

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

RAKESH AHUJA,

Defendant.

COMPLAINT

Civil Case No. 26-cv-03213

JURY TRIAL DEMANDED

Plaintiff United States Securities and Exchange Commission (the “SEC”), alleges as follows against Defendant Rakesh Ahuja (“Ahuja” or “Defendant”):

SUMMARY

1. This action involves multiple instances of insider trading by Ahuja in the securities of three publicly traded companies based on material nonpublic information that he acquired while working as a senior associate at an investment advisory firm (“IA Firm”).

2. Ahuja’s job responsibilities included identifying and researching investment opportunities for IA Firm and investment funds that it controlled. As part of his job, Ahuja was given access to material nonpublic information about the companies he was researching to help him assess potential investments.

3. Ahuja owed a duty to IA Firm to refrain from disclosing material nonpublic information that he acquired working for IA Firm without a business purpose or using it to trade in violation of the IA Firm’s policies and the securities laws. In breach of that duty, Ahuja caused a brokerage account in the name of one of his close relatives (“Relative”) to trade based on material nonpublic information in advance of material announcements by companies he was

researching for the IA Firm on at least four separate occasions in June 2022 and from May 2023 through July 2023. Those trades resulted in profits of approximately \$65,000.

4. In January 2024, Ahuja resigned from IA Firm after representing on two separate occasions that he did not recognize Relative's name on a list, compiled by FINRA, of individuals who may have been involved in trading the securities of companies about which the IA Firm obtained confidential information before material public announcements by those companies.

5. By engaging in the conduct described in this Complaint, Ahuja violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

6. The SEC brings this action pursuant to the authority conferred upon it by Exchange Act Sections 21(d) and 21A [15 U.S.C. §§ 78u(d); 78u-1].

7. The SEC seeks a final judgment: (a) permanently enjoining Ahuja from violating the federal securities laws by engaging in the transactions, acts, practices, and courses of business alleged in this Complaint; (b) ordering Ahuja to disgorge any ill-gotten gains he received with prejudgment interest thereon pursuant to Exchange Act Sections 21(d)(3), (5) and (7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)]; (c) ordering Ahuja to pay a civil money penalty pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1]; (d) restraining and enjoining Defendant from, directly or indirectly, acting as or being associated with an investment adviser, broker, or dealer; and (e) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Sections 21(d), 21A, and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d); 78u-1; 78aa(a)]. Ahuja, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged herein.

9. Venue is proper in this District pursuant to Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Defendant Ahuja resides in this District and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District, including placing securities orders from within this District and purchasing securities that are listed on a stock exchange located within this District.

DEFENDANT

10. **Rakesh Ahuja**, age 42, resides in New York, New York. From at least November 2019 to January 2024, Ahuja worked as a senior associate at IA Firm. Ahuja has worked in the securities industry for many years, including at broker-dealers.

OTHER INDIVIDUAL AND ENTITIES

11. **Relative** is a family member who has a close relationship with Ahuja.

12. **IA Firm** has been an SEC-registered investment adviser since 2021. IA Firm is based in New York, New York and provides investment advisory services to two pooled investment funds, herein referred to as Fund A and Fund B.

13. **Fund A and Fund B** (collectively, the “Funds”) are pooled investment funds formed in Delaware. The Funds invest in biopharmaceutical and biotechnology companies.

FACTS

A. Ahuja's Employment, Duty, and Access to Material Nonpublic Information

14. From approximately November 2019 through January 2024, Ahuja was a senior associate at IA Firm.

15. Ahuja's job responsibilities at IA Firm included identifying and researching potential investment targets, conducting due diligence on those companies, and making investment recommendations to IA Firm and the Funds.

16. The Funds invested in biopharmaceutical and biotechnology companies, including companies whose securities were publicly traded on U.S. stock exchanges.

