

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99410 / January 22, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21833

In the Matter of

Tian “Tony” Tian,

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 Tian “Tony” Tian (“Tian” or “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 finds that:

Summary

1. This matter involves insider trading by Tian in the securities of Graf Industrial Corp. ("Graf"), a Special Purpose Acquisition Company, in advance of Graf's entry into a merger agreement with Velodyne Lidar, Inc. ("Velodyne"). In June 2020, Tian learned material nonpublic information concerning the merger through his work as a consultant at a foreign investment firm ("Investment Firm"), which was an early-stage investor in Velodyne. After his receipt of the material nonpublic information, Tian, in breach of his duty owed to the Investment Firm, purchased Graf shares and warrants. On June 26, 2020, following public reports that Graf was negotiating a merger with Velodyne, the prices of Graf shares and warrants increased by 29.5% and 111.5%, respectively, earning Tian \$72,075 in profits. By engaging in this conduct, Tian violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Respondent

2. **Tian "Tony" Tian**, age 49, is a resident of Brighton, Massachusetts. Beginning in 2018 and continuing through the present, Tian has worked as a consultant for the Investment Firm. Tian has never held any securities licenses and has never been registered with the Commission.

Other Relevant Entities

3. **Graf Industrial Corp.** was a Delaware corporation with its principal place of business in Texas. In 2018, Graf was incorporated as a blank check company formed for the purpose of effecting a merger with one or more businesses, and its common stock, warrants, and units previously traded on the New York Stock Exchange ("NYSE"). On September 29, 2020, Graf closed a merger with, and changed its name to, Velodyne Lidar, Inc.

4. **Velodyne Lidar, Inc.** was a Delaware corporation with its principal place of business in California. Following its merger with Graf on September 29, 2020, Velodyne became an SEC-reporting company with common stock and warrants trading on Nasdaq. In February 2023, Velodyne merged with another company, and the common stock and warrants of the successor company currently trade on the NYSE.

Facts

5. In 2018, Tian began working as a consultant for the Investment Firm. As a consultant, Tian identified potential investments in privately held U.S. and foreign companies, conducted due diligence, and discussed business opportunities and financial updates with management of the Investment Firm's portfolio companies.

6. Tian was subject to an agreement with the Investment Firm, which prohibited him from disclosing confidential information that he obtained through his consulting work and from using the information for his personal benefit.

7. In 2019, the Investment Firm began negotiating an investment in Velodyne's Series B preferred stock. Tian provided consulting services in connection with this investment, which closed in April 2020.

8. Between May 2020 and early July 2020, Graf and Velodyne engaged in merger negotiations.

9. On or about June 18, 2020, Tian, through his work for the Investment Firm, learned that Velodyne was in advanced merger negotiations with Graf when Velodyne sought, among other things, the Investment Firm's shareholder consent to the merger.

10. The following morning, on June 19, 2020, and continuing through June 26, 2020, Tian, in breach of his duty to the Investment Firm, purchased \$208,606 in Graf shares and warrants based on the material nonpublic information concerning Graf's merger plan.

11. Tian knew, consciously avoided knowing, or was reckless in not knowing that his purchases of Graf shares and warrants were in breach of the duty of trust and confidence he owed to the Investment Firm.

12. On June 26, 2020, it was publicly reported that Graf was negotiating a merger with Velodyne. Following the news, the prices of Graf shares and warrants increased by 29.5% and 111.5%, respectively, and Tian obtained \$72,075 in profits.

13. As a result of the conduct described above, Tian 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

14. The disgorgement and prejudgment interest ordered in paragraph IV.C 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.C 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 Tian'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 be, and hereby is, barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

C. Respondent shall, within 14 days of the entry of this Order, pay disgorgement of \$72,075.18, prejudgment interest of \$3,310.94, and a civil money penalty of \$72,075.18 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 the 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 Tian 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 Scott A. Thompson, Associate Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

D. 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