

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION,
100 F Street, N.E. Washington, D.C. 20549
Plaintiff,

v.

TRIDENT MICROSYSTEMS, INC.,
FRANK C. LIN, AND PETER Y. JEN

Defendants.

Case: 1:10-cv-01202
Assigned To : Bates, John D.
Assign. Date : 7/16/2010
Description: General Civil

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

SUMMARY

1. During the period from at least 1993 to May 2006, Trident Microsystems, Inc. ("Trident" or the "Company"), through the conduct of Frank C. Lin ("Lin"), at various times Chief Executive Officer ("CEO"), Chairman of the Board of Directors, and Chief Financial Officer ("CFO"), and Peter Y. Jen ("Jen"), at various times Chief Accounting Officer ("CAO") and Chief Administrative Officer, engaged in a fraudulent and deceptive scheme to provide undisclosed compensation to executives and other employees, concealing millions of dollars in expenses from the Company's shareholders. Through the scheme, Lin used, and directed the use of, hindsight to select grant dates for stock options that coincided with the dates of low closing prices for the Company's stock. Lin backdated stock option documentation to make it appear as if options had been granted on the earlier dates, resulting in disguised "in-the-money" option

grants to Company employees, officers, and directors. Jen was aware of the backdating practice during at least 1998 to 2006 and approved certain backdated grants to employees.

2. Lin and Jen signed and/or approved of the filing of periodic reports with the Commission that they knew, or were reckless in not knowing, failed to include compensation expenses associated with the “in-the-money” portions of the grants. The reports falsely stated that Trident complied with stock option accounting rules and, in certain cases, stated that Trident granted options at the fair market value of the Company’s stock on the date of grant. Lin and Jen also signed registration statements filed with the Commission that incorporated by reference these false and misleading periodic reports. In addition, Lin and Jen reviewed and/or prepared proxy statements provided to shareholders that falsely reported stock option grant dates for executives and falsely stated that those stock options were granted at the market value of the Company’s stock on the date of grant. Lin and Jen also filed Forms 4 with the Commission misrepresenting the purported grant dates of backdated stock options that they each received.

3. On August 7, 2007, Trident restated its consolidated financial statements and corrected related disclosures for the first three quarters of the fiscal year ended June 30, 2006, for each of the quarters in the fiscal year ended June 30, 2005, and each of the fiscal years ended June 30, 2005 and 2004, as well as the selected consolidated financial data for the fiscal years ended June 30, 2003 and 2002. Trident’s restatement recorded approximately \$37 million related to previously unrecorded expenses resulting from the backdating of option grants.¹ The annual impacts of the expenses recorded for the backdated grants materially overstated Trident’s pre-tax income, or understated its pre-tax losses, by between 1.37% and 113.30% in each of the Company’s fiscal years from 1993 to 2006.

¹ Trident’s restatement also included an additional compensation expense of approximately \$24 million that did not relate to backdating, but rather related to correcting the application of certain accounting principles to options granted by Trident’s Taiwanese subsidiary.

4. Based on its conduct, Trident engaged in acts, practices and courses of business that violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78j(b), 15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Exchange Act Rules 10b-5, 13a-1, 13a-13, and 12b-20 [17 C.F.R. §§ 240.10b-5, 240.13a-1, 240.13a-13, and 240.12b-20].

5. Based on their conduct, Lin and Jen each engaged in acts, practices and courses of business that violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b), 13(b)(5), 14(a), and 16(a), and of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(b)(5), 78n(a), and 78p(a)], and Exchange Act Rules 10b-5, 13a-14, 13b2-1, 13b2-2, 14a-9, and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13a-14, 240.13b2-1, 240.13b2-2, 240.14a-9, and 240.16a-3]. In addition, Lin and Jen aided and abetted Trident's violations of Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.13b-20, 240.13a-1 and 240.13a-13].

6. Unless enjoined, defendants Trident, Lin, and Jen are likely to commit such violations in the future. Trident, Lin, and Jen should be permanently enjoined from doing so. In addition, defendants Lin and Jen should be ordered to disgorge any ill-gotten gains or benefits derived as a result of these violations (whether realized, unrealized or received), and prejudgment interest thereon, and be ordered to pay appropriate civil penalties. Further, defendants Lin and Jen should be prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 781] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)].

JURISDICTION AND VENUE

7. The Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. The defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the devices, schemes, statements, omissions, acts, transactions, practices and courses of business alleged in this Complaint.

8. Venue is proper pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the acts alleged herein constituting violations of the Securities Act and the Exchange Act occurred in this District, including Trident's filing of materially false and misleading annual and quarterly reports, and other documents with the Commission in the District of Columbia.

DEFENDANTS

9. **Trident Microsystems, Inc.** is a company that designs, develops, and sells System-on-Chip solutions for high definition televisions. Trident was founded in 1987 and became a public company in mid-December 1992. Trident is incorporated in Delaware and is based in Santa Clara, California. At the time of the conduct described in this Complaint, Trident's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)], and was listed on the Nasdaq National Market System market system. During the relevant time period, Trident's fiscal year ended on June 30.

10. **Frank C. Lin**, age 64, is a resident of Saratoga, California. Lin founded Trident in 1987 and served as its CEO, President and Chairman of the Board from Trident's inception until November 2006. In November 2006, Lin resigned from Trident. Lin asserted his Fifth

Amendment right against self-incrimination in response to all questions posed to him during the Commission's investigation of this matter including questions concerning his role in the preparation of Trident stock option grant documentation, his role in Trident's financial reporting concerning stock option grants, and his knowledge of accounting for stock option grants.

11. **Peter Y. Jen**, age 64, is a resident of San Jose, California. Jen joined Trident in 1988 and served in various accounting and finance roles until being named Trident's CAO in 1999. Jen served as CAO until February 2006 when he was appointed Chief Administrative Officer of Trident. Trident terminated Jen's employment on April 30, 2007.

