

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

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

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

**Defendants.**

**09 Civ. 8811 (JSR)**

**ECF CASE**

**REPLY DECLARATION OF JOHN HENDERSON**

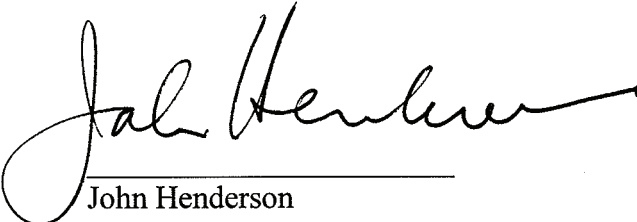
I, John Henderson, Senior Attorney in the New York Regional Office of Plaintiff, the Securities and Exchange Commission (“Commission”), pursuant to 28 U.S.C. § 1746, declare the following:

1. I make this declaration in support of the Commission’s Reply Memorandum of Law in Support of Its Motion for Partial Summary Judgment against Defendants Raj Rajaratnam and Galleon Management, LP. This declaration attaches documents that are relevant to the Commission’s reply memorandum.
2. Attached as Exhibit 1 are additional relevant excerpts of the trial transcript in the matter U.S. v. Rajaratnam, S2 09 Cr. 1184 (RJH) (“U.S. v. Rajaratnam”).
3. Attached as Exhibit 2 is a true and correct copy of Government Exhibit 1 received in evidence in U.S. v. Rajaratnam.

4. Attached as Exhibit 3 are additional excerpts from the June 7, 2007 investigative testimony transcript of Raj Rajaratnam before the Securities and Exchange Commission.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 21, 2011.



John Henderson

# **Exhibit 1**

1468RAJ2 Barnacle - direct Page 3544

1 December 2008?  
2 A. It shows that Goldman Sachs price declines.  
3 Q. Did you calculate the losses avoided by Galleon tech by  
4 selling Goldman Sachs stock on October 24, 2008?  
5 A. Yes, sir.  
6 Q. Can we turn to Government Exhibit 77?  
7 What was your calculation of the losses avoided?  
8 A. The losses avoided were \$3,800,565.  
9 Q. We talked about this a little bit earlier, but if the TAM  
10 portfolio code had held on to the shares, this is what would  
11 have been lost had the shares not been sold on October 24,  
12 2008?  
13 A. Yes. This is stating that this amount would have been lost  
14 at the open price, the opening price of the stock the day  
15 following the announcement.  
16 Q. Can we put up Government Exhibit 1 in evidence and blow  
17 that up?  
18 From your calculations yesterday to your calculations  
19 today, what was the total profit and losses avoided, or losses  
20 avoided, from each of the securities we reviewed yesterday and  
21 today?  
22 A. The total profit or losses avoided was \$63,812,164.  
23 Q. Of that \$63,812,164, approximately how much of that was  
24 loss avoidance as opposed to pure realized profit?  
25 A. Approximately, 9.9 million.

1468RAJ2 Barnacle - direct Page 3545

1 Q. So the total pure realized profit, excluding the losses  
2 avoided, was approximately what?  
3 A. Approximately, 53.8 million.  
4 MR. BRODSKY: No further questions, your Honor.  
5 THE COURT: Mr. Dowd.  
6 MR. DOWD: Thank you, your Honor.  
7 CROSS-EXAMINATION  
8 BY MR. DOWD:  
9 Q. Good morning, Agent Barnacle.  
10 A. Good morning, sir.  
11 Q. I am John Dowd, and I represent Mr. Rajaratnam, and I have  
12 a few questions for you.  
13 A. Yes, sir.  
14 Q. Do you still have Government Exhibit 1 in front of you,  
15 sir?  
16 A. Yes, sir.  
17 Q. You just testified about that?  
18 A. Yes, sir.  
19 Q. Now, that exhibit does not reflect the losses incurred by  
20 Mr. Rajaratnam and Galleon on AMD, does it?  
21 A. No, sir.  
22 Q. Those losses were about 53 million, weren't they?  
23 A. I don't know that, sir.  
24 Q. You didn't calculate those?  
25 A. No, sir.

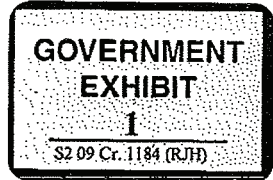
1468RAJ2 Barnacle - cross Page 3546

1 Q. They are not included in your chart?  
2 A. That's correct, sir.  
3 Q. It doesn't include the losses on Vishay, does it, sir?  
4 A. No, sir, it does not.  
5 Q. This chart shows approximately 64 million in gains from  
6 alleged insider trading in this case, is that correct?  
7 A. Yes, sir.  
8 Q. You are aware that as of March 2008, Galleon had more than  
9 \$6 billion in assets under management?  
10 A. I was not aware of that, sir.  
11 Q. Do you know what the percentage of \$64 million is of 6  
12 billion?  
13 A. It's small, sir.  
14 Q. It's just over 1 percent, isn't it, sir?  
15 A. Approximately, yes, sir.  
16 Q. So take those two numbers. So the total alleged insider  
17 trading that you claim in this case over a period of several  
18 years is just over 1 percent of Galleon's assets in 2008,  
19 correct?  
20 A. Assets under management, that would be correct.  
21 Q. And are you aware that as of March 2008, accounting for  
22 leverage, Galleon was trading 10 billion or more in investor  
23 assets?  
24 A. No, sir.  
25 Q. So the percentage of 64 million of 10 billion is less than

