
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Joseph A. Dickson
 : :
 : Mag. No. 17-6629
 : :
DANIEL PEREZ : **CRIMINAL COMPLAINT**
 : :
 : :

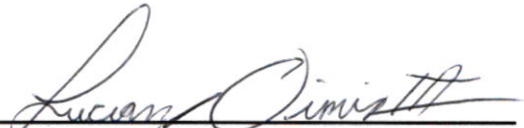
I, Luciano John Dimino III, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent of the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

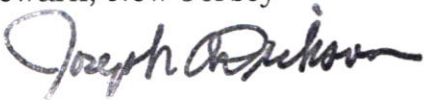
continued on the attached pages and made a part hereof.



Luciano John Dimino III, Special Agent
Federal Bureau of Investigation

Sworn to before me, and
subscribed in my presence

August 30, 2017 at
Newark, New Jersey



HONORABLE JOSEPH A. DICKSON
UNITED STATES MAGISTRATE JUDGE

ATTACHMENT A
(Conspiracy to Commit Securities Fraud)

From in or about March 2016 to in or about March 2017, in Mercer County, in the District of New Jersey, and elsewhere, defendant

DANIEL PEREZ

and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, namely, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Object of the Conspiracy

It was part and an object of the conspiracy that defendant DANIEL PEREZ and others, known and unknown, unlawfully, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting 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 (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, by knowingly executing transactions in the securities of Celator Pharmaceuticals Inc. in or about March 2016 and May 2016 based on material, non-public information ("Inside Information") disclosed in breach of a duty of trust and confidence that was owed directly, indirectly, and derivatively to Celator and its shareholders, and to other persons who were the source of the Inside Information, contrary to Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

Overt Act

On or about May 20, 2016, defendant DANIEL PEREZ received a message via Signal Private Messenger from CC-1 which disseminated Inside Information by telling him in substance and in part as follows: "I have a little bird[.] And I am told today is a deadline for submitting bids to buy the company[.] Get your ducks in line on your end, idk when it's gonna be announced but it's gonna pop again."

All in violation of Title 18, United States Code, Section 371.

ATTACHMENT B

I, Luciano John Dimino III, am a Special Agent with the Federal Bureau of Investigation. I have discussed this matter with other law enforcement officers, and have reviewed documents and other materials. I have knowledge of the following facts. Because this Criminal Complaint is being submitted only for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part and all dates and figures are approximate.

1. At all times relevant to this Complaint:

a. Defendant DANIEL PEREZ resided in Yardley, Pennsylvania.

b. Co-conspirator 1 ("CC-1") was an employee in the accounting department of Celator Pharmaceuticals Inc. ("Celator") from in or about June 2013 through in or about April 2016.

c. Celator was a biopharmaceutical company that developed a drug to treat acute myeloid leukemia called Vyxeos and was headquartered in Ewing Township, New Jersey. Securities of Celator were traded on the NASDAQ exchange under the ticker symbol CPXX.

d. Jazz Pharmaceuticals, PLC ("Jazz") was a publicly-traded company headquartered in Dublin, Ireland, and was listed on the NASDAQ exchange. On or about May 31, 2016, Jazz and Celator announced that they had entered an agreement for Jazz to purchase Celator in a transaction valued at approximately \$1.5 billion. Jazz completed the acquisition of Celator in or about 2016, and now operates Celator as a wholly-owned subsidiary.

e. Signal Private Messenger was an encrypted communications application for smartphones.

The Insider Trading Conspiracy

2. From in or about March 2016 to in or about March 2017, DANIEL PEREZ participated in an insider trading conspiracy in which he traded on Inside Information relating to Celator, which he received from CC-1, a close personal friend, and which was misappropriated by CC-1 in violation of a duty

of trust and confidence owed to Celator and its shareholders and to the sources of the information.

3. While employed at Celator, CC-1 certified that he would follow the Celator code of conduct and the insider trading policies of the company and would protect its confidential business information, including information relating to clinical trial results and any merger and acquisition activity.

4. During the conspiracy, DANIEL PEREZ traded on Inside Information he had received from CC-1 ahead of two public announcements by Celator. The first was Celator's announcement on or about March 14, 2016, that the Phase 3 trial results for Vyxeos were positive, which caused Celator's stock price to increase substantially the day after the announcement. The second was on May 31, 2016, when Celator and Jazz publicly announced that they had entered into an agreement for Jazz to acquire Celator in a transaction valued at approximately \$1.5 billion. This announcement also caused the stock price of Celator to increase substantially.

5. Prior to both of these public announcements, DANIEL PEREZ received Inside Information from CC-1 about the upcoming announcement for the purpose of DANIEL PEREZ trading in the securities of Celator.

6. DANIEL PEREZ participated in the scheme knowing that the information he was provided by CC-1 about the upcoming announcements was material, non-public information, which CC-1 had misappropriated from Celator in breach of his duty of trust and confidence, so that it could be used to execute profitable trades in the securities of Celator. As noted below, DANIEL PEREZ executed several profitable transactions in the securities of Celator prior to the public announcements of these events.

