

China-Backed Buyout Fund Founder Charged in U.S. Insider Trading Case

By Nathan Shi, J.D. Candidate 2019 | November 13, 2017

In September of this year, [President Trump](#) stopped a foreign takeover of an American company on national security-concerns; only the fourth time a U.S. president has done so in the last 25 years. The President blocked the proposed \$1.3 billion takeover of Lattice Semiconductor Corp., a manufacturer of programmable logic chips, by Canyon Bridge Capital Partners LLC, a private-equity firm backed by a [Chinese state-owned](#) asset manager. The Committee on Foreign Investment in the U.S. (CFIUS) [recommended](#) stopping the deal. The President upheld CFIUS's recommendation, finding that the Chinese government's role in the transaction threatened the competitiveness of American industry, and gave Beijing access to cutting-edge technology with commercial and military applications.

A month later, Canyon Bridge's Managing Partner, Benjamin Chow, a U.S. citizen, was charged with [insider trading](#) related to the attempted acquisition of Lattice. The Acting Manhattan U.S. Attorney and the FBI Assistant Director released a [statement](#), explaining that Chow allegedly disclosed material nonpublic information at in-person meetings, over text message, and over voicemail, relating to a potential merger between the two entities. In turn, this was used to make roughly \$5 million dollars in profitable securities trades. Chow faces [fourteen charges](#), including conspiracy to commit securities fraud and securities fraud, with potential prison sentences and fines of up to \$5 million.

Chow denies any wrongdoing. In a statement to [Reuters](#), Chow's attorney George Canellos, a partner at Milbank, Tweed, Hadley & McCloy LLP, claimed that "Benjamin Chow is a true American success story, and the charges against him are baseless and unprecedented." A Canyon Bridge spokesman stated that it was aware of the indictment, but was not itself subject to any investigation. Despite the mayhem, Canyon Bridge has managed to keep its focus. The private-equity firm is continuing with its plans to acquire British chip designer [Imagination Technologies](#), which in April 2017 was dropped by [Apple](#) as a supplier of iPhone technology. Recently, a UK High Court sanctioned the \$718 million takeover.