Press Release

SEC Charges Two Men With Insider Trading on Confidential Information From Their Wives

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Washington D.C., March 31, 2014— The Securities and Exchange Commission today announced two separate cases against men who profited by insider trading on confidential information they learned from their wives about Silicon Valley-based tech companies.

"Spouses and other family members may gain access to highly confidential information about public companies as part of their relationship of trust," said Jina L. Choi, director of the SEC's San Francisco Regional Office. "In those circumstances, family members have a duty to protect and safeguard that information, not to trade on it."

The SEC alleges that Tyrone Hawk of Los Gatos, Calif., violated a duty of trust by trading after he overheard work calls made by his wife, a finance manager at Oracle Corp., regarding her company's plan to acquire Acme Packet Inc. Hawk also had a conversation with his wife in which she informed him that there was a blackout window for trading Oracle securities because it was in the process of acquiring another company. According to the SEC's complaint, Hawk bought Acme Packet shares before the acquisition was announced in February 2013, and reaped approximately $150,000 by selling after the stock price rose 23 percent on the news. Without admitting or denying the allegations, Hawk agreed to pay more than $300,000 to settle the SEC's charges.

In an unrelated case, the SEC alleges that Ching Hwa Chen of San Jose, Calif., profited from gleaning confidential information in mid-2012 that his wife's employer, Informatica Corp., would miss its quarterly earnings target for the first time in 31 consecutive quarters. During a drive to vacation in Reno, Nev., Chen overheard business calls by his wife, who previously advised Chen not to trade in Informatica securities under any circumstances. However, after they returned from Reno, he established securities positions designed to make money if the stock price fell. Informatica's shares declined more than 27 percent after it announced the earnings miss, and Chen realized nearly $140,000 in profits. Without admitting or denying the allegations, Chen agreed to pay approximately $280,000 to settle the SEC's charges.

The SEC has brought other insider trading cases involving individuals who traded on material, nonpublic information misappropriated from spouses. For example, last year the SEC charged a Houston man with insider trading ahead of a corporate acquisition based on confidential details that he gleaned from his wife, a partner at a large law firm that was consulted on the deal. In 2011, the SEC charged an Illinois man who bought the stock of an acquisition target of a company where his wife was an executive despite her requests that he keep the merger information confidential. In a different 2011 case, the SEC charged the spouse of a CEO with insider trading on confidential information that he misappropriated from her in advance of company news announcements.

The SEC's investigations were conducted by Jennifer J. Lee and Kashya K. Shei and supervised by Jina L. Choi, Michael S. Dicke, and Erin E. Schneider in the San Francisco office. The SEC appreciates the assistance of the Financial Industry Regulatory Authority and Options Regulatory Surveillance Authority.

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Related Materials

- SEC complaint - Hawk
- SEC complaint - Chen
- SEC cases: insider trading