

Three former Netflix employees charged with insider trading

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In this photo illustration a computer and a mobile phone screen display the Netflix logo in March 2020 in Arlington, Virginia.

US regulators on Wednesday filed insider trading charges against five people, including three former Netflix employees, accusing them of illegally using confidential data on subscriber growth at the streaming

television giant.

The Securities and Exchange Commission said the group generated \$3 million in total profits by trading on the [insider information](#) from three former Netflix software engineers.

"We allege that a Netflix employee and his close associates engaged in a long-running, multimillion dollar scheme to profit from valuable, misappropriated company information," said Erin Schneider, director of the SEC's San Francisco regional office.

Joseph Sansone of the SEC's Market Abuse Unit said the group tried to evade detection by using encrypted messaging applications and paying cash kickbacks.

"This case reflects our continued use of sophisticated analytical tools to detect, unravel and halt pernicious insider trading schemes that involve multiple tippers, traders, and market events," Sansone said in a statement.

According to the SEC's complaint, Sung Mo "Jay" Jun was at the center of a long-running scheme to illegally trade on non-[public information](#) while employed at Netflix in 2016 and 2017.

Jun revealed this information to his brother, Joon Mo Jun, and a friend, Junwoo Chon, who both used it to trade in advance of multiple Netflix earnings announcements.

After Jun left Netflix in 2017, he obtained confidential Netflix subscriber growth information from another Netflix insider, Ayden Lee, according to the SEC.

The SEC alleged that Sung Mo Jun's former Netflix colleague Jae Hyeon

Bae, another Netflix engineer, provided the insider subscriber growth information in advance of Netflix's July 2019 earnings announcement.

The agency said the five have consented to a [court settlement](#), which would bar them from further violations and impose undetermined civil penalties.

Separate criminal charges were filed by the US Attorney's Office against Sung Mo Jun, Joon Jun, Chon and Lee, officials said.

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