1468RAJ2 Barnacle - cross Page 3547

1 1 percent, isn't it, sir?  
2 A. Yes, sir.  
3 Q. So the total alleged insider trading in this case over a  
4 period of several years was less than 1 percent of the assets  
5 that Galleon traded in 2008, correct?  
6 A. Can you repeat that, please?  
7 Q. Sure. So the total alleged insider trading gains that you  
8 have, 64 million, in this case, over a period of several years,  
9 is less than 1 percent of the assets Galleon traded in 2008?  
10 A. I believe assets under management, you're correct.  
11 Q. You know, don't you, sir, that the trades were for  
12 Galleon's accounts, not for Mr. Rajaratnam's personal account,  
13 correct, sir?  
14 A. I just know that they are the portfolio codes. I don't  
15 know Mr. Rajaratnam's personal accounts.  
16 Q. You're not aware that any of these trades were in his  
17 personal account, are you, sir?  
18 A. I don't know that.  
19 Q. You know, don't you, that most of the money in Galleon's  
20 funds belonged to outside investors, not Mr. Rajaratnam,  
21 correct, sir?  
22 A. No, sir. I don't know the source of the investors.  
23 Q. You didn't check that out?  
24 A. I did not.  
25 Q. And you know, don't you, that most of the 64 million in

# **Exhibit 2**



**Galleon Tech and Diversified  
Total Profit or Losses Avoided**

<b>Issuer</b>	<b>Realized Profit or Losses Avoided</b>
Akamai	\$5,139,851
ATI Technologies	\$22,938,866
Clearwire	\$851,724
eBay	\$883,973
Goldman Sachs	\$4,641,555
Google	\$18,264,041
Hilton (including in Goel account)	\$4,171,763
Integrated Circuit / Integrated Device	\$2,825,527
Intel	\$2,481,271
PeopleSupport (in Goel account)	\$151,949
Polycom	\$482,960
Xilinx	\$978,684
<b>TOTAL:</b>	<b>\$63,812,164</b>

# **Exhibit 3**

77	<p>1 the exact name.</p> <p>2 Q Are you invested in it?</p> <p>3 A No.</p> <p>4 Q Is she invested in Galleon?</p> <p>5 A Yes.</p> <p>6 Q Are you familiar with the term inside trading?</p> <p>7 A Yes.</p> <p>8 Q Do you believe it's wrong?</p> <p>9 A Yes.</p> <p>10 Q Does Galleon have any policies or procedures in</p> <p>11 place to deter inside trading?</p> <p>12 A Yes.</p> <p>13 Q Can you describe those policies or procedures.</p> <p>14 A If you get material non-public information, you</p> <p>15 put it on the restricted list.</p> <p>16 Q Have you ever come into possession of material</p> <p>17 non-public information?</p> <p>18 A Me personally, no.</p> <p>19 Q Have you ever put anything on the restricted</p> <p>20 list?</p> <p>21 A Yes.</p> <p>22 Q For what reason?</p> <p>23 MR. ISENBERG: By "you" you mean him personally</p> <p>24 or are you asking has Galleon ever put anything on the</p> <p>25 restricted list?</p>	79	<p>1 MR WADHWA: I'm actually confused as well.</p> <p>2 Q I'm confused because first we asked the question,</p> <p>3 this is an opportunity to clarify the record on this but I</p> <p>4 thought you said that you never come in to material non-</p> <p>5 public information, yet you then described an instance where</p> <p>6 you learned of a fact and immediately</p> <p>7 MS. BEAUDREault: He said the analyst received</p> <p>8 information. The analyst told him, he told George Lau, that</p> <p>9 was his explanation.</p> <p>10 A The analyst who followed that stock received what</p> <p>11 I thought was material non-public information. So as soon as</p> <p>12 I saw the e-mail, I took it to George Lau and I told him to</p> <p>13 put it on the restricted list. I did not get the information</p> <p>14 myself.</p> <p>15 MR. ISENBERG: Initially.</p> <p>16 THE WITNESS: Initially.</p> <p>17 A Do you understand? It came</p> <p>18 Q Let me broaden the question so it's clear. Have</p> <p>19 you ever come into contact with material non-public</p> <p>20 information directly or indirectly, secondhand or thirdhand.</p> <p>21 MR. ISENBERG: Let's put it this way, Raj. I</p> <p>22 appreciate the question but it's also you're asking for a</p> <p>23 legal conclusion to some degree. He's described an instance</p> <p>24 where he thought something might be material non-public</p> <p>25 information and he brought it to the attention of George Lau</p>
78	<p>1 MR. MICHAELSON: Him personally.</p> <p>2 MR. ISENBERG: I just want to make sure he</p> <p>3 understands the question.</p> <p>4 A There was what I recall there was a situation</p> <p>5 where a company's investor relations person was indicating</p> <p>6 that the company might get a bid for a certain price. As</p> <p>7 soon as I saw it, I went to George Lau and told him to put it</p> <p>8 on the restricted list and make sure that no one at Galleon</p> <p>9 trades.</p> <p>10 Q So is that an instance where you felt that you</p> <p>11 had come into contact with non-public information?</p> <p>12 A No, no. An analyst had forwarded a message that</p> <p>13 he got from the company, an investor relations person which</p> <p>14 indicated that the company may have got a bid for \$50 a</p> <p>15 share. I can't remember the exact price. So immediately as</p> <p>16 soon as I got the e-mail I went to George Lau and he put it</p> <p>17 on the restricted list.</p> <p>18 MR. MICHAELSON: Let's just finish up this topic</p> <p>19 and we'll be able to take a break.</p> <p>20 Q When did that event take place?</p> <p>21 A Either 2006 or 2007.</p> <p>22 Q What was the stock?</p> <p>23 A Cognos, C-O-D-N-O-S.</p> <p>24 Q Why did you go to George Lau in that instance?</p> <p>25 MR. ISENBERG: He explained it.</p>	80	<p>1 who put it on the restricted list. I don't know that he's in</p> <p>2 a position, not being a lawyer, to be able to tell you</p> <p>3 definitively that there was material non-public information</p> <p>4 in a particular instance but if you want to ask him if he</p> <p>5 recalls any instances where he got information where he</p> <p>6 thought it might be and then took some steps, that's a</p> <p>7 perfectly appropriate question.</p> <p>8 Q So do you recall any instance where you've come</p> <p>9 into contact with information that you believed was material</p> <p>10 and non-public in any respect, directly or indirectly,</p> <p>11 firsthand, secondhand, thirdhand?</p> <p>12 A In this business you hear a lot of rumors. I</p> <p>13 don't act on rumors, so you hear a lot of rumors. In this</p> <p>14 instance where I thought there was a price or some type of</p> <p>15 indication that there was a transaction, I thought that was</p> <p>16 material and non-public.</p> <p>17 Q What do you mean you don't act on rumors?</p> <p>18 A When you hear IBM is going to buy HP or I don't</p> <p>19 know, there's all sorts of stuff that goes on the chat room</p> <p>20 that your traders are picking up.</p> <p>21 Q Do you trade on rumors?</p> <p>22 A No. We have 34 analysts, it costs me somewhere</p> <p>23 between 30 and 60 million dollars to keep them happy. So we</p> <p>24 do lots of research. We hear a lot because that's the nature</p> <p>25 of the business that we're in.</p>

