

Press Release

CEO Charged With Using Secret Accounts for Insider Trading in Company Stock

FOR IMMEDIATE RELEASE

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Washington D.C., Sept. 20, 2017— The Securities and Exchange Commission today charged the former CEO of a Silicon Valley-based fiber optics company with insider trading in company stock by using secret brokerage accounts held in the names of his wife and brother.

The SEC alleges that Peter C. Chang, who also was the founder and chairman of the board at Alliance Fiber Optic Products, generated more than \$2 million in illicit profits and losses avoided by trading on nonpublic information and tipping his brother ahead of two negative earnings announcements and the company's merger.

According to the SEC's complaint, Chang was the company's largest shareholder and required under the federal securities laws to disclose his ownership of company securities as an officer and director. Chang allegedly traded company shares secretly in the family member accounts, often times from his work computer after attending board meetings where confidential information was discussed. He also allegedly tipped his brother in Taiwan with nonpublic information to trade ahead of the earnings announcements in 2015 and an announcement in 2016 that the company would be acquired via tender offer by Corning.

Chang allegedly tried to hide his control over one of the accounts by posing as his brother in communications with one of the brokerage firms, and he allegedly obscured his relationship with his wife in response to a market surveillance inquiry by the Financial Industry Regulatory Authority.

"As alleged in our complaint, Chang betrayed his company and its shareholders for his personal gain by trading in clandestine accounts right after learning extremely confidential information in board meetings," said Jina L. Choi, Director of the SEC's San Francisco Regional Office.

The SEC's complaint charges Chang with violating Sections 10(b), 14(e), and 16(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 14e-3, and 16a-3. The complaint seeks disgorgement with prejudgment interest plus a penalty, permanent injunction, and officer-and-director bar.

In a separate action by the U.S. Attorney's Office for the Northern District of California, criminal charges were unsealed against Chang.

The SEC's investigation, which is continuing, has been conducted by Serafima Krikunova and supervised by Jennifer J. Lee of the San Francisco office with assistance from John Rymas of the Enforcement Division's Market Abuse Unit. The SEC's litigation will be led by Susan F. LaMarca. The SEC appreciates the assistance of the U.S. Attorney's Office for the Northern District of California, Federal Bureau of Investigation, Financial Industry Regulatory Authority, and Options Regulatory Surveillance Authority.

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Related Materials

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- SEC Complaint