

ADMINISTRATIVE PROCEEDING
File No. 3-18067

SEC Charges Former IT Administrator With Insider Trading In Fingerprint Sensor Technology Company Acquired By Apple

July 18, 2017 – The Securities and Exchange Commission announced that a former IT administrator of a Florida-based biometrics company acquired by Apple Inc. has agreed to pay nearly \$280,000 to settle insider trading charges.

According to the SEC's order, in July 2012, John F. Stimpson, a Senior Network Administrator at AuthenTec Inc., learned about a special meeting of AuthenTec's Board of Directors concerning Apple's acquisition of AuthenTec. Shortly thereafter, the order states, Stimpson learned of unusual activity in AuthenTec's Human Resources department, including preparations for file transfers relating to the merger negotiations. According to the order, Stimpson knew the information regarding the acquisition was nonpublic and that he was prohibited from trading AuthenTec securities while in possession of nonpublic information. The order states that between July 9 and 20, 2012, Stimpson purchased AuthenTec call options, including some that expired as early as August 2012.

According to the SEC's order, on July 27, 2012, AuthenTec announced Apple would acquire it for approximately \$355 million in cash. The order states that AuthenTec's stock price closed at \$8.42, approximately a 70% increase from the previous day's closing price. The order also states that Stimpson subsequently liquidated most of his call options and exercised the remainder when the acquisition was completed in October. Through his unlawful trading, the order states that Stimpson realized approximately \$136,000 in profits.

The SEC's order finds that Stimpson violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Without admitting or denying the findings in the SEC's order, Stimpson agreed to a cease-and-desist order and to pay disgorgement of \$135,570, prejudgment interest of \$7,633, and a penalty of \$135,570, for a total of \$278,773.

The SEC's investigation was conducted by Sunny H. Kim and Kathleen E. Strandell in the Miami Regional Office. The case was supervised by Jason R. Berkowitz and the litigation led by Robert K. Levenson. The SEC appreciates the assistance of the Options Regulatory Surveillance Authority.

See also: [Order](#)