17. In connection with his employment, IA Firm provided Ahuja with material nonpublic information about publicly-traded biopharmaceutical and biotechnology companies in which IA Firm or the Funds might invest. The information he was provided and accessed included confidential clinical trial data and information about the companies' efforts to raise money. Ahuja participated in internal discussions and meetings about the companies' clinical data and discussed material nonpublic information with the companies and their advisers. Ahuja relied on the material nonpublic information to evaluate potential investments by IA Firm and the Funds.

18. During the relevant period, Ahuja's employment with IA Firm was governed by an employment agreement that required him to follow various policies and procedures and comply with applicable securities laws. One of these policies required Ahuja not to misuse or trade on material nonpublic information, including information relating to potential investments in publicly-traded companies.

19. Specifically, IA Firm's Statement of Policy Regarding Confidentiality and Securities Trades by [IA Firm] Personnel ("Statement of Policy") provided, in part, that "[i]f any

[IA Firm] Personnel has material non-public information relating to a portfolio company or potential portfolio company, it is the [IA Firm's] policy that neither that person nor any related or affiliated person may buy or sell securities of such portfolio company or engage in any other action to take advantage of, or pass on to others, that information." The Statement of Policy defined "portfolio company" as "any entity in which investment securities are held."

20. Ahuja owed a duty of trust and confidence to IA Firm.

21. Ahuja was aware of and understood his duty to IA Firm with respect to material nonpublic information. Ahuja has experience working in the securities industry, including at IA Firm. While at IA Firm, Ahuja certified that he "read, understood, and agreed to abide by" IA Firm's policies and procedures, including those requiring confidentiality and prohibiting insider trading.

B. Ahuja Caused Securities Trades Based on Material Nonpublic Information in Breach of his Duty to IA Firm

22. Relative and Ahuja have a close relationship. During his employment, Ahuja shared information with Relative about his job and sought advice from Relative about his employment.

23. At all relevant times, Relative owned a brokerage account (the "Brokerage Account") at a major online brokerage firm. In at least June 2022 and from May 2023 through July 2023, Ahuja accessed the Brokerage Account.

24. In at least June 2022 and from May 2023 through July 2023, while aware of material nonpublic information, and in breach of a duty of trust and confidence he owed to IA Firm, Ahuja caused the Brokerage Account to illegally purchase securities of companies that IA Firm was researching. As a result of these trades, the Brokerage Account generated \$65,404.25

in illicit trading profits.

X4 Pharmaceuticals, Inc.

25. X4 Pharmaceuticals, Inc. (“X4 Pharma”) is a biopharmaceutical company that develops therapeutics for rare hematological diseases. X4 Pharma’s common stock is listed and publicly traded on the NASDAQ stock exchange under the ticker symbol XFOR.

26. In June 2022 and April 2023, IA Firm entered into confidentiality agreements with X4 Pharma. During the time periods covered by the agreements, Ahuja assessed the Funds’ potential investment in X4 Pharma.

27. In breach of his duty to IA Firm, Ahuja caused the Brokerage Account to trade X4 Pharma stock based on material nonpublic information in advance of material announcements during both time periods.

June 2022

28. On June 6, 2022, in connection with IA Firm’s interest in investing in X4 Pharma, IA Firm signed a confidentiality agreement with X4 Pharma, agreeing to keep any information it learned about X4 Pharma’s ongoing clinical trials confidential. Pursuant to that agreement, IA Firm was provided material nonpublic information of X4 Pharma.

29. On that same day, Ahuja received an email from his supervisor at IA Firm (“Supervisor A”) stating, “[w]e are over the wall on XFOR. Details on the financing to be confirmed,” indicating that IA Firm had received, or would soon receive, material nonpublic information pursuant to the confidentiality agreement with X4 Pharma.

30. Over the next few weeks, Ahuja received access to an X4 Pharma data room, which contained X4 Pharma material nonpublic information, prepared valuation models for a potential investment by the Funds, participated in calls with X4 Pharma representatives, and did

other tasks to assist IA Firm in evaluating the investment decision.

