

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 92474 / July 23, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20409

In the Matter of

Alan L. Alexander,

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 Alan L. Alexander (“Respondent” or “Alexander”).

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 or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

1. These proceedings concern the conduct of Alan L. Alexander, a resident of Lewisville, Texas, who "tipped" material non-public information in 2018 to his relative and coworkers about a proposed acquisition by his then-employer. Following the announcement of the acquisition in June 2018, shares of the then-publicly-traded target company closed the next trading day up 120% on exponentially larger-than-normal trading volume.

2. Alexander, age 61, worked as a member of the acquiring company's technical staff from March 2016 until his resignation on October 31, 2018. In the course of his employment, Alexander drove the president of his company to and from an industry conference in May 2018. On the return trip, Alexander overheard a conversation between the president and the chairman of his company and its parent company. Alexander learned that the two executives were discussing a specific company and a potential per-share acquisition price. When the call ended, the president told Alexander that their company was working toward an acquisition of another company, though nothing had been finalized.

3. After Alexander learned this information, he had a conversation with a relative, in which he described the material, non-public information about the proposed acquisition. During this call, Alexander said that he could not buy stock in the company to be acquired, because he was employed by the company considering the acquisition, but suggested that the relative could trade.

4. In June 2018, Alexander's relative purchased 4,000 shares of the common stock of the company to be acquired. In July 2018, following the public announcement of the acquisition, Alexander's relative sold the entire position in the acquired company for a profit of \$3,455.

5. In addition, after Alexander drove his company's president in May 2018, he told two coworkers about the material, non-public information he learned from that trip. Based on Alexander's tip, these coworkers purchased at least 7,330 shares of the common stock of the company to be acquired in May and June 2018. These coworkers realized profits of \$5,650 after ultimately selling their positions upon the announcement of the acquisition.

6. In connection with his employment, Alexander signed an agreement in 2016 in which he acknowledged that he would occupy a position of trust and confidence through his employment and that he would not disclose to others confidential information about his employer, including proprietary knowledge learned in the course of his employment.

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.

7. Alexander knowingly or recklessly breached his fiduciary duty to his then-employer by tipping material non-public information about the proposed acquisition to his relative and work colleagues, in an effort to benefit them.

8. As a result of the conduct described above, Alexander violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Alexander's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Alexander 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 Alexander shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$9,105 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 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 Alan L. Alexander 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 Jennifer S. Leete, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

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