

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
:
UNITED STATES OF AMERICA :
:
-v.- :
:
GAUTHAM SHANKAR, :
:
Defendant. :
:
----- X

INFORMATION

09 Cr. 996 (U.M.)

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. At all times relevant to this Information, The Schottenfeld Group LLC ("Schottenfeld") was a broker dealer with offices in New York, New York.

2. At all times relevant to this Information, GAUTHAM SHANKAR, the defendant, worked as a proprietary trader at Schottenfeld.

3. At all times relevant to this Information, a coconspirator not named as a defendant herein ("CC-1") was a friend of GAUTHAM SHANKAR, the defendant.

4. At certain times relevant to this Information, a coconspirator not named as a defendant herein ("CC-2") worked as a proprietary trader at Schottenfeld.

The Insider Trading Scheme

5. From at least in or about March 2007 through in or about 2008, GAUTHAM SHANKAR, the defendant, CC-1, CC-2, and others known and unknown, participated in a scheme to defraud by executing securities trades based on material, nonpublic information regarding certain public companies' merger and acquisition activities (the "Inside Information") that had been misappropriated in violation of duties of trust and confidence.

6. As part of the scheme, CC-1 provided to GAUTHAM SHANKAR, the defendant, Inside Information regarding the following mergers and acquisitions, which had been misappropriated by others in violation of duties of trust and confidence:

TARGET	ACQUIRER	DATE OF PUBLIC ANNOUNCEMENT OF ACQUISITION
Kronos, Inc. ("Kronos")	Hellman & Friedman Capital Partners VI, L.P. and its related funds	March 23, 2007
Hilton Hotels Corp. ("Hilton")	The Blackstone Group	July 3, 2007

7. As a further part of the scheme, CC-2 provided to GAUTHAM SHANKAR, the defendant, Inside Information regarding the following mergers and acquisitions, which had been misappropriated by others in violation of duties of trust and confidence:

TARGET	ACQUIRER	DATE OF PUBLIC ANNOUNCEMENT OF ACQUISITION
Avaya, Inc. ("Avaya")	Silver Lake and TPG Capital	June 4, 2007
3Com Corporation ("3Com")	Bain Capital Partners, LLC	September 28, 2007

8. On the basis of the Inside Information, GAUTHAM SHANKAR, the defendant, CC-1, CC-2, and others known and unknown, executed trades in the securities of target companies prior to the public announcements of the acquisitions, earning hundreds of thousands of dollars in unlawful profits.

9. GAUTHAM SHANKAR, the defendant, shared the Inside Information with others. SHANKAR collected from CC-2 and others payments for the Inside Information and delivered some of these payments to CC-1.

The Conspiracy

10. From at least in or about March 2007 through in or about 2008, in the Southern District of New York and elsewhere, GAUTHAM SHANKAR, the defendant, CC-1, CC-2, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to commit offenses against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Object of the Conspiracy

Securities Fraud

11. It was a part and an object of the conspiracy that GAUTHAM SHANKAR, the defendant, CC-1, CC-2, and others known and unknown, unlawfully, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5 by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact 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 courses of business which operated and would operate as a fraud and deceit upon any person, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Means and Methods of the Conspiracy

12. Among the means and methods by which GAUTHAM SHANKAR, the defendant, CC-1, CC-2, and their coconspirators would and did carry out the conspiracy were the following:

a. CC-1 and CC-2 obtained from others Inside Information that had been misappropriated by others in violation of duties of trust and confidence.

b. CC-1 and CC-2 provided the Inside Information to SHANKAR.

c. SHANKAR provided the Inside Information to others.

d. SHANKAR, CC-1, CC-2 and their coconspirators used the Inside Information to execute profitable securities transactions.

e. CC-2 provided to SHANKAR cash as payment for the Inside Information.

f. SHANKAR provided to CC-1 cash as payment for the Inside Information.

Overt Act

13. In furtherance of the conspiracy, and to effect the illegal object thereof, GAUTHAM SHANKAR, the defendant, CC-1, CC-2 and their coconspirators committed the following overt act, among others, in the Southern District of New York and elsewhere:

a. On or about August 7, 2007, in New York, New York, SHANKAR purchased 3Com stock in his Schottenfeld account.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

14. The allegations contained in paragraphs 1 through 9 and 12 through 13 are repeated and realleged as though fully set forth herein.

15. On or about August 7, 2007, in the Southern District of New York and elsewhere, GAUTHAM SHANKAR, the defendant, unlawfully, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes and artifices to defraud; (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 courses of business which operated

and would operate as a fraud and deceit upon persons, to wit, SHANKAR caused the purchase of 3Com securities based on material nonpublic information.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2; and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

16. As a result of committing one or more of the foregoing securities fraud offenses alleged in Counts One and Two, of this Information, GAUTHAM SHANKAR, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses, including but not limited to the following:

Money Judgment

a. At least a sum of money in United States currency which was derived from proceeds traceable to the commission of the securities fraud offenses.

Substitute Assets Provision

17. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;


c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981; Title 28, United States Code, Section 2461; Title 18, United States Code, Sections 371 and 2; Title 15, United States Code, Sections 78j(b) and 78ff; and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2).


PREET BHARARA
United States Attorney