

Press Release

SEC Charges Police Chief, Four Others in Connection with Insider Trading Before Pharmaceutical Merger

FOR IMMEDIATE RELEASE

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Washington D.C., June 29, 2023 — The Securities and Exchange Commission today filed insider trading charges against five individuals, including a police chief in Dighton, Massachusetts, arising from trading before the announcement of a tender offer by Alexion Pharmaceuticals Inc. to acquire Portola Pharmaceuticals Inc. in May 2020. Four of the defendants traded on nonpublic information obtained, directly or indirectly, from the fifth defendant, and realized more than \$2.3 million in ill-gotten gains and tipped others who realized more than \$1.7 million in trading profits.

According to the SEC's complaint, Joseph Dupont was a vice president and part of the acquisition team at Alexion when he knowingly or recklessly tipped confidential information about the acquisition to his close friend Shawn Cronin, the police chief. Cronin allegedly then provided the information to Jarett Mendoza, another close friend, and to family friend Stanley Kaplan, who provided advice to Cronin on trading strategies. In turn, Kaplan allegedly provided the information to his friend and colleague, Paul Feldman. The SEC's complaint alleges that Cronin, Mendoza, Kaplan, and Feldman purchased Portola stock and/or out-of-the money call options prior to the announcement, on the basis of the material, nonpublic information they received. The complaint further alleges that Kaplan and Feldman passed the information on to other family members and friends, who profitably traded. On the day of the acquisition announcement, Portola's stock price increased more than 130 percent.

According to the SEC's complaint, filed in U.S. District Court for the Southern District of New York, the defendants' approximate ill-gotten gains were as follows: Cronin - \$72,000; Mendoza - \$39,000, Kaplan - \$472,000; and Feldman - \$1.73 million. The other traders who allegedly received nonpublic information from either Kaplan or Feldman saw profits of an additional \$1.7 million. After realizing their profits, Kaplan texted Feldman in Russian, "Let's hope our golden goose will continue laying golden eggs!"

"This case shows our continuing commitment to rooting out those who cheat the system by misusing material nonpublic information," said Thomas P. Smith, Jr., Associate Director of the SEC's New York Regional Office. "These traders made millions of dollars by exploiting information about an upcoming merger that was supposed to have been held in strict confidence."

The U.S. Attorney's Office for the Southern District of New York also announced parallel criminal charges today.

The SEC's complaint charges all five defendants with violating the antifraud and tender offer provisions of the federal securities laws and seeks permanent injunctive relief, disgorgement with prejudgment interest, and civil penalties. The complaint also seeks officer and director bars against each defendant.

The SEC's ongoing investigation is being conducted by Margaret Spillane, Matthew Lambert, and Alison Conn of the New York Regional Office under the supervision of Mr. Smith. The SEC's litigation will be led by Ms. Spillane

and Ms. Conn. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York, the FBI, and the Financial Industry Regulatory Authority.

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Related Materials

- [SEC Complaint](#)