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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

MARK ANTHONY LONGORIA,
DANIEL L. DEVORE,
JAMES FLEISHMAN,
BOB NGUYEN,
WINIFRED JIAU,
and
WALTER SHIMOON,

Defendants.

COMPLAINT

ECF CASE

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against defendants Mark Anthony Longoria (“Longoria”), Daniel L. DeVore (“DeVore”), James Fleishman (“Fleishman”), Bob Nguyen (“Nguyen”), Winifred Jiau (“Jiau”), and Walter Shimoon (“Shimoon”) (collectively, “Defendants”), alleges as follows:

SUMMARY

1. This case involves the tipping of material nonpublic information to hedge funds and other investment professionals by six individuals affiliated with a so-called “expert network” firm, Primary Global Research LLC (“PGR”).

2. Longoria, DeVore, Jiau, and Shimon were all employed by technology companies and also served as PGR consultants, or “experts,” who used their access to material nonpublic information regarding technology companies to facilitate widespread and repeated insider trading by numerous hedge funds and other investment professionals. Each obtained material nonpublic information about sales, earnings, or performance data, concerning various public companies, and shared that inside information with hedge fund and other clients of PGR who traded on the information. Each also received cash compensation from PGR in return for providing the inside information.

3. Fleishman and Nguyen were PGR employees who facilitated the transfer of material nonpublic information from PGR consultants to PGR clients and, in certain instances, acted as conduits by receiving material nonpublic information from PGR consultants and passing that information directly to PGR clients.

4. The defendants obtained material nonpublic inside information about the sales, earnings and performance of numerous public companies, including Advanced Micro Devices (“AMD”), Apple Inc. (“Apple”), Dell, Inc. (“Dell”), Flextronics International Ltd. (“Flextronics”), Marvell Technology Group Ltd. (“Marvell”), Omnivision Technologies, Inc. (“Omnivision”), Research in Motion Ltd. (“RIM”), Seagate Technology PLC (“Seagate”), and Western Digital Corporation (“Western Digital”), and shared that inside information with traders. Based on these tips, the traders reaped profits, or avoided losses, totaling at least \$5.9 million.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

5. 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, disgorgement of ill-gotten gains or losses avoided from the unlawful insider trading activity set forth in this Complaint, together with prejudgment interest, and civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Commission also brings this action pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1] for civil penalties against defendants under the Insider Trading and Securities Fraud Enforcement Act of 1988. In addition, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], the Commission seeks an order barring defendants Longoria, DeVore, and Shimoon from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]. 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

6. 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].

7. 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. As part of his work for PGR, Fleishman travelled to New York, New York to visit the firm's clients, many of which were based in New York, New York. In addition, trades based on the insider tips alleged herein were made by traders working out of and based in New York, New York, and many of the communications in furtherance of the insider trading alleged herein were made from, to, or within New York, New York.

DEFENDANTS

8. **Longoria**, age 44, resides in Round Rock, Texas. At all relevant times, Longoria was a Supply Chain Manager at Advanced Micro Devices, Inc. ("AMD"), and a paid consultant for PGR.

9. **DeVore**, age 46, resides in Austin, Texas. At all relevant times, DeVore was a Global Supply Manager at Dell, Inc. ("Dell"), and a paid consultant for PGR.

10. **Fleishman**, age 41, resides in Santa Clara, California. At all relevant times, Fleishman was a Vice President of Sales at PGR.

11. **Nguyen**, age 32, resides in Santa Clara, California. Nguyen was a Technology Analyst and Semiconductor Vertical Manager at PGR from approximately February 2008 through February 2010. Nguyen holds a Series 7 license.

12. **Jiau**, age 43, resides in Fremont, California. Jiau has lived in the United States for approximately 20 years and has been employed by various technology companies in Northern California. At all relevant times, Jiau was a paid consultant for PGR.

13. **Shimoon**, age 39, resides in San Diego, California. At all relevant times, Shimoon was Vice President of Business Development for Components in the Americas at Flextronics, and a paid consultant for PGR.

