his trading in AMD was "simple because I followed [AMD] for twenty years," and that his trading was based on his model and a variety of information that was publicly available. Henderson Reply Decl. Ex. 3 at 100:18-101:21; 137:3-138:06. Rajaratnam also lied in response to a number of questions that, had he been truthful, could have revealed that Kumar – who worked as a consultant to AMD – was Rajaratnam's friend, investor, and paid consultant. *See id.* at 84:10-16; 85:10-13; 138:22-23.

Rajaratnam also lied in response to general questions about insider trading:

Q: Have you ever come into possession of material non-public information?

A: Me personally, no.

Id. at 77:16-18.

Q: Has Galleon ever made a trade on the basis of non-public information?

A: Not to my knowledge.

Q: Have you ever suspected that anyone at Galleon ever engaged in insider trading?

A: No.

Id. at 184:6-11.

As a result of Rajaratnam's blatant and repeated lies to the Commission, its investigation was impeded, and the government was forced to expend enormous resources to unearth the wide-ranging insider trading conspiracy Rajaratnam spearheaded and to bring its participants to

[7] Rajaratnam had in fact obtained inside information about ATI from not only Kumar, but also from one of his employees Adam Smith. *See* SMF ¶¶ 277-83.

justice. Rajaratnam's egregious lies to the Commission alone warrant the imposition of a substantial penalty independent of the criminal sentence.[8]

More egregiously, even after his repeated lies to the Commission during investigative testimony, Rajaratnam continued to commit insider trading in at least Akamai, Clearwire, and PeopleSupport. Such a brazen lack of respect for the securities laws and for the Commission's proceedings warrant a severe penalty.

3. Rajaratnam's Criminal Sentence Did Not Reflect the Full Extent of His Wrongdoing

Finally, even taking Rajaratnam's criminal sentence into account, it is clear that the sentence did not reflect the full the extent of Rajaratnam's wrongdoing. Judge Holwell calculated Rajaratnam's guideline imprisonment range as between 235 and 293 months. White Decl. Ex. 1 at 27. However, he imposed a far lower sentence of 132 months based in significant part on his recognition of Rajaratnam's charitable contributions and his medical condition. *Id.* at 32-33. Thus, it is clear that Rajaratnam's actual sentence was substantially less than would have otherwise been appropriate based on his actual conduct (up to 8 ½ to 13 years less) because of factors unrelated to the seriousness of his criminal conduct. Without questioning the propriety of Judge Holwell's sentence, it cannot be denied that his decision to impose a sentence well below the guideline range was substantially driven by factors that should have no role in this Court's determination of an appropriate monetary penalty.

[8] Judge Holwell found that Rajaratnam had lied to the Commission and, on that basis, he imposed a two-level enhancement in Rajaratnam's guideline range. Given Judge Holwell's substantial departure from the guideline range discussed herein and given the impact on the Commission's investigation that led to the action now before this Court, the Court should consider Rajaratnam's lies to the Commission in fashioning an appropriate civil penalty.

E. Galleon Should Be Penalized Independently of Rajaratnam

Galleon also should be penalized independently of Rajaratnam. Rajaratnam was not the only employee of Galleon involved in the insider trading scheme. *See* SMF ¶¶ 277-83. Galleon at best failed to adequately ensure that its employees complied with the laws and, at worst, fostered or tolerated a culture where the securities laws were blatantly and repeatedly violated. After Rajaratnam was called before the Commission to testify about possible insider trading at the firm, Galleon failed to take adequate steps to prevent future insider trading at Galleon. Further, even after this massive insider trading scheme came to light, Galleon has never sanctioned Rajaratnam or publicly condemned his conduct. To this date, Galleon continues to deny any responsibility for the massive violations of the securities laws by its employees. The imposition of a maximum penalty against Galleon in this case will send a resounding message to the investment adviser community that the rampant insider trading that occurred in this case must never be repeated, and if it is, severe consequences will follow.

CONCLUSION

Accordingly, the SEC respectfully requests that the Court grant its motion for partial summary judgment as to Rajaratnam and Galleon, ordering injunctive relief against future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, joint and several liability for disgorgement of $31,563,661 plus prejudgment interest thereon, and maximum civil penalties pursuant to Section 21A of the Exchange Act.

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Respectfully submitted,

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