

OCTOBER 15, 2020

# **Warren Calls for SEC, CFTC Insider Trading Investigation of Pandemic Profiteering Resulting from Trump Administration's COVID-19 "Early Warning" to Republican Donors, Insiders, and Investors**

President Trump was publicly optimistic about the coronavirus and its impact on the economy, but top administration officials were providing dire private predictions to donors and conservative allies - a tip to "short everything" Trump Administration "betrayal" appears to be a "textbook case of insider trading"; Investors used private briefings to enrich themselves

**Washington, DC** - United States Senator Elizabeth Warren (D-Mass.) formally requested that the Securities and Exchange Commission (SEC) and Commodities Futures Trading Commission (CFTC) conduct an insider trading investigation after [reports](#) that in February, Trump administration officials privately gave dire warnings to conservative allies and Republican donors about the risks to the economy

from the COVID-19 pandemic while President Donald Trump was publicly optimistic about the impact of the virus.

"Given my concerns about this betrayal of the public by Trump administration officials, and about pandemic-related profiteering by well-connected Republican donors and investors, I ask that you investigate this matter," **wrote Senator Warren.**

President Trump and his administration assured the American public that the coronavirus was "very much under control" and that the "stock market (is) starting to look very good to me," but his top advisers were reportedly indicating to donors and other members of the conservative Hoover Institution's board of directors that they should "(s)hort everything ... betting on the idea that the stock prices of companies would soon fall." Two investors indicated "that aspects of the readout from Washington informed their trading that week, in one case adding to existing short positions in a way that amplified ... profits."

"If this report is accurate, it represents an appalling abdication of duty by President Trump and top officials in his administration...It also indicates that numerous investors may have used this early and inside information about the looming, tragic economic and public health consequences of the pandemic to extract enormous profits for themselves and their investment companies," **wrote Senator Warren.**

Federal law bars individuals from "purchasing or selling a security while in possession of material nonpublic information." Violation of these laws may subject individuals to civil penalties "three times the amount of the profit gained or loss avoided" and criminal penalties up to \$5,000,000 and 20 years imprisonment. Similarly, insider trading of swaps, futures, or commodities markets may violate CFTC's insider trading rules promulgated under the *Dodd Frank Act*.

This incident is the latest example of unusual trading activity involving Trump administration officials and agency decisions affecting individuals, companies, or the stock market. Senator Warren has previously called for investigations into potential insider trading related to the Trump administration's [unusual decision to award Kodak](#) a \$700 million loan for pharmaceutical production, suspicious trading related to [defense industry stocks or commodities](#) in advance of the administration's attacks in Iran, Navient Corporation [stock trades](#) in advance of Education Department announcements, and suspicious activity by [Commerce Secretary Wilbur Ross](#).

"This series of examples of questionable trading activity related to Trump administration actions has become a pattern that deserves intense scrutiny from the SEC and the CFTC," **wrote Senator Warren**.

Senator Warren asked the SEC and CFTC to investigate as soon as possible, including determining which administration officials provided likely material nonpublic information about the economic and public health risks from the coronavirus to investors, Hoover Institution board directors, and other insiders, how the information differed from information the administration was providing to the public, which individuals received this information and who they provided it to, and if there were any trades of securities, swaps, futures, or commodities made by individuals who had access to this nonpublic information and if these potential trades represented a violation of insider trading law.

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