

prejudgment interest or an order to pay civil penalties in this action, and (iii) that the public interest requires the Commission's application for this Order be heard *ex parte* and without notice, the Court grants the Commission's application and orders as follows:

I.

IT IS HEREBY ORDERED that, pending further order of this Court, defendants and their officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, including without limitation Merrill Lynch, shall hold and retain within their control, and prevent any disposition, transfer or dissipation of, any assets or proceeds currently in their possession, custody, or control in the accounts maintained in the name of or for the benefit of the defendants or any one of them.

II.

IT IS HEREBY FURTHER ORDERED (i) that in addition to all other potential means of service, service of all pleadings, process, and papers in this litigation, including the summons, complaint, and this Order, may be made by Commission staff by serving such documents on Merrill Lynch, as agents of defendants; and that (ii) in addition to all other potential methods of service, service on defendants, directly or through their agents or attorneys, may be made by Commission staff by facsimile, hand delivery, overnight courier, mail, electronic mail, or any alternative permitted by Rule 4 of the Federal Rules of Civil Procedure, including letters rogatory, or as this Court may direct by further order.

III.

IT IS HEREBY FURTHER ORDERED that each defendant shall submit the following identifying information to the Commission within five days following service of this Order on that defendant: (i) all names by which each defendant is known; defendant's business and residence addresses; defendant's post office box numbers; electronic mail addresses; telephone numbers; and facsimile numbers; and defendant's nationality; and (ii) each account held by that defendant with any financial institution or brokerage at any time between January 1, 2007 and the present.

IV.

IT IS HEREBY FURTHER ORDERED that in lieu of the time periods, notice provisions, and other requirements of Rules 26, 30, 33, 34, 36 and 45 of the Federal Rules of Civil Procedure, and the Local Rules of this Court, discovery shall proceed on the following expedited basis: (i) the Commission is authorized to take depositions upon oral examination subject to three days notice pursuant to Rule 30(a) of the Federal Rules of Civil Procedure; (ii) all depositions in this action, unless properly noticed to take place elsewhere, shall be taken within the United States; (iii) Pursuant to Rule 33(a) of the Federal Rules of Civil Procedure, defendants shall answer the Commission's written discovery, including interrogatories and requests for production, within three days of service of such discovery; (iv) pursuant to Rule 34(b) of the Federal Rules of Civil Procedure, defendants shall produce all documents requested by the Commission within three days of service of such request; and (v) all written responses to the Commission's discovery requests shall be delivered to the Commission at 100 F Street, N.E., Washington, D.C. 20549-4030, to the attention of Jan M. Folena, Assistant Chief Litigation Counsel, or such other place as counsel for the Commission may direct in writing, by overnight delivery.

V.

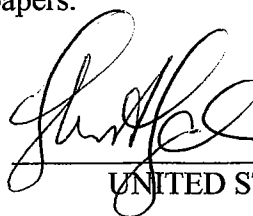
IT IS HEREBY FURTHER ORDERED that defendants and their officers, agents, servants, employees, and attorneys, including Merrill Lynch, are hereby restrained from destroying, mutilating, concealing, altering or disposing of any documents or other items, including any books, records, documents, agreements, correspondence, memoranda, and electronic data or communication in any form, relating to Defendants' direct or indirect purchase or sale of DJ stock during the period April 1, 2007 and the present.

VI.

IT IS HEREBY FURTHER ORDERED that defendants or their attorneys shall appear before this Court at 10:00 am on June 18, 2007, in RM 15C to show cause why this Court should not enter a preliminary injunction extending the asset freeze and other ancillary relief entered in this Order until a final adjudication of this case on the merits.

Defendants shall serve any papers in opposition to such relief by hand delivery or overnight courier service to the Commission's counsel, Jan M. Folena, Assistant Chief Litigation Counsel, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-4010, fax number (202)772-9245, no later than three full business days before such hearing. The Commission may serve and file a reply no later than 24 hours before the hearing, and shall serve such reply brief, if any, on defendants or their attorneys by facsimile transmission, courier service or such other means as the Commission may reasonably determine will give defendants or their attorneys prompt delivery of these papers.

Date: May 8, 2007



UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MAY 08 2007

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

Kan King Wong and
Charlotte Ka On Wong Leung,

Defendants.

