

JUDGE JONES

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ALISSA JOELLE KUENG,

Defendant.

09 CIV (8763

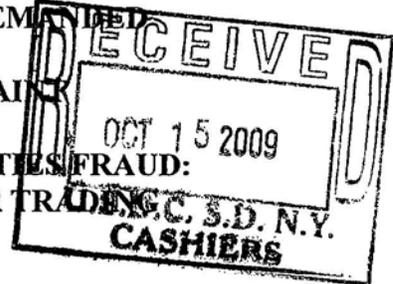
ECF Case

JURY DEMAND FILED

COMPLAINT

SECURITIES FRAUD:

INSIDER TRADING
U.S.C. S.D. N.Y.
CASHIERS



The Securities and Exchange Commission (the "Commission") alleges as follows:

SUMMARY

1. This complaint involves insider trading in the common stock of Jamdat Mobile, Inc. ("Jamdat") prior to a December 2005 announcement that the company would be acquired by Electronic Arts ("EA").

2. In the fall of 2005, Benjamin Jones ("Ben Jones"), a former Vice President of Jamdat and a company insider, shared confidential information regarding Jamdat's acquisition discussions with his brother, William Jones, III ("Bill Jones").

3. On or about December 7, 2005, Ben Jones informed Bill Jones that Jamdat was being acquired by EA for \$27 per share and that the acquisition would be made public the following day.

4. Within minutes of learning of the impending acquisition, Bill Jones tipped his friend, William T. Dailey, III ("Dailey"), a registered securities trader, and told him that the information had come from Ben Jones. Dailey, in turn, tipped the information that he had

received from Bill Jones to Defendant Alissa Joelle Kueng (“Kueng”), a sales specialist at J.P. Morgan Securities Inc. (“J.P. Morgan”).

5. Early the next day, December 8, Kueng passed material, nonpublic information regarding Jamdat’s impending acquisition by EA to a J.P. Morgan trader and several institutional clients. The J.P. Morgan trader and two of the institutional clients then bought Jamdat stock prior to the acquisition announcement.

6. The tips from Kueng resulted in total trading profits of more than \$350,000. The dissemination of the material, nonpublic information and consequent trading violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder. The Commission requests that this Court permanently enjoin Kueng from violating the aforesaid statutory provision and rule, order disgorgement of illegal trading profits with prejudgment interest thereon, and impose civil penalties.

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1, and 78aa].

8. Venue is proper in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain acts and transactions constituting the violations occurred in this district.

9. Defendant Kueng, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged in the complaint.

10. Unless restrained and enjoined by this Court, Kueng will continue to engage in acts, practices, and transactions similar to those described in the complaint.

DEFENDANT

11. **Alissa Joelle Kueng**, age 28, resides in New York, New York. During the relevant period, Kueng was a senior sales specialist for J.P. Morgan Securities Inc., a registered broker-dealer based in New York.

RELATED ENTITY

12. **Jamdat Mobile, Inc.** was a Delaware corporation located in Los Angeles, California. During the relevant period, Jamdat created games for use on cellular telephones. Following its Initial Public Offering in September 2004, Jamdat's common shares were registered with the Commission pursuant to Section 12(g) of the Exchange Act, and its shares traded on the NASDAQ. On December 8, 2005, Jamdat announced that it would be acquired by EA for \$27 per share. The acquisition was completed in February 2006.

FACTUAL ALLEGATIONS

Jamdat's Acquisition Discussions are Tipped

13. Jamdat began acquisition discussions with EA in late August 2005. By about late September, another bidder (hereinafter, "Bidder A"), began its own discussions with Jamdat about a possible acquisition. Jamdat continued discussions with both EA and Bidder A over the next two months. On or about October 5, 2005, Jamdat and EA entered into a confidentiality and nondisclosure agreement. Several weeks later, in late October 2005, EA and Bidder A each submitted a confidential, non-binding "expression of interest" to purchase all of Jamdat's outstanding shares. By late November, Jamdat and EA had agreed on the primary terms of the acquisition, including a purchase price of \$27 per share. Jamdat continued to work out the details of the acquisition with EA up to the December 8 announcement.

14. Throughout the fall of 2005, Ben Jones was among approximately a dozen Jamdat employees who regularly were apprised of the status of Jamdat's acquisition discussions with EA and Bidder A. Ben Jones knew that Jamdat's discussions with EA and Bidder A were material and confidential.