FACTS

A. The Relevant Trident Stock Option Plans

12. During 1993 to 2006, Trident granted stock options to its employees, including officers and directors, pursuant to two principal stock option plans. Trident's 1992 Stock Option Plan (as amended on October 24, 2000), which was approved by Trident's shareholders, required that for nonstatutory stock options "the per Share exercise price shall be no less than 85% of the fair market value per Share on the date of the grant," and for incentive stock options, "the per Share exercise price shall be no less than 100% of the fair market value per Share on the date of grant."² Trident's 1996 Stock Option Plan (as amended through April 22, 2002), which was subsequently disclosed to, but not submitted for approval from, shareholders, provided that "[t]he per Share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Board, but shall be no less than 85% of the fair market value per Share on the effective date of grant." At all relevant times, Trident's Stock Option

² Incentive stock options are intended to qualify for special tax treatment for employees pursuant to Section 422 of the Internal Revenue Code, while nonstatutory stock options do not qualify for such treatment.

Plans stated that “the date of grant for an Option shall, for all purposes, be the date on which the Board makes the determination granting the Option.”

13. Trident’s annual reports on Form 10-K filed with the Commission for fiscal years 1993 to 2006, which Lin and/or Jen signed, disclose that under Trident’s stock option plans “nonstatutory and incentive stock options may be granted at prices not less than 85% of the fair market value and at not less than fair market value, respectively, at the date of grant.” In fact, Trident granted disguised in-the-money nonstatutory and incentive stock options in violation of the pricing requirements of its stock option plans. Trident’s proxy statements filed for fiscal years 1993 through 2001 also falsely state in substantially similar terms that all officer and director stock option grants were granted at or above the market value of the Company’s stock on the date the option was granted.

B. Accounting for Employee Stock Options

14. During the period described herein, Generally Accepted Accounting Principles (“GAAP”), and in particular Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB 25”), did not require a company to record any compensation expense for employee stock options so long as the option exercise price was not below the stock’s market price on the date of the grant. Under APB 25, employers were required to record as an expense on their financial statements the “intrinsic value” of a fixed stock option on its “measurement date.” The measurement date, as defined by APB 25, is the first date on which the following information is known: (i) the number of options that an individual is entitled to receive, and (ii) the exercise price.

15. An option granted with an exercise price lower than the quoted market price of the company’s stock on the measurement date (an “in-the-money” option) has “intrinsic value,”

and thus the difference between the exercise price and the quoted market price of the company's stock must be recorded as compensation expense to be recognized over the vesting period of the option. Options that are at-the-money or out-of-the-money on the measurement date have no intrinsic value and therefore need not be expensed.

16. Trident's annual reports on Form 10-K filed with the Commission for fiscal years 1993 to 2006, which Lin and/or Jen signed, falsely state that the Company prepared its financial statements in accordance with GAAP, and virtually all of these reports also falsely state that Trident accounted for stock option grants in accordance with APB 25.

C. Stock Option Grant Process³

17. During 1993 through April 2006, CEO Lin, pursuant to delegated authority from Trident's board of directors, approved and awarded options to virtually all non-executive employees, including grants to newly hired employees and grants to existing employees made periodically or as part of annual salary reviews ("refresh grants"). Trident's Compensation Committee awarded option grants to officers and directors based on Lin's recommendations, which the Committee approved virtually without modification.

18. For new-hire and refresh grants to employees, Trident's senior engineering officer in charge of recruiting ("Senior Officer") generally recommended to Lin the recipients, number of options, and exercise price, which Lin either accepted or modified. At times, Lin himself selected the recipients, number of options, and exercise price. On occasion Lin also had his administrative assistant ("Assistant"), who served as the Company's *de facto* stock option administrator, select the exercise price. Once Lin informed his Assistant that he approved the grant, the Assistant input the grant information into an electronic options tracking system (Equity

³ All share totals, share prices, and grant prices referenced in this Complaint are adjusted to account for stock splits that occurred in 2003 and 2005. All prices are rounded to two decimal places.

Edge) and, in coordination with Trident Human Resources (“HR”) personnel, prepared documentation to effectuate the grant including forms, a list of the grants, and other records that Lin signed to approve the grant.

19. For grants to officers and directors during 1993 through 2000, Lin selected the recipients and number of options, and either he or his Assistant, at his direction, selected the exercise price. Once Lin finalized his recommendation, the Assistant prepared a unanimous written consent (“UWC”) and sent the UWC to the Compensation Committee members for their signature and approval. Lin occasionally telephoned the Committee members in advance of their receipt of a UWC to discuss proposed grants. After the Committee approved Lin’s recommendation, the Assistant and HR personnel prepared the documentation to effect the grant.

D. The Stock Option Backdating Scheme

20. During 1993 through April 2006, Lin established and followed a practice of using hindsight to select exercise prices based on grant dates that corresponded with relative low points in the Company’s stock price. At Lin’s direction or with his approval, the Senior Officer and Lin’s Assistant followed this practice when recommending or selecting grant dates and exercise prices for Lin’s approval. Favorable grant dates were often selected from historical price information that the Assistant maintained in binders. Lin removed these binders from Trident’s offices shortly after Trident began its internal investigation; the binders have not been recovered since that time.

21. Trident’s books and records reflected the chosen backdated date as the grant date when, instead, the date the options were actually approved should have been used as the grant date. For example, option grant notices, grant lists, and personnel action notices that Lin routinely signed approving option grants identified the selected backdated date as the “effective

date” or “grant date” of the option. Dates of signatures on these documents, however, often reflect approvals days, weeks and months after the purported grant date. Other contemporaneous documents and metadata for grant documentation also indicate the retroactive selection of grant dates. In further efforts to conceal the backdating, starting sometime after 2001, effort was made, though not consistently followed, to date signatures on option related documentation with the same dates as the retroactively selected grant dates.

