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INSIDER TRADING

2 accused of insider trading ahead of Ackman's HLF short

The Securities and Exchange Commission charged two men Tuesday with insider trading in connection with Pershing Square's announcement that it had taken a short position on Herbalife.

The SEC said Filip Szymik of New York learned from his roommate, who was a Pershing analyst, of William Ackman's planned announcement on Dec. 20, 2012, that he was shorting Herbalife stock because of his claim that its operations amounted to a pyramid scheme.

> "Mr. Szymik did not trade a single share of Herbalife or make a penny from his friend's trade."
>
> Paul Ryan, Partner
> Serpe Ryan LLP

Szymik, 28, then allegedly told Jordan Peixoto of the news. Peixoto, 30, of Toronto, in turn allegedly made $47,100 off of Herbalife put options, the agency said.

"Szymik and Peixoto chose to engage in illicit tipping and trading in advance of the announcement of market-moving information and today they are being held accountable for those offenses," Sanjay Wadhwa, senior associate director of the SEC's New York Regional Office, said in a statement.

The SEC said it settled with Szymik, ordering him to cease and desist from further violations and pay a $47,100 civil penalty.

"Mr. Szymik did not trade a single share of Herbalife or make a penny from his friend's trade," defense attorney Paul W. Ryan said in an email. "With this settlement, he hopes to put this behind him."

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Peixoto's attorney, Derrelle Janey, told CNBC that the charge "is another instance of the SEC going too far and penalizing someone for conduct that is not a violation of the law."

The former Pershing analyst who leaked the news left the firm in September 2013, according to the SEC order against Szymik.

Pershing declined to comment on the news.