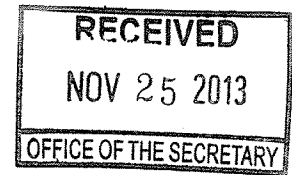


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-15580

In the matter of:

ANTHONY CHIASSON,

Respondent.

DECLARATION OF MATTHEW J. WATKINS

I, Matthew J. Watkins, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over 18 years old and a member of the bar of the State of New York.
2. I am employed as a Senior Counsel in the Division of Enforcement

("Division") at the New York Regional Office of the Securities and Exchange Commission ("Commission"). I make this declaration in support the Division's Motion for Summary Disposition against Respondent Anthony Chiasson.

3. Attached as exhibits to this Declaration are true and correct copies of the following documents:

Exhibit 1: the Superseding Indictment in *U.S. v. Todd Newman et al.*, S2 Cr 121 (RJS) (S.D.N.Y.), filed on August 28, 2012.

Exhibit 2: the Amended Judgment in a Criminal Case as to Defendant Anthony Chiasson, entered July 16, 2013, in *U.S. v. Todd Newman et al.*, S2 Cr 121 (RJS) (S.D.N.Y.).

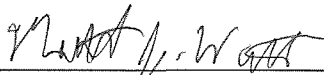
Exhibit 3: the Complaint in *Securities and Exchange Commission v. Spyridon Adondakis et al.*, 12 Civ. 0409 (S.D.N.Y.).

Exhibit 4: the Final Judgment against Anthony Chiasson, entered on October 4, 2013, by the U.S. District Court for the Southern District of New York in *Securities and Exchange Commission v. Spyridon Adondakis et al.*, 12 Civ. 0409 (S.D.N.Y.).

Exhibit 5: Defendant Anthony Chiasson's Answer in *Securities and Exchange Commission v. Spyridon Adondakis et al.*, 12 Civ. 0409 (S.D.N.Y.), filed March 26, 2012.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 22, 2013  
New York, New York

  
\_\_\_\_\_  
Matthew J. Watkins

1

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

----- x

UNITED STATES OF AMERICA :

-v.- :

SUPERSEDING  
INDICTMENT

TODD NEWMAN, :  
ANTHONY CHIASSON, and :  
JON HORVATH, :

S2 12 Cr. 121 (RJS)

Defendants. :

----- x

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The Grand Jury charges:

Relevant Entities and Individuals

1. At all times relevant to this Indictment, TODD NEWMAN, the defendant, was a portfolio manager at a hedge fund located in Stamford, Connecticut ("Hedge Fund A"). At all times relevant to this Indictment, Jesse Tortora ("Tortora"), a coconspirator not named as a defendant herein, was employed as an analyst at Hedge Fund A.

2. At all times relevant to this Indictment, ANTHONY CHIASSON, the defendant, was one of the founders of, and a portfolio manager at, a hedge fund located in New York, New York ("Hedge Fund B"). At all times relevant to this Indictment, Spyridon Adondakis, a/k/a "Sam Adondakis" ("Adondakis"), a coconspirator not named as a defendant herein, was employed as an analyst at Hedge Fund B.

3. At all times relevant to this Indictment, JON HORVATH, the defendant, was employed as an analyst at a hedge fund located in New York, New York ("Hedge Fund C").

4. At all times relevant to this Indictment, Dell, Inc. ("Dell"), a public company whose stock was traded on the Nasdaq Stock Market, produced personal computers and provided technology services around the world. Further, at all times relevant to this Indictment, Dell's policies prohibited the unauthorized disclosure of Dell's confidential information.

5. At all times relevant to this Indictment, NVIDIA Corporation ("NVIDIA"), a public company whose stock was traded on the Nasdaq Stock Market, produced, among other things, graphics processors. Further, at all times relevant to this Indictment, NVIDIA's policies prohibited the unauthorized disclosure of NVIDIA's confidential information.

#### The Insider Trading Scheme

6. From at least in or about late 2007 through in or about 2009, JON HORVATH, the defendant, along with Tortora, Adondakis, and others known and unknown, were analysts who worked at hedge funds and investment firms in New York, New York and elsewhere (the "Analyst Coconspirators"). The Analyst Coconspirators exchanged with each other material, nonpublic information ("Inside Information") obtained directly and indirectly from employees of certain publicly traded technology

companies ("Technology Companies"). The Analyst Coconspirators, in turn, provided the Inside Information they obtained from each other and from their own sources to the portfolio managers for whom they worked at their respective hedge funds and investment firms (the "Portfolio Manager Coconspirators"). The Portfolio Manager Coconspirators, including TODD NEWMAN and ANTHONY CHIASSON, the defendants, in turn, executed securities transactions based in whole or in part on the Inside Information the Analyst Coconspirators provided to them.

7. The Inside Information obtained by the Analyst Coconspirators, including JON HORVATH, the defendant, and passed to the Portfolio Manager Coconspirators, including TODD NEWMAN and ANTHONY CHIASSON, the defendants, and to others known and unknown, included information relating to the Technology Companies' earnings, revenues, gross margins, and other confidential and material financial information of the Technology Companies.

8. The Inside Information obtained by the Analyst Coconspirators, including JON HORVATH, the defendant, and passed to the Portfolio Manager Coconspirators, including TODD NEWMAN and ANTHONY CHIASSON, the defendants, and to others known and unknown was obtained in violation of: (i) fiduciary and other duties of trust and confidence owed by the employees of the Technology Companies to their employers; (ii) expectations of confidentiality held by the Technology Companies; (iii) written policies of the

Technology Companies regarding the use and safekeeping of confidential business information; and (iv) agreements between the Technology Companies and their employees to maintain information in confidence.

9. Specifically, in furtherance of the conspiracy, Tortora passed to TODD NEWMAN, the defendant, Inside Information pertaining to Technology Companies that Tortora had obtained from the Analyst Coconspirators and other sources. NEWMAN executed and caused others to execute transactions in the securities of certain Technology Companies based in whole or in part on the Inside Information, earning substantial sums in unlawful profits or illegally avoiding losses for the benefit of Hedge Fund A.

10. In furtherance of the conspiracy, Adondakis passed to ANTHONY CHIASSON, the defendant, Inside Information pertaining to Technology Companies that Adondakis had obtained from the Analyst Coconspirators and other sources. CHIASSON, either alone or together with one or more coconspirators at Hedge Fund B (the "Hedge Fund B Coconspirators"), executed and caused others to execute transactions in the securities of certain Technology Companies based in whole or in part on the Inside Information, earning substantial sums in unlawful profits or illegally avoiding losses for the benefit of Hedge Fund B.

11. In furtherance of the conspiracy, JON HORVATH, the defendant, passed the Inside Information he obtained from the

Analyst Coconspirators and other sources to the portfolio manager for whom he worked ("Portfolio Manager 1"), who in turn executed and caused others to execute transactions in the securities of certain Technology Companies based in whole or in part on the Inside Information, earning substantial sums in unlawful profits or illegally avoiding losses for the benefit of Hedge Fund C.

The Dell Inside Information

12. From in or about 2008 through in or about 2009, in advance of Dell's quarterly earnings announcements, Tortora provided Inside Information regarding Dell's financial condition, including Dell's gross margins (the "Dell Inside Information") to TODD NEWMAN and JON HORVATH, the defendants, and to Adondakis. Tortora obtained the Dell Inside Information from Sandeep Goyal, a/k/a "Sandy Goyal" ("Goyal"), a coconspirator not named as a defendant herein. Goyal, in turn, obtained the Dell Inside Information from an employee at Dell (the "Dell Insider").

13. At certain times, the Dell Insider worked in Dell's investor relations department, and had access to confidential financial information concerning Dell's quarterly earnings announcements before it was publicly announced. The disclosure by the Dell Insider of the Dell Inside Information in advance of Dell's public earnings announcements violated Dell's policies and the Dell Insider's duties of trust and confidence owed to Dell.

14. Hedge Fund A paid Goyal for information, including the Dell Inside Information, through a purported consulting arrangement with another individual ("Individual 1"). In 2008, Individual 1 received three payments of \$18,750 pursuant to this purported consulting arrangement, and a separate \$100,000 payment in or about January 2009. TODD NEWMAN, the defendant, approved this consulting arrangement and the payments to Individual 1 described herein.

May 29, 2008 Earnings Announcement

15. In advance of Dell's May 29, 2008 quarterly earnings announcement, the Dell Insider provided to Goyal, who, in turn, provided to Tortora, Inside Information concerning Dell's financial results for the quarter ended May 2, 2008. That Inside Information indicated, among other things, that gross margins would be higher than market expectations.

16. Tortora passed this Dell Inside Information to TODD NEWMAN, the defendant, in advance of Dell's May 29, 2008 quarterly earnings announcement. NEWMAN executed or caused to be executed transactions in securities of Dell based in whole or in part on the Dell Inside Information, resulting in an illegal profit for Hedge Fund A of approximately \$1 million.

17. Tortora also provided the Dell Inside Information concerning Dell's May 29, 2008 quarterly earnings announcement to Adondakis. Adondakis, in turn, provided the Dell Inside



Information to ANTHONY CHIASSON, the defendant, in advance of Dell's May 29, 2008 earnings announcement. CHIASSON, either alone or together with one or more coconspirators at Hedge Fund B, executed or caused to be executed transactions in securities of Dell based in whole or in part on the Dell Inside Information, resulting in an illegal profit for Hedge Fund B of approximately \$4 million.

August 28, 2008 Earnings Announcement

18. On multiple occasions in advance of Dell's August 28, 2008 quarterly earnings announcement, the Dell Insider provided to Goyal, who, in turn, provided to Tortora, Inside Information concerning Dell's financial results for the quarter ended August 1, 2008. That Inside Information indicated, among other things, that gross margins would be materially lower than market expectations.

19. Tortora passed this Dell Inside Information concerning Dell's August 28, 2008 earnings announcement to TODD NEWMAN, the defendant, who executed or caused to be executed transactions in securities of Dell based in whole or in part on the Dell Inside Information, resulting in an illegal profit for Hedge Fund A of approximately \$2.8 million.

