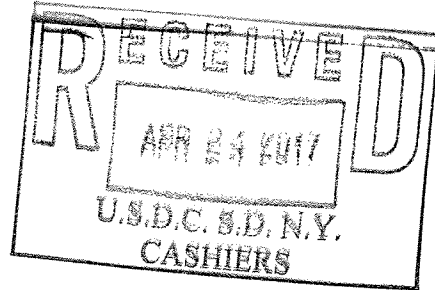


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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

17 CV 2953

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

AVANEESH KRISHNAMOORTHY,

Defendant,

-and-

SHREYA ACHAR,

Relief Defendant.

COMPLAINT

17-CV- ( )

JURY TRIAL  
DEMANDED

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendant Avaneesh Krishnamoorthy ("Krishnamoorthy" or "Defendant") and relief defendant Shreya Achar ("Achar" or "Relief Defendant"), alleges as follows:

SUMMARY

1. In November and December 2016, while employed as a vice president at an investment bank (the "Investment Bank"), Krishnamoorthy illegally traded on material, nonpublic information about a "going private" transaction the Investment Bank was considering financing: the acquisition of a publicly-traded company by a private equity firm.

2. In 2015, Krishnamoorthy opened an individual retirement account (“IRA”) and his wife Achar opened a personal brokerage account (the “Achar Account”) with the same broker-dealer.

3. In violation of the Investment Bank’s compliance policies, Krishnamoorthy did not disclose these brokerage accounts to his employer.

4. In late November 2016, in the course of his job at the Investment Bank, Krishnamoorthy learned highly confidential information: that a private equity firm, Golden Gate Capital (“Golden Gate”), planned to acquire NeuStar, Inc. (“NeuStar”), whose stock trades on the New York Stock Exchange (“NYSE”), at a price significantly higher than NeuStar’s then-existing share price.

5. Before learning this information, neither Krishnamoorthy nor Achar had ever traded NeuStar securities in the IRA or the Achar Account.

6. Yet over the next few weeks, before NeuStar publicly announced its acquisition, Krishnamoorthy traded NeuStar options in his IRA. Krishnamoorthy stood to profit from his positions if NeuStar’s stock price rose.

7. Krishnamoorthy also directly or indirectly traded NeuStar stock and options in the Achar Account over approximately the same time period. Achar’s positions similarly stood to profit if NeuStar’s stock price rose.

8. In mid-December 2016, before and after NeuStar announced its planned acquisition by Golden Gate, Krishnamoorthy and Achar closed out many of their NeuStar positions for approximately \$48,000 in realized and unrealized illegal profits.

9. In approximately April 2017, after receiving an inquiry from the Financial Industry Regulatory Authority (“FINRA”), the Investment Bank confronted Krishnamoorthy over his NeuStar trades.

10. Shortly afterwards, Krishnamoorthy and/or Achar transferred nearly half the Achar Account's funds out of the account.

### **VIOLATIONS**

11. By virtue of the conduct alleged here, Krishnamoorthy engaged in insider trading in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Unless Krishnamoorthy is permanently restrained and enjoined, he will again engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar type and object.

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

12. The Commission brings this action under Securities Act Section 20(b) [15 U.S.C. § 77t(b)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)]. The Commission seeks to permanently enjoin Krishnamoorthy from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint and seeks an order requiring Krishnamoorthy to disgorge all profits realized and losses avoided (and any other ill-gotten gains) from the unlawful insider trading activity set forth in this Complaint, together with prejudgment interest. The Commission also seeks civil penalties against Krishnamoorthy pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1].

13. To maintain the *status quo* and preserve assets sufficient for Krishnamoorthy to pay disgorgement, prejudgment interest, and civil penalties and for Achar to pay disgorgement and prejudgment interest, jointly and severally with Krishnamoorthy, in accordance with any final judgment of this Court, the Commission seeks emergency relief: (i) imposing asset freezes on Krishnamoorthy and Achar; (ii) requiring Krishnamoorthy to repatriate funds and other assets now located outside the United States; and (iii) preventing Krishnamoorthy and Achar from destroying, altering, or concealing documents.

## JURISDICTION AND VENUE

14. The Court has jurisdiction over this action under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Sections 21A and 27 [15 U.S.C. §§ 78u-1 & 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint were effected, directly or indirectly, by making use of the means, instruments, or instrumentalities of transportation or communication in interstate commerce, or of the mails, or the facilities of a national securities exchange.

