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***Not admitted in the U.S. District Court for the Southern District of New York**

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**DONALD G. BLAKSTAD, MARTHA
PATRICIA BUSTOS, and ROBERT J.
MARON,**

Defendants, and

JOUBIN TORKAN

Relief Defendant.

19-CV-6387 (DLC)

AMENDED COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (the "Commission") files this Amended Complaint against defendants Donald G. Blakstad ("Blakstad"), Martha Patricia Bustos ("Bustos"), and Robert J. Maron (collectively, "Defendants"), and relief defendant Joubin Torkan ("Torkan" or "Relief Defendant") and alleges as follows:

SUMMARY

1. Between at least April 2016 and July 2018, defendants Blakstad, Bustos, and Maron engaged in a multi-tiered insider trading scheme, which in total generated over \$6.2 million in unlawful profits.

2. As an accountant in Illumina Inc.'s ("Illumina") finance department, and later as a commercial business analyst, Bustos had access to—and a duty to keep confidential—material nonpublic information concerning her employer's quarterly financial performance. In breach of her duty, Bustos tipped this information to her close friend Blakstad concerning at least four different Illumina quarterly financial performance announcements.

3. In an effort to conceal his trading, Blakstad enlisted two individuals to trade on his behalf ahead of two of the Illumina announcements. He also tipped Maron and at least three other individuals, each of whom traded in advance of at least one of the four announcements. Many of the unlawful trades involved out-of-the-money, near-expiration options contracts, which allowed Blakstad, Maron, and the other tippers to earn significant trading profits.

4. For instance, Blakstad tipped Maron material nonpublic information relating to Illumina's quarterly financial performance prior to an unscheduled October 10, 2016, Illumina quarterly revenue and earnings announcement. After receiving the tip, Maron purchased out-of-the-money, near-expiration Illumina put option contracts in an account owned by his friend Torkan, which generated more than \$1 million in illegal profits. Maron gave Torkan approximately \$113,833 of the profits and kept the remainder for himself.

5. In return for the tips, Blakstad rewarded Bustos lavishly. For example, following one successful tip, Blakstad treated Bustos and several of her friends to an all-expense paid trip to New York, spending nearly \$35,000 for first-class airfare, hotels, and meals for every member

of the traveling party, including a \$7,500 meal at New York's upscale restaurant Per Se. Blakstad also gave Bustos gifts, including \$12,000 in cash in August 2017 along with a Louis Vuitton handbag one month later.

6. By engaging in the conduct described in this Complaint, Defendants violated, and unless enjoined will continue to violate, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Furthermore, Relief Defendant Torkan has been unjustly enriched given the fact that he has no legitimate claim to the approximately \$113,833 that he received as a result of Maron's insider trading.

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to enjoin such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

8. This Court has jurisdiction over this action pursuant to Sections 21(d) and (e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1, and 78aa].

9. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Among other things, certain of the acts, practices, and courses of business constituting the violations of the federal securities laws alleged herein occurred within the Southern District of New York.

DEFENDANTS

10. Blakstad, age 62, lives in San Diego, California, and Las Vegas, Nevada, and appears to be self-employed. On January 8, 2020, the Commission filed a litigated civil action

against Blakstad and two companies he controlled— Energy Sources International Corporation and Xact Holdings Corporation—alleging that between July 2015 and May 2019 they raised at least \$3.5 million through a fraudulent securities offering. *See SEC v. Blakstad, et al.*, 20-CV-0016 (S.D.N.Y.). The United States Attorney’s Office for the Southern District of New York also filed criminal charges against Blakstad based on his conduct arising out of the fraudulent securities offering and illicit trading in Illumina securities referenced herein. *See United States v. Blakstad*, 19-cr-00486 (S.D.N.Y.). On June 28, 2021, Blakstad was convicted on all counts of conspiracy to commit securities fraud and wire fraud and securities fraud and wire fraud.

11. **Bustos**, age 33, lives in San Diego, California, and from 2013 until she resigned on June 6, 2019, was an Illumina employee. From 2013 to approximately November 2016, she worked as an accountant in Illumina’s finance department, and from November 2016 until her resignation, she worked as a commercial business analyst. Bustos traveled, socialized, and had a close friendship with Blakstad. She was a certified public accountant licensed by the state of California in 2016 and 2017, but has since let her license lapse.