22. Instead of reflecting the true approval date of grants to officers and directors, UWCs included the selected backdated grant date and the corresponding closing stock price as the exercise price, and state they are being “Executed effective” the purported grant date.

23. As a result of the scheme, Trident backdated option grants (i) to employees from 1993 to April 2006, (ii) to officers from 1993 to December 2000, and (iii) on at least one occasion, to directors in 1998. The backdating of officer and director grants largely ended after 2000 when the Compensation Committee began approving options at in-person meetings instead of by UWC.

24. By pricing options at less than the fair market value of the Company’s stock on the date of grant, Lin and others caused Trident to incur material amounts of undisclosed compensation expense which they failed to record in Trident’s financial statements as required by GAAP.

25. Lin knew, or was reckless in not knowing, that backdating stock option grants without taking a corresponding compensation expense was not in accordance with GAAP and materially overstated Trident’s earnings. Among other information Lin knew, in 1992, in preparation for Trident’s initial public offering, Trident’s auditor and Trident’s outside counsel informed Lin that a stock option awarded with an exercise price below the fair market value on

the grant date created compensation expense. At this time, Lin expressed to the auditor that Lin understood that if an option's exercise price was below market value on the grant date, then the Company had to record an expense over the option's vesting period. During its next three fiscal years Trident recorded in its financial statements compensation expense related to below market stock option grants it had made prior to its IPO.

26. In addition, on October 3, 2005, Trident's then Chief Financial Officer explained to Lin the basic accounting concepts of APB 25, including when a measurement date occurs, in connection with a July 1, 2005 Company-wide refresh grant. The CFO believed Lin already understood the accounting rules for stock options.

27. The following provides additional details and examples of the stock options Trident backdated during the relevant period.

1. Backdated Refresh Grants

28. Through the actions of Lin, Jen (at various times) and others acting at their direction, Trident backdated a total of 35 periodic and annual employee grants during 1993 through 2005, constituting nearly every refresh grant awarded during this period.

29. For example, Trident's June 6, 2003 refresh grant to a group of non-executive employees was backdated by 192 days. On or about December 15, 2003, Lin approved a grant of 1,036,200 options to 31 employees with a \$1.69 exercise price corresponding to a June 6, 2003 grant date. In a December 9, 2003 email to Lin, Lin's Assistant informed him that she had not notified various employees of the number of shares they might receive for the grant because the Assistant "knew there might be some changes." Several days later, in a December 15, 2003 email, the Assistant provided Lin a revised list of options for 31 employees with a June 6, 2003 grant date, asking him to review and approve the listed vesting dates. The grant notices for these

options, which reflect the \$1.69 exercise price and a June 6, 2003 “effective date,” contain a computer-generated print date of December 15, 2003. Lin’s signature on the notices is also dated December 15th. Based upon the \$8.34 closing price of Trident’s stock on December 15, these options were in-the-money by \$6.65 per share, or approximately \$6,890,730 in the aggregate.

30. Trident’s July 1, 2005 refresh grant to non-executive employees was backdated by at least 85 days. In a September 23, 2005 email to Lin’s Assistant, the Senior Officer sought Lin’s approval for a proposed grant of 893,200 options to approximately 100 employees based upon the July 1, 2005 price of \$11.34. The email begins, “Frank, I suggest to give the following [Trident subsidiary] key employees some additional [Trident] stock options based on 7/1 price (\$11.34)” and lists the individuals names and proposed number of options for each. The email concludes, “Please let me know whether this is OK so that we can include this into their salary review.” On a hard copy of the email, Lin wrote, “[Assistant] I can approve [the Senior Officer’s] proposal Frank”. Lin’s notation is undated, but September 23rd is the earliest date Lin could have written the note approving the grant. Based upon the \$15.58 closing price of Trident’s stock on September 23, 2005, these options were in-the-money by \$4.24 per share, or approximately \$3,787,168 in the aggregate.

31. As discussed above, on October 3, 2005—several days after the Senior Officer’s email and Lin’s apparent approval of this grant—Trident’s then CFO explained to Lin the accounting concepts of APB 25. At the time, the CFO had concerns that Lin may have changed certain employees’ grants after July 1, 2005. The CFO also explained to Lin that if Lin had changed more than a few grants after July 1st it could create a “substantial accounting adjustment” and possibly a restatement. Subsequent to this warning, it was discovered that Lin

had backdated the grant as to the 100 employees described above and had backdated grants to other employees for whom Lin retroactively selected and approved the July 1st exercise price.

32. In addition, at Lin's direction or with his approval, Lin's Assistant occasionally "parked" in Equity Edge unallocated options from annual refresh grants under the names of certain employees who did not receive option grants or who received grants of fewer options. In subsequent months when Trident's stock price had increased, Lin directed the Assistant to allocate these low-priced options to other employees.

2. Backdated New Hire Grants

33. Lin approved approximately 262 backdated stock option grants awarded to newly hired key engineering employees from 1993 through April 2006.

34. For new hire grants, Trident purported to have an internal policy of awarding options based on the lower of the closing price of the Company's stock on the date the employee was offered a job or the date the employee started work.⁴ In fact, however, Lin and others followed a practice of manipulating offer letter dates to award favorably priced options to new hires. As part of this practice, offer letters Trident provided to employees were dated with a date corresponding to retroactively selected favorable grant dates rather than the date the offer was actually made to the employee. The backdated offer dates were also included on option related paperwork, which Lin often signed.

