

SEC Enforcement Case Summary Insider Trading by Former Tallgrass Energy Board Member

On March 12, 2024, the Securities and Exchange Commission (**SEC**) charged Roy Cook, a former board member for Tallgrass Energy, and four of his friends with trading on material nonpublic information in advance of a public announcement that Blackstone Infrastructure Partners had offered to acquire Tallgrass and take it private. The SEC also charged Cook for failing to file required disclosure reports concerning securities transactions by family trusts. All five of the defendants agreed to settlements that, in aggregate, include more than \$2.2 million in disgorgement, prejudgment interest, and civil penalties.

Allegedly, Cook tipped off his friends, Jeffrey Natrop, Peter Renner, James Rudolph, and Peter Williams, who all purchased Tallgrass securities prior to an August 27, 2019, public announcement of an offer by Blackstone to purchase the remaining public Tallgrass shares. After the announcement, Tallgrass shares increased by 36 percent. Following the announcement, Cook served for several months as chair of a Tallgrass Conflicts Committee tasked with assessing Blackstone's offer and negotiating the final terms of the transaction. In connection with this role, Cook allegedly learned material nonpublic information about the status of the negotiations that he communicated to his long-time friend and personal accountant, who purchased Tallgrass stock in a Cook family trust account over which he had trading authority, resulting in \$88,800 of illicit profits for Cook. Cook allegedly tipped multiple friends while traveling together, each of whom purchased call options in personal accounts, resulting in additional illicit trading profits.

Cook agreed to pay a civil penalty of \$801,742 and disgorge his illicit trading profits, with prejudgment interest. Cook also agreed to an officer-and-director bar. Each of the other four defendants agreed to pay a civil penalty equal to the amount of their allegedly illicit trading profits and disgorge their illicit trading profits, with prejudgment interest.

See Press Release - <https://www.sec.gov/news/press-release/2024-34>