20. Tortora also provided the Dell Inside Information concerning Dell's August 28, 2008 quarterly earnings announcement to Adondakis. Adondakis, in turn, provided the Dell Inside

Information to ANTHONY CHIASSON, the defendant. CHIASSON, either alone or together with one or more coconspirators at Hedge Fund B, executed or caused to be executed transactions in securities of Dell based in whole or in part on the Dell Inside Information, resulting in an illegal profit for Hedge Fund B of approximately \$53 million.

21. Tortora also provided the Dell Inside Information concerning Dell's August 28, 2008 quarterly earnings announcement to JON HORVATH, the defendant. HORVATH, in turn, provided the Dell Inside Information to Portfolio Manager 1. Portfolio Manager 1 executed or caused to be executed transactions in securities of Dell based in whole or in part on the Dell Inside Information, resulting in an illegal profit for Hedge Fund C of approximately \$1 million.

#### The NVIDIA Inside Information

22. At all times relevant to this Indictment, Danny Kuo, an Analyst Coconspirator not named as a defendant herein, was employed as an analyst at a wealth management company headquartered in Pasadena, California ("Investment Firm D"). In or about 2009, Kuo obtained Inside Information regarding NVIDIA's financial results, including NVIDIA's revenues and gross margins (the "NVIDIA Inside Information"); in advance of NVIDIA's quarterly earnings announcements. Kuo obtained the NVIDIA Inside Information from a friend ("Individual 2") who in turn obtained

the NVIDIA Inside Information from an employee at NVIDIA (the "NVIDIA Insider"). Kuo paid Individual 2 cash and other items of value in exchange for the NVIDIA Inside Information. Kuo passed this NVIDIA Inside Information to the portfolio manager at Investment Firm D for whom he worked ("Portfolio Manager 2") as well as to Tortora, Adondakis, and JON HORVATH, the defendant.

23. At certain times, the NVIDIA Insider worked in NVIDIA's finance department, and had access to confidential financial information concerning NVIDIA's quarterly earnings announcements before the information was publicly announced. The disclosure by the NVIDIA Insider of the NVIDIA Inside Information in advance of NVIDIA's public earnings announcements violated NVIDIA's policies and the NVIDIA Insider's duties of trust and confidence owed to NVIDIA.

May 7, 2009 Earnings Announcement

24. In advance of NVIDIA's May 7, 2009 quarterly earnings announcement, the NVIDIA Insider provided to Individual 2, who in turn provided to Kuo, Inside Information concerning NVIDIA's financial results for the quarter ended April 26, 2009. That Inside Information indicated, among other things, that gross margins would be lower than market expectations. Kuo provided this NVIDIA Inside Information to Portfolio Manager 2 as well as to Tortora, Adondakis, and JON HORVATH, the defendant.

25. Tortora, in turn, provided the NVIDIA Inside

Information to TODD NEWMAN, the defendant. NEWMAN executed or caused to be executed transactions in securities of NVIDIA in advance of NVIDIA's May 7, 2009 quarterly earnings announcement based in whole or in part on the NVIDIA Inside Information, resulting in an illegal profit for Hedge Fund A of at least \$48,000.

26. Adondakis, in turn, provided the NVIDIA Inside Information to ANTHONY CHIASSON, the defendant. CHIASSON executed or caused to be executed transactions in securities of NVIDIA in advance of NVIDIA's May 7, 2009 quarterly earnings announcement based in whole or in part on the NVIDIA Inside Information, resulting in an illegal profit for Hedge Fund B of approximately \$10 million.

27. JON HORVATH, the defendant, in turn provided the NVIDIA Inside Information to Portfolio Manager 1. Portfolio Manager 1 executed or caused to be executed transactions in securities of NVIDIA in advance of NVIDIA's May 7, 2009 quarterly earnings announcement based in whole or in part on the NVIDIA Inside Information, resulting in an illegal profit for Hedge Fund C of over \$400,000.

#### The Conspiracy

28. From in or about late 2007 through in or about 2009, in the Southern District of New York and elsewhere, TODD NEWMAN, ANTHONY CHIASSON, and JON HORVATH, the defendants, and

others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Section 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

29. It was a part and an object of the conspiracy that TODD NEWMAN, ANTHONY CHIASSON, and JON HORVATH, the defendants, and others known and unknown, 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

30. Among the means and methods by which TODD NEWMAN, ANTHONY CHIASSON, and JON HORVATH, the defendants, and others known and unknown, would and did carry out the conspiracy were the following:

a. The Analyst Coconspirators, including HORVATH, obtained Inside Information directly and indirectly from employees of public companies that had been disclosed by those employees in violation of fiduciary and other duties of trust and confidence that they owed to their employers.

b. The Analyst Coconspirators, including HORVATH, shared with each other Inside Information that they obtained directly or indirectly from public company employees.

c. The Analyst Coconspirators, including HORVATH, also provided the Inside Information they obtained directly or indirectly from public companies or from each other to their respective portfolio managers for the purpose of the portfolio managers' trading on that Inside Information. Thus, HORVATH provided the Inside Information that he obtained from both the Analyst Coconspirators and other sources to Portfolio Manager 1, Tortora provided the Inside Information that he obtained from both

the Analyst Coconspirators and other sources to NEWMAN, and Adondakis provided the Inside Information that he obtained from both the Analyst Coconspirators and other sources to CHIASSON.

d. NEWMAN executed and caused others to execute securities transactions for the benefit of Hedge Fund A in various Technology Companies based in whole or in part on the Inside Information provided by Tortora, knowing that the Inside Information had been disclosed by public company employees in violation of duties of trust and confidence owed to their employers.

e. CHIASSON, either alone or together with one or more coconspirators at Hedge Fund B, executed and caused others to execute securities transactions for the benefit of Hedge Fund B in various Technology Companies based in whole or in part on the Inside Information provided by Adondakis, knowing that the Inside Information had been disclosed by public company employees in violation of duties of trust and confidence owed to their employers.

#### Overt Acts

31. In furtherance of the conspiracy, and to effect the illegal object thereof, TODD NEWMAN, ANTHONY CHIASSON, and JON HORVATH, the defendants, and their coconspirators committed the following overt acts, among others, in the Southern District of New York and elsewhere:

- a. On or about May 12, 2008, Adondakis called CHIASSON's office telephone line in New York, New York.
- b. On or about May 16, 2008, Tortora and NEWMAN spoke by telephone.
- c. On or about August 5, 2008, Tortora sent emails to NEWMAN, HORVATH, Kuo, and Adondakis containing certain of the Dell Inside Information.
- d. On or about August 8, 2008, Adondakis discussed certain of the Dell Inside Information with CHIASSON in an office located in New York, New York.
- e. On or about August 18, 2008, Tortora spoke with HORVATH by telephone.
- f. On or about August 18, 2008, Tortora spoke to Kuo by telephone.
- g. On or about August 25, 2008, HORVATH sent an email to Portfolio Manager 1 containing certain of the Dell Inside Information.
- h. On or about August 27, 2008, CHIASSON participated in a telephone call routed through Hedge Fund B's office in New York, New York, with Adondakis and other coconspirators at Hedge Fund B in which certain of the Dell Inside Information was discussed.



i. On or about February 10, 2009, Kuo sent emails to Portfolio Manager 2, as well as to HORVATH, Tortora, and Adondakis containing Inside Information concerning NVIDIA.

j. On or about May 4, 2009, Kuo sent emails to Portfolio Manager 2, as well as to HORVATH, Tortora, and Adondakis containing Inside Information concerning NVIDIA.

k. On or about August 6, 2009, Kuo sent emails to Portfolio Manager 2, as well as to HORVATH, Tortora, and Adondakis, containing Inside Information concerning NVIDIA.

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

COUNTS TWO THROUGH FIVE

(Securities Fraud)

The Grand Jury further charges:

32. The allegations contained in paragraphs 1 through 27 and 30 through 31 are repeated and realleged as though fully set forth herein.

33. On or about the dates set forth below, in the Southern District of New York and elsewhere, TODD NEWMAN, the defendant, 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, NEWMAN executed and caused others to execute the securities transactions listed below based in whole or in part on material, nonpublic information:

COUNT	DATE	SECURITY	TRANSACTION
TWO	May 16, 2008	Dell, Inc.	purchase of 475,000 shares of common stock
THREE	August 5, 2008	Dell, Inc.	short sale of 180,000 shares of common stock
FOUR	August 15, 2008	Dell, Inc.	short sale of 350,000 shares of common stock
FIVE	April 27, 2009	NVIDIA Corporation	short sale of 375,000 shares of common stock

(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.)

COUNTS SIX THROUGH TEN

(Securities Fraud)

The Grand Jury further charges:

34. The allegations contained in paragraphs 1 through 27 and 30 through 31 are repeated and realleged as though fully set forth herein.

35. On or about the dates set forth below, in the Southern District of New York and elsewhere, ANTHONY CHIASSON, the defendant, 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, CHIASSON executed and caused others to execute the securities transactions listed below based in whole or in part on material, nonpublic information:

COUNT	DATE	SECURITY	TRANSACTION
SIX	May 12, 2008	Dell, Inc.	purchase of 3,500 call option contracts
SEVEN	August 11, 2008	Dell, Inc.	short sale of 100,000 shares of common stock
EIGHT	August 18, 2008	Dell, Inc.	short sale of 700,000 shares of common stock
NINE	August 20, 2008	Dell, Inc.	purchase of 7,000 put option contracts
TEN	May 4, 2009	NVIDIA Corporation	short sale of 1,000,000 shares of common stock

(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.)

COUNTS ELEVEN AND TWELVE

(Securities Fraud)

The Grand Jury further charges:

36. The allegations contained in paragraphs 1 through 27 and 30 through 31 are repeated and realleged as though fully set forth herein.

37. On or about the date set forth below, in the Southern District of New York and elsewhere, JON HORVATH, the defendant, 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, HORVATH provided material, nonpublic information to Portfolio Manager 1, who executed or caused others to execute the securities transactions listed below based in whole or in part on the information:

COUNT	DATE	SECURITY	TRANSACTION
ELEVEN	August 18, 2008	Dell, Inc.	short sale of at least 167,000 shares of common stock
TWELVE	May 5, 2009	NVIDIA Corporation	a swap transaction equivalent to a short sale of 160,000 shares of common stock

(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

38. As a result of committing one or more of the foregoing securities fraud offenses alleged in Counts One through Twelve of this Indictment, TODD NEWMAN, ANTHONY CHIASSON, and JON HORVATH, the defendants, 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.

