

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

AARON S. COOKSEY

Defendant.

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Civil Action No. 1:09-cv-044-LY

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") files this Complaint against Defendant Aaron S. Cooksey, and would respectfully show the Court as follows:

I. Summary

1. This case involves insider trading by the Defendant in the securities of SigmaTel, Inc. ("SigmaTel"), a semiconductor manufacturing company.
2. From at least June 2007 to July 2008, when he was terminated by the company, Defendant was employed by Freescale Semiconductor, Inc. ("Freescale") as a manager of qualified plans in the company's human resources department. In January 2008, Defendant learned that Freescale intended to acquire SigmaTel. This information was material and nonpublic.
3. On January 16, 2008, after learning about Freescale's plan to acquire SigmaTel, Defendant purchased 23,700 shares of SigmaTel stock. On February 4, 2008,

Freescale and SigmaTel publicly announced the acquisition. On March 20, 2008, Defendant liquidated all of his SigmaTel stock for a total profit of \$23,552.

4. By reason of Defendant's activities, he violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder. The Commission, in the interest of protecting the public from any further violations of the federal securities laws, brings this action against Defendant seeking permanent injunctive relief, appropriate civil money penalties, and disgorgement of ill-gotten gains plus prejudgment interest.

II. Jurisdiction and Venue

5. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and seeks the imposition of civil penalties pursuant to this provision.

6. This Court has jurisdiction over this action under Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa].

7. Defendant, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices, and courses of business described in this Complaint.

8. Venue is proper because the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Western District of Texas.

III. Defendant

9. Aaron S. Cooksey, age 39, was manager of qualified plans in Freescale's human resources department from at least June 2007 until he was terminated in July 2008 for violations of Freescale's insider trading policy. Defendant currently resides in Austin, Texas.

IV. Related Entities

10. During the relevant time period, SigmaTel was a Delaware corporation with its principal place of business in Austin, Texas. Until April 30, 2008, SigmaTel's securities were registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its common stock was traded on the Nasdaq Stock Market LLC under the symbol "SGTL."

11. During the relevant time, Freescale was a Delaware corporation with its principal place of business in Austin, Texas. Freescale's securities are registered with the Commission pursuant to Section 12(g) of the Exchange Act, but its securities are not traded on any exchange. The securities are held by a consortium of private equity funds.

V. Statement of Facts

12. In November 2007, Freescale and SigmaTel began negotiating Freescale's purchase of SigmaTel. On December 18, 2007, SigmaTel entered into an exclusivity agreement with Freescale. From December 24, 2007 through January 20, 2008, Freescale conducted due diligence to evaluate the contemplated purchase of SigmaTel.

13. On or about January 14, 2008, Defendant learned of Freescale's intent to acquire SigmaTel through his position as a manager of qualified plans for Freescale, and began working on pre-acquisition due diligence.

14. Acting upon this material nonpublic information, Defendant purchased 23,700 shares of SigmaTel on January 16, 2008. As evidenced by Freescale's written policy, which Defendant signed, prohibiting employees from purchasing securities of targeted acquisition companies, Defendant's purchases of SigmaTel securities breached a reasonable and legitimate expectation of confidentiality held by Freescale.

15. On February 4, 2008, SigmaTel and Freescale issued separate releases announcing Freescale's acquisition of SigmaTel for \$3.00 per share of common stock. On February 1, 2008, SigmaTel's common stock closed at \$1.71, on volume of 156,500 shares. On the day of the announcement, SigmaTel's common stock price closed at \$2.94, an increase of \$1.15, or 65% from the prior day's close; and volume rose to 7.5 million shares, a 1,794% increase from the prior day.

16. On March 20, 2008, Defendant liquidated all 23,700 shares of his SigmaTel common stock for a total profit of \$23,552.

CLAIMS

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

17. Plaintiff Commission repeats and incorporates by reference paragraphs 1 through 16 of this *Complaint* as if set forth *verbatim* herein.

18. Defendant, as an employee of Freescale, owed a fiduciary duty to Freescale to hold in confidence the information he learned while performing his duties as a manager of qualified plans, including the pre-acquisition due diligence regarding the

SigmaTel acquisition. As a result, he had a duty of trust and confidence to not trade SigmaTel securities on the basis of material nonpublic information.

19. In breach of his duty, and for his personal benefit, Defendant purchased SigmaTel stock on the basis of material nonpublic information. Defendant knew or was severely reckless in not knowing that the information in his possession was material and nonpublic, and that trading on the basis of the information was improper and in breach of his duty to Freescale.

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

PRAYER FOR RELIEF

The Commission respectfully requests that this Court enter a judgment:

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


(ii) ordering Defendant to pay civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1] for his violation of the federal securities laws as alleged herein;

(iii) ordering Defendant to disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest; and

(iv) granting such other relief, both in law and in equity, as this Court may deem just and appropriate.

Dated this 22nd day of January, 2009.

Respectfully submitted,



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