

First Charges Filed in Equifax Data Breach for Insider Trading

March 16, 2018 - Shortly before Equifax announced its massive data breach late last year, three of the company's executives sold approximately \$2 million in company stock. By law, executive stock sales must be reported publically so there was a lot of controversy about the sales after the breach was announced. At the time Equifax released a statement saying that the executives involved "had no knowledge that an intrusion had occurred at the time they sold their shares." But after an investigation the both the government and the company disagreed with the initial statement. Now the government has filed insider trading charges against one of the people involved.

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The Securities and Exchange Commission (SEC) has announced that it has filed charges against Jun Ying; the company's Chief Information Officer at the time of the breach.

A statement released by the SEC reads, " According to the SEC's complaint, Jun Ying, who was next in line to be the company's global CIO, allegedly used confidential information entrusted to him by the company to conclude that Equifax had suffered a serious breach. The SEC alleges that before Equifax's public disclosure of the data breach, Ying exercised all of his vested Equifax stock options and then sold the shares, reaping proceeds of nearly \$1 million. According to the complaint, by selling before public disclosure of the data breach, Ying avoided more than \$117,000 in losses."

The SEC action is a civil complaint but parallel criminal charges have also been filed against him by the US Attorney's office in Georgia.

The SEC complaint seeks to recover all profits Ying made from the sale as well as an unspecified fine amount. Criminal conviction for insider trading can include up to 20 years in prison and a fine of up to \$5 million.

Equifax has fired Ying and is cooperating in the government's ongoing investigation.

by Jim Malmberg

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