

SEC busts traders over wives' conversations

By [Matt Krantz](#) March 31, 2014 1:41 pm



The Securities and Exchange Commission Monday accused two traders of illegally profiting from information they gained listening into conversations by their wives working at Silicon Valley-based tech companies.

Tyrone Hawk allegedly overheard his wife, a finance manager at Oracle, talking about the company's plan to buy Acme Packet, the SEC says. Hawk's wife informed him that there was a "blackout window" for trading, the SEC says. Nonetheless, Hawk bought shares of Acme Packet ahead of the announcement in February 2013 and

generated a profit of \$150,000 after the stock rose 23%. Hawk agreed to pay \$300,000 to settle the charges.

Hawk, contacted through his lawyer for comment by USA TODAY, did not return the call.

In a separate case also announced Monday, the SEC alleged Ching Hwa Chen of San Jose traded on information he picked up about Informatica in mid-2012 by listening to his wife's conversation. During a drive to Reno, Nev. on vacation, Chen overheard his wife on a business call talking about the fact Informatica would miss its quarterly earnings forecast for the first time in 31 straight quarters. Chen had been warned by his wife previously to never trade on information he heard from her. When the news of the earnings disappointment broke, the stock fell 27% and Chen's bearish trades netted a \$140,000 profit. Chen agreed to pay \$280,000 to settle charges.

"Pursuant to my client's agreements with the SEC, as is filed in court, he is not permitted to comment any further on this particular matter," Chen's attorney, David Cohen at Bay Area Criminal Lawyers, told USA TODAY.