RELEVANT ENTITIES

14. **PGR** is a Delaware limited liability company headquartered in Mountain View, California. PGR is affiliated with PGR Securities, LLC, a broker-dealer that has been registered with the Commission since 2005, and is headquartered in San Francisco, California.

15. **AMD** is a Delaware corporation headquartered in Sunnyvale, California. AMD is a global semiconductor company offering microprocessor, embedded processor, and graphics products. AMD's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock trades on the New York Stock Exchange ("NYSE") under the symbol "AMD."

16. **Apple** is a California corporation headquartered in Cupertino, California. Apple designs, manufactures and markets personal computers, mobile communications devices, portable digital music and video players, and related software and services. Apple's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock trades on the NASDAQ stock exchange under the symbol "AAPL."

17. **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 stock exchange under the symbol "DELL."

18. **Flextronics** is a Singapore corporation with its U.S. headquarters in San Jose, California. Flextronics is a provider of design and electronics manufacturing services to original equipment manufacturers in several markets, including mobile communications devices, computing, and consumer digital devices. Flextronics' securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock trades on the NASDAQ stock exchange under the symbol "FLEX."

19. **Marvell** is a Bermuda corporation headquartered in Santa Clara, California. Marvell is a global provider of semiconductors and microprocessor integrated circuits. Marvell's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock trades on the NASDAQ stock exchange under the symbol "MRVL."

20. **Omnivision** is a Delaware corporation headquartered in Santa Clara, California. Omnivision designs, develops, and markets semiconductor image-sensor devices. Omnivision's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock trades on the NASDAQ under the symbol "OVTI."

21. **RIM** is a Delaware corporation headquartered in Ontario, Canada. RIM designs, manufactures, and markets smart phones and other wireless solutions. RIM's

securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock is traded on the NASDAQ stock exchange under the symbol "RIMM."

22. **Seagate** is an Irish public limited company headquartered in Dublin, Ireland. Seagate designs, manufactures, and markets hard drives for personal computer and consumer electronics applications. Seagate's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock is traded on the NASDAQ stock exchange under the symbol "STX."

23. **Western Digital** is a Delaware corporation headquartered in Irvine, California. Western Digital designs and manufactures hard drives for personal computers and home entertainment applications. Western Digital's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act and its stock is traded on the NYSE under the symbol "WDC."

FACTS

PGR's Business

24. Although PGR bills itself as an "independent investment research firm" with a roster of expert consultants, who provide "intelligence on trends, issues, regulations and dynamics" affecting particular industries and companies, PGR's expert consultants routinely provided material nonpublic information to traders including corporate revenues, sales forecasts, and other confidential data that PGR's expert consultants obtained or misappropriated from their respective employers.

25. On its website, PGR stated that its consultants "are forbidden to disclose ... any material, non-public, confidential or proprietary information belonging to any previous or current employers." Despite this representation, however, PGR's employees

affirmatively sought out experts who had access to and were willing to share inside information and promoted such experts to PGR clients who were trying to gain access to such inside information.

26. In exchange for providing access to inside information, PGR garnered substantial subscription and transaction-based fees from its clients. PGR clients also compensated the firm for its “services” through “soft dollar” arrangements whereby PGR clients executed securities trades through, and paid commissions to, a broker-dealer affiliate of PGR named PGR Securities.

27. Numerous PGR clients each paid hundreds of thousands of dollars per year for access to PGR’s “experts” and the firm had total revenues of approximately \$18 million between 2007 and 2009. PGR’s business was also very lucrative for PGR consultants, whom the firm paid between \$150 and \$1,000 per hour. In many instances, PGR consultants, including the defendants herein, made tens of thousands of dollars per year.

