



Foreign Traders Agree to Pay \$3.3 Million to Settle Charges in Nexen Insider Trading Case

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Washington, D.C., March 29, 2013 — The Securities and Exchange Commission today announced that a Chinese businessman and his wife whose trading accounts were frozen last year as part of a major insider trading case have agreed to settle charges that they loaded up on the securities of Nexen Inc. while in possession of nonpublic information about an impending announcement that the company was being acquired by China-based CNOOC Ltd.

Additional Materials

► [SEC Complaint filed July 27, 2012](#)

The [SEC obtained an emergency court order](#) in July 2012 to freeze multiple Hong Kong and Singapore-based trading accounts just days after the Nexen acquisition was announced and suspicious trading in Nexen stock was detected. The SEC's complaint alleged that in the days leading up to the announcement, Hong Kong-based firm Well Advantage Limited and other unknown traders purchased Nexen stock based on confidential details about the acquisition.

The SEC's investigation has identified Ren Feng and his wife Zeng Huiyu as previously unknown traders charged in the complaint as well as Ren's private investment company CT Prime Assets Limited and four of Zeng's brokerage customers on whose behalf she traded. They made a combined \$2.3 million in illegal profits from Nexen stock trades made by Ren and Zeng.

The settlement, which is subject to court approval, requires the traders to pay more than \$3.3 million combined.

"This settlement requires full disgorgement of the insider trading profits of this group of foreign traders, and Ren and Zeng must additionally pay sizeable penalties," said Sanjay Wadhwa, Senior Associate Director of the SEC's New York Regional Office. "This should send a stern warning to anyone contemplating insider trading in U.S. markets from abroad that the SEC uncovers such misconduct and the end result is a severe financial setback rather than a windfall."

In October 2012, the SEC [announced a settlement with Well Advantage](#), which agreed to pay more than \$14.2 million to settle the insider trading charges. U.S. District Court Judge Richard J. Sullivan of the Southern District of New York approved that settlement.

This proposed settlement with Ren, Zeng, and the others also must be approved by Judge Sullivan.

Ren and CT Prime agreed to the entry of a final judgment requiring them to jointly pay disgorgement of their ill-gotten gains of \$839,714.57 plus a penalty of \$839,714.57, and permanently enjoining them from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5.

Zeng agreed to the entry of a final judgment requiring her to pay

disgorgement of her ill-gotten gains of \$202,030.22 plus a penalty of \$202,030.22, and permanently enjoining her from future violations of Section 10(b) of the Exchange Act and Rule 10b-5.

Zeng also traded on behalf of four of her brokerage customers, who have agreed to disgorgement of the ill-gotten gains. Wong Chi Yu and her company Giant East Investments Limited agreed to jointly pay disgorgement of \$641,057.94. Wang Wei agreed to pay disgorgement of \$137,369.56. Wang Zhi Hua agreed to pay disgorgement of \$466,169.15.

The defendants neither admit nor deny the SEC's allegations.

The SEC's investigation, which is continuing, has been conducted by Simona Suh, Charles D. Riely, Michael P. Holland, and Joseph G. Sansone of the Market Abuse Unit as well as Elzbieta Wraga and Aaron Arnzen of the New York Regional Office. The case has been supervised by Daniel M. Hawke and Sanjay Wadhwa. The SEC appreciates the assistance of the Hong Kong Securities and Futures Commission and the Financial Industry Regulatory Authority (FINRA).

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[Home](#) | [Previous Page](#)

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