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9 **UNITED STATES DISTRICT COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**

11  
12  
13 **SECURITIES AND EXCHANGE**  
14 **COMMISSION,**

Case No. 2:21-cv-9384

15 **Plaintiff,**

**COMPLAINT**

16 vs.

17 **MOHAMMED PITHAPURWALA,**  
18 **AMMAR KUTIYANAWALLA, and**  
**ALIFIYA KUTIYANAWALLA,**

19 **Defendants.**  
20

21  
22 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

23 **JURISDICTION AND VENUE**

24 1. The Court has jurisdiction over this action pursuant to Sections 21(d)(1),  
25 21(d)(3)(A), 21(e) and 27(a) of the Securities Exchange Act of 1934 (“Exchange  
26 Act”), 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa(a).

27 2. Defendants have, directly or indirectly, made use of the means or  
28 instrumentalities of interstate commerce, of the mails, or of the facilities of a national

1 securities exchange in connection with the transactions, acts, practices and courses of  
2 business alleged in this complaint.

3 3. Venue is proper in this district pursuant to Section 27(a) of the Exchange  
4 Act, 15 U.S.C. § 78aa(a), because certain of the transactions, acts, practices and  
5 courses of conduct constituting violations of the federal securities laws occurred  
6 within this district.

7 **SUMMARY**

8 4. This SEC enforcement action involves unlawful insider trading in the  
9 securities of Snap Inc. (“Snap”) by defendant Ammar Kutiyawalla (“Ammar”)  
10 ahead of Snap’s February 2018 positive earnings release based on a tip from his  
11 brother-in-law, defendant Mohammed “Mo” Pithapurwala (“Pithapurwala”), who  
12 was a lead engineer at Snap.

13 5. In January 2018, Pithapurwala had access to material non-public  
14 information concerning Snap’s fourth quarter and year-end 2017 financial results.  
15 Knowing he was prohibited from trading in Snap securities during the blackout  
16 period and from trading Snap options at any time, Pithapurwala asked Ammar to  
17 purchase Snap options. Pithapurwala and Ammar agreed to share the profits from  
18 Ammar’s trading.

19 6. Pithapurwala and his wife, Alifiya Kutiyawalla (“Alifiya”), Ammar’s  
20 sister, funded the trading by surreptitiously transferring \$20,000 to Ammar through  
21 intermediaries, in multiple transfers over the course of a week.

22 7. On February 5 and 6, 2018, just before Snap’s results were to be  
23 announced, Ammar purchased \$24,039.67 of short-dated, out-of-the-money Snap call  
24 options based on Pithapurwala’s tip. The trading was highly unusual for Ammar,  
25 who had never previously purchased any Snap securities and had only limited  
26 experience trading options. The options were set to expire shortly, and at the time of  
27 Ammar’s purchase, the strike price was higher than the current market price for  
28 Snap’s common stock. If Snap’s share price did not rise before the options’

1 expiration, Ammar would lose his entire investment.

2 8. After markets closed on February 6, 2018, Snap announced earnings  
3 results that beat market analysts' expectations, causing its stock price to rise 48% the  
4 next day. Ammar sold all the options on February 7 and 8, 2018, realizing profits of  
5 \$261,515.78 – a 1088% return in just three days.

6 9. By engaging in the conduct alleged in this Complaint, Pithapurwala and  
7 Ammar violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and  
8 Alifiya aided and abetted their primary violations.

9 10. The SEC seeks findings that Defendants committed the above violations,  
10 and final judgments: (a) permanently enjoining Defendants from violating the federal  
11 securities laws and rules this Complaint alleges they have violated; (b) ordering  
12 Defendant Ammar Kutiyawalla to disgorge all ill-gotten gains he received as a  
13 result of the violations alleged and to pay prejudgment interest thereon; (c) ordering  
14 Defendants Pithapurwala and Ammar Kutiyawalla to pay civil money penalties  
15 pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1], and ordering  
16 Defendant Alifiya Kutiyawalla to pay a civil money penalty pursuant to Exchange  
17 Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and (d) ordering any other and further  
18 relief the Court may deem just and proper.

19 **THE DEFENDANTS**

20 11. **Mohammed Pithapurwala**, age 39, resides in Woodside, California.  
21 During the relevant period, he resided in Los Angeles, California. Pithapurwala was  
22 a lead engineer at Snap from April 2015 until March 2018. He is married to  
23 defendant Alifiya Kutiyawalla.

24 12. **Ammar Kutiyawalla**, age 35, resides in India. During the relevant  
25 period, he resided in Augusta, Georgia and was unemployed. Ammar is Alifiya's  
26 brother and Pithapurwala's brother-in-law.

27 13. **Alifiya Kutiyawalla**, age 32, resides in Woodside, California. During  
28 the relevant period, she resided in Los Angeles, California. She is married to

1 defendant Pithapurwala.

2 **RELATED INDIVIDUALS AND ENTITY**

3 14. Snap Inc. is a Delaware corporation with its headquarters in Santa  
4 Monica, California. Its common stock is registered with the Commission pursuant to  
5 Section 12(b) of the Exchange Act and trades on the NYSE under the symbol  
6 “SNAP,” and its options trade on various exchanges.

7 15. Mr. A, a friend of the Kutiyawalla family, resides in Summerville,  
8 Georgia and operates his own business, a convenience store. Mr. A first met the  
9 Kutiyawalla family in India before he moved to the United States in 2014.

10 16. Mr. B, a friend of Mr. A’s and Mr. C’s, resides in Rome, Georgia. He  
11 knows Ammar’s father and formerly worked with Mr. A’s father.

12 17. Mr. C is a friend of the Kutiyawalla family and Mr. A’s uncle. He  
13 resides in Summerville, Georgia and owns a number of businesses, including two  
14 motels, four convenience stores, and a car wash. At various times, Mr. C employed  
15 Mr. A and Mr. B at one of his convenience stores.

16 18. Mr. D resides in Augusta, Georgia and has been a friend of Ammar’s  
17 since approximately April 2014. Mr. D and Ammar were roommates from  
18 approximately July 2014 to December 2015. Mr. D was previously a research  
19 scientist and is now an assistant professor at the Georgia university where Ammar  
20 was formerly employed.

21 19. Ms. E resides in Augusta, Georgia and has been a friend of Ammar’s  
22 since about 2015. Ms. E is a research assistant at the Georgia university where Mr. D  
23 also works, and where Ammar was previously employed. From approximately 2015  
24 to 2018, Mr. D and Ms. E were in a romantic relationship and lived together.

25 20. Alifiya and Ammar Kutiyawalla’s parents (the “Kutiyawalla  
26 parents”) reside in Mumbai, India. The Kutiyawalla parents visit the United States  
27 occasionally, and were in the United States from approximately December 2017 to  
28 May 2018. While visiting the United States, they have stayed in Summerville,

1 Georgia at one of Mr. C's motels and also in a spare room at Mr. A's house.

2 **THE ALLEGATIONS**

3 **A. The Defendants' Close Family Relationship**

4 21. Pithapurwala and Alifiya were married in 2011, and from at least April  
5 2015 to about June 2017 and from December 2017 to June 2018, they resided  
6 together in Los Angeles.

7 22. Ammar resided in Augusta, Georgia from at least 2012 to December  
8 2019. Since approximately December 2019, he has lived in Mumbai, India, where  
9 his and Alifiya's parents reside.

10 23. Alifiya and her brother Ammar had a close relationship during the  
11 relevant period, and Ammar and Pithapurwala had a close relationship as brothers-in-  
12 law.

13 24. In 2017 and 2018, Alifiya and Ammar communicated daily or every  
14 other day.

15 25. Pithapurwala also communicated frequently with Ammar in 2017 and  
16 2018.

17 26. In December 2017, Pithapurwala brought Alifiya, Ammar and Ammar's  
18 then girlfriend to Snap's New Year's Eve party in Los Angeles, as his guests.

19 27. During the relevant period, Alifiya, Pithapurwala, and Ammar shared  
20 Amazon, Netflix, and Hulu accounts, as well as an AT&T wireless family plan that  
21 they continue to share.

22 28. Pithapurwala and Alifiya temporarily relocated to Canada in  
23 approximately June 2017 for approximately six months as part of Pithapurwala's  
24 employment at Snap.

25 29. During that time, they used Ammar's residential address in Augusta,  
26 Georgia as their mailing address, including for documents such as bank statements,  
27 tax materials, and Snap payroll information.

28 30. Ammar designated Alifiya as the payable-on-death beneficiary for

1 certain of his bank accounts.

2 **B. Pithapurwala's Duty of Confidentiality to Snap**

3 31. In or about April 2015, Pithapurwala began working as a lead engineer  
4 at Snap.

5 32. As an employee, Pithapurwala owed Snap a duty of trust and confidence,  
6 including a duty to maintain the confidentiality of its non-public information.

7 33. On or about February 26, 2015, as a condition of his employment,  
8 Pithapurwala signed an agreement (the "confidentiality agreement") obligating him to  
9 protect Snap's confidential information, including, among other things, financial  
10 information.

11 34. As a Snap employee, Pithapurwala was subject to Snap's insider trading  
12 policy.

13 35. Snap's insider trading policy during the relevant period expressly  
14 prohibited employees from using material non-public information, including financial  
15 results or forecasts, for personal gain or passing such information to someone else  
16 who would use it for personal gain.

17 36. Snap's insider trading policy during the relevant period stated that:  
18 "Because our workplace culture tends to be open, odds are that the vast majority of  
19 Snap Inc. employees, directors, and consultants will possess inside information at  
20 certain points throughout the year."

21 37. Pursuant to Snap's insider trading policy, all Snap employees, directors,  
22 and consultants were prohibited from trading the company's securities during  
23 quarterly blackout periods preceding earnings releases.

24 38. Additionally, Snap's insider trading policy prohibited all employees,  
25 directors, and consultants from trading Snap derivatives, including call options, at any  
26 time.

27 39. An appendix of "Frequently Asked Questions" to Snap's insider trading  
28 policy stated that trading in derivatives was prohibited "because of the temptation it

1 represents to try to benefit from a relatively low-cost method of trading on short-term  
2 swings in stock prices, without actually holding the underlying common stock, and  
3 encourages speculative trading.”

4 40. Snap’s insider trading policy expressly prohibited tipping material non-  
5 public information to others, and the appended “Frequently Asked Questions” stated  
6 that telling someone to buy or sell Snap securities even without sharing inside  
7 information itself “is still tipping, and you can still be responsible for insider trading.  
8 You should not recommend to another person that they buy, hold, or sell our common  
9 stock or any derivative security related to our common stock, since that could be a  
10 form of tipping.”

11 41. Snap’s insider trading policy also stated that: “[T]here is one important  
12 factor to determine whether non-public information you know about a public  
13 company is inside information: whether sharing the information would likely affect  
14 the market price of that company’s stock or be considered important or ‘material’ by  
15 investors who are considering trading that company’s stock. If the information  
16 makes you want to trade, it would probably have the same effect on others.”

17 42. Snap also conducted training on insider trading, which Pithapurwala  
18 completed on March 25, 2017.

