

Rengan Rajaratnam Agrees to Settle Insider Trading Charges

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Washington D.C., Oct. 23, 2014 — The Securities and Exchange Commission today announced that former hedge fund manager Rajarengan “Rengan” Rajaratnam has agreed to pay more than \$840,000 and accept securities industry bars in order to settle the agency’s insider trading case against him.

The SEC filed civil charges in March 2013 against Rengan Rajaratnam for his role in the widespread insider trading scheme conducted by his brother Raj Rajaratnam and hedge fund advisory firm Galleon Management. The insider trading occurred in securities of more than 15 companies for illicit gains totaling nearly \$100 million. The SEC has now obtained court judgments or settlements in Galleon-related enforcement actions against 35 defendants, resulting in approximately \$165 million in monetary sanctions.

“We are pleased to have reached a favorable proposed resolution of our insider trading charges against Rengan Rajaratnam,” said Andrew J. Ceresney, Director of the SEC’s Division of Enforcement. “The settlement ensures he’s out of the industry and paying a serious price for breaking the law.”

Rengan Rajaratnam, who became a portfolio manager at Galleon after co-founding hedge fund advisory firm Sedna Capital Management, neither admitted nor denied the SEC’s allegations in agreeing to the settlement that is subject to court approval. The proposed final judgment would permanently enjoin Rengan Rajaratnam from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and require him to pay \$372,264.42 in disgorgement, \$96,714.27 in prejudgment interest, and a \$372,264.42 penalty. Under the settlement, he also would be barred from association with any investment adviser, broker, dealer, municipal securities dealer, or transfer agent with the right to apply for reentry after five years.

The SEC’s investigation was conducted by John Henderson, Matthew Watkins, Diego Brucculeri, and James D’Avino in the New York Regional Office. The case has been supervised by Sanjay Wadhwa, Senior Associate Director of the New York office, and Joseph Sansone, Deputy Chief of the Enforcement Division’s Market Abuse Unit.

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