35. In many instances the dates of backdated offer letters predate both the actual offer date and the employee's start date by weeks or months. In certain cases, offer letters predate the date the Company first contacted the employee. In other cases, an original offer letter was modified and substituted with a new backdated offer letter to provide the employee with a more

⁴ Following this policy resulted in the misapplication of GAAP since the policy allowed options to be granted based on employment offer dates without properly accounting for the option awards as contingent grants subject to variable accounting until the individual became an employee of the company, as required by GAAP.

favorable exercise price. Still in other cases, the favorable price selected for the grant bore no relation to either an offer date or the date the employee started work, but instead corresponded to a date after the individual became an employee with the Company.

36. A January 4, 2006 new-hire grant to a Trident employee that was backdated by at least 51 days is illustrative. The option grant of 30,000 shares was assigned an exercise price of \$19.79 based on the closing price of Trident's stock on January 4, 2006, the date included on Trident's offer letter to the employee. However, the metadata on the internal Trident form used to requisition a new job position shows a create date of February 17, 2006, and the metadata for the offer letter indicates the letter itself was not created until February 21, 2006; the employee did not commence work until February 23, 2006. Although Lin took no action to approve the grant until February 21st, Lin's approval signature on the employee requisition form is dated January 4, 2006. These options were in-the-money by \$7.38 per share, or approximately \$221,400, on February 21st (when the stock closed at \$27.17), and by \$8.18 per share, or approximately \$245,400, on February 23rd when the employee actually started work at the Company (when the stock closed at \$27.97).

37. In another example, a January 13, 2006 new-hire grant of 20,000 shares to a senior engineer was backdated by more than two months. Although the offer letter is dated January 13, 2006, when the stock price closed at \$22.45, the metadata shows the letter was created and printed on March 29, 2006, when the stock closed at \$29.96. March 29, 2006 is the same date as the employee's signature on the letter acknowledging and accepting the terms of the offer, and is also the date the options were recorded in Equity Edge. The employee commenced work on April 19, 2006, when the stock closed at \$31.07. April 19, 2006 is the date of the personnel action notice approving the employee's compensation package that attaches a stock

option grant information sheet prepared on April 20th identifying the number of options. Lin and other Trident managers signed the personnel action notice on April 21, 2006. Despite these facts, Lin backdated his signature to January 13, 2006 on Trident's internal employment requisition form and job authorization form creating and authorizing the employment position. These options were in-the-money by \$7.51 per share, or approximately \$150,200, on the date the offer letter was created (March 29, when the stock closed at \$29.96), and by \$8.62 per share, or approximately \$172,400, on the date the employee started work at the Company (April 19, when the stock closed at \$31.07).

3. Backdated Officer Grants

38. Lin also backdated at least 17 option grants to officers and one grant to certain directors, including grants to himself and Defendant Jen, during 1993 to December 2000. Lin recommended these option grants for approval in UWCs sent to the Compensation Committee weeks or months after the "effective" date on the UWCs. Nearly every officer grant was backdated during this period.

39. For example, the September 9, 1996 grant to Lin, Jen and other officers was backdated by approximately 165 days. A UWC approving the grant contains a \$3.42 exercise price based on the "effective date" of September 9, 1996, and undated signatures of the Compensation Committee members. The UWC was faxed to the Committee members on about February 13, 1997 and attaches a "proposal" for option grants and other compensation to Lin and the other officers. The grant notices for each of the officers reflect a computer-generated print date of February 13, 1997, and contain Lin's undated signature stamp.⁵

⁵ Lin's shares were priced at \$3.76 per share, despite the fact that the closing price on the backdated date was \$3.42. This appears to be an administrative error.

40. Based upon the return fax date from one of the Compensation Committee members, the Committee members signed and approved the compensation proposal on or about February 21, 1997. The grant notices, which were then signed by the officers, contain two dated signatures bearing the dates of February 24 and March 4, 1997. The Forms 4 for these grants by four officers, including Lin and Jen, bear signatures dated March 4, 1997, and were filed with the Commission by letter dated two days later. The closing stock price on the purported September 9, 1996 grant date (\$3.42) was less than half the closing price on the date the Committee approved the grant (February 21, 1997, when the stock closed at \$7.17). As a result, Lin received 300,000 options that were in-the-money by approximately \$1,125,000. Jen received 120,000 options that were in-the-money by approximately \$450,000. Of the 570,000 options awarded to all four officers, the options were in-the-money by a total of \$2,137,500.

41. In another example, the October 27, 1999 grant to Lin and other officers was backdated by approximately 83 days. The UWC approving the grant contains a \$2.58 exercise price based on the "effective date" of October 27, 1999 and undated signatures of the Compensation Committee members. The grant notices to Lin and the other officers are signed by Lin on behalf of Trident with a date of December 15, 1999, and are signed by the officers with a date of December 17, 1999; December 17 is also the date of the officers' signatures on their option agreements. However, based on the date of the Equity Edge record, the circumstances of this grant indicate that the grant was not final before January 19, 2000. Based on the closing price of \$4.33 on January 19, 2000, the grant to officers, excluding Lin, for a total of 300,000 options was in-the-money by approximately \$525,000. Lin's grant of 180,000

options was in-the-money by approximately \$327,600.⁶ The grant to all officers for a total of 480,000 options was in-the-money by approximately \$852,600.

4. Jen's Role in the Backdating

42. During the period that Jen served as Trident's CAO—September 1998 to February 2006—Jen knew, or was reckless in not knowing, that Lin, or others at Lin's direction or with Lin's approval, backdated the dates of stock option grants to obtain favorable exercise prices for employees and officers without properly expensing the in-the-money portion of these grants in accordance with GAAP. Jen was familiar with the accounting requirements of APB 25. Jen prepared or reviewed Trident's financial statements and filings, including Trident's Forms 10-K and Forms 10-Q, from at least September 1998 through December 2005, and signed many of these filings. In preparing these filings Jen routinely obtained information regarding stock option grants from Lin's Assistant. Despite his knowledge of the Company's backdating practice and his role as the Company's CAO, Jen knowingly or recklessly failed to ensure that Trident correctly accounted for and disclosed the in-the-money option grants.