**PGR Employees Nguyen and James Fleishman
Passed Inside Information to Clients of PGR**

28. From approximately February 2008 through February 2010, defendant Nguyen facilitated the delivery of material nonpublic information to PGR clients by, among other things, soliciting industry insiders willing to share inside information to join the PGR network, promoting these insiders as “experts” to PGR clients, and directing PGR clients who were searching for a particular piece of inside information to the PGR consultant who could provide it.

29. Nguyen, who specialized in handling consultants in the technology and semiconductor industries, met with prospective consultants to assess their ability and

willingness to provide material nonpublic information. When soliciting consultants for PGR, he made clear that their telephone conversations with PGR clients would not be monitored or recorded. He also pointed out that the consultants' last names would not be published on PGR's website, and offered that a consultant could further guarantee his anonymity by assuming a pseudonym.

30. After industry insiders agreed to join PGR's network of consultants, Nguyen met with them from time to time to get updates on the material nonpublic information that they were able to provide. During these conversations, the consultants, including defendants Longoria and Shimoon, discussed the specific inside information that they intended to share with PGR clients. Nguyen took detailed notes of these conversations and used his notes to direct PGR clients to the consultants possessing the inside information that they were seeking. Nguyen sometimes listened in on consultants' conversations with PGR clients and understood that the consultants were conveying to PGR clients, at a minimum, the same inside information that they had previously discussed with him.

31. From time to time, PGR clients who did not want to speak directly to certain consultants requested that PGR employees funnel inside information to them. Nguyen, Fleishman, and other PGR employees acted as conduits in such conveyance of inside information.

32. Fleishman also knowingly participated in this scheme to provide inside information to PGR clients. As Vice President of Sales, Fleishman was responsible for soliciting new clients and ensuring service to existing PGR clients. In order to obtain new clients for PGR, Fleishman routinely directed prospective clients to set up "trial"

sessions with PGR's most popular "experts," including defendants DeVore and Longoria, who Fleishman knew would share valuable inside information that would entice prospective clients to subscribe for PGR's "services." To assuage prospective clients' concerns that this illegal activity would be detected, Fleishman assured them that PGR would not monitor or record their calls with the PGR experts.

33. After a prospective client signed with PGR, Fleishman routinely sent them emails recommending certain PGR experts who would provide inside information. By staying in regular communication with PGR experts and other PGR employees, Fleishman kept abreast of the inside information that PGR experts were providing and alerted clients when experts were in possession of new or especially valuable information.

34. At times, Fleishman also played a direct role in conveying inside information by emailing inside information that PGR had obtained from its experts to various PGR clients.

35. Fleishman knew that some PGR experts were providing PGR clients with inside information and that the PGR experts were not authorized by their employers to share this information.

36. For instance, Fleishman was told by a PGR client that Longoria and DeVore had shared sales forecasts, revenues, and other detailed inside information about their own companies with the client. Fleishman did not express any surprise or concern, but instead only indicated that he was pleased that the client had obtained the information that he was seeking.

37. In a separate conversation with the same client, Fleishman explained to the client that PGR helped its experts preserve their anonymity by not releasing their last names or contact information and confirmed that anonymity was necessary to “protect [PGR experts] from investor relations” officials at the companies where they worked. The unspoken reason why PGR needed to “protect” its experts from investor relations officials was because these so-called experts were not authorized to share their respective companies’ inside information with outsiders and they would face serious repercussions, including losing their jobs, if it was discovered that they had done so.

38. In addition, emails received and sent by Fleishman indicate that he knew that certain PGR experts were providing extremely detailed, material nonpublic information to PGR clients.

39. For example, in March 2008, Fleishman forwarded to several PGR colleagues, including Nguyen, a list of PGR experts compiled by a hedge fund client. The client had asked Fleishman for feedback on which of those experts were potentially most useful and Fleishman, in turn, asked his colleagues to “eyeball the list and ping [Fleishman] back with duds/stars” In response, Nguyen, apparently referring to a separate discussion with Fleishman about which of the experts could provide “fast money” tips, wrote, “[w]hen you say ‘fast money’ I think of very detailed data points. The name [Tony Longoria] at AMD comes to mind.” Referring to certain other PGR consultants, Nguyen, continued, “after some repeated calls they might open up to giving more details. On a first call, I don’t think most people will feel comfortable giving extreme details.” Fleishman replied, “Thanks. ‘fast money’ would be get info and trade on it that day.”

40. Several months later, in July 2008, Fleishman emailed Nguyen again and said Nguyen should do a call with another PGR expert “and get numbers like [Nguyen] did w/ Tony L[ongoria].”

41. On at least a few occasions, Nguyen and Fleishman knowingly participated in this insider trading scheme by arranging to pass material nonpublic information directly to PGR clients.

42. For instance, in March 2009, Nguyen had a call with DeVore during which DeVore disclosed specific material nonpublic information about Dell, Seagate, and Western Digital. Nguyen then emailed a detailed summary of the information DeVore had provided to Fleishman and another PGR employee. In the email, Nguyen used the words “handle w/care” in the subject line because the email contained very specific information, including numbers relating to Dell’s internal sales forecasts and the pricing and volume of Dell’s purchases from suppliers such as Seagate and Western Digital, which Nguyen knew to be “inappropriate.”

43. Fleishman, in turn, e-mailed the specific information that DeVore had provided to multiple PGR clients. Subsequently, Fleishman informed Nguyen that he had passed the information on to various clients and that they thought the information was great and wanted more. Later, in July 2009, Nguyen and Fleishman passed substantially similar information that they had received from DeVore to various PGR clients.

PGR Consultant DeVore Passed Material Nonpublic Information Regarding Seagate and Western Digital to Hedge Fund Clients of PGR

44. From 2007 through 2010, DeVore was a PGR consultant who provided material nonpublic information to PGR clients.

45. During this period, DeVore, a Global Supply Manager at Dell, was responsible for placing orders and negotiating with suppliers that sell hard disc drives and other equipment to Dell, and was privy to information concerning Dell's internal sales forecasts as well as information about the pricing and volume of Dell's purchases from its suppliers.

46. Although the Dell forecast, pricing, and purchase information was marked "confidential" and DeVore knew that he was not supposed to share the information with people outside of the company, he regularly provided this information to PGR clients who, he understood, would use the information to trade in the securities of Dell and its suppliers.

47. DeVore's conduct was in clear violation of the Dell Code of Conduct, which states that employees "should not use information obtained internally for [their] own personal gain or to support an outside business venture." The code also specifically states that Dell employees "should refrain from using any material inside information about Dell or any other company (such as supplier or vendor) to trade any stock and . . . should not provide 'tips' or share material inside information with any other person who might trade the stock." The code specifically lists unannounced "vendor contracts" and "procurement plans" as examples of inside information

48. The PGR clients to whom DeVore conveyed this inside information paid substantial fees to PGR. PGR, in turn, paid DeVore between \$250 and \$300 per hour for consulting with the PGR clients. In 2009, DeVore spoke to approximately fifteen PGR clients per month. Between 2008 and 2010, DeVore reaped approximately \$145,000 in fees from PGR.

49. In March and July 2009, DeVore provided Nguyen with material nonpublic information concerning Dell sales forecasts as well as inside information concerning the terms of Dell's purchase of computer disc drives from two leading suppliers of such equipment, Seagate and Western Digital. During this period, Dell was a key client of both Western Digital and Seagate, and the information that DeVore provided concerning Dell's purchases was therefore highly material to the success of both companies. As discussed herein, PGR employees, including Nguyen and Fleishman, passed this inside information along to PGR clients.

50. In addition to providing Dell sales forecast and purchasing information to PGR, DeVore regularly provided the same inside information directly to PGR clients. DeVore provided material inside information concerning Dell and its suppliers – including Seagate and Western Digital – which was not available through public sources.

51. Hedge Fund #1, a PGR client that received material nonpublic information from DeVore, traded securities based on that information, realizing profits of at least \$500,000.

