

Name: Alert ID: TMML202403853688 Securities and Exchange Commission v. Brett Kennedy, et al. (No. 17-cv-01344) (W.D. Wash., filed Sept. 7, 2017) Former Amazon Employee and College Friend Charged with Insider Trading The Securities and Exchange Commission today announced insider trading charges against a former Amazon financial analyst who allegedly leaked confidential information to his former fraternity brother in advance of a company earnings announcement so they could turn an illegal profit. The college friend and his trading partner also are charged in the SEC's complaint. The SEC alleges that Brett Kennedy accessed nonpublic 2015 first quarter earnings information without authorization while working at Amazon and shared it with Maziar Rezakhani, who illegally traded on the financial results before their public release to make more than \$116,000 in illicit profits. According to the SEC's complaint, Rezakhani paid Kennedy \$10,000 in cash for the tip and also shared the trading profits with Sam Sadeghi, who was advising him on his brokerage account trades and joined Rezakhani at a meeting with Kennedy to discuss the nonpublic information. The SEC's complaint alleges that Rezakhani and Sadeghi aimed to establish a successful track record with the trading in Rezakhani's brokerage account and together open a hedge fund in New York that would accept investments from others. According to the SEC's complaint, Rezakhani boasted on at least two trading-related internet communication platforms in the days leading up to Amazon's earnings announcement that he was predicting first quarter revenue of \$22.7 billion and earnings per share of -\$0.12, writing that the "numbers are so obvious" that a "5 year old can guess what they will do." The SEC's complaint, which was filed in the Western District of Washington, charges Kennedy, Rezakhani, and Sadeghi with violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and seeks permanent injunctions along with the return of allegedly ill-gotten gains plus interest and penalties against Rezakhani and Sadeghi. Sadeghi and Kennedy agreed to settlements that are subject to court approval. Without admitting or denying the allegations, Sadeghi agreed to pay disgorgement of \$11,599.74 plus \$1,035.39 in interest and an \$11,599.74 penalty for a total of \$24,214.87. Kennedy agreed to pay disgorgement of \$10,000 plus interest of \$875.36. Sadeghi and Kennedy both agreed to be enjoined from further securities law violations. In a parallel action, the U.S. Attorney's Office for the Western District of Washington today announced criminal charges against Kennedy. The SEC's investigation was conducted by Sallie Kim and supervised by Steven Buchholz of the San Francisco office. The litigation against Rezakhani will be led by Ms. Kim and Mr. Buchholz. The SEC appreciates the assistance of the U.S. Attorney's Office for the Western District of Washington and the Federal Bureau of Investigation.