

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

NAUMAN A. ALY,

Defendant.

16-CV-____ (____)

COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (the “Commission”) files this Complaint against defendant Nauman A. Aly and alleges as follows:

SUMMARY

1. This matter involves defendant Nauman A. Aly’s scheme to fraudulently manipulate the price of publicly-traded securities by filing false information on the Commission’s public database (commonly known as EDGAR). Aly executed this scheme from Pakistan and used it to obtain at least close to half a million dollars in ill-gotten gains.

2. On April 12, 2016, Aly acquired a large block of out-of-the-money call options in Integrated Device Technology, Inc. (“IDTI”). Minutes later, Aly filed a report on EDGAR stating that he and a group of other people had acquired more than a five percent beneficial interest in IDTI and had written to IDTI’s board of directors offering to buy all of the company’s stock at a 65% premium.

3. These statements were false. Aly’s “group” did not own an interest in more than five percent of IDTI, and they had not offered to acquire all of IDTI’s stock at a premium. Aly

made these false statements to fraudulently increase the price of IDTI's stock to reap an enormous unlawful gain.

4. Following Aly's false filing, IDTI's stock price spiked by over 25 percent and Aly immediately sold the entire block of options that he had acquired less than half an hour earlier for over \$425,000 in illicit profits.

5. By this Complaint, the Commission charges Aly with violations of the federal securities laws. By knowingly or recklessly engaging in the conduct described in this Complaint, Aly violated and, unless restrained and enjoined by the Court, will continue to violate the federal securities laws.

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Sections 20(b) and 20(d)(1) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b) and (d)(1)] and Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d)] to enjoin such acts, practices, and courses of business; and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

7. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa].

8. Venue in this District is proper because certain of the acts, practices, transactions, and courses of business constituting the violations alleged herein occurred within the Southern District of New York. Defendant manipulated the market for securities listed on the NASDAQ stock exchange, which is headquartered in New York City.

9. In connection with the conduct alleged in this Complaint, defendant made use of a means or instrumentality of interstate commerce, of the mails, or of a facility of a national securities exchange.

DEFENDANT

10. **Nauman A. Aly**, age 32, is a resident of Pakistan who purports to have business addresses in Elkhart, Indiana and Portland, Oregon. Aly trades securities in his own name through a brokerage account located in the United States that he accesses via computer from Pakistan.

THE RELEVANT ISSUER

11. **Integrated Device Technology, Inc. (“IDTI”)** is incorporated in Delaware with its principal place of business in San Jose, California. IDTI manufactures semi-conductors, and its stock is traded on the NASDAQ under the ticker “IDTI.”

TERMS USED IN THIS COMPLAINT

EDGAR

12. The Electronic Data Gathering, Analysis, and Retrieval system, commonly referred to as “EDGAR,” is the Commission’s system for accepting and publicly releasing submissions from companies and others who file documents with the Commission.

13. EDGAR’s primary purpose is to increase the efficiency and fairness of the securities market by providing universal public access to time-sensitive corporate information filed with the agency. EDGAR is a crucial source of information for the investing public about securities trading in the United States.

14. In order to be able to file documents through EDGAR, a filer must complete a Form ID, which is an electronic application to obtain EDGAR access codes. As part of the

application process, each applicant creates a unique passphrase and must provide the applicant's name, contact information, and other information.

15. After the application is received, EDGAR sends a unique Central Index Key ("CIK") number in an automated email to the email address on the Form ID application. This CIK code serves as the filer's logon ID for EDGAR. The CIK code enables filers, among other things, to file documents with the Commission electronically, such as beneficial ownership forms and tender offers to acquire publicly-traded companies.

16. There are companies, commonly referred to as filing agents, that submit documents to the Commission through EDGAR on behalf of companies or individuals. A filing agent needs its own CIK code to log on to EDGAR. A filing agent uses the CIK code and confirmation code of the person or entity for which it is filing to identify the "filer" of the document.

Schedule 13D

17. One type of document filed on EDGAR is a "Schedule 13D." If a person or group acquires beneficial ownership of more than 5% of a voting class of a company's stock they are usually required to file a Schedule 13D, reporting the acquisition of the interest and the purpose of the acquisition. When a Schedule 13D is filed on EDGAR it almost immediately becomes publicly available. The filing of a Schedule 13D can have a substantial impact, causing the company's stock price to rise in anticipation of a potential tender offer or similar type of transaction.

Call Options

18. A call option is a contract between a buyer and a seller that entitles the buyer to purchase a security under specified terms. The buyer of a call option has the right, but not the

obligation, to buy the agreed-upon security from the seller at a set price (the “strike price”) on or before the expiration date for that option.

