



*United States Attorney
Southern District of New York*

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**MANHATTAN U.S. ATTORNEY FILES ADDITIONAL CHARGES
AGAINST RAJ RAJARATNAM AND DANIELLE CHIESI**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that additional charges were filed against RAJ RAJARATNAM and DANIELLE CHIESI in a nineteen-count Superseding Indictment involving conspiracy and securities fraud crimes stemming from their alleged involvement in the largest hedge fund insider trading case in history. RAJARATNAM was the Managing Member of Galleon Management, LLC ("Galleon"), and a portfolio manager for Galleon Technology Offshore, Ltd., and certain accounts of Galleon Diversified Fund, Ltd., and CHIESI was an employee of New Castle Partners ("New Castle"), formerly the equity hedge fund group of Bear Stearns Asset Management, Inc.

According to the Superseding Indictment and other documents filed in Manhattan federal court, and statements made during the guilty pleas of ANIL KUMAR on January 7, 2010, MARK KURLAND on January 27, 2010, and RAJIV GOEL on February 8, 2010:

RAJARATNAM, CHIESI, and others repeatedly traded on material, nonpublic information pertaining to upcoming earnings forecasts, mergers, acquisitions, or other business combinations ("Inside Information"). The Inside Information was given as tips by insiders and others at hedge funds, public companies, and firms. Today's Superseding Indictment charges trading in the following companies based on Inside Information: Intel Corporation ("Intel"); IBM; Akamai Technologies, Inc.; Polycom, Inc.; Hilton Hotels Corp.; Google Inc.; Sun Microsystems; Clearwire Corporation ("Clearwire"); Advanced Micro Devices ("AMD"); ATI Technologies Inc. ("ATI"); eBay Inc. ("eBay"); and PeopleSupport, Inc.

As a result of their insider trading, RAJARATNAM, CHIESI, and others earned tens of millions of dollars of illegal profits for themselves and the hedge funds with which they were affiliated. As previously reported, RAJARATNAM engaged in

overlapping schemes with ALI FAR and ROOMY KHAN -- both of whom have pleaded guilty to insider trading charges and are cooperating with the Government -- as well as CHIESI and other co-conspirators to trade on the basis of Inside Information in several publicly traded companies.

Since the original indictment, ANIL KUMAR and RAJIV GOEL pleaded guilty to engaging in insider trading schemes with RAJARATNAM. In addition, MARK KURLAND pleaded guilty to engaging in an insider trading scheme with CHIESI.

Rajaratnam's Corrupt Agreement With Goel

As set forth in Counts Three and Nineteen, from 2007 through 2009, RAJARATNAM and GOEL engaged in an insider trading scheme in which GOEL obtained Inside Information relating to Intel and provided that information to RAJARATNAM. GOEL provided the Inside Information with the understanding that RAJARATNAM would trade on it, in breach of his fiduciary and other duties of trust and confidence owed to Intel. More specifically, GOEL tipped RAJARATNAM in April 2007 relating to Intel's quarterly earnings before the company's public announcement, and in 2008 relating to Intel's plans to invest in a joint venture involving Clearwire. GOEL provided Inside Information to RAJARATNAM because of his friendship with RAJARATNAM, from which GOEL benefitted in various ways, including financially. For example, in 2005 and 2006, RAJARATNAM gave GOEL money to help GOEL with personal financial matters, and, from 2005 to 2009, RAJARATNAM earned trading profits for GOEL by executing securities transactions in GOEL's personal brokerage account. After GOEL provided the Inside Information to RAJARATNAM, RAJARATNAM directed trading for Galleon and made at least \$3 million in illegal profits.

Rajaratnam's Corrupt Agreement With Kumar

As set forth in Counts Four and Eighteen, from 2003 through October 2009, RAJARATNAM and ANIL KUMAR, a then-senior partner and director at McKinsey & Company ("McKinsey"), conspired to engage in insider trading. As part of that conspiracy, KUMAR obtained Inside Information from McKinsey clients and provided that information to RAJARATNAM with the understanding that Rajaratnam would trade on it and in breach of his fiduciary and other duties of trust and confidence owed to McKinsey and its clients. Among other things, KUMAR tipped RAJARATNAM about Inside Information relating to AMD, ATI, and eBay. More specifically, from March 2006 through July 2006, KUMAR tipped RAJARATNAM about AMD's planned acquisition of ATI.

During their conspiracy, RAJARATNAM arranged for Galleon to wire money to an offshore account for KUMAR's benefit, and that money was then reinvested in certain Galleon funds in the name of KUMAR's domestic worker. In January 2007, RAJARATNAM wired approximately \$1 million to an offshore account controlled by KUMAR. After KUMAR provided the Inside Information to RAJARATNAM, RAJARATNAM directed trading for Galleon and made at least \$24.5 million in illegal profits.

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The Indictment charges RAJARATNAM with five counts of conspiracy to commit securities fraud and eight counts of securities fraud. The Indictment also charges CHIESI with three counts of conspiracy to commit securities fraud and seven counts of securities fraud. Each of the conspiracy counts against RAJARATNAM and CHIESI carries a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000 or twice the gross gain or loss from the offense. Each of the securities fraud counts carries a maximum sentence of 20 years in prison and a fine of \$5 million. If convicted, RAJARATNAM faces a maximum prison term of 185 years, and CHIESI faces a maximum prison term of 155 years.

The Indictment also seeks forfeiture of the proceeds of the charged crimes, specifically \$49 million, which consists of \$45 million in illegal profits and losses avoided by Galleon, and \$4 million in illegal profits for New Castle.

RAJARATNAM, 52, and CHIESI, 44, both reside in New York, New York. The case has been assigned to United States District Judge RICHARD J. HOLWELL.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance. Mr. BHARARA also noted that the investigation is continuing.

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

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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