

Press Release

SEC Charges Former Bank Executive and Friend With Insider Trading Ahead of Acquisition

FOR IMMEDIATE RELEASE

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Washington D.C., Aug. 18, 2014— The Securities and Exchange Commission today charged a former bank executive in Massachusetts and his friend with insider trading in advance of the bank's acquisition of another financial institution.

The SEC alleges that Patrick O'Neill, then a senior vice president at Eastern Bank, learned through his job responsibilities that his employer was planning to acquire Wainwright Bank & Trust Company. O'Neill tipped Robert H. Bray, a fellow golfer with whom he socialized at a local country club. In the two weeks preceding a public announcement about the planned acquisition, Bray sold his shares in other stocks to accumulate funds he used to purchase Wainwright securities. Bray had never previously purchased Wainwright stock. After the public announcement of the acquisition caused Wainwright's stock price to increase nearly 100 percent, Bray sold all of his shares during the next few months for nearly \$300,000 in illicit profits.

According to the SEC's complaint filed in federal court in Boston, regulators began requesting information from Eastern Bank and others about trading in Wainwright stock a few months after the trades occurred, and O'Neill quit his job at Eastern Bank rather than respond to such inquiries. O'Neill and Bray each were subpoenaed to testify in the SEC's investigation but asserted their Fifth Amendment privileges against self-incrimination for every question asked of them, including whether they know one another.

"Country clubs or similar venues may give people a false sense of security that leads them to think they can get away with trading on unlawful stock tips," said Paul G. Levenson, director of the SEC's Boston Regional Office. "But as in any social setting, people who trade securities based on confidential information they receive are taking a huge risk that their illegal tipping and trading will be identified by the SEC."

In a parallel action, the U.S. Attorney's Office for the District of Massachusetts today announced criminal charges against O'Neill.

The SEC's complaint charges O'Neill, who lives in Belmont, Mass., and Bray, who lives in Cambridge, Mass., with violating the antifraud provisions of the federal securities laws and the SEC's antifraud rule. The complaint seeks disgorgement of ill-gotten gains plus interest and financial penalties as well as permanent injunctions against future violations of the antifraud provisions.

The SEC's investigation was conducted by J. Lauchlan Wash of the Boston Regional Office and David London and Michele Perillo of the Enforcement Division's Market Abuse Unit. The SEC's litigation will be led by Mr. London and Mr. Wash. The SEC appreciates the assistance of the U.S. Attorney's Office for the District of Massachusetts, the Boston field office of the Federal Bureau of Investigation, and the Financial Industry Regulatory Authority.

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Related Materials

- [SEC complaint](#)