19 43. During the relevant period, Pithapurwala received multiple emails  
20 concerning Snap’s insider trading policy, including as to the blackout period in effect  
21 as to Snap’s fourth quarter and year-end 2017 financial results.

22 44. For example, on or about October 17, 2017, Pithapurwala received an  
23 email from Snap’s stock plan administrator stating that Snap’s employee trading  
24 window prior to the announcement of its fourth quarter and year-end 2017 results  
25 would close at the end of the day on December 8, 2017. The email included a  
26 hyperlink to Snap’s insider trading policy and instructed recipients to review the  
27 policy “to brush up on the rules regarding trading Snap stock.”

28 45. As another example, on or about December 5, 2017, Pithapurwala

1 received an email reminder from Snap’s in-house counsel that the trading window  
2 prior to the release of Snap’s fourth quarter and year-end 2017 results would close on  
3 December 8, 2017. The email reiterated that employees were not permitted to trade  
4 Snap derivatives, including call options, at any time. It also stated: “During the  
5 closed window, not only are you forbidden from buying or selling Snap stock, but  
6 you also may not instruct others to buy or sell Snap stock.” Employees were  
7 encouraged to contact Snap’s in-house counsel if they had any questions.

8 46. After close of business on December 8, 2017, the blackout period began,  
9 prohibiting all Snap employees from trading in advance of Snap’s fourth quarter and  
10 year-end 2017 financial results, pursuant to the insider trading policy.

11 47. On or about January 8, 2018, Snap’s in-house counsel provided a  
12 reminder to all employees of Snap’s insider trading policy.

13 48. On or about January 9, 2018, Pithapurwala received another email from  
14 Snap’s in-house counsel reminding him of the blackout period that was in place and  
15 including a link to Snap’s insider trading policy. The January 9, 2018 email stated  
16 that Snap would announce its fourth quarter and year-end 2017 financial results on  
17 February 6, 2018. The email also stated that financial results and metrics were  
18 confidential, and warned that violating insider trading laws could result in “both  
19 monetary and criminal consequences.”

20 49. On January 19, 2018, Pithapurwala received another reminder of the  
21 trading blackout window and Snap’s insider trading policy from Snap’s stock plan  
22 administrator, including a hyperlink to the policy.

23 50. Pithapurwala was aware of Snap’s insider trading policy, including the  
24 prohibition on trading Snap securities during the blackout period.

25 51. During the SEC’s pre-filing investigation, Pithapurwala admitted that he  
26 was aware of Snap’s insider trading policy, including the prohibition on trading  
27 during the blackout period.  
28



1           **C. Pithapurwala’s Access to Snap’s Material Non-public Information**

2           52. At all relevant times, Snap had an open culture, both in terms of physical  
3 work space and employee access to information.

4           53. During the relevant period, Snap’s offices where Pithapurwala worked  
5 included a number of bungalows and other former residential buildings in Venice,  
6 California.

7           54. Nearly every individual at Snap’s Venice offices shared a working space  
8 with multiple desks in it.

9           55. Shared printers were centrally located in Snap’s Venice offices.

10          56. Many Snap employees printed hard copies of revenue estimates and  
11 other financial information, and did not always dispose of them using shredders.

12          57. Discussions of financial information by Snap’s finance team and others  
13 with regular access to such information were not limited to closed-door meetings.

14          58. From April 2015 until approximately May 2017, Pithapurwala was the  
15 lead engineer in charge of building Snap’s internal “Ad Manager,” a system for  
16 creating and tracking advertising campaigns within Snap.

17          59. Ad Manager housed and displayed material non-public information,  
18 including the dollar amount that an advertiser was obligated to pay Snap in  
19 connection with an advertising campaign. Ad Manager reflected the number of  
20 “impressions,” or the number of user views of an ad, which translated to ad dollars.

21          60. During the relevant period, advertising sales were the primary source of  
22 Snap’s revenue, representing approximately 98% of 2017 fourth quarter revenues.

23          61. Based on the foregoing, an individual with access to Ad Manager could  
24 calculate a rough revenue estimate for Snap using non-public financial information  
25 available in Ad Manager and related systems.

26          62. In or about May 2017, Pithapurwala moved to another Snap engineering  
27 team; however, he retained access to Ad Manager through at least November 2017.

28          63. In or around December 2017, Pithapurwala was assigned, at his request,

1 to Snap's 100 Market Street building, also in Snap's Venice location, which housed  
2 the company's chief financial officer, accounting, tax, financial performance and  
3 analysis, investor relations, and treasury teams.

4 64. Snap's accounting close process for fourth quarter and year-end 2017  
5 began on or about January 2, 2018.

6 65. On or about January 4, 2018, Snap's preliminary revenue estimate for  
7 fourth quarter and year-end 2017 was distributed to at least 15 employees, including  
8 finance team members.

9 66. The preliminary revenue estimate was distributed via email and not  
10 password-protected.

11 67. On January 9, 2018, Snap announced that it would report its fourth-  
12 quarter 2017 earnings on February 6, 2018.

13 68. Snap's financial statements for the fourth quarter and year-end 2017 did  
14 not materially change after January 12, 2018.

15 69. Between January 4 and 17, 2018, Snap's pre-earnings results were  
16 distributed to dozens of officers, directors, and employees in advance of Snap's  
17 February 6, 2018 earnings release.

18 70. Because of Snap's open culture and his proximity to the financial team,  
19 Pithapurwala had access to Snap's material non-public financial information.

20 71. In January 2018, Pithapurwala had access to material non-public  
21 information concerning Snap's pre-earnings results.

22 **D. Ammar's Background and Trading History**

23 72. From at least March 2016 to January 2017, Ammar worked as a research  
24 assistant at a Georgia university.

25 73. As of January 2018, Ammar had been unemployed for a year and had no  
26 other regular source of income.

