

\$30's. After Harman International repudiated the announcement, the share price dropped, closing the day at \$20.86. In April 2009, a Kuwaiti newspaper reported that a consortium of United Arab Emirates companies and a Kuwaiti firm were offering to acquire Textron for \$21 per share, when the company's stock had closed the previous day at \$9.11. No such offer existed.

2. Defendant Hazem Khalid Al-Braikan, a resident of Kuwait, and defendants United Gulf Bank ("United Gulf Bank"), KIPCO Asset Management Company ("KAMCO"), and Al-Raya Investment Company ("Al-Raya") – related entities located in Kuwait and the Kingdom of Bahrain – profited from amassing large positions in the securities of Harman International and/or Textron shortly before the dissemination of the false information concerning imminent acquisition offers and then selling those positions at prices inflated by the false information. As a result of their activities, the defendants realized profits in excess of \$5 million.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this matter pursuant to Sections 21(d)(1), 21(e), 21A, and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(1), (e), 78u-1, and 78aa]. The defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation and communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, and practices alleged in this Complaint.

4. Venue in this district is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain substantial events, acts or transactions giving rise to the violations alleged in this Complaint occurred within this judicial district.

DEFENDANTS

5. **Hazem Khalid Al-Braikan (a/k/a Hazem Khalid Albraikan)**, upon information and belief, is a resident of Kuwait and the CEO of defendant Al-Raya Investment Company and has trading authority over at least one brokerage account in the name of that company. Al-Braikan also had trading authority over a brokerage account in the name of defendant United Gulf Bank until approximately mid-2008. Further, upon information and belief, Al-Braikan has or had been a senior manager at defendant KIPCO Asset Management Company (KAMCO). Al-Braikan also has a brokerage account in his name at the National Bank of Kuwait, which clears U.S. securities transactions through DLJ Pershing, in which he personally traded securities of Harman International shortly in advance of the false tender offer announcement.

6. **United Gulf Bank (B.S.C.) E.C. (“United Gulf Bank”)**, upon information and belief, is the investment banking arm of Kuwait Projects Company (Holding) (KIPCO) and has defendant KIPCO Asset Management Company (KAMCO) as a subsidiary. United Gulf Bank purports to be in the business of making offshore investments.

7. **KIPCO Asset Management Company (“KAMCO”)**, upon information and belief, is a subsidiary of defendant United Gulf Bank and purportedly has several billion dollars under management.

8. **Al-Raya Investment Company (a/k/a Alraya Investment Company) (“Al-Raya”)**, purports to be an international asset management company created in 2007 with the assistance of defendant KAMCO.

RELEVANT ENTITIES

9. **Harman International Industries, Inc. (“Harman International”)** is a Delaware corporation with its corporate headquarters in Stamford, Connecticut. Harman International develops, manufactures, and markets audio products and electronic systems for the automotive, consumer, and professional sectors. Among Harman International’s brand names are: JBL; Infinity; Harman/Kardon; Mark Levinson; and Becker. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and it trades on the New York Stock Exchange (“NYSE”) under the ticker symbol HAR. Options for Harman International shares trade on the Chicago Board Options Exchange.

10. **Textron Inc. (“Textron”)** is a Delaware Corporation with its principal executive offices in Providence, Rhode Island. Textron is a multi-industry company involved in, among other things, the development of helicopters and airplanes. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and it trades on the NYSE under the ticker symbol TXT.

FACTUAL ALLEGATIONS

A. Trading in the Securities of Harman International in July 2009

1. False Tender Offer Announcement and Surge in Share Price in Pre-Market Trading

11. At or about 8:32 a.m. on Monday, July 20th, an announcement was posted on an Internet news outlet in the United States. The announcement purportedly was made by Arabian Peninsula Group (“APG”). The announcement claimed that APG was a private investment group that managed wealth for “two prominent parties in the Kingdom of Saudi Arabia and the United Arab Emirates” and was planning to acquire Harman International in a public tender offer at \$49.50 a share as part of a joint bid with an unnamed “South Korean

partner.” Harman International’s common stock had closed at \$25.18 per share on Friday, July 17, 2009.

12. Shortly after the appearance of this announcement, there was a surge in the trading volume and share price of Harman International common stock in pre-market trading. The share price reached the mid-\$30’s.

