



## U.S. Securities and Exchange Commission

### SEC Obtains \$13.9 Million Penalty Against Rajat Gupta

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*Washington, D.C., July 17, 2013* — The Securities and Exchange Commission today obtained a \$13.9 million penalty against former Goldman Sachs board member Rajat K. Gupta for illegally tipping corporate secrets to former hedge fund manager Raj Rajaratnam. Gupta also is permanently barred from serving as an officer or director of a public company.

The SEC previously [obtained a record \\$92.8 million penalty](#) against Rajaratnam for prior insider trading charges.

"The sanctions imposed today send a clear message to board members who are entrusted with protecting the confidences of the companies they serve," said George S. Canellos, Co-Director of the SEC's Division of Enforcement. "If you abuse your position by sharing confidential company information with friends and business associates in exchange for private gain, you will be prosecuted to the fullest extent by the SEC."

In its complaint [filed in late 2011](#), the SEC alleged that Gupta disclosed confidential information to Rajaratnam about Berkshire Hathaway Inc.'s \$5 billion investment in Goldman Sachs as well as nonpublic details about Goldman Sachs's financial results for the second and fourth quarters of 2008.

In addition to imposing the civil penalty, the order issued today by the Honorable Jed S. Rakoff of the U.S. District Court for the Southern District of New York enjoins Gupta from future violations of the securities laws, and permanently bars him from acting as an officer or director of a public company, and from associating with any broker, dealer, or investment adviser.

In a parallel criminal case arising out of the same facts, the SEC provided significant assistance to the U.S. Attorney's Office for the Southern District of New York in its successful criminal prosecution of Gupta, who was found guilty on June 15, 2012 of one count of conspiracy to commit securities fraud and three counts of securities fraud. Following the jury verdict, Gupta was sentenced on Oct. 24, 2012, to a term of imprisonment of two years followed by one year of supervised release, and ordered to pay a \$5 million criminal fine.

On Dec. 26, 2012, [the SEC obtained a final judgment](#) ordering Rajaratnam to disgorge his share of the profits gained and losses avoided as a result of the insider trading based on Gupta's tips, plus prejudgment interest.

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