20 (Pages 77 to 80)



<p style="text-align: right;">81</p> <p>1 Q But you base your decisions on the work of the 2 analysts. 3 A Mostly, and other stuff like money flows, charts, 4 things like that. 5 Q Do you recall a single instance where you brought 6 information to George Lau for the purpose of putting a stock 7 on the restricted list? Do you recall any others aside from 8 this instance with Cognos? 9 A On the restricted list sometimes we get taken 10 over the wall if there's a PIPE transaction and we put that 11 on the restricted list. 12 MR. ISENBERG: Why don't we take a break, it's 13 12:30. Mr. Rajaratnam's blood sugar is down and I have to 14 use the rest room, so we're going to have to take a break, we 15 might as well take lunch too. 16 MR. MICHAELSON: We'll go off the record at 17 12:32. 18 (Whereupon a luncheon recess was taken.) 19 MR. MICHAELSON: We're back on the record at 20 1:37 p.m. Counsel, if you could confirm there were no 21 substantive communications between yourself and the staff 22 during the break. 23 THE WITNESS: That's correct, unless you believe 24 our discussion about Paris Hilton getting out of jail is not 25 substantive which I think it's not.</p>	<p style="text-align: right;">83</p> <p>1 be considered material? 2 A I don't know. If we knew exactly whether an 3 analyst was going to upgrade or downgrade a stock, there's so 4 much speculation on Wall Street, rumors, all the stuff that 5 we hear all the time. 6 Q When the e-mail regarding Cognos was sent to your 7 attention, why was it sent to you? 8 A It was received by the analyst. All the members 9 at Galleon go through extensive compliance training, training 10 on inside information, we have a compliance manual and 11 there's continuous training. So when an analyst received the 12 e-mail, he went to his supervisor, Rick Schutte, who brought 13 it to me and said what should we do and I made the decision 14 that this was material information that we should immediately 15 put it on the restricted list, at least for a period of time 16 until this thing has subsided. 17 Q This was an e-mail to you? 18 A I can't remember. 19 Q Do you remember if Rick Schutte handed you the e- 20 mail? 21 A I can't remember. I remember seeing the e-mail, 22 I don't know that he handed it to me or whether he spoke 23 about it to me. 24 Q Did you relay any of the information contained in 25 the e-mail to anyone else outside of Galleon?</p>
<p style="text-align: right;">82</p> <p>1 BY MR. MICHAELSON: 2 Q Before the break we were discussing information 3 that was relayed to you regarding a stock called Cognos. I 4 was wondering if you could speak further to what precisely - 5 what information about Cognos was contained in the e-mail 6 sent to your attention? 7 A I don't precisely know but it seemed to indicate 8 that they were a possible acquisition candidate with a 9 definitive price tag. 10 Q Do you generally feel that information regarding 11 a merger that may happen is material information? 12 A I think if it had definitive terms or something 13 it's material. 14 Q What about do you generally believe that 15 information regarding what might be contained in an earnings 16 release would be material? 17 A What might be contained, that's speculation. 18 Q Let me be more precise. Information regarding 19 revenues, gross margin, guidance is to be contained in an 20 earnings release, would that be considered material by you? 21 A If you had access to those specific information? 22 Q That's correct. 23 A That would be material. 24 Q How about information regarding whether or not an 25 analyst was going to upgrade or downgrade a stock, would that</p>	<p style="text-align: right;">84</p> <p>1 A Outside of Galleon, no. 2 Q Do you recall being personally involved in any 3 other instance in which a stock ended up on Galleon's 4 restricted list? 5 A Generally PIPE's where we're brought over the 6 wall. 7 Q Other than this instance with respect to Cognos 8 and PIPE's, do you recall any other instance? 9 A None that I can recollect. 10 Q We spoke earlier regarding investors in Galleon 11 who are officers or directors of issuers, a slightly 12 different question, sitting here today are you aware of any 13 investors in Galleon who are consultants to issuers? 14 A What do you mean by issuers? 15 Q Publicly traded companies? 16 A Not that I know of. 17 Q How about any investors in Galleon who serve as 18 investment bankers for publicly traded companies? 19 A We have one investor I can think of who's a 20 security analyst but he's not an investment banker. 21 Q Who is that? 22 A Mark Edelstone. 23 Q He's at which firm? 24 A He was with Morgan Stanley, he's changed jobs. 25 Q Where does he work now?</p>

<p style="text-align: right;">85</p> <p>1 A KPMG.</p> <p>2 Q Does Galleon itself rely on any consultants?</p> <p>3 A I think they do, I'm not sure who they are.</p> <p>4 Q Do you personally communicate with any</p> <p>5 consultants to Galleon?</p> <p>6 A Not in the 2006 time frame and I may have</p> <p>7 previously being part of a conference call with some</p> <p>8 consulting firms where the analysts are in the conference</p> <p>9 call and talk but I don't particularly remember.</p> <p>10 Q To your knowledge does Galleon pay anybody to</p> <p>11 serve as a consultant to Galleon providing insight or</p> <p>12 analysis?</p> <p>13 A I know we do but I don't know who. We have some</p> <p>14 group from Washington, the Washington Research Group or</p> <p>15 something who are consultants came in. They were pitching</p> <p>16 our business, I don't know what we did with it.</p> <p>17 Q Do you recall any names of the individuals who</p> <p>18 came in from the Washington Research Group?</p> <p>19 A No. I don't even know the name, it sounded</p> <p>20 something like that, a consulting firm based out of</p> <p>21 Washington that does privacy consulting.</p> <p>22 Q Who brought them in?</p> <p>23 A An investor relations person, Tom Fernandez.</p> <p>24 Q Is there anyone other than you who has trade</p> <p>25 decision making authority in the Tech Fund?</p>	<p style="text-align: right;">87</p> <p>1 typically what I do is I give him trades, this is what I'd</p> <p>2 like to buy, this is what I'd like to sell, these are the</p> <p>3 prices at which I would like to buy or sell. So we have</p> <p>4 communicated.</p> <p>5 Q How many trading decisions do you make each day?</p> <p>6 A It varies. I trade somewhere average three to</p> <p>7 four to five million shares a day depending on the market</p> <p>8 conditions.</p> <p>9 Q How many different companies, just the range?</p> <p>10 A I'm sorry, there's no typical day like this.</p> <p>11 It's just lots of typically I bought 150 companies in my</p> <p>12 portfolio, so maybe 50 to 60, 70 at a time.</p> <p>13 Q Explain to me how you decide whether or not to</p> <p>14 buy or sell a particular company's stock.</p> <p>15 A How much time do you have? There's experience,</p> <p>16 there's your ability to take risk. The key or skill set here</p> <p>17 is knowing when to step up. That's the difference between I</p> <p>18 think an average investor and a good investor where knowing</p> <p>19 at what point do you make the bet.</p> <p>20 Assimilating everybody has got a certain style,</p> <p>21 are you a value investor, are you a momentum investor,</p> <p>22 understanding the variables that impact a company's business.</p> <p>23 So there's a whole bunch of things that you look at, analyst</p> <p>24 input is one, charts, money flow, your view of the market,</p> <p>25 your tolerance for risk. If you're doing well in a year, you</p>
<p style="text-align: right;">86</p> <p>1 A My trader when I'm not there might if he sees the</p> <p>2 market going down or up but mostly it's me.</p> <p>3 Q The trader is Ian Horowitz?</p> <p>4 A Yes.</p> <p>5 Q So either you or in limited circumstances Ian</p> <p>6 Horowitz are making every trading decision with respect to</p> <p>7 trades that take place in the Tech Fund. Is that correct?</p> <p>8 A Every if I'm traveling or on vacation, they</p> <p>9 might discuss it with other people but generally you're</p> <p>10 right.</p> <p>11 Q Who else other than yourself and Ian Horowitz,</p> <p>12 who might have the authority to place a trade in the Tech</p> <p>13 Fund?</p> <p>14 A They might not have the authority but they might</p> <p>15 discuss it. If I have a stock that's not acting well and I'm</p> <p>16 not in the office, Ian might discuss it with other traders</p> <p>17 and say what should I do and they might exercise.</p> <p>18 Q Ultimately it will be Ian who makes the decision</p> <p>19 in your absence?</p> <p>20 A Ian executes the trade.</p> <p>21 Q If you're in the office, are you aware of every</p> <p>22 trade that takes place in the Tech Fund?</p> <p>23 A Pretty much unless I'm in meetings and I told him</p> <p>24 if this gets to a certain level buy it or sell it where I</p> <p>25 wouldn't normally have done it at what time he's done it but</p>	<p style="text-align: right;">88</p> <p>1 have the ability to take more risk; if you're struggling, you</p> <p>2 tend to ride it out. So there are 100 different variables</p> <p>3 that you process and at the end of the day you and I could go</p> <p>4 to a presentation, hear the same thing and come out with a</p> <p>5 different conclusion because we have different risk</p> <p>6 tolerances or different ways of looking at the situation. So</p> <p>7 there isn't a simple formula.</p> <p>8 Q Do you consider yourself a value investor, a</p> <p>9 momentum investor, what is your how would you describe your</p> <p>10 style?</p> <p>11 A If you look at my portfolio, you'll see value</p> <p>12 stocks, you'll see relative long/short positions where you</p> <p>13 may be long and short stock in the same sector, you might see</p> <p>14 some product cycles. So a variety of styles and it's how you</p> <p>15 build a portfolio that may differentiate you from somebody</p> <p>16 else.</p> <p>17 Q You mentioned charts and money flows. Can you</p> <p>18 describe further what you mean by that.</p> <p>19 A When you look at the historical chart of the</p> <p>20 stock</p> <p>21 Q A stock chart.</p> <p>22 A A stock chart, and then you look at money flowing</p> <p>23 into sectors and how much if for example the investors are</p> <p>24 taking money out of energy and putting it into technology or</p> <p>25 if people are under technology, that gives you a certain</p>

