

SANJAY WADHWA
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center
Room 400
New York, New York 10281
(212) 336-0181

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
SECURITIES AND EXCHANGE COMMISSION, :
 :
 :
 Plaintiff, :
 :
 :
 -against- :
 :
 12 Civ. ()
 WELL ADVANTAGE LIMITED, :
 CERTAIN UNKNOWN TRADERS IN THE :
 SECURITIES OF NEXEN, INC. IN AN ACCOUNT : **COMPLAINT**
 OF PHILLIP SECURITIES PTE LTD., :
 and :
 CERTAIN UNKNOWN TRADERS IN THE : **ECF CASE**
 SECURITIES OF NEXEN, INC. IN AN ACCOUNT :
 OF CITIBANK NA A/C HK 4, :
 :
 :
 Defendants. :
-----X

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against defendants Well Advantage Limited (“Well Advantage”), Certain Unknown Traders in the Securities of Nexen, Inc. in an Account of Phillip Securities PTE LTD. (“Unknown Traders of Nexen Securities at Phillip Securities”), and Certain Unknown Traders in the Securities of Nexen, Inc. in an Account of Citibank NA A/C HK 4 (“Unknown Traders of Nexen Securities at Citibank”) (collectively, “Defendants”), alleges as follows:

SUMMARY

1. This is an insider trading case involving highly suspicious and highly profitable trading by the Defendants in the securities of Nexen, Inc. (“Nexen”) just prior to the July 23, 2012, announcement that the Chinese energy company CNOOC Limited (“CNOOC”) had agreed to acquire Nexen, a Canadian energy company, for \$27.50 per share (the “Announcement”), representing a premium of 61 percent over Nexen stock’s closing price on Friday, July 20, 2012. As a result of the Announcement, Nexen’s stock price on July 23 rose approximately 52 percent over the previous trading day’s closing price, allowing the Defendants to reap substantial profits.

2. The Defendants in this action are either foreign traders or traders trading through foreign accounts whose timely purchases of shares of Nexen stock generated realized and unrealized profits totaling over \$13 million. On information and belief, the Defendants are either located, or trading through accounts located, in Hong Kong and/or Singapore.

3. On information and belief, each Defendant purchased Nexen stock while in the possession of material, nonpublic information concerning CNOOC’s proposed acquisition of Nexen. Each Defendant’s trading in Nexen stock is highly suspicious. Specifically, all or nearly all of the Defendants’ purchases of Nexen stock occurred during the last seven trading days before the Announcement, and the accounts used for such purchases had either no history or extremely limited history of buying shares of Nexen stock prior to July 2012. Further, Defendant Well Advantage’s owner is also the controlling shareholder of a Hong Kong-based company that engages in significant business activities with CNOOC.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

4. The Commission brings this action pursuant to the authority conferred upon it by 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 all ill-gotten gains from the unlawful insider trading activity set forth in this Complaint, together with prejudgment interest, and civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]. 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

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

6. Venue lies in this Court pursuant to Section 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 and elsewhere, and were effected, directly or indirectly, by making use of means or instrumentalities of transportation or communication in interstate commerce, or the mails, or the facilities of a national securities exchange. During the time of the conduct at issue, shares of Nexen stock were traded on the New York Stock Exchange (“NYSE”).

DEFENDANTS

7. **Well Advantage** is a British Virgin Islands incorporated company headquartered in Hong Kong, China. It is indirectly wholly-owned by Zhang Zhi Rong, a Hong Kong businessman who owns or controls numerous other companies, including China Rongsheng Heavy Industries (“Rongsheng”). According to media reports, Rongsheng has a close business relationship with CNOOC, the proposed acquirer of Nexen.

8. As set forth in this Complaint, **certain unknown traders** engaged in highly suspicious and highly profitable trading in Nexen securities through omnibus accounts located in Singapore in the names of Phillip Securities PTE LTD (“Phillip Account”) and Citibank NA A/C HK 4 (“Citibank HK 4 Account”).

