UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 91131 / February 16, 2021

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4203 / February 16, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20225

In the Matter of

EDWARD T. KELLY, CPA,

Respondent.

ORDER INSTITUTING PUBLIC ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION’S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Edward T. Kelly (“Respondent” or “Kelly”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.1

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

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1 Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.
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, and the findings contained in Section III.3. below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Kelly, age 63, was a certified public accountant licensed to practice in the State of New York from June 1981 until February 2019. He served as Controller of Aceto Corporation (“Aceto”) from 2001 until his retirement on March 7, 2018, and as a consultant to Aceto in April 2018.

2. Aceto was, at all relevant times, a New York corporation with its principal place of business in Port Washington, New York. At all relevant times, Aceto was in the business of marketing and selling generic pharmaceuticals, pharmaceutical ingredients, and chemicals. At all relevant times, Aceto’s common stock was registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and traded on the NASDAQ Global Select Market (ticker: ACET).

3. On December 9, 2020, a final judgment was entered against Kelly, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Edward T. Kelly, Civil Action Number 20 Civ. 4479 (JMA), in the United States District Court for the Eastern District of New York. Kelly was also ordered to pay a $170,227.76 civil money penalty and was prohibited 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.

4. The Commission’s complaint alleged, among other things, that Kelly traded securities issued by Aceto while owing a duty of trust and confidence to Aceto and its shareholders and while in possession of material, non-public information (“MNPI”). The Complaint alleged that following his March 7, 2018 retirement from Aceto, Kelly returned to Aceto as a consultant to assist his successor in closing Aceto’s books for the quarter ending March 31, 2018, during which he obtained MNPI regarding Aceto’s deteriorating financial condition. The Complaint alleged that in breach of his duty of trust and confidence, Kelly sold Aceto shares and exercised his in-the-money Aceto stock options in advance of an April 18, 2018 announcement containing news of Aceto’s deteriorating financial condition, which caused Aceto’s stock to decline by approximately 64 percent, and that by engaging in such conduct, Kelly avoided losses and made an unjust profit of more than $85,000 in the aggregate.
IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Kelly’s Offer.

Accordingly, it is hereby ORDERED, effective immediately, that Kelly is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Vanessa A. Countryman
Secretary