<p style="text-align: right;">97</p> <p>1 A I can't remember, either 2001, 2002, 2003, 2004, 2 one of those year, maybe 2004, 2005, 2006. 3 Q Do you recall when you received a redemption in 4 relation to when you placed your investment? 5 A Not specifically but I can get that. 6 Q Was it a matter of months or weeks? 7 A Months. 8 Q It was months later. 9 A I don't remember. I don't know, I'd be guessing 10 but it's not clearly years, weeks or months, one or two 11 months or seven or eight weeks, I can't remember. 12 Q Did you have any conversations with Rengan 13 regarding investments to be made in the Special Opportunities 14 Fund or Strategic Opportunities Fund? 15 A Specifically investing in the Special 16 Opportunities Fund? 17 Q The underlying stocks held in the 18 A We talked about stocks, I don't know whether he 19 was buying it or not. I have no access to what he's doing on 20 the trading desk. 21 Q Was there any time when you knew of any position 22 that was held in the Special Opportunities Fund? 23 A No. We talked about stocks but I don't know 24 where he's holding what. 25 Q Are you familiar with a company called Advanced</p>	<p style="text-align: right;">99</p> <p>1 the column PRT is equal to GI, GILT or GIMT. 2 (Witness perusing document.) 3 Q My first question for you is in the PRT column, 4 what does the code GI mean? 5 A I don't know because this is entered by the 6 traders. I placed the order and they have certain codes as 7 to as I said, we have a system called Pulse that allocates 8 the orders. I don't get involved in how trade breaks are 9 done and what the quotes mean. 10 Q Earlier you thought that the code I believe GLT 11 referred to the Tech Fund. 12 A I thought that GLT for me to access Pulse I 13 need the heading, now it's called GOT. I assume it's 14 that's the one that I look at which is the Tech Fund. 15 Q Sitting here today do you have any understanding 16 as to whether or not the codes GI, GILT or GIMT relates to 17 the Tech Fund? 18 A If you had asked me no, I don't really know the 19 details of the trade allocation. 20 (pause) 21 MR. ISENBERG: Is there a question pending, I'm 22 sorry? We were having a little colloquy over here. 23 MR. MICHAELSON: No, there's no question. 24 Q Do you recall directing Galleon to take a 25 position in AMD in late July or early August of 2006?</p>
<p style="text-align: right;">98</p> <p>1 Micro Devices? 2 A Yes. 3 Q The ticker is AMD. Is that correct? 4 A Yes. 5 Q What do they do? 6 A They make micro processes for PC's. 7 Q Do you have any recollection of discussing AMD 8 with Rengan around the time of your investment in the Special 9 Opportunities Fund? 10 A I don't recall specifically but I may have. It 11 was one of the stocks that we did well in 2006. I could have 12 talked to him about I really like AMD. 13 Q Were you doing well in AMD in 2007? 14 A I think so. 15 Q Were you doing well in AMD in 2005? 16 A I don't know. 17 MR. MICHAELSON: I'd like to mark this document 18 as Sedna Exhibit No. 52. 19 (The document referred to was marked 20 as Sedna Exhibit No. 52 for 21 identification.) 22 Q I'll give you a moment to take a look at it. I 23 will represent that this is summary information put together 24 from a blotter that Galleon produced to the SEC exam staff in 25 Excel format and it represents all trades in AMD in 2006 with</p>	<p style="text-align: right;">100</p> <p>1 A Galleon as a firm or in my fund? 2 Q The Tech Fund. 3 A Yes. 4 Q Was that a long position? 5 A I can't remember long or short. I'm an old 6 semiconductor analyst. Before I started Galleon, my 7 experience was semiconductors. I spent fifteen years as a 8 semiconductor analyst and so I trade Intel and AMD and the 9 semiconductor stocks more actively than I trade other stocks. 10 AMD is a company I've known for twenty years and it's a 11 company relatively easy to analyze because there's two 12 companies in the process of business that supply PC's, that's 13 AMD or Intel and at various times one is gaining share and 14 the other is not. So it's sort of a stock that we trade. We 15 know the trading patterns, we know the charts, we trade it 16 actively, so I can't remember when I was short, when I was 17 long, when I was neutral but we trade it all the time. 18 Q Can you be a little more specific with respect to 19 what information you rely on when you're placing trades in 20 AMD. 21 A Well you get the demand for PC's, that's the 22 major overriding factors. If you think PC demand is slowing, 23 then you know that AMD's products are slowing, PC demand is 24 breaking up, you think of AMD and Intel. 25 The second thing is relative market share between</p>

25 (Pages 97 to 100)

101	<p>1 the two companies. Thirdly, pricing data. If Intel is very 2 aggressive in pricing, that impacts AMD and if Intel is 3 Intel being 70, 80, 90 percent of the market, the margin 4 determines pricing. So if Intel gets a breakthrough and 5 wants to kill pricing, it impacts AMD and vice versa. Those 6 are some of the things we look at to come up with what we 7 think AMD stock will do.</p> <p>8 Q How do you determine what the demand for PC's is? 9 A Well we have analysts that talk to Dell, there's 10 data that the mother board manufacturers in Taiwan put out 11 every month as to what the new shipments of mother boards 12 are, 70 to 80 percent of the mother boards are made in 13 Taiwan. Companies like Dell and HP get their stock made in 14 Taiwan. We get monthly data reports on units. You can go 15 and see on the web whether Dell is starting to move product, 16 so you get a whole bunch of information.</p> <p>17 Microsoft typically in the conference call gives 18 their analysis on what the PC business is going at. So 19 there's lots of data points that you can connect the dots, 20 talking to Microsoft, talking to Dell, HP, Intel, a whole 21 bunch of companies.</p> <p>22 Q Would that also be the source for information 23 regarding relative market share between AMD and Intel? 24 A Well companies learn about their market share. 25 If you typically add these two market shares, it's close to</p>	103	<p>1 regarding AMD?</p> <p>2 A He's a junior guy. I rely on it for 3 informational purposes but I don't just blindly buy it.</p> <p>4 Q Are there an analysts outside of Galleon upon 5 whom you rely trading in AMD? 6 A No. I know this company for twenty years, I've 7 followed the stock for twenty years. I sort of feel that I 8 understand this company as well as anybody, the dynamics that 9 impact this business. I rely on a lot of input from the 10 Street as to what they're hearing and what they're saying.</p> <p>11 Q Is there anyone else within Galleon upon whom you 12 rely for information regarding AMD? 13 A The PC analyst that follows the PC sector, not 14 specifically AMD but what they think of the PC market, 15 analysts that follow the software sector to see what 16 Microsoft is saying so that you can figure this puzzle out.</p> <p>17 Q Going back to Exhibit No. 52, I'll refer you to 18 the fourth page to trades beginning where the second column 19 that shows the trade date beginning around July 20, 2006. 20 There's a buy to cover a sale and then a series of buys, 21 continuing on the next page all the way through August 11th.</p> <p>22 A Yes.</p> <p>23 Q I'm just wondering if looking at Exhibit No. 52 24 refreshes your recollection as to whether or not you directed 25 the Tech Funds to go long on AMD in late July and early</p>
102	<p>1 over 100 percent. So you have to that's where experience 2 and judgment and a lot of those things come into play. What 3 you do know is there's only two companies selling processors. 4 So together they add to 100. These are in the whole scheme 5 of investing in companies, AMD and Intel are relatively 6 easier to analyze than analyzing a sector where there's ten 7 competitors and market share assumptions of market share 8 data but I lost plenty of money trading AMD too. It's not a 9 one-way street. I've made a lot of money trade AMD and 10 Intel.</p> <p>11 Q Where do you go to find information regarding 12 pricing? 13 A Every quarter Intel puts out their pricing list 14 on their website to their customers.</p> <p>15 Q So it's available on the website. 16 A Yes. The sell side also gets it and then starts 17 writing on something.</p> <p>18 Q Is there a particular analyst at Galleon who 19 covers AMD? 20 A Yes.</p> <p>21 Q What is that analyst's name? 22 A Nadeem Jan Mohammad.</p> <p>23 Q Can you spell that. 24 A N-A-D-E-E-M J-A-N M-O-H-A-M-M-A-D. 25 Q Do you rely on the reports that he generates</p>	104	<p>1 August 2006.</p> <p>2 MR. ISENBERG: Is this a trade blotter from the 3 Tech book? 4 MS. BEAUDREault: I don't know if we've 5 established that these are Tech Fund trades.</p> <p>6 MR. MICHAELSON: It was represented to us in the 7 column PRT the codes GI, GILT and GIMT relate to the Tech 8 Funds. So it's my understanding that this does reflect 9 trading in the</p> <p>10 MS. BEAUDREault: You received that in writing, 11 okay. I don't recognize GI as a Tech Fund manager code.</p> <p>12 MR. MICHAELSON: Do you have a different 13 understanding as to what GI stands for? 14 MS. BEAUDREault: I don't.</p> <p>15 MR. ISENBERG: In any case, the question is 16 whether it refreshes your recollection. It doesn't even have 17 to be</p> <p>18 A As you can see, we probably traded AMD 500 times 19 during the year, so I can't specifically give you dates and 20 specific trades.</p> <p>21 Q On July 24th there's a buy for 715,000 shares. 22 You're not doing that very frequently. I was wondering if 23 this sticks out. 24 A On July 24th, right. 25 Q There are two buys there that together count for</p>

