

## U.S. Securities and Exchange Commission

*Litigation Release No. 22515 / October 19, 2012*

*SEC v. Well Advantage Limited, et al., Civil Action 12-CV-5786 (SDNY)(RJS)*

### **Hong Kong Firm to Pay \$14 Million to Settle Insider Trading Charges**

On October 18, 2012, the Securities and Exchange Commission announced that a Hong Kong-based firm charged with insider trading in July has agreed to settle the case by paying more than \$14 million, which is double the amount of its alleged illicit profits. The proposed settlement is subject to the approval of Judge Richard J. Sullivan of the U.S. District Court for the Southern District of New York.

The SEC [filed an emergency action against Well Advantage Limited](#) to freeze its assets less than 24 hours after the firm placed an order to liquidate its entire position in Nexen Inc. The SEC alleged that Well Advantage had stockpiled shares of Nexen stock based on confidential information that China-based CNOOC Ltd. was about to announce an acquisition of Nexen. Well Advantage sold those shares for more than \$7 million in illicit profits immediately after the deal was publicly announced. Well Advantage is controlled by prominent Hong Kong businessman Zhang Zhi Rong, who also controls another company that has a "strategic cooperation agreement" with CNOOC.

Well Advantage has agreed to the entry of a final judgment requiring payment of \$7,122,633.52 in illegal profits made from trading Nexen stock, and payment of a \$7,122,633.52 penalty. The proposed judgment also enjoins Well Advantage from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5. Well Advantage neither admits nor denies the charges.