

Press Release

SEC Charges Chicago-Based Accountant With Insider Trading in Wife's Account

FOR IMMEDIATE RELEASE

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Washington D.C., Jan. 29, 2014— The Securities and Exchange Commission today announced charges against the former director of internal audit at a Chicago-based health care information technology company for insider trading ahead of the release of its financial results and making more than a quarter-million dollars in illicit profits.

The SEC alleges that certified public accountant Steven M. Dombrowski confidentially learned through his job at Allscripts Healthcare Solutions that first quarter 2012 financial results were much worse than expected and the company would miss its earnings target. Despite a company-imposed blackout period on trading its securities, Dombrowski secretly used his wife's account to trade Allscripts securities ahead of the bad news and profit on the nonpublic information.

In a parallel action, the U.S. Attorney's Office for the Northern District of Illinois today announced criminal charges against Dombrowski.

"As alleged in our complaint, Dombrowski attempted to profit off his company's poor financial results and hide his breach of duty to his employer by conducting his illegal trading through his wife's account," said Timothy L. Warren, associate director of the SEC's Chicago Regional Office. "His efforts have landed him in court."

According to the SEC's complaint filed in federal court in Chicago, based on his confidential knowledge of the company's impending poor financial results, Dombrowski sold short 1000 shares of Allscripts stock in the weeks leading up to the release of first quarter earnings. He also purchased more than 510 Allscripts put option contracts that would be profitable only if the company's stock price went down. The first quarter results announced on April 26, 2012, included earnings per share that were approximately just 50 percent of the consensus estimates by stock analysts. Allscripts also announced that its chief financial officer would soon leave the company for another job, and the chairman and several other members of the board of directors had resigned. Immediately after the release of the quarterly results, Dombrowski purchased Allscripts stock to close his short position. The next day he sold all of his options positions. The company's common stock value fell approximately 35.7 percent on April 27, and Dombrowski's insider trading resulted in illegal profits of \$286,211.55.

The SEC's complaint charges Dombrowski with violating Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5. The complaint seeks a judgment permanently enjoining Dombrowski from future violations of these provisions of the federal securities laws and ordering disgorgement of ill-gotten gains plus prejudgment interest and a penalty. The SEC's complaint also names Dombrowski's wife Lisa Fox as a relief defendant for the purposes of recovering disgorgement plus prejudgment interest for the illegal trades made in her account.

The SEC's investigation was conducted by Kristopher S. Heston and Norman H. Jones of the Chicago Regional Office. The SEC's litigation will be led by Benjamin J. Hanauer and Mr. Heston. The SEC appreciates the assistance of the U.S. Attorney's Office for the Northern District of Illinois, the FBI's Chicago office, the Financial Industry Regulatory Authority, and the Options Regulatory Surveillance Authority.

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Related Materials

- [SEC complaint](#)