12. **Maron**, age 62, lives in Westlake Village, California, and is a dealer of luxury watches through his business, Robert Maron, Inc. He is a personal friend of Blakstad, and he and Blakstad also have mutual friends, including Bustos.

13. **Torkan**, age 56, lives in Beverly Hills, California. Torkan was the President of J. Alexander Collection, Inc., a luxury furniture store in Los Angeles until 2018. He is a personal friend of Maron.

OTHER RELEVANT INDIVIDUALS AND ENTITIES

14. **Illumina** is a Delaware corporation headquartered in San Diego, California, and is a developer and manufacturer of human genome biomedical tools and drugs. At all relevant

times, the company's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the NASDAQ Global Select Market under the symbol ILMN.

15. **Trader 1** is the founder and managing principal of Hedge Fund 1. In June 2016, Trader 1 co-founded Advisory Firm with Trader 2.

16. **Trader 2** is president and managing partner of a hedge fund. In June 2016, Trader 2 co-founded Advisory Firm with Trader 1.

17. **Hedge Fund 1** is a Delaware limited liability company that operates as an employee-owned hedge fund sponsor and advisor. Trader 1 is the founder and managing principal of the company.

18. **Advisory Firm** is a Delaware limited liability company that provides financial advisory and consulting services to its clients. It was formed in June 2016 and is equally owned and controlled by Trader 1 and Trader 2.

19. **Hedge Fund 2** is a Delaware limited partnership and serves as a pooled investment fund with zero assets under management. Trader 1 is the sole managing member of the general partner of Hedge Fund 2.

20. **Hedge Fund 3** is a Delaware limited liability company. Trader 1 is the managing principal and the sole member of the company.

21. **Tippee 1** is a business associate and personal friend of Blakstad.

22. **Tippee 2** is a business associate of Blakstad.

23. **Tippee 3** is a business associate and personal friend of Blakstad.

COMMONLY-USED TRADING TERMS

24. A stock option, commonly referred to as an “option,” gives its purchaser-holder the option to buy or sell shares of an underlying stock at a specified price (the “strike” price) prior to the expiration date. Options are generally sold in “contracts,” which give the option holder the opportunity to buy or sell 100 shares of an underlying stock.

25. A “call” option gives the purchaser-holder of the option the right, but not the obligation, to purchase a security at a specified strike price within a specific time period. Generally, the buyer of a call option anticipates that the price of the underlying security will increase during a specified amount of time.

26. A “put” option gives the purchaser-holder of the option the right, but not the obligation, to sell a security at a specified strike price within a specific time period. Generally, the buyer of a put option anticipates that the price of the underlying security will decrease during a specified amount of time.

FACTS

Bustos Had Access to – and a Duty Not to Disclose – Material Nonpublic Information Concerning Illumina’s Financial Performance

27. From at least 2013 through August 2018, as an accountant in Illumina’s finance division and then later as a commercial business analyst, Bustos received daily emails in advance of the company’s quarterly performance announcements that contained nonpublic draft financial statements with preliminary profit and loss data related to Illumina’s quarter-end financial performance. Bustos knew that the information contained in the daily emails related to Illumina’s quarterly financial performance was material and nonpublic.

28. Illumina adopted a set of policies and procedures designed to prevent insider trading by the company’s officers, directors, employees and other related individuals (the

“Insider Trading Policy”). The Insider Trading Policy, among other things, provided that all employees who possess material nonpublic information are: (1) prohibited from trading in Illumina’s securities; and (2) prohibited from tipping material nonpublic information to any other person where such information may be used to his or her profit. The Insider Trading Policy stated that “financial results” and “projections of future earnings or losses” are examples of information that, prior to public dissemination, should always be considered material and nonpublic.

29. As an employee of Illumina, Bustos was required to comply with, and acknowledge receipt of, the Insider Trading Policy, which she did when she was hired in 2013. Bustos continued to certify compliance with the Insider Trading Policy annually.

The April 18, 2016 Preliminary Revenue Announcement

30. In advance of Illumina’s April 18, 2016 preliminary revenue announcement, Bustos tipped Blakstad material nonpublic information concerning Illumina’s financial performance for the first quarter of 2016. In turn, Blakstad tipped Tippee 1 and Tippee 2 material nonpublic information, who both traded highly speculative Illumina securities in advance of the announcement.

