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8 **UNITED STATES DISTRICT COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN JOSE DIVISION**
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13 SECURITIES AND EXCHANGE COMMISSION, Case No.
14 Plaintiff,
15 vs. COMPLAINT
16 CHING HWA CHEN,
17 Defendant.
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20 Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

21 **SUMMARY OF THE ACTION**

22 1. This matter involves insider trading by Ching Hwa Chen (“Chen”) in the
23 securities of Informatica Corporation (“Informatica”), a data integration company headquartered in
24 Redwood City, California that in early July 2012 announced that its second quarter revenue would
25 fall short of its previously-issued revenue guidance. A few days before the announcement, Chen
26 suspected that there might be a revenue miss while on vacation with his wife, Informatica’s Senior
27 Tax Director, by overhearing her business phone calls and observing her unusual work schedule.
28 Chen then misappropriated this information for his own benefit by buying put options and selling

1 short Informatica's common stock. After the announcement of the revenue miss, Informatica's stock
2 price dropped more than 27%, yielding Chen more than \$138,000 in illicit profits.

3 2. By using, unbeknownst to his wife, material nonpublic information from his
4 wife and trading on the basis of confidential information he learned from her, Defendant Chen
5 violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)]
6 and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder. Accordingly the Commission seeks a court order
7 requiring Defendant Chen to disgorge his ill-gotten gains plus prejudgment interest; imposing civil
8 monetary penalties; and enjoining him from future violations of these provisions of the federal
9 securities laws.

10 **JURISDICTION AND VENUE**

11 3. The Commission brings this action pursuant to Section 21(d), 21(e), and 21A
12 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78u-1(c)].

13 4. This Court has jurisdiction over this action pursuant to Section 21(e), 21A and
14 27 of the Exchange Act [15 U.S.C. §§ 78u(e), 78u-1 and 78aa].

15 5. Defendant, directly or indirectly, made use of the means or instrumentalities of
16 interstate commerce, or of the mails, or of the facilities of a national securities exchange in
17 connection with the transactions, acts, practices and courses of business alleged herein.

18 6. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15
19 U.S.C. § 78aa]. Defendant resides and transacts business in the Northern District of California.
20 Additionally, a substantial portion of the acts or transactions constituting violations of the federal
21 securities laws occurred in this District.

22 7. Intradistrict assignment to the San Jose Division is appropriate pursuant to
23 Civil Local Rule 3-2(c) and (e) because a substantial part of the events or omissions that give rise to
24 this claim occurred in Santa Clara county.

25 **DEFENDANT**

26 8. Ching Hwa Chen, age 61, resides with his wife in San Jose, California. Chen
27 is a retired engineer. At all relevant times, Chen was not employed by Informatica.

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RELEVANT ENTITY

9. Informatica Corporation is a Delaware corporation headquartered in Redwood City, California. It provides enterprise data integration and data quality software and services. Its common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act and trades on the NASDAQ Global Select Market under the ticker “INFA.” Its options trade on the Chicago Board Options Exchange.

FACTUAL ALLEGATIONS

12. At all relevant times, Chen’s wife was the Senior Tax Director at Informatica and worked at Informatica’s headquarters in Redwood City, California.

13. On or about June 28, 2012, Chen’s wife, in her role as Senior Tax Director, was informed that Informatica would not meet its publicly disclosed revenue guidance. This was significant because it would be the first time in 31 consecutive quarters that Informatica would miss its revenue guidance. Informatica also determined that it needed to finalize its quarterly results earlier than it normally would so that it could decide whether to announce its revenue miss ahead of its regularly-scheduled earnings call. This meant that Informatica’s finance team – including Chen’s wife – needed to work longer than usual over the next several days.

14. The next day, a Friday, Chen’s wife had taken a vacation day from work as she and Chen had planned to drive to Reno, Nevada. Normally, when Chen’s wife took a vacation day, she did not work. However, because of Informatica’s revenue miss, Chen’s wife spent almost the entirety of the approximately four hour drive on business phone calls to finalize Informatica’s quarterly financial results. Chen drove and overheard the substance of those calls. Once they arrived in Reno, Chen’s wife continued to work that evening.

15. By the end of their Reno weekend, Chen had gleaned from his wife’s business calls and behavior that Informatica might miss its revenue numbers.

16. Chen’s wife had previously advised Chen that he was not to trade in Informatica securities under any circumstance and she believed he understood her concerns.

1 17. On July 2 and July 3, 2012, after their return from Reno, Chen sold Informatica
2 short, sold call option contracts, and bought put option contracts in four family brokerage accounts he
3 controlled. These trades were designed to make Chen money if Informatica's stock price fell.

4 18. Chen hid his trades from his wife as he knew his wife did not have access to
5 any of these accounts and he did not inform her of these trades.

6 19. After the close of the market on July 5, 2012, Informatica issued a press
7 release announcing that it would not meet its previously issued revenue guidance. The next day, its
8 stock price declined to \$31.39, a decrease of over 27% from the previous day's closing price of
9 \$43.37.

10 20. On July 6, 2012, Chen closed out all of his Informatica positions opened on
11 July 2 and July 3, realizing \$138,068 in illicit profits.

12 21. At all relevant times, Chen and his wife had a history, pattern or practice of
13 sharing confidences such that Chen knew, or reasonably should have known, that his wife expected
14 him to maintain in confidence any nonpublic information relating to Informatica.

15 22. Chen was aware that his wife, as a Senior Tax Director at Informatica, owed a
16 duty of trust and confidence to Informatica. Chen knew, or was reckless in not knowing, that he
17 violated the duty of trust and confidence owed to his wife by trading in Informatica securities on the
18 basis of material nonpublic information he learned from her and her behavior.

19 **CLAIM FOR RELIEF**

20 **Insider Trading: Fraud in Connection with the Purchase Or Sale of Securities**
21 **In Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

22 23. Paragraphs 1 through 22 are re-alleged and incorporated herein by reference.

23 24. Defendant Chen, with scienter, directly or indirectly:

24 a) employed devices, schemes, or artifices to defraud;

25 b) made untrue statements of material fact or omitted to state a material
26 fact necessary in order to make the statements made, in the light of the circumstances under which
27 they were made, not misleading; and

1 c) engaged in acts, practices, or courses of business which operated or
2 would operate as a fraud or deceit upon other persons in connection with the purchase or sale of
3 securities, by the use of means or instrumentalities of interstate commerce, of the mails, or the
4 facilities of a national securities exchange.

5 25. By reason of the foregoing, Defendant Chen violated, and unless restrained and
6 enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule
7 10b-5 thereunder [17 C.F.R. § 240.10b-5].

8 **PRAYER FOR RELIEF**

9 WHEREFORE, the Commission respectfully requests that this Court:

10 I.

11 Permanently enjoin Defendant Chen from directly or indirectly violating Section 10(b)
12 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder;

13 II.

14 Order Defendant Chen to disgorge ill-gotten gains derived from the unlawful trading
15 alleged herein, plus prejudgment interest;

16 III.

17 Order Defendant Chen to pay a civil monetary penalty pursuant to Section 21A of the
18 Exchange Act [15 U.S.C. § 78u-1]; and

19 VI.

20 Grant such other relief as this Court may deem just and necessary.

21 Respectfully submitted,

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23 Dated: March 31, 2014

/s/ Kashya K. Shei
Kashya K. Shei
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION