

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

REEMA D. SHAH

and

ROBERT W. KWOK

Defendants.



COMPLAINT

Civil Action No.

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

SUMMARY

1. This case involves insider trading by Reema D. Shah ("Shah"), a former portfolio manager at RiverSource Investments, LLC ("RiverSource"), a registered investment advisor, and Robert W. Kwok ("Kwok") (collectively, the "Defendants"), a former Senior Director of Business Management at Yahoo! Inc. ("Yahoo").

2. In July 2009, Kwok tipped Shah material, nonpublic information that an internet search engine partnership agreement between Yahoo and Microsoft Corp. ("Microsoft"), which had long been the subject of market rumors, would be announced soon. Shah was a portfolio manager for multiple mutual funds and hedge funds at RiverSource, including the Seligman Communications and Information Fund (the "C&I Fund"). Based on the inside information she received from Kwok, Shah caused the C&I Fund and several other funds to purchase approximately 700,000 shares of Yahoo. Two

weeks later, the shares were sold, resulting in profits for the funds of approximately \$389,000.

3. On a separate occasion, in April 2008, Shah tipped Kwok material, nonpublic information she had received concerning an upcoming acquisition of Moldflow Corp. by Autodesk, Inc. Based on that inside information, Kwok purchased 1,500 shares of Moldflow in a personal account. After the acquisition was publicly announced on May 1, 2008, Kwok sold those shares, realizing profits of \$4,754.

4. By virtue of the conduct alleged herein, Defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Unless enjoined, they are likely to commit such violations again in the future.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this matter pursuant to Exchange Act Sections 21(d)(1), 21(e), 21A, and 27 [15 U.S.C. §§ 78u(d)(1), (e), 78u-1, and 78aa]. Defendants, directly or indirectly, made use of the means or instrumentalities of interstate commerce or the mails in connection with the conduct alleged herein.

6. Venue is proper because certain acts or transactions constituting the violations occurred within this judicial district.

DEFENDANTS

7. **Reema D. Shah**, age 39, is a resident of Menlo Park, California. Shah was a portfolio manager at RiverSource Investments, LLC, a registered investment advisor and a wholly-owned subsidiary of Ameriprise Financial, Inc. Shah was

previously a portfolio manager at J. & W. Seligman & Co., Inc., which Ameriprise acquired in November 2008.

8. **Robert W. Kwok**, age 36, is a resident of Danville, California. During the relevant time period, Kwok was a Senior Director of Business Management at Yahoo! Inc.

OTHER RELEVANT ENTITIES

9. **Ameriprise Financial, Inc. (“Ameriprise”)** is a Delaware holding company headquartered in Minneapolis, Minnesota, that, through its subsidiaries, provides financial planning, products and services. Ameriprise’s subsidiaries include registered broker-dealers and registered investment advisors.

10. **RiverSource Investments, LLC (“RiverSource”)**, now known as Columbia Management Investment Advisers, LLC (“Columbia”), is a registered investment advisor located in Boston, Massachusetts. RiverSource is a wholly-owned subsidiary of Ameriprise. During the relevant time period, RiverSource was the investment advisor to the Seligman family of mutual funds and hedge funds. RiverSource changed its name to Columbia in May 2010.

11. **J. & W. Seligman & Co., Inc. (“Seligman”)** was a registered investment advisor incorporated in Delaware with its principal place of business in New York, New York. Seligman managed multiple mutual funds and hedge funds. Ameriprise acquired Seligman in November 2008.

12. **Yahoo! Inc. (“Yahoo”)** is a Delaware corporation with its principal place of business in Sunnyvale, California. Yahoo’s common stock is registered with the Commission and trades on the NASDAQ stock market under the ticker symbol “YHOO.”

13. **Moldflow Corporation (“Moldflow”)** was a Delaware corporation with its principal place of business in Framingham, Massachusetts. During the relevant time period, Moldflow’s common stock was registered with the Commission and its stock traded on the NASDAQ stock market under the symbol “MFLO.” Autodesk, Inc. acquired Moldflow on June 25, 2008.

14. **Autodesk, Inc. (“Autodesk”)** is a Delaware corporation with its principal place of business in San Rafael, California. Its common stock is registered with the Commission and trades on the NASDAQ stock market under the symbol “ADSK.”

FACTS

15. Shah and Kwok first met in January 2008 in California. At the time, Shah was a portfolio manager at Seligman and Kwok was a Business Operations Director at Yahoo. Shah was attending a real estate conference at the same facility where Yahoo was holding a meeting, and the two met in a hallway and began discussing their respective businesses.

16. After their initial meeting, Shah and Kwok spoke frequently in person and over the telephone. Kwok provided Shah with information about Yahoo, including whether Yahoo’s quarterly financial performance was expected to be in line with market estimates.

17. In return, Shah provided Kwok with information she learned in the course of her work, which Kwok used in making personal investment decisions. Both Shah and Kwok benefitted from this exchange of information.

Yahoo Tipping and Trading

18. Dating back to 2006, there had been market rumors that Yahoo and Microsoft Corp. were in discussions regarding a potential internet search engine alliance that would allow them to compete with search engine giant Google.

19. Rumors of a partnership continued to circulate in early 2009 when Yahoo appointed a new CEO. In July 2009, certain media sites began reporting that a deal could be forthcoming, and would include Microsoft making a large up-front payment to Yahoo.

20. As a portfolio manager at RiverSource and prior to that Seligman, Shah followed Yahoo closely, frequently buying and selling the stock on behalf of a number of mutual funds and hedge funds. Shah, and others in the market, believed that the announcement of a partnership between Yahoo and Microsoft would have a positive impact on Yahoo's stock.

21. Upon hearing the recent rumors, Shah reached out to Kwok. Kwok, in breach of his duty to Yahoo, told Shah that a deal between Yahoo and Microsoft would be announced soon. Kwok told Shah that this information was kept quiet at Yahoo and that only a few people knew of the coming announcement.

22. The information Kwok tipped Shah concerning the upcoming announcement was material, nonpublic information. Both Kwok and Shah knew that Kwok tipped Shah the inside information in breach of his duty to Yahoo.

23. Based on the inside information she received from Kwok, Shah caused certain of the RiverSource funds she helped managed to purchase 700,300 shares of Yahoo on July 16, 2009. The largest purchase was made in the C&I Fund, which alone added approximately 450,000 shares of Yahoo to its holdings.

24. On July 28, 2009, the shares were sold, resulting in profits for the funds of approximately \$389,000.

Moldflow Tipping and Trading

25. In early 2008, shortly after their initial meeting, Shah told Kwok that she had learned through an inside source that Autodesk intended to acquire Moldflow. This was material, nonpublic information, which had been misappropriated by an Autodesk insider, and tipped to Shah through a series of tippees. Both Shah and Kwok knew, or should have known, that the information had been misappropriated in violation of a duty.

26. Based on this inside information Kwok received from Shah, Kwok purchased 1,500 shares of Moldflow in a personal account from April 7 to April 25, 2008.

27. On May 1, 2008, Autodesk and Moldflow announced the acquisition, pursuant to which Autodesk would purchase Moldflow stock at \$22 per share.

28. The next day, the price of Moldflow stock increased 11% and Kwok sold his shares, realizing profits of \$4,754.

CLAIM

(Insider Trading in Connection with the Purchase or Sale of Securities)

(Violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 Thereunder [17 C.F.R. § 240.10b-5])

Paragraphs 1 through 28 are realleged and incorporated by reference.

29. As described above, Defendants each engaged in illegal tipping and illegal trading in which they used and conveyed material, nonpublic information to purchase securities.

30. By reason of the conduct described above, Defendants, in connection with the purchase or sale of securities, by the use of any means or instrumentalities of interstate commerce or of the mails, or of any facility of any 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 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 operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

31. By reason of the conduct described above, Defendants violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

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

A. permanently enjoining each Defendant from violating Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

B. barring Kwok, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act;

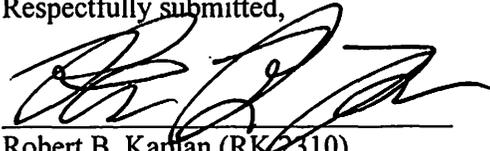
C. ordering each Defendant to disgorge, with prejudgment interest, all illicit trading profits or other ill-gotten gains resulting from the conduct alleged in this

Complaint;

D. ordering each Defendant to pay civil penalties pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1];

E. granting such other and further relief as the Court deems just and appropriate.

Respectfully submitted,



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