

Apple's former top corporate lawyer pleads guilty to insider trading

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The former top corporate lawyer for Cupertino technology giant Apple on Thursday pleaded guilty to insider trading.

The scheme by Gene Levoff, 48, of San Carlos spanned five years, the U.S. Department of Justice said in a news release Thursday. Levoff, charged in early 2019, admitted to six counts of securities fraud.

"Gene Levoff betrayed the trust of one of the world's largest tech companies for his own financial gain," federal prosecutor Vikas Khanna said. "Despite being responsible for enforcing Apple's own ban on insider trading, Levoff used his position of trust to commit [insider trading](#) in order to line his own pockets."

FBI special agent Terence Reilly described Levoff's scheme as "gaming the system" and said it threatened the viability of the [stock](#) market. "The average American, whose retirement savings is invested in these companies, has every right to expect that rules are being followed, the game is being played fairly, and their nest egg is safe from profiteers who willingly sidestep the rules to improve their own financial future at the expense of others," Reilly said.

Levoff, who co-chaired the Apple committee that reviewed draft quarterly and yearly earnings data and regulatory filings before they were publicly disclosed, misappropriated non-public information about Apple's financial results and then traded the company's stock, the Justice Department said.

"Levoff mined these materials for inside information about Apple to guide his decisions to buy and sell Apple stock ahead of its earnings announcements," the department said. When Apple had strong revenue and profit for a given period, Levoff bought large quantities of stock, selling it for a profit after the market reacted to the news, the department said. "When there were lower-than-anticipated revenue and [net profit](#), Levoff sold large quantities of Apple stock, avoiding significant losses," according to the department.

Levoff ignored the "blackout periods" barring employees with such non-public information from trading the firm's stock until the financial results were publicly reported, the department said.

"On several occasions, Levoff executed trades within a blackout period after notifying other individuals subject to the restriction that they were prohibited from buying or selling Apple stock until the blackout period terminated," the department said. "This scheme to defraud Apple and its shareholders allowed Levoff to realize profits of approximately \$227,000 on certain trades and to avoid losses of approximately \$377,000 on others."

The fraud took place from 2011 to 2016, according to the indictment against Levoff. His sales of Apple shares ranged from 2,000 to more than 43,000.

Each securities fraud count carries a maximum penalty of 20 years in prison and a \$5 million fine. Because of [federal sentencing guidelines](#) and judges' discretion, maximum sentences are rarely imposed.

Levoff's sentencing is scheduled for November 10. The case is in [federal court](#) in New Jersey, where stock-trading systems Levoff used were located, according to the indictment.

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