31. On June 29, 2022, Ahuja learned that X4 Pharma would issue a press release announcing that X4 Pharma had secured Private Investment in Public Equity (“PIPE”) financing on June 30, 2022, after the market closed, or on the morning of July 1, 2022.

32. On June 30, 2022, at 10:22 a.m. Eastern time, in breach of his duty to IA Firm and while aware of material nonpublic information about the PIPE transaction, Ahuja caused the Brokerage Account to buy 2,500 shares of X4 Pharma stock. Later that day, at 3:25 p.m. Eastern time, Ahuja caused the Brokerage Account to purchase an additional 2,500 shares.

33. That same day, after the market closed, X4 Pharma publicly announced the company planned to raise money through a \$55 million PIPE financing. The next day, July 1, 2022, X4 Pharma’s stock price closed at \$1.04 per share, increasing 7.77% from the prior day’s closing price of \$.965 per share. One of the Funds had participated in the PIPE financing.

34. The next day, the Brokerage Account sold all 5,000 shares of X4 Pharma stock. These trades resulted in profits of \$636.36.

April/May 2023

35. By at least April 11, 2023, IA Firm entered into another confidentiality agreement with X4 Pharma in connection with IA Firm or the Funds making an investment with X4 Pharma.

36. Under the terms of the agreement, X4 Pharma agreed to share with IA Firm nonpublic commercial drug therapy information, and IA Firm agreed to keep that information confidential.

37. Before the agreement was executed, X4 Pharma emailed IA Firm personnel,

including Ahuja, that it would be sharing “sensitive information” about its clinical trial.

38. On April 12, 2023, X4 Pharma shared positive clinical trial data concerning its drug mavorixafor with IA Firm at a meeting Ahuja attended.

39. Less than an hour after the meeting began, Ahuja, in breach of his duty to IA Firm and while aware of material nonpublic information, caused the Brokerage Account to purchase 1,000 shares of X4 Pharma stock.

40. On the morning of April 13, 2023, Ahuja and Supervisor A exchanged by email positive clinical trial data concerning X4 Pharma’s drug mavorixafor.

41. At approximately 1:30 p.m. Eastern time, on April 13, 2023, Ahuja, in breach of his duty to IA Firm and while aware of material nonpublic information, caused the Brokerage Account to buy 9,000 more shares of X4 Pharma stock. The following day, Ahuja caused the Brokerage Account to purchase another 2,500 shares of X4 Pharma stock, and on April 24, 2023, he caused the Brokerage Account to purchase another 3,500 shares of X4 Pharma stock.

42. On May 8, 2023, one of Ahuja’s supervisors (“Supervisor B”) emailed Ahuja to schedule a meeting with him before X4 Pharma’s public release of positive clinical trial data concerning X4 Pharma’s drug mavorixafor on May 16, 2023.

43. On May 15, 2023, Ahuja caused the Brokerage Account to buy another 8,000 shares of X4 Pharma stock. At the market close that day, the Brokerage Account held a total of 16,000 shares of X4 Pharma stock.

44. On May 16, 2023, before the market opened, X4 Pharma publicly announced that it would sell an aggregate of 42.78 million shares to generate up to \$65 million in a private placement and announced plans to hold a webinar at 4:00 p.m. Eastern time to present clinical trial results. At 4:00 p.m. Eastern time, it announced positive clinical trial results. That day, X4

Pharma's stock price closed at \$1.76 per share, an increase of 15.79% from the prior day's closing price of \$1.52 per share. One of the Funds participated in the \$65 million private placement.

45. That same day, after the announcements and during after-market hours, Ahuja caused the Brokerage Account to sell all 16,000 shares of X4 Pharma stock. These trades resulted in profits of \$7,438.18 after 8,000 shares were sold at \$1.85 per share and 8,000 were sold at \$1.90 per share.

UroGen Pharma Ltd.