43. Though Jen was not directly involved in selecting option grants or grant dates during this period, he knew of and participated in the approval of backdated grants by signing option-related paperwork for employees he supervised, including new-hire and annual and periodic grants for employees in his department. Jen also was aware of Trident's practice of backdating new-hire offer letters to retroactively assign favorable exercise prices and grant dates.

44. For example, in October 2001, an HR manager informed Jen that the Senior Officer had changed the grant dates of prior option grants for at least two newly hired employees so that they could obtain lower exercise prices for their options. The HR manager sought Jen's

⁶ Lin's grant was entered into Equity Edge a day before the remaining officer grants were entered into Equity Edge. As such, the closing price on the prior trading day (January 18, 2000) was used for purposes of calculating the in-the-money benefit for Lin's grant only.

approval to revise the employees' original offer letters and re-issue the letters with the new grant date reflected as the purported offer letter date. Jen did not object to the changes.

45. In connection with grants to Jen's employees with a purported July 1, 2001 grant date, Jen was involved in the salary review process for his employees. He signed 39 personnel action notices for this grant for his own employees, which contained an "effective date" of July 1, 2001. Jen signed the notices approving the action on August 10, 2001.

46. In another example, Jen knew that a purported October 1, 2004 refresh grant to eight finance employees was backdated by approximately two months, from early December 2004 back to October 1, 2004. On a personnel action notice for at least one of the eight finance employees, which reflected an October 1, 2004 "effective date" for the option grant, Jen backdated his signature to October 27, 2004 despite the fact that metadata shows the notice was not generated until at or after early December 2004. Lin himself dated his signature on the grant notice December 3, 2004. Metadata and other information show that the internal documentation for this and the other employees' grants was all created after December 1, 2004. In fact, there is no documentary evidence to support the existence of this grant prior to November 29, 2004.

47. Similarly, Jen backdated his signature to January 4, 2006 on paperwork for the new-hire grant discussed above (at Paragraph 36) that was backdated to obtain a favorable exercise price and to issue options under what was believed to be an expired option plan. Jen was informed that the options were backdated so that they could be granted from what was believed to be the expired plan. In backdating his signature on the employment requisition form, Jen stated to an HR manager that, "This is not right." Jen signed but did not date his signature on other paperwork for the backdated grant.

48. Despite knowing that the above grants were backdated in order to provide in-the-money options to employees, Jen failed to ensure that Trident recorded the compensation expenses related to these backdated grants. He also failed to ensure that Trident instituted proper accounting for all options grants to employees, officers and directors that were in-the-money when granted as a result of the Company's pervasive backdating practices.

49. Jen also reviewed, approved, or signed Forms 4 filed with the Commission containing "transaction dates" that falsely reported the purported grant dates of backdated stock options Jen received. And Jen signed periodic management representation letters to Trident's auditors containing false representations.

E. Materially False and Misleading Disclosures, Financial Statements, and Other Filings

50. As a public company, Trident was required to file with the Commission annual reports that include audited financial statements, certified by the Company's outside auditors. Trident's annual reports affirmatively stated that the Company accounted for its stock options granted to employees in accordance with GAAP:

51. Trident's Forms 10-K filed with the Commission on September 28, 1993, September 28, 1994, September 28, 1995, September 27, 1996, September 26, 1997, September 25, 1998, October 28, 1999, September 28, 2000, September 28, 2001, September 27, 2002, September 26, 2003, October 28, 2004, and September 13, 2005, all state that the Company prepared its financial statements in accordance with GAAP.

52. Each of the foregoing Forms 10-K (except the 1996 Form 10-K) also state that Trident accounted for stock options in accordance with APB 25. In substantially similar terms each of these filings state that "the [c]ompany accounts for stock-based employee compensation arrangements in accordance with the provisions of APB no. 25 . . . and complies with the

disclosure provisions of Statements of SFAS No. 123 Under APB no. 25, compensation cost is generally recognized based on the difference, if any, between the quoted market price of the Company's stock on the date of the grant and the amount an employee must pay to acquire the stock."

53. The 2005 Form 10-K additionally states that "[a]ll TMI options granted during fiscal years ended June 30, 2005, 2004 and 2003, were granted at exercise prices equal to the fair values of the common stock on the date of grant."

54. Contrary to these representations, Trident incurred material compensation expense as a result of granting in-the-money employee stock options. Trident filed a restatement on August 7, 2007 recording approximately \$37 million in compensation expense related to at least 314 option grants that were backdated and improperly accounted for from 1993 to 2006. The annual impacts recorded in the restatement reflect that Trident materially overstated its net income in fiscal years 1993, 1994, 1995, 1996, 1997, 2000, and the first three quarters of 2006 by approximately 1.37%, 22.21%, 4.65%, 4.20%, 20.13%, 2.59%, and 18.60% respectively, or understated its net losses in fiscal years 1998, 1999, 2001, 2002, 2003, 2004 and 2005 by approximately 46.83%, 18.95%, 1.75%, 2.77%, 5.14%, 113.30% and 30.78% respectively.

55. Lin signed each of the annual reports on Form 10-K filed with the Commission on September 28, 1993, September 28, 1994, September 28, 1995, September 27, 1996, September 26, 1997, September 25, 1998, October 28, 1999, September 28, 2000, September 28, 2001, September 27, 2002, September 26, 2003, October 28, 2004, and September 13, 2005. Jen also signed the annual reports on Form 10-K filed with the Commission on September 25, 1998, October 28, 1999, September 28, 2000, September 28, 2001, September 27, 2002, September 26, 2003, October 28, 2004, and September 13, 2005.