PGR Consultant Shimoon Passed Material Nonpublic Information Regarding Apple, Flextronics, and Omnivision to Hedge Fund Clients of PGR

52. Since 2001, defendant Shimoon has been the Vice President of Business Development for Components in the Americas at Flextronics. In that position, Shimoon managed a group that provides components to a broad range of consumer products including smart phones, digital cameras, and printers.

53. Flextronics customers include RIM, Omnivision, and Apple.

54. Shimoon charged PGR from \$100 to \$250 per hour, and PGR paid Shimoon a total of \$13,600 from September 2008 to June 2010 for his consultations with PGR clients.

55. From at least the second half of 2008 and throughout 2009, Shimoon provided detailed information on Flextronics and its customers, including Apple, Omnivision, and RIM, to defendant Nguyen (a PGR employee) and to PGR's hedge fund clients.

56. For example, during an August 2008 call, Shimoon advised Nguyen that Shimoon "handle[d]" RIM, Apple, and Palm for Flextronics and that he talked to those companies "weekly if not daily." In the same call, Shimoon stated that RIM was expecting its guidance to double year over year for the next few years.

57. During an October 2008 call, Shimoon told Nguyen that RIM had just launched a new phone for which Flextronics was the only contract manufacturer. Shimoon told Nguyen what Flextronics expected RIM's orders to be in the fourth quarter of 2008 and the first two quarters of 2009. Shimoon also informed Nguyen that Flextronics was the sole source for Apple iPhone chargers and that Flextronics was seeing another four to six million unit increase in demand. Non-disclosure agreements between Flextronics and Apple governed this type of information.

58. In March 2009, Shimoon advised Nguyen that Apple was developing a new type of iPhone and provided specific quarterly order information that Flextronics was receiving from Apple for the new product. Nguyen understood that this information was nonpublic at the time, and this type of information was also governed by non-disclosure agreements between Flextronics and Apple.

59. Following Shimon's calls with Nguyen, Nguyen often created summaries of the information that Shimon provided and placed them on PGR's website, or "Portal," for PGR clients to access. Nguyen and Fleishman also e-mailed clients whom they believed were interested in this information and arranged for the clients to speak to Shimon directly.

60. In addition to speaking to Nguyen, Shimon conducted four to six calls per month with PGR's clients and provided the same, or substantially similar, information that he gave to Nguyen.

61. From December 2008 to January 2010, Shimon spoke with representatives of at least eleven different hedge funds. Brokerage records show that the hedge funds used the inside information that Shimon provided during these calls to trade the securities of at least Flextronics and Omnivision.

62. On October 1, 2009, Shimon had a telephone call with a PGR client in which Shimon divulged a variety of material nonpublic information regarding Apple. Shimon conveyed Apple's actual sales figures for iPhones for the third quarter of 2009 and forecast sales figures for iPhones and iPods for the fourth quarter of 2009. Shimon also told the PGR client that Apple expected to produce a new iPhone the following year that would include two cameras, and Shimon provided details about the types of cameras the iPhone would include. Finally, Shimon informed the PGR client that Apple was working on yet another new product, code-named K48, that was so secretive that Apple employees could be fired for talking about the product with persons who did not already know about it. Non-disclosure agreements between Flextronics and Apple governed all of this type of information.

63. On October 15, 2009, Shimoon had a telephone call with another PGR client during which Shimoon again conveyed material nonpublic information about Apple, including iPhone sales forecast information and the fact that the next generation iPhone would have two cameras.

64. On November 5, 2009, Shimoon had a telephone call with Nguyen during which he shared material nonpublic information about Apple's production forecast for 2010. According to Nguyen's notes of the call, Shimoon conveyed that Apple was planning to manufacture twice as many smart phone handsets in 2010 as it had in 2009. Based on the Apple forecast, Shimoon projected that Omnivision, a company that supplied miniature cameras to Apple, would thrive, potentially doubling its sales to Apple in 2010.