31. On April 18, 2016, after market close, Illumina announced preliminary first quarter 2016 revenue of \$572 million, which was approximately \$25 million below Wall Street estimates. On April 19, 2016, Illumina’s stock price closed at \$136.88, which was \$41.25, or nearly 23%, lower than its closing price on April 18.

32. As a result of trading on the information, Tippee 1 and Tippee 2 generated illegal profits of approximately \$322,625 and \$23,381, respectively.

Bustos Tips Blakstad

33. In advance of the April 18, 2016 preliminary revenue announcement, Bustos was in possession of material nonpublic information concerning Illumina's financial performance. Specifically, Bustos knew Illumina would announce negative revenue results for the first quarter of 2016.

34. Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance prior to Illumina's April 18, 2016 preliminary revenue announcement.

35. On April 14, 2016, Blakstad called Bustos at approximately 12:29 PM EST, and they spoke for approximately three minutes. Later that day, at approximately 1:43 PM EST, Blakstad again called Bustos, and they spoke for approximately six minutes.

Blakstad Tips Tippee 1

36. Blakstad tipped Tippee 1 material nonpublic information concerning Illumina's financial performance prior to Illumina's April 18, 2016 preliminary revenue announcement.

37. On April 14, 2016, at approximately 12:29 PM EST, within seconds of ending the call with Bustos, Blakstad called Tippee 1 twice, but was unable to connect.

38. At approximately 12:35 PM EST, Tippee 1 returned Blakstad's calls, and the two spoke for approximately 90 seconds.

39. At about 12:37 PM EST, and then again at approximately 12:44 PM EST, Tippee 1 called and spoke to his stockbroker, who then entered the first order in Tippee 1's account to buy Illumina put options.

40. Between April 14 and April 18, 2016, Tippee 1 purchased 300 near-expiration, out-of-the-money Illumina put options contracts for a total purchase price of \$98,705.

41. On April 19, 2016, the next trading day after Illumina announced its first quarter 2016 preliminary revenue estimate, Tippee 1 sold all 300 Illumina put options contracts and realized profits of \$322,625.

Blakstad Tips Tippee 2

42. On April 14, 2016, at approximately 2:00 PM EST, and again around 2:13 PM EST, Blakstad called Tippee 2, but was unable to connect. At approximately 2:39 PM EST, Tippee 2 returned Blakstad's calls, and the two spoke for approximately 16 minutes.

43. Immediately upon ending the call with Blakstad, Tippee 2 called his stockbroker and the two spoke for almost 11 minutes. During this conversation, Tippee 2's stockbroker entered an order for 10 near-expiration, near-the-money Illumina put options contracts for \$9,026.

44. On April 18, 2016, the day of the announcement, Tippee 2 wired \$250,000 to Blakstad for a purported investment into a Blakstad-controlled company.

45. On April 19, 2016, the next trading day after Illumina announced its first quarter 2016 preliminary revenue estimate, Tippee 2 sold all 10 Illumina put options contracts and realized profits of \$23,381.

The October 10, 2016 Preliminary Revenue Announcement

46. In advance of Illumina's October 10, 2016 preliminary revenue announcement, Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance for the third quarter of 2016. In turn, Blakstad traded in highly speculative Illumina securities and tipped Maron and Tippee 1 material nonpublic information, who also traded in similarly speculative Illumina securities.

47. After market close on October 10, 2016, Illumina announced third quarter revenue of \$607 million – approximately \$20 million short of Wall Street’s estimates of Illumina’s revenue for the third quarter of 2016, as well as Illumina’s previously-released revenue guidance for that quarter. On October 11, 2016, the following day, Illumina’s shares closed at \$138.99, a 25% decrease from the previous day’s closing price.

48. As a result of trading on the information, Blakstad, Maron, and Tippee 1 generated illegal profits of approximately \$2,704,815, \$1,013,833, and \$396,394, respectively.

Bustos Tips Blakstad

49. In advance of the October 10, 2016 preliminary revenue announcement, Bustos was in possession of material nonpublic information concerning Illumina’s financial performance. Specifically, Bustos knew Illumina would announce negative revenue results for the third quarter of 2016.

50. Bustos tipped Blakstad material nonpublic information concerning Illumina’s financial performance in advance of Illumina’s October 10, 2016 preliminary revenue announcement.