56. Lin reviewed each of these annual reports on Form 10-K, which he signed as Trident's CEO. Jen prepared, or directed the preparation of, and reviewed each of the annual reports on Form 10-K that he signed, which he signed as Trident's CAO. Lin and Jen knew, or were reckless in not knowing, that each of the annual reports they signed materially misrepresented Trident's stock-based compensation expense and income, and made materially false and misleading disclosures and omitted material information about Trident's stock option practices.

57. In addition, Trident filed 42 quarterly reports with the Commission on Form 10-Q for Trident's fiscal years ended June 30, 1993 through June 30, 2006, which falsely reflect that Trident incurred no compensation expense for the backdated "in-the-money" option grants. Jen was involved in preparing and reviewing quarterly reports for all quarters of fiscal years 1998 through 2006. Jen signed all quarterly reports for all quarters of fiscal years 1998 through 2003, and for the first three quarters of fiscal year 2004. Lin reviewed and signed all quarterly reports for fiscal years 1993 through 2006.

58. Lin and Jen knew, or were reckless in not knowing, that each of the quarterly reports on Form 10-Q that they signed and reviewed or prepared materially misrepresented Trident's stock based compensation expense and income.

59. Trident sent proxy statements to shareholders in connection with its annual shareholder meetings during the period 1993 through 2001. Jen supervised the preparation of these proxy statements and/or reviewed them. Lin reviewed these proxy statements. The information relating to executive compensation and stock option grants reported in the proxy statements was incorporated by reference into the annual reports on Form 10-K signed by Lin and/or Jen during this period.

60. In each year, the stock option grant dates for options granted to executives, including Lin and Jen, were falsely reported. In addition, each of the proxy statements for 1993 and 1994 falsely state that “[s]tock options were granted at the prevailing market price” and each of the proxy statements for 1995 through 2001 falsely state in substantially similar words that “[a]ll options were granted at or above the market value on the date of the grant as determined by the Compensation Committee.”

61. Lin, as CEO, also signed Sarbanes-Oxley Section 302 certifications for Trident’s annual reports filed on Form 10-K for the fiscal years ended June 30, 2002 through June 30, 2005, as well as quarterly reports filed on Form 10-Q for the quarters ended September 30, 2002 through March 31, 2006. In each certification, Lin falsely stated, among other things, that: (a) each report did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; (b) each financial statement, and other financial information included in each report, fairly presented in all material respects the financial condition, results of operations, and cash flows of Trident as of, and for, the period presented in the report; and (c) Lin had disclosed to Trident’s auditors all significant deficiencies in the design or operation of Trident’s internal controls and any fraud, whether or not material, that involved management or other employees who had a significant role in Trident’s internal controls. Lin knew or was reckless in not knowing that these statements in the certifications were false and misleading.

62. Jen, as Principal Accounting Officer and Chief Accounting Officer, signed false certifications pursuant to Rule 13a-14 of the Exchange Act that were included in Trident’s fiscal 2002 and 2003 annual reports, as well as quarterly reports filed on Forms 10-Q for the quarters

ended September 30, 2002 through March 31, 2004. In each certification, Jen falsely stated, among other things, that: (a) each report did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; (b) each financial statement, and other financial information included in each report, fairly presented in all material respects the financial condition, results of operations, and cash flows of Trident as of, and for, the period presented in the report; and (c) Jen had disclosed to Trident's auditors all significant deficiencies in the design or operation of Trident's internal controls and any fraud, whether or not material, that involved management or other employees who had a significant role in Trident's internal controls. Jen knew or was reckless in not knowing that these statements in the certifications were false and misleading.

63. Further, Lin signed at least the following Forms 4 filed with the Commission on December 15, 1995, August 9, 1996, March 7, 1997, March 18, 1998, August 7, 1998, March 10, 1999, May 10, 2001 and August 2, 2001 misrepresenting the purported grant date of his October 4, 1995, July 25, 1996, September 9, 1996, July 21, 1997, October 16, 1998, October 27, 1999 and December 20, 2000 grants. Lin filed two Forms 4 with the Commission for the July 21, 1997 purported option date. Those Forms 4 are dated March 18, 1998 and August 7, 1998. Lin also filed two Forms 4 with the Commission for the December 20, 2000 purported option date. Those Forms 4 are dated May 10, 2001 and August 2, 2001.

64. Jen signed at least the following Forms 4 filed with the Commission on November 8, 1995, August 9, 1996, March 7, 1997, March 18, 1998, June 1, 1999, and May 10, 2001 misrepresenting the purported grant date of his October 4, 1995, July 25, 1996, September 9, 1996, July 21, 1997, October 16, 1998, October 27, 1999 and December 20, 2000 grants.

65. Lin and Jen knew, or were reckless in not knowing, that they made materially false and misleading statements and disclosures in these annual reports, quarterly reports, proxy statements, and Forms 4 that they prepared and/or reviewed, and signed.

66. Trident filed Forms S-3 on May 18, 1995, July 15, 2005, and September 21, 2005. These registration statements incorporated by reference materially false and misleading financial statements, as well as materially false and misleading disclosures, from Trident's annual reports on Form 10-K and quarterly reports on Forms 10-Q. Lin signed the Forms S-3 filed on May 18, 1995, July 15, 2005, and September 21, 2005. Jen signed the Forms S-3 filed on July 15, 2005 and September 21, 2005.

67. Lin and Jen knew, or were reckless in not knowing, that they made materially false and misleading statements and disclosures in these registration statements that they signed.

