

FOR IMMEDIATE RELEASE

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Washington D.C., April 23, 2014 — The Securities and Exchange Commission today filed insider trading charges against a former accounting manager at Nvidia Corp. who tipped a friend with confidential company information that set in motion a chain of tipping and illegal trading among a network of hedge fund traders who reaped millions of dollars in illicit gains.

The SEC alleges that Chris Choi of San Jose, Calif., tipped his friend Hyung Lim with nonpublic information about Nvidia's financial performance in advance of the technology company's quarterly earnings announcements in 2009 and 2010. Lim relayed Choi's information to a fellow poker player Danny Kuo, who was a hedge fund manager at Whittier Trust Company. Kuo illegally traded on the inside information for his firm and passed it along to analysts at such other firms as Diamondback Capital Management, Level Global Investors LP, and Sigma Capital Management, which is an affiliate of S.A.C. Capital Advisors LP. The analysts relayed Choi's information to their portfolio managers who caused funds to conduct insider trading in Nvidia securities.

Choi, who agreed to settle the SEC's charges, is the 45th defendant charged by the SEC in its ongoing investigation into the activities of expert networks. The investigation has exposed widespread insider trading by investment professionals, hedge funds, and corporate insiders for illicit profits of approximately \$430 million. The SEC previously charged Choi's tippees, including Lim as well as Kuo, Diamondback, and Level Global and Sigma Capital. The expert networks investigation arose out of the SEC's inquiry into Galleon Management and Raj Rajaratnam – a case in which the SEC has charged an additional 35 defendants whose insider trading generated illicit profits of more than \$96 million.

"Insiders at public companies who are entrusted with confidential information are duty bound to protect it," said Sanjay Wadhwa, senior associate director of the SEC's New York Regional Office. "Choi violated that sacred duty by regularly tipping his friend with nonpublic financial data that hedge fund traders exploited for millions of dollars in illegal profits."

According to the SEC's complaint filed in U.S. District Court for the Southern District of New York, Choi's illegal tips enabled hedge funds to reap approximately \$16.5 million in illicit profits and avoided losses. Choi routinely provided Lim with nonpublic information about Nvidia's highly confidential calculations of its revenues, gross profit margins, and other financial metrics ahead of its quarterly earnings announcements.

The SEC's complaint charges Choi with violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and Section 17(a) of the Securities Act of 1933. Choi has agreed to pay a \$30,000 penalty and be barred from serving as an officer or director of a public company for five years. Without admitting or denying the allegations, Choi agreed to be permanently enjoined from future violations of these provisions of the federal securities laws. The settlement is subject to court approval.

The SEC's investigation, which is continuing, has been conducted by Stephen Larson and Daniel Marcus of the Enforcement Division's Market Abuse Unit in New York along with Matthew Watkins, Diego Brucculeri, James D'Avino, and Neil Hendelman of the New York Regional Office. The case has been supervised by Sanjay Wadhwa and Joseph G. Sansone, deputy chief of the Enforcement Division's Market Abuse Unit. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York and the Federal Bureau of Investigation.

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Related Materials

- SEC complaint