



## JOINT CHIEFS OF GLOBAL TAX ENFORCEMENT

### **Brooklyn man charged in long-running international insider trading scheme**

*Defendant Allegedly Received Tips from a Company Insider and a Reporter at a Financial News Organization*

March 23, 2021

NEW YORK – A 10-count indictment was filed today in federal court in Brooklyn charging Jason Peltz with securities fraud, money laundering and tax evasion, among other offenses, including related conspiracy offenses. The charged crimes arise out of a long-running insider trading scheme, in which Peltz executed securities transactions in the brokerage accounts of co-conspirators based on material nonpublic information (“MNPI”) from a variety of sources. Peltz was previously arrested on a complaint in December 2020 and will be arraigned on the indictment at a later date.

“While most Americans dream of winning the lottery or finding a stock before it takes off, Peltz rigged the system for his personal gain, creating fortune for himself at the expense of others,” stated IRS-CI Special Agent-in-Charge Larsen. “Peltz stands accused of a multitude of crimes that go far beyond his initial investments, extending to tax crimes and lying. Thanks to our work with the Joint Chiefs of Global Tax Enforcement (J5), we were able to unravel the web of lies that Peltz wove to cover his greedy crimes and send a message to others involved in similar schemes.”

“As alleged, Peltz used material nonpublic information about publicly traded companies to line his own pockets and then concealed his illegally earned income to avoid paying taxes,” stated Acting U.S. Attorney Lesko. “This Office will spare no effort to identify and prosecute defendants who seek to profit from insider trading schemes that harm the investing public and undermine the integrity of our financial markets.” Mr. Lesko thanked the Securities and Exchange Commission, New York Regional Office, for their assistance during the investigation.

“As alleged, today’s indictment details a very deliberate attempt by Peltz to illegally profit from receiving and providing advanced knowledge of nonpublic information about publicly traded companies. When one has access to material, nonpublic information, they’re afforded significant knowledge that could give them a competitive edge in stock and options trading. Exploiting this knowledge is illegal, and the FBI will continue to investigate and prosecute those who cheat the system in this way,” stated FBI Assistant Director-in-Charge Sweeney.”

According to the indictment, between November 2015 and October 2020, Peltz and his co-conspirators engaged in a fraudulent scheme by which they obtained MNPI about publicly traded companies from a variety of sources, including a corporate insider and a reporter at a financial news organization (the “Reporter”). Peltz and his co-conspirators allegedly used the MNPI to profitably trade in securities in advance of public disclosure through news articles. For example, the brokerage accounts of members of the conspiracy made purchases of certain companies’ securities shortly before significant corporate events, such as announcements of potential mergers or acquisitions that sometimes resulted in near-immediate increases in the

companies' share prices. The co-conspirators' brokerage accounts sold the shares at a later date in close proximity to the relevant corporate events or announcements of the events. To prevent scrutiny of their communications, Peltz and his co-conspirators often communicated via the use of smartphone applications with end-to-end encryption. Peltz also used prepaid cellular telephones, known as "burner" phones, to prevent scrutiny of his communications.

In February 2016, Peltz obtained MNPI from an insider at Ferro Corporation ("Ferro") about a potential takeover offer (the "Ferro Takeover Bid"). Peltz used that MNPI to (1) profitably trade in Ferro in the brokerage accounts of two co-conspirators, (2) tip certain other co-conspirators, each of whom also profitably traded on MNPI about the Ferro Takeover Bid, and (3) tip the Reporter, who wrote an article making public the news of the Ferro Takeover Bid, which resulted in an increase in the price of Ferro's stock. Peltz and the Ferro insider each received significant financial benefits from other co-conspirators shortly after Peltz traded in those co-conspirators' brokerage accounts.

Following his profitable insider trading in Ferro, Peltz continued to cultivate his relationship with the Reporter and obtained information about the Reporter's upcoming news articles. On multiple occasions thereafter, Peltz traded in the brokerage accounts of co-conspirators shortly before the publication of articles by the Reporter about publicly traded companies. The articles were often followed by increases in the prices of the companies' stock.

During the course of the conspiracy, Peltz received large payments from co-conspirators, as well as other benefits, as payment for his trading activity. Peltz received these payments in corporate and nominee bank and credit card accounts, in order to conceal his income from the IRS. Despite receiving such payments, in 2017 Peltz falsely swore under penalty of perjury to the IRS that he had been unemployed since December 2015 and had no income.

The charges in the indictment are allegations, and the defendant is presumed innocent unless and until proven guilty. If convicted of securities fraud, Peltz faces up to 25 years' imprisonment.

The J5 was formed in 2018 after a call to arms from the OECD Taskforce on Tax Crime and has been working together to gather information, share intelligence and conduct coordinated operations, making significant progress in each country's fight against transnational tax crime. The J5 includes the Australian Taxation Office (ATO), the Canada Revenue Agency (CRA), the Dutch Fiscal Information and Investigation Service (FIOD), Her Majesty's Revenue and Customs (HMRC) from the UK and the Internal Revenue Service Criminal Investigation Division (IRS-CI) from the US.

For more information about J5, please visit [www.irs.gov/J5](http://www.irs.gov/J5).