

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.  
: :  
v. : Crim. No. 11-  
: :  
: 15 U.S.C. §§ 78j(b) and  
: 78ff; 17 C.F.R. 240.10b-5  
GEORGE HOLLEY and :  
PHAIROT IAMNAITA : 18 U.S.C. §§ 371, 1343,  
: 1512(c)(2) and 2

I N D I C T M E N T

The Grand Jury in and for the District of New Jersey,  
sitting in Newark, charges:

COUNTS ONE THROUGH FOUR  
(Securities Fraud)  
15 U.S.C. §§ 78j(b) and 78ff;  
17 C.F.R. § 240.10b-5

1. At all times relevant to this Indictment:

a. Defendant GEORGE HOLLEY, a resident of Norwalk, Connecticut, was the founder and Chairman of the Board of Home Diagnostics, Inc. ("Home Diagnostics"). Defendant GEORGE HOLLEY formerly served as Home Diagnostics' President and Chief Executive Officer. As the Chairman of the Board of Home Diagnostics, defendant GEORGE HOLLEY participated in board meetings and management discussions, and was privy to inside company information concerning the company's financials, business

plans and the potential sale, acquisition or merger of the company. Defendant GEORGE HOLLEY had a duty not to disclose confidential information or material, nonpublic information he learned through his position with Home Diagnostics, or to use such information for his personal benefit or the benefit of others.

b. Defendant PHAIROT IAMNAITA was a citizen of Thailand whose principal residence was in Thailand. Defendant PHAIROT IAMNAITA was defendant GEORGE HOLLEY's companion, and he regularly socialized and vacationed with defendant GEORGE HOLLEY. Defendant PHAIROT IAMNAITA also jointly invested with defendant GEORGE HOLLEY in several business ventures in Thailand.

c. Home Diagnostics was based in Fort Lauderdale, Florida, and was engaged in the business of developing, manufacturing and marketing diabetes management products, such as blood glucose monitoring systems. The stock of Home Diagnostics was registered with the U.S. Securities and Exchange Commission, and was listed on the NASDAQ stock exchange under the ticker symbol "HDIX." Home Diagnostics' policies prohibited the unauthorized disclosure of Home Diagnostics' confidential information.

d. Nipro Corporation was based in Tokyo, Japan, and was engaged in the business of developing, manufacturing and selling pharmaceutical products and medical devices.

e. CW-1, a resident of New Jersey, was defendant GEORGE HOLLEY's long-time friend and business associate.

f. Investor #1, a resident of New York and Arizona, was defendant GEORGE HOLLEY's long-time friend.

g. Investor #2, a resident of Connecticut, was an employee of another company defendant GEORGE HOLLEY owned.

h. Investor #3, a resident of Illinois, was defendant GEORGE HOLLEY's first cousin.

i. Investor #4, a resident of Florida, was defendant GEORGE HOLLEY's long-time friend and a former Home Diagnostics employee.

#### The Insider Trading Scheme

2. From in or about September 2009 through in or about March 2010, defendants GEORGE HOLLEY and PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4 and others known and unknown, participated in an insider trading scheme by defendant GEORGE HOLLEY disclosing material, nonpublic information ("Inside Information") and defendants PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others executing securities transactions based on Inside Information pertaining to Home Diagnostics.

3. As Chairman of Home Diagnostics, defendant GEORGE HOLLEY obtained Inside Information and disclosed this Inside Information to defendant PHAIROT IAMNAITA, Investor #1, Investor

#2, Investor #3, Investor #4, and others in violation of: (a) a duty of trust and confidence that defendant GEORGE HOLLEY owed to Home Diagnostics; (b) the expectations of confidentiality of Home Diagnostics; and (c) Home Diagnostic's written policies concerning the use and safekeeping of confidential and material, nonpublic information.

4. Defendant GEORGE HOLLEY disclosed the Inside Information to defendant PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others in breach of his duty of confidentiality to Home Diagnostics and with the understanding that defendant PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others would use the Inside Information to purchase and sell securities, and thereby receive substantial illegal profits.

5. Defendant PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others, knowing that the Inside Information had been disclosed in violation of defendant GEORGE HOLLEY's duty of trust and confidence, executed securities transactions on the basis of this Inside Information, earning profits from the scheme.

#### Object of the Scheme

6. The object of the insider trading scheme was for defendant GEORGE HOLLEY, defendant PHAIROT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others to obtain money

by purchasing Home Diagnostics securities on the basis of Inside Information gained by defendant GEORGE HOLLEY through his position at Home Diagnostics.

