SEC Charges a Former Biopharmaceutical Company Executive and Two Others with Insider Trading

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Washington D.C., April 21, 2014 — The Securities and Exchange Commission today charged a former biopharmaceutical company executive and two others with insider trading on confidential information about the company's key developmental drug. The company's stock price fell sharply when it announced clinical trial results for the drug.

Dr. Loretta Itri, president of pharmaceutical development and chief medical officer of Genta, Inc., her longtime friend, Dr. Neil Moskowitz, an emergency room physician, and one of his patients, were named in the insider-trading action. In a complaint filed in U.S. District Court in New Jersey, the SEC alleged that Itri obtained material nonpublic information about Genta's clinical trial results for an experimental drug designed to treat advanced melanoma. In a telephone conversation just one day before the public announcement of the drug trial results, Itri provided Moskowitz with material nonpublic information. Minutes after that, Moskowitz sold his Genta securities and tipped a friend and patient, Mathew Cashin, concerning the results. As a result of their trading based on material nonpublic information, Moskowitz and Cashin reaped approximately $139,000 of illegal gains.

"Itri was entrusted with highly confidential information by Genta, but betrayed her duty as an executive allowing a friend to profit," said Amelia A. Cottrell, associate director of the SEC's New York Regional Office. "We will continue to hold company insiders responsible and punish this type of betrayal of trust."

According to the SEC's complaint, Itri was directly involved in the drug trials at Genta, and was one of the first to learn of the results prior to the public announcement on October 29, 2009. Genta's stock dropped approximately 70 percent on the news, and the SEC alleges that Moskowitz and Cashin obtained illegal gains by selling their Genta stock the day before the announcement.

The SEC's complaint charges Itri, Moskowitz, and Cashin with violating federal antifraud laws and the SEC's antifraud rule. Without admitting or denying the allegations in the complaint, the three defendants agreed to settle the SEC's charges against them.

The settlement, which is subject to court approval, would enjoin the defendants from further violations of the federal securities laws and require Itri to pay civil penalty of approximately $64,000 and bar her from serving as an officer or director of a public company for five years. The settlement also requires Moskowitz to return $64,300 of allegedly ill-gotten gains, plus prejudgment interest of $9,556, and pay a civil penalty of $64,300. The settlement requires Cashin to return $75,140 of allegedly ill-gotten gains, plus prejudgment interest of $10,955, and pay a civil penalty of $37,570, which reflects the cooperation Cashin provided to the SEC's investigation.

The SEC's investigation was conducted by Shannon Keyes, Charles D. Riely and Ella Wraga, and was supervised by Amelia A. Cottrell of the SEC's New York Regional Office. The SEC appreciates the assistance of the U.S. Attorney's Office for the District of New Jersey, the Federal Bureau of Investigation, and the Financial Industry Regulatory Authority.

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Related Materials

- SEC complaint