

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99928 / April 9, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21904

In the Matter of

JOSEPH YOUNG,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Joseph Young (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

Summary

This matter concerns insider trading by Respondent based on information that Respondent's friend, Steven Teixeira, improperly obtained from the laptop of his girlfriend ("Executive Assistant"), an executive assistant at a prominent investment bank ("Investment Bank"), while she was working from home during the COVID pandemic. The Executive Assistant's job gave her access to material nonpublic information about numerous impending mergers and acquisitions, and Teixeira misappropriated that information so he and his friends, including Respondent, could trade on it. Respondent profitably traded the securities of two issuers based on misappropriated information, reaping illicit profits of \$16,559.

Respondent

1. **Joseph Young**, age 34, is a resident of Bay Shore, New York. Respondent is a technical services representative at a food packaging company and a bartender. He is not registered with the Commission in any capacity.

Other Relevant Individuals and Entities

2. **Steven Teixeira**, age 33, is resident of Astoria, New York. Teixeira was the Chief Compliance Officer for an international payment processor. He is not registered with the Commission in any capacity. In June 2023, the Commission charged Teixeira in United States District Court with violations of Section 10(b) and Rule 10b-5 thereunder relating in part to the conduct described herein.

3. **Five Prime Therapeutics, Inc.** ("FPRX") was a biotechnology company incorporated in Delaware and headquartered in San Francisco, California. During the relevant period, Five Prime's common stock was traded on the NASDAQ under the ticker symbol FPRX. In April 2021, FPRX was acquired by pharmaceutical company Amgen Inc. ("Amgen") for \$1.9 billion.

4. **Domtar Corp.** ("UFS") was a paper manufacturer and distributor incorporated in Delaware and headquartered in Fort Mill, South Carolina. During the relevant period, Domtar's common stock was traded on the New York Stock Exchange under the ticker symbol UFS. On November 30, 2021, UFS was acquired by Canadian paper manufacturer Paper Excellence for \$2.8 billion.

Facts

5. During the relevant period, Teixeira and Respondent were close friends.

6. During the relevant period, Teixeira shared an apartment with the Executive Assistant in Astoria, New York.

7. One of the Executive Assistant's primary responsibilities at the Investment Bank was to schedule meetings relating to potential transactions involving the Investment Bank's clients.

She sent out calendar invitations for the meetings and attached forms that contained the material terms of the proposed transactions.

8. By virtue of her role in scheduling these meetings, the Executive Assistant was privy to material nonpublic information for dozens of deals involving the Investment Bank's clients, and information on those deals was accessible in her electronic calendar on the laptop she used for work.

9. In or about late 2020, Teixeira began misappropriating the Investment Bank's confidential information from the Executive Assistant's laptop for his own benefit. Teixeira did not have the Executive Assistant's permission to do so.

10. Teixeira told others, including Respondent, that he had access to material nonpublic information through his access to the Executive Assistant's laptop. He told them that he did not have the Executive Assistant's permission to take the Investment Bank's information, and urged them not to tell the Executive Assistant about what Teixeira was doing with that information.

11. Teixeira shared material nonpublic information that he obtained from the Executive Assistant's laptop with Respondent and others so that they could make money by trading securities based on the information.

12. On or about February 26, 2021, Teixeira obtained from the Executive Assistant's laptop information concerning a potential acquisition of FPRX by one of the Investment Bank's clients, a large pharmaceutical company ("Company A"), for approximately \$1.75 billion, with an expected announcement date of March 4, 2021. FPRX's market capitalization at the time was approximately \$1.1 billion and its shares traded at approximately \$23 per share.

13. Teixeira shared this material nonpublic information about FPRX with his friends, including Respondent. On February 26, 2021, Respondent bought 14 FPRX March 19, 2021 call option contracts with a \$30 strike price, spending \$4,687.

14. On March 4, 2021, prior to the market opening, Amgen (a competitor of Company A) announced that it had entered into an agreement to acquire FPRX for \$38 per share, or approximately \$1.9 billion. That day, FPRX's stock price opened at \$37.99, a nearly 80% increase from its \$21.26 closing price on March 3, 2021.

15. The same day, Teixeira texted Respondent and two other friends who also traded FPRX, discussing why Company A had not acquired FPRX. Teixeira stated: "[Company A] is the banks [sic] client, fprx probably got the higher bid from amgen . . ."

16. Respondent's trading in FPRX netted him illicit profits of \$10,460.

17. In late April 2021, Teixeira obtained from the Executive Assistant's laptop information relating to the acquisition of the Investment Bank's client UFS by Paper Excellence. The proposed deal was estimated to be worth \$2.8 billion and set to be announced on May 3, 2021. UFS's market capitalization at the time was approximately \$2 billion and its shares traded at approximately \$39 per share.

18. Teixeira shared this material nonpublic information about UFS with his friends, including Respondent. On April 30, 2021, Respondent purchased five May 21, 2021 UFS call option contracts with a \$45 strike price and 15 May 21, 2021 call option contracts with a \$47.50 strike price. He also purchased approximately five shares of UFS for \$39.38 per share. Respondent spent \$743 on the UFS securities.

19. After the markets closed on May 3, 2021, Bloomberg reported that Paper Excellence was exploring a deal to acquire UFS for a price “in the mid-\$50s” per share. On May 11, 2021, prior to the markets opening, Paper Excellence announced that it entered into an agreement to acquire UFS for \$55.50 per share, a premium of approximately 37% over the May 3, 2021 closing price. That day, UFS stock opened at \$53.61 per share and reached a high of \$55.45 per share. Respondent sold his holdings, generating illicit profits of \$6,099.

20. Respondent obtained material non-public information about FPRX and UFS from Teixeira.

21. Respondent knew, or was reckless in not knowing, that the information he acquired from Teixeira was material, non-public information.

22. Respondent knew, or was reckless in not knowing, that Teixeira had obtained the information from the Executive Assistant’s laptop and that Teixeira was breaching a duty of trust or confidence by sharing the information with Respondent so that he could use it to trade.

23. As a result of the conduct described above, Respondent violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

Disgorgement

24. The disgorgement and prejudgment interest ordered in Section IV is consistent with equitable principles, does not exceed Respondent’s net profits from his violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in Section IV shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent shall pay disgorgement of \$16,559, prejudgment interest of \$2,004, and a civil money penalty in the amount of \$16,559 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$8,780.50 within 10 days of the entry of the Order; \$8,780.50 on or before June 1, 2024; \$8,780.50 on or before September 1, 2024, and the remainder on or before December 1, 2024. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Joseph Young as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Joseph G. Sansone, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the

Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary