

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :
 :
 - v. - :
 :
 JIANQING LI, :
 a/k/a "JQ" :
 :
 Defendant. :
----- X

SEALED INDICTMENT

26 Cr. ____

26 CRIM 0232

COUNT ONE
(Securities Fraud)

The Grand Jury charges:

1. JIANQING LI, a/k/a "JQ," the defendant, made more than \$350,000 in illicit profits by trading in stock and options based on material, nonpublic information he misappropriated from the investment fund where he worked. LI was an analyst at an asset manager specializing in biomedical and healthcare investments, which routinely received nonpublic information from investment banks in connection with proposed private investment in public equity ("PIPE") transactions. Rather than honor restrictions on the use of that information, LI repeatedly used the inside information to trade securities for his own profit, in violation of his duties to his employer and to the sources of the information.

LI Gained Access to Material Nonpublic Information

2. Fund-1 is a Manhattan-based asset manager that specializes in biomedical and healthcare investments. The firm routinely received nonpublic information from investment banks soliciting Fund-1's participation in PIPE transactions and other investment opportunities, subject to contractual nondisclosure obligations and restrictions on subsequent transactions in the stock.

To guard against the unauthorized use of that nonpublic information, Fund-1 maintained policies that generally prohibited employees from personally trading in any healthcare sector security and specifically prohibited trading in the securities of any company for which Fund-1 had been “wall crossed”—that is, given nonpublic information about a securities issuer—and placed on Fund-1’s “restricted list.” Fund-1’s policies also required all employees to obtain preclearance from Fund-1’s Chief Compliance Officer (“CCO”) before executing any personal securities trades, to report all personal brokerage trades on a quarterly basis, and to annually certify compliance with Fund-1’s insider trading policies and code of ethics.

3. JIANQING LI, a/k/a “JQ,” the defendant, worked at Fund-1 as an analyst focused on the healthcare sector. In that role, LI regularly received material, nonpublic information about companies in which Fund-1 was considering investments, including companies involved in immunology, infectious diseases, and vaccine research. On various occasions when Fund-1 was “wall crossed” and LI received material nonpublic information about a company, LI was informed that he possessed confidential information subject to use restrictions and duties of confidentiality.

LI’s Insider Trading Scheme

4. Over the course of nearly two years, JIANQING LI, a/k/a “JQ,” the defendant, breached those duties and exploited his access to Fund-1’s confidential deal flow as a personal trading advantage, repeatedly purchasing and selling securities based on material, non-public information. LI used nonpublic information about upcoming announcements that he expected to increase a company’s stock price to purchase securities for his brokerage accounts—or in the case of information he expected to negatively affect the stock price, to sell short—and then unwound his position soon after the public announcement, in each case for a profit. To conceal his trading, LI never sought preclearance from Fund-1’s CCO, never disclosed his trades in quarterly reporting

Fund-1 required of all employees, and in at least one instance used a brokerage account held in the name of a company he controlled rather than his own name.

Trading in Avalo Therapeutics

5. In or about early February 2024, an investment bank contacted Fund-1 about a “Biomedical Wall Cross Opportunity,” inviting the firm to receive nonpublic information about a planned merger and PIPE transaction involving Avalo Therapeutics, a clinical-stage biotechnology company whose shares trade on Nasdaq (“Avalo”). With Fund-1’s CCO’s approval, JIANQING LI, a/k/a “JQ,” the defendant, was wall crossed on nonpublic details about Avalo’s ongoing clinical trial, the planned merger, and the associated PIPE fundraising. After receiving this information, Fund-1 acknowledged the restrictions on the information in writing, including by executing a confidential disclosure agreement stating that the materials furnished to Fund-1 “may contain material non-public information” and committing that Fund-1 and its employees would “not . . . use . . . any confidential information . . . in connection with the purchase or sale of securities.” Throughout in or about March 2024, LI continued to receive updates about the timing of Avalo’s merger and PIPE transaction.

