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**Department of Justice**

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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## **Apple's Former Director of Corporate Law Admits Insider Trading**

NEWARK, N.J. – The former corporate secretary and director of corporate law at Apple today admitted engaging in an insider trading scheme that spanned five years, Attorney for the United States Vikas Khanna announced.

Gene Levoff, 48, of San Carlos, California, pleaded guilty by videoconference before U.S. District Judge William J. Martini to six counts of an indictment charging him with securities fraud. Levoff was initially charged by complaint in February 2019.

"Gene Levoff betrayed the trust of one of the world's largest tech companies for his own financial gain," Attorney for the United States Khanna said. "Despite being responsible for enforcing Apple's own ban on insider trading, Levoff used his position of trust to commit insider trading in order to line his own pockets. This Office will continue to prioritize securities fraud prosecutions."

"This defendant exploited his position within a company strictly for financial gain that he would not have otherwise realized," Terence Reilly, FBI Acting Special Agent in Charge in Newark, said. "That's called 'gaming the system.' Insider trading is not just illegal, it is a threat to the viability of our markets. The average American, whose retirement savings is invested in these companies, has every right to expect that rules are being followed, the game is being played fairly, and their nest egg is safe from profiteers who willingly sidestep the rules to improve their own financial future at the expense of others. The FBI is here to make sure the playing field is level."

According to documents filed in this case and statements made in court:

From February 2011 to April 2016, Levoff – the top corporate attorney at Apple who also served as the company's assistant secretary and corporate secretary – misappropriated material, nonpublic information about Apple's financial results and then executed trades involving the company's stock. This scheme to defraud Apple and its shareholders allowed Levoff to realize profits of approximately \$227,000 on certain trades and to avoid losses of approximately \$377,000 on others.

Specifically, Levoff was co-chairman of Apple's Disclosure Committee, which reviewed and discussed the company's draft quarterly and yearly earnings materials and periodic U.S. Securities and Exchange Commission (SEC) filings before they were publicly disclosed. Levoff mined these materials for inside information about Apple to guide his decisions to buy and sell Apple stock ahead of its earnings announcements. When Apple posted strong revenue and net profit for a given financial quarter, he

purchased large quantities of stock, which he later sold for a profit once the market reacted to the news. When there were lower-than-anticipated revenue and net profit, Levoff sold large quantities of Apple stock, avoiding significant losses.

Levoff was subject to Apple's regular quarterly "blackout periods," which prohibited individuals who had access to material nonpublic information from engaging in trades until a certain period after the company disclosed its financial results to the public. Levoff ignored this restriction, as well as the company's broader Insider Trading Policy – which he was responsible for enforcing – and instead repeatedly executed trades based on material, nonpublic information without Apple's knowledge or authorization. On several occasions, Levoff executed trades within a blackout period after notifying other individuals subject to the restriction that they were prohibited from buying or selling Apple stock until the blackout period terminated.

The securities fraud counts each carry a maximum penalty of 20 years in prison and a \$5 million fine. Sentencing is scheduled for Nov. 10, 2022.

The SEC previously filed a civil complaint against Levoff based on the same conduct.

Attorney for the United States Khanna credited special agents of the FBI, under the direction of Acting Special Agent in Charge Reilly, with the investigation leading to today's guilty plea. He also thanked the SEC, for the assistance provided by its Enforcement Division, and Apple, which cooperated with law enforcement over the course of the investigation.

The government is represented by Daniel V. Shapiro, Deputy Chief of the Criminal Division.

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**Attachment(s):**

[Download Levoff.Indictment.pdf](#)

**Topic(s):**

Financial Fraud

Securities, Commodities, & Investment Fraud

**Component(s):**

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