Civil Action No.

COMPLAINT

Plaintiff Securities and Exchange Commission (Commission or SEC) alleges:

1. This is an insider trading case involving highly profitable and highly suspicious purchases of Dow Jones Company, Inc. (DJ) common stock by defendants in an account at a Hong Kong branch of Merrill Lynch & Co. (Merrill Lynch) from April 13, 2007 through April 30, 2007. These purchases were made in advance of a public announcement on May 1, 2007, that DJ had obtained an offer to be acquired by News Corporation (News Corp.) at a price of \$60.00 per share. As a result of the announcement, DJ's stock price jumped 58 percent over the current day's opening price, placing defendants in a position to gain substantial profits on their purchase of DJ stock. Defendants are residents of Hong Kong.

2. Upon information and belief, while in possession of material, non-public information concerning the proposed, but unannounced offer to purchase DJ, from April 13 through 30, 2007, defendants purchased a total of 415,000 shares of DJ common stock. In advance of the announcement, defendants engaged in widespread and unlawful trading activity and are in a

position to yield approximately \$8,183,423 in profits from their stock purchases. Defendants used their Merrill Lynch account to engage in their unlawful trading. If liquidated at current market prices, defendants' profit on these trades would be approximately \$8.1 million.

3. Upon information and belief, defendants made these trades while acting in concert and pursuant to a common plan or scheme.

JURISDICTION AND VENUE

4. This Court possesses jurisdiction over this matter pursuant to Sections 21(e), 21A, and 27 of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78u(e), 78u-1, 78aa]. Venue lies in this Court pursuant to Section 27 of the Securities and Exchange Act of 1934 (Exchange Act), 15 U.S.C. § 78aa. Certain of the acts, practices, transactions, and courses of business occurred within the Southern District of New York. For example, DJ stock is traded on the New York Stock Exchange (NYSE) in New York, New York.

5. Defendants have directly or indirectly, made use of the instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices, transactions, and courses of business alleged in this complaint.

6. Defendants will, unless restrained and enjoined, continue to engage in the acts, practices, transactions, and courses of business alleged in this complaint, or in acts, practices, transactions, and course of business of similar purport and object.

DEFENDANTS

7. Kan King Wong is a resident of Hong Kong. He resides at Flat C, 20/F, The Albany, 1 Albany Road, Mid-Levels, Hong Kong. He is the part owner of an account with

Merrill Lynch in Hong Kong in which 415,000 shares of DJ stock were purchased during the two weeks prior to an announcement that News Corps. offered to acquire DJ.

8. Charlotte Ka On Wong Leung, the wife of Kan King Wong, is also a resident of Hong Kong. She resides at Flat C, 20/F, The Albany, 1 Albany Road, Mid-Levels, Hong Kong. She is the part owner with her husband of an account with Merrill Lynch in Hong Kong in which 415,000 shares of DJ stock were purchased during the two weeks prior to an announcement that News Corps. offered to acquire DJ.

RELEVANT ENTITIES

9. Merrill Lynch & Co. is a broker dealer registered with the Commission based in New York, New York with locations world-wide.

10. Dow Jones Company, Inc. is a Delaware corporation headquartered at 200 Liberty Street, New York, New York. DJ is a provider of global business and financial news through multiple channels of media, including The Wall Street Journal, Barrons, Dow Jones Newswires, Dow Jones Indexes and MarketWatch.com. Dow Jones securities are traded on the NYSE.

FACTUAL ALLEGATIONS

11. On May 1, 2007, at approximately 11:00 a.m. EST, News Corp. announced that it would offer to acquire DJ in a deal worth \$60.00 per share. On the morning of May 1, 2007, the opening price for DJ common stock was \$37.12 per share. Following the announcement later that morning, the price of DJ common stock increased to \$57.28 per share, a 58 percent increase. Prior to May 1, 2007, the acquisition was confidential, non-public information.

12. During April 13, 2007 through April 30, 2007, while in possession of material, non-public information regarding the offer to buy DJ by News Corps., defendants purchased 415,000 shares of DJ stock at a cost of \$15,023,215. At the close of the market on May 4, 2007,

the 415,000 shares were worth approximately \$23 million and the net profit that defendants could realize on the shares was \$8,183,423.

13. Defendants did not have all of the funds available in their Merrill Lynch account to purchase all 415,000 shares of DJ stock on April 13, 2007. Instead, defendant wired \$3,188,600 to their Merrill Lynch account on April 18, 2007, from an individual named Leung Kai Hung Michael, the father of defendant Charlotte Ka On Wong Leung. On April 20, 2007, defendants wired \$3,986,727 to their Merrill Lynch account from JP Morgan Int'l Bank in Brussels, Belgium. Finally, on May 3, 2007, after defendants purchased the shares, two margin loans in the amounts of \$335,157 and \$4,500,000 were deposited into their Merrill Lynch account.

14. On May 4, 2007, defendant Kan King Wong placed an order to sell all 415,000 shares of DJ stock held in their Merrill Lynch account in Hong Kong. Upon information and belief at the time defendant Kan King Wong placed his sale order he inquired of his broker how long it would take for the proceeds of the sale to be available in his account. The sale of these shares will yield defendants \$23,206,638 and net them a profit of 8,183,423.

CLAIM FOR RELIEF

Violations of Exchange Act Section 10b and Rule 10b-5 Promulgated Thereunder

15. Paragraphs 1 through 14 are realleged and incorporated by reference.

16. Upon information and belief, at the time defendants purchased the 415,000 shares of DJ stock they were in possession of material non-public information about the offer of News Corps. to acquire DJ. Defendants knew, or had reason to know, or recklessly disregarded the fact that (a) their trading was in breach of fiduciary duties or similar duties of trust and confidence owed to the shareholders of DJ or to the source from whom they received the material non-public information; or (b) material non-public information about the acquisition

had been communicated to defendants in breach of fiduciary or similar duty of trust and confidence.

17. Defendants have the opportunity to make aggregate illegal profits because the value of the stock that they purchased, as set forth above, rose in response to the announcement of the proposed acquisition.

18. By reason of the foregoing, defendants, directly and indirectly, violated 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], and are likely to commit such violations in the future unless enjoined from doing so.

RELIEF SOUGHT

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

I.

Permanently restraining and enjoining defendants, their agents, servant, employees, attorneys-in-fact, and all person in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating 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];

II.

Ordering defendants to disgorge all profits realized from the unlawful trading alleged herein, with prejudgment interest;

III.

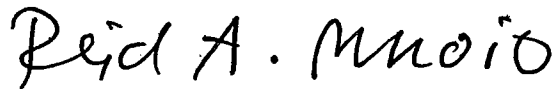
Ordering defendants to pay civil monetary penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. 78U-1]; and

IV.

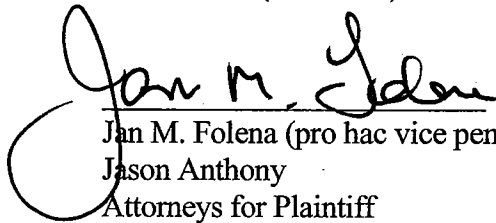
Granting such other relief as this Court deems just and proper.

Dated: May 8, 2007

Respectfully submitted,



Reid Muoio (RM-2274)



Jan M. Folena (pro hac vice pending)

Jason Anthony

Attorneys for Plaintiff

Securities and Exchange Commission

Division of Enforcement

100 F Street, N.E.

Washington, D.C. 20549-1040

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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**Kan King Wong and
Charlotte Ka On Wong Leung,**

Defendants.

Civil Action No.

**COMMISSION'S MEMORANDUM OF LAW IN SUPPORT OF ITS EMERGENCY
MOTION FOR AN *EX PARTE* TEMPORARY RESTRAINING ORDER FREEZING
ASSETS AND OTHER RELIEF AND FOR AN ORDER TO
SHOW CAUSE WHY THE ASSET FREEZE SHOULD NOT CONTINUE**

Plaintiff, the Securities and Exchange Commission (SEC or Commission), filed this suit against defendants Kan King Wong and Charlotte Ka On Wong Leung, to halt their illegal insider trading in the stock of Dow Jones Company, Inc. (DJ). In conjunction with the filing of the complaint, the SEC respectfully requests that the Court issue an order temporarily freezing two accounts held by defendants at a branch office of Merrill Lynch & Co. (Merrill Lynch) in Hong Kong holding over \$8,000,000 worth of DJ common stock and/or cash proceeds of the sale of that stock, and requiring defendants to show cause why the assets should not remain frozen until the conclusion of this lawsuit.

