

Former FBI Agent Trainee Sentenced To 15 Months In Prison For Insider Trading Scheme

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For Immediate Release

U.S. Attorney's Office, Southern District of New York

Damian Williams, the United States Attorney for the Southern District of New York, announced today that SETH MARKIN was sentenced by U.S. District Judge Edgardo Ramos to 15 months in prison for his participation in a scheme to trade in stock of Pandion Therapeutics ("Pandion") based on material, non-public information that he misappropriated from his then-girlfriend and stole from her employer, a major law firm where his then-girlfriend was an attorney assigned to work on the acquisition of Pandion by Merck & Co. ("Merck"). MARKIN was arrested in July 2022 and pled guilty to securities fraud based on insider trading on December 4, 2023.

U.S. Attorney Damian Williams said: "Seth Markin betrayed the trust of his then-girlfriend when he misappropriated confidential information, traded based on that information, and tipped several friends and family members. Markin knew his actions were wrong and lied, repeatedly, to try to cover up his scheme. Markin, who had been accepted into the FBI as a new agent trainee at the time of his conduct, finds himself in a complete reversal of fortune — instead of investigating crimes, he'll now spend time in prison. Today's sentence should serve as a stark reminder that, no matter who you are, if you try to cheat the system by stealing and trading based on material, non-public information, you will be punished."

As alleged in the Indictment, other public court documents, and statements made during court proceedings:

In early 2021, SETH MARKIN and BRANDON WONG together made more than \$1.4 million dollars in illegal profits by trading in stock based on inside information that MARKIN stole from his then-girlfriend, who was at the time an attorney at a major law firm in Washington D.C. (the "Law Firm Associate"). At the time, MARKIN had been accepted into the Federal Bureau of Investigation ("FBI") as a new agent trainee, and WONG was a systems analyst at an education company. In February 2021, MARKIN secretly looked

through the Law Firm Associate's confidential work documents, without her permission, and learned that, in a matter of weeks, Merck, a publicly traded pharmaceutical company, was going to acquire Pandion, a publicly traded biotechnology company, for approximately three times the value of Pandion's share price. MARKIN immediately purchased Pandion stock on the basis of this material, non-public information and also told several family members and friends to purchase Pandion's stock, causing WONG, another friend, and several family members to do so, including Family Member-1, Family Member-2, Family Member-3, Family Member-4, and Friend-1. In text messages, MARKIN assured WONG that he was "not uncertain" that when the "news drop[ped]" about Pandion, the price would "EXPLODE," and they would earn "triple gains."

WONG purchased hundreds of thousands of dollars' worth of Pandion shares based on the material, non-public information he received from MARKIN. In addition to his purchases of Pandion stock, WONG told at least seven other people to purchase Pandion shares, causing some of the people he tipped to purchase tens or hundreds of thousands of dollars' worth of Pandion stock, including Family Member-5, Friend-2, Friend-3, Friend-4, Friend-5, Friend-6, and Friend-7.

In total, MARKIN and WONG together caused at least 20 people to trade in Pandion stock based on the material, non-public information that MARKIN misappropriated from his girlfriend, resulting in millions of dollars of illegally obtained trading profits. To conceal their illegal insider trading scheme, MARKIN and WONG used an encrypted messaging application and deleted many of their text messages with each other. They also agreed on a cover story that they could provide to law enforcement, namely, that if they were asked how they anticipated Pandion's stock price increase, they could say they "read it on Stocktwit," in reference to a social media platform for sharing stock ideas, and falsely say that the news was "publicly being announced there."

After Merck's acquisition of Pandion was announced publicly, and the Pandion stockholdings of MARKIN and WONG, and those whom they tipped, significantly increased in value, the defendants sold their shares of Pandion for significant profits. With their illegal profits, the defendants and their tippees purchased luxury items and bought gifts for each other. For example, WONG purchased for MARKIN a Rolex watch valued at approximately \$40,000, a trip to Hawaii, and a meal at a three-Michelin-starred restaurant in New York that cost more than \$1,000. WONG also purchased a home in Florida.

Thereafter, MARKIN lied in order to hide his illegal insider trading. In or about June 2021, after MARKIN and the Law Firm Associate had ended their relationship and as MARKIN was preparing to begin training as a new agent at the FBI Academy in Quantico, Virginia, the Law Firm Associate called MARKIN to ask why MARKIN's name had come up in an inquiry by the Financial Industry Regulatory Authority into trading in Pandion stock. In

response, MARKIN lied to the Law Firm Associate and falsely claimed that he did not trade in Pandion stock.

MARKIN subsequently took steps to further conceal his criminal activity. On November 18, 2021, MARKIN lied to FBI agents when he was interviewed about his Pandion trading. That day, Special Agents from the FBI interviewed MARKIN in connection with an investigation they told him was being conducted by law enforcement in the Southern District of New York relating to insider trading in Pandion stock. During the interview, MARKIN adhered to the fake cover story he and WONG had concocted and falsely told the agents that he learned about Pandion on StockTwits, that he purchased the stock because of a recent earnings report and a new board member addition, and that he did not know that his former girlfriend worked on the Pandion transaction.

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In addition to the prison sentence, MARKIN, 32, of Washington Crossing, Pennsylvania, was sentenced to three years of supervised release and ordered to forfeit \$82,366.

Mr. Williams praised the outstanding investigative work of the FBI and the Department of Justice's Office of the Inspector General. Mr. Williams also thanked the U.S. Securities and Exchange Commission, which has filed parallel civil actions.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Nicolas Roos and Negar Tekeei are in charge of the prosecution.