

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
:
UNITED STATES OF AMERICA :
:
-v.- :
:
ROOMY KHAN, :
:
Defendant. :
:
- - - - - X

INFORMATION

09 Cr. ____

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. At all times relevant to this Information, ROOMY KHAN, the defendant, lived in California. KHAN traded securities on her own behalf and, at certain times relevant to this Information, also served as a paid consultant to a hedge fund located in New York, New York ("Hedge Fund A").

2. At all times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-1") worked as an executive for a technology company headquartered in California whose securities are traded publicly on the NASDAQ (the "Technology Company").

3. At certain times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-2") worked as an analyst at a credit ratings agency located in New York, New York (the "Ratings Agency"). At all times relevant to this

Information, the Ratings Agency was in the business of providing credit ratings to its clients.

4. At certain times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-3") worked for an investor relations firm located in California (the "IR Firm"). At certain times relevant to this Information, the IR Firm was in the business of providing investor relations services to its clients.

5. At all times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-4") managed a hedge fund located in New York, New York ("Hedge Fund B").

6. At certain times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-5") managed Hedge Fund A.

7. At certain times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-6") served as a portfolio manager for Hedge Fund A.

8. At all times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-7") served as the President and principal portfolio manager of a hedge fund located in California ("Hedge Fund C").

9. At certain times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-8") worked as a Managing Director at a hedge fund located in New York, New York

("Hedge Fund D").

The Insider Trading Scheme

10. From in or about 2004 through in or about November 2007, ROOMY KHAN, the defendant, CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, and CC-8, and others known and unknown, conspired to engage in insider trading. In furtherance of the conspiracy, KHAN obtained material, nonpublic information ("Inside Information") from certain co-conspirators, known and unknown, for the purpose of executing profitable trades on the basis of the Inside Information. The Inside Information included information relating to the Technology Company, clients of the Ratings Agency, clients of the IR Firm, and other publicly traded companies.

11. The Inside Information obtained by ROOMY KHAN, the defendant, was provided in violation of (i) the fiduciary and other duties of trust and confidence owed by the source of the information to his or her employer (and, in certain instances, the employer's clients), (ii) the expectation of confidentiality of the employer of the source, and (iii) the employer's written policies regarding the use and safekeeping of Inside Information.

12. The Inside Information obtained by ROOMY KHAN, the defendant, was provided by co-conspirators to KHAN in exchange for a personal benefit. For example, in exchange for Inside Information regarding the Technology Company, KHAN traded securities on behalf of CC-1 in a personal brokerage account

maintained by CC-1. In exchange for Inside Information regarding clients of the Ratings Agency, KHAN arranged to pay CC-2 thousands of dollars in cash. In exchange for Inside Information from CC-4, KHAN provided CC-4 with Inside Information that she had obtained from CC-1, CC-2 and CC-3.

13. ROOMY KHAN, the defendant, also provided Inside Information to various co-conspirators including, but not limited to, CC-3, CC-4, CC-5, CC-6, CC-7 and CC-8. In exchange for providing Inside Information to others, KHAN received Inside Information regarding other companies, cash payments, and/or advice regarding trading securities.

14. ROOMY KHAN, the defendant, earned profits in excess of \$1.6 million in her personal brokerage account by placing trades based on Inside Information obtained in furtherance of the conspiracy. In addition, CC-5 arranged for Hedge Fund A to pay KHAN hundreds of thousands of dollars in so-called "consulting" fees in exchange for Inside Information that KHAN had obtained from CC-1, CC-2, CC-3 and CC-4, among others.

