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SEC Charges Three Chicago-Area Residents with Insider Trading Around Equifax Data Breach Announcement

Litigation Release No. 25470 / August 16, 2022

Securities and Exchange Commission v. Ann M. Dishinger, Jerrold I. Palmer, and Lawrence M. Palmer, No. 1:22-cv-03258-TWT (N.D. Ga. filed August 15, 2022)

The Securities and Exchange Commission announced charges against three individuals for illegally tipping and trading in the securities of Equifax, Inc. in advance of the company's public announcement on September 7, 2017 that it had experienced a massive cyber intrusion and data breach.

➤ [SEC Complaint](#)

The SEC's complaint, filed in the Northern District of Georgia, states that Equifax engaged a Chicago-based public relations firm in August 2017 to assist with handling the inquiries expected to be generated by the announcement of the intrusion and breach. According to the complaint, Ann M. Dishinger, who worked as a finance manager at the public relations firm, learned about the Equifax breach through her position and tipped her significant other, Lawrence M. Palmer (L. Palmer), with the nonpublic news. The SEC alleges that L. Palmer then contacted a former business client and arranged for the client to purchase out-of-the-money Equifax put options in the client's brokerage account with the understanding that the client and L. Palmer would split any trading profits obtained. The complaint also alleges that L. Palmer later reimbursed the client by check for the purchase cost of the options, scribbling in the check's memo line the words, "Blue Horseshoe," an apparent reference to the coded language used to convey inside information in the 1987 movie Wall Street. The SEC also alleges that L. Palmer tipped his brother and business partner, Jerrold I. Palmer (J. Palmer), with the nonpublic news about Equifax disclosed to him by Dishinger. The complaint states that J. Palmer then contacted a friend whom he had known since high school and arranged for the friend to purchase the same series of out-of-the-money Equifax put options in the friend's brokerage account with the understanding that they too would split any trading profits obtained. The SEC claims that the illegal trading by L. Palmer's former client and J. Palmer's friend netted approximately \$35,000 and \$73,000 in profits, respectively, portions of which were shared with L. Palmer and J. Palmer according to their arrangements.

The SEC's complaint charges Dishinger, L. Palmer, and J. Palmer with violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and seeks injunctive relief and civil penalties against each defendant. The SEC also seeks disgorgement of ill-gotten gains plus prejudgment interest from L. Palmer and J. Palmer.

L. Palmer and J. Palmer, without admitting or denying the allegations in the SEC's complaint, each consented to the entry of a final judgment, subject to court approval, which would permanently enjoin them from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Additionally, the final judgment against L. Palmer would order him to disgorge \$9,000 plus prejudgment interest of \$2,026, and pay a civil penalty of \$88,698. The final judgment against J. Palmer would order him to disgorge \$28,000 plus prejudgment interest of \$6,303, and pay a civil penalty of \$73,399. The litigation as to Dishinger remains pending.

This is the third set of insider trading charges filed by the SEC relating to Equifax's

September 7, 2017 announcement. In separate enforcement actions in 2018, the SEC also charged two former Equifax employees-a [chief information officer](#) and a [software engineering manager](#)-with insider trading.

The SEC's investigation was conducted by Elizabeth Skola, Stephen E. Donahue, and Justin C. Jeffries. The litigation is being led by Shawn Murnahan and Graham Loomis. The SEC appreciates the assistance of the U.S. Attorney's Office for the Northern District of Georgia, the Federal Bureau of Investigation, and the Financial Industry Regulatory Authority.

Modified: August 16, 2022

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