27 74. In January 2017, Ammar reported to his broker-dealer ("Broker") that he  
28 had assets of less than \$25,000.

1 75. Prior to February 2018, Ammar had never purchased more than one or  
2 two option contracts at a time.

3 76. Prior to February 2018, Ammar had never traded any Snap securities.

4 **E. Pithapurwala Asks Ammar to Trade Based on Snap's Expected**  
5 **Results**

6 77. In January 2018, after gaining access to material non-public information  
7 regarding Snap's financial results, Pithapurwala asked Ammar to purchase Snap  
8 securities since he could not do so himself during the blackout period.

9 78. Ammar and Pithapurwala agreed to share the profits from Ammar's  
10 Snap trading.

11 79. Throughout the relevant period, Pithapurwala communicated with  
12 Ammar using Alifiya's phone.

13 80. Alifiya and/or Pithapurwala, using Alifiya's phone, had calls with  
14 Ammar on January 4, 5, 7, 8, 10, 11, 14, 16, 17, 18, 22, 23, 27, 28, and 30, and  
15 February 1, 4, 5, and 7.

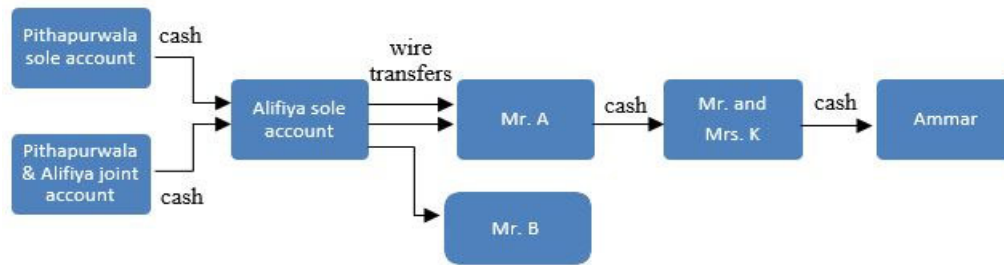
16 81. These calls included: a 20-minute call on January 5; a 21-minute call on  
17 January 7; a 20-minute call on January 14; a 16-minute call on January 16; a 42-  
18 minute call on January 28; and a 48-minute call on January 30.

19 82. During one of more of these calls, Pithapurwala asked Ammar to  
20 purchase Snap securities on the basis of material, non-public information that he had  
21 learned regarding Snap's upcoming fourth quarter and full year 2017 earnings  
22 release.

23 83. Pithapurwala logged into his brokerage account on or about January 22,  
24 2018 and February 5, 2018, and researched pricing on Snap call options.

25 **F. Pithapurwala and Alifiya Covertly Fund Ammar's Trading Account**

26 84. Between January 24, 2018 and January 31, 2018, Pithapurwala and  
27 Alifiya transferred \$20,000 to Ammar through a series of more than eight cash  
28 withdrawals, deposits, and transfers through intermediaries, depicted visually as such:



85. Specifically, on January 24, 2018 at 2:03 p.m. Pacific time, Alifiya called Mr. C and they talked for 6 minutes – the first time they had spoken by telephone since October 2017. Mr. C then called Mr. A, his nephew, and they spoke for 6 minutes.

86. Next, Mr. A called Alifiya at 2:17 p.m. Pacific time, and they talked for 3 minutes – the first time they had spoken since December 2017. Immediately afterwards, Alifiya called Pithapurwala, and Mr. A called Mr. C. At 3:44 p.m. Pacific time, Alifiya called Mr. A, and they spoke for two minutes.

87. At 4:36 p.m. Pacific, Pithapurwala and Alifiya withdrew \$8,000 cash from their joint bank account at Bank 1.

88. The next day, January 25, 2018, at 2:21 p.m. Pacific time, Alifiya deposited \$9,000 cash into an account at Bank 2 which was titled solely in her name.

89. Immediately after depositing the cash, Alifiya initiated an \$8,000 same-day wire transfer to Mr. A.

90. At 3:41 p.m. Pacific, Pithapurwala, accompanied by Alifiya, withdrew \$12,786 cash from his account at Bank 3.

91. At 4:21 p.m. Pacific, Alifiya deposited \$12,700 cash into her account at Bank 2, at a location different from the branch where she had made the \$9,000 cash deposit two hours earlier.

92. That evening, at 6:18 p.m. Pacific time, Alifiya called Mr. A, and they spoke for four minutes. Alifiya and Mr. A never spoke again for the rest of the year.

93. On or about January 26, 2018, Alifiya flew from Los Angeles to San Francisco for a one-day trip that she had booked several days earlier.

1 94. While in the Bay Area, Alifiya went to a Bank 2 location and initiated  
2 two same-day transfers: a \$6,000 wire to Mr. A and a \$6,000 wire to Mr. A's and Mr.  
3 C's friend, Mr. B. At or around the time that she made the transfers, Alifiya had four  
4 calls with Mr. C, the longest of which was four minutes.

5 95. Alifiya made each of the transfers at Pithapurwala's request because he  
6 did not want to be associated with them.

7 96. On or about January 27, 2018 at 12:46 p.m. Pacific time, Ammar texted  
8 Alifiya in Gujarati, "paisa nu su che," which translates: "what is about money." At  
9 1:26 p.m. Pacific, Alifiya called Ammar, and they spoke for eight minutes.

10 97. Mr. A and his uncle, Mr. C, both operate convenience stores with ATMs  
11 that they stock with cash, and therefore had ready access to cash during the relevant  
12 period.

13 98. Prior to January 28, 2018, Mr. A, Mr. C, and/or one or more of their  
14 family members gave \$20,000 cash to Alifiya's and Ammar's parents, who were  
15 visiting the United States from India and staying in Summerville.

