



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
MARCH 3, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FORMER ATHEROS EXECUTIVE PLEADS GUILTY IN
MANHATTAN FEDERAL COURT TO INSIDER TRADING
WITH HEDGE FUND MANAGER**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ALI HARIRI, a former executive at Atheros Communications, Inc., pleaded guilty today to a two-count Information charging him with conspiracy and securities fraud stemming from his involvement in the largest hedge fund insider trading case in history. HARIRI pleaded guilty before United States Magistrate Judge JAMES C. FRANCIS IV.

According to the Information filed today in Manhattan federal court, a Complaint previously filed in this case, and statements made during today's guilty plea proceeding:

From 2008 to March 2009, HARIRI and a co-conspirator who managed a hedge fund ("CC-1") engaged in an insider trading scheme in which HARIRI obtained material, nonpublic information ("Inside Information") relating to Atheros and provided that information to CC-1. HARIRI provided the Inside Information with the understanding that CC-1 would trade on it, in breach of his fiduciary and other duties of trust and confidence owed to Atheros. In exchange for Inside Information relating to Atheros, CC-1 provided HARIRI with advice on buying and selling the securities of other publicly traded companies.

Specifically, in January 2009, HARIRI obtained Inside Information regarding Atheros' earnings announcement for the fiscal quarter ending in December 2008, and provided it to CC-1. For example, on January 12, 2009, during a phone call that was intercepted by the Government pursuant to a court-authorized wiretap, HARIRI told CC-1 that Atheros' revenue for the fiscal quarter ending in December 2008 will "add up to 98 or 99 [million dollars]." CC-1 subsequently purchased Atheros common stock on the basis of this Inside Information, including purchases on January 30, 2009, and February 2, 2009, that totaled 500,660 shares. On February 2, 2009, following the close of the market,

Atheros announced its quarterly revenue for the fiscal quarter ending in December 2008, exceeding analysts' expectations. On the following day, shares of Atheros opened trading up approximately six percent over the previous day's close. CC-1 then sold shares of Atheros stock, realizing a profit of hundreds of thousands of dollars.

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The Information charges HARIRI with one count of conspiracy to commit securities fraud and one count of securities fraud. The conspiracy count carries a maximum sentence of five years in prison and a maximum fine of the greater of \$250,000 or twice the gross gain or loss from the offense. The securities fraud count carries a maximum sentence of 20 years in prison and a fine of \$5 million. The Information also seeks forfeiture from HARIRI of the property that constitutes or is derived from proceeds traceable to the commission of the offenses charged.

HARIRI, 38, resides in San Francisco, California. HARIRI is scheduled to be sentenced on June 10, 2010, by Judge HOLWELL.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation ("FBI") and thanked the United States Securities and Exchange Commission ("SEC") for its assistance. Mr. BHARARA added that the investigation is continuing.

U.S. Attorney PREET BHARARA said: "Ali Hariri was a senior executive entrusted by his employer to protect its most confidential information. Today, Hariri has acknowledged that he violated that trust by sharing sensitive material with a hedge fund manager who used it make hundreds of thousands of dollars in illegal profits. Hariri's guilty plea marks the tenth conviction in this hedge fund insider trading investigation and highlights our Office's continuing commitment to work with the FBI and the SEC to root out insider trading in the boardrooms and executive suites on Wall Street."

Assistant United States Attorneys JONATHAN STREETER and REED BRODSKY and Special Assistant United States Attorney ANDREW MICHAELSON are in charge of the prosecution.

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