

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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

Plaintiff,

v.

GLG PARTNERS, LP,
One Curzon Street
London, England W1J 5HB

Defendant.

Case: 1:07-cv-01136
Assigned To : Collyer, Rosemary M.
Assign. Date : 6/26/2007
Description: General Civil

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission (the "Commission"),
alleges:

SUMMARY

1. This action arises from multiple violations of Rule 105 of Regulation M under the Securities Exchange Act of 1934 ("Exchange Act") [17 C.F.R. § 242.105(a)(1)] by Defendant GLG Partners, LP ("GLG"), one of the largest hedge fund managers in Europe. On sixteen occasions from July 2003 through May 2005, GLG violated Rule 105. During the period, GLG did not have any policies, procedures or training with respect to Rule 105.

2. With respect to each violation, GLG sold securities short during the five business days before the pricing of public offerings and then covered the short positions with securities purchased in the offerings. These transactions occurred in four of GLG's Funds: GLG Market Neutral Fund; GLG North American Opportunity Fund; GLG Technology Fund; and GLG

European Long Short Fund (collectively, the “GLG Funds”). GLG made over \$2 million in profits for the GLG funds on these transactions. The conduct at issue also is described in the Commission’s Order Instituting Cease-and-Desists Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934, issued on or about June 26, 2007.

JURISDICTION AND VENUE

3. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. §78u(d)(3)(A)] to obtain a civil money penalty for violations of the Exchange Act.

4. This Court has jurisdiction over this action pursuant to Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa].

5. Certain of the acts, practices, and courses of conduct constituting the violations of law alleged in the Complaint occurred within this judicial district and, therefore, venue is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

6. Defendant, directly and indirectly, has made use of the means or instruments of transportation or communication in interstate commerce, or of the mails in connection with the acts, practices and transactions alleged herein.

THE DEFENDANT

7. GLG is one of the largest hedge fund managers in Europe. GLG manages thirty hedge funds with total assets in excess of \$12 billion. GLG is headquartered in London, United Kingdom, and subject to regulation by the Financial Services Authority of the United Kingdom. Several of GLG’s funds trade in securities through United States markets.

FACTS

8. Rule 105 of Regulation M, "Short Selling in Connection With a Public Offering," prohibits covering a short sale with securities obtained in a public offering if the short sale occurred within five business days before the pricing of the offering (the "Restricted Period"). The Commission adopted Rule 105 of Regulation M in an effort to prevent manipulative short selling prior to a public offering by short sellers who cover their short position by purchasing securities in the offering, thus largely avoiding exposure to market risk. Anti-manipulation Rules Concerning Securities Offerings, Release Nos. 33-7375, 34-38067 (Dec. 20, 1996). The Rule is prophylactic and prohibits the conduct irrespective of the short seller's intent in effecting the short sale. Short Sales, Final Rule, Release No. 34-50103 (July 28, 2004).

9. During the relevant period, GLG violated Rule 105 on sixteen occasions in fourteen different public offerings involving the following securities: ChipMos Technologies (Bermuda) Ltd. (Nasdaq: IMOS), Petco Animal Supplies, Inc. (Nasdaq: PETC), Nextel Partners, Inc. (Nasdaq: NXTP), Chicago Mercantile Exchange Holdings, Inc. (NYSE: CME), AU Optronics, Inc. (NYSE: AUO), Lipman Electronic Engineering Ltd. (Nasdaq: LPMA), Hewitt Associates, Inc. (NYSE: HEW), Spectrasite, Inc. (NYSE: SSI), Estee Lauder Cos., Inc. (NYSE: EL), Lubrizol Corp. (NYSE: LZ), Taiwan Semiconductor Manufacturing Company (NYSE: TSM) and CMS Energy Corp. (NYSE: CMS). Three examples of GLG's conduct are described in detail below.

Taiwan Semiconductor Manufacturing Co. Ltd. ("Taiwan")

10. On October 21, 2003, Taiwan announced a secondary offering of 100 million ADSs representing 500 million common stock shares. The underwriters priced the ADSs at

\$10.77 after the market closed on November 10, 2003. Accordingly, the Restricted Period was Tuesday November 4, 2003 through Monday November 10, 2003.