15. Venue lies in this District under Exchange Act Section 27 [15 U.S.C. § 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Southern District of New York. Among other things, venue lies in this District because Krishnamoorthy undertook his insider trading based on confidential information he received while employed in the Investment Bank's Manhattan office and because he illegally traded in a stock listed on the NYSE, headquartered in Manhattan.

## FACTS

### **I. Defendant and Relief Defendant**

16. **Krishnamoorthy**, age 41, is a citizen of India and resides in West New York, New Jersey. From approximately 2015 until at least April 2017 (the "Relevant Period"), the Investment Bank employed Krishnamoorthy in its Manhattan office as a vice president and market risk specialist in the firm's risk management department. Krishnamoorthy's responsibilities included providing technical support to certain internal committees that reviewed prospective business transactions.

17. **Achar**, age 35, is a citizen of India and resides in West New York, New Jersey with her husband, Krishnamoorthy. During the Relevant Period, she did not work in the securities industry.

## II. Relevant Entities

18. **NeuStar** is a Delaware corporation with its headquarters in Sterling, Virginia. NeuStar's common stock is registered with the Commission under Exchange Act Section 12(b) and trades on the NYSE under the ticker symbol "NSR."

19. **Golden Gate** is an investment adviser registered with the Commission and with its principal place of business in San Francisco, California.

20. **The Investment Bank** is a New York corporation with offices in New York, New York. It has been registered with the Commission as a broker-dealer since 1969 and as an investment adviser since April 2012.

## III. The Investment Bank's Confidentiality and Trading Policies

21. During the Relevant Period, the Investment Bank's internal policies prohibited employees from misusing confidential or proprietary information by trading on such information.

22. For example, the Investment Bank's internal policies during the Relevant Period informed employees that "[t]rading (or advising or directing another person to trade) securities ... or other financial instruments ... for ... an employee or employee-related account or any other account through unauthorized use of confidential or proprietary information is prohibited."

23. During the Relevant Period, Krishnamoorthy annually affirmed that he understood these policies.

24. During the Relevant Period, the Investment Bank's compliance policies also required employees to disclose their personal brokerage accounts and securities trades to the Investment Bank.

25. Among other things, the Investment Bank required employees to disclose all outside personal brokerage accounts for themselves and their spouses. The Investment Bank similarly required employees to arrange to deliver to the Investment Bank all securities transaction

confirmations and statements for all outside personal brokerage accounts the employees or their spouses held.

26. During the Relevant Period, Krishnamoorthy annually affirmed that he understood the Investment Bank's compliance policies and procedures.

#### **IV. Krishnamoorthy's and Achar's Undisclosed Brokerage Accounts**

27. On approximately April 10, 2015, Krishnamoorthy opened his IRA with Interactive Brokers, LLC ("Interactive").

28. On approximately July 29, 2015, Achar opened the Achar Account with Interactive.

29. Krishnamoorthy did not disclose these accounts to the Investment Bank until approximately April 2017, in violation of the Investment Bank's policies and procedures.

30. Krishnamoorthy also did not arrange to deliver brokerage account confirmations or statements for these accounts to the Investment Bank until approximately April 2017, in violation of the Investment Bank's policies and procedures.

#### **V. Krishnamoorthy Trades on the Investment Bank's Confidential NeuStar Information**

##### **A. Krishnamoorthy Learns of the Planned Acquisition.**

31. On approximately November 21, 2016, Golden Gate approached the Investment Bank to seek financing for a potential business transaction involving NeuStar.

32. The next day, the Investment Bank executed a confidentiality agreement with Golden Gate.

33. Over the next few days, Golden Gate provided the Investment Bank with confidential due diligence materials.

34. The Investment Bank then prepared a summary of the proposal and diligence materials—a "Transaction Overview" and a "Capital Commitment Memorandum"—for the Investment Bank's loan committee to review in deciding whether to approve a loan to Golden Gate.

35. On November 23, 2016—the day before Thanksgiving—the Investment Bank’s New Business Group circulated the Transaction Overview internally to individual employees and email distribution lists that included Krishnamoorthy.

36. The New Business Group attached the Transaction Overview to an electronic message scheduling a meeting of the firm’s Debt Loan Committee to consider providing financing to Golden Gate for its contemplated purchase of NeuStar.

37. The meeting invitation stated that the attached material was “[h]ighly confidential” and warned recipients to “ensure that any individuals that are forwarded this invite are appropriately wall crossed.”

38. The Transaction Overview described the Investment Bank’s assignment: “[The Investment Bank] has been asked to provide financing for a potential acquisition of NeuStar” for the client Golden Gate.

39. The document bore a footer stating “FOR INTERNAL USE ONLY” and “Written exclusively for use by personnel of” the Investment Bank.