16 99. On or about January 29, 2018, Alifiya's wire to Mr. B was reversed  
17 because she provided information that did not match the full name on his account.

18 100. Alifiya called Mr. C twice on January 30, 2018. After speaking with  
19 him for three minutes at 2:16 p.m. Pacific, she immediately called Pithapurwala, and  
20 they spoke for four minutes.

21 101. Alifiya called Mr. C twice on January 31, 2018. On or about January 31,  
22 2018, immediately after speaking with Mr. C by phone, she initiated a new \$6,000  
23 same-day wire to Mr. B, to replace the one that had been reversed.

24 102. On or about January 28, 2018, Ammar drove to Summerville to pick up  
25 the cash from the Kutiyawalla parents. That evening, Alifiya/Pithapurwala, using  
26 Alifiya's phone, called Ammar, and they spoke for 42 minutes.

27 103. On or about January 30, 2018, Ammar asked two friends, Mr. D and Ms.  
28 E, to each deposit \$5,000 cash into their respective bank accounts and write him a

1 check for that amount, and they agreed to do so.

2 104. The same day, Ammar deposited \$5,000 cash into his Bank 1 account.

3 105. The same evening, Ammar and Alifiya/Pithapurwala, using Alifiya's  
4 phone, had a 48-minute phone call.

5 106. On or about February 1, 2018, Ammar transferred \$4,000 from his Bank  
6 1 account to his brokerage account.

7 107. Also on February 1, Ammar deposited the two \$5,000 checks from Mr.  
8 D and Ms. E into his account at Bank 4, which was affiliated with Broker.

9 108. As of February 5, 2018, the checks had not cleared. That morning,  
10 Ammar contacted Broker, expressing an urgent desire to move funds – the \$10,000 in  
11 check deposits – from his Bank 4 account to his brokerage account.

12 109. As an alternative, Ammar requested “a temporary increase in my margin  
13 for buying options,” which was denied by the brokerage firm.

14 110. Ammar then initiated a \$9,500 transfer from Bank 4 to his brokerage  
15 account and called Bank 4 to discuss the check hold.

16 111. After getting off the phone with the bank, at 9:40 a.m. Eastern time,  
17 Ammar telephoned Alifiya but got her voicemail. He called her again immediately,  
18 and they spoke for less than a minute. He tried calling her again at 9:57 a.m., but  
19 again got her voicemail.

20 112. On or about February 6, 2018, Ammar deposited another \$5,000 cash  
21 into his Bank 1 account and initiated a \$4,999 transfer to his brokerage account.

22 113. Defendants structured the transfer of funds to Ammar through these  
23 intermediaries and eight different withdrawals, deposits and transfers over a one-  
24 week period in order to conceal the source of the funds that Ammar used to purchase  
25 Snap securities, and evade detection.

26 **G. Ammar Purchases Snap Call Options on the Basis of Material, Non-**  
27 **Public Information**

28 114. A call option gives the holder the right, but not the obligation, to

1 purchase the company's stock at a set price (the "strike price") within a specified time  
2 period. Generally, the buyer of a call option anticipates the stock price will increase  
3 during the specified amount of time. If the strike price is above the price at which the  
4 underlying stock is then trading, the call option is considered to be "out-of-the-  
5 money" because it would be unprofitable to exercise the call and pay more for the  
6 stock than if it were purchased on a stock market.

7 115. Ammar began placing purchase orders for Snap call options at 10:26  
8 a.m. Eastern time on February 5, 2018 (the day before Snap's fourth quarter and year-  
9 end 2017 earnings announcement). He continued to place purchase orders throughout  
10 the day.

11 116. That afternoon, Pithapurwala logged into his own brokerage account and  
12 researched pricing on Snap call options, including calls with strike prices of \$15 and  
13 \$16 expiring on February 9, 2018.

14 117. At or about 2:18 p.m. Eastern time, Pithapurwala called Ammar using  
15 Alifiya's phone, and they talked for 30 minutes. During that call, Pithapurwala  
16 continued his pricing research, and Ammar placed two additional purchase orders for  
17 Snap calls.

18 118. Shortly after that call, Ammar placed another purchase order for Snap  
19 calls at or about 2:58 p.m. Eastern.

20 119. At or about 3:28 p.m. Eastern, Alifiya or Pithapurwala, using Alifiya's  
21 phone, called Ammar, and they spoke for two and a half minutes.

22 120. At or about 3:57 p.m. Eastern, Ammar placed another purchase order for  
23 Snap calls.

24 121. At or about 6:27 p.m. Eastern, Ammar called Alifiya's phone and spoke  
25 to her and/or Pithapurwala for approximately two minutes.

26 122. The next day, approximately one hour before markets closed on  
27 February 6, Ammar placed purchase orders for an additional 475 Snap call options, of  
28 which 413 filled.

1 123. In total, Ammar purchased \$24,039.67 of call options with February 9  
2 and 16 expiration dates and strike prices of \$15 to \$18:

Trade Date	SNAP Option Series	Quantity Bought
February 5, 2018	February 9, 2018 \$17 calls	100
February 5, 2018	February 9, 2018 \$16.50 calls	100
February 5, 2018	February 9, 2018 \$16 calls	400
February 5, 2018	February 9, 2018 \$15 calls	50
February 6, 2018	February 16, 2018 \$17 calls	138
February 6, 2018	February 16, 2018 \$18 calls	275
	<b>Total</b>	<b>1,063</b>

7  
8 124. Snap's common stock closed at \$13.85 on February 5, 2018 and \$14.06  
9 on February 6, 2018.