65. On the same telephone call, Shimoon and Nguyen also discussed the recent insider trading case brought against employees of the Galleon hedge fund and the importance of PGR not recording telephone calls between PGR experts and PGR clients. Shimoon told Nguyen, "that would really suck if you [PGR] recorded all the calls."

66. On or about November 6, 2009, Nguyen placed a summary of the information that he had obtained from Shimoon on the PGR Portal, including Shimoon's projection that "[Omnivision] is expected to do well and could potentially double [Apple] business in 2010 compared to 2009."

67. That same day, Fleishman sent an e-mail providing a link to the summary to PGR clients whom he thought would be interested in this inside information, including an analyst at Hedge Fund #2. The analyst at Hedge Fund #2 responded to the solicitation and made arrangements to speak with Shimoon directly.

68. On November 23, 2009, Shimoon had a 42-minute call with the analyst at Hedge Fund #2 during which Shimoon conveyed material nonpublic information concerning Apple's plans to increase its handset production and the positive effect such plans would have on Omnivision. From November 24, 2009 to December 16, 2009, Hedge Fund #2 acquired a long position of over 512,000 shares of Omnivision. Prior to taking the position, Hedge Fund #2 had not traded in Omnivision since July 2008.

69. During the period that Hedge Fund #2 bought Omnivision, its share price declined from a closing price of \$13.10 per share on November 24 to a closing price of \$12.60 per share on December 16, 2009.

70. On or around December 22, 2009, rumors began to circulate regarding an increase in demand for iPhone parts that Omnivision supplied to Apple. Omnivision's share price closed at \$13.38 on December 21 and at \$14.22 on December 22, an increase of over 10% from its close on December 18. Hedge Fund #2 liquidated its position in Omnivision from December 22, 2009 to February 2010, earning profits of approximately \$783,000.

71. This was not the first time that the analyst at Hedge Fund #2 had profited from inside information provided by Shimoon. On Thursday, October 15, 2009, the analyst had taken part in a 30-minute telephone call with Shimoon. Between Monday, October 19 and Wednesday, October 21, Hedge Fund #2 sold short a total of 600,000 shares of Flextronics ahead of Flextronics's October 21, 2009 announcement that it was acquiring a European medical device manufacturer and its October 26, 2009 earnings announcement.

72. Those two announcements sent Flextronics's stock price down from a closing price of \$7.47 on October 21 to a closing price of \$6.44 on November 2, a decline of nearly 14%. Hedge Fund #2 covered its entire short position in the days after the announcement for a profit of over \$590,000. This was the only time during 2009 that Hedge Fund #2 traded Flextronics.

73. Shimoon's provision of material nonpublic information to PGR and its clients clearly violated Flextronics' Code of Business Conduct and Ethics, which recognized that "[c]onfidential information is information that is disclosed by Flextronics or its customers, suppliers or other third parties with the expectation that it be maintained as confidential and only be used for a specific business purpose" and that Flextronics employees "are obligated as a condition of our employment by Flextronics to safeguard the confidential information of Flextronics and its customers, suppliers and other parties with whom we do business."

74. Flextronics' Code of Business Conduct and Ethics also clearly communicated to Flextronics' employees that they were "prohibited from communicating or 'tipping' material, nonpublic information to anyone else that might trade in Flextronics securities (or any other publicly traded securities)."

PGR Consultant Longoria Passed Inside Information Regarding AMD to Multiple Hedge Fund Clients of PGR

75. From at least 2007 through at least 2009, AMD employee Longoria provided inside information regarding AMD's sales, revenues and profit margins to PGR clients.

76. As a manager in AMD's desktop global operations group, Longoria had access to sales figures for the company's various operational units. In addition, Longoria

obtained AMD's financial results – including “top line” quarterly revenue and profit margin information – prior to the company's release of such information in quarterly financial announcements. Longoria obtained that information from another AMD employee who worked in the company's finance department.