26 (Pages 101 to 104)



137	<p>1 MR. ISENBERG: He's testified about that. Do</p> <p>2 you have a specific question?</p> <p>3 Q Do you come up with a precise number in your</p> <p>4 head, do you think AMD's earnings per share will be X?</p> <p>5 A You try to come up with a precise number.</p> <p>6 Sometimes you get it, sometimes you don't but typically the</p> <p>7 company gives its guidance for the next quarter. So let's</p> <p>8 say it's the fourth quarter or the first quarter, in the</p> <p>9 fourth quarter the company says we think we can do, so you've</p> <p>10 got the company's opinion. Then you have the analyst's</p> <p>11 model, the sell side analyst. You have your internal model</p> <p>12 and then I play with it because I also do know AMD because</p> <p>13 I've covered it for many years as a sell side analyst, punch</p> <p>14 in the variables and you try to come up with what you think</p> <p>15 is the best guess for the revenues.</p> <p>16 Now AMD is a fairly simple company to model as I</p> <p>17 said because it has processors, units and ASP's. It's not a</p> <p>18 multi-product company. So you're able to model it much more</p> <p>19 precisely than if you had a company with twenty different</p> <p>20 products with twenty different prices. I find it simple</p> <p>21 because I followed it for twenty years. So you model it now.</p> <p>22 They key thing from a stock standpoint what we</p> <p>23 look at, different funds have different strategies, if our</p> <p>24 model suggests that AMD's revenues are higher than that of</p> <p>25 the consensus expectations, we assume that the stock will go</p>	139	<p>1 talking about the different reasons why Galleon came up with</p> <p>2 its best guess. Just to be clear, did you have any actual</p> <p>3 numbers from any source that you believe to be from AMD prior</p> <p>4 to the issuance of this press release?</p> <p>5 A No, as I said I don't know anybody at AMD other</p> <p>6 than conferences with them.</p> <p>7 Q With respect to Exhibit No. 54, the IM back and</p> <p>8 forth, referring you again to the question "Hey, for the</p> <p>9 tickets, have to choose package B." Are you looking at that?</p> <p>10 A 54 yes.</p> <p>11 MR. ISENBERG: What's the question?</p> <p>12 Q The question is do you have that page?</p> <p>13 A Yes.</p> <p>14 Q You've explained how that statement is a</p> <p>15 reference to buying a cricket package.</p> <p>16 A Yes.</p> <p>17 Q Is this statement in any way an indication of</p> <p>18 whether or not to buy or sell a security?</p> <p>19 A The statement of package B?</p> <p>20 Q Yes.</p> <p>21 A It's not a security, it's to buy a cricket</p> <p>22 package.</p> <p>23 Q What credit card did you use to purchase the</p> <p>24 cricket tickets?</p> <p>25 A My credit card.</p>
138	<p>1 up. If it's below, we'll assume that the stock will go down.</p> <p>2 It's a very simple arbitrating consensus opinion. That's my</p> <p>3 investment philosophy. You never know exactly what the</p> <p>4 number you do your best guess. Sometimes you hit on the</p> <p>5 nail, sometimes you miss it by a mile and if you're wrong,</p> <p>6 the stock goes down; if you're right, it goes up.</p> <p>7 Q Did you ever share your best guess about an AMD</p> <p>8 earnings release with anyone outside of Galleon prior to the</p> <p>9 release?</p> <p>10 A We sit and talk about what you think, what do you</p> <p>11 think the number is, that type of thing.</p> <p>12 Q Is there anyone in particular that you recall?</p> <p>13 A For this quarter specifically?</p> <p>14 Q Let's start with this quarter specifically.</p> <p>15 A I can't remember.</p> <p>16 Q Is there someone outside of Galleon who you</p> <p>17 routinely share information about AMD with?</p> <p>18 A If somebody calls me and asks me or I know</p> <p>19 they're involved in AMD and care about it, it's somebody I</p> <p>20 like, we'll share information but not systematically and</p> <p>21 routinely.</p> <p>22 Q Do any investors in Galleon work for AMD?</p> <p>23 A No.</p> <p>24 BY MR. MARKOWITZ:</p> <p>25 Q With respect to Exhibit No. 56, you've been</p>	140	<p>1 Q What is it?</p> <p>2 A Either American Express or Visa.</p> <p>3 Q Do you have any other credit cards besides AMEX</p> <p>4 and Visa?</p> <p>5 A Those are the two ones I use primarily.</p> <p>6 Q Do you have any other credit cards besides AMEX</p> <p>7 and Visa?</p> <p>8 A No.</p> <p>9 MR. ISENBERG: Let me know when you're finished</p> <p>10 with AMD because I want to take a short break.</p> <p>11 MR. MICHAELSON: Almost done.</p> <p>12 Q Other than what we've already discussed, do you</p> <p>13 remember anything else about a basis for your decision to</p> <p>14 direct Galleon Tech Funds to buy AMD in late July or early</p> <p>15 August of 2006?</p> <p>16 A No, we've discussed all the issues.</p> <p>17 Q And outside of the just to make sure we have</p> <p>18 these questions. Have you ever communicated with any member</p> <p>19 of AMD's board of directors?</p> <p>20 A No.</p> <p>21 Q Have you ever communicated directly with any</p> <p>22 executive of AMD excepting your meeting with Hector Ruiz and</p> <p>23 Rivett that you've already talked about, any one on one's or</p> <p>24 any sell side analysts or banks?</p> <p>25 A Have I communicated with sell side analysts and</p>

