

Press Release

SEC Charges Credit Ratings Analyst and Two Friends with Insider Trading

FOR IMMEDIATE RELEASE

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Washington D.C., June 26, 2018 — The Securities and Exchange Commission today charged a credit ratings agency employee with tipping two friends about The Sherwin-Williams Co.'s confidential plans to acquire The Valspar Corp., which he learned of through his work. The SEC also charged the two friends with trading on the illicit tips, which reaped them substantial profits.

According to the SEC's complaint, Sebastian Pinto-Thomaz, an analyst in the credit ratings agency's New York office, learned of the acquisition when Sherwin-Williams consulted the agency about the potential effect of the transaction on its credit rating. The SEC alleges that soon after, Pinto-Thomaz tipped his friends, who bought Valspar securities before the merger was announced. Valspar's shares rose 23 percent on the news and the friends, Abell Oujaddou, a co-owner and co-manager of an upscale New York hair salon, and Jeremy Millul, a New York jeweler, sold their holdings and respectively made approximately \$192,000 and \$107,000 in profits.

"As alleged in our complaint, Pinto-Thomaz's tips violated his obligations to his employer and allowed his friends to reap nearly \$300,000 in illicit trading profits," said Joseph G. Sansone, Chief of the SEC Enforcement Division's Market Abuse Unit. "Employees of credit ratings agencies often receive confidential corporate information ahead of mergers, acquisitions, and other market-moving events, and, similar to investment bankers, attorneys, and other corporate advisors, must not abuse this access by trading on the information or by tipping others."

The SEC's complaint, filed in federal district court in Manhattan, charges Pinto Thomaz, Oujaddou, and Millul with fraud and seeks disgorgement of ill-gotten gains, prejudgment interest, penalties, and injunctive relief. In a parallel action, the U.S. Attorney's Office for the Southern District of New York today announced criminal charges against Pinto-Thomaz, Oujaddou, and Millul.

The SEC's investigation, which is continuing, has been conducted by David C. Austin, Melanie A. MacLean, and Simona K. Suh of the Market Abuse Unit and by Debbie Chan of the New York Regional Office, with assistance from John Rymas and Mathew Wong of the unit's Analysis and Detection Center. The case has been supervised by Mr. Sansone. The SEC's litigation will be led by Mr. Austin, Ms. MacLean, and Ms. Suh. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, and the Financial Industry Regulatory Authority.

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Related Materials

- [SEC Complaint](#)