Substitute Assets Provision

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

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 defendants 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.)

  
FOREPERSON

  
PREET BHARARA   
United States Attorney

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- v. -

TODD NEWMAN,  
ANTHONY CHIASSON, and  
JON HORVATH,

Defendants.

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SUPERSEDING  
INDICTMENT

S2 12 Cr. 121 (RJS)

(18 U.S.C. §§ 2, 371; Title 15, United  
States Code, Sections 78j(b) & 78ff;  
Title 17, Code of Federal Regulations,  
Sections 240.10b-5 and 240.10b5-2)

PREET BHARARA  
United States Attorney.

A TRUE BILL

  
Foreperson.

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA  
V.

ANTHONY CHIASSON

AMENDED JUDGMENT IN A CRIMINAL CASE

Case Number: S2 12 Cr. 121  
USM Number: 66258-054  
Reid Weingarten & Gregory Morvillo  
Defendant's Attorney

Date of Original Judgment: 5/13/2013  
(Or Date of Last Amended Judgment)

Reason for Amendment:

- Correction of Sentence on Remand (18 U.S.C. 3742(f)(1) and (2))
- Reduction of Sentence for Changed Circumstances (Fed. R. Crim. P. 35(b))
- Correction of Sentence by Sentencing Court (Fed. R. Crim. P. 35(a))
- Correction of Sentence for Clerical Mistake (Fed. R. Crim. P. 36)
- Modification of Supervision Conditions (18 U.S.C. §§ 3563(c) or 3583(e))
- Modification of Imposed Term of Imprisonment for Extraordinary and Compelling Reasons (18 U.S.C. § 3582(c)(1))
- Modification of Imposed Term of Imprisonment for Retroactive Amendment(s) to the Sentencing Guidelines (18 U.S.C. § 3582(c)(2))
- Direct Motion to District Court Pursuant to 28 U.S.C. § 2255 or 18 U.S.C. § 3559(c)(7)
- Modification of Restitution Order (18 U.S.C. § 3664)

THE DEFENDANT:

- pleaded guilty to count(s) \_\_\_\_\_
- pleaded nolo contendere to count(s) \_\_\_\_\_ which was accepted by the court.
- was found guilty on count(s) 1, 6-10 after a plea of not guilty.

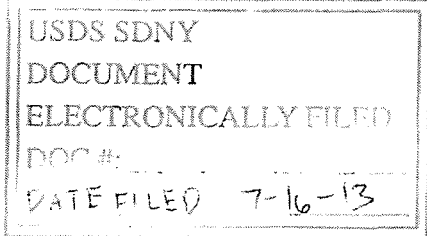
The defendant is adjudicated guilty of these offenses:

Title & Section	Nature of Offense	Offense Ended	Count
18 U.S.C. 371	Conspiracy to Commit Securities Fraud	12/31/2009	1
15 U.S.C. 78j(b) & 78ff	Securities Fraud	5/12/2008	6
15 U.S.C. 78j(b) & 78ff	Securities Fraud	8/11/2008	7

The defendant is sentenced as provided in pages 2 through 7 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- The defendant has been found not guilty on count(s) \_\_\_\_\_
- Count(s) from prior indictments  is  are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.



7/15/2013  
Date of Imposition of Judgment

[Signature]  
Signature of Judge  
Richard J. Sullivan U.S. District Judge  
Name and Title of Judge

7/15/2013  
Date





DEFENDANT: ANTHONY CHIASSON  
CASE NUMBER: S2 12 Cr. 121

**IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of :

78 months

The court makes the following recommendations to the Bureau of Prisons:

That Defendant be committed to the camp at FCI Otisville, or such other facility that is as close to the New York metropolitan area as possible, so that he may be close to his friends and family, including his wife, 9-year-old son, and 1-year-old daughter.

The defendant is remanded to the custody of the United States Marshal.

The defendant shall surrender to the United States Marshal for this district:

at \_\_\_\_\_  a.m.  p.m. on \_\_\_\_\_

as notified by the United States Marshal.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

before 2 p.m. on \_\_\_\_\_

as notified by the United States Marshal.

as notified by the Probation or Pretrial Services Office.

**RETURN**

I have executed this judgment as follows:

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_

at \_\_\_\_\_ with a certified copy of this judgment.

\_\_\_\_\_  
UNITED STATES MARSHAL

By \_\_\_\_\_  
DEPUTY UNITED STATES MARSHAL

DEFENDANT: ANTHONY CHIASSON  
CASE NUMBER: S2 12 Cr. 121

**SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of :

1 year

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable.)
- The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable.)
- The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

**STANDARD CONDITIONS OF SUPERVISION**

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment, or if such prior notification is not possible, then within five days after such change;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record, personal history, or characteristics and shall permit the probation officer to make such notifications and confirm the defendant's compliance with such notification requirement.

DEFENDANT: ANTHONY CHIASSON  
CASE NUMBER: S2 12 Cr. 121

**ADDITIONAL SUPERVISED RELEASE TERMS**

- 1) The Defendant shall provide the probation officer with access to any requested financial information.
- 2) The Defendant shall not incur new credit charges or open additional lines of credit without the approval of the probation officer.
- 3) The Defendant is to report to the nearest Probation Office within 24 of release from custody, or by the next business day if the Defendant is released on a weekend or holiday.
- 4) The Defendant shall be supervised in his district of residence.

DEFENDANT: ANTHONY CHIASSON  
 CASE NUMBER: S2 12 Cr. 121

**CRIMINAL MONETARY PENALTIES**

The defendant must pay the following total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 600.00	\$ 5,000,000.00	\$

The determination of restitution is deferred until \_\_\_\_\_. An Amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.

The defendant shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
TOTALS	\$ 0.00	\$ 0.00	

Restitution amount ordered pursuant to plea agreement \$ \_\_\_\_\_

The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

The court determined that the defendant does not have the ability to pay interest, and it is ordered that:

- the interest requirement is waived for  fine  restitution.
- the interest requirement for the  fine  restitution is modified as follows:

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: ANTHONY CHIASSON  
CASE NUMBER: S2 12 Cr. 121

**SCHEDULE OF PAYMENTS**

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

- A  Lump sum payment of \$ \_\_\_\_\_ due immediately, balance due
  - not later than \_\_\_\_\_, or
  - in accordance with  C,  D,  E, or  F below; or
- B  Payment to begin immediately (may be combined with  C,  D, or  F below); or
- C  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or
- D  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E  Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F  Special instructions regarding the payment of criminal monetary penalties:

Defendant shall pay the fine in full by August 13, 2013.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during the period of imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

\*\$1,382,217

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

12 CIV 0409

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George S. Canellos **JUDGE GARDEPHE**  
Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
3 World Financial Center, Suite 400  
New York, NY 10281-1022  
(212) 336-1100

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

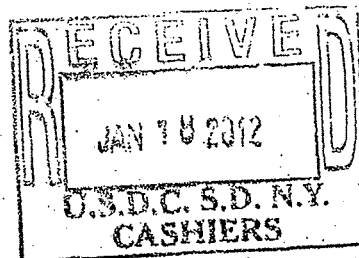
-against-

SPYRIDON ADONDAKIS,  
ANTHONY CHIASSON,  
SANDEEP GOYAL,  
JON HORVATH,  
DANNY KUO,  
TODD NEWMAN,  
JESSE TORTORA,  
DIAMONDBACK CAPITAL MANAGEMENT, LLC,  
and  
LEVEL GLOBAL INVESTORS, L.P.,

Defendants.

COMPLAINT

ECF CASE



Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendants Spyridon "Sam" Adondakis ("Adondakis"), Anthony Chiasson ("Chiasson"), Sandeep "Sandy" Goyal ("Goyal"), Jon Horvath ("Horvath"), Danny Kuo ("Kuo"), Todd Newman ("Newman"), Jesse Tortora ("Tortora"), Diamondback Capital Management, LLC ("Diamondback") and Level Global Investors, L.P. ("Level Global"), (collectively, "Defendants"), alleges as follows:

## SUMMARY

1. This case involves insider trading by members of a network of closely associated hedge fund traders who illegally obtained material nonpublic information concerning public companies Dell, Inc. ("Dell") and/or Nvidia Corporation ("Nvidia"), exchanged that information with others, and reaped massive profits from trading on that information.

### Insider Trading in the Securities of Dell

2. During at least 2008, a Dell insider (the "Dell Insider") passed material nonpublic information regarding Dell to defendant Goyal, an analyst at Investment Adviser A who previously worked at Dell. This material nonpublic information included quarterly earnings information and other performance data regarding Dell that Goyal obtained in advance of Dell's quarterly earnings announcements.

3. Goyal, in turn, passed this material nonpublic information to defendant Tortora, who at the time was an analyst at the investment adviser firm, defendant Diamondback. At various times, Goyal informed Tortora that the material nonpublic information that Goyal was providing came from a source inside Dell.

4. Tortora passed the material nonpublic information that he received from Goyal to defendant Newman, the portfolio manager at Diamondback to whom Tortora reported, and informed Newman that the information had come from a source inside Dell. Newman used the inside information he received from Tortora to trade Dell securities on behalf of hedge funds managed by Diamondback, reaping approximately \$3.8 million in profits for those funds during 2008.



5. Tortora and Newman paid Goyal for providing material nonpublic information regarding Dell by arranging for Diamondback to direct soft dollar payments<sup>1</sup> totaling at least \$175,000 to a brokerage account in the name of a nominee of Goyal. These payments were arranged by Tortora and approved by Newman.

6. Tortora also passed the Dell inside information that he received from Goyal to at least three individuals at other investment adviser firms with whom Tortora regularly shared information: (i) defendant Adondakis, an analyst at defendant Level Global; (ii) defendant Horvath, an analyst at Hedge Fund A; and (iii) defendant Kuo, a vice-president and fund manager at Investment Adviser B.