35 (Pages 137 to 140)

141	<p>1 banks?</p> <p>2 Q No, have you communicated directly with any AMD</p> <p>3 executives setting aside the meeting with Hector Ruiz that</p> <p>4 we've already discussed in setting aside any one on ones</p> <p>5 arranged by sell side analysts?</p> <p>6 MR. ISENBERG: Do you want to set aside</p> <p>7 conferences as well?</p> <p>8 MR. MICHAELSON: Conferences.</p> <p>9 A No.</p> <p>10 Q Do you have reason to believe that anyone with</p> <p>11 whom you do communicate about AMD has access to inside</p> <p>12 information about AMD?</p> <p>13 A No.</p> <p>14 MR. MICHAELSON: We can break. We're off the</p> <p>15 record at 3:26 p.m.</p> <p>16 (Whereupon a recess was taken.)</p> <p>17 MR. MICHAELSON: We're back on the record at</p> <p>18 3:34 p.m. Counsel, you'll confirm there were no substantive</p> <p>19 communications between yourself and the staff during the</p> <p>20 break.</p> <p>21 MR. ISENBERG: That's correct.</p> <p>22 MR. MICHAELSON: I'll also let the record</p> <p>23 reflect that Dave Markowitz has left the room.</p> <p>24 Q Have you ever referred to anyone as being your</p> <p>25 source at Google?</p>	143	<p>1 Q Have you ever in any communication referred to</p> <p>2 anyone as your source at FFIV?</p> <p>3 A When we say our source, what we mean is</p> <p>4 information that we have based on either talking to sell side</p> <p>5 analysts or talking to my analysts or information that we</p> <p>6 have. It's a euphemism for our information.</p> <p>7 Q Who do you consider to be your source about FFIV?</p> <p>8 A Analysts either on the buy side or on the sell</p> <p>9 side or our analysts.</p> <p>10 Q Is there anyone in particular who comes to mind?</p> <p>11 A No.</p> <p>12 Q So you have multiple sources about FFIV.</p> <p>13 A FFIV is a company that I just recently invested</p> <p>14 in. I didn't know it in 2006, I don't think I ever invested</p> <p>15 in it in 2006. It's a growth story that we just started</p> <p>16 investing in in 2007 I think.</p> <p>17 Q Which analysts cover FFIV?</p> <p>18 A At Galleon?</p> <p>19 Q Outside of Galleon?</p> <p>20 A A whole bunch.</p> <p>21 Q Have you ever communicated with anyone who you</p> <p>22 believe had an inside source at Google?</p> <p>23 MR. ISENBERG: What do you mean by an inside</p> <p>24 source?</p> <p>25 Q Have you ever communicated with anyone you</p>
142	<p>1 A My source I may have, I don't recall.</p> <p>2 Q Who would you have been referring to?</p> <p>3 MR. ISENBERG: He said he didn't recall.</p> <p>4 MR. MICHAELSON: He said he may have.</p> <p>5 Q Who might you have in mind?</p> <p>6 MR. ISENBERG: Who might he have referred to for</p> <p>7 something he may have done but doesn't recall doing? Is that</p> <p>8 your question?</p> <p>9 MR. MICHAELSON: He can answer the question.</p> <p>10 A Once again I don't know anybody at Google but a</p> <p>11 source at Google could be some analyst who is good on Google,</p> <p>12 who follows it closely.</p> <p>13 Q Who is it that you would have referred to as</p> <p>14 being your source about Google?</p> <p>15 A It could be any analyst that you talk to who you</p> <p>16 think has done a good job but I don't talk to anybody at</p> <p>17 Google.</p> <p>18 Q Are you familiar with a company called F Five</p> <p>19 Networks?</p> <p>20 A Yes.</p> <p>21 Q The ticker is FFIV. Is that correct?</p> <p>22 A Yes.</p> <p>23 Q Have you ever referred to anyone who works at</p> <p>24 FFIV as your source?</p> <p>25 A Again I don't know anybody who works at FFIV.</p>	144	<p>1 believed had a source who worked at Google who had</p> <p>2 information about Google?</p> <p>3 A Some people know a certain company better than</p> <p>4 others. I talk to people I think are good at Google.</p> <p>5 Q Who is good at Google?</p> <p>6 A In my opinion Anthony Montif at Goldman Sachs is</p> <p>7 good at Google on the sell side, I think our analyst, Peter</p> <p>8 Schwartz, is good at Google, I think Quint Slattery, there's</p> <p>9 a whole bunch of people there.</p> <p>10 Q Have you communicated with Quint Slattery about</p> <p>11 Google?</p> <p>12 A Yes.</p> <p>13 Q Why is it you think he's good at Google?</p> <p>14 A Because he's a momentum investor and he spends a</p> <p>15 lot of his time on momentum stocks.</p> <p>16 Q Have you ever directed Galleon Tech Fund to trade</p> <p>17 in Google based on the advice or opinion of Quint Slattery?</p> <p>18 A I may have.</p> <p>19 Q Have you ever had reason to believe that Quint</p> <p>20 Slattery was in possession of non-public information about</p> <p>21 Google?</p> <p>22 A No, because he's been as wrong as he's been</p> <p>23 right.</p> <p>24 Q Are you familiar with a company called Conagra?</p> <p>25 A Yes.</p>