51. Between Thursday, October 6, 2016, and Sunday, October 9, 2016, Bustos and Blakstad exchanged 18 telephone calls.

Blakstad Enlists Trader 1 and Trader 2 to Conceal his Trading

52. When Bustos and Blakstad were communicating between October 6, 2016, and October 9, 2016, Blakstad engaged Advisory Firm and industry professionals Trader 1 and Trader 2—with whom he already had an investment-related business relationship—to conceal his anticipated purchase of Illumina securities based on material nonpublic information.

53. Blakstad had a series of telephone calls with Trader 1 and Trader 2, including a call with Trader 2 at 12:12 PM EST on Saturday, October 7, 2016. In one or more of these

telephone calls, Blakstad, Trader 1, and Trader 2 discussed purchasing Illumina put option contracts in advance of Illumina's October 10, 2016 preliminary revenue announcement.

54. Since there was insufficient time in advance of the announcement for Trader 2 to open a separate brokerage account for the benefit of Blakstad, Trader 2 agreed to purchase Illumina put options contracts on Blakstad's behalf in Trader 2's personal brokerage account. However, Trader 2's personal brokerage account had not yet been authorized to trade options.

55. On or about Saturday, October 8, 2016, while Trader 2 sought options trading approval in his personal brokerage account, Blakstad transferred \$110,000 to Trader 2's bank account.

56. On Sunday, October 9, 2016, Blakstad instructed Trader 1 and Trader 2 on how to allocate his \$110,000 to purchase certain Illumina put options series, including the exact strike prices and expiration dates, all of which were out-of-the-money and set to expire on October 21, 2016.

57. On Monday, October 10, 2016, Trader 2 bought 1,542 put options at a total cost of just under \$110,000 in his personal brokerage account.

58. Blakstad's options purchases accounted for a large percentage of Illumina trading volume that day, ranging from 51% to 100% of total trading volume for the various series purchased.

59. On October 11, 2016, the next trading day after Illumina's announcement, Trader 2 sold all of Blakstad's put options contracts for a realized profit of \$2,704,815. The same day, Trader 2 began transferring to Blakstad \$2,568,923 – representing Blakstad's share of trading profits and principal – and Trader 1 and Trader 2 retained \$245,892 in exchange for facilitating Blakstad's Illumina trading.

Blakstad Tips Maron

60. Blakstad tipped Maron material nonpublic information concerning Illumina's financial performance prior to Illumina's October 10, 2016 preliminary revenue announcement.

61. At approximately 8:23 PM EST on Friday, October 7, 2016, Bustos called Blakstad, and they spoke for approximately five minutes. At 9:06 PM EST, Blakstad called Maron, but was unable to connect with him. One minute later, Blakstad initiated the following text message exchange with Maron:

Date/Time	Direction	Text
10/7/16 9:07 PM EST	Blakstad to Maron	Call me its really important
10/7/16 9:07 PM EST	Maron to Blakstad	Right now? I'm at dinner...
10/7/16 9:54 PM EST	Blakstad to Maron	Call me if you want as I mentioned its so important please
10/7/16 9:55 PM EST	Blakstad to Maron	Please call me

62. On October 7, 2016, at 10:19 PM EST, Blakstad finally connected with Maron via telephone and they spoke for 3 minutes.

63. On or about Saturday, October 8, 2016, and Sunday, October 9, 2016, Blakstad exchanged at least eight telephone calls with Maron.

64. Between Saturday, October 8, 2016, and continuing through Monday, October 10, 2016, Maron sent a number of separate text messages to Torkan and four of Maron's other friends, pleading with them to either lend him money or allow him to access their brokerage account by the morning of October 10, 2016.

65. Maron's text messages demonstrate his knowledge about Illumina's unscheduled October 10, 2016, pre-release of its preliminary revenue announcement. For instance, after

referencing Illumina's trading symbol "ILMN," on October 8 and October 9, 2016, Maron texted, among other things:

- "Do you have money in your brokerage account?";
- "It has to be before the Monday open";
- "I have to give you the trades and you really gotta be up with me 30 minutes before the open"; and
- "No one is expecting what I suspect will happen tomorrow ahead of their earnings reports."

66. Text messages that Maron sent on October 9 and the morning of October 10, 2016, also demonstrate his knowledge of the content of Illumina's unscheduled announcement, stating:

- "I'm expecting them to announce early that they missed their numbers";
- "The stock will drop from 185 to 140 in minutes"; and
- "I'm not wrong on this. Don't worry."