**Manner and Means of the Insider Trading Scheme**

7. The manner and means by which defendants GEORGE HOLLEY and PHARIOT IAMNAITA, Investor #1, Investor #2, Investor #3, Investor #4, and others accomplished the object of the insider trading scheme included, among other things, the following:

**Nipro's Acquisition of Home Diagnostics**

8. In or about June 2009, representatives of Nipro contacted representatives of Home Diagnostics and expressed interest in acquiring Home Diagnostics. From in or about June 2009 through in or about February 2010, representatives of Nipro and Home Diagnostics were engaged in negotiations relating to the potential acquisition of Home Diagnostics by Nipro. As Chairman of the Board of Directors for Home Diagnostics, defendant GEORGE HOLLEY was aware of the overtures made by Nipro toward Home Diagnostics at least as early as June 2009, and he was routinely updated on the status of the ensuing negotiations.

9. On or about December 21, 2009, Nipro increased its prior offer to acquire Home Diagnostics and offered to pay a price of approximately \$11.50 per share of Home Diagnostics stock, which represented a substantial premium over market value as of December 21, 2009. On or about December 22, 2009, Home

Diagnostics's Board of Directors, including defendant GEORGE HOLLEY, met to discuss Nipro's offer. Throughout January and early February 2010, senior executives at Home Diagnostics continued to advise the Board of Directors, including defendant GEORGE HOLLEY, of the status of the negotiations with Nipro. On or about February 2, 2010, Home Diagnostics's Board of Directors formally approved the proposed agreement with Nipro.

10. On or about February 3, 2010, Home Diagnostics issued a press release announcing that Nipro had agreed to acquire all outstanding shares of Home Diagnostics common stock for a total amount of approximately \$215 million, the equivalent of approximately \$11.50 per share. On or about February 2, 2010, before the announcement, Home Diagnostics shares closed at a price of approximately \$6.50 per share. Following the announcement, on or about February 3, 2010, the price of Home Diagnostics shares rose to approximately \$11.45 per share, an increase of approximately 89%.

**Defendant PHAIROT IAMNAITA**

11. In or about January 2010, defendant GEORGE HOLLEY called Investor #1 and asked him if he would be willing to open a brokerage account on behalf of defendant PHAIROT IAMNAITA. Defendant GEORGE HOLLEY told Investor #1 that defendant GEORGE HOLLEY would fund the brokerage account.

12. After speaking with his financial advisor, Investor #1

called defendant GEORGE HOLLEY and told him that he could not open a brokerage account on behalf of defendant PHAIROT IAMNAITA because defendant PHAIROT IAMNAITA was not a United States citizen.

13. Subsequently, defendant GEORGE HOLLEY contacted CW-1 in New Jersey and asked CW-1 to assist defendant PHAIROT IAMNAITA in opening a brokerage account. Defendant GEORGE HOLLEY told CW-1 that the brokerage account would be used to purchase shares of Home Diagnostics.

14. On or about January 15, 2010, CW-1 and defendant PHAIROT IAMNAITA opened a joint brokerage account at Merrill Lynch in California (the "Merrill Lynch Account"). In the account opening documents, defendant PHAIROT IAMNAITA, who was then a citizen and resident of Thailand, falsely claimed to reside with CW-1 in New Jersey.

15. On or about January 12, 2010, defendant GEORGE HOLLEY sent CW-1 in New Jersey a check in the approximate amount of \$121,700. On or about January 19, 2010, CW-1, at defendant GEORGE HOLLEY's direction, wired approximately \$120,000 of this amount from his bank account in New Jersey to fund the Merrill Lynch Account.

16. After opening the Merrill Lynch Account and funding it with the approximately \$120,000 that defendant GEORGE HOLLEY had provided, CW-1 and defendant PHAIROT IAMNAITA instructed their

broker to use the entire \$120,000 to purchase shares of Home Diagnostics. Acting on these instructions, between on or about January 19, 2010 and on or about January 26, 2010, the broker purchased more than 18,000 shares of Home Diagnostics stock.

17. Between on or about January 15, 2010 and on or about January 23, 2010, during the time that the Merrill Lynch Account was opened, funded, and used to purchase Home Diagnostics stock, defendant GEORGE HOLLEY and defendant PHAIROT IAMNAITA were traveling together in the United States.