13. At or about 9:23 a.m., Harman International issued a statement to the effect that it had become aware of media reports suggesting that a tender offer had been made to acquire it. Harman International stated that it had not received any such communication and was not familiar with any of the parties claiming to make such a solicitation.

14. Shortly after Harman International’s repudiation of the tender offer announcement, the share price of its common stock sharply decreased. By the end of the trading day, the share price closed at \$20.86.

2. Defendant Al-Braikan’s Trading

15. Defendant Al-Braikan engaged in an aggressive strategy of buying Harman International common stock and call options in the four trading days before the false tender offer announcement that positioned him to reap large profits from increases in the share price of Harman International’s common stock.

16. On June 4, 2009, Al-Braikan opened an account at DLJ Pershing (“the Pershing account”) with The National Bank of Kuwait as the introducing broker. On June 8, 2009, Al-Braikan signed an option agreement and a margin agreement for this account, which permitted him to engage in leveraged, speculative trading in both options and common stock.

17. One type of option that Al-Braikan could trade in his brokerage account was a call option, or a “call,” which is a financial contract between the buyer and the seller of this type of

option. The buyer of the option has the right, but not the obligation to buy an agreed quantity of a particular security from the seller of the option on or before the expiration date for a fixed price, otherwise known as the strike price. The buyer pays a fee (called a premium) for this right. A call option contract typically gives the buyer the right to purchase 100 shares of the underlying security.

18. The buyer of a call option wants the price of the underlying security to rise in the future; when the market price of the security exceeds the strike price of the option, the purchaser of the option can sell a security purchased through the exercise of the option at the market for a premium. The option increases in value when the underlying security increases in value.

19. Al-Braikan engaged in no activity in his brokerage account until Monday, July 13, 2009, a week before the false tender offer announcement appeared on the Internet. On July 13th, he transferred \$2,415,000 into the account by wire and began buying Harman International common stock. He subsequently bought 102,100 shares of Harman International common stock for a total of about \$2.14 million.

20. On Tuesday, July 14th, Al-Braikan transferred another \$500,000 into his brokerage account by wire, and continued buying Harman International common stock. He subsequently bought an additional 165,500 shares of Harman International common stock for a total of over \$3.6 million.

21. Al-Braikan made many of his purchases on margin, meaning that he was borrowing money to make those purchases and using his holdings of Harman International common stock and cash as collateral to secure that loan. This trading strategy allowed Al-Braikan to leverage his investment in Harman International common stock and positioned him to increase substantially his profits from increases in the share price of Harman

International's common stock. Conversely, a decrease in the share price would have exposed him to substantial losses.

22. Al-Braikan also purchased a substantial position in Harman International call options on July 17th, the last trading day before the issuance of the false tender offer announcement. In particular, he bought 500 August 25 call contracts for a total of \$103,850. These contracts gave Al-Braikan the ability to buy 50,000 shares of Harman International common stock at \$25 a share, meaning that he would profit from those calls only if the share price of the underlying stock increased.

23. On July 20th, Al-Braikan sold his entire position of 341,000 shares of Harman International common stock (including the 50,000 shares that he had purchased that day) for a profit of approximately \$1.15 million. He also sold his entire position of 500 call contracts for a profit of nearly \$29,000.

3. Defendant United Gulf Bank's Trading

24. Beginning on July 7, 2009, and continuing through July 16th (the next to the last trading day before the false tender offer announcement), Defendant United Gulf Bank engaged in an aggressive strategy of purchasing three series of Harman International call options that positioned it to profit substantially from increases in the share price of Harman International's stock.

25. On Tuesday, July 7th, United Gulf Bank purchased 300 August 20 call contracts in its Citigroup Global Markets account. This purchase represented approximately 45% of the market in this series of call options. At the time, Harman International stock opened at \$18 per share and the August 20 call options were out of the money, meaning that United Gulf Bank would profit from the options only if the share price of Harman International's common stock increased.

26. On Wednesday, July 8th, United Gulf Bank purchased 300 August 22.5 call contracts in its Citigroup account. This purchase represented 100% of the market in this series of call options. At the time, the August 22.5 call options were out of the money.

27. On Wednesday, July 15th, United Gulf Bank purchased 975 August 25 call contracts in its Citigroup account. This purchase represented approximately 85% of the market in this series of call options. At the time, the August 25 call options were out of the money.

28. On Thursday, July 16th, United Gulf Bank purchased 130 additional August 25 call contracts in its Citigroup account. This purchase represented approximately 46% of the market in this series of call options. As was the case with United Gulf Bank's purchase the day before, the August 25 call options were out of the money.

