SEC Charges Former Investment Bank Analyst and Two Others With Insider Trading in Advance of Client Deals

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Washington D.C., Aug. 25, 2015 — The Securities and Exchange Commission today charged a former investment bank analyst with illegally tipping his close friend with confidential information about clients involved in impending mergers and acquisitions of technology companies. The SEC also charged his friend and another individual with trading on the inside information.

The SEC alleges that Ashish Aggarwal, who worked in J.P. Morgan's San Francisco office, gleaned sensitive nonpublic information about two acquisition deals from colleagues who were working on them. Aggarwal tipped Shahriyar Bolandian, who traded on the basis of the illegal tips in his own accounts as well as accounts belonging to his father and sister. Bolandian also tipped his friend Kevan Sadigh so he could trade on the confidential information. Bolandian worked at Sadigh's e-commerce company, and together they made more than $672,000 in combined profits from their insider trading.

The SEC Enforcement Division's Market Abuse Unit detected the insider trading through trading data analysis tools in its Analysis and Detection Center.

"We allege that Aggarwal, Bolandian, and Sadigh misused an investment bank's confidential information for their personal benefit and victimized the bank, its clients, and investors," said Robert A. Cohen, Acting Co-Chief of the SEC Enforcement Division's Market Abuse Unit. "We will continue to proactively identify and combat serial insider trading schemes, particularly when it involves industry professionals."

In a parallel action, the U.S. Department of Justice today announced criminal charges against Aggarwal, who lives in San Francisco, as well as Bolandian and Sadigh, who each live in Los Angeles.

According to the SEC's complaint filed in U.S. District Court for the Central District of California:

- Aggarwal misappropriated confidential information about two J.P. Morgan-advised deals: Integrated Device Technology's planned acquisition of PLX Technology in 2012 and salesforce.com's acquisition of ExactTarget in 2013.
- Aggarwal repeatedly communicated with Bolandian, his friend since college, in the days and weeks leading up to public announcements about the deals.
- Bolandian and Sadigh bought the same series of call options in PLX Technology and ExactTarget. Their trades were often within hours or even minutes of each other, and typically were 100 percent of the daily trading volume of those option series.
- One of the brokerage accounts used by Bolandian was located offshore in the Bahamas. He opened and funded the account with his credit card a week before the ExactTarget deal was announced.
- Bolandian conducted various trades in his accounts on Aggarwal's behalf in an arrangement

that enabled Aggarwal to circumvent J.P. Morgan's pre-clearance rules and potentially share in any profits.

The SEC's complaint charges Aggarwal, Bolandian, and Sadigh with violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3. The complaint seeks a final judgment ordering Aggarwal, Bolandian, and Sadigh to pay disgorgement of their ill-gotten gains plus prejudgment interest and penalties, and permanent injunctions from future violations of these provisions of the federal securities laws.

The SEC's continuing investigation is being conducted by Paul E. Kim and Deborah A. Tarasevich of the Market Abuse Unit with assistance from John Rymas in the unit's Analysis and Detection Center. The case is being supervised by Mr. Cohen and fellow Acting Co-Chief Joseph Sansone. The SEC's litigation will be led by David S. Mendel and Matthew P. Cohen.

The SEC appreciates the assistance of the Criminal Fraud Section of the U.S. Department of Justice, the U.S. Attorney's Office for the Central District of California, and the Federal Bureau of Investigation.

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Related Materials

- SEC complaint