10 125. All of the options Ammar purchased were out-of-the-money, meaning  
11 that he would lose his entire investment unless Snap's common stock price rose  
12 higher than the strike price – \$15 to \$18, depending on the options series – in 4 days,  
13 in the case of the calls expiring February 9, 2018, or in 10 days, in the case of the  
14 calls expiring February 16, 2018.

15 126. Ammar's trading was highly unusual in light of his prior trading history.

16 127. Ammar had never purchased more than 1 or 2 options at a time, and he  
17 had never purchased any Snap securities before.

#### 18 **H. Ammar's Sales of Snap Options and Profits from His Trading**

19 128. On February 6, 2018, after the markets closed, Snap released its fourth-  
20 quarter and full-year 2017 earnings, announcing results that beat expectations,  
21 including a 72 percent revenue increase over the prior year.

22 129. At 4:15 p.m. Eastern time on February 6 – the time of Snap's earnings  
23 announcement – Ammar called Alifiya's phone and reached her voicemail.

24 130. He tried to unsuccessfully to reach her again at 4:19 p.m.

25 131. At 4:41 p.m. Eastern time, Ammar texted Alifiya, "Ok good."

26 132. On the positive earnings news, Snap's share price rose 48%, closing at  
27 \$20.75 on February 7, 2018.

28 133. Ammar sold all of the Snap options on February 7 and 8, 2018, realizing



1 profits of \$261,515.78:

Sale Date	SNAP Option Series	Quantity Sold	Profit
February 7, 2018	February 16, 2018 \$18 calls	275	\$23,260.62
February 7, 2018	February 9, 2018 \$15 calls	50	\$17,466.78
February 7, 2018	February 9, 2018 \$16.50 calls	100	\$27,451.65
February 7, 2018	February 9, 2018 \$16 calls	400	\$135,785.87
February 7, 2018	February 9, 2018 \$17 calls	100	\$23,251.75
February 8, 2018	February 16, 2018 \$17 calls	138	\$34,299.11
	<b>Total</b>	<b>1,063</b>	<b>\$261,515.78</b>

7 134. By his trading, Ammar garnered a 1088% return in three days.

### 8 **I. Pithapurwala and Ammar's Post-Trading Communications**

9 135. After Ammar sold his Snap options, Pithapurwala and Ammar attempted  
10 to manufacture a false explanation for Ammar's Snap trading because they knew it  
11 appeared suspicious.

12 136. On or about February 8, 2018, Pithapurwala texted Ammar from  
13 Alifiya's phone in Gujarati, "Kai na kar. Taxnu figure out karvanu che," which  
14 translates to "Don't do anything. Tax figure has to be declared."

15 137. Ammar responded to the February 8, 2018 text, "Ok."

16 138. On or about February 11, 2018, Pithapurwala, using Alifiya's phone,  
17 texted Ammar four links that he labelled "useful," including a "bullish" tweet about  
18 Snap, a "[p]ossible sell rumor," and a February 5, 2018 article that listed Snap as one  
19 of "5 high-risk, high-reward stocks to buy on the stock market's dive."

20 139. Ammar responded to the February 11, 2018 text, "Good links saved  
21 everything. Thanks."

22 140. Defendants' communications on February 11, 2018 reflect an attempt to  
23 manufacture a fictitious reason for Ammar's trading, to conceal their insider trading.

24 141. On or about February 13, 2018, Pithapurwala, using Alifiya's phone,  
25 texted Ammar links to two legal articles about insider trading.

26 142. Ammar responded to the February 13, 2018 text: "Dude first thing first.  
27 I am still getting mail directly from SNAP to my address. Just received something  
28 from your payroll!!"

1 143. On or about February 15, 2018, Ammar sent three texts to Pithapurwala:

2 We are Momar PK

3 Stockplaymomar@gmail.com

4 Insidertrader

5 Pithapurwala replied on the same day, “Lol That’s a very well thought out name.”

6 144. In or around October 2018, Ammar emailed brokerage statements  
7 showing the profits from the Snap trading to Alifiya’s email address.

8 145. The statements were intended for Pithapurwala, who had access to  
9 Alifiya’s email.

10 **J. Pithapurwala Possessed Material Non-Public Information**

11 146. Pithapurwala possessed material non-public information about Snap’s  
12 fourth quarter and year-end 2017 financial results, and based on that information, he  
13 asked Ammar to purchase Snap securities.

14 147. Pithapurwala’s possession of material non-public information and tip to  
15 Ammar is demonstrated by: (1) Ammar’s suspiciously-timed trading; (2)  
16 Pithapurwala’s and Alifiya’s rapid sequence of withdrawals, deposits and transfers  
17 through numerous intermediaries; (3) Ammar’s highly unusual trading in out-of-the  
18 money, soon-to-expire options by a trader with no history of making those kinds of  
19 trades; (4) defendants’ concerted concealment of their conduct, including; the attempt  
20 to manufacture a non-incriminating explanation for the trades after-the-fact; and their  
21 post-trading research on insider trading law.

22 **K. Pithapurwala and Ammar Acted With Scienter**

23 148. Pithapurwala knew, or was reckless in not knowing, that he owed Snap  
24 and its shareholders a duty not to use Snap’s confidential information, including  
25 financial information, except as permitted under the confidentiality agreement that he  
26 signed and acknowledged.

27 149. Pithapurwala knew, or was reckless in not knowing, that he was  
28 prohibited from purchasing Snap securities during the blackout period that was in

1 effect from December 9, 2017 through February 8, 2018. He had previously  
2 completed training on Snap’s insider trading policy and he received at least four  
3 emails between October 2017 and January 2018 regarding the blackout period, and  
4 reminders of Snap’s insider trading policy.