Without an asset freeze, any relief the Court grants in this case could be meaningless. Defendants are residents of Hong Kong. The 415,000 shares of DJ common stock valued at over \$8,000,000 that they purchased in advance of an announcement that News Corporation (News Corp.) would purchase DJ for \$60.00 per share is in the Hong Kong branch office of Merrill

Lynch & Co. (Merrill Lynch). On May 4, 2007, defendants have placed an order with Merrill Lynch to sell all 415,000 shares of the DJ stock. As detailed below, defendants purchased DJ stock on the basis of material non-public information. Consequently, the Commission has requested that the Court order defendants to disgorge the ill-gotten gains from their insider trading, and to assess monetary penalties against them.

Enforcing any such judgment will prove difficult, however, if defendants are free to liquidate their stock position -- which they have already placed an order to do -- currently held at Merrill Lynch's Hong Kong branch and move the proceeds to a foreign institution beyond this Court's jurisdiction. Accordingly, the Commission respectfully requests that the Court freeze the accounts containing the 415,000 shares of DJ stock or, in the alternative, the cash proceeds of the sale of the DJ shares currently worth approximately \$8,183,423 to ensure that assets are available to help satisfy any judgment the Court may enter. Because these are the only accounts of defendants that the Commission seeks to freeze there will be little or no prejudice to defendants as a result.

STATEMENT OF FACTS

On the afternoon of May 4, 2007, personnel at the SEC's headquarters in Washington, D.C. received information regarding suspicious trading in two accounts (xxxxx-8105 and xxxxx-0D46) held at the Hong Kong branch of Merrill Lynch, a broker registered with the Commission. Defendants purchased a total of 415,000 shares of DJ stock prior to the May 1, 2007, public announcement that News Corp. had proposed to acquire DJ at a price of \$60.00 per share. Prior to the May 1, 2007 announcement, DJ stock had been trading at approximately \$37.00 per share. Anthony Declaration (Dec.) ¶¶ 4-6, 13, 23-27.

The account in which the stock was purchased is owned by defendants, Kan King Wong and his wife Charlotte Ka On Wong Leung, both residents of Hong Kong. Defendants began purchasing DJ stock on April 13, 2007, and made their last purchase on April 30, 2007, the day prior to the acquisition announcement. Defendants purchased the 415,000 shares at a cost of \$15,023,215. This enormous stock purchase was funded with four separate transfers of funds from outside of the Merrill Lynch account. On April 18, 2007, an individual -- Leung Kai Hung Michael, the father of Charlotte Ka On Wong Leung -- transferred by wire \$3,188,600 to the Merrill Lynch account in Hong Kong. On April 20, 2007, defendants transferred by wire another \$3,986,727 from an account at JP Morgan Int'l Bank in Brussels, Belgium. Finally, on May 3, 2007, after the purchases were made, two margin loans for \$335,157 and \$4,500,000 respectively were posted in the Merrill Lynch account. Anthony Dec. ¶¶ 4, 8, 13-22.

On May 1, 2007, the day after defendants had completed their \$15,023,215 purchase of DJ stock, the price of the DJ stock increased from approximately \$37.00 per share to approximately \$57.00 per share, a 58 percent increase in value. Anthony Dec. ¶ 25. On May 7, 2007, the Commission learned that defendants had placed an order to sell all 415,000 shares of the DJ stock. When making the sell order, defendant Kan King Wong asked Merrill Lynch when the sale settlement would take place. Anthony Dec. ¶ 27. As of May 4, 2007, defendants' profit on the 415,000 shares is approximately \$8,183,423. Anthony Dec. at ¶ 25.

Prior to April 13, 2007, defendants had no history of trading DJ stock in their Merrill Lynch accounts. Defendants' other stock holdings in the Merrill Lynch account total approximately \$606,600 approximately four percent of the current value of the DJ stock. Anthony Dec. ¶ 21. The DJ stock purchase increased the value of defendants' Merrill Lynch portfolio by approximately 25 times. Prior to the DJ stock purchase, defendants' Merrill Lynch