77. Longoria shared this inside information – which he understood to be material and nonpublic – with multiple PGR clients who, in turn, traded in AMD securities based on such inside information.

78. Longoria's disclosure of such inside information violated AMD's employee code of conduct, which specifically requires AMD employees to “keep confidential all non-public information that they possess regarding AMD or any other company prior to its disclosure.”

79. Longoria was paid \$300 per hour by PGR for providing this service. From January 2008 through March 2010, Longoria received over \$130,000 for his consultations with PGR and its clients.

80. Longoria regularly provided inside information regarding AMD, including quarterly revenue and gross profit margin information, to Hedge Fund #1, a PGR client which traded AMD securities based on this information.

81. From September 2008 through December 2009 – the period in which Longoria had regular communications with Confidential Witness #1, an analyst at Hedge Fund #1 – the fund realized profits of approximately \$2 million through its trading in AMD.

82. Longoria also passed AMD inside information to Confidential Witness #2 (“CW-2”) and Confidential Witness #3 (“CW-3”), a research analyst and portfolio

manager, respectively, at Hedge Fund #3. As a client of PGR, Hedge Fund #3 paid PGR \$75,000 annually for each Hedge Fund #3 employee who had access to PGR's network of experts.

83. Between September 2008 and September 2009, Longoria spoke with CW-2 and CW-3 on multiple occasions and provided AMD inside information, including sales revenues and gross profit margins in advance of the company's announcement of such information.

84. Based on this information, CW-3 traded in the securities of AMD, both for Hedge Fund #3 and for his own personal account. During the period when CW-3 had the benefit of Longoria's inside information, CW-3 reaped profits of over \$1 million trading AMD in his personal account.

85. Longoria also provided the same, or substantially similar, inside information concerning AMD to Hedge Fund #4 on multiple occasions, including in advance of AMD's announcement of its financial results for the second quarter of 2009.

86. On July 21, 2009, for example, Longoria placed a ten-minute call to the cell phone of Hedge Fund #4's portfolio manager. After this call with Longoria, Hedge Fund #4 – which had purchased 1,070,500 shares of AMD in the prior two weeks – sold 340,700 shares of AMD on July 21.

87. After market close on July 21, 2009, AMD issued its quarterly earnings announcement for the second quarter of 2009. The company announced a quarterly loss of \$330 million, a 13% decrease in revenue, and a decrease in gross profit margins (from 43% to 37%) compared to the same period in 2008.

88. By the next day's market-close, the price of the company's shares had fallen 13% (from \$4.08 to \$3.55 per share). Hedge Fund #4's sales in advance of the announcement resulted in avoided losses of at least \$140,355.

PGR "Private Expert" Jiau Passed Inside Information Regarding Marvell

89. Defendant Jiau was a "private" PGR expert, meaning that PGR only made her available to a small number of PGR clients including Confidential Witness #4 ("CW-4") and the Portfolio Manager of Hedge Fund #1, who had introduced Jiau to PGR and arranged to make payments to her through PGR. During 2008, CW-4 and the Portfolio Manager of Hedge Fund #1 arranged to pay Jiau approximately \$10,000 per month. Between September 2006 and December 2008, Jiau received over \$200,000.

90. In exchange for these payments, Jiau, who had contacts at Marvell and other technology companies, regularly provided CW-4 and the Portfolio Manager of Hedge Fund #1 with material nonpublic information regarding Marvell and other technology companies. The information that Jiau provided included company-specific financial results that the companies had not yet announced to the public.

91. In late May 2008, Jiau participated in at least two teleconferences with CW-4 and the Portfolio Manager of Hedge Fund #1 during which she passed along inside information concerning Marvell's first quarter revenues and other financial metrics in advance of Marvell's announcement of these results on May 29, 2008.

92. On the second of these two teleconference calls, for example, Jiau specifically told CW-4 and the Portfolio Manager of Hedge Fund #1 that Marvell's quarterly revenues would be \$804 million, that Marvell's gross profit margins would be 51.6%, and that the company's earnings per share would be \$0.11 per share.