7. As part of the scheme, DANIEL PEREZ obtained more than approximately \$157,000 in illicit profits, which he agreed to split with CC-1. However, DANIEL PEREZ ultimately paid CC-1 only approximately \$7,000 for providing him with Inside Information.

8. In or around April 2017, the FBI interviewed CC-1 on several occasions. CC-1 has agreed to cooperate. During those interviews, CC-1 admitted that he had misappropriated Inside Information relating to Celator and that he had provided that Inside Information to DANIEL PEREZ, among others, in advance of its public release so that DANIEL PEREZ could trade on that information and then split the profits with CC-1. Law enforcement also searched the phone

of CC-1 and obtained text messages, instant messages, and messages sent via Signal Private Messenger related to the conspiracy.

Celator's Announcement of the Phase 3 Trial Results for Vyxeos

9. In or around December 2012, Celator began Phase 3 clinical trials for Vyxeos, a drug designed to treat acute myeloid leukemia. The clinical trial was a randomized, controlled Phase 3 study the results of which were highly confidential within the company. On or about February 16, 2016, Celator issued a press release noting that the trial had reached its pre-specified number of events and forecasting that it expected to announce the overall survival results from the Phase 3 clinical trial later that quarter.

10. According to CC-1, CC-1 learned during the week of March 7, 2016, that the Phase 3 clinical trial had positive results. CC-1 discussed the positive results with DANIEL PEREZ before their public release. In particular, CC-1 advised DANIEL PEREZ about the positive clinical trial results and they both agreed to trade and split the profits. The co-conspirators agreed that PEREZ would trade on the Inside Information in his own account and share the profits with CC-1.

11. On March 11, 2016, DANIEL PEREZ purchased approximately 5,520 shares of Celator stock at an average price of approximately \$1.52 per share.

12. On or about March 14, 2016, after the market closed, Celator issued a press release announcing that the Phase 3 clinical trial results were positive. The next day, on or about March 15, 2016, Celator's stock closed at approximately \$8.94, an approximately 432% increase over the previous day's closing price of \$1.68.

13. On or about March 14, 2016, after the press release was made public, CC-1 sent an instant message to DANIEL PEREZ that read "Check out cpXX after market activity on Nasdaq.com Press release is public." DANIEL PEREZ responded "Here we go."

Celator's Announcement of the Jazz Acquisition

14. After the March 14, 2016 press release regarding the clinical trial results, Celator received inquiries about possible mergers or partnership, including from Jazz. Jazz had previously expressed interest in some form of business

combination with Celator while CC-1 had worked at Celator, but, at that time, Jazz had decided to await the results of the Phase 3 clinical trial of Vyxeos.

15. On or about April 8, 2016, CC-1 started working at a new pharmaceutical company, but remained in contact with friends who still worked at Celator.

16. On or about April 28, 2016, Jazz delivered a written, non-binding indication of interest to Celator to acquire the company subject to the completion of due diligence.

17. On or about May 2, 2016, Celator informed all interested parties that the deadline to submit proposals for an acquisition of, or partnership with, Celator was May 20, 2016.

18. On or about May 9, 2016, CC-1 texted a friend at Celator ("Friend 1") and asked how things were going at Celator. Friend 1 was an employee at Celator who had been CC-1's supervisor when CC-1 worked at Celator. CC-1 and Friend 1 were close personal friends and had a history, pattern, or practice of sharing and maintain confidences. Friend 1 responded to CC-1's text message by writing: "Good. Jazz back again very serious."

19. On or about May 17, 2016, another friend of CC-1 who continued to work at Celator ("Friend 2") sent CC-1 a text that read: "Got some juice from [Friend 1] today." An additional text from Friend 2 read: "Bids to buy out are due by fri [May 20]. [Friend 1] told me not to say anything but you are cool...Also figured you may know." Friend 2 and CC-1 were close personal friends and had a history, pattern, or practice of sharing and maintaining confidences.

20. On or about May 20, 2016, CC-1 sent DANIEL PEREZ a message via Signal Private Messenger that read:

Listen[.] I have a little bird[.] And I am told today is a deadline for submitting bids to buy the company[.] Get your ducks in line on your end, idk [I don't know] when it's gonna be announced but it's gonna pop again[.]

21. On or about May 20, 2016, DANIEL PEREZ purchased 60 shares of Celator stock at \$16.63.

22. Prior to the market opening, on or about May 31, 2016, Celator and Jazz issued a joint press release announcing an agreement and tender offer by Jazz to purchase all of Celator's outstanding shares. Celator's stock closed on May

31, 2016, at \$30.08 per shares, which was approximately 72% above the last trading day's closing price of \$17.53.

23. On or about May 31, 2016, after the press release was made public, DANIEL PEREZ sent CC-1 a message via Signal Private Messenger that read "Gains train pulling up." CC-1 responded "Hahahaha. It's fking crazy dawg. My old boss is a millionaire...insane. And we ain't far off."