## Press Release

# SEC Charges CEO and Close Friend With Insider Trading Ahead of Company Sale

**FOR IMMEDIATE RELEASE**
**2014-264**

*Washington D.C., Nov. 21, 2014*— The Securities and Exchange Commission today announced insider trading charges against a then-CEO and a close friend he provided with confidential details about his New Jersey-based company's nonpublic merger discussions that enabled the friend to make $164,260 in trading profits after it was sold to a private equity firm.

The SEC alleges that William E. Redmond Jr. frequently dined at a Manhattan restaurant managed by Stefano Signorastri, with whom he eventually became good friends and discussed personal matters as well as his work at GenTek Inc., an engineering and chemical company where he served on the board of directors in addition to being CEO. GenTek's nonpublic negotiations to find suitors for a company sale were among the topics that Redmond shared with Signorastri. Redmond's frequent disclosures of confidential corporate information to Signorastri violated his fiduciary duty and other duties of trust and confidence that he owed to GenTek.

According to the SEC's complaint filed in federal court in Manhattan, Signorastri first purchased GenTek stock while in possession of material nonpublic information obtained from Redmond as the company began various negotiations, and a year later he purchased additional GenTek stock as the company began negotiating in earnest with American Securities LLC. Two business days after Signorastri's last stock purchase, GenTek announced it would be acquired by American Securities in a tender offer, and its stock price shot up by nearly 40 percent on the news. Signorastri then tendered all of his GenTek shares to obtain his illicit profits.

Redmond and Signorastri, who each live in New York City, agreed to pay more than $324,000 to settle the SEC's charges.

"Redmond repeatedly shared confidential information with Signorastri that other GenTek shareholders did not have the benefit of knowing," said Andrew M. Calamari, Director of the SEC's New York Regional Office. "Corporate officers and directors owe a fiduciary duty to their shareholders to not only refrain from using nonpublic information to profit personally in their own trading, but they also must safeguard that information so friends and others don't illegally trade on it either."

According to the SEC's complaint, GenTek stock also was purchased while in possession of confidential information from Redmond by a waiter at the restaurant managed by Signorastri and the manager of another restaurant where Redmond held a meeting with American Securities representatives. The waiter and the other manager similarly tendered their GenTek shares after the announcement about the sale for $6,162 in combined profits. In the settlement, which is subject to court approval, Redmond agreed to pay disgorgement of $149,139 representing the illicit profits of these two traders and most of the trading profits made by Signorastri, who agreed to disgorgement of the remaining $21,283 of his profits. Redmond also agreed to pay prejudgment interest of $26,052 and a penalty of $64,821 for a total of $240,012. Signorastri agreed to pay prejudgment interest of $3,717 and a penalty of $59,609 for a total of $84,609. Redmond additionally agreed to be barred from acting as an officer or director of a public company for five years. Redmond and Signorastri neither admit nor deny the charges in the SEC's complaint that they violated the antifraud and tender offer provisions of the federal securities laws.

The SEC's investigation has been conducted by Justin P. Smith and George N. Stepaniuk of the New York office with assistance from Alexander Vasilescu. The case has been supervised by Sanjay Wadhwa.

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## Related Materials

- SEC complaint