181	<p>1 A He's with a company called Calypso Management.</p> <p>2 Q And so you're familiar with K.C. Gard?</p> <p>3 A Yes.</p> <p>4 Q Are you friendly with K.C. Gard?</p> <p>5 A Professional relationship.</p> <p>6 Q Did you ever have dinner with him?</p> <p>7 A No.</p> <p>8 Q How did you first make his acquaintance?</p> <p>9 A He was introduced to me by a common friend.</p> <p>10 Q Who is that friend?</p> <p>11 A Gary Rosenbach.</p> <p>12 Q How long ago was that?</p> <p>13 A Seven, eight years ago.</p> <p>14 Q Are you invested in Calypso?</p> <p>15 A Yes.</p> <p>16 Q Do you know the size of your investment?</p> <p>17 A No.</p> <p>18 Q Did you ever discuss investment decisions with</p> <p>19 K.C. Gard?</p> <p>20 A No. We funded him, not in 2006 but we funded him</p> <p>21 when he got started and we talked about his strategy and all</p> <p>22 that. We don't talk specific stocks.</p> <p>23 Q Do you recall ever talking to him about a</p> <p>24 specific stock in 2006, 2007?</p> <p>25 A No.</p>	183	<p>1 Either nine months or one year ago.</p> <p>2 Q Did you ever direct Galleon to place any trades</p> <p>3 based on information obtained from Mark Edelstone?</p> <p>4 A Mark covers the sell side, so he would forward</p> <p>5 his recommendations and he's a good analyst, so we listen to</p> <p>6 him.</p> <p>7 Q Have you ever had any concerns that he was coming</p> <p>8 into possession of non-public information?</p> <p>9 A As a professional, he would not if he did, he</p> <p>10 wouldn't tell us that.</p> <p>11 Q Has anyone ever raised any concerns about</p> <p>12 Galleon's trading practices to you?</p> <p>13 A No.</p> <p>14 Q So just breaking that down, have any Galleon</p> <p>15 employees ever come to you with any concerns about Galleon's</p> <p>16 trading practices?</p> <p>17 A No.</p> <p>18 Q Has anyone outside of Galleon ever come to you</p> <p>19 with any complaints or concerns about Galleon's trading</p> <p>20 practices?</p> <p>21 A No, not that I know of, not to me. What do you</p> <p>22 mean by trading practices? We trade around core positions.</p> <p>23 Q Are you aware of anyone outside of Galleon who</p> <p>24 has complained about Galleon's trading practices to anyone</p> <p>25 other than you?</p>
182	<p>1 Q When was the last time you communicated with him?</p> <p>2 A Maybe six months ago to see him and say hello.</p> <p>3 We are not friends, we are professional acquaintances.</p> <p>4 Q Was he down at the Super Bowl?</p> <p>5 A I don't remember.</p> <p>6 Q Were any Calypso employees down there?</p> <p>7 A I don't know.</p> <p>8 Q Are you familiar with Broad Street?</p> <p>9 A Yes.</p> <p>10 Q What is Broad Street?</p> <p>11 A It's a fixed income shop.</p> <p>12 Q Who runs it?</p> <p>13 A A gentleman called Ravi Trehan.</p> <p>14 Q Can you</p> <p>15 A R-A-V-I T-R-E-H-A-N.</p> <p>16 Q Is he an investor in Galleon?</p> <p>17 A Not to my knowledge.</p> <p>18 Q Are you an investor in Broad Street?</p> <p>19 A No.</p> <p>20 Q Do you discuss investment decisions with Ravi</p> <p>21 Trehan?</p> <p>22 A At one time we tried to do something together and</p> <p>23 we were talking about it.</p> <p>24 Q When is the last time you spoke with Ravi Trehan?</p> <p>25 A Maybe a year or nine months ago, a long time ago.</p>	184	<p>1 A No.</p> <p>2 Q Has anyone inside or outside of Galleon ever</p> <p>3 raised any concern with you that Galleon may have been in</p> <p>4 possession of non-public information?</p> <p>5 A No.</p> <p>6 Q Has Galleon ever made a trade on the basis of</p> <p>7 non-public information?</p> <p>8 A Not to my knowledge.</p> <p>9 Q Have you ever suspected that anyone at Galleon</p> <p>10 ever engaged in insider trading?</p> <p>11 A No.</p> <p>12 Q Has Galleon ever bought or sold a stock knowing</p> <p>13 that an analyst was planning to upgrade, downgrade or</p> <p>14 initiate coverage on that stock?</p> <p>15 A Not to my knowledge. It's against our policy,</p> <p>16 compliance manual and training and everything that we've</p> <p>17 done.</p> <p>18 Q Has Sedna ever made a trade on the basis of</p> <p>19 non-public information?</p> <p>20 A I don't know. It's a separate account.</p> <p>21 Q Has to your knowledge Sedna ever changed the</p> <p>22 allocation of a profitable trade for the purpose of</p> <p>23 benefitting the Strategic Opportunities Fund?</p> <p>24 A I don't know.</p> <p>25 Q To your knowledge has Galleon ever violated any</p>