

Broadcom co-founder takes stand in fraud trial

December 8 2009, By GILLIAN FLACCUS , Associated press Writer

(AP) -- Broadcom Corp.'s co-founder took the witness stand Tuesday in the fraud trial of the company's former chief financial officer.

Henry Samueli won immunity from a [federal judge](#) last week and was ordered to testify. He was likely to testify through Tuesday afternoon as a defense witness for former CFO William Ruehle, who is accused of backdating stock options.

Backdating occurs when a company retroactively sets the options' exercise price to a low point in the stock's value to increase the recipient's profits when the shares are sold. If the practice isn't properly disclosed, it can cause profits to be overstated and taxes to be underpaid.

[Broadcom](#) hasn't admitted any wrongdoing, but the computer chip maker reduced previous financial results by \$2.2 billion in 2007 and agreed to pay \$12 million to settle a civil complaint over the issue.

Samueli pleaded guilty last year to lying to [Securities and Exchange Commission](#) during its investigation. In exchange, Samueli was to serve five years of probation and pay \$12 million to the federal government.

But U.S. [District Judge](#) Cormac J. Carney rejected the plea deal as too lenient and said he didn't want the public to think the billionaire owner of the NHL's Anaheim Ducks could buy justice. Samueli appealed the rejection and lost.

Carney is expected to resentence Samueli after Ruehle's trial.

Samueli's legal team, however, has asked a judge to dismiss the charge due to prosecutor misconduct, including allegations that Assistant U.S. Attorney Andrew Stolper leaked grand jury information to the media and contacted the attorney of another defense witness about his upcoming testimony.

Stolper has declined to comment on the allegations.

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