46. UroGen Pharma Ltd. ("UroGen") is a biotechnology company that focuses on treatment of urological and other cancers. UroGen's common stock is listed and publicly traded on the NASDAQ stock exchange under the ticker symbol URGN.

47. On or about June 22, 2023, IA Firm entered into a confidentiality agreement with UroGen. Under the terms of the agreement, UroGen agreed to disclose confidential information regarding its development of a treatment for urological cancers in connection with a potential investment in UroGen by IA Firm or the Funds, and IA Firm agreed to keep that information confidential.

48. That same day, Supervisor B emailed Ahuja and others, with the subject line: "OTW [over the wall] - restricted: Urogen (URGN)," and stating: "Potential PIPE \$100 million PIPE financing, with possible closing in July."

49. On July 6, 2023, UroGen announced that it would be presenting clinical trial data on July 27, 2023.

50. On July 10, 2023, Ahuja received slides about UroGen, including those

containing the clinical trial data that UroGen intended to present on July 27, 2023.

51. From July 11 through 25, 2023, Ahuja, while aware of material nonpublic information and in breach of his duty to IA Firm, caused the Brokerage Account to buy a total of 4,627 shares of UroGen stock.

52. Ahuja continued to receive information about UroGen, and on July 25, 2023, he sent an email to his supervisors explaining that he would like to attend UroGen's investor day because IA Firm's investment in UroGen would be "a sizeable position for us potentially[.]"

53. On July 27, 2023, between 9:50 a.m. and 10:07 a.m. Eastern time, UroGen announced two positive clinical trial results, information which Ahuja possessed before they were publicly announced, and a \$120 million private securities offering that UroGen used to generate capital. That day, UroGen's stock price closed at \$17.89 per share, increasing 98.56% from the prior day's close of \$9.01 per share. One of the Funds participated in the \$120 million private placement.

54. Following the announcements, the Brokerage Account's trades in UroGen resulted in unrealized profits of \$39,684.76.

Black Diamond Therapeutics, Inc.

55. Black Diamond Therapeutics, Inc. ("Black Diamond") is a clinical-stage oncology company. Black Diamond's common stock is listed and publicly traded on the NASDAQ stock exchange under the ticker symbol BDTX.

56. In or about June 2023, IA Firm was considering participation in a private securities offering by Black Diamond.

57. On June 20, 2023, Ahuja received an email from Supervisor A explaining that Black Diamond was trying to raise money from IA Firm, and that IA was "over the wall" with

Black Diamond. The email further explained that “as part of the wall cross,” Black Diamond would be sharing “data on 12 [patients] from their [phase 1] trial, which is MNPI [material nonpublic information].” The email thus made clear that the data that Black Diamond would be providing to IA Firm was being provided pursuant to an agreement to keep such information confidential.

58. The next day, Ahuja and other IA Firm personnel, began receiving emails containing the material nonpublic information concerning Black Diamond’s potential securities financing and its clinical trial results.

59. On June 21 and 22, 2023, Ahuja, while aware of material nonpublic information and in violation of his duty to IA Firm, caused the Brokerage Account to buy 9,000 shares of Black Diamond stock.

60. On June 26, 2023, Partner B notified IA Firm personnel, including Ahuja, that Black Diamond no longer was pursuing a private securities placement, but that it had “not yet publicly disclosed the additional non-public and highlight confidential information related to its clinical trial.”

61. The email further explained that Black Diamond’s clinical trial information remained confidential until it was publicly announced, which was anticipated to happen the next morning.

62. On June 27, 2023, before the market opened, Black Diamond announced positive data from the clinical study. That day, Black Diamond’s stock closed at \$6.18 per share, increasing 235.87% from the prior day’s closing price of \$1.84 per share.

63. That same day, after the announcement, the Brokerage Account sold all 9,000

shares of Black Diamond stock. These trades resulted in profits of \$17,644.95.