19. The holder of a call option benefits when the price of the underlying security rises. When the market price of the security exceeds the strike price of the option, the holder of the option can exercise the option and collect the difference between the strike price and the market price or sell the option in the market for a premium.

20. An “out-of-the-money” call option is a call option with a strike price that is higher than the market price of the underlying asset at the time the call option is purchased.

FACTS

21. On August 31, 2015, Aly submitted a Form ID to EDGAR in his own name, “Nauman Aly A,” as part of his application for a logon ID for EDGAR filings.

22. On this Form ID, Aly listed two addresses: (1) an address in Elkhart, Indiana, which belongs to a mail forwarding service; and (2) an address in Karachi, Pakistan. Aly submitted this Form ID using an internet protocol (“IP”) address registered to an internet service provider (“ISP”) located in Pakistan.

23. On September 1, 2015, Aly was issued a CIK code to a file documents on EDGAR.

24. On February 24, 2016, Aly submitted another Form ID to EDGAR, this time in the name “Edgar Solutions.” Aly represented that Edgar Solutions was an EDGAR filing agent. The Form ID identified Aly as a director and contact person for Edgar Solutions with the same Karachi, Pakistan address that appeared on the Form ID that Aly submitted in his own name in August 2015. Aly submitted this Form ID using an IP address registered to an ISP located in Pakistan.

25. On February 24, 2016, Edgar Solutions was issued a CIK code to file documents on EDGAR.

26. On April 12, 2016, at approximately 11:50 a.m. Eastern Time, Aly purchased out-of-the-money IDTI call options for 185,000 shares of IDTI stock with a strike price of \$20.00 and an expiration date of April 15, 2016. Aly paid approximately \$18,500 for the options plus a commission.

27. At the time Aly purchased these options IDTI was trading at approximately \$19.01 per share. Because the options had an expiration date of April 15, 2016, the options would have expired worthless unless the IDTI stock price increased to more than \$20 within three days.

28. Aly purchased these IDTI options using an IP address registered to an ISP located in Pakistan.

29. On April 12, 2016, at approximately 11:58 a.m., Aly logged on to EDGAR using the CIK code that he had obtained in the name of “Edgar Solutions.” Aly logged on to EDGAR from the same IP address that he had used to purchase the IDTI call options.

30. Ten minutes later, at approximately 12:08 p.m., Aly filed a Schedule 13D through EDGAR, claiming that he and six individuals who were Chinese citizens had formed a group (the “Reporting Group”) that had collectively acquired beneficial ownership of 5.1% of IDTI stock. Aly listed the CIK code for “Nauman Aly A” as the filer of the document. The Schedule 13D contained Aly’s electronic signature. After filing the Schedule 13D, Aly remained logged on to EDGAR.

31. The Schedule 13D stated that the Reporting Group owned the following amounts of IDTI securities:

	Number of Shares	Type	Percentage of IDTI's Stock	Cost
Libin Sun	6,010,886 shares	call options and common Stock	4.4%	\$151,894,988
Liang Xu	260,433 shares	common stock	0.2%	\$6,401,443
Haiping Zhou	130,775 shares	common stock	0.1%	\$3,176,524
Zhibin Lin	75,915 shares	common stock	0.1%	\$1,856,881
Junping Chen	72,000 shares	common stock	0.1%	\$1,746,090
Libin Yang	70,877 shares	common stock	0.1%	\$1,742,156
Nauman Aly	185,000 shares	call options	0.1%	\$19,966

32. The Schedule 13D also stated that the Reporting Group had sent a letter, referred to as the “April Letter,” to IDTI’s board of directors offering to acquire all of the outstanding shares of IDTI common stock for \$32.00 per share in cash. The \$32.00 offer price reflected a 65% premium above the closing price of IDTI stock on the prior day. Attached to the Schedule 13D were a draft merger agreement and a copy of the April Letter. The draft merger agreement identified two entities, purportedly incorporated in Delaware, that the Reporting Group proposed it would use to acquire IDTI: SUN Parent, Inc. and SUN Merger Sub, Inc.

33. Aly’s representations in the Schedule 13D were false. Contrary to the representation in the Schedule 13D, the Reporting Group did not send IDTI’s board of directors the April Letter or a proposed merger agreement, and no member of the Reporting Group ever contacted IDTI management (before or after the filing of the Schedule 13D) to discuss a potential merger or takeover. No individual named Libin Sun held a beneficial interest of 4.4% of the outstanding common stock of IDTI as of the filing of the Schedule 13D. Moreover, there is no record of a company named SUN Parent, Inc. being incorporated in Delaware, and the only

SUN Merger Sub, Inc. incorporated in Delaware was merged into a large drug company in 2015 and no longer survives.