67. Maron's text messages also reveal his consciousness of guilt. While communicating with one friend, Maron referenced limiting the size of the Illumina trade to avoid scrutiny, stating: "I think we have to not be greedy and cap this at \$100k or so. At \$200k if this plays as expected we're going to...potentially set off all kinds of red flags that we don't need to waste time defending...."

68. Conversations between Maron and his brokerage firm demonstrate the urgency in which Maron sought to purchase Illumina securities.

69. In particular, Maron told an employee of his brokerage firm: "I want to be able to trade in options like immediately [and] the banks are closed." He also said: "It's incredibly frustrating to me because I need to get money into my account immediately." When the

employee asked how much he wanted to trade, Maron answered: “\$50,000... a hundred if I had it in there... if there’s a way to put \$100,000 in my account right now I want to.”

70. However, Maron was unable to trade due to insufficient funds in his account.

71. Maron’s text messages also reveal his growing frustration on the morning of October 10, 2016, when he had not yet secured access to a brokerage account or funds to finance the purchase of Illumina securities before Illumina’s preliminary revenue announcement.

72. For example, on the morning of October 10, 2016, Maron texted one friend: “I’m flipping out. They haven’t announced yet. We have to execute somewhere. This is too good to pass up.”

73. A few minutes later, Maron texted: “We are in a race to beat the news and we don’t know when they say it. They can at any point” Minutes later, Maron again texted: “NOTHING ELSE MATTERS. ONLY THIS,” and “I’m getting desperate.”

74. Maron continued to text numerous people looking for available funds, including one friend who he texted “PLEASE PLEASE PLEASE make the trades!!”[...] you’ll thank me later. I promise.”

75. When Maron contacted Torkan, Maron promised to absorb any losses and share in any profits if Torkan granted permission to Maron to use Torkan’s brokerage account.

76. On Monday, October 10, 2016, Maron purchased 657 near-expiration, out-of-the-money Illumina put options contracts in Torkan’s brokerage account for \$46,483.

77. On October 11, 2016, Maron sold all 657 put options contracts, realizing approximately \$1,013,833 in profits. Then, \$900,000 of the proceeds was transferred to a bank account controlled by Maron, and Torkan retained the balance \$113,833 as his share of the profits.

Blakstad Tips Tippee 1

78. Blakstad tipped Tippee 1 material nonpublic information concerning Illumina's financial performance prior to Illumina's October 10, 2016 preliminary revenue announcement.

79. On or about Saturday, October 8, 2016, and Sunday, October 9, 2016, while Blakstad was communicating with Trader 1 and Trader 2, Blakstad also exchanged at least 10 telephone calls with Tippee 1.

80. On Monday, October 10, 2016, Tippee 1 bought 171 near-expiration, out-of-the-money put options contracts for a total purchase price \$51,982.

81. On October 11, 2016, the next trading day after Illumina's announcement, Tippee 1 sold all 171 of his put options contracts, realizing profits of \$396,394.

Blakstad Rewards Bustos After the Tip

82. After Illumina's October 10, 2016 preliminary revenue announcement, Blakstad continued to pay for Bustos' participation in social events, but at an even more extravagant level.

83. Blakstad arranged and paid for a trip to New York over the 2016 Thanksgiving holiday for Bustos and several of her friends. Blakstad spent nearly \$35,000 for first-class airfare, hotels, and meals for every member of the traveling party, including a \$7,500 meal at New York's upscale restaurant Per Se.

The August 1, 2017 Earnings Announcement

84. In advance of Illumina's August 1, 2017 earnings announcement, Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance for the second quarter of 2017. In turn, Blakstad traded in highly speculative Illumina securities and tipped Tippee 1, Tippee 2, and Tippee 3 material nonpublic information, all of whom also traded in Illumina securities.

85. After market close of business on August 1, 2017, Illumina announced revenue of \$662 million, \$19 million higher than previously issued guidance and Wall Street estimates. The following day, Illumina's stock price closed at \$197.85, which was \$25.55, or 14.8%, higher than the previous day's closing price of \$172.30.

86. As a result of trading on the information, Blakstad, Tippee 1, Tippee 2, and Tippee 3 generated illegal profits of approximately \$1,243,002, \$311,900, \$21,714, and \$6,088, respectively.

Bustos Tips Blakstad

87. In advance of the after-market-close August 1, 2017 earnings announcement, Bustos was in possession of material nonpublic information concerning Illumina's financial performance for the second quarter of 2017.

88. Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance in advance of Illumina's August 1, 2017 earnings announcement.

