

SEC Enforcement Case Summary Q1 Insider Trading Cases

The Securities and Exchange Commission (**SEC**) regularly brings insider trading cases under Section 10(b) of the Securities Exchange Act of 1934 against company officers, directors, employees or other insiders, as well as gatekeepers, such as investment bankers or lawyers involved in merger and acquisition activities, who have access to and misuse material non-public information (**MNPI**) received in such capacity, in breach of a duty of confidence. The SEC also regularly charges friends, family members, and individual or professional traders who receive tips from such insiders regarding MNPI and use such MNPI to trade on their own behalf or in funds or accounts that they manage. While SEC enforcement priorities appeared to have shifted significantly during Q1 2025, the SEC nevertheless brought a number of insider trading cases during the quarter as usual. Following is a summary of some of the perpetrators and facts presented by such cases, and reminders for clients.

Insiders and others charged in Q1 insider trading cases included:

- Corporate insiders of public companies
 - President & CEO
 - Board member
 - Executive Vice President
 - Regional Sales Director
 - Pharmaceutical company employees
- Friends & family members
 - Sister-in-law and elderly parents-in-law
 - Son and daughter
 - Granddaughter and fiancé
 - Uncle
 - Fellow country club members/friends
 - College friends
- Gatekeepers
 - Electrical engineering professor and technical consultant for acquired company
 - Employee of investment bank acting as financial advisor in acquisition
- Industry Professionals & Others
 - Broker-dealer part of selling syndicate for underwritten offering
 - Registered representative at broker-dealer involved in selling syndicate
 - Foreign citizens and business associates
 - Unidentified US securities trader

MNPI misused in Q1 cases included:

- Merger discussions and negotiations for potential acquisition of company
- Acquisition of cannabis company
- Sale of company business unit
- Follow-on offerings of NASDAQ-listed issuers
- Timing and pricing of offerings and transactions
- Upcoming financial results and earnings
- Drug sales results

- Positive client results related to cancer clinical trials
- Upcoming press releases or news stories

Transactions and instruments utilized in connection with Q1 insider trading activities:

- Purchases, sales, short sales and cover transactions
- Common stock
- Options
- American depository receipts (ADRs)
- Contracts for difference agreements

Actions to obtain or conceal illegal insider trading activities in Q1 cases included:

- Instructions to keep tips confidential
- Code words for communications (e.g., “greens” for money, “games” or “races” for upcoming corporate announcements, and “sniper” for especially strong/reliable inside information)
- Tips disguised as communications about women/girlfriends
- Burner phones and SIM cards
- Signal secure messaging app
- Disappearing messages on Telegram
- Staged meetings at Parisian restaurant
- Kickbacks in exchange for tips passed in plastic bags at foreign restaurants
- Fictitious payments to an antique watch dealer only accepted in cash

SEC investigative teams and records used in Q1 cases included:

- Market Abuse Unit’s Analysis and Detection Center
- Division of Economic and Risk Analysis
- Records of FINRA and criminal authorities
- Data analysis tools to detect suspicious trading patterns
- FDA applications and related communications
- Clinical study records and related communications
- Press releases and corporate announcements
- Phone records
- Internal emails
- Text and social media messages
- Brokerage transaction records
- Compliance manuals and written supervisory procedures
- Insider trading policies, training and certifications
- Confidentiality agreements

Insider trading investigations are costly and time-consuming to defend. The SEC and regulators have sophisticated methods of identifying potential insider trading. It is always better to err on the side of caution if you believe that you have or may have received MNPI. Ensure that employees are trained to immediately report any potential MNPI and consult promptly with outside counsel or your compliance team as needed to determine whether you need to restrict trading and for how long. Never share MNPI with others including friends and family members or others, except those who need to know and are subject to confidentiality provisions.

Standish Compliance can help answer questions and provide resources and training regarding insider trading policies, procedures and controls.

See SEC Summaries:

Tobia & Lee - <https://www.sec.gov/files/litigation/complaints/2025/comp-pr2025-4.pdf>

Lowe, Grewal, Ringel & Cooper - <https://www.sec.gov/newsroom/press-releases/2025-12>

Marisco, Pizzello, Quattrocchi & Carey - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26243>

Ruffalo, Ruffalo, Ruffalo, & Harte - <https://www.sec.gov/files/litigation/admin/2025/34-102248.pdf>

Gabriel Rebeiz - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26231>

John Heropoulos - <https://www.sec.gov/files/litigation/admin/2025/33-11362.pdf>

Kenneth Miccio - <https://www.sec.gov/files/litigation/admin/2025/34-102266.pdf>

Jeffrey Suchecki - <https://www.sec.gov/files/litigation/admin/2025/34-102515.pdf>

George Demos - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26262>

Safi and Ge - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26268>