6. JIANQING LI, a/k/a “JQ,” the defendant, disregarded his obligations. On or about March 14, 2024, LI used his personal brokerage account to purchase 2,000 shares of Avalo. On or about March 25, 2024—after receiving an update from Avalo and two days before the merger announcement—LI purchased 2,787 shares of Avalo, and on or about March 26, 2024, LI purchased 1,741 shares of Avalo. On or about March 27, 2024, following the close of the market, Avalo announced its merger and the PIPE transaction. On the news, shares of Avalo increased. The next day, on or about March 28, 2024, LI sold all 6,528 shares of Avalo for a profit of approximately \$89,863.

Trading in Mind Medicine Inc.

7. In or about early March 2024, an investment bank solicited Fund-1's participation in a private placement being conducted by Mind Medicine Inc., a clinical-stage biopharmaceutical company whose shares trade on Nasdaq ("Mind Medicine"), concurrent with that company's planned underwritten public share offering. In connection with that solicitation, on or about March 6, 2024, the investment bank sent Fund-1 an "over-the-wall confirmation," providing JIANQING LI, a/k/a "JQ," the defendant, and his colleagues with nonpublic information about Mind Medicine's forthcoming announcement, which was expected the following morning. In connection with the solicitation, LI also received nonpublic information about Mind Medicine's ongoing clinical trials. As with prior wall crossings, the investment bank required Fund-1 and therefore LI "to treat as confidential the Information" and "not . . . trade on it until the issuer has publicly released such Information."

8. The same day, on or about March 6, 2024, JIANQING LI, a/k/a "JQ," the defendant, used his personal brokerage account to purchase call options in Mind Medicine. On or about March 7, 2024, prior to market opening, Mind Medicine made a public announcement about its business and its fundraising. On the news, shares of Mind Medicine increased. Between on or about March 7, 2024 and on or about March 11, 2024, LI sold his call options in Mind Medicine for an approximate profit of \$93,146.

Trading in Vincerx Pharma, Inc.

9. In or around March 2024, Fund-1 participated in a nonpublic due diligence meeting with the management of Vincerx Pharma, Inc., which was a clinical-stage biopharmaceutical company whose shares trade on Nasdaq ("Vincerx"). As a condition of receiving that briefing in advance of Vincerx's planned presentation of its clinical data at the American Association for

Cancer Research (“AACR”) Annual Meeting on April 8, 2024, Fund-1 agreed that it would not trade in Vincerx securities until the information had been made public at the conference. The meeting provided Fund-1 with nonpublic detail about early results from Vincerx’s clinical trials. On or about March 28, 2024, a colleague of JIANQING LI, a/k/a “JQ,” the defendant, who attended the meeting forwarded LI internal meeting notes along with his own candid assessment of the data: it was not “too exciting so far” and Fund-1 “should consider selling out when the data is ou[t].”

10. After receiving that information, between on or about April 3, 2024, and on or about April 8, 2024, JIANQING LI, a/k/a “JQ,” the defendant, sold short 12,500 shares of Vincerx using a brokerage account in the name of a company he controlled. After the market closed on or about April 8, 2024, Vincerx presented its clinical data at the AACR Annual Meeting and hosted a virtual investor event. The market’s reaction bore out what LI already expected from the nonpublic information he had received: investors found the data underwhelming. On or about April 8, 2024, the stock for Vincerx closed substantially lower than it had the day before. On or about April 9, 2024, LI purchased stock to cover his 12,500 short for an approximate profit of \$52,299.

Trading in PepGen Inc.

11. In or about September 2025, an investment bank solicited Fund-1’s participation in a planned \$100 million underwritten public offering by PepGen Inc., a clinical-stage biotechnology company whose shares trade on Nasdaq (“PepGen”). In connection with that solicitation, on or about September 22, 2025, the investment bank sent Fund-1 an “Over-the-Wall Confirmation,” which provided JIANQING LI, a/k/a “JQ,” the defendant, and others with nonpublic information about PepGen’s forthcoming announcement. That nonpublic information included the pricing of the offering and positive data from one of PepGen’s clinical trials. As with

prior wall crossings, the confirmation required LI to treat the information as confidential and not to trade on it until PepGen made a public disclosure. Two days later, on or about September 24, 2025, LI received word that the deal had been “accelerated” and would close that evening, and that Fund-1 needed to indicate its participation “quickly.”

12. That same day, on or about September 24, 2025, JIANQING LI, a/k/a “JQ,” the defendant, purchased 81 call options of PepGen using his personal brokerage account. Following the close of the market that day, PepGen announced both its clinical results and its offering. The next day, on or about September 25, 2025, PepGen’s stock price rose sharply on the news. During that day, LI sold all 81 of his call options for a profit of approximately \$22,601.

13. In total, between in or about September 2023 and in or about October 2025, JIANQING LI, a/k/a “JQ,” the defendant, traded in securities of approximately 20 healthcare companies listed on national securities exchanges, including at least one exchange headquartered in Manhattan, New York, and did so while LI possessed material, nonpublic information about those companies. LI obtained more than \$350,000 based on his illicit trading in the following companies:

Company	Ticker	Approximate Profit
Avalo Therapeutics	AVTX	\$89,863.00
Soleno Therapeutics	SLNO	\$3,414.10
Harpoon Therapeutics	HARP	\$3,770.04
Mind Medicine	MNMD	\$93,146.00
Applied Therapeutics	APLT	\$6,935.00
Cybin Inc.	CYBN	\$7,032.04
Regulus Therapeutics	RGLS	\$16,910.00
Protara Therapeutics	TARA	\$4,380.00
Benitec Biopharma	BNTC	\$5,566.88
Vincerx Pharma	VINC	\$52,299.00
Rezolute Inc.	RZLT	\$911.80
Taysha Gene Therapies	TSHA	\$57.00
Altimmune Inc.	ALT	\$10,169.00
Eledon Pharmaceuticals	ELDN	\$4,325.00

Fibrogen Inc.	FGEN	\$6,928.19
Tenax Therapeutics	TENX	\$9,799.79
PepGen Inc.	PEPG	\$22,601.00
Adicet Bio Inc.	ACET	\$161.80
ATAI Life Sciences	ATAI	\$1,077.00
Palisade Bio Inc.	PALI	\$23,690.27

Statutory Allegations

14. From at least in or about September 2023 to at least in or about October 2025, in the Southern District of New York and elsewhere, JIANQING LI, a/k/a “JQ,” the defendant, willfully and knowingly, directly and indirectly, by the use of a means and instrumentality of interstate commerce and of the mails, and of a facility of a national securities exchange, used and employed, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing a device, scheme, and artifice to defraud; (b) making an untrue statement of material fact and omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they was made, not misleading; and (c) engaging in an act, practice and course of business which operated and would operate as a fraud and deceit upon a person, to wit, LI bought and sold securities while in knowing possession of material, nonpublic information he received through his employment, in violation of the duty of trust and confidence he owed to the source of the information.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; Title 18, United States Code, Section 2.)

COUNT TWO
(Securities Fraud)

The Grand Jury further charges:

15. The allegations contained in paragraphs 1 through 13 of this Indictment are hereby repeated, re-alleged, and incorporated by reference as if fully set forth herein.

16. From at least in or about September 2023 to at least in or about October 2025, in the Southern District of New York and elsewhere, JIANQING LI, a/k/a "JQ," the defendant, knowingly executed, and attempted to execute, a scheme and artifice to defraud a person in connection with a security of an issuer with a class of securities registered under Section 12 of the Securities Exchange Act of 1934 and that was required to file reports under Section 15(d) of the Securities Exchange Act of 1934, to wit, LI bought and sold securities while in knowing possession of material, nonpublic information he received through his employment, in violation of the duty of trust and confidence he owed to the source of the information.

(Title 18, United States Code, Sections 1348(1) and 2.)

FORFEITURE ALLEGATION

17. As a result of committing the offenses charged in Counts One and Two of this Indictment, JIANQING LI, a/k/a "JQ," the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses alleged in Count One and Two, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses that the defendant personally obtained.

Substitute Assets Provision

18. If any of the above-described forfeitable property, as a result of any act or omission by the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and Title 28, United States Code Section 2461, to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461.)



FOREPERSON



JAY CLAYTON
United States Attorney