89. Between July 25 and July 28, 2017, Bustos and Blakstad exchanged 12 telephone calls.

Blakstad Again Conceals his Illumina Securities Trading

90. On August 1, 2017, Blakstad purchased 7,250 shares of Illumina for \$1,247,753 through an account of Hedge Fund 2, which was controlled by Trader 1.

91. Also on August 1, 2017, Blakstad purchased 890 Illumina near-expiration, out-of-the-money call options contracts for a cost of \$249,199 through an account in the name of Hedge Fund 3, an entity also controlled by Trader 1.

92. Blakstad funded these purchases in part through \$725,000 transferred to him from friends and associates between July 26 and 28, 2017, and the rest on margin.

93. On August 2, 2017, Hedge Fund 2 sold all of Blakstad's Illumina shares for a realized profit of \$155,677, and Hedge Fund 3 sold all of Blakstad's call options for a realized profit of \$1,087,325 – a combined profit of \$1,243,002. Trader 1 transferred all of the original capital and nearly all of the profits back to Blakstad on August 4, 2017, retaining \$62,140 for himself.

Blakstad Tips Tippee 1

94. Blakstad tipped Tippee 1 material nonpublic information concerning Illumina's financial performance prior to Illumina's August 1, 2017 earnings announcement.

95. On July 31, 2017, at approximately 9:35 AM EST, Blakstad called Tippee 1 and the two spoke for more than one minute.

96. That same day, at approximately 9:51 AM EST, Tippee 1 placed a purchase order through his stockbroker for the first of a series of Illumina call options trades.

97. In total, between July 31 and August 1, 2017, Tippee 1 purchased 345 both in-the-money and out-of-the-money, near-expiration Illumina call options contracts for \$160,696.

98. On August 2, 2017, the day after the announcement, Tippee 1 sold all 345 call options contracts, realizing profits of \$311,900. The following day, Tippee 1 wrote a \$100,000 check payable to Blakstad's company, Midcontinental Petroleum.

Blakstad Tips Tippee 2

99. Blakstad tipped Tippee 2 material nonpublic information concerning Illumina's financial performance prior to Illumina's August 1, 2017 earnings announcement.

100. On August 1, 2017, between approximately 2:30 PM EST and 3:46 PM EST, Blakstad and Tippee 2 spoke by telephone four times. Immediately after ending a call with

Blakstad at approximately 3:48 PM EST, Tippee 2 purchased 1,000 Illumina shares for \$171,937.

101. On August 2, 2017, Tippee 2 sold all 1,000 Illumina shares and realized profits of \$21,714.

102. On December 15, 2017, Tippee 2 wired \$100,000 to Blakstad's company, Northern Alternative Energy Shaokatan.

Blakstad Tips Tippee 3

103. Blakstad tipped Tippee 3 material nonpublic information concerning Illumina's financial performance prior to Illumina's August 1, 2017 earnings announcement.

104. Between July 27 and the afternoon of August 1, 2017, Blakstad and Tippee 3 communicated at least 16 times via telephone, including three separate conversations on July 27 totaling nearly 98 minutes.

105. On August 1, 2017, at approximately 3:31 PM EST, Blakstad and Tippee 3 spoke for more than one minute. Less than one minute after ending the call, Tippee 3 called his stockbroker. Three minutes later, Tippee 3 purchased 300 Illumina shares for \$51,855.

106. Following the August 1, 2017 earnings announcement, Tippee 3 sold all 300 Illumina shares and realized profits of \$6,088.

Blakstad Again Rewards Bustos After the Tip

107. After Illumina's August 1, 2017 earnings announcement, Blakstad gave Bustos gifts, including \$12,000 in cash in August 2017 along with a Louis Vuitton handbag one month later.

The July 30, 2018 Earnings Announcement

108. In advance of Illumina's July 30, 2018 earnings announcement, Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance for the second quarter of 2018. In turn, Blakstad tipped Tippee 1, Tippee 2, and Tippee 3 material nonpublic information, all of whom traded in Illumina securities.

109. After market close on Monday, July 30, 2018, Illumina reported its financial results for the second quarter of 2018. Specifically, Illumina reported revenue of \$830 million, which was approximately \$43 million above Wall Street estimates. On July 31, 2018, Illumina's stock price closed at \$324.36, which was \$35.12, or more than 12%, higher than the July 30 close price.

