

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

SECURITIES AND EXCHANGE COMMISSION
100 F Street, N.E.
Washington, DC 20549,

Plaintiff,

vs.

JAISANKAR MARIMUTHU,
CHOCKALINGAM RAMANATHAN, and
THIRUGNANAM RAMANATHAN,

Defendants.

Civil No.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

For its complaint against Jaisankar Marimuthu (“Marimuthu”), Chockalingam Ramanathan (“C. Ramanathan”) and Thirugnanam Ramanathan (“T. Ramanathan”) (collectively, the “Defendants”), Plaintiff the United States Securities and Exchange Commission (the “Commission”) alleges as follows:

SUMMARY

1. This action alleges violations of the federal securities laws by Marimuthu, C. Ramanathan and T. Ramanathan, three individuals who repeatedly hijacked the online brokerage accounts of unwitting investors using stolen usernames and passwords. Prior to intruding into these accounts, the Defendants acquired positions in the securities of at least thirteen issuers and options on shares of another issuer. Then, without the account holders’ knowledge, and using the victims’ own accounts and funds, the Defendants

placed scores of unauthorized buy orders at above-market prices. After these unauthorized buy orders were placed, the Defendants sold the positions held in their own accounts at the artificially inflated prices. These transactions created the appearance of legitimate trading activity and pumped up the prices of the fourteen securities.

2. From July 2006 to November 2006, as a result of these unlawful intrusions into online brokerage accounts, the Defendants realized unlawful trading profits of at least \$121,500. Online broker-dealers whose customers' accounts were compromised suffered losses of at least \$875,000 as a result of the Defendants' fraudulent conduct.

3. By virtue of their conduct, the Defendants have engaged in and, unless enjoined, will continue to engage in violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

4. The Commission brings this action, and this Court has jurisdiction over this action, pursuant to authority conferred by Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(a) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 77u(e) and 78aa].

5. This Court has personal jurisdiction over the Defendants and venue is proper in the District of Nebraska pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because many of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within this District.

6. The Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, and the means and instruments of transportation and communication in interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

DEFENDANTS

7. Jaisankar Marimuthu, age 32, resides in Chennai, India. At all relevant times, Marimuthu had access to a computer and Internet connection and maintained Internet-accessible securities brokerage accounts at several U.S.-based broker-dealers.

8. Chockalingam Ramanathan, age 33, resides in Chennai, India. At all relevant times, C. Ramanathan had access to a computer and Internet connection and maintained Internet-accessible securities brokerage accounts at several U.S.-based broker-dealers.

9. Thirugnanam Ramanathan, age 34, is an Indian national who resides in Malaysia. At all relevant times, T. Ramanathan had access to a computer and Internet connection and maintained Internet-accessible securities brokerage accounts at several U.S.-based broker-dealers.

FACTS

The Defendants' Account Intrusion Scheme

10. Beginning in July 2006 and continuing to the present, the Defendants engaged in an elaborate scheme in which they manipulated, via account intrusions, the markets for shares of at least thirteen issuers and for options on shares of another issuer. The Defendants' *modus operandi* was similar for each intrusion. The Defendants first purchased thinly traded securities, at market prices, using their own online brokerage

