UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA v. DAVID PIDGEON, Defendant.	**SEALED INDICTMENT** 26 Cr. __ 26 CRIM 352

COUNT ONE
(Securities Fraud)

The Grand Jury charges:

1. Between in or about October 2025 and November 2025, DAVID PIDGEON, the defendant, engaged in a scheme to trade on misappropriated material nonpublic information concerning the third quarter financial results of Treace Medical Concepts, Inc. ("TMCI"), in breach of his duties to the company and its shareholders.

2. TMCI is a publicly-traded medical technology company that designs, manufactures, and markets medical devices used in the surgical treatment for bunions and midfoot deformities. In October 2025, DAVID PIDGEON, the defendant, worked at TMCI as Senior Director, Operations, reporting directly to the company's Chief Operations and Supply Chain Officer. In that role, PIDGEON was responsible for maintaining appropriate inventory levels for all of TMCI's products and routinely received internal reports regarding TMCI's sales.

3. By virtue of his employment, DAVID PIDGEON, the defendant, owed a duty of trust and confidence to TMCI and was prohibited from misusing or disclosing TMCI's confidential information—including information about TMCI's product sales and finances—for personal gain. PIDGEON was also prohibited by company policy from trading in any security while in possession of material nonpublic information relating to that security; trading in TMCI securities during

quarterly "blackout" periods preceding earnings announcements; and trading TMCI options, including put or call options. TMCI periodically reminded employees, including PIDGEON, of the existence and duration of blackout periods through companywide emails.

4. Beginning in mid-September 2025, TMCI began to prepare its third quarter 2025 financial results for public release on or about November 6, 2025. On or about September 18, 2025, TMCI sent an email to employees, including DAVID PIDGEON, the defendant, informing them that the quarterly blackout period had begun and would continue until two business days after TMCI announced its third quarter financial results. The email stated "[t]his means that employees . . . may not buy or sell TMCI stock from September 17 until November 10," and included a link to the company's Insider Trading Compliance Policