

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Laura E. Duffy***

For Further Information, Contact:

Assistant U.S. Attorney Eric J. Beste (619-546-6695)

For Immediate Release

FORMER PRESIDENT OF QUALCOMM'S GLOBAL BUSINESS OPERATIONS INDICTED FOR INSIDER TRADING

***Executive Jing Wang used offshore entities and secret brokerage
accounts to conceal and disguise his illicit profits***

NEWS RELEASE SUMMARY – September 23, 2013

SAN DIEGO – Jing Wang, a former Executive Vice President and President of Global Business Operations for Qualcomm, Inc. (NASDAQ: QCOM) was charged with insider trading in shares of both Qualcomm and Atheros Communications, Inc. (“Atheros”) using a secret brokerage account and an offshore shell company in the British Virgin Islands.

Wang, 51, of Del Mar, is also charged with conspiring with his brother, co-defendant Bing Wang, and his former Merrill Lynch stock broker, Gary Yin, to obstruct an ongoing SEC investigation, and laundering the proceeds of his insider trading using a second offshore shell company and secret brokerage account.

United States Attorney Laura E. Duffy and Acting Assistant Attorney General for the Justice Department’s Criminal Division Mythili Raman announced that Wang was taken into custody at

the Federal Bureau of Investigation earlier today on these charges, and is expected to make his initial appearance in federal court in the Southern District of California at 2 p.m. before U.S. Magistrate Judge Nita Stormes. A warrant has been issued for the arrest of Bing Wang, 53, who is believed to be a citizen and resident of China.

Yin, the former stock broker, was charged in a criminal information filed today in the Southern District of California, and is expected to make his initial appearance on Tuesday, September 24, at 10:00 a.m. in federal court in San Diego, also before Judge Stormes.

“When there are two sets of rules – one for the powerful insiders and one for everybody else – the public quickly loses confidence in the stock market,” Duffy said. “We intend to restore confidence in our markets by making sure that everyone is playing by the same rules.”

FBI Special Agent in Charge, Daphne Hearn, commented, “Insider trading investigations are important, because our nation's economy is increasingly dependent on the success and integrity of the stocks and commodities markets. The FBI's message is simple, if your information is inside information, you can't trade on it.”

“Mr. Wang has been charged with using offshore entities and secret brokerage accounts to conceal and disguise illicit profits from insider trading. Our special agents are experts in following the financial transactions that unravel complex schemes where individuals who use nominee offshore accounts believe they are out of the reach of the IRS,” said Richard Weber, Chief, IRS Criminal Investigation. “These individuals face severe consequences including imprisonment and substantial fines.”

“Insider trading is an insidious crime. It undermines ordinary investors’ faith in our financial markets, and the Justice Department has zero tolerance for it,” said Acting Assistant Attorney General Raman. “Today’s charges show that you cannot trade on inside information, pocket the profit, and expect to get away with it. The Criminal Division has had a terrific partnership with the U.S. Attorney’s Office for the Southern District of California in this important investigation, and through partnerships like these throughout the country, we will continue to root out fraud in our markets at every level.”

According to the indictment, Wang used his Merrill Lynch broker (Yin) to create the offshore entity, Unicorn Global Enterprises (“Unicorn”), in the British Virgin Islands and to open a brokerage account for Unicorn at Merrill Lynch. Wang provided documents to Yin to create the false impression that his brother, Bing Wang, controlled the account, when in fact Qualcomm’s Wang was the true owner of the account. This allowed Wang to conceal his true ownership and control of the assets in the account and to avoid reporting to U.S. tax authorities. Significantly, it also allowed Wang to disguise his transfer of large sums of money to China.

The indictment alleges that after the creation of the Unicorn account, Wang was named an Executive Vice President of Qualcomm and fell within the company’s insider trading restrictions for officers. As an officer, Wang was exposed to Qualcomm’s confidential business information, and was repeatedly notified that he was not permitted to use material, non-public information to engage in stock transactions.

Among the inside information learned by Wang because of his senior position was the fact that in the first quarter of 2010, Qualcomm was poised to announce an increased quarterly dividend and a stock repurchase program. On March 1, 2010, Wang allegedly acted on this material non-public information and directed Yin to purchase as much Qualcomm stock as possible in the Unicorn account before the information became public. After the close of trading on that same day, Qualcomm issued a press release announcing the dividend increase and stock repurchase program, and the company's stock appreciated approximately 10 percent in value.

According to the indictment, Wang next engaged in insider trading when he learned that Qualcomm was interested in purchasing Atheros. On December 1, 2010, acting on this information, Wang met with Yin and instructed him to sell all Qualcomm shares in the Unicorn account. Wang then told Yin to make preparations to purchase Atheros with the funds in the account, but to wait for further confirmation. Wang's broker proceeded to liquidate all of the illegally held Qualcomm stock in the Unicorn account, resulting in ill-gotten gains of approximately \$94,709 from the earlier insider trading.

The indictment alleges that on December 6, 2010, while attending a meeting of Qualcomm's Board of Directors in Hong Kong, Wang learned that the board authorized Qualcomm to make a non-public offer to purchase Atheros for \$45 per share. Later that same day, Wang called Yin in San Diego and instructed him to use all available funds in the secret Unicorn account to purchase Atheros stock, the indictment said. The broker followed Wang's instructions and purchased 10,800 shares at approximately \$34 per share for a total of \$366,766.