93. The information provided by Jiau in late May 2008 indicated that Marvell's first quarter results were significantly better than market analysts' expectations at the time. Based on that information, the Portfolio Manager of Hedge Fund #1 caused Hedge Fund #1 to cover its 25,000 share short position and purchase over 300,000 shares of Marvell between May 23 and market-close on May 29, establishing a total long position worth approximately \$4.4 million. In addition, the Portfolio Manager of Hedge Fund #1 also caused the fund to purchase 100 Marvell June call options with a strike price of \$15.

94. After market-close on May 29, 2008, Marvell released its quarterly results for the first quarter of 2008, including revenues of \$804 million, gross profit margins of 52% and earnings per share of \$0.11, exactly as Jiau had stated. These results, which were significantly better than market analysts expected, caused the stock price to increase 23% (from \$14.08 per share at market-close on May 29 to \$17.36 per share at market-close on May 30).

95. From May 29 to June 11, 2008, Hedge Fund #1 sold its Marvell holdings, as well as the call options that it had purchased just prior to the earnings announcement. Those sales, coupled with the avoided loss on the short position that the fund closed on May 23, 2008, yielded profits and avoided losses totaling approximately \$898,000.

CLAIMS FOR RELIEF

CLAIM I

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

96. The Commission realleges and incorporates by reference paragraphs 1 through 95, as though fully set forth herein.

97. The information provided by defendants Longoria, DeVore, Shimon, Fleishman, Nguyen, and Jiau, respectively, to PGR and/or PGR's clients, was, in each case, material and nonpublic. In addition, the information was, in each case, considered confidential by the companies that were the source of the information, and each of these companies had policies protecting confidential information.

98. Each of Longoria, DeVore, and Shimon learned during the course of his employment the material nonpublic information each conveyed, and each knew, recklessly disregarded, or should have known, that each, directly, indirectly or derivatively, owed a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, to keep the information confidential.

99. Each of Longoria, DeVore, Shimon, Jiau, Fleishman and Nguyen tipped material nonpublic information to their respective tippee(s) with the expectation of receiving a benefit.

100. Fleishman, Nguyen, and Jiau, as tippees themselves, each tipped their respective tippees material nonpublic information, 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. Each of the tippees named as defendants knew, recklessly disregarded, or should have known, that the material nonpublic information each received from their respective tippers was disclosed or misappropriated in breach of a fiduciary duty, or similar relationship of trust and confidence.

101. By virtue of the foregoing, defendants Longoria, DeVore, Shimon, Jiau, Fleishman, and Nguyen, 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.

102. By virtue of the foregoing, defendants Longoria, DeVore, Shimon, Jiau, Fleishman, and Nguyen, each, 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 Fleishman, Nguyen and Jiau)

103. The Commission realleges and incorporates by reference paragraphs 1 through 102, as though fully set forth herein.

104. By knowingly or recklessly passing along information which they knew to be material nonpublic information and which they knew had been provided to them in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, Fleishman, Nguyen, and Jiau, 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 Longoria, DeVore, Shimon and/or the hedge fund clients of PGR, 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 Longoria and DeVore)

105. The Commission realleges and incorporates by reference paragraphs 1 through 104, as though fully set forth herein.

106. 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 Longoria and DeVore: (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.

107. By reason of the conduct described above, defendants Longoria and DeVore each 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 Longoria, DeVore, Fleishman, Nguyen, Jiau and Shimon, 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, Longoria and DeVore, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)];

III.

Ordering defendants Longoria, DeVore, Fleishman, Nguyen, Jiau and Shimoon 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 Longoria, DeVore, Fleishman, Nguyen, Jiau and Shimoon to pay civil monetary penalties pursuant to Section 21(d)(3) and/or Section 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u-1], and Section 20(d) of the Securities Act [5 U.S.C. § 77t(d)];

V.

Barring defendants Longoria, Shimoon and DeVore, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; and

VI.

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

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