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Charges

Michael Weiss bought clients' shares ahead of earnings and acquisitions announcements on four separate occasions.

Jason Bramwell • Oct. 03, 2022



INSIDER TRADING

A former business development director at EY agreed to pay a \$23,900 monetary penalty to the Securities and Exchange Commission (SEC) on Sept. 22 to settle insider trading charges.

Michael Weiss, who served as the Big Four firm's business development director from August 2003 to January 2021, was accused by the SEC of accessing clients' and

prospective clients' confidential and sensitive information to illegally trade and

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In January 2015, Company 2 hired EY to perform due diligence efforts concerning Company 2's potential bid on the sale of Company 3's subprime subsidiary. Although Company 3, another EY client, had publicly disclosed its intent to sell its subsidiary via a bidding process, EY gained access to material nonpublic information about the potential acquisition during the due diligence process.

On or around January 22, 2015, [Weiss] joined the Company 2 pursuit team, one day after expressing that he would "love the chance" to do so. Between January 22 and 28, 2015, [Weiss] received non-public information connected to EY's due diligence efforts with regard to a confidential business combination. [Weiss] later described Company 2's acquisition as both "super confidential" and a "highly confidential transaction that could double the size of the company, a potential corporate HQ relocation and a compressed timeline."

On January 28, 2015, [Weiss] purchased 1,000 shares of Company 2 stock for \$32,221.59. [Weiss] had never purchased Company 2 securities before January 28, 2015.

On February 2, 2015, [Weiss] purchased 1,000 shares of Company 3 stock for \$47,027.69.

On February 3, 2015, [Weiss] attended an EY strategy meeting during which additional material nonpublic information about Company 2's potential acquisition was discussed.

On February 6, 2015, [Weiss] sold all 1,000 of his Company 2 shares

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for \$52,032.35, realizing illegal profits of \$5,004.66.

On March 2, 2015, Company 2 announced it had completed its \$4.25 billion acquisition of Company 3's subsidiary.

[Weiss's] trades were effectuated through the facilities of the NYSE, which is a national securities exchange.

[Weiss] did not report these trades to anyone at EY ... and knew or was reckless in not knowing that his purchases of Company 2 and Company 3 stock while in possession of material nonpublic information concerning Company 2's pursuit to acquire Company 3's subsidiary were in breach of the duty of trust and confidence that he owed to both EY and Company 2.

All told, Weiss obtained illicit profits from those trades of approximately \$10,286.

Without admitting or denying the complaint's allegations, Weiss agreed to the entry of a final judgment that would enjoin him from violations of the charged provisions, order disgorgement and prejudgment interest, and impose a one-time civil penalty for a total of \$23,900, the SEC said. The settlement is subject to court approval.

Accounting • SEC

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