

Press Release

SEC Charges Corporate Attorney and Wife With Insider Trading on Client's Confidential Information

FOR IMMEDIATE RELEASE

2014-290

Washington D.C., Dec. 22, 2014— The Securities and Exchange Commission today charged a California-based attorney and his wife with insider trading on confidential information obtained from a corporate client.

The SEC alleges that while serving as outside counsel to Spectrum Pharmaceuticals last year, Shivbir Grewal learned that the company was on the brink of announcing a significant decline in expected revenue due to an unanticipated drop in orders for its top-selling drug. Grewal sold his entire investment in Spectrum stock within 48 hours of getting the nonpublic information from company officials who sought the disclosure advice of his law firm. He tipped his wife Preetinder Grewal, who also sold all of her Spectrum shares on the basis of the nonpublic information. The day after Grewal sold her stock, Spectrum issued a press release revealing the expectation of decreased sales of the drug Fusilev and the consequent expectation of reduced revenue, and Spectrum's stock price fell more than 35 percent. Shivbir Grewal and his wife avoided losses of nearly \$45,000 by selling ahead of the bad news.

The Grewals agreed to pay \$90,000 to settle the SEC's charges, and Shivbir Grewal also agreed to be suspended from practicing as an attorney before the SEC on behalf of any publicly traded company or other entity regulated by the agency.

"An attorney owes a client a duty of trust when presented with confidential information," said Michele Wein Layne, Director of the SEC's Los Angeles Regional Office. "Shivbir Grewal attempted to avoid personal financial losses by breaching his duty to protect that nonpublic information, and in the end he pays a heavier price for exploiting it."

The SEC's complaint alleges that the Grewals violated Sections 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 as well as Rule 10b-5. Without admitting or denying the allegations, the Grewals agreed to be permanently enjoined from violating these provisions of the securities laws. Shivbir Grewal agreed to pay disgorgement of \$30,343.17, prejudgment interest of \$997.68, and a penalty of \$30,343.17. Preetinder Grewal agreed to pay disgorgement of \$14,400.05, prejudgment interest of \$476.73, and a penalty of \$14,400.05. The settlement is subject to court approval.

The SEC's investigation, which is continuing, is being conducted by Lance Jasper and Spencer Bendell in the Los Angeles Regional Office.

###

Related Materials

- SEC complaint