

Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION—S.D.N.Y.: SEC charges former Pfizer employee with insider trading around COVID treatment release, (Jun 29, 2023)

By [John Filar Atwood](#)

Commission alleges that the former employee and a friend traded ahead of Pfizer's announcement that its Paxlovid trial was successful.

A former Pfizer statistician has been charged with insider trading for his purchase of Pfizer call options the day before the company announced that its trial for Paxlovid, a COVID-19 treatment, was successful. The SEC also [claims](#) that the individual tipped a friend who then told a third person about the imminent Paxlovid announcement. In a parallel action, the DOJ brought criminal charges against the two individuals in the Southern District of New York ([SEC v. Daqar](#), June 29, 2023).

According to the SEC, the former Pfizer employee was a senior statistical program lead for the Paxlovid drug trial. In that capacity, he and his team compiled and organized data during trial. However, the individual and his team were "blinded" and did not have access to data disclosing whether the patients had received Paxlovid or a placebo.

Options purchase. The day before Pfizer's announcement, the individual learned of the success of the trial in a conversation with his supervisor. The SEC alleges that several hours after that exchange, the individual purchased short term, out-of-the-money Pfizer call options, including options that expired the next day. He then tipped a close friend who also purchased similar Pfizer call options.

After the announcement by Pfizer, which hailed Paxlovid as a "game changer" in the battle against the pandemic, the company's stock rose 11 percent, its largest single-day gain in more than 10 years. According to the Commission, the former employee netted \$214,395 from the options purchase and sale, a return of 2,458 percent. His friend profited \$60,300 with a 791 percent one-day gain.

Suspicious trading. The SEC uncovered the suspicious trading through the surveillance of its Market Abuse Unit's Analysis and Detection Center. The Commission charged the two individuals with violating the antifraud provisions of 1934 Act Section 10(b) and Rule 10b-5. It seeks injunctive relief, disgorgement with prejudgment interest, and civil penalties.

The case is [No. 1:23-cv-05564](#).

Attorneys: Christopher James Carney for the SEC.

Companies: Pfizer Inc.

LitigationEnforcement: Covid19 Enforcement FraudManipulation