11. During the Restricted Period, from November 5, 2003 through November 10, 2003, GLG, on behalf of GLG Market Neutral Fund, on nine occasions sold short a total of 2.548 million Taiwan ADSs. On November 10, 2003, GLG, on behalf of GLG Market Neutral Fund, purchased 7 million Taiwan ADSs in the secondary offering at a price of \$10.77. In violation of Rule 105, GLG used the ADSs purchased in the offering to cover the fund's outstanding short position in Taiwan, realizing profits for the fund of \$651,111.20.

Spectrasite, Inc. ("Spectrasite")

12. On April 23, 2004, Spectrasite announced a secondary offering of over 10 million shares of its common stock, which was subsequently amended to over 9 million shares. The underwriters priced the offering after the market closed on May 10, 2004. Accordingly, the Restricted Period was Tuesday May 4, 2004 through Monday May 10, 2004.

13. During the Restricted Period, from May 4, 2004 through May 7, 2004, GLG, on behalf of GLG North American Opportunity Fund, on six occasions sold short a total of 152,490 shares of Spectrasite. On May 10, 2004, GLG, on behalf of GLG North American Opportunity Fund, purchased 266,535 shares of Spectrasite in the secondary offering at a price of \$36.25. In violation of Rule 105, GLG used the shares purchased in the offering to cover the fund's outstanding short position in Spectrasite, realizing profits for the fund of \$217,871.78.

AU Optronics, Inc. ("AU Optronics")

14. On May 7, 2004, AU Optronics announced a secondary offering of 30 million ADSs representing 300 million shares of common stock. The ADSs in the offering would be temporary shares for seven business days, after which time they would automatically convert to

ADSs exchangeable for common stock. The underwriters priced the offering after the market closed on June 17, 2004. Accordingly, the Restricted Period was Friday June 11, 2004 through Thursday June 17, 2004.

15. On June 17, 2004, within the Restricted Period, GLG, on behalf of GLG Market Neutral Fund, sold short 400,000 ADSs for \$16.8208 per share and 100,000 ADSs for \$16.90 per share. On June 18, 2004, GLG, on behalf of GLG Market Neutral Fund, purchased 9,000 AU Optronics ADSs in the market. On June 18, 2004, GLG, on behalf of GLG Market Neutral Fund, purchased 2,427,500 temporary AU Optronics ADSs in the secondary offering at a price of \$16. In violation of Rule 105, GLG used the ADSs purchased in the offering to cover the fund's outstanding short position in AU Optronics (491,000 ADSs) once the shares converted from temporary ADSs, realizing profits for the fund of \$418,979.70.

16. In each of the above trades related to the fourteen offerings, GLG sold securities short during the five business days before the pricing of public offerings and then covered the short positions with securities purchased in the offerings. GLG made a total of \$2,214,180 in profits for the GLG funds on these transactions.

CLAIM FOR RELIEF

GLG Violated Rule 105 of Regulation M [17 C.F.R. § 242.105]

17. Paragraphs 1 through 16 are realleged and incorporated herein by reference.

18. Rule 105 of Regulation M under the Exchange Act makes it "unlawful for any person to cover a short sale with offered securities purchased from an underwriter or broker or dealer participating in the offering, if such short sale occurred during the . . . period beginning five business days before the pricing of the offered securities and ending with the pricing."

19. As set forth above, from July 2003, through May 2005, on sixteen occasions in connection with fourteen secondary offerings of securities, GLG, acting through certain funds that it manages, covered short sales made during the Restricted Period with offered securities purchased from underwriters participating in those public offerings.

20. By engaging in the foregoing conduct, GLG violated Rule 105 of Regulation M [17 C.F.R. § 242.105].

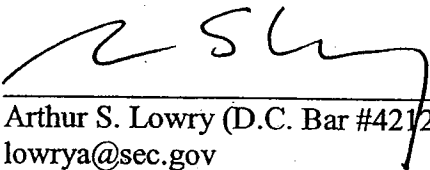
PRAYER FOR RELIEF

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

- a. Ordering Defendant to pay a \$500,000 civil money penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];
- b. Granting such other and further relief as is just and proper; and
- c. Retaining jurisdiction of this action in order to implement and carry out the terms of any Orders that may be entered herein.

Dated: June 26, 2007.

Respectfully submitted,



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