5 150. Pithapurwala asked Ammar to purchase Snap securities ahead of the  
6 Snap’s February 2018 earnings release because he knew that he was forbidden from  
7 doing so himself.

8 151. Pithapurwala knew, or was reckless in not knowing, that the pre-  
9 earnings information to which he gained access in January 2018 was material and  
10 non-public. The confidentiality agreement that he previously signed specified that  
11 financial results, among other things, were confidential information. Snap’s insider  
12 trading policy included “financial results or forecasts” among a “non-exhaustive” list  
13 of examples of material non-public information.

14 152. Pithapurwala knew, or was reckless in not knowing, that he breached the  
15 duties of trust and confidence that he owed to Snap and its shareholders by tipping  
16 Ammar. Snap’s insider trading policy, of which Pithapurwala was aware, stated that  
17 anyone with inside information could not advise anyone else to trade the company’s  
18 securities or “communicate the information to anyone else until you know that the  
19 information has been publicly disseminated.” Additionally, an appendix of  
20 “Frequently Asked Questions” warned that telling someone else to buy Snap  
21 securities while in possession of inside information, even without sharing any  
22 material non-public information itself, “is still tipping, and you can still be  
23 responsible for insider trading. You should not recommend to another person that  
24 they buy, hold, or sell our common stock or any derivative security related to our  
25 common stock, since that could be a form of tipping.”

26 153. Pithapurwala knew that Ammar would trade on the basis of the material  
27 non-public information. He specifically asked Ammar to purchase Snap securities,  
28 researched the Snap options available to purchase, and was on the phone with Ammar

1 while Ammar placed some of the trades.

2 154. Pithapurwala attempted to conceal that he tipped Ammar by: (1)  
3 sending the funds to Ammar in a circuitous manner; and (2) using his wife Alifiya's  
4 phone to communicate with Ammar, thereby creating no record of phone calls  
5 between the two men.

6 155. Pithapurwala attempted to manufacture a false rationale for the Snap  
7 option purchases after the fact.

8 156. Pithapurwala received a personal benefit from his tip to Ammar,  
9 including but not limited to the benefit of providing a gift of confidential information  
10 to his brother-in-law and good friend with the knowledge and expectation that  
11 Ammar would trade on it.

12 157. Additionally, Pithapurwala stood to obtain a pecuniary benefit from the  
13 tip because he and Ammar agreed to share the profits from Ammar's Snap trading.

14 158. Ammar knew, should have known, consciously avoided knowing, or was  
15 reckless in not knowing that Pithapurwala breached a duty to Snap by tipping him in  
16 exchange for a personal benefit.

17 159. Ammar attempted to conceal the source of the funds he used to purchase  
18 Snap options.

19 160. After his trades, Ammar thanked Pithapurwala for sending "[g]ood  
20 links" to help manufacture a post hoc justification for the trades; expressed concern  
21 that he was still receiving Pithapurwala's mail from Snap at his address; and  
22 nicknamed Pithapurwala and himself "Insidertrader."

23 161. Ammar knew or should have known that Pithapurwala received a  
24 personal benefit from the tip because he knew that Pithapurwala, his brother-in-law  
25 and close friend, was gifting him confidential information with the expectation that  
26 he would trade on it.

27 162. Ammar knew or should have known that Pithapurwala expected to  
28 benefit financially from the trading because he and Pithapurwala agreed to share the

1 profits.

2 **L. Alifiya Knowingly or Recklessly Facilitated and Helped Conceal the**  
3 **Unlawful Trading**

4 163. Alifiya knowingly and/or recklessly provided substantial assistance to  
5 Pithapurwala and Ammar in their commission of insider trading.

6 164. Alifiya knew that Pithapurwala asked Ammar to purchase Snap  
7 securities because her husband could not do so himself during the blackout period.

8 165. Alifiya knew that Pithapurwala did not want to be associated with the  
9 transfers to Ammar or Ammar's Snap trading because of Snap's blackout restriction.

10 166. Alifiya substantially assisted Pithapurwala and Ammar in their  
11 commission of insider trading by (1) helping to conceal and disguise the trading by  
12 facilitating the transfer of \$20,000 to Ammar's trading account through a web of  
13 intermediaries; and (2) obscuring Pithapurwala's direct communications with Ammar  
14 by acting as their go-between.

15 167. Alifiya attempted to conceal the link between Pithapurwala and Ammar  
16 and to disguise the purpose of the transfers. After accompanying Pithapurwala to  
17 make cash withdrawals from his sole account and their joint account, Alifiya  
18 deposited \$21,700 cash into her separate account – making two deposits at different  
19 locations two hours apart – and instituted multiple wire transfers to Mr. A and his  
20 friend.

21 168. Alifiya knew that at least \$10,000 of the funds she transferred was  
22 intended for Ammar to purchase Snap securities. She knew that the funds needed to  
23 reach Ammar quickly, so she made same-day transfers and paid the additional fee  
24 associated with them. She made two of the transfers during a last-minute, one-day  
25 trip to the Bay Area, knowing the funds had to reach Ammar quickly.

26 169. Pithapurwala's request that Ammar purchase Snap securities during the  
27 blackout period, the urgency of the transfers, their circuitous nature, and  
28 Pithapurwala's expressed intent to hide his connection to the transfers and Ammar's

1 Snap trading were red flags about the illicit nature of the conduct.

2 170. Given what Alifiya knew, a reasonable person would have questioned  
3 whether Pithapurwala possessed material non-public information about Snap. Alifiya  
4 knew or consciously avoided inquiring into whether her husband had unlawfully  
5 tipped Ammar.