**B. Krishnamoorthy Trades in NeuStar Securities and Obtains More Information About the NeuStar Acquisition.**

40. On November 25, 2016—the first trading day after Krishnamoorthy received the Transaction Overview—the Achar Account bought 800 shares of NeuStar stock. The Achar Account also bought 9 NeuStar call options, with a strike price of \$25, expiring on December 16, 2016.<sup>1</sup>

41. That day, NeuStar’s stock opened at \$25.10 per share and closed at \$25.00 per share.

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<sup>1</sup> Each call option contract gives the buyer the right, but not the obligation, to purchase 100 shares of the corresponding company’s stock from the seller at a set price (the “strike price”) for a certain period of time (through the “expiration date”). In general, one buys a call option, or call, when one expects the stock price to rise. If the call strike price exceeds the price at which the stock is trading when the buyer purchases the call, the call is “out of the money” because it would be unprofitable to exercise the call and pay more for the stock than if the stock were purchased on the market.

42. The Achar Account stood to profit if NeuStar's stock price rose.

43. Before November 25, the Achar Account had never traded in NeuStar securities.

44. Three days later, on November 28, 2016, Krishnamoorthy received another electronic message scheduling a meeting that day for the Investment Bank's Debt Loan Committee to consider Golden Gate's financing proposal.

45. The meeting notice attached a "Capital Commitment Memorandum" describing the NeuStar acquisition plan.

46. The meeting notice again warned that the information was "[h]ighly confidential."

47. The first page of the Capital Commitment Memorandum stated that it was "STRICTLY PRIVATE AND CONFIDENTIAL" and for "INTERNAL USE ONLY."

48. The Capital Commitment Memorandum explained that the Investment Bank was asking the firm's Debt Loan Committee for "[a]pproval to underwrite [ ]% of \$1,650 million of financing . . . in support of Golden Gate's . . . acquisition of NeuStar . . . ."

49. The Capital Commitment Memorandum also listed Golden Gate's contemplated purchase price of \$2.565 billion or "22% premium to Friday[']s close of \$25.00," meaning \$30.50 per share.

50. On November 29, 2016—the day after receiving the memorandum—Krishnamoorthy bought 30 NeuStar call options expiring on December 16, 2016 with a strike price of \$25 in his IRA.

51. That day, NeuStar's stock price opened and closed below \$25, allowing Krishnamoorthy to profit only if the stock price rose above \$25.

52. Before November 29, Krishnamoorthy had never traded in NeuStar securities in his IRA.



53. The same day, the Achar Account also continued buying call options with a strike price of \$25 and an expiration date of December 16, 2016 and sold some call options with a strike price of \$30 and expiration dates of April 21 and July 21, 2017. The Achar Account essentially still stood to profit if NeuStar's stock price rose above \$25 in the near term.

54. From December 2 through 13, 2016, the Achar Account continued to buy both NeuStar stock and NeuStar call options with a strike price of \$25 and an expiration date of December 16, 2016.

55. On December 2, 2016, in his IRA, Krishnamoorthy bought 6 call options with a strike price of \$25 and an expiration date of December 16, 2016.

56. From December 2 through 13, 2016, the accounts also sold NeuStar calls and, as NeuStar's stock price began to rise, closed out some stock positions.

**C. NeuStar Announces Its Planned Acquisition by Golden Gate.**

57. On December 13, 2016, NeuStar's stock price closed at \$27.65 per share.

58. That day, 637,328 shares of NeuStar stock traded on the markets.

59. On December 14, 2016, at 8:00 a.m. Eastern Standard Time, NeuStar issued a press release announcing that it had entered into an agreement to be acquired by a private investment group, led by Golden Gate, for approximately \$2.9 billion, including debt to be refinanced.

60. Under the terms of the announced agreement, NeuStar shareholders would receive \$33.50 per share in cash after the proposed acquisition closed.

61. When the markets opened on December 14, 2016, NeuStar's stock traded at \$33.40 per share—an increase of \$5.75 per share, or approximately 21%, over the previous day's closing price.

62. That day, the stock price closed at \$33.45 per share.

63. Approximately 15.9 million NeuStar shares traded that day, about 25 times the previous day's volume.

**D. Krishnamoorthy and Achar Profit from the NeuStar Positions.**

64. On December 14, 2016, after NeuStar's announcement, Krishnamoorthy sold the remaining NeuStar call options in his IRA at a profit.

65. That day, the Achar Account sold all its remaining shares of NeuStar stock and sold some of its call options, among other things.

66. In total, Krishnamoorthy's IRA profited by approximately \$18,510 in realized gains from NeuStar positions Krishnamoorthy put on before NeuStar's announcement.

67. In total, the Achar Account profited by approximately \$29,917 in realized and unrealized gains from NeuStar positions the Achar Account put on before NeuStar's announcement.

**VI. The Achar Account Moves Nearly Half Its Funds to a Bank Account.**

68. Months later, on approximately April 4, 2017, the Investment Bank confronted Krishnamoorthy about his trading in NeuStar, after the Investment Bank had received an inquiry from FINRA.

69. Krishnamoorthy then turned over his and Achar's brokerage statements to the Investment Bank for the first time.

70. That day, approximately \$20,000 from the Achar Account was transferred to a separate bank account (the "Bank Account").

71. Over the next two weeks, approximately \$47,000 more was transferred out of the Achar Account to the Bank Account.

72. In total, in the three-week period after April 4, 2017, the Achar Account transferred nearly half its funds to the Bank Account.

**FIRST CLAIM FOR RELIEF**  
**Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder**  
**(Against Krishnamoorthy)**

73. The Commission realleges and incorporates by reference paragraphs 1 through 72, as though fully set forth herein.

74. By virtue of the foregoing, Krishnamoorthy, in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any 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; and/or (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon persons.

75. By virtue of the foregoing, Krishnamoorthy, directly or indirectly, violated and, unless enjoined will again violate, Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**SECOND CLAIM FOR RELIEF**  
**Violations of Section 17(a) of the Securities Act**  
**(Against Krishnamoorthy)**

76. The Commission realleges and incorporates by reference paragraphs 1 through 72, as though fully set forth herein.

77. By virtue of the foregoing, in the offer or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, Krishnamoorthy: (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/or (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

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

**THIRD CLAIM FOR RELIEF**  
**Unjust Enrichment**  
**(Against Relief Defendant Achar)**

79. The Commission realleges and incorporates by reference paragraphs 1 through 72, as though fully set forth herein.

80. Krishnamoorthy directly or indirectly caused the Achar Account to execute illegal insider trades in his wife's name.

81. As the sole legal owner of the Achar Account, Achar received and currently holds proceeds of the unlawful trades executed in that account.

82. Achar has no legitimate claim to these ill-gotten gains.

83. Achar obtained the funds under circumstances in which it is not just, equitable, or conscionable for her to retain the funds.

84. Achar has therefore been unjustly enriched.

**PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests that this Court grant the following relief:

**I.**

Enter an Order temporarily and preliminarily freezing the assets of Krishnamoorthy, pending a final disposition of this action;

**II.**

Enter an Order temporarily and preliminarily freezing the assets of Achar, up to the amount of the ill-gotten gains she received, pending a final disposition of this action;

**III.**

Enter an Order requiring Krishnamoorthy to repatriate funds and assets that are now located outside the Court's jurisdiction sufficient to effectuate a judgment against him for disgorgement, prejudgment interest, and civil penalties based on the unlawful activities alleged here;

**IV.**

Enter an Order restraining and enjoining Krishnamoorthy and Achar from destroying, altering, or concealing documents, pending a final disposition of this action;

**V.**

Enter a Final Judgment finding that Krishnamoorthy violated the securities laws and rules as alleged against him here;

**VI.**

Enter a Final Judgment permanently restraining and enjoining Krishnamoorthy and his agents, servants, employees and attorneys and all persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise from violating Securities

Act Section 17(a) [15 U.S.C. § 77q(a)], 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];

**VII.**

Enter a Final Judgment directing Krishnamoorthy to disgorge, with prejudgment interest, all illicit trading profits or other ill-gotten gains from the conduct alleged in this Complaint, including illicit profits from trades made in accounts in his own name and in the Achar Account, pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)];

**VIII.**

Enter a Final Judgment directing Achar (jointly and severally with Krishnamoorthy) to disgorge, with prejudgment interest, all illicit trading profits or other ill-gotten gains by which she was unjustly enriched, including illicit profits from trades made in the Achar Account, pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)];

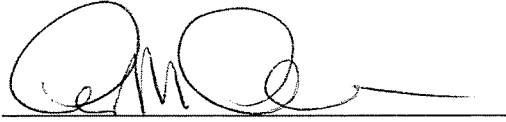
**IX.**

Enter a Final Judgment directing Krishnamoorthy to pay a civil monetary penalty pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1]; and

**X.**

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

Dated: New York, New York  
April 24, 2017

A handwritten signature in black ink, appearing to read 'AMC', is written above a horizontal line.

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