15. Nevertheless, Ben Jones periodically shared material, nonpublic information about Jamdat's ongoing acquisition discussions with Bill Jones in breach of his duty to Jamdat.

16. In or about September 2005, Bill Jones began sharing material, nonpublic information about Jamdat's acquisition discussions with Dailey – a registered securities trader in the San Francisco office of Needham & Co., LLC.

The December 7, 2005 Tips

17. In the early evening of December 7, 2005, Ben Jones telephoned Bill Jones and informed him that EA was acquiring Jamdat at \$27 per share, and that the agreement would be announced the following day.

18. Within minutes, Bill Jones called Dailey and informed him of the impending acquisition.

19. During their telephone conversation on December 7, Bill Jones told Dailey that EA and Jamdat had completed an acquisition agreement, to be announced the following day, and that the information had come from Ben Jones. Bill Jones also informed Dailey that the acquisition price would be \$27 per share.

20. At the time Dailey received the tip about the impending acquisition from Bill Jones on December 7, Dailey was on a social outing with Kueng and others.

21. Dailey tipped the information that he received from Bill Jones to Kueng, including that Jamdat was being acquired by EA for \$27 per share price, and that the transaction

would be announced the next day. Kueng knew, or was reckless in not knowing, that Dailey's tip originated from a Jamdat insider.

Kueng Tipped Others about Jamdat's Acquisition

22. Early the following day, December 8, 2005, and before the acquisition was publicly announced, Kueng described the Jamdat acquisition to a co-worker and said that the transaction would be announced at the close of trading that day. Kueng then called a trader at J.P. Morgan and directly conveyed the information to him, but excluded the details relating to the timing of the acquisition announcement.

23. Based on her tip, the trader purchased Jamdat stock in a J.P. Morgan proprietary account, building up a long position of approximately 20,000 shares prior to the announcement of the acquisition.

24. Also, on the morning of December 8, Kueng sent brief electronic messages to five J.P. Morgan institutional clients indicating that she believed that EA was going to acquire Jamdat for \$27 per share. In her messages, Kueng omitted details regarding the timing of the public announcement.

25. Based on Kueng's tips, two of the five clients purchased Jamdat stock on December 8, 2005. One client ("Client #1") purchased 55,000 shares at approximately \$22.80 per share. A second client ("Client #2") purchased 10,000 shares at approximately \$23.12 per share.

26. At approximately 4:10 P.M. on December 8, 2005, EA and Jamdat announced that they had entered an agreement providing for EA's acquisition of Jamdat for \$27 per share of Jamdat stock.

27. Due to the acquisition announcement, the price of Jamdat's stock closed at \$27.06 per share on December 9, 2005. As a result, J.P. Morgan profited by approximately \$86,000, Client #1 profited by approximately \$228,800, and Client #2 profited by approximately \$38,800, for total profits in excess of \$350,000.

CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5]

28. Paragraphs 1 through 27 are re-alleged and incorporated herein by reference.

29. Kueng provided material, nonpublic information regarding Jamdat to a J.P. Morgan trader and two institutional clients, who invested in Jamdat stock on the basis of that information and profited by approximately \$350,000. Kueng knew, or was reckless in not knowing, that the information that she provided to the trader and her clients was material, nonpublic information provided to her in breach of a duty to Jamdat.

30. By engaging in the conduct described above, Kueng, knowingly or recklessly, directly or indirectly (a) employed a device, scheme, or artifice to defraud; (b) made untrue statements of material fact or omitted 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) engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon other persons, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange.

31. By reason of the foregoing, Kueng violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and is likely to commit such violations in the future unless enjoined from doing so.

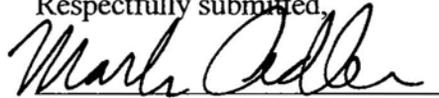
PRAYER FOR RELIEF

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

- (a) permanently enjoining Kueng from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;
- (b) ordering Kueng to disgorge all profits, including the profits of all tippees, from the unlawful trading in Jamdat securities, together with prejudgment interest;
- (c) ordering Kueng to pay civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and
- (d) providing such other relief as may be appropriate.

Dated: October 15, 2009

Respectfully submitted,



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