

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
) No.
)
) Violations: Title 15, United States Code,
) Sections 78j(b) and 78ff(a); Title 17,
BILAL BASRAI) Code of Federal Regulations, Section
) 240.10b-5
)

The ACTING UNITED STATES ATTORNEY charges:

1. At times material to this information:

a. Defendant BILAL BASRAI was employed as the Managing Director of Investment Banking at Company A, located in Chicago, Illinois.

b. Company A had a written policy expressly forbidding its employees from trading stock on the basis of material, non-public information learned as part of their job. As a result of this policy, defendant BILAL BASRAI owed Company A a duty of trust and confidence to maintain the confidentiality of material, non-public information he learned as part of his job, and was prohibited from trading stock based on that information.

c. A secondary stock offering consisted of a company offering new stock for sale at some point after the company's initial public offering, and was often priced lower than the price of a company's existing stock. As a result, a secondary stock offering often made the price of a company's existing stock go down.

d. Short selling a stock consisted of borrowing a stock to sell on condition that the stock be repurchased and returned at a later date. Short sellers made money if the stock price went down after they borrowed and sold the stock.

- e. Defendant BILAL BASRAI received information that:
 - i. Company B, a public company, was planning a secondary stock offering;
 - ii. Company C, an investment banking client of Company A, was planning to publicly announce an in-licensing agreement; and
 - iii. a research report was being written about Company D by an employee of an entity related to Company A.

2. Beginning no later than January 2014, and continuing through July 2014, at Naperville and Lisle, in the Northern District of Illinois, Eastern Division, and elsewhere,

BILAL BASRAI,

defendant herein, directly and indirectly, by the use of means and instrumentalities of interstate commerce, willfully used and employed, in connection with the purchase and sale of securities, a manipulative and deceptive device and contrivance, in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device and scheme to defraud; and (b) engaging in an act, practice, and a course of business which operated and would operate as a fraud and deceit upon any person, which scheme is further described below.

3. It was part of the scheme that defendant BILAL BASRAI misappropriated for his own benefit material, non-public information, which he used to purchase and sell stock, at a time when he knew he was under a duty to protect the confidentiality of the information and to not use it to trade stock.

4. It was further part of the scheme that defendant BILAL BASRAI, after agreeing to abide by a duty to keep information about Company B confidential, learned material, non-public information about Company B's secondary stock offering, and then breached his duty of trust and confidence to Company B by short selling its stock prior to the news of the secondary offering becoming public, so that he could profit when that information was publicly released and Company B's stock price decreased.

5. It was further part of the scheme that, as part of his job and under circumstances where he knew he was under a duty of trust and confidence to Company A, defendant BILAL BASRAI learned material, non-public information about Company C, namely, information about an in-licensing agreement, and then breached his duty of trust and confidence to Company A by using that information to purchase Company C's stock before the information became public, so that he could profit by selling the stock when the information was publicly released and Company C's stock price increased.

6. It was further part of the scheme that, as part of his job and under circumstances where he knew he was under a duty of trust and confidence to Company A, defendant BILAL BASRAI learned material, non-public information, namely, the release date of a research report on Company D, and then breached his duty of trust and confidence to Company A by using that information to purchase Company D's stock before the report was publicly released, so that he could profit by selling the stock when the report became public and Company D's stock price increased.

7. It was further part of the scheme that, as a result of his trading based on material, non-public information, defendant BILAL BASRAI received illegal trading profits of at least approximately \$37,157.

8. It was further part of the scheme that defendant BILAL BASRAI misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the true purpose of the acts done in furtherance of the scheme.

9. On or about May 2, 2014, at Naperville and Lisle, in the Northern District of Illinois, Eastern Division, and elsewhere,

BILAL BASRAI,

defendant herein, for the purpose of executing the scheme to defraud, in connection with the purchase and sale of securities, willfully used and caused the use of a means and instrumentality of interstate commerce, namely, the internet, to enter an order to short sell 5,000 shares of Company B 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.

ACTING UNITED STATES ATTORNEY