

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96457 / December 6, 2022

ADMINISTRATIVE PROCEEDING
File No. 3- 21251

In the Matter of

VINCENT ISSIER,

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 Vincent Issier (“Issier” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “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:

Summary

This matter involves insider trading by Issier in the securities of Coherent, Inc. ("Coherent") in advance of the January 2021 announcement that Issier's employer Lumentum Holdings Inc. ("Lumentum") had entered into an agreement to acquire Coherent (the "Announcement"). During the weeks leading up to the Announcement, Issier was part of Lumentum's due diligence team for the deal and obtained material nonpublic information ("MNPI") about the acquisition negotiations through this role. On January 15, 2021, in violation of his duties to Lumentum, Issier purchased Coherent stock and options while in possession and on the basis of this MNPI. When Coherent's stock price rose by approximately 30% following the Announcement, Issier obtained ill-gotten gains of approximately \$6,300.

Respondent

1. **Issier**, age 49, resides in Benecia, California. Issier has been employed by Lumentum in various product management roles since approximately 2003, and was a Product Line Management Director for Lumentum during the relevant period.

Other Relevant Entities

2. **Lumentum** is a provider of optical and photonic products incorporated in Delaware and headquartered in San Jose, California. Lumentum's common stock is listed on the NASDAQ Global Select Market, trading under the symbol "LITE."

3. **Coherent** was a provider of laser solutions and optics headquartered in Santa Clara, California. During the relevant time, Coherent's common stock was listed on the NASDAQ Global Select Market and traded under the symbol "COHR." In March 2021, Coherent terminated its acquisition agreement with Lumentum, and it ultimately entered into an agreement to be acquired by another company; that acquisition closed in July 2022.

Background

4. Issier has been employed by Lumentum since approximately 2003. Since 2015 and during the relevant period, he was a Product Line Management Director for Lumentum's Lasers business unit. During the events described in this Order, Issier was subject to Lumentum's policies and procedures concerning insider trading and treatment of MNPI obtained in connection with his employment, including news of potential mergers or acquisitions. Under those policies, Issier

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

owed a duty to Lumentum not to trade securities on the basis of MNPI obtained through his work, including information about potential mergers and acquisitions, or to disclose such MNPI without a corporate purpose to persons outside of Lumentum.

5. Lumentum and Coherent first discussed a potential transaction in October 2019. Their conversations ceased in March 2020 and resumed in November 2020, when Lumentum submitted an indication of interest to acquire Coherent. Lumentum submitted several revised offers to Coherent in November and December 2020. On December 27, 2020, Lumentum and Coherent signed an exclusivity agreement. In the following weeks, the firms conducted due diligence and negotiated the terms of the proposed transaction. On January 10, 2021, the Lumentum board met and discussed valuation of Coherent and the terms of the acquisition agreement. On January 19, 2021, Lumentum and Coherent signed a definitive merger agreement under which Lumentum was to acquire Coherent for \$100.00 and 1.1851 shares of Lumentum common stock per share of Coherent stock, for a total equity value of approximately \$5.7 billion.

6. On December 28, 2020, shortly after the signing of the exclusivity agreement, Issier was added to the Lumentum deal team working on the acquisition. In that role, Issier was privy to confidential information about the potential acquisition and had access to a shared digital document folder containing deal-related information.

7. On January 15, 2021, while Lumentum and Coherent were conducting due diligence and negotiating the terms of the acquisition agreement, Issier purchased two out-of-the-money COHR call options expiring on February 19, 2021. Separately, on that same day, Issier purchased 68 shares of Coherent stock. Issier made these purchases while in possession and on the basis of MNPI he obtained while working on the deal team, in breach of his duty of trust and confidence to Lumentum.

8. Following the Announcement on January 19, 2021, the price of Coherent shares increased by approximately 30%, and, as a result, Issier obtained ill-gotten gains of \$6,295.89.

9. Issier knew, consciously avoided knowing, or was reckless in not knowing that the information he possessed on January 15, 2021 regarding the potential acquisition of Coherent was material and nonpublic. Issier also knew, consciously avoided knowing, or was reckless in not knowing that by trading on Lumentum's MNPI, he breached a duty of trust and confidence to Lumentum.

10. As a result of the conduct described above, Issier 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

11. The disgorgement and prejudgment interest ordered in paragraph IV.B. 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 paragraph IV.B. 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 Issier's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Issier 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. Issier shall, within 14 days of the entry of this Order, pay disgorgement of \$6,295.89, prejudgment interest of \$266.04, and a civil money penalty in the amount of \$6,295.89 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). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

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 Vincent Issier 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