RELEVANT ENTITIES

9. **Nexen** is a global energy company incorporated and domiciled in Canada and headquartered in Calgary, Canada. Its common stock is listed on the Toronto Stock Exchange and the NYSE under the symbol “NYX.”

10. **CNOOC** is an energy company incorporated and headquartered in Hong Kong, China. According to its public filings, CNOOC is China’s largest producer of crude oil and natural gas. CNOOC’s common stock is listed on the Stock Exchange of Hong Kong Limited under the code 00883 and on the NYSE under the symbol “CEO.”

11. **Phillip Securities** is a Singapore-based brokerage firm licensed by the Monetary Authority of Singapore. Phillip Securities is part of Phillip Capital, a Singapore-based, privately owned financial institution with offices in approximately 13 countries, primarily in the Asia-Pacific region. Phillip Capital’s only United States affiliate is the Chicago-based Phillip Futures Inc., a Futures Commission Merchant.

FACTS

CNOOC’s Agreement to Acquire Nexen

12. On Monday, July 23, 2012, before market open, Nexen and CNOOC made the Announcement concerning CNOOC’s agreement to acquire Nexen. The deal price of \$15.1 billion, or \$27.50 per share, represented a premium of 61 percent over Nexen’s closing price on the preceding trading day, July 20, 2012.

13. In reaction to the Announcement, on July 23, Nexen's stock closed at \$25.90 – an increase of \$8.84 per share, or approximately 52 percent, over the previous trading day's closing price of \$17.06. Prior to the Announcement, Nexen's stock had consistently traded below \$20 per share since March 2012. The trading volume in Nexen also skyrocketed on July 23, reaching approximately 141.3 million shares, an increase of over 4800 percent over the previous trading day's volume.

Suspicious and Profitable Trading by Well Advantage

14. On Thursday, July 19, 2012, just two trading days prior to the Announcement, Well Advantage, through accounts held by UBS Securities LLC ("UBS") and Citigroup Global Markets Inc. ("Citigroup"), purchased 831,033 shares of Nexen stock for approximately \$14.3 million. On Thursday, July 26, 2012, Well Advantage placed a sell order to liquidate its entire position in Nexen. Based on Nexen's closing price on the day of the Announcement, Well Advantage's unrealized gain from Nexen stock trading in these accounts is approximately \$7.2 million.

15. Prior to July 19, 2012, the Well Advantage account at Citigroup had never traded Nexen securities and, in fact, had not traded any securities since January 2012. And, the Well Advantage account at UBS had not traded Nexen securities since at least January 2012. Well Advantage's July 19 purchases of Nexen stock are highly suspicious based on (i) the timing and amount of Well Advantage's purchases of Nexen shares just two trading days prior to the Announcement; (ii) the fact that Well Advantage had not traded Nexen stock since at least January 2012; (iii) the fact that Well Advantage's Citigroup account had been dormant for over six months; and (iv) the fact that Well Advantage is headquartered in Hong Kong, the same location as CNOOC's main office. Furthermore, Well Advantage's beneficial owner, Zhang Zhi

Rong, is a controlling shareholder of Rongsheng, a company that, according to its own public statements, maintains a close business relationship with CNOOC.

16. On information and belief, at the time Well Advantage purchased shares of Nexen stock as alleged above, it was in possession of material, nonpublic information about CNOOC's proposed acquisition of Nexen.

Suspicious and Profitable Trading by Unknown Traders of Nexen Securities at Phillip Securities

17. From July 12, 2012, through July 20, 2012, the last day of trading before the Announcement, one or more unknown traders, using the Phillip Account, an omnibus account located in Singapore, purchased 597,990 shares of Nexen stock for approximately \$10 million. Prior to the July 2012 purchases, the Phillip Account had engaged in only negligible trading of Nexen stock since August 2010. During the almost two year period leading up to the July 2012 purchases, the account's few isolated, prior Nexen purchases occurred on four separate occasions and all together involved the acquisition of only 3,800 shares of Nexen stock.

18. On July 23, 2012, in the hours after the Announcement, the Phillip Account began selling its Nexen position. By the end of trading on July 24, 2012, the account had sold 582,990 shares (*i.e.*, all but 15,000 of the shares it had accumulated from July 12 through July 20), generating total proceeds of approximately \$15.1 million and realizing profits of approximately \$5.1 million.

19. The timing, size and profitability of these trades, as well as the lack of prior history of significant trading in Nexen stock in the account, make these trades highly suspicious.

20. On information and belief, the Unknown Traders of Nexen Securities at Philip Securities were in possession of material, nonpublic information about CNOOC's proposed acquisition of Nexen at the time they made the purchases alleged in this Complaint.

Suspicious and Profitable Trading by Unknown Traders of Nexen Securities at Citibank

21. On July 17, 2012, one or more unknown traders, using the Citibank HK 4 Account, an omnibus account held by Citigroup in Singapore, purchased 78,220 shares of Nexen stock for approximately \$1.31 million. This account had not purchased shares of Nexen stock since at least January 2011.

22. The Citibank account sold all 78,220 Nexen shares on July 23, immediately following the Announcement, for realized profits of approximately \$721,000.

23. The timing, size and profitability of these trades, as well as the lack of prior history of trading in Nexen stock in the account, make these trades highly suspicious.

24. On information and belief, the Unknown Traders of Nexen securities at Citibank were in possession of material, nonpublic information about CNOOC's proposed acquisition of Nexen at the time they made the purchases alleged in this Complaint.

CLAIM FOR RELIEF

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

25. The Commission realleges and incorporates by reference paragraphs 1 through 24, as though fully set forth herein.

26. Upon information and belief, at the time the Defendants purchased shares of Nexen stock, as alleged above, they were in possession of material, nonpublic information about CNOOC's contemplated acquisition of Nexen. The Defendants: (a) knew, recklessly disregarded, or should have known that their trading was in breach of a fiduciary duty, or obligation arising from a similar relationship of trust and confidence, owed to the shareholders of Nexen, or to the source from whom they received the material, nonpublic information; and/or (b) knew, recklessly disregarded, or should have known, that the material, nonpublic information

about the contemplated acquisition that had been conveyed to them was disclosed or misappropriated in breach of a fiduciary duty, or similar relationship of trust and confidence.

27. Upon information and belief, any and all material, nonpublic information that the Defendants received concerning the contemplated acquisition of Nexen, as set forth above, was disclosed to them by a person or persons who tipped such information with the expectation of receiving a benefit.

28. By virtue of the foregoing, the Defendants, singly or in concert with others, 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.

29. By virtue of the foregoing, the Defendants, 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].

RELIEF SOUGHT

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently restraining and enjoining the Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who

receive actual notice of the injunction by personal service or otherwise, 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.

Ordering the Defendants to disgorge, with prejudgment interest, all illicit trading profits or other ill-gotten gains received as a result of the conduct alleged in this Complaint.

III.

Ordering the Defendants to pay civil monetary penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u-1].

IV.

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

Dated: New York, New York
July 27, 2012

Sanjay Wadhwa

Sanjay Wadhwa
Deputy Chief, Market Abuse Unit
and Associate Regional Director
Attorney for Plaintiff
SECURITIES AND EXCHANGE
COMMISSION
New York Regional Office
3 World Financial Center, Suite 400
New York, New York 10281
(212) 336-0181
Wadhwas@sec.gov

Of Counsel:

Daniel M. Hawke (Hawked@sec.gov)*
Joseph G. Sansone (Sansonej@sec.gov)
Simona K. Suh (Suhs@sec.gov)
Charles D. Riely (Rielyc@sec.gov)
Michael P. Holland (Hollandm@sec.gov)

* not admitted in the S.D.N.Y.