18. Following the February 3, 2010, public announcement that Nipro had agreed to acquire Home Diagnostics, CW-1 met with defendant GEORGE HOLLEY and defendant PHAIROT IAMNAITA. In that meeting, defendant GEORGE HOLLEY and defendant PHAIROT IAMNAITA joked about the ease with which defendant PHAIROT IAMNAITA had made money on the Home Diagnostics trades. Also, defendant GEORGE HOLLEY admitted to providing Inside Information regarding the acquisition of Home Diagnostics by Nipro to several other persons. In addition, defendant GEORGE HOLLEY stated that he had sent a set of analyst reports to several of the people to whom he had provided Inside Information, and suggested that the reports provided an alibi for those persons' purchases of Home Diagnostics.

19. Also following the public announcement of the acquisition of Home Diagnostics by Nipro, Merrill Lynch contacted

CW-1 regarding the purchases of Home Diagnostics stock in the Merrill Lynch Account. Merrill Lynch sent to CW-1 in New Jersey a written questionnaire regarding the Home Diagnostics' purchases. Among other things, the questionnaire asked whether CW-1 or defendant PHAIROT IAMNAITA was related to anyone at Home Diagnostics, knew anyone at Home Diagnostics, or spoke to anyone at Home Diagnostics. CW-1 discussed the questionnaire with defendant PHAIROT IAMNAITA, who told CW-1 to state that they did not have any connection to anyone at Home Diagnostics. In response, CW-1 falsely informed Merrill Lynch that neither he nor defendant PHAIROT IAMNAITA had any connections to anyone at Home Diagnostics.

20. The questionnaire from Merrill Lynch also asked for the reason or reasons for the purchases of Home Diagnostics in the Merrill Lynch Account. Defendant PHAIROT IAMNAITA told CW-1 to state that the purchases were based on defendant PHAIROT IAMNAITA's review of analyst reports. Accordingly, CW-1 told Merrill Lynch that defendant PHAIROT IAMNAITA decided to purchase Home Diagnostics stock based on his review of analyst reports.

Investor #1

21. In or about early January 2010, defendant GEORGE HOLLEY disclosed Inside Information to Investor #1 regarding the anticipated acquisition of Home Diagnostics by Nipro, including the fact that Home Diagnostics was currently negotiating with a

company that wished to acquire Home Diagnostics and that the negotiations were going well.

22. On or about January 14, 2010 and on or about January 15, 2010, Investor #1 purchased approximately 2,000 shares of Home Diagnostics securities based on the Inside Information that defendant GEORGE HOLLEY provided to Investor #1.

Investor #2

23. On or about January 4, 2010, defendant GEORGE HOLLEY disclosed Inside Information to Investor #2 regarding the anticipated acquisition of Home Diagnostics by Nipro. Defendant GEORGE HOLLEY stated that Home Diagnostics was going to be purchased by another company and recommended to Investor #2 that he buy Home Diagnostics stock. Defendant GEORGE HOLLEY told Investor #2, who was an employee of another company controlled by defendant GEORGE HOLLEY, to consider this Inside Information his bonus.

24. On or about January 4, 2010, defendant GEORGE HOLLEY told Investor #2 that, if he were later questioned about his purchase of Home Diagnostics stock, Investor #2 should state that he bought the stock based upon his own independent research. Later on the same day, defendant GEORGE HOLLEY gave Investor #2 copies of several analyst and news reports concerning Home Diagnostics.

25. Between on or about January 5, 2010 and on or about

January 29, 2010, Investor #2 purchased approximately 12,900 shares of Home Diagnostics stock based on the Inside Information that defendant GEORGE HOLLEY provided to Investor #2.

Investor #3

26. In or about late 2009, defendant GEORGE HOLLEY sent Investor #3 analyst and news reports regarding Home Diagnostics.

27. On or about January 9, 2010, defendant GEORGE HOLLEY called Investor #3 in Illinois and disclosed Inside Information to Investor #3 regarding the anticipated acquisition of Home Diagnostics by Nipro. Defendant GEORGE HOLLEY told Investor #3 that Home Diagnostics likely was going to be purchased and that it was a good opportunity to make money on the stock. At the beginning of the call, defendant GEORGE HOLLEY told Investor #3 that he was calling from a telephone line that was not traceable to defendant GEORGE HOLLEY.

28. Between on or about January 13, 2010 and on or about January 21, 2010, Investor #3 purchased approximately 12,700 shares of Home Diagnostics stock based in part on the Inside Information that defendant GEORGE HOLLEY provided to Investor #3.

Investor #4

29. In or about December 2009 and January 2010, defendant GEORGE HOLLEY and Investor #4 twice spoke over the telephone and defendant GEORGE HOLLEY disclosed Inside Information to Investor #4 regarding the anticipated acquisition of Home Diagnostics by

Nipro. Defendant GEORGE HOLLEY suggested to Investor #4 that he should really buy Home Diagnostics stock.

30. Between on or about January 5, 2010 and on or about January 12, 2010, Investor #4 purchased approximately 5,266 shares of Home Diagnostics stock based in part on the Inside Information that defendant GEORGE HOLLEY provided to Investor #4.

31. On or about the dates set forth below, in the District of New Jersey and elsewhere, defendants

GEORGE HOLLEY  
and  
PHAIROT IAMNAITA

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 (Rule "10b-5") in connection with the purchase and sale of securities by (a) employing devices, schemes, and artifices to defraud members of the investing public; (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 a course of business which operated and would operate as a fraud and deceit upon persons, in that Investor #1 and defendant PHAIROT IAMNAITA caused the

execution of the securities transactions listed below in the securities of Home Diagnostic based upon the material, nonpublic information defendant GEORGE HOLLEY obtained from Home

Diagnostics:

COUNT	DEFENDANT(S)	APPROX. DATE	SECURITIES TRANSACTION
1	GEORGE HOLLEY	January 15, 2010	Investor #1 purchased 1,000 shares of Home Diagnostics stock
2	GEORGE HOLLEY PHAIROT IAMNAITA	January 19, 2010	Defendant PHAIROT IAMNAITA caused the purchase of 6,050 shares of Home Diagnostics stock
3	GEORGE HOLLEY PHAIROT IAMNAITA	January 20, 2010	Defendant PHAIROT IAMNAITA caused the purchase of 6,050 shares of Home Diagnostics stock
4	GEORGE HOLLEY PHAIROT IAMNAITA	January 21, 2010	Defendant PHAIROT IAMNAITA caused the purchase of 6,000 shares of Home Diagnostics stock

In violation of Title 15, United States Code, Sections 78j(b) and 78ff(a) and Title 17, Code of Federal Regulations, Section 240-10b-5.

COUNT FIVE  
(Conspiracy to Commit Securities Fraud)  
18 U.S.C. § 371

1. Paragraphs 1 through 5 and 8 through 20 of Counts One through Four of this Indictment are realleged as if set forth in full herein.

2. From in or about September 2009 through in or about March 2010, in the District of New Jersey and elsewhere defendants

GEORGE HOLLEY  
and  
PHAIROT IAMNAITA

did knowingly, willfully, and intentionally conspire and agree with each other and others to commit offenses against the United States, namely, securities fraud, that is, using or employing by the direct and indirect use of the means and instrumentalities of interstate commerce and the mails, in connection with the purchase and sale of any security, any manipulative device, including the purchase and sale of a security of an issuer on the basis of material nonpublic information about the security or issuer, in breach of a duty of trust or confidence that is owed directly, indirectly, and derivatively, to the issuer of that security, the shareholder of that issuer, and to any other person who is the source of the material nonpublic information, contrary to Title 15, United States Code, Sections 78j(b) and 78ff(a), and

Title 17, Code of Federal Regulations, Section 240-10b-5.

Overt Acts

3. In furtherance of the conspiracy and in order to effect the objects thereof, defendants GEORGE HOLLEY and PHAIROT IAMNAITA and their coconspirators committed or caused to be committed the following overt acts in the District of New Jersey and elsewhere:

a. On or about January 12, 2010, defendant GEORGE HOLLEY sent to CW-1 in New Jersey a check drawn on defendant GEORGE HOLLEY's personal bank account in the approximate amount of \$121,700, which CW-1 used to fund the purchase of Home Diagnostics shares on behalf of defendant PHAIROT IAMNAITA.

b. On or about January 19, 2010, CW-1 wired approximately \$120,000 from a bank account in New Jersey to the Merrill Lynch Account in California.

c. On or about January 19, 2010, CW-1 and defendant PHAIROT IAMNAITA caused the purchase of approximately 6,050 shares of Home Diagnostics stock in the Merrill Lynch Account.

In violation of Title 18, United States Code, Section 371.

**COUNT SIX**  
**(Wire Fraud)**  
**18 U.S.C. § 1343**

1. Paragraphs 1 through 5 and 8 through 20 of Counts One through Four of this Indictment are realleged as if set forth in full herein.

2. On or about the dates set forth below, in the District of New Jersey and elsewhere, having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, defendants

GEORGE HOLLEY  
and  
PHAIROT IAMNAITA

did, for the purpose of executing and attempting to execute the scheme and artifice, knowingly and intentionally cause to be transmitted by means of wire, radio, or television communications in interstate and foreign commerce, the following writings, signs, signals, pictures, and sounds:

COUNT	APPROXIMATE DATE	WIRE COMMUNICATION
6	January 19, 2010	Wire transfer of approximately \$120,000 from CW-1's bank account in New Jersey to the Merrill Lynch Account in California

In violation of Title 18, United States Code, Section 1343 and Section 2.

**COUNTS SEVEN AND EIGHT**  
**(Obstruction of Justice)**  
**18 U.S.C. 1512(c)**

1. Paragraphs 1 through 5 and 8 through 20 of Counts One through Four of this Indictment are realleged as if set forth in full herein.

2. In or about June 2010, the United States Attorney's Office for the District of New Jersey, the Federal Bureau of Investigation, and a federal grand jury sitting in Newark, New Jersey, commenced an investigation concerning potential insider trading by defendant GEORGE HOLLEY and others in the securities of Home Diagnostics.

**Investor #2**

3. On or about December 8, 2010, Special Agents of the Federal Bureau of Investigation ("FBI") approached Investor #2 regarding his purchases of Home Diagnostics stock. The FBI Special Agents approached Investor #2 at the offices where he worked for one of the companies defendant GEORGE HOLLEY owned.

4. The next day, on or about December 9, 2010, defendant GEORGE HOLLEY directed his long-time executive assistant to give Investor #2 analyst and news reports concerning Home Diagnostics. That day, defendant GEORGE HOLLEY's executive assistant did as defendant GEORGE HOLLEY directed and gave the analyst and news reports to Investor #2.

Investor #3

5. In or about November 2009, after learning that Investor #3 had been contacted by Special Agents of the FBI regarding his purchase of Home Diagnostics stock, defendant GEORGE HOLLEY reminded Investor #3 that he had previously given Investor #3 several analyst reports concerning Home Diagnostics.

Production of Documents to the SEC

6. On or about April 20, 2010, defendant GEORGE HOLLEY, through counsel, produced documents to the U.S. Securities Exchange Commission in response to an investigative subpoena. In response, defendant GEORGE HOLLEY produced copies of analyst reports and press releases concerning Home Diagnostics, including the same analyst and news reports that defendant GEORGE HOLLEY had previously provided to Investor #2, even though these documents were not called for by the subpoena.

7. On or about the dates set forth below, in the District of New Jersey and elsewhere, defendant

GEORGE HOLLEY

did corruptly obstruct, influence, and impede, and attempt to obstruct, influence, and impede, an official proceeding, namely, the grand jury's, the United States Attorney's Office's, and the FBI's investigation of insider trading in the securities of Home Diagnostics by engaging in the conduct listed below:

COUNT	APPROXIMATE DATE	OBSTRUCTIVE CONDUCT
7	November 2010	Encouraging Investor #3 to falsely claim he had purchased Home Diagnostics Stock based on analyst and news reports rather than based on the Inside Information provided by defendant GEORGE HOLLEY
8	December 9, 2010	Causing Investor #2 to be provided with analyst and news reports so that Investor #2 could falsely claim that he had purchased Home Diagnostics stock based on the analyst and news reports rather than based on the Inside Information provided by defendant GEORGE HOLLEY

In violation of Title 18, United States Code, Section 1512(c) (2) and Section 2.

A TRUE BILL

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FOREPERSON

  
\_\_\_\_\_  
PAUL J. FISHMAN  
UNITED STATES ATTORNEY

CASE NUMBER: 11-

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**United States District Court  
District of New Jersey**

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UNITED STATES OF AMERICA

v.

GEORGE HOLLEY  
and  
PHAIROT IAMNAITA

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**INDICTMENT FOR VIOLATIONS OF  
15 U.S.C. §§ 78j(b) and 78ff, and 17 C.F.R. 240.10b-5;  
18 U.S.C. §§ 371, 1343, 1512(c)(2), and 2**

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A True Bill,

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Foreperson

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PAUL J. FISHMAN  
UNITED STATES ATTORNEY  
NEWARK, NEW JERSEY

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JUSTIN W. ARNOLD  
CHRISTOPHER J. KELLY  
ASSISTANT U. S. ATTORNEYS  
(973) 645-2700

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