7. After receiving the Dell information from Tortora, Adondakis provided the information to defendant Chiasson, one of Level Global's two founding partners. Adondakis informed Chiasson that the Dell information had originated from a source inside Dell. Chiasson caused Level Global's hedge funds to trade Dell securities based on the tips he received from Adondakis, thereby causing Level Global's hedge funds to reap profits totaling approximately \$57 million in 2008.

8. In addition, soon after Horvath received the Dell inside information from Tortora – in some instances just minutes after Tortora passed the information to Horvath – Horvath communicated with the portfolio manager at Hedge Fund A to whom he reported and the portfolio manager then executed trades in Dell securities that were

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<sup>1</sup> “Soft dollars” are created when an investment firm causes its trading activity to be directed through a designated broker-dealer, and, in return, the broker-dealer credits the investment firm with a portion of the commissions or fees from the executed trading activity. These credits can then be used to pay for goods and services consumed by the investment firm, such as third-party research. The investment firm can direct the broker-dealer to pay a third-party research consultant directly (thereby utilizing the soft dollar credits it has accumulated with the broker-dealer).

consistent with the information that Tortora provided to Horvath. Those trades resulted in approximately \$1.4 million in profits for Hedge Fund A in 2008.

9. Finally, Kuo, upon receiving the Dell inside information from Tortora, directly or indirectly caused a hedge fund managed by Investment Adviser B to execute trades in Dell securities that were consistent with the information that Tortora provided, and which resulted in over \$180,000 in profits and losses avoided for Investment Adviser B's hedge fund in 2008.

#### **Insider Trading in the Securities of Nvidia**

10. In addition to engaging in insider trading in Dell securities, at least five of the seven individual defendants and both investment adviser firm defendants obtained material nonpublic information concerning the public company Nvidia, and traded on the basis of that information and/or passed the information on to others who traded.

11. During at least 2009, Kuo obtained material nonpublic information concerning Nvidia's calculation of its revenues, gross profit margins and other financial metrics prior to the company making these figures public in its quarterly earnings announcements. In addition to using this information for the benefit of his employer, Investment Adviser B, Kuo also passed the information to other investment professionals with whom he regularly shared information including Adondakis and Tortora.

12. After receiving the information from Kuo, Adondakis passed the information to his superior, Chiasson, who used the information to trade Nvidia securities on behalf of Level Global hedge funds. Similarly, Tortora passed the information to his superior, Newman, who used the information to trade Nvidia securities on behalf of Diamondback hedge funds.

13. In April and May 2009, for example, Kuo obtained and forwarded material nonpublic information concerning Nvidia's first quarter financial results in advance of the company's quarterly earnings announcement on May 7, 2009. Trading on the basis of that information, Level Global's hedge funds reaped profits and avoided losses of at least \$15.6 million, a hedge fund managed by Investment Adviser B reaped profits and avoided losses of at least \$90,000, and Diamondback's hedge funds reaped profits of at least \$73,000.

#### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

14. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d)]. The Commission seeks permanent injunctions against each of the defendants, enjoining them from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint, and disgorgement of ill-gotten gains or losses avoided from the unlawful insider trading activity set forth in this Complaint, together with prejudgment interest. The Commission also seeks civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]. The Commission seeks any other relief the Court may deem appropriate pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)].

#### **JURISDICTION AND VENUE**

15. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and

Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

16. Venue lies in this Court pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)], and Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Southern District of New York. Defendants Diamondback and Level Global have offices in New York, New York; defendants Tortora, Adondakis and Chiasson resided and worked in New York, New York at all times relevant to this action; defendant Horvath currently resides in New York, New York and worked in New York, New York at all times relevant to this action; and defendant Goyal works in New York, New York. Many of the communications described herein took place while at least one of the parties to the communication was physically located in New York, New York.

#### DEFENDANTS

17. **Adondakis**, age 40, resides in Santa Monica, California. From 2006 until 2010, Adondakis resided in New York, New York and worked as an analyst at Level Global. From 2002 to 2006, he worked as a research analyst at Prudential Equity Group ("Prudential") in San Francisco, California. Adondakis has held Series 7, 63, 65, 86 and 87 licenses.

18. **Chiasson**, age 38, resides in New York, New York. Chiasson is a founding partner at Level Global. During the relevant time period, he served as the firm's Director of Research and the Sector Head of the technology, media and telecommunications sector, and also had authority to execute trades for the hedge funds

managed by Level Global. Chiasson previously held Series 7 and 63 licenses, which he obtained while employed at Credit Suisse First Boston Corporation.

19. **Goyal**, age 39, resides in Princeton, New Jersey. Since July 2007, Goyal has worked as an analyst for Investment Adviser A. In 2006 and 2007, Goyal worked as a research analyst at Prudential in San Francisco, California. While at Prudential, he held Series 7, 63, and 87 licenses. Immediately prior to working at Prudential, Goyal worked as a manager of corporate planning at Dell for approximately three years.

20. **Horvath**, age 42, resides in New York, New York. During the relevant time period, Horvath was a technology research analyst at Hedge Fund A. Horvath previously held Series 7 and 63 licenses, which he obtained while employed at Lehman Brothers in San Francisco.

21. **Kuo**, age 36, resides in San Marino, California. Kuo has been a vice-president and fund manager at Investment Adviser B since 2008. Kuo previously held a Series 7 license, which he obtained while employed at Merrill Lynch in San Francisco, and a Series 63 license, which he obtained while employed at J.P. Morgan Securities, Inc.

22. **Newman**, age 47, resides in Needham, Massachusetts. Newman was a portfolio manager at Diamondback from March 2006 through January 2011. Newman previously held a Series 7 license which he obtained while employed at Merrill Lynch in New York, as well as a Series 63 license which he obtained while employed at Freedom Capital in Boston.

23. **Tortora**, age 34, resides in Pembroke Pines, Florida. From late 2007 until early 2010, Tortora worked as an analyst at Diamondback. Prior to working at Diamondback, Tortora was a research analyst at Prudential in San Francisco, California

from 2004 to mid-2007. While at Prudential, Tortora held Series 7, 63, 86, and 87 licenses.

24. **Diamondback** is an investment adviser based in Stamford, Connecticut. Diamondback has been registered with the Commission since January 2006 and serves as adviser to hedge funds with approximately \$4 billion worth of assets under management.

25. **Level Global** is an unregistered investment adviser located in Greenwich, Connecticut and New York, New York that managed hedge funds with approximately \$4 billion worth of assets in 2010.

#### RELEVANT ENTITIES

26. **Dell** is a Delaware corporation headquartered in Round Rock, Texas. Dell develops and sells computers and related products and services. Dell's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock is traded on the NASDAQ under the symbol "DELL."

27. **Nvidia** is a Delaware corporation headquartered in Santa Clara, California. Nvidia develops and sells graphics processors used in smart phones, tablets, video game systems, and other computing devices. Nvidia's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock is traded on the NASDAQ under the symbol "NVDA."

28. **Investment Adviser A** is a registered investment adviser based in New York, New York.

29. **Investment Adviser B** is an unregistered investment adviser based in South Pasadena, California and Reno, Nevada.

30. **Hedge Fund A** is an unregistered investment adviser based in New York, New York.

### FACTS

#### INSIDER TRADING IN THE SECURITIES OF DELL

31. During at least 2008, the Dell Insider regularly provided material nonpublic information concerning Dell's quarterly financial results to Goyal, an analyst at Investment Adviser A.

32. Goyal, who previously worked at Dell, was friends with the Dell Insider and during the period that the Dell Insider was providing Goyal with inside information about Dell, the Dell Insider sought and received career advice from Goyal.

33. The Dell Insider provided Goyal with material nonpublic financial performance metrics including Dell quarterly revenues and gross margins. The Dell Insider provided these figures to Goyal before the company made them public at its quarterly earnings announcements.

34. The Dell Insider's provision of this information to Goyal was in clear violation of the Dell Code of Conduct, which specifically prohibits "using any material inside information about Dell or any other company (such as [a] supplier or vendor) to trade any stock," and also prohibits "provid[ing] 'tips' or shar[ing] material inside information with any other person who might trade the stock."

35. Goyal passed the information that he received from the Dell Insider to his friend Tortora, an analyst at Diamondback.

36. In exchange for Goyal providing material nonpublic information regarding Dell, Tortora and his supervisor Newman arranged for Diamondback to make soft dollar

payments totaling at least \$175,000 to a brokerage account maintained by a nominee of Goyal. Goyal's nominee never performed any services for Diamondback that would warrant soft-dollar payments by Diamondback.

37. After receiving the Dell information from Goyal, Tortora passed the information to Newman and informed Newman that the Dell information originated from a Dell insider.

38. After receiving the Dell information from Tortora, Newman used this material nonpublic information to trade Dell securities on behalf of Diamondback hedge funds and reaped profits totaling approximately \$3.8 million.

39. Tortora also passed the information to Adondakis, Horvath and Kuo, with whom Tortora regularly exchanged information regarding various technology companies.

40. After receiving the Dell information from Tortora, Adondakis passed the information to Chiasson, one of his superiors at Level Global. Chiasson and others at Level Global used that information to reap huge profits for Level Global hedge funds by trading Dell securities around the time of two of the company's quarterly earnings announcements. During 2008, hedge funds managed by Level Global reaped approximately \$57 million in profits from trading Dell securities on the basis of the inside information that originated from the Dell Insider.

41. Similarly, the employers of Horvath and Kuo also profited from the Dell inside information provided by Tortora. Horvath's employer, Hedge Fund A, and Kuo's employer, Investment Adviser B, executed trades in Dell based upon the information that Horvath and Kuo received from Tortora. In the days surrounding two separate quarterly announcements by Dell in 2008, these trades generated \$1.4 million in profits for Hedge



Fund A and \$180,000 in profits and losses avoided for a hedge fund managed by Investment Adviser B.

**Dell's First Quarter 2008 Earnings Announcement**

42. In the weeks leading up to Dell's May 29, 2008 announcement of its first quarter financial results (the three-month period from February 2, 2008 to May 2, 2008), the Dell Insider had several telephone calls with Goyal in which the Dell Insider provided Goyal with material nonpublic information. Beginning in at least early May, as Dell was in the initial stages of computing its financial results, the Dell Insider provided Goyal with preliminary estimates of the company's revenues and gross profit margin. Over time, as the company got closer to finalizing its earnings report, the information that the Dell Insider provided to Goyal became more precise.