34. IDTI's stock price spiked shortly after Aly filed the Schedule 13D as media outlets reported that someone had proposed to acquire IDTI at a significant premium. The share price of IDTI increased over 25% from \$19.06 immediately before the filing at 12:08 p.m. to \$23.99 at 12:17 p.m. The daily volume of trading of IDTI shares jumped from an average trading volume of 3.7 million in the preceding three months to 16.77 million, representing an increase of over 380%.

35. At approximately 12:18 p.m.—only ten minutes after Aly filed the Schedule 13D—Aly sold the IDTI call options that he had purchased at 11:50 a.m. Aly initiated the sales from the same IP address that he used to purchase the options and file the Schedule 13D. In less than half an hour, Aly used this ruse to make at over \$425,000.

36. At approximately 12:43 p.m., Aly filed another Schedule 13D through EDGAR. In this “exit filing,” Aly reported that the Reporting Group no longer owned a beneficial interest in over 5% of IDTI stock because Aly had sold call options referencing 185,000 shares of IDTI. Aly filed this Schedule 13D from the same IP address that was used to buy and sell the options and file the first Schedule 13D.

37. Only after filing the second Schedule 13D did Aly log off of EDGAR at 12:50 p.m.

38. Later that evening on April 12, IDTI issued a press release stating that the company had not received the April letter or draft merger agreement and that it had no information about Aly's proposed acquisition other than what was contained in Aly's Schedule 13D.

39. As of the filing of this complaint, IDTI has not been directly contacted by any member of the supposed Reporting Group regarding a potential acquisition of IDTI.

40. Aly filed the Schedule 13D for the sole purpose of manipulating the price of IDTI securities, not to report a genuine group owning over 5% of IDTI and not to communicate a genuine offer to purchase IDTI's shares at a substantial premium.

41. At all times relevant to this complaint, Aly acted knowingly and/or recklessly.

HARM TO THE MARKETS

42. Aly's conduct caused direct substantial harm to the U.S. markets and investors. In the 34 minutes between when Aly filed the Schedule 13D at 12:08 p.m. and when he filed his "exit filing" at 12:43 p.m., over 7,600,000 shares (or two times the daily trading volume) of IDTI were traded. Investors who purchased IDTI shares or options after the false filing, either because of the filing or for other reasons, paid artificially inflated prices for those securities.

43. Aly's conduct also caused significant intangible harm to the U.S. markets and investors. The Commission's EDGAR system promotes efficient and fair markets by providing prompt universal access to information about thousands of corporations. The filing of false documents on the Commission's EDGAR system undermines investors' confidence and negatively impacts the efficiency and fairness that EDGAR promotes.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act

44. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1-43 inclusive, as if they were fully set forth herein.

45. Defendant Aly, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities, knowingly or recklessly:

- (1) employed devices, schemes, or artifices to defraud;
- (2) obtained money or property by means of untrue statements of material facts, or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (3) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of securities offered or sold.

46. By manipulating the market for IDTI stock and options through his fraudulent EDGAR filings, and selling his position at artificially inflated prices, Aly employed a device, scheme or artifice to defraud, obtained money or property by means of untrue statements, and engaged in transactions, practices or courses of business which operated as a fraud or deceit upon the purchasers of securities.

47. By reason of the foregoing, Aly violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

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

48. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1-43 inclusive, as if they were fully set forth herein.

49. Defendant Aly, directly or indirectly, by use of the means or instruments of interstate commerce or of the mails, or the facility of national securities exchanges, in connection with the purchase or sale of securities, knowingly or recklessly:

- (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

50. By manipulating the market for IDTI stock and options through his fraudulent EDGAR filings, and selling his position at artificially inflated prices, Aly employed a device, scheme or artifice to defraud, made untrue statements of material fact, and engaged in acts practices or courses of business which operated as a fraud or deceit.

51. By reason of the foregoing, defendant violated and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter an emergency, temporary order: freezing Aly's brokerage account; prohibiting Aly from, directly or indirectly, destroying documents; granting expedited discovery; authorizing alternative means of service; and directing defendant to show cause why a preliminary injunction should not be entered.

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

I.

Permanently restraining and enjoining defendant from, directly or indirectly, violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and 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.

Ordering defendant to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint together with prejudgment interest thereon;

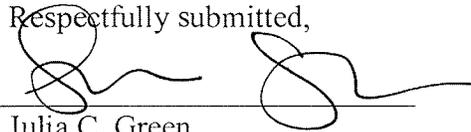
III.

Ordering defendant to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; and

IV.

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

Respectfully submitted,



Julia C. Green
David L. Axelrod*
Kelly L. Gibson*
David W. Snyder*
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Date: May 24, 2016

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