

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3964 / November 3, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16245

In the Matter of

Rajarengan (a/k/a Rengan)
Rajaratnam,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Rajarengan (a/k/a Rengan) Rajaratnam (“Rengan Rajaratnam” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in Section III.2., below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Rengan Rajaratnam, 44 years old, is a resident of New York, NY. During 2007 through 2009, Rengan Rajaratnam was a portfolio manager of certain hedge funds advised by Galleon Management LP ("Galleon"), an investment adviser then registered with the Commission. Prior to his employment at Galleon, Rengan Rajaratnam was a portfolio manager at Sedna Capital Management, LLC, an investment adviser firm then registered with the Commission that he co-founded.

2. On October 28, 2014, a final judgment was entered on consent against Rengan Rajaratnam, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 thereunder, in the civil action entitled S.E.C. v. Rajarengan (a/k/a Rengan) Rajaratnam, Civil Action Number 13-CV-1894 (JGK), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that Rengan Rajaratnam participated in multiple insider trading schemes to illegally trade securities based on material nonpublic information. The material nonpublic information Rengan Rajaratnam was alleged to have traded on related to merger and acquisition activity and quarterly earnings announcements. According to the complaint, Rengan Rajaratnam generated substantial insider trading profits for himself personally and for the portfolios he managed by trading on illegal tips.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Rajaratnam's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Rengan Rajaratnam be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent, with the right to apply for reentry after 5 years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent J. Fields
Secretary