43. Soon after each of Goyal's calls with the Dell Insider, Goyal called Tortora and passed along the information that the Dell Insider had provided. And soon after speaking with Goyal, Tortora passed the information along to Newman, Adondakis, Horvath, and Kuo.

44. On the evening of Monday, May 5, 2008, the Dell Insider passed to Goyal material nonpublic information concerning Dell's first quarter results during a 71-minute phone call. Approximately two minutes later, Goyal placed a call to Tortora, and then called Tortora again about one hour later. After checking his voicemail, Tortora telephoned Goyal and the two spoke for 17 minutes.

45. The next morning, May 6, 2008, Tortora placed phone calls to Newman (8 minutes) and Adondakis (10 minutes). In each of those calls, Tortora passed along the estimates of Dell's first quarter results that Tortora had received from Goyal the night

before (and which Goyal had received from the Dell Insider). Tortora also indicated to Newman and Adondakis that the information he was passing to them came from a source within Dell.

46. Later that day, Tortora placed phone calls to Horvath (11 minutes) and Kuo (4 minutes) and passed along to them the same information regarding Dell that Tortora had shared with Newman and Adondakis that morning.

47. Kuo's employer, Investment Adviser B, purchased 3,600 shares of Dell on behalf of a hedge fund that it managed in the two consecutive days after Tortora spoke to Kuo on May 6, 2008.

48. On the evening of May 11, 2008, Goyal and the Dell Insider had a 32-minute phone call. During that call, the Dell Insider provided updated details about Dell's first quarter results. Approximately one minute after that call ended, Goyal telephoned Tortora. About 15 minutes later, Goyal and Tortora had a 24-minute call in which Goyal provided Tortora with the information he had just received from the Dell Insider.

49. At 7:10 the next morning, May 12, Tortora spoke to Horvath via telephone for 14 minutes, passing along the information regarding Dell that Tortora had received from Goyal. About nine minutes later, Horvath telephoned the portfolio manager at Hedge Fund A to whom Horvath reported, and the two spoke for ten minutes. The next day, May 13, the portfolio manager at Hedge Fund A to whom Horvath reported purchased 1,000 Dell call options<sup>2</sup> with a strike price of \$20 on behalf of Hedge Fund A.

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<sup>2</sup> A call option is a financial contract between two parties that gives the buyer the right, but not the obligation, to buy an agreed quantity of stock during a specified time period for a specified price, known as the strike price. A buyer pays a fee, or premium, to

50. At 8:46 am on May 12, Tortora emailed Adondakis saying that he wanted to “catch up on Dell.” Eight minutes after Tortora sent that email, Adondakis called Tortora and they spoke for 14 minutes. The two spoke again about an hour later (for 8 minutes). During these calls, Tortora and Adondakis discussed the information regarding Dell that Tortora had received from Goyal the previous night. Two hours after Adondakis’s second call with Tortora, Adondakis called Chiasson and they spoke for 13 minutes. Later that day, Level Global funds purchased 3,500 Dell call options.

51. At 12:12 pm on May 12, 2008, Kuo sent an instant message to Tortora asking if there were “any positives out of dell recently?” Tortora responded that he would call Kuo with an update. Later that day, Tortora telephoned Kuo and during this 14-minute telephone call, Tortora provided Kuo with the Dell inside information he had obtained from Goyal. The next day, Kuo’s employer, Investment Adviser B, bought 1,300 shares of Dell stock on behalf of a hedge fund that it managed.

52. Goyal had another call with the Dell Insider on the evening of May 15, 2008. Minutes after completing his call with the Dell Insider, Goyal telephoned Tortora and provided Tortora with the Dell inside information that Goyal had just received. The following morning, Tortora spoke with Adondakis, Horvath and Newman and conveyed the Dell inside information to them.

53. On the morning of Friday, May 16, 2008, Goyal and Tortora had a brief email exchange in which they agreed that the numbers received from the Dell Insider indicated that Dell’s earnings per share of common stock (“EPS”) for the first quarter would be three cents above the then-current consensus among Wall Street analysts.

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purchase this right. A buyer of a call option generally stands to gain if the price of the stock increases.

54. Minutes after that email exchange, Tortora called Newman and the two spoke for two minutes. During that call, Tortora passed along the information he had received from Goyal regarding Dell, as well as his observation that – based on the inside information received from Goyal – Dell’s first quarter EPS would exceed analyst expectations.

55. Approximately 30 minutes after Tortora’s call with Newman, the Diamondback portfolio controlled by Newman began purchasing shares of Dell. Newman caused Diamondback’s hedge funds to purchase 250,000 shares of Dell stock over the next 23 minutes and an additional 225,000 shares later that day. By the end of that trading day, Diamondback hedge funds for which Newman had trading authority had purchased 475,000 shares of Dell (valued at over \$10 million at the market close).

56. Five minutes after emailing with Goyal on May 16, 2008, Tortora called Adondakis at work and passed along the Dell inside information he had received from Goyal. Adondakis, in turn, conveyed this information to Chiasson, one of his superiors at Level Global. Adondakis informed Chiasson that this information had originated from a Dell insider.

57. Approximately fourteen minutes after the end of Adondakis’s call with Tortora, Level Global hedge funds began purchasing Dell stock, obtaining 750,000 shares (worth approximately \$15.5 million) by the end of the day.

58. In the weeks leading up to Dell’s first quarter earnings announcement, two Level Global hedge funds amassed more than 1.7 million shares of Dell stock, as well as call options to buy additional Dell shares, in anticipation of Dell announcing its better-than-expected first quarter performance.

59. On the afternoon of Friday, May 16, 2008, Tortora sent an instant message to Kuo instructing Kuo to call Tortora's cell phone. Kuo telephoned Tortora immediately and during the ensuing call Tortora passed the updated Dell inside information to Kuo. During the next three trading days, May 19, May 20, and May 21, a hedge fund managed by Investment Adviser B purchased 5,000 shares of Dell.

60. On May 28, 2008 (the day before Dell's earnings release), Goyal spoke to the Dell Insider and received a final update regarding Dell's first quarter performance. Consistent with prior tips, the information indicated that Dell's first quarter earnings per share would surpass analysts' expectations. Minutes after completing his call with the Dell Insider, Goyal called Tortora and passed the Dell Insider's updated information to him. The next morning, May 29, Tortora spoke with Adondakis, Horvath and Newman by telephone and passed the information to them.

61. Approximately 45 minutes after Tortora spoke with Horvath, the Hedge Fund A portfolio manager to whom Horvath reported sold the Dell call options with a strike price of \$20 that he had purchased on behalf of Hedge Fund A on May 13, netting profits of over \$126,000, and staked a more aggressive long position by purchasing 1,750 Dell call options with a strike price of \$22. Later that day, the same portfolio manager also bought 1,000 Dell call options with a strike price of \$21 on behalf of Hedge Fund A.

62. After market close on May 29, 2008, Dell announced its first quarter financial results. The company reported adjusted earnings of \$0.38 per share, a number which – as Goyal's inside information had indicated – substantially exceeded analysts' consensus estimate of \$0.34 per share. The next day, Dell's share price, which had

closed at \$21.81 just before the announcement, increased more than 5 percent to a close at \$23.06.

63. In the days that followed, the Level Global hedge funds sold their Dell shares and option contracts and reaped over \$4 million in trading profits.

64. The increase in Dell's share price after the announcement also yielded significant profits for Diamondback hedge funds, as Newman sold the long position in Dell that he had acquired on behalf of the Diamondback funds. In total, between May 7 and June 3, 2008, Newman realized for Diamondback's hedge funds profits of approximately \$1 million from his trades in Dell based on the material nonpublic information he received from Tortora.

65. After Dell announced its first quarter earnings, Hedge Fund A sold its Dell options positions. Including the approximately \$126,000 in profits that Hedge Fund A made readjusting its options positions on May 28, it realized profits of approximately \$430,000.

66. Approximately 40 minutes after Dell's May 29, 2008 earnings announcement, Kuo sent an instant message to Tortora saying "nice call on Dell." A hedge fund managed by Investment Adviser B reaped at least \$103,000 in profits trading Dell securities around the May 29 announcement.

#### **Dell's Second Quarter 2008 Earnings Announcement**

67. The Dell Insider once again provided Goyal with inside information concerning Dell's revenues and gross profit margin in advance of the company's August 28, 2008 announcement of its financial results for its second quarter (the period from May 3, 2008 to August 1, 2008).

68. Goyal began receiving this information no later than July 2, 2008. As in the prior quarter, Goyal received updates as the company revised its calculations in the weeks leading up to the announcement of quarterly results.

69. Goyal provided the Dell inside information to Tortora, who passed it to Newman, Adondakis, Horvath, and Kuo.

70. On the evening of August 4, 2008, during a 40-minute telephone call between the Dell Insider and Goyal, the Dell Insider provided Goyal with updated inside information concerning Dell's second quarter financial results. Early the following morning, Goyal telephoned Tortora and the two spoke for approximately ten minutes. During this call, Goyal communicated to Tortora the inside information he had received from the Dell Insider.

71. While he was still on the phone with Goyal, Tortora sent an email to Newman that conveyed the inside information he had just received from Goyal — including Dell's calculation of its revenues and gross margin. Shortly afterwards, Tortora forwarded to Adondakis, Horvath, and Kuo the email he had sent to Newman.

72. Among other information, Tortora's email conveyed that Dell's then-current calculation of its gross profit margin for the second quarter was 17.5 percent, which was significantly worse than the 18.3 percent figure that analysts were expecting at that time.

73. One minute after receiving Tortora's email, Newman responded by sending Tortora an instant message asking if "the dell [information was] from sandy?" and Tortora replied that it was.

74. On August 5, 2008, shortly after Adondakis received the email from Tortora concerning Dell's gross margin, Adondakis passed this information to Chiasson, who directed Adondakis to estimate the impact of the worse-than-expected gross margin figure on the price of Dell's stock.