Qualcomm's offer to purchase Atheros remained confidential until an article appeared in the Dealbook section of the *New York Times*' website on January 4, 2011, and Qualcomm made an official announcement of the deal on January 5, 2011. Between the close of trading on January 3, 2011, and the close of trading on January 5, 2011, the price of Atheros stock jumped from approximately \$37 to \$44.50 – an increase of close to 20 percent.

The indictment alleges that Wang engaged in a third incident of insider trading on January 25, 2011, when he learned that Qualcomm was about to release record financial results. Immediately prior to announcement of those earnings, Wang directed Yin to sell all the Atheros stock in the Unicorn account and purchase Qualcomm stock. The broker sold all of Wang's illegally purchased Atheros stock for \$44.60 per share, and used all of the proceeds to purchase Qualcomm stock at \$50.87 per share. The following day, after Qualcomm announced the record earnings results, Qualcomm's stock price increased by approximately \$4 per share. All told, Wang illegally gained approximately a quarter of a million dollars from these three illegal transactions.

The indictment and criminal information further alleges that in order to conceal his insider trading, Wang conspired with his brother, Bing Wang, and Yin, to conceal Wang's control of the Unicorn account and his illegal purchases of Qualcomm and Atheros stock. Yin and Bing Wang allegedly agreed to assist Wang, and the three defendants engaged in a number of activities to obstruct any investigation of the trades, as well as to conceal Wang's control of the Unicorn account. These obstructive acts included concocting a false cover story that would blame Bing Wang for the illegal trades in Qualcomm and Atheros, concealing Wang's actual control of the Unicorn account from Merrill Lynch, and transferring the proceeds of Wang's insider trading to

another offshore entity nominally owned by Wang's mother.

For example, in carrying out the obstruction, the indictment alleges that in January 2012, Wang forged the signature of his mother and used her identification documents to create another British Virgin Islands entity called Clearview Resources, Ltd ("Clearview"). At Wang's instruction, Yin created a Merrill Lynch account for Clearview, and attempted to further distance Wang from the transactions by transferring all of the money in the Unicorn account to the Clearview account in a series of structured transactions.

Another example of obstructive conduct alleged in the indictment took place in March 2012, when Wang met with Yin and explained that the SEC was investigating Qualcomm. At that time, Wang told Yin he was worried that his control of the Unicorn account and insider trading would be discovered. By that time, the SEC had already issued a subpoena to Wang calling for him to produce information about any brokerage accounts he controlled. Wang allegedly pressed Yin to stick to the false cover story he had created earlier – that his brother Bing Wang was the person who made the illegal trades, not him. Soon afterwards, Wang gave Yin a number of Merrill Lynch documents related to his Unicorn account and directed his broker to take the documents to China, give them to Bing Wang, and help his brother use them to corroborate the false cover story. Yin agreed, and during two trips to China in 2012, Yin met with Bing Wang, provided him with Unicorn documents removed from the United States, and rehearsed the false cover story. The indictment further alleges that after these meetings, Bing Wang and Yin sent emails to each other containing false and misleading statements in order to make it appear that Bing Wang actually controlled the Unicorn and Clearview accounts.

United States Attorney Duffy praised the efforts of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation for piecing together this complex, international insider trading scheme. United States Attorney Duffy also thanked the SEC's Los Angeles Regional Office for its assistance, and noted that the SEC had today filed a civil complaint against Wang and Yin in federal court in San Diego.

**The public is reminded that indictments and informations are not evidence that the defendants committed the crime charged. The defendants are presumed innocent until the United States meets its burden in court of proving guilt beyond a reasonable doubt.*

DEFENDANT

Criminal Case No. 13CR3487-H

Jing Wang
Bing Wang

Age: 51	Del Mar, CA
Age: 53	China

SUMMARY OF CHARGES

Title 15 U.S.C. Sections 78j(b), 78ff and 17 C.F.R. § 240.10b-5—Securities Fraud (Insider Trading). Maximum Penalty: 20 years custody, a maximum fine of \$5 million, five years supervised release, and \$100 special assessment.

Title 18 U.S.C. Section 371 – Conspiracy (Obstruction of Justice and Money Laundering). Maximum Penalty: 5 years custody, a maximum \$250,000 fine, three years supervised release and \$100 special assessment.

Title 18 U.S.C. Section 1512(c)(1) and (c)(2) -- Obstruction of Official Proceedings. Maximum Penalty: 20 years custody, a maximum fine of \$250,000 years supervised release, and \$100 special assessment.

Title 18 U.S.C. 1956 – Money Laundering. Maximum Penalty: 20 years custody, a maximum fine of \$250,000 years supervised release, and \$100 special assessment.

Title 18 U.S.C. 1028A – Aggravated Identity Theft. Maximum Penalty: Mandatory two years custody consecutive to any other sentence.

DEFENDANT

Criminal Case No. 13CR3487-H

Bing Wang

Age: 53

China

SUMMARY OF CHARGES

Title 18 U.S.C. Section 371 – Conspiracy (Obstruction of Justice and Money Laundering). Maximum Penalty: 5 years custody, a maximum \$250,000 fine, three years supervised release and \$100 special assessment.

DEFENDANT

Criminal Case No. 13CR3488

Gary Yin

Age: 54

San Diego

SUMMARY OF CHARGES

Title 18 U.S.C. Section 371 – Conspiracy to commit offenses against the United States. Maximum Penalty: 5 years custody, a maximum \$250,000 fine, three years supervised release and \$100 special assessment.

INVESTIGATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service-Criminal Investigation