110. As a result of trading on the information, Tippee 1, Tippee 2, and Tippee 3 generated illegal profits of approximately \$59,092, \$69,236, and \$29,291, respectively. Additionally, Tippee 3 avoided losses of \$14,080.

Bustos Tips Blakstad

111. In advance of the July 30, 2018 earnings announcement, Bustos was in possession of material nonpublic information concerning Illumina's financial performance for the second quarter of 2018.

112. Bustos tipped Blakstad material nonpublic information concerning Illumina's financial performance in advance of Illumina's July 30, 2018 earnings announcement.

113. Between July 24 and 25, 2018, Bustos and Blakstad exchanged 10 telephone calls, followed by two additional calls on the morning of July 30.

Blakstad Tips Tippee 1

114. Blakstad tipped Tippee 1 material nonpublic information concerning Illumina's financial performance prior to Illumina's July 30, 2018 earnings announcement.

115. On Sunday evening, July 29, 2018, after three unsuccessful attempts, Blakstad spoke with Tippee 1 via telephone for approximately one minute.

116. The next morning, at approximately 9:29 AM EST, one minute before market open, Tippee 1 called his stockbroker. During that call, Tippee 1's stockbroker entered an order in the account of Tippee 1 to buy Illumina call options.

117. In total, Tippee 1 purchased 185 out-of-the-money Illumina call options contracts for \$89,204.

118. Between July 31 and August 1, 2018, within days after the announcement, Tippee 1 sold all 185 Illumina call options and realized profits of \$59,092.

Blakstad Tips Tippee 2

119. Blakstad tipped Tippee 2 material nonpublic information concerning Illumina's financial performance prior to Illumina's July 30, 2018 earnings announcement.

120. On Friday, July 27, 2018, at approximately 11:57 AM EST, Tippee 2 called Blakstad and the two spoke for approximately 46 minutes. Within minutes of ending the call, Tippee 2 called his stockbroker.

121. On Monday July 30, 2018, Tippee 2 called his stockbroker again who immediately entered an order to purchase call options on behalf of Tippee 2. In total, Tippee 2 purchased 70 out-of-the-money Illumina call options for \$51,549.

122. On July 31, 2018, Tippee 2 sold all 70 Illumina call options and realized profits of \$69,236.

Blakstad Tips Tippee 3

123. Blakstad tipped Tippee 3 material nonpublic information concerning Illumina's financial performance prior to Illumina's July 30, 2018 earnings announcement.

124. On Monday, July 30, 2018, at approximately 11:16 AM EST, within minutes of ending a call with Bustos, Blakstad called Tippee 3 and the two spoke for nearly a minute. Two minutes later, Tippee 3 called his stockbroker.

125. At approximately 11:21 AM EST, Tippee 3's stockbroker entered an order to sell 10 Illumina put options contracts from Tippee 3's account that had been purchased on July 23, 2018.

126. Minutes later, Blakstad and Tippee 3 spoke again. At approximately 11:31 AM EST, within minutes of ending the call with Blakstad, Tippee 3 again called his stockbroker, who entered Tippee 3's first Illumina call options contract of the day.

127. In total, Tippee 3 purchased 14 out-of-the-money Illumina call options contracts for \$20,936.

128. On July 31 and August 7, 2018, Tippee 3 sold all 14 of his call options contracts and realized profits of \$29,291.

129. Additionally, the market value of the put options contracts Tippee 3 sold on July 30 fell significantly (from \$15.00 to \$0.92) in response to the announcement; thus, Tippee 3 avoided losses of \$14,080.

Blakstad, Bustos, and Maron Violated the Federal Securities Laws

130. As detailed above, the information concerning Illumina's financial performance that Bustos provided to Blakstad, and that Blakstad provided to Maron, was material and nonpublic. A reasonable investor would have viewed this information as being important to his

or her investment decision and as significantly altering the total mix of information available to the public.

131. As an employee of Illumina, Bustos owed a duty of trust or confidence to Illumina's shareholders.

132. Pursuant to Illumina's Insider Trading Policy, Bustos also owed a duty to Illumina not to tip material nonpublic information to any other person where such information may be used to his or her profit.

133. In breach of her duty owed to shareholders of Illumina, Bustos knowingly or recklessly tipped Blakstad material nonpublic information concerning Illumina's financial performance.

134. Bustos and Blakstad knew or were reckless in not knowing that the information concerning Illumina's financial performance that Bustos provided to Blakstad was material and nonpublic.