75. After presenting his analysis to Chiasson and at least one other person at Level Global, Adondakis sent an email to Chiasson and other Level Global employees stating that Dell's gross margin would likely cause the price of the company's stock – which was trading at approximately \$25 per share – to drop approximately 20% and suggested that Level Global “use the pending GM data” (*i.e.*, the updated inside information that Adondakis expected to continue to receive from Tortora) to adjust Level Global's short position in advance of Dell's quarterly earnings announcement.

76. On the evening of August 14, 2008, the Dell Insider placed a fifty-minute telephone call to Goyal and passed Goyal material nonpublic information, including that Dell's second quarter gross margin was still expected to be lower than analysts were predicting.

77. The following morning, August 15, a telephone number associated with Goyal's office at Investment Adviser A placed a call to Tortora's mobile phone that lasted for approximately three minutes. At approximately 2:00 pm that afternoon, Tortora spoke with Goyal again. Approximately one hour later, the Diamondback portfolio controlled by Newman shorted Dell stock.<sup>3</sup> Newman shorted a total of 325,000 shares on behalf of Diamondback hedge funds between 3:13 pm and the close of trading.

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<sup>3</sup> “Shorting” or “short selling” is the practice of selling a security that one does not own, but rather has arranged to borrow from a third party, with the intention of purchasing (also called “covering”) the security at a later date. A short seller stands to gain if the



78. On the next trading day, Monday, August 18, 2008, Tortora passed the update concerning Dell's disappointing gross margin results to Adondakis, Horvath and Kuo.

79. On August 18 at approximately 9:13 am, Tortora telephoned Adondakis (who was in California with Chiasson attending business meetings) and spoke to him for 18 minutes. Later that day, Chiasson sent an email to a trader at Level Global instructing him to short Dell stock. By the close of trading, Level Global hedge funds had shorted 700,000 shares of Dell.

80. The following day, August 19, Chiasson continued to build Level Global's short position in Dell, including by purchasing Dell put options.<sup>4</sup>

81. At approximately 12:09 pm on August 18, Tortora telephoned Kuo and spoke to him for approximately three minutes, then immediately called him again at 12:12 pm and spoke for another 3 minutes. During these calls, Tortora passed the updated information concerning Dell's worse-than expected results to Kuo. About fifteen minutes after this second call, a hedge fund managed by Kuo's employer, Investment Adviser B, sold 9,300 shares of Dell stock (approximately one-third of its total position).

82. At approximately 12:20 pm on August 18, Tortora spoke to Horvath via telephone for approximately 10 minutes and passed the updated inside information concerning Dell's worse-than-expected results to Horvath. About three minutes after that

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price of the security declines between the short sale and the purchase because the short seller has sold the security at a price that is greater than the purchase price.

<sup>4</sup> A put option is a financial contract between two parties that gives the buyer the right, but not the obligation, to sell an agreed quantity of stock during a specified time period at a specified price. As with a call option, a buyer pays a premium to purchase this right. A buyer of a put option generally stands to gain if the price of the stock decreases.

call, Horvath telephoned the Hedge Fund A portfolio manager to whom he reported, and spoke to him for two minutes. One minute after that call ended, Hedge Fund A began selling Dell stock short, amassing a Dell short position of 167,368 shares by the end of the day.

83. On the evening of August 24, 2008, Goyal received another update from the Dell Insider. The following day, August 25, Goyal placed a telephone call to Tortora. During this call, which lasted approximately two minutes, Goyal informed Tortora that Dell was still planning to announce a worse-than-expected gross margin.

84. Approximately 20 minutes after that call, Tortora sent an email to Adondakis, Horvath, and Kuo indicating that Tortora had done a new "dell check" and that it was the "same as before" and sounded bad for Dell.

85. Later that day, Adondakis placed a short telephone call to Chiasson's mobile phone.

86. The following morning, August 26, 2008, Adondakis had a more lengthy telephone conference call with Chiasson and another Level Global employee during which the three of them discussed the updated inside information that Adondakis had received from Tortora. Immediately after that telephone call, Chiasson sent an email to another Level Global portfolio manager stating: "our call [on the dell gross margin] is 17.5ish . . . ." Later that day, Chiasson sent an instant message to the same Level Global portfolio manager and indicated that another hedge fund investor who also had sources at Dell was also expecting Dell to announce a worse-than-expected gross margin figure.

87. On August 27, 2008, the day before Dell announced its second quarter financial results, Adondakis, Chiasson and at least one other Level Global portfolio

manager participated in a forty-minute telephone call during which Adondakis conveyed the latest inside information that he had received concerning Dell's gross margin and the group discussed this updated inside information.

88. After the close of trading on August 28, 2008, Dell announced its second quarter financial results. Its announcement of a gross margin of 17.2 percent was substantially worse than the 18.4 percent that analysts had expected just prior to the announcement. The following day, Dell's share price dropped more than 13 percent, from \$25.21 at the close of trading on August 28, 2008 to \$21.73 at the close of trading on August 29.

89. Minutes after Dell's disappointing announcement, Kuo sent an instant message to Tortora stating: "nice call on Dell."

90. In the weeks leading up to Dell's second quarter earnings announcement, Goyal's tippers had caused their funds to short Dell and/or sell the long positions that they had previously accumulated.

91. Between July 8, 2008 and August 28, 2008, Level Global hedge funds accumulated a net short position in Dell stock of 8.6 million shares and added to this short position by purchasing put options to sell additional shares of Dell stock.

92. Between July 3 and August 28, Newman caused the Diamondback funds he controlled to amass a short position of 700,000 shares and to add to this short position by purchasing put options to sell additional shares.

93. Between August 18 and August 28, the Hedge Fund A portfolio manager to whom Horvath reported, established a Dell short position of approximately 150,000

shares on behalf of Hedge Fund A and added to this short position by purchasing put options to sell additional shares and by short-selling Dell call options.

94. Between July 8 and August 28, a hedge fund managed by the investment adviser for whom Kuo worked, Investment Adviser B, sold approximately 28,500 shares of Dell stock or 75 percent of its preexisting Dell position.

95. In the weeks following the announcement, the Level Global hedge funds that had established Dell short positions (in equity and/or options) based on the Dell Insider's information closed these positions and reaped over \$53 million in profits.

96. The Diamondback hedge funds managed by Newman also reaped significant profits from the drop in Dell's share price as Newman closed out his short position. In total, the Diamondback funds reaped approximately \$2.8 million in profits from Newman's trading in Dell shares and options from August 5 to September 4, 2008, all of which was based on material nonpublic information that Newman obtained from Tortora.

97. The Hedge Fund A portfolio to which Horvath was assigned realized profits of approximately \$1 million from trading Dell equities and options based on the material nonpublic information that Horvath obtained from Tortora.

98. A hedge fund managed by Kuo's employer, Investment Adviser B, avoided approximately \$78,000 in losses by selling most of its Dell holdings in advance of the company's announcement of its disappointing second quarter results.

#### **INSIDER TRADING IN THE SECURITIES OF NVIDIA**

99. In addition to engaging in insider trading in the securities of Dell, defendants Kuo, Adondakis, Tortora, Newman, Chiasson, and Diamondback and Level

Global obtained material nonpublic information concerning the publicly traded company Nvidia and either traded on the basis of that information or passed the information on to others who traded.

100. During at least 2009, Kuo obtained material nonpublic information concerning Nvidia's calculation of its revenues, gross profit margins and other important financial metrics before the company made these figures public in its quarterly earnings announcements. As was the case with the information that Goyal obtained from the Dell Insider, Kuo sometimes received not just one but a series of tips — with ever improving accuracy and reliability — as Nvidia finalized its financial results for a given quarter and prepared to publicly report them.

101. In April and May 2009, for example, Kuo obtained and forwarded material nonpublic information concerning Nvidia's financial performance for the first quarter of the company's 2010 fiscal year — a period running from January 26, 2009 to April 26, 2009 — in advance of the company's earnings announcement on May 7, 2009. Trading on the basis of that inside information, hedge funds managed by Diamondback, Level Global, and Investment Adviser B realized profits and avoided losses of more than \$15.8 million.

102. In early April 2009, Kuo obtained material nonpublic information concerning Nvidia's first quarter financial performance, including the company's preliminary calculations of its overall revenue and gross profit margin. These early tips indicated that the company might announce a first quarter gross profit margin that was substantially worse than Wall Street analysts were expecting. Based on this information,

a hedge fund managed by Investment Adviser B sold 4,000 shares of Nvidia stock on April 15 and an additional 5,000 shares on April 20, 2009.

103. On or about the morning of April 27, 2009, Kuo obtained an update concerning Nvidia's financial performance and sent an email to Adondakis, Tortora, and others in which he summarized the inside information he had received. Among other metrics, Kuo reported that the company was expecting to report a gross profit margin of approximately 30 percent, which was substantially lower than analysts' then-current consensus of approximately 35 percent.

104. Within three minutes of receiving Kuo's April 27 email, Tortora forwarded the email to Newman. Less than four minutes later, the Diamondback portfolio controlled by Newman initiated a short position in Nvidia stock, betting that the price of the stock would go down.

105. Less than eight minutes after receiving Kuo's April 27 email, Adondakis sent an email to Chiasson advising him of Nvidia's worse-than-expected first quarter gross margin. Less than seven minutes later, Chiasson caused two Level Global hedge funds to start selling Nvidia stock. By the close of trading on April 27, the two Level Global hedge funds had sold all of their Nvidia holdings — this amounted to a sale of more than \$32.7 million worth of Nvidia securities.

106. As Nvidia's quarterly earnings announcement approached, Kuo obtained and relayed updates concerning the revenue and gross margin numbers the company would report. On May 4, Kuo emailed Adondakis, Tortora and others to advise them that his source had stated that Nvidia would report first quarter revenues of "around \$668

million” and was still planning to report a worse-than-expected gross profit margin of 30 percent.

107. Based on this May 4 update, a hedge fund managed by Investment Adviser B sold approximately 29,000 shares of Nvidia stock between May 5 and May 7 and established a short position in advance of the quarterly earnings announcement on the evening of May 7.

108. Within 45 minutes of receiving Kuo’s May 4 email, Adondakis informed Chiasson of the updated inside information and Chiasson caused Level Global’s hedge funds to start shorting Nvidia stock. By the time of Nvidia’s earnings announcement on May 7, Level Global hedge funds had acquired a short position in Nvidia stock of approximately 3.9 million shares.

