

**ORIGINAL**

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**JUN 28 2018**

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

JAMES N. HATTEN, Clerk  
By:  Deputy Clerk

UNITED STATES OF AMERICA

*v.*

SUDHAKAR REDDY BONTHU

Criminal Information

No. 1:18-CR-237

THE UNITED STATES ATTORNEY CHARGES THAT:

1. On or about September 1, 2017, in the Northern District of Georgia and elsewhere, the defendant, SUDHAKAR REDDY BONTHU, by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, did knowingly and willfully use manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities of Equifax Inc. and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices and courses of business which would and did operate as a fraud and deceit upon any person, in connection with the purchase and sale of said securities, in that the defendant SUDHAKAR REDDY BONTHU bought 86 put options in Equifax stock on the basis of material nonpublic information.

## Background

At all times relevant to this Information

2. Equifax Inc. was a consumer credit reporting agency headquartered in Atlanta, Georgia. Equifax was a public company whose stock was traded on the New York Stock Exchange (NYSE) under the ticker symbol EFX. Equifax's securities were registered with the United States Securities and Exchange Commission (SEC) pursuant to Section 12(b) of the Exchange Act.

3. SUDHAKAR REDDY BONTHU was a software development manager for Equifax's Global Consumer Services team.

4. Equifax required its officers, directors, and employees, including BONTHU, to abide by its Business Ethics and Compliance Program, which included an Insider Trading Policy. The Insider Trading Policy provided that employees may not trade in Equifax securities if they "are aware of **material nonpublic information.**" Equifax employees are not permitted to purchase options in Equifax stock.

5. From in or about mid-May 2017 through July 2017, unknown individuals obtained unauthorized access to some of Equifax's databases. As a result of this security breach, the unknown individuals acquired the names, Social Security numbers, birth dates, addresses and, in some instances, driver's license numbers of approximately 145 million people.

6. On or about July 29, 2017, Equifax discovered suspicious activity on its network. It began an investigation and remediation efforts.

7. Over the next several weeks, Equifax and its advisors reviewed forensic data to determine the scope of the intrusion.

8. By on or about August 15, 2017, Equifax had determined that consumers' personally identifiable information likely was taken as a result of the breach.

9. On or about August 15, 2017, Equifax imposed a special trading blackout date for its employees who were aware of the breach.

10. On or about Friday, August 25, 2017, BONTHU and other Equifax employees were asked to assist in responding to the breach, although he was not informed that Equifax had been breached. This work was portrayed as part of a breach opportunity involving a potential Equifax customer.

11. On or about August 25, 2017, BONTHU was informed that the target date for announcing the breach publicly was September 6, 2017.

12. By no later than August 30, 2017, BONTHU learned that around 100 million individuals' information was exposed as part of the breach and that the available information included names and social security numbers.

13. On or about August 31, 2017, BONTHU received an email related to his work on the breach with a file attached named EFXDatabreach.postman\_collection.

14. On or about September 1, 2017, BONTHU bought 86 put options in Equifax stock using his wife's Fidelity brokerage account ending in 5804. Put options allow holders to profit if the underlying stock falls in price. Those put options expired on or about September 15, 2017.

15. Six days later, on or about September 7, 2017, after the stock market had closed for the day, Equifax publicly disclosed the data breach. The following day, Equifax's stock dropped in price.

16. BONTHU exercised his put options, realizing a profit of more than \$75,000 as a result of the drop in Equifax's stock price.

17. BONTHU told a colleague that he had figured out that Equifax was the company that had been breached before that information was made public.

All in violation of Title 15, United States Code, Section 78j(b) and Section 78ff; and Title 17, Code of Federal Regulations, Section 240.10b-5 and Section 240.10b5-1.

### **Forfeiture Provision**

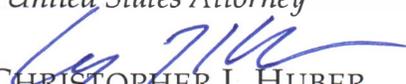
18. Upon conviction of the offense alleged in this Information, the defendant, SUDHAKAR REDDY BONTHU, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), all property, real and personal, constituting or derived from proceeds traceable to the offense(s).

19. If, as a result of any act or omission of the defendant, any property subject to forfeiture:

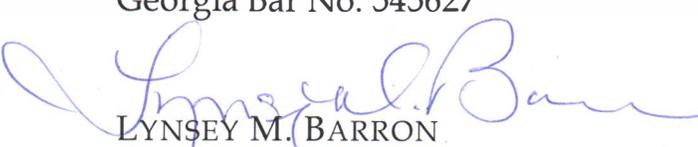
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

the United States intends, pursuant to Title 18, United States Code, Sections 982(b)(1); Title 21, United States Code, Section 853(p); and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property.

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