UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

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FOR IMMEDIATE RELEASE
Tuesday, June 26, 2012
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FORMER GALLEON PORTFOLIO MANAGER SENTENCED IN MANHATTAN FEDERAL COURT FOR INSIDER TRADING

Preet Bharara, the United States Attorney for the Southern District of New York, announced that ADAM SMITH, a former portfolio manager of the communications fund at Galleon Group ("Galleon"), was sentenced today to two years of probation and ordered to forfeit $105,300 for his participation in an insider trading scheme in which SMITH provided material, nonpublic information ("Inside Information") obtained from an investment banker at a financial institution and from other public company employees to Raj Rajaratnam, the head of Galleon. At various times, both he and Rajaratnam traded on the Inside Information. SMITH pled guilty in January 2011 to one count of conspiracy to commit securities fraud and one count of securities fraud. He was sentenced today in Manhattan federal court by U.S. District Judge Jed S. Rakoff.

According to the Information, statements made during SMITH's guilty plea proceeding, and SMITH's testimony during the trial of Rajaratnam:

From 2003 through 2009, SMITH executed and caused others to execute securities trades based on Inside Information that he obtained from certain insiders who violated fiduciary and other duties of trust and confidence.

On multiple occasions, SMITH obtained Inside Information from an investment banker at a financial institution where he once worked. In 2005, while working as an analyst at Galleon, the investment banker told SMITH that Integrated Devices Technology Inc. ("IDTI") was going to acquire Integrated Circuit Systems ("ICST") and, thereafter, provided him with multiple updates regarding the progress of the transaction prior to its public announcement. SMITH gave the Inside Information to Rajaratnam, who then traded based on the information. On certain occasions, SMITH emailed Rajaratnam nonpublic information about the transaction in coded language. For example, on March 9, 2005, SMITH sent Rajaratnam an email with the subject heading "the two eyes," referring to IDTI and ICST, stating that he received an "update" from the investment banker and the deal was "still on track." Based on the Inside Information, after IDTI announced publicly its acquisition of ICST, Rajaratnam reaped illegal profits of more than $2,800,000.

In 2006, after SMITH was promoted to the portfolio manager of the Galleon communications fund and a separately managed account called the "Polaris Account," with total assets of approximately $100 million under management, SMITH learned from the investment banker that Advanced Micro Devices ("AMD") was going to acquire ATI Technologies

("ATYT"). SMITH informed Rajaratnam about what he learned regarding this confidential acquisition, and traded based on the Inside Information in the fund that he was managing at Galleon. After AMD announced publicly its acquisition of ATYT, Smith's fund reaped illegal profits of nearly $1,000,000.

At various times from 2003 through 2009, SMITH also obtained Inside Information from other public company sources and traded based on that information. For example, from 2003 through 2009, SMITH obtained Inside Information regarding revenue and book-to-bill numbers relating to Intersil Corporation ("Intersil") from an individual who worked in the Taiwan office of Intersil on a regular basis. While at Galleon, SMITH provided this Inside Information to Rajaratnam and incorporated it in his analyses of Intersil which were relied on by other portfolio managers in deciding whether to buy or sell Intersil stock. After SMITH left Galleon, he managed money for certain investors on his own in a newly formed fund, and he continued to trade based on Inside Information from individuals who worked at public companies.

In May 2011, SMITH testified at the criminal trial of Rajaratnam.

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In addition to the probation and forfeiture, Judge Rakoff ordered SMITH, 40, of New York, New York, to pay a $15,000 fine and a $200 special assessment fee.

Mr. Bharara praised the investigative work of the Federal Bureau of Investigation. He also thanked the U.S. Securities and Exchange Commission.

This case was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, on which Mr. Bharara serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The case is being handled by the Office's Securities and Commodities Task Force. Assistant U.S. Attorneys Reed Brodsky and Richard Tarlowe are in charge of the prosecution.

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