109. Trading on the basis of the inside information that Tortora received from Kuo on April 27 and May 4, Newman established a short position in Nvidia stock. By the time of the company’s May 7 earnings announcement, Diamondback hedge funds controlled by Newman held a short position in Nvidia of approximately 70,000 shares.

110. After the close of trading on May 7, Nvidia announced its first quarter financial results including a gross profit margin of 30.6%. The gross margin number fell substantially short of analysts’ consensus estimate of 35%. On May 8, the day after the announcement, Nvidia stock, which had closed at \$10.73 per share on May 7, fell as low as \$9.11 and closed at \$9.25.

111. On May 8, Newman closed the short position he had established for Diamondback’s hedge funds based on material nonpublic information that Kuo passed to

Tortora. Diamondback hedge funds realized profits of approximately \$73,000 trading on the basis of this information between April 27 and May 8.

112. On May 11, a hedge fund managed by Investment Adviser B covered the Nvidia short position that it had established based on the material nonpublic information Kuo had obtained. By selling Nvidia stock and establishing a short position instead, Investment Adviser B's hedge fund benefited by more than \$90,000 through a combination of profits and avoidance of losses that it otherwise would have suffered.

113. Between May 8 and May 13, Level Global hedge funds covered the short positions they had acquired in the days leading up to the Nvidia earnings announcement. In doing so, Level Global hedge funds reaped over \$10.1 million in trading profits. Those profits were in addition to \$5.4 million in losses that Level Global avoided by selling Nvidia shares on April 27.

## **CLAIMS FOR RELIEF**

### **CLAIM I**

#### **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Against all Defendants)**

114. The Commission realleges and incorporates by reference paragraphs 1 through 113, as though fully set forth herein.

115. The information provided by the Dell Insider to defendant Goyal, was, in each case, material and nonpublic. In addition, the information was, in each case, considered confidential by Dell, the company that was the source of the information, and Dell had policies protecting confidential information.



116. The Dell Insider provided the material nonpublic information to Goyal in breach of the fiduciary duty that the Dell Insider owed to Dell, and did so with the expectation of receiving a benefit.

117. Goyal knew, recklessly disregarded, or should have known, that the Dell Insider owed a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, to keep the information confidential.

118. The information that defendant Kuo obtained regarding Nvidia was material and nonpublic. In addition, the information was considered confidential by Nvidia, the company that was the source of the information and which had policies protecting confidential information.

119. Goyal, Tortora, Adondakis, Horvath, Kuo, Newman, and Chiasson each tipped their respective tippees material nonpublic information concerning Dell and/or Nvidia, with the expectation of a benefit from doing so, and each knew, recklessly disregarded, or should have known, that the information was conveyed in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence.

120. Goyal, Tortora, Adondakis, Horvath, Kuo, Newman, Chiasson, Diamondback and Level Global each knew, recklessly disregarded, or should have known, that the material nonpublic information concerning Dell and/or Nvidia that each received from their respective tippers was disclosed or misappropriated in breach of a fiduciary duty, or similar relationship of trust and confidence.

121. Tortora, Newman, and Diamondback are jointly and severally liable for the Diamondback funds' trading because they each directly or indirectly effectuated the

trades on behalf of the Diamondback funds and/or unlawfully disclosed the material nonpublic information to the Diamondback funds.

122. Adondakis, Chiasson, and Level Global are jointly and severally liable for the Level Global funds' trading because they each directly or indirectly effectuated the trades on behalf of the Level Global funds and/or unlawfully disclosed the material nonpublic information to the Level Global funds.

123. Horvath is liable for Hedge Fund A's trading because he directly or indirectly effectuated the trades on behalf of Hedge Fund A and/or unlawfully disclosed the material nonpublic information to Hedge Fund A.

124. Kuo is liable for Investment Adviser B's trading because he directly or indirectly effectuated the trades on behalf of a fund managed by Investment Adviser B and/or unlawfully disclosed the material nonpublic information to Investment Adviser B's fund.

125. By virtue of the foregoing, Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global, and each of them, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange, directly or indirectly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted 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; or (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon persons.

126. By virtue of the foregoing, defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global, and each of them, directly or indirectly, violated, and unless enjoined, will again violate, 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].

## **CLAIM II**

### **Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Against Defendants Goyal, Tortora, Newman, Adondakis, Chiasson, Horvath, and Kuo)**

127. The Commission realleges and incorporates by reference paragraphs 1 through 126, as though fully set forth herein.

128. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Goyal, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by the Dell Insider and Tortora, in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

129. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Tortora, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by Goyal, Adondakis, Newman, Diamondback, Horvath, Kuo and others in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

130. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Newman, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by Goyal, Tortora and Diamondback, in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

131. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Adondakis, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by Tortora, Kuo, Chiasson, Level Global and others, in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

132. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Chiasson, by use of the means or instrumentalities of interstate commerce, or

of the mails, with scienter, aided and abetted violations of 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] by Adondakis, Level Global and others, in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

133. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Horvath, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by Tortora and the Hedge Fund A portfolio manager to whom Horvath reported, in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

134. By knowingly or recklessly passing along information which he knew to be material nonpublic information and which he knew had been provided to him in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Kuo, by use of the means or instrumentalities of interstate commerce, or of the mails, with scienter, aided and abetted violations of 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] by Adondakis, Tortora, Investment Adviser B and others in contravention of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

**CLAIM III**  
**Violations of Section 17(a) of the Securities Act**  
**(Against All Defendants)**

135. The Commission realleges and incorporates by reference paragraphs 1 through 134, as though fully set forth herein.

136. By virtue of the foregoing, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global, and each of them: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon a purchaser.

137. By reason of the conduct described above, each of the defendants directly or indirectly violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

## RELIEF SOUGHT

**WHEREFORE**, the Commission respectfully requests that this Court enter a Final Judgment:

### I.

Permanently restraining and enjoining defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global, and each of them, from violating 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];

### II.

Permanently restraining and enjoining defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

### III.

Ordering defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global to disgorge, with prejudgment interest, all ill-gotten gains received as a result of the conduct alleged in this Complaint, including their ill-gotten gains, and the illicit trading profits, other ill-gotten gains, and/or losses avoided of their direct and downstream tippees;

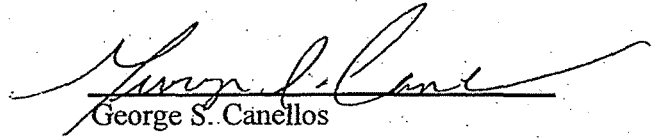
### IV.

Ordering defendants Adondakis, Chiasson, Goyal, Horvath, Kuo, Newman, Tortora, Diamondback and Level Global to pay civil monetary penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u-1]; and

V.

Granting such other and further relief as this Court may deem just and proper

Dated: New York, New York  
January 18, 2012



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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

SPYRIDON ADONDAKIS,  
 ANTHONY CHIASSON,  
 SANDEEP GOYAL,  
 JON HORVATH,  
 DANNY KUO,  
 TODD NEWMAN,  
 JESSE TORTORA,  
 DIAMONDBACK CAPITAL MANAGEMENT, LLC,  
 and  
 LEVEL GLOBAL INVESTORS, L.P.,

Defendants.

12-cv-0409 (HB)

ECF CASE

JUDGMENT AS TO DEFENDANT ANTHONY CHIASSON

The Securities and Exchange Commission, having filed a Complaint and Defendant Anthony Chiasson ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; agreed not to oppose entry of this Judgment based solely on the collateral estoppel effect of his conviction in United States v. Anthony Chiasson, S2-12-cr-121-RJS (S.D.N.Y.).

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or

instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant may be liable to pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]. The Court shall determine the amounts of the disgorgement and civil penalty, if any, upon motion of the Commission. Prejudgment interest shall be calculated based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) the collateral estoppel effect of the Defendant's conviction will preclude him from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Judgment; and (c) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for

disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

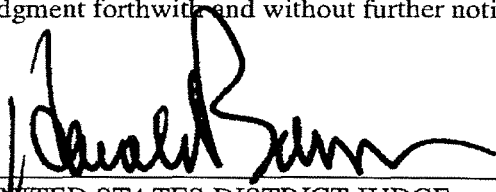
V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

VI.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: 054, 13

  
UNITED STATES DISTRICT JUDGE

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	X	
	:	
SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
<i>Plaintiff,</i>	:	
v.	:	No. 12-CV-409 (JGK)
	:	
SPYRIDON ADONDAKIS, ANTHONY	:	FILED ELECTRONICALLY
CHIASSON, SANDEEP GOYAL, JON	:	
HORVATH, DANNY KUO, TODD NEWMAN,	:	
JESSE TORTORA, DIAMONDBACK CAPITAL	:	
MANAGEMENT, LLC, and	:	
LEVEL GLOBAL INVESTORS, L.P.,	:	
	:	
<i>Defendants.</i>	:	
-----	X	

**ANSWER OF ANTHONY CHIASSON TO THE COMPLAINT**

Defendant Anthony Chiasson states as follows for his Answer in response to the Complaint, dated January 18, 2012 (the "Complaint"). In providing this unsworn and nontestimonial Answer through undersigned counsel, Mr. Chiasson does not intend to, and does not, waive any privileges in this or any other proceeding. Mr. Chiasson reserves the right to amend this response at a future date.

**SUMMARY**

1. The statements in ¶ 1 are legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson asserts his right not to be a witness against himself at this time to the extent that the allegations contained in ¶ 1 concern his own activities, and otherwise lacks knowledge or information sufficient to form a belief about the truth of the allegations with regard to other persons.

**Insider Trading in the Securities of Dell**

2. The allegations in ¶ 2 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 2.

3. The allegations in ¶ 3 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 3.

4. The allegations in ¶ 4 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 4.

5. The allegations in ¶ 5 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 5.

6. Mr. Chiasson admits that Defendant Adondakis was an analyst at Level Global. As to the remaining allegations in ¶ 6, they contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 6.

7. Mr. Chiasson admits that he was a founding partner of Level Global. As to the remaining allegations in ¶ 7, they contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 7.