The Conspiracy

15. From at least in or about 2004 up to and including in or about November 2007, ROOMY KHAN, the defendant, CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, and CC-8, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to

commit offenses against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Object of the Conspiracy

Securities Fraud

16. It was a part and an object of the conspiracy that ROOMY KHAN, the defendant, CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, and CC-8, and others known and unknown, unlawfully, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5 by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Means and Methods of the Conspiracy

17. Among the means and methods by which ROOMY KHAN, the defendant, CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, CC-8, and their co-conspirators would and did carry out the conspiracy were the following:

a. KHAN obtained Inside Information relating to quarterly earnings announcements and other transactions involving various companies including, but not limited to, the Technology Company, clients of the Ratings Agency, and clients of the IR Firm, for purposes of trading securities.

b. The Inside Information provided to KHAN was obtained in violation of fiduciary and other duties of trust and confidence owed by the source of the information to his or her employer (and, in certain instances, the employer's client).

c. In exchange for providing KHAN with Inside Information, co-conspirators received Inside Information, cash payments, and/or advice regarding trading securities.

d. Further, KHAN provided certain of the Inside Information that she obtained to CC-3, CC-4, CC-5, CC-6, CC-7, and CC-8, among others, with the understanding that these co-conspirators intended to place securities transactions on the basis of the information provided.

e. In exchange for providing Inside Information, KHAN received Inside Information, cash payments, and/or advice

regarding trading securities.

Overt Acts

18. In furtherance of the conspiracy and to effect the illegal object thereof, ROOMY KHAN, the defendant, CC-1, CC-2, CC-3, CC-4, CC-5, CC-6, CC-7, and CC-8, and their co-conspirators committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about January 2006, CC-1 provided KHAN with Inside Information regarding the Technology Company.

b. In or about July 2007, CC-2 called KHAN from New York, New York, to provide KHAN with Inside Information regarding a client of the Ratings Agency.

c. On or about July 2, 2007, KHAN purchased securities in a client of the Ratings Agency on the basis of Inside Information provided to her by CC-2.

d. In or about July 2007, CC-3 called KHAN to provide KHAN with Inside Information regarding a client of the IR Firm.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

19. The allegations contained in paragraphs 1 to 14, 17 and 18 are repeated and realleged as though fully set forth

herein.

20. On or about July 2 and July 3, 2007, in the Southern District of New York and elsewhere, ROOMY KHAN, the defendant, unlawfully, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, the mails and the facilities of national securities exchanges, in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, KHAN purchased securities in a client of the Ratings Agency on the basis of Inside Information obtained from CC-2.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2; and Title 18, United States Code, Section 2.)

COUNT THREE

(Obstruction of Justice)

The United States Attorney further charges:

21. The allegations contained in paragraphs 1 to 14, 17

and 18 are repeated and realleged as though fully set forth herein.

22. In or about early 2008, ROOMY KHAN, the defendant, corruptly obstructed, impeded and endeavored to influence, obstruct and impede the due and proper administration of the law under which a pending proceeding was being had before a department or agency of the United States, in violation of Title 18, United States Code, Section 1505, to wit, KHAN (a) deleted an incriminating email that she received from CC-5 regarding obtaining Inside Information from CC-1, knowing that the email was requested in connection with a pending investigation by the United States Securities and Exchange Commission ("SEC") into KHAN, CC-1 and CC-5, among others, and (b) informed certain co-conspirators, including but not limited to CC-2 and CC-7, of the pending investigation by the SEC to deter them from sending incriminating emails or instant messages to KHAN.

(Title 18, United States Code, Sections 1505 and 2.)

FORFEITURE ALLEGATION

23. As a result of committing one or more of the foregoing securities fraud offenses, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, Title 18, United States Code, Section 371, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2, as alleged in Counts One and Two of this Information, ROOMY KHAN, the defendant,

shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses.

Substitute Assets Provision

24. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 15, United States Code, Sections 78j(b), 78ff;
Title 18, United States Code, Sections 371 and 981(a)(1)(C);
Title 21, United States Code, Section 853;
Title 28, United States Code, Section 2461(c);
and Title 17, Code of Federal Regulations,
Sections 240.10b-5 and 240.10b5-2.)


PREET BHARARA
United States Attorney