F. Lin and Jen Made Misrepresentations to Trident's External Auditor

68. Lin and Jen also made numerous misrepresentations to Trident's external auditor related to Trident's financial statements from 1993 through 2006. Lin, in his role as CEO and President, and Jen, in his role as CAO, signed letters on April 18, 2005, May 9, 2005, July 27, 2005, September 12, 2005, November 9, 2005, January 25, 2006, February 9, 2006, April 26, 2006, and May 10, 2006 ("Representation Letters") misrepresenting to Trident's external auditor that annual and quarterly financial information was prepared and presented in accordance with GAAP and that they were not aware of any irregularities, fraud or suspected fraud affecting Trident and involving management or employees who had a significant role in internal controls.

69. Lin and Jen knew, or were reckless in not knowing, that these representations were false and misleading.

G. Lin and Jen Each Received Backdated Stock Option Grants and Realized Monetary Benefits from Exercising Certain Backdated Grants

70. Defendants Lin and Jen received, and profited personally, from backdated option grants. Lin received 1,899,000 shares from ten stock option grants that were backdated. These ten option grants were in-the-money by \$2,094,714 when granted. Lin exercised 615,000 shares from three of the backdated option grants that he received. As a result of exercising these backdated grants, Lin realized an in-the-money benefit of \$650,772.

71. Jen received 1,065,000 shares from twelve stock option grants that were backdated. These twelve option grants were in-the-money by \$1,199,251 when granted. Prior to the discovery of the fraud, Jen exercised 135,000 shares from three backdated option grants that he received. As a result of exercising these grants, Jen realized an in-the-money benefit of \$51,176. After discovery of the fraud, and pursuant to an agreement with the Company, Jen exercised additional backdated options and realized an in-the-money benefit. Jen has agreed to return to the Company all of the in-the-money benefit he realized from his exercise of backdated stock options both before and after discovery of the fraud.

FIRST CLAIM FOR RELIEF

**Violations of Exchange Act Section 10(b) and Exchange Act Rule 10b-5
(Trident, Lin, and Jen)**

72. The Commission realleges and incorporates by reference Paragraphs 1 through 71.

73. Trident, Lin, and Jen, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, in connection with the purchase or sale of securities, and with knowledge or recklessness: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements

of material fact or omitted to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, transactions, practices or courses of business that operated or would operate as a fraud or deceit upon other persons.

74. By engaging in the conduct alleged above, Trident, Lin, and Jen, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5 [15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF

Violations of Securities Act Section 17(a) (Trident, Lin, and Jen)

75. The Commission realleges and incorporates by reference Paragraphs 1 through 74.

76. Trident, Lin, and Jen, directly or indirectly, by use of the means or instruments of interstate commerce or of the mails, in connection with the offer or sale of securities, and with knowledge, recklessness, or negligence: 1) employed devices, schemes, or artifices to defraud; 2) obtained money or property by means of untrue statements of material fact or by omitting 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 3) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of Trident securities.

77. By engaging in the conduct alleged above, Trident, Lin, and Jen, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1), (2), and (3) of the Securities Act [15 U.S.C. § 77q(a)(1), (2), and (3)].

THIRD CLAIM FOR RELIEF

**Violations of Securities Act Section 13(b)(5) and Exchange Act 13b2-1
(Lin and Jen)**

78. The Commission realleges and incorporates by reference Paragraphs 1 through 77.

79. Lin and Jen, directly or indirectly, knowingly circumvented or knowingly failed to implement a system of internal accounting controls at Trident, knowingly falsified books, records, and accounts at Trident subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], and caused to be falsified, such books, records and accounts.

80. By reason of the foregoing, Lin and Jen, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5); 17 C.F.R. § 240.13b2-1].

FOURTH CLAIM FOR RELIEF

**Violations of Exchange Act Rule 13b2-2
(Lin and Jen)**

81. The Commission realleges and incorporates by reference Paragraphs 1 through 80.

82. Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2], in relevant part, makes it unlawful for an officer or director of an issuer to, directly or indirectly: (1) make or cause to be made a materially false or misleading statement to an accountant in connection with any audit, review or examination of financial statements, or the preparation or filing of any document or report required to be filed with the Commission; or (2) omit or state, or cause another person to omit or state, any material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, to an accountant in

connection with: (i) any audit, review or examination of the financial statements of the issuer, or (ii) the preparation or filing of any document or report required to be filed with the Commission.

83. By reason of the foregoing, Lin and Jen, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

FIFTH CLAIM FOR RELIEF

Violations of Exchange Act Section 14(a) and Exchange Act Rule 14a-9, and Aiding and Abetting of These Violations (Trident, Lin, and Jen)

84. The Commission realleges and incorporates by reference Paragraphs 1 through 83.

85. Trident and Lin, directly or indirectly, by use of the means or instruments of interstate commerce or of the mails, or of the facility of a national securities exchange, knowingly, recklessly, or negligently solicited proxies by means of a proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing statements which, at the time and in light of the circumstances under which they were made, were false and misleading with respect to material facts, or which omitted to state material facts which were necessary in order to make the statements made not false or misleading or which were necessary in order to correct statements in earlier false or misleading communications with respect to the solicitation of proxies for the same meeting or subject matter, in violation of Section 14(a) of the Exchange Act and Exchange Act Rule 14a-9 [15 U.S.C. § 78n(a); 17 C.F.R. § 240.14a-9].

86. By reason of the foregoing, Trident and Lin, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate Section 14(a) of the Exchange Act and Exchange Act Rule 14a-9.

87. Jen knowingly or recklessly gave substantial assistance to Trident in its violations of Section 14(a) of the Exchange Act and Exchange Act Rule 14a-9 [15 U.S.C. § 78n(a); 17 C.F.R. § 240.14a-9].

88. By reason of the foregoing, Jen aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of Exchange Act Section 14(a) and Exchange Act Rule 14a-9 [15 U.S.C. § 78n(a); 17 C.F.R. § 240.14a-9].