C. Ahuja's False Responses to FINRA Trader Identification Lists

64. In connection with both the June 2023 Black Diamond announcement and the July 2023 UroGen announcement, FINRA asked IA Firm to report whether its employees had any knowledge of, or relationship with, individuals listed on a FINRA trader identification list ("ID List"). The ID List identified persons who may have been involved in trading in the securities of UroGen and Black Diamond close to the public announcements of positive clinical trial results.

65. On November 27, 2023, Supervisor A emailed the ID List regarding the Black Diamond announcement to the IA Firm team, including Ahuja, and asked everyone to "populate the requested data as needed," meaning that employees should identify anyone on the ID List about whom the employee had knowledge. Relative from "[Relative's home city]" was listed on the first page of the ID List as having traded in Black Diamond securities.

66. Later that same day, Ahuja responded: "Hi [Supervisor A], Just seeing this email now, I do not recognize any names on the list." This statement was false because Ahuja had a close personal relationship with Relative.

67. Similarly, on January 9, 2024, Ahuja received an ID List for the UroGen announcement and was asked to review the list and provide specific information if he recognized any names. Relative from "[Relative's home city]" was listed on the first page of the ID List as having traded in UroGen securities.

68. Later that day, Ahuja responded, "I do not recognize any individuals on the ID List[.]" This statement was false because Ahuja had a close personal relationship with Relative.

69. On January 12, 2024, three days after sending his response to the UroGen ID List,

Ahuja resigned his position at IA Firm.

D. Ahuja Acted with Scienter

70. At the time of his trading described above, Ahuja knew or was reckless in not knowing that the information regarding the pharmaceutical companies described above that had been entrusted to him was material nonpublic information that had not yet been disclosed to the public.

71. At the time of the trading described above, Ahuja knew or was reckless in not knowing that he owed IA Firm a duty to keep confidential any material nonpublic information regarding the pharmaceutical companies described above and to refrain from using this information to place trades for his own benefit.

72. Ahuja knowingly or recklessly breached his duty to IA Firm by trading in the securities of the pharmaceutical companies described above on the basis of material nonpublic information provided to him by IA Firm about those companies.

CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

73. The SEC realleges and incorporates by reference each and every allegation in paragraphs 1 through 72, inclusive, as if they were fully set forth herein.

74. By virtue of the foregoing, Ahuja, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange, directly or indirectly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business

which operated or would have operated as a fraud or deceit upon persons.

75. By virtue of the foregoing, Ahuja, directly or indirectly, violated, and unless enjoined, will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that this Court enter a Final Judgment:

I.

Finding that Defendant violated the provisions of the federal securities laws as alleged herein;

II.

Entering an injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendant from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by committing or engaging in specified actions or activities relevant to such violations;

III.

Ordering Defendant to disgorge all ill-gotten gains, plus prejudgment interest;

IV.

Ordering Defendant to pay a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1];

V.

Restraining and enjoining Defendant from, directly or indirectly, acting as or being associated with an investment adviser, broker, or dealer. For purposes of this paragraph, (a) a

person is associated with an investment adviser if such person is a partner, officer, or director of such investment adviser (or performs similar functions), or directly or indirectly controls or is controlled by such investment adviser, including any employee of such investment adviser; and (b) a person is associated with a broker or dealer if such person is a partner, officer, director, or branch manager of such broker or dealer (or occupies a similar status or performs similar functions), directly or indirectly controls, is controlled by, or is under common control with such broker or dealer, or is an employee of such broker or dealer.

VI.

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

JURY DEMAND

The Commission demands a trial by jury on all claims so triable.

Dated: April 20, 2026

Respectfully submitted,

/s/ Sharan E. Lieberman

Sharan E. Lieberman (SL6623)
Frank D. Goldman (FG9921)
Securities and Exchange Commission
Denver Regional Office
Byron G. Rogers Federal Building
1961 Stout Street, Suite 1700
Denver, CO 80294-1961
(303) 844-1027
Email: liebermans@sec.gov

Attorneys for Plaintiff