29. On Monday, July 20th, after the appearance of the false tender offer announcement on the Internet, United Gulf Bank sold its entire position of Harman International call option contracts in its Citigroup account at a profit of over \$400,000.

4. Defendant Al-Raya's Trading

30. Al-Raya has a securities brokerage account at Citigroup Global Markets. Beginning on or about June 1, 2009, and continuing through July 17th, Al-Raya bought a total of 247,000 shares of Harman International common stock for a total of approximately \$5.2 million.

31. On July 20, 2009, Al-Raya sold its entire holdings of 247,000 shares of Harman International common stock for proceeds of approximately \$6.3 million, representing a profit of approximately \$1 million.

5. Defendant KAMCO's Trading

32. KAMCO has a securities brokerage account at J.P. Morgan. The custodial firm for this account is State Street Bank. Beginning on or about June 10, 2009, and continuing through July 17, 2009, KAMCO bought a total of 372,400 shares of Harman International common stock.

On July 20, 2009, KAMCO sold its entire position of Harman International common stock for a profit of at least \$1.9 million.

B. Trading by Defendants KAMCO and Al-Raya in Textron Stock

33. On April 9, 2009, before the opening of the stock market in the U.S., a report appeared in the Al Watan Daily, a Kuwaiti newspaper, stating that a consortium of United Arab Emirates companies and a Kuwaiti firm were planning to offer to purchase Textron for \$21 per share. The previous day, Textron common stock had closed at \$9.11. Accordingly, the purported \$21 offering price represented a very substantial premium over the company's prevailing share price.

34. After the appearance of the Al Watan report, the share price of Textron common stock surged, closing at \$13.56, an increase of nearly 50% over the previous trading day's closing price.

35. On April 7th, two trading days before the appearance of the Al Watan report, defendant KAMCO bought 109,000 shares of Textron's common stock at \$9.32 per share in its J.P. Morgan account.

36. On April 2nd and April 7th, defendant Al-Raya purchased a total of 30,000 shares of Textron common stock in its Citigroup account at share prices between approximately \$7.25 and \$9.

37. On April 9th, KAMCO sold its entire position of Textron stock for a profit of approximately \$377,000.

38. On April 9, Al-Raya sold its entire holding of Textron common stock at approximately \$13.60 per share for a profit of approximately \$147,000.

CLAIM FOR RELIEF

**Violations of Exchange Act Section 10(b) and
Rule 10b-5 Promulgated Thereunder**

39. Paragraphs 1 through 38 are realleged and incorporated by reference.

40. Defendants engaged in a deceptive scheme to profit by trading around the fraudulent offers to acquire Harman International and Textron. Upon information and belief, at the time Defendants bought the securities of Harman International and Textron, as set forth above, they either knew or recklessly disregarded the fact that false information about imminent offers to acquire those companies was being disseminated that would increase the price of the companies' securities.

41. Defendant Al-Braikan has liquidated both his option positions and his holdings of Harman International common stock. Defendant Al-Braikan has requested to have these proceeds wired to him.

42. Defendant United Gulf Bank has liquidated its entire holdings of Harman International call option contracts and has requested to have the funds in its Citigroup account wired to it.

43. Defendant Al-Raya has liquidated its entire position of Harman International common stock in its Citigroup account and those proceeds are in the account.

44. Defendant KAMCO has liquidated its entire holdings of Harman International common stock and either its J.P. Morgan account or its custodial account at State Street Bank contain those funds. Upon settlement, these funds could be immediately transferred overseas.

45. Defendants KAMCO and Al-Raya have both liquidated their entire holdings of Textron common stock and received ill-gotten gains of approximately \$377,000 and \$147,000, respectively.

46. By reason of the foregoing, each of the Defendants has, directly and indirectly, violated Section 10(b) of the Exchange Act [15 U.S.C § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that the Court enter a judgment:

- (a) permanently enjoining Defendants from violating Section 10(b) of the Exchange Act or Rule 10b-5;
- (b) requiring Defendants to disgorge the ill-gotten gains obtained through the violations alleged herein and any other violative trading in the securities of Harman International or Textron during the relevant periods, with prejudgment interest;
- (c) requiring Defendants to pay a civil penalty; and
- (d) providing such other and further relief as may be appropriate.

Dated: July 23, 2009

Respectfully submitted,

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