SIXTH CLAIM FOR RELIEF

Violations of Exchange Act Sections 13(a), and Exchange Act Rules 12b-20, 13a-1, and 13a-13, and Aiding and Abetting of These Violations (Trident, Lin, and Jen)

89. The Commission realleges and incorporates by reference Paragraphs 1 through 88.

90. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13] require issuers of registered securities to file with the Commission factually accurate annual and quarterly reports. Exchange Act Rule 12b-20 [17 C.F.R. §240.12b-20] further provides that, in addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

91. By engaging in the conduct set forth above, Trident violated, and unless restrained and enjoined will continue to violate Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

92. By engaging in the conduct set forth above, Lin and Jen knowingly provided substantial assistance to Trident in its failure to file with Commission factually accurate annual and quarterly reports.

93. As set forth above, Lin and Jen aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of Exchange Act Section 13(a) [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

SEVENTH CLAIM FOR RELIEF

Violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) and Aiding and Abetting of These Violations (Trident, Lin and Jen)

94. The Commission realleges and incorporates by reference Paragraphs 1 through 93.

95. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires issuers to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain the accountability of assets.

96. Trident failed: 1) to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets; and 2) to devise and maintain a system of internal accounting controls sufficient to provide

reasonable assurances that transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain the accountability of assets.

97. By reason of the foregoing, Trident, directly or indirectly, violated, and unless restrained and enjoined will continue to violate Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

98. By reason of the foregoing, Lin and Jen knowingly or recklessly gave substantial assistance to Trident in its failure to make and keep accurate books, records, and accounts and its failure to devise and maintain a sufficient system of internal accounting controls.

99. As set forth above, defendants Lin and Jen, and each of them, directly or indirectly, aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

EIGHTH CLAIM FOR RELIEF

Violations of Exchange Act Rule 13a-14 (Lin and Jen)

100. The Commission realleges and incorporates by reference Paragraphs 1 through 99.

101. Lin, as CEO, signed false certifications pursuant to Rule 13a-14 of the Exchange Act that were included in Trident's fiscal 2002, 2003, 2004, and 2005 annual reports, as well as quarterly reports filed on Forms 10-Q for the quarters ended September 30, 2002 through March 31, 2006. Jen, as Principal Accounting Officer and Chief Accounting Officer, signed false certifications pursuant to Rule 13a-14 of the Exchange Act that were included in Trident's fiscal 2002 and 2003 annual reports, as well as quarterly reports filed on Forms 10-Q for the quarters ended September 30, 2002 through March 31, 2004.

102. By reason of the foregoing, Lin and Jen violated, and unless restrained and enjoined will continue to violate, Exchange Act Rule 13a-14 [17 C.F.R § 240.13a-14].

NINTH CLAIM FOR RELIEF

**Violations of Exchange Act Section 16(a) and Exchange Act Rule 16a-3
(Lin and Jen)**

103. The Commission realleges and incorporates by reference Paragraphs 1 through 102.

104. At all relevant times, defendants Lin and Jen were officers of Trident within the meaning of Section 16(a)(1) of the Exchange Act [15 U.S.C. § 78p(a)(1)].

105. Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Exchange Act Rule 16a-3 [17 C.F.R. § 240.16a-3] require officers, directors and beneficial owners of more than ten percent of any class of equity security registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] to file periodic reports disclosing any change of beneficial ownership of those securities.

106. Defendants Lin and Jen filed Forms 4 with the Commission that misrepresented the purported grant dates of backdated options that they received.

107. By reason of the foregoing, defendants Lin and Jen, and each of them, violated, and unless restrained and enjoined will continue to violate, Section 16(a) of the Exchange Act and Exchange Act Rule 16a-3 [15 U.S.C. § 78p(a); 17 C.F.R § 240.16a-3].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that the Court enter a final judgment:

I.

Permanently enjoining defendant Trident from violating, directly or indirectly, Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, and 14a-9 thereunder;

II.

Permanently enjoining defendant Lin from violating, directly or indirectly, Section 17(a) of the Securities Act and Sections 10(b), 13(b)(5), 14(a), and 16(a) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1, 13b2-2, 14a-9, and 16a-3 thereunder, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder;

III.

Permanently enjoining defendant Jen from violating, directly or indirectly, Section 17(a) of the Securities Act and Sections 10(b), 13(b)(5), and 16(a) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1, 13b2-2, and 16a-3 thereunder, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, and 14a-9 thereunder;

IV.

Ordering defendants Lin and Jen, and each of them, to disgorge their ill-gotten gains by virtue of the conduct alleged herein, and to pay prejudgment interest thereon;

V.

Ordering defendants Lin and Jen, and each of them, to pay civil money penalties pursuant to Section 20(d)(1) of the Securities Act and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 77(d)(1); 15 U.S.C. § 78u(d)(3)];

VI.

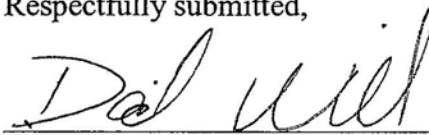
Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] bar defendants Lin and Jen, and each of them, from serving as officers or directors of any issuer that has a class

of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; and

VII.

Ordering such other relief as the Court deems just and proper.

Respectfully submitted,



A. David Williams (California Bar No. 183854)
Christopher R. Conte
Timothy N. England
Margaret S. McGuire
Mona L. Benach

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
100 F Street, NE
Washington, DC 20549-5661
Telephone: (202) 551-4548 (Williams)
Facsimile: (202) 772-9246 (Williams)
E-mail: williamsdav@sec.gov
contec@sec.gov
englandt@sec.gov
mcguirem@sec.gov
benachm@sec.gov

Dated: July 15, 2010