8. The allegations in ¶ 8 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 8.

9. The allegations in ¶ 9 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 9.

**Insider Trading in the Securities of Nvidia**

10. The allegations in ¶ 10 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 10.

11. The allegations in ¶ 11 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 11.

12. The allegations in ¶ 12 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 12.

13. The allegations in ¶ 13 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 13

**NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

14. The allegations in ¶ 14 contain legal conclusions to which no answer is required. To the extent a response is required, Mr. Chiasson admits that Plaintiff purports to bring this action pursuant to the statutes cited in ¶ 14, and that Plaintiff purports to seek the relief described in ¶ 14.

**JURISDICTION AND VENUE**

15. The allegations in ¶ 15 contain legal conclusions to which no answer is required. To the extent a response is required, Mr. Chiasson admits that Plaintiff purports to base jurisdiction over the subject matter of this action pursuant to the statutes cited in ¶ 15.

16. The allegations in ¶ 16 contain legal conclusions to which no answer is required. To the extent a response is required, Mr. Chiasson admits that Level Global had offices in New York, New York at certain times, that Defendant Adondakis worked in New York, New York at certain times, and that Plaintiff purports to base venue on the statutes cited in ¶ 16. Mr. Chiasson lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in ¶ 16.

**DEFENDANTS**

17. Mr. Chiasson admits that Defendant Adondakis worked at Level Global for portions of that time. Mr. Chiasson admits Defendant Adondakis worked for Prudential Equity Group. As to the remainder of ¶ 17, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

18. Mr. Chiasson admits that he is 38 years old, resides in New York, New York, was a founding partner at Level Global, that he served as the Director of Research and the Sector Head of the technology, media and telecommunications sector and had authority to trade in certain accounts of the hedge funds managed by Level Global, and previously held Series 7 and



63 licenses. As to the remainder of ¶ 18, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

19. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations ¶ 19.

20. Mr. Chiasson admits that Mr. Horvath was a research analyst. As to the remainder of ¶ 20, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

21. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations ¶ 21.

22. Mr. Chiasson admits that Mr. Newman was a portfolio manager at Diamondback. As to the remainder of ¶ 22, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations ¶ 22.

23. Mr. Chiasson admits that Defendant Tortora worked at Diamondback and Prudential. As to the remainder of ¶ 23, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

24. Mr. Chiasson admits that Diamondback is an investment adviser. As to the remainder of ¶ 24, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

25. Mr. Chiasson admits that Level Global was an unregistered investment adviser located in Greenwich, Connecticut and New York, New York that managed hedge funds with approximately \$4 billion worth of assets in 2010.

#### **RELEVANT ENTITIES**

26. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in ¶ 26, except admits that Dell is a public company

headquartered in Round Rock, Texas that develops and sells computers and related products and services and that Dell's stock trades on the NASDAQ under the symbol "DELL."

27. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in ¶ 27, except admits that Nvidia is a public company headquartered in Santa Clara, CA that develops and sells graphics processors used in smart phones, tablets, video game systems, and other computing devices and that Nvidia's stock trades on the NASDAQ under the symbol "NVDA."

28. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in ¶ 28.

29. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in ¶ 29.

30. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in ¶ 30.

### **FACTS**

#### **Insider Trading in the Securities of Dell**

31. The allegations in ¶ 31 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 31.

32. The allegations in ¶ 32 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 32.

33. The allegations in ¶ 33 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 33.

34. The allegations in ¶ 34 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 34.

35. The allegations in ¶ 35 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 35.

36. The allegations in ¶ 36 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 36.

37. The allegations in ¶ 37 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 37.

38. The allegations in ¶ 38 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 38.

39. The allegations in ¶ 39 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 39.

40. The allegations in ¶ 40 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

41. The allegations in ¶ 41 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 41.

**Dell's First Quarter 2008 Earnings Announcement**

42. The allegations in ¶ 42 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 42.

43. The allegations in ¶ 43 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 43.

44. The allegations in ¶ 44 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 44.

45. The allegations in ¶ 45 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 45.

46. The allegations in ¶ 46 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 46.

47. The allegations in ¶ 47 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 47.

48. The allegations in ¶ 48 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 48.

49. The allegations in ¶ 49 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 49.

50. The allegations in ¶ 50 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

51. The allegations in ¶ 51 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 51.

52. The allegations in ¶ 52 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 52.

53. The allegations in ¶ 53 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 53.

54. The allegations in ¶ 54 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 54.

55. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 55.

56. The allegations in ¶ 56 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

57. As to the allegations in ¶ 57, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

58. As to the allegations in ¶ 58, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

59. The allegations in ¶ 59 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 59.

60. The allegations in ¶ 60 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 60.

61. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 61.

62. The allegations in ¶ 62 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 62.

63. To the extent that an answer is required to ¶ 63, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

64. The allegations in ¶ 64 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 64.

65. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 65.

66. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 66.

**Dell's Second Quarter 2008 Earnings Announcement**

67. The allegations in ¶ 67 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 67.

68. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 68.

69. The allegations in ¶ 69 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 69.

70. The allegations in ¶ 70 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 70.

71. The allegations in ¶ 71 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 71.

72. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 72.

73. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 73.

74. The allegations in ¶ 74 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 74.

75. Regarding the allegations in ¶ 75, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

76. The allegations in ¶ 76 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 76.

77. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 77.



78. The allegations in ¶ 78 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 78.

79. Regarding the allegations in ¶ 79, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

80. Regarding the allegations in ¶ 80, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time.

81. The allegations in ¶ 81 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 81.

82. The allegations in ¶ 82 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 82.

83. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 83.

84. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 84.

85. Regarding the allegations in ¶ 85, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time.

86. The allegations in ¶ 86 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to

be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 86.

87. The allegations in ¶ 87 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 87.

88. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 88.

89. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 89.

90. Regarding the allegations in ¶ 90, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

91. Regarding the allegations in ¶ 91, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

92. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 92.

93. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 93.

94. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 94.

95. The allegations in ¶ 95 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 95.

96. The allegations in ¶ 96 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 96.

97. The allegations in ¶ 97 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 97.

98. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 98.

**Insider Trading in the Securities of Nvidia**

99. The allegations in ¶ 99 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 99.

100. The allegations in ¶ 100 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 100.

101. The allegations in ¶ 101 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to

be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 101.

102. The allegations in ¶ 102 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 102.

103. The allegations in ¶ 103 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 103.

104. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 104.

105. The allegations in ¶ 105 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 105.

106. The allegations in ¶ 106 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 106.

107. The allegations in ¶ 107 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 107.

108. The allegations in ¶ 108 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to

be a witness against himself at this time and, as to the remaining allegations, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 108.

109. The allegations in ¶ 109 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 109.

110. Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 110.

111. The allegations in ¶ 111 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 111.

112. The allegations in ¶ 112 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 112.

113. Regarding the allegations in ¶ 113, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the remaining allegations, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations contained therein.

### **CLAIMS FOR RELIEF**

#### **CLAIM I**

#### **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Against all Defendants)**

114. Mr. Chiasson repeats and incorporates his responses to paragraphs 1 through 113, as though fully set forth herein.

115. The allegations in ¶ 115 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 115.

116. The allegations in ¶ 116 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 116.

117. The allegations in ¶ 117 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 117.

118. The allegations in ¶ 118 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 118.

119. The allegations in ¶ 119 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 119.

120. The allegations in ¶ 120 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 120.

121. The allegations in ¶ 121 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 121.

122. The allegations in ¶ 122 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 122.

123. The allegations in ¶ 123 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 123.

124. The allegations in ¶ 124 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 124.

125. The allegations in ¶ 125 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 125.

126. The allegations in ¶ 126 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 126.

## **CLAIM II**

### **Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

**(Against all Defendants Goyal, Tortora, Newman, Adondakis, Chiasson,  
Horvath, and Kuo)**

127. Mr. Chiasson repeats and incorporates his answers to paragraphs 1 through 126, as though fully set forth herein.

128. The allegations in ¶ 128 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 128.

129. The allegations in ¶ 129 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 129.

130. The allegations in ¶ 130 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 130.

131. The allegations in ¶ 131 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 131.

132. The allegations in ¶ 132 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 132.

133. The allegations in ¶ 133 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 133.

134. The allegations in ¶ 134 contain legal conclusions to which no answer is required. To the extent an answer is required, Mr. Chiasson lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 134.



**CLAIM III**  
**Violations of Section 17(a) of the Securities Act**  
**(Against all Defendants)**

135. Mr. Chiasson repeats and incorporates his answers to paragraphs 1 through 134, as though fully set forth herein.

136. The allegations in ¶ 136 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 136.

137. The allegations in ¶ 137 contain legal conclusions to which no answer is required. To the extent an answer is required, as to his own conduct Mr. Chiasson asserts his right not to be a witness against himself at this time and, as to the conduct of others, lacks knowledge or information sufficient to form a belief about the truth of the allegations in ¶ 137.

**RELIEF SOUGHT**

The relief sought by Plaintiff does not contain allegations that require a response from Mr. Chiasson.

**AFFIRMATIVE DEFENSES**

Without waiving his right not to be a witness against himself, Mr. Chiasson asserts the following affirmative defenses without assuming the burden of proof, persuasion, or going forward as to any such defenses or issues that would otherwise rest on Plaintiff.

Mr. Chiasson reserves the right to amend his pleadings, and to assert additional or different defenses, based upon information or evidence developed in discovery or otherwise.

1. The Complaint fails to state a claim upon which relief can be granted.
2. The Complaint fails to allege fraud with particularity.

3. The Complaint fails to plead scienter with particularity.
4. Plaintiff's claims are barred in whole or in part by the applicable statute of limitations.
5. Plaintiff's claims are barred in whole or in part by laches.
6. Equitable relief requested by Plaintiff is unavailable, either in whole or in part, because the alleged conduct occurred wholly in the past and is unlikely to be repeated.
7. Mr. Chiasson acted at all times in good faith, and without reckless disregard for, knowledge of or intent to engage in any supposed wrongdoing.

Dated: March 26, 2012  
New York, New York

By: /s/ Gregory Morvillo  
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E. Scott Morvillo  
Robert C. Morvillo

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