

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77109 / February 10, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17111

In the Matter of

ABDALLAH FADEL

Respondent.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
21C OF THE SECURITIES EXCHANGE ACT
OF 1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Abdallah Fadel (“Fadel” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant To Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

Summary

1. These proceedings arise out of insider trading by Fadel, who purchased securities of Whirlpool Corporation (“Whirlpool”) while in possession of material nonpublic information that he learned while employed at Whirlpool as a financial analyst. On three occasions in October 2009, April 2010, and July 2011, Fadel traded option contracts on Whirlpool’s common stock prior to Whirlpool announcing its earnings to the public. When Fadel purchased the option contracts, he was aware of Whirlpool’s financial results that were going to be announced to the public. Fadel then sold the option

contracts after the market reacted to Whirlpool's public announcements. Fadel realized illicit profits of more than \$100,000.

Respondent

2. **Abdallah Fadel**, age 32, resides in Saugatuck, MI. Fadel was an employee of Whirlpool from 2007 until 2013. Fadel carried out his illegal trades while he worked in a financial analysis group within the company's corporate finance department. Fadel has a bachelor's degree in business and a MBA.

Other Relevant Entity

3. **Whirlpool Corp.**, an appliance manufacturing corporation, is headquartered in Benton Harbor, Michigan. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. Whirlpool's common stock trades on the New York Stock Exchange under the ticker symbol "WHR." Options on Whirlpool's common stock trade on multiple U.S. options exchanges.

Background

4. Fadel began working at Whirlpool in February 2007. In March 2009, he transferred into a group within the Whirlpool finance department called Financial Planning and Analysis. The Financial Planning and Analysis group's role at Whirlpool was primarily to provide the company's management and board of directors with analyses of the company's financial results and with financial planning.

5. As part of his job within the Financial Planning and Analysis group, Fadel regularly possessed material nonpublic information regarding Whirlpool's financial performance. Specifically, Fadel possessed the type of financial information included in Whirlpool's earnings announcements and in quarterly and annual reports filed with the Commission, prior to the public dissemination of that information. The information Fadel possessed included Whirlpool's revenue and earnings per share.

6. As part of his employment with Whirlpool, Fadel had a duty to keep the information he learned about Whirlpool's finances confidential and to use it only in connection with his job at Whirlpool.

7. On October 7, 2009, Fadel purchased 20 call option contracts on Whirlpool's stock.

8. At the time Fadel purchased the call option contracts, he possessed material nonpublic information including Whirlpool's net sales and operating earnings per share figures. This information indicated that Whirlpool's financial results for the quarter ending September 30, 2009, would exceed analysts' expectations.

9. On October 23, 2009, prior to the opening of trading, Whirlpool announced its financial results for the fiscal quarter ended September 30, 2009. Whirlpool announced, in part, that its operating earnings per share ("EPS") (excluding onetime charges) was \$1.62 compared to the consensus Wall Street estimate of \$.78. Whirlpool also raised its EPS guidance for the fiscal year.

10. On the day of the announcement, Whirlpool's stock price closed 5% higher than the previous day. After the announcement and before the trading day ended, Fadel sold the 20 call option contracts for a gross profit of \$6,400.

11. On April 6 and 7, 2010, Fadel purchased a total of 100 call options contracts on Whirlpool's stock.

12. At the time Fadel purchased the call option contracts, he possessed material nonpublic information including Whirlpool's net sales and operating earnings per share figures. This information indicated that Whirlpool's financial results for the quarter ended March 31, 2010 would exceed analysts' expectations.

13. On April 26, 2010, prior to the opening of trading, Whirlpool announced its financial results for the fiscal quarter ended March 31, 2010. Whirlpool announced, in part, that its operating EPS (excluding onetime charges) was \$2.51 compared to the consensus Wall Street estimate of \$1.24. Whirlpool also raised its EPS guidance for the fiscal year.

14. On the day of the announcement, Whirlpool's stock price closed 10% higher than the previous day. After the announcement and before the trading day ended, Fadel sold 50 of the call options contracts for a gross profit of \$82,750.

15. Between June 22 and July 14, 2011, Fadel purchased a total of 250 put option contracts on Whirlpool stock.

16. At the time Fadel purchased the put option contracts, he possessed material nonpublic information including Whirlpool's net sales and operating earnings per share figures. This information indicated that Whirlpool's financial results for the quarter ended June 30, 2011 would fall short of analysts' expectations.

17. On July 21, 2011, prior to the opening of trading, Whirlpool announced its financial results for the fiscal quarter ended June 30, 2011. Whirlpool announced, in part, that its operating EPS was \$2.76 compared to the consensus Wall Street estimate of \$2.83. Whirlpool also announced that it lowered its EPS guidance for the year.

18. On the day of the announcement, Whirlpools' stock price closed 4% lower than the previous day. Fadel sold 150 put option contracts after the announcement and before the trading day ended on July 21 and sold an additional 100 put contracts on July 22, 2011. His gross profit from these sales was \$18,927.

19. From all of the trades, Fadel made a total gross profit of more than \$100,000 while in possession of material nonpublic information about Whirlpool's finances.

20. Fadel knew, or was reckless in not knowing, that these securities transactions were in breach of his duty to Whirlpool.

21. As a result of the conduct described above, Fadel violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

Civil Penalties

Respondent has submitted a sworn Statement of Financial Condition dated December 14, 2015 and other evidence and has asserted his inability to pay a one-time civil penalty.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Fadel's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Fadel cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Pursuant to Section 21C(f) of the Exchange Act, Respondent be, and hereby is, barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of five years from entry of this Order; and

C. Respondent shall pay disgorgement of \$109,077, prejudgment interest of \$17,259, and a civil money penalty of \$36,000, for a total payment of \$162,336, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: Respondent shall pay \$30,000 within 10 days of the issuance of the order, and the remaining \$132,336 to be paid in equal monthly installments of \$3,676 over 36 months. The first payment is due by the first day of the first subsequent month after the entry of this Order. Each of the following 35 payments must be made by the first day of the subsequent month. If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance, plus any additional interest accrued shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Abdallah Fadel as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Steven Klawans, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson Blvd, Suite 900, Chicago, IL 60604.

D. Based upon Respondent's sworn representations in his Statement of Financial Condition dated December 14, 2015 and other documents submitted to the Commission, the Commission is not imposing a penalty greater than \$36,000 against him.

E. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary