UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 106954 / November 23, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22790

In the Matter of

SATHISH KUMAR PALANIAPPAN

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 Sathish Kumar Palaniappan ("Respondent" or "Palaniappan").

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 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 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[1] that:

[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.

Summary

1. These proceedings arise out of an insider trading scheme conducted by Muthusamy Shanmugam ("Shanmugam") and his brother-in-law Sathish Kumar Palaniappan in the common stock of Alimera Sciences, Inc. ("Alimera") in advance of a June 24, 2024 announcement that Alimera and ANI Pharmaceuticals, Inc. ("ANI") had entered into a merger agreement (the "Announcement"). On the day of the Announcement, the price of Alimera's stock increased approximately 75% over the prior day's closing price.

2. As an ANI executive officer and director, Shanmugam acquired material nonpublic information regarding the Alimera-ANI transaction and shared that information with Palaniappan in June 2024.

3. Based on the material nonpublic information that Shanmugam shared, Palaniappan purchased Alimera stock prior to the Announcement, making a total of $29,225 in illicit profits.

4. By engaging in this conduct, Palaniappan violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Respondent

5. Sathish Kumar Palaniappan, age 51, is a resident of Bordentown, New Jersey and owns and operates an information technology consulting business. He is married to Shanmugam's wife's sister. Palaniappan was an early investor in one of Shanmugam's private companies, Novitium Pharma, LLC, which Shanmugam sold to ANI in 2021. In or around May 2024, Shanmugam helped one of Palaniappan's family members get a job.

Other Relevant Individuals and Entities

6. Muthusamy Shanmugam, age 59, is a resident of the State of Florida, who splits time between his residential properties in Delray Beach, Florida, Allentown, New Jersey, and Tamil Nadu, India. He is a pharmaceutical industry entrepreneur and businessman. Since 2021, when he sold his private company Novitium Pharma, LLC to ANI, he has been an executive officer of ANI, serving in the roles of Head of Research and Development and as Chief Operating Officer of ANI's New Jersey operations. From 2021, until his resignation on August 23, 2026, Shanmugam also served as a member of ANI's Board of Directors.

7. ANI Pharmaceuticals, Inc. is a diversified bio-pharmaceutical company, organized under the laws of Delaware, with offices and manufacturing facilities in Baudette, Minnesota, East Windsor, New Jersey, and, since September 2024, Alpharetta, Georgia. ANI develops, manufactures, and markets branded and generic prescription pharmaceuticals. ANI's common stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and, at all relevant times, was traded on the NASDAQ Global Market under the ticker symbol ANIP.

8. Alimera Sciences, Inc., a Delaware company, was acquired by ANI in September 2024, and since then has been an ANI subsidiary. Prior to the merger with ANI, Alimera's common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and traded on the NASDAQ Global Market under the ticker symbol ALIM. Alimera develops and commercializes prescription ophthalmic retinal pharmaceuticals with the stated goal of improving the retinal health of patients through long-term treatment of chronic retinal diseases.

Background

Shanmugam Had Material Nonpublic Information and a Duty to Maintain its Confidentiality

9. At all relevant times, Shanmugam was subject to ANI's Insider Trading Policy ("Policy"). The Policy in effect in 2024 expressly applied to, among others, directors and officers of ANI and family members who resided with them or were subject to their influence and control, as well as entities affiliated with them. The Policy prohibited such persons from "trading in the securities of ANI, and in certain cases, the securities of other companies, while in the possession of material nonpublic information . . . and [from] disclosing any nonpublic information about ANI, whether it may be deemed material or not, in particular for the purpose of 'tipping.'"

10. The Policy further stated that "directors, officers, employees and consultants of ANI and their immediate family members must not . . . [t]rade or otherwise transact in any securities issued by any other company about which that director, officer, employee, or consultant has obtained material, nonpublic information through his or her relationship with ANI (such as information regarding purchases or sales of businesses or information obtained during the negotiation or implementation of major contracts)."

11. From at least May 3, 2024, through at least June 24, 2024, Shanmugam participated in ANI Board meetings and communications in which he learned that Alimera was conducting a competitive, multi-round sales process, and received updates concerning the status of the process, including bid deadlines, bid amounts, and finally, ANI's receipt of an exclusivity period in which to finalize negotiations and documents.

12. For instance, on Friday, June 7, 2024, Shanmugam and other members of ANI's Board of Directors received a detailed confidential email from ANI's CEO stating that, "We have made very good progress on evaluating the Alimera (Codename: Alligator) acquisition that we had spoken about at the May Board meeting." The CEO walked the Board through the terms of ANI's non-binding bid, the strategic rationale, financial rationale, and deal financing. He also shared a positive due diligence update. The CEO also informed the Board that "final bids" were due on Friday, June 14.

13. The following Monday, June 10, 2024, Shanmugam and other members of ANI's Board of Directors received a confidential email from an ANI executive that noted "core diligence

is nearly complete," "our deal thesis is very much in-tact," and "[f]inancing pathways are on track."

14. The next morning, June 11, 2024, Shanmugam attended a meeting of ANI's Board of Directors. There, ANI's CEO reviewed Alimera's primary assets to be acquired, the due diligence efforts undertaken to date by numerous internal functional teams and external advisors, their findings, and the expected synergies between Alimera and ANI's Rare Disease segment. The Board approved management to move forward with a final, non-binding bid on June 14, subject to their final sign off on the exact terms at a future meeting closer to June 14.

