

## Press Release

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# SEC Charges Atlanta-Based Accountant With Insider Trading on Confidential Information From Client

## Three Others Also Charged After SEC Search of Stock Exchange Records Uncovers Additional Trades by Other Clients of Accountant

### FOR IMMEDIATE RELEASE

2014-166

*Washington D.C., Aug. 14, 2014*— The Securities and Exchange Commission today announced charges against an accounting firm partner in Atlanta for insider trading in the stock of a restaurant company based on confidential information he learned from a client on the board of directors who came to him for tax advice in advance of a tender offer announcement.

SEC investigators also identified and charged three other traders who traded illegally on tips from the accountant. The traders were discovered by comparing trading records from stock exchanges with names on the accountant's client list.

The SEC alleges that Donald S. Toth disregarded his fiduciary duty to a client when he illicitly purchased stock in O'Charley's Inc. — which operates or franchises restaurants under the brands O'Charley's, Ninety Nine Restaurant, and Stoney River Legendary Steaks — after the client revealed to him in a tax-planning meeting that Fidelity National Financial was planning to purchase the company. Toth contacted his financial advisor within the hour after this meeting with the O'Charley's board member and began making plans to purchase 5,000 shares of O'Charley's stock. Toth also tipped two other clients, James A. Nash and Blair G. Schlossberg. Nash purchased 10,000 shares and tipped others who separately traded. Schlossberg tipped his business partner Moshe Manoah and they jointly invested in O'Charley's stock using a brokerage account held in the name of Manoah's wife.

According to the SEC's complaints filed against Toth, Nash, Schlossberg, and Manoah, when the tender offer was publicly announced approximately two months later, the price of O'Charley's stock closed 42 percent higher than the previous trading day. The insider trading activity garnered illegal profits of more than \$160,000.

The four have agreed to pay a combined total of more than \$420,000 to settle the SEC's charges.

"As an accountant, Toth had a duty to keep confidential the information shared by his client for tax-planning purposes, but instead he misused it for personal investments and provided the details to other clients for their misuse," said William P. Hicks, associate director of enforcement in the SEC's Atlanta Regional Office.

The SEC's complaints were filed against Toth and Nash yesterday in federal court in Atlanta and against Schlossberg and Manoah today in federal court in Tampa, Fla. They are charged with violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3. Without admitting or denying the allegations, they consented to the entry of judgments permanently enjoining them from violating these provisions of the securities laws. The settlements are subject to court approval.

Toth, who lives in Atlanta, agreed to pay disgorgement of \$19,036.00 in trading profits plus prejudgment interest of \$1,224.09 and a penalty of \$103,935.50 for a total of \$124,195.59.

Nash, who lives in Buford, Ga., agreed to pay disgorgement of \$52,500.00 – which represents his own trading profits and those of others who he tipped – plus prejudgment interest of \$3,375.96 and a penalty of \$52,500.00 for a total of \$108,375.96.

Schlossberg, who lives in Holmes Beach, Fla., agreed to pay disgorgement of \$46,358.50 in trading profits plus prejudgment interest of \$2,981.02 and a penalty of \$46,358.50 for a total of \$95,698.02.

Manoah, who lives in Davie, Fla., agreed to pay disgorgement of \$46,358.50 in trading profits plus prejudgment interest of \$2,981.02 and a penalty of \$46,358.50 for a total of \$95,698.02.

The SEC's investigation was conducted by Elizabeth P. Skola with assistance from Aaron W. Lipson and Robert Schroeder in the Atlanta Regional Office. The SEC appreciates the assistance of the Financial Industry Regulatory Authority.

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## Related Materials

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- [SEC complaint against Toth and Nash](#)
- [SEC complaint against Schlossberg and Manoah](#)