6 171. At a minimum, Alifiya acted recklessly. The wrongful nature of  
7 Pithapurwala's conduct was so obvious that Alifiya must have been aware of it, or if  
8 she was not, it was only because she consciously avoided inquiring further.

9 172. Alifiya substantially assisted Pithapurwala's and Ammar's unlawful  
10 trading by depositing cash into her sole account, transferring funds to Mr. A that were  
11 intended for Ammar to use for purchasing Snap securities, and allowing Pithapurwala  
12 to communicate with Ammar about the trading using her phone. Alifiya played an  
13 instrumental role in funding the trading, particularly given that Ammar was  
14 unemployed and had no other significant source of funds. Her conduct facilitated  
15 Pithapurwala's and Ammar's fraud and helped to conceal it.

16 **FIRST CLAIM FOR RELIEF**

17 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**  
18 **(against Defendants Pithapurwala and Ammar Kutiyawalla)**

19 173. The SEC re-alleges and incorporates by reference paragraphs 1 through  
20 172 above.

21 174. As set forth above, defendant Pithapurwala, acting with scienter, tipped  
22 defendant Kutiyawalla by disclosing material, non-public information in violation  
23 of his duty of confidentiality to Snap, for personal benefit. Defendant Ammar  
24 Kutiyawalla purchased Snap call options on February 5 and 6, 2018 on the basis of  
25 Pithapurwala's tip, and knew, should have known, consciously avoided knowing, or  
26 was reckless in not knowing that the information he received from Pithapurwala was  
27 disclosed in breach of a duty of trust and confidence and for personal benefit.

28 175. By engaging in the conduct described above, defendants Pithapurwala

1 and Ammar Kutiyawalla, and each of them, directly or indirectly, in connection  
2 with the purchase or sale of a security, and by the use of means or instrumentalities of  
3 interstate commerce, of the mails, or of the facilities of a national securities  
4 exchange: (a) employed devices, schemes, or artifices to defraud; (b) made untrue  
5 statements of a material fact or omitted to state a material fact necessary in order to  
6 make the statements made, in the light of the circumstances under which they were  
7 made, not misleading; and (c) engaged in acts, practices, or courses of business which  
8 operated or would operate as a fraud or deceit upon other persons.

9 176. In engaging in the conduct described above, defendants Pithapurwala  
10 and Ammar Kutiyawalla acted knowingly or recklessly.

11 177. By engaging in the conduct described above, defendants Pithapurwala  
12 and Ammar Kutiyawalla violated, and unless restrained and enjoined will continue  
13 to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-  
14 5(a)-(c) thereunder, 17 C.F.R. §§ 240.10b-5(a)-(c).

15 **SECOND CLAIM FOR RELIEF**

16 **Aiding and Abetting Violations of Section 10(b)**

17 **of the Exchange Act and Rule 10b-5**

18 **(against Defendant Alifiya Kutiyawalla)**

19 178. The SEC re-alleges and incorporates by reference paragraphs 1 through  
20 177 above.

21 179. As set forth above, defendant Alifiya Kutiyawalla knew, consciously  
22 avoided knowing, or was reckless in not knowing that Pithapurwala tipped material  
23 non-public information to Ammar Kutiyawalla. She helped to facilitate and  
24 conceal the fraud by depositing cash into her separate account, transferring funds to  
25 Ammar that she knew would be used to purchase Snap securities based on  
26 Pithapurwala's tip, and allowing Pithapurwala to communicate with Ammar about  
27 the tip and the Snap trading using her phone.

28 180. By engaging in the conduct described above, defendant Alifiya

1 Kutiyawalla, directly or indirectly, knowingly or recklessly provided substantial  
2 assistance to Pithapurwala and Ammar Kutiyawalla in their violations of Section  
3 10(b) of the Exchange Act and Rule 10b-5 thereunder.

4 181. By engaging in the conduct described above, Defendant Alifiya  
5 Kutiyawalla aided and abetted, and unless restrained and enjoined, will continue to  
6 aid and abet, violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and  
7 Rules 10b-5(a)-(c) thereunder, 17 C.F.R. §§ 240.10b-5(a)-(c).

8 **PRAYER FOR RELIEF**

9 WHEREFORE, the SEC respectfully requests that the Court:

10 **I.**

11 Issue findings of fact and conclusions of law that Defendants committed the  
12 alleged violations.

13 **II.**

14 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
15 Civil Procedure, permanently enjoining Defendants Mohammed Pithapurwala,  
16 Ammar Kutiyawalla, and Alifiya Kutiyawalla, and those persons in active  
17 concert or participation with any of them who receive actual notice of the judgment  
18 by personal service or otherwise, and each of them, from violating Exchange Act  
19 Section 10(b) [15 U.S.C. §§ 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

20 **III.**

21 Order Defendant Ammar Kutiyawalla to disgorge all funds received from his  
22 illegal conduct, together with prejudgment interest thereon pursuant to Exchange Act  
23 Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)].

24 **IV.**

25 Order Defendants Mohammed Pithapurwala and Ammar Kutiyawalla to pay  
26 civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

27 **V.**

28 Order Defendant Alifiya Kutiyawalla to pay a civil penalty pursuant to



1 Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

2 **VI.**

3 Retain jurisdiction of this action in accordance with the principles of equity and  
4 the Federal Rules of Civil Procedure in order to implement and carry out the terms of  
5 all orders and decrees that may be entered, or to entertain any suitable application or  
6 motion for additional relief within the jurisdiction of this Court.

7 **VII.**

8 Grant such other and further relief as this Court may determine to be just and  
9 necessary.

10 Dated: December 3, 2021

Amy Jane Longo

Lynn M. Dean

Amy J. Longo

Colleen M. Keating

Attorney for Plaintiff

Securities and Exchange Commission