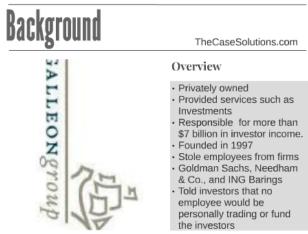


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# Ponce de Leon: Confidential Instructions for Poppie Santoni, Director

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### Background

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#### Overview

- · Privately owned
- Provided services such as

#### Raj Rajaratnam

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- Born in Sri Lanka
- · 1985 Needham & Co. hired as an analyst.
- George Needhan
  - · Obsessive about minimizing epenses
  - Making employees stay in budget hotel rooms and take midnight flights to and from meetings
  - · Employees would sift through garbage to gather information
- Rajaratnam delveloped an aggressive networking and note taking research strategy
- · Began to push ethical limits when gathering information about companies

#### Accusations of Insider Trading

## Background

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#### **Overview**

- Privately owned
- Provided services such as Investments
- Responsible for more than
  \$7 billion in investor income.
- Founded in 1997
- Stole employees from firms
- Goldman Sachs, Needham
  & Co., and ING Barings
- Told investors that no employee would be personally trading or fund the investors

### Raj Rajaratnam

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- 1985 Needham & Co. hired as an analyst.
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### **Accusations of Insider Trading**

**At Galleon** 

- During one meeting Raj hired a dwarf to act as an analyst hired to cover "small-cap" stocks
- Raj offered \$5,000 to anyone who'd agree to be shocked
  - Keryn Limmer volunteered and went unconscious
- 2005 he paid over \$20 mil to settle a federal investigation into fake tax shelter to hide \$52 mil
  - Claimed he didn't know it was illegal; the pair was awarded \$10 mil in damages

- Rajaratnam had a deep network or acquaintances, including employees at Goldman Sachs Group, Intel Corp., McKinsey & Co., and Applied Materials Inc.
- 2007 SEC lawyers discovered a text from Roomy Khan advising for Raj to "wait for guidance" before buying a stock
- The SEC recorded her conversation which led to discover several insider trading rings

### The Trial

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#### March 2011

#### **Anil Kumar**

- Pleaded guilty
- Gave information for over \$1.75 mil

#### Gupta

- called Raj after a meeting
- Market Closed and Galleon bought 175,000 shares

- 2009 Raj was arrested on 14 charges of securities and wire fraud and accused of gaining over \$63.8 mil from insider tips
- · Released on a \$100 mil bond
  - Immediately hired several top defense attorneys and public relations specialists
- 19 members of the Galleon Network pleaded guilty

settle a federal investigation into fake tax shelter to hide \$52 mil

 Claimed he didn't know it was illegal; the pair was awarded \$10 mil in damages before buying a stock

 The SEC recorded her conversation which led to discover several insider trading rings

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"Oh, dude, we're f—-. It just hit The Wall Street Journal."