135. Bustos and Blakstad knew or were reckless in not knowing that Bustos had a duty not to tip material nonpublic information concerning Illumina's financial performance to Blakstad.

136. Bustos and Blakstad knew or were reckless in not knowing that Bustos breached this duty by tipping Blakstad material nonpublic information concerning Illumina's financial performance, while knowing or recklessly not knowing that Blakstad would trade or tip this information.

137. Bustos received a personal benefit in exchange for tipping material nonpublic information concerning Illumina's financial performance to Blakstad.

138. Blakstad knew, consciously avoided knowing, was reckless in not knowing, or should have known that Bustos disclosed the information in breach of that duty and that Bustos received a personal benefit.

139. When Bustos tipped the material nonpublic information to Blakstad, Blakstad assumed the duty to maintain the confidentiality of the information. Blakstad breached this duty by knowingly or recklessly trading on the material nonpublic information himself and tipping, at various times, the information to Maron, Tippee 1, Tippee 2, and Tippee 3, who then each also traded on the basis of the material nonpublic information.

140. Blakstad and Maron knew or were reckless in not knowing that the information concerning Illumina's financial performance that Blakstad provided to Maron was material and nonpublic.

141. Blakstad and Maron knew or had reason to know that the material nonpublic information concerning Illumina's financial performance tipped by Blakstad to Maron had been initially obtained and transmitted improperly, in breach of a fiduciary duty or duty of trust or confidence.

142. When Blakstad tipped the material nonpublic information concerning Illumina's financial performance to Maron, Maron assumed a duty to maintain the confidentiality of that information and to not trade.

143. Notwithstanding this, Maron knowingly or recklessly purchased Illumina securities while in the possession, and on the basis, of material nonpublic information.

144. Maron knowingly or recklessly breached the duty to maintain the confidentiality of that information assumed from Blakstad by trading while in the possession, and on the basis, of material nonpublic information.

145. Blakstad received a personal benefit in exchange for tipping material nonpublic information concerning Illumina's financial performance to Maron, Tippee 1, Tippee 2, and Tippee 3.

146. Bustos knew or was reckless in not knowing that it was a violation of the securities laws to tip Blakstad material nonpublic information concerning Illumina's financial performance.

147. Blakstad knew or was reckless in not knowing that it was a violation of the securities laws to trade and to tip the material nonpublic information concerning Illumina's financial performance to Maron, Tippee 1, Tippee 2, and Tippee 3.

148. Maron knew or was reckless in not knowing that it was a violation of the securities laws to trade while in possession, and on the basis, of material nonpublic information concerning Illumina's financial performance.

CLAIMS FOR RELIEF

FIRST CLAIM

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Against Defendants Blakstad, Bustos, and Maron)

149. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1-148 inclusive, as if they were fully set forth herein.

150. By engaging in the conduct described above, from at least April 2016 through July 2018, Defendants, directly or indirectly, by use of the means or instruments of interstate commerce or of the mails, or the facility of national securities exchanges, in connection with the purchase or sale of securities, knowingly or recklessly:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of material fact or omitted to state material facts

necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or

- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

151. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], thereunder.

SECOND CLAIM

Claims with Respect to Relief Defendant (Against Relief Defendant Torkan)

152. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1-29; 46-83; and 130-148, inclusive, as if they were fully set forth herein.

153. Relief Defendant Torkan received payment of \$113,833, to which he does not have any legitimate claim, caused by Blakstad's, Bustos's, and Maron's violations of Section 10(b) and Rule 10b-5.

154. Relief Defendant Torkan obtained these ill-gotten gains described above as part, and in furtherance, of the securities laws violations alleged above, under circumstances in which it is not just, equitable, or conscionable for him to retain the funds.

155. By reason of the foregoing, Relief Defendant Torkan has been unjustly enriched and must disgorge the \$113,833 of ill-gotten gains, plus prejudgment interest.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a final judgment:

I.

Permanently restraining and enjoining Defendants from, directly or indirectly, violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Ordering Defendants Bustos and Blakstad, and Relief Defendant Torkan, to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

III.

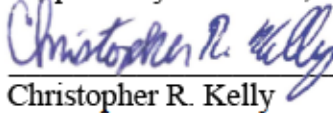
Ordering Defendants to pay civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

IV.

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

Date: August 30, 2021

Respectfully submitted,



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U.S. Securities and Exchange Commission

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