Palaniappan Trades in Alimera Securities Based on Material Nonpublic Information During the Time He was Making a $1 Million Investment in a Company owned by Shanmugam

15. Palaniappan had a close family relationship of trust and confidence with his brother-in-law, Shanmugam, resided near Shanmugam's New Jersey residence, frequently met Shanmugam for meals, and the two shared and received personal information. In May and June 2024, Palaniappan communicated with his brother-in-law frequently, in person, or by phone, text, or WhatsApp.

16. By no later than June 1, 2024, Palaniappan was in the process of making a substantial investment in one of Shanmugam's private businesses, herein referred to as "Company A." On June 3, 2024, Palaniappan emailed Shanmugam to inform him that "I will transfer the funds with[]in [the] next few days."

17. On Friday, June 7, 2024, Palaniappan initiated a wire transfer in the amount of $750,000 to Company A, with a notation on the wire characterizing the transferred funds as an "initial investment."

18. Palaniappan's wire transfer was not processed until Monday, June 10, 2024, the day Shanmugam returned to New Jersey from a trip to Florida with his son and other family members. That day, after receiving confirmation that the wire was going to be released, Palaniappan informed Shanmugam via text message that he would direct a second investment of "250 k" to be wired "tomorrow," June 11, 2024, which would increase Palaniappan's total investment in Shanmugam's Company A to $1 million.

19. Later that evening, Palaniappan sent Shanmugam another text message asking Shanmugam to join him for dinner, which Shanmugam declined, but the two agreed over text messages to meet the next day, June 11, 2024.

20. On June 11, 2024, after Shanmugam attended a meeting of ANI's Board of Directors where the Board approved management to move forward with a final, non-binding bid on June 14 to acquire Alimera, Shanmugam and Palaniappan met and had dinner.

21. On the morning of June 12, 2024, Shanmugam had multiple separate phone calls with Palaniappan. Thereafter, at 1:29 PM ET, Palaniappan placed his first ever order in Alimera securities, to buy 3,000 shares.

22. Following his opening purchase of 3,000 shares of Alimera, on the afternoon of June 12, 2024, Palaniappan placed a second market order to purchase another 2,000 Alimera shares.

23. Early the next morning, June 13, 2024, Palaniappan directed the wiring of another $250,000 to Shanmugam's company, Company A, which he previously told Shanmugam was to have arrived two days earlier.

24. After directing the transfer of a second investment of $250,000, Palaniappan continued to purchase shares of Alimera in advance of ANI's June 14 bid submission deadline, buying a total of 5,000 additional shares on June 13, 2024.

25. On June 17, 2024, Palaniappan used the brokerage account of a business he owns to purchase another 2,000 Alimera shares, concluding his accumulation of Alimera shares, which collectively totaled 12,000 shares.

26. Palaniappan purchased Alimera shares based on material nonpublic information relating to ANI's impending acquisition of Alimera that he received from Shanmugam. Palaniappan knew, was reckless in not knowing, or consciously avoided knowing his brother-in-law received a personal benefit due to their close familial relationship when Shanmugam gave Palaniappan material nonpublic information. Given Palaniappan's knowledge of Shanmugam's position at ANI, Palaniappan knew, was reckless in not knowing, or consciously avoided knowing that Shanmugam gave him material nonpublic information in breach of the duty of trust and confidence Shanmugam owed to ANI. Palaniappan also knew, was reckless in not knowing, or consciously avoided knowing that the information he received from his brother-in-law and on the basis of which he purchased shares in Alimera was material and nonpublic.

After Speaking with Shanmugam on the Morning of the Announcement
Palaniappan Sold Thousands of Alimera Shares

27. At 6:50 AM ET on the morning of June 24, 2024, before the market open, ANI and Alimera issued a joint press release announcing that they had entered into a definitive agreement, pursuant to which ANI would acquire Alimera for $5.50 per share in cash at closing and a non-tradable contingent value right. The share price of Alimera opened at $5.55 per share, an increase of more than 75% from the previous day's closing price of $3.15, and closed at $5.54 per share.

28. Later that morning, June 24, 2024, Shanmugam, who was traveling in India at the time, had a short call with Palaniappan. Within twenty minutes of speaking to Shanmugam, Palaniappan sold 5,000 Alimera shares and sold another 5,000 Alimera shares later that day.

29. Two day later, he sold his remaining 2,000 shares. Through these sales,

Palaniappan made a total of $29,225 in illicit profits.

Palaniappan Falsely Tells His Brokerage Firm That He "[F]ound" the Idea to Begin Purchasing Alimera "[O]n the Internet" and Did Not Know Anyone Associated with Alimera

30. On August 14, 2024, client services staff from the brokerage firm where Palaniappan conducted his Alimera stock transactions (herein referred to as "Broker-Dealer A"), contacted Palaniappan regarding his suspicious trading in Alimera securities.

31. On September 10, 2024, Palaniappan responded to the inquiry and falsely told Broker-Dealer A that he "found" the Alimera trading idea "on the internet" and that he "was searching on google search- randomly started opening sites and doesn't remember which one specifically."

32. Notwithstanding Palaniappan's awareness that Shanmugam was a senior executive and member of ANI's Board of Directors, which had recently acquired Alimera, he further represented to Broker-Dealer A that he had "[n]o [] association with the company past or present and doesn't know anyone associated either."

33. As a result of the conduct described above, Palaniappan violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Disgorgement

34. 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's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Sathish Kumar Palaniappan 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, within 10 days of the entry of this Order, pay disgorgement of $29,225.00, prejudgment interest of $5,065.62, and a civil money penalty in the amount of $29,225.00 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 Sathish Kumar Palaniappan 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, Chief, Market Abuse Unit, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

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