

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,  
100 F Street N.E.,  
Washington, D.C. 20549

Plaintiff,

v.

GLG PARTNERS, LP,  
One Curzon Street  
London, England W1J 5HB

Defendant.

Case: 1:07-cv-01136  
Assigned To : Collyer, Rosemary M.  
Assign. Date : 6/26/2007  
Description: General Civil

**COMPLAINT**

Plaintiff, the United States Securities and Exchange Commission (the "Commission"),  
alleges:

**SUMMARY**

1. This action arises from multiple violations of Rule 105 of Regulation M under the Securities Exchange Act of 1934 ("Exchange Act") [17 C.F.R. § 242.105(a)(1)] by Defendant GLG Partners, LP ("GLG"), one of the largest hedge fund managers in Europe. On sixteen occasions from July 2003 through May 2005, GLG violated Rule 105. During the period, GLG did not have any policies, procedures or training with respect to Rule 105.

2. With respect to each violation, GLG sold securities short during the five business days before the pricing of public offerings and then covered the short positions with securities purchased in the offerings. These transactions occurred in four of GLG's Funds: GLG Market Neutral Fund; GLG North American Opportunity Fund; GLG Technology Fund; and GLG

European Long Short Fund (collectively, the “GLG Funds”). GLG made over \$2 million in profits for the GLG funds on these transactions. The conduct at issue also is described in the Commission’s Order Instituting Cease-and-Desists Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934, issued on or about June 26, 2007.

### **JURISDICTION AND VENUE**

3. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. §78u(d)(3)(A)] to obtain a civil money penalty for violations of the Exchange Act.

4. This Court has jurisdiction over this action pursuant to Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa].

5. Certain of the acts, practices, and courses of conduct constituting the violations of law alleged in the Complaint occurred within this judicial district and, therefore, venue is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

6. Defendant, directly and indirectly, has made use of the means or instruments of transportation or communication in interstate commerce, or of the mails in connection with the acts, practices and transactions alleged herein.

### **THE DEFENDANT**

7. GLG is one of the largest hedge fund managers in Europe. GLG manages thirty hedge funds with total assets in excess of \$12 billion. GLG is headquartered in London, United Kingdom, and subject to regulation by the Financial Services Authority of the United Kingdom. Several of GLG’s funds trade in securities through United States markets.

## FACTS

8. Rule 105 of Regulation M, "Short Selling in Connection With a Public Offering," prohibits covering a short sale with securities obtained in a public offering if the short sale occurred within five business days before the pricing of the offering (the "Restricted Period"). The Commission adopted Rule 105 of Regulation M in an effort to prevent manipulative short selling prior to a public offering by short sellers who cover their short position by purchasing securities in the offering, thus largely avoiding exposure to market risk. Anti-manipulation Rules Concerning Securities Offerings, Release Nos. 33-7375, 34-38067 (Dec. 20, 1996). The Rule is prophylactic and prohibits the conduct irrespective of the short seller's intent in effecting the short sale. Short Sales, Final Rule, Release No. 34-50103 (July 28, 2004).

9. During the relevant period, GLG violated Rule 105 on sixteen occasions in fourteen different public offerings involving the following securities: ChipMos Technologies (Bermuda) Ltd. (Nasdaq: IMOS), Petco Animal Supplies, Inc. (Nasdaq: PETC), Nextel Partners, Inc. (Nasdaq: NXTP), Chicago Mercantile Exchange Holdings, Inc. (NYSE: CME), AU Optronics, Inc. (NYSE: AUO), Lipman Electronic Engineering Ltd. (Nasdaq: LPMA), Hewitt Associates, Inc. (NYSE: HEW), Spectrasite, Inc. (NYSE: SSI), Estee Lauder Cos., Inc. (NYSE: EL), Lubrizol Corp. (NYSE: LZ), Taiwan Semiconductor Manufacturing Company (NYSE: TSM) and CMS Energy Corp. (NYSE: CMS). Three examples of GLG's conduct are described in detail below.

### Taiwan Semiconductor Manufacturing Co. Ltd. ("Taiwan")

10. On October 21, 2003, Taiwan announced a secondary offering of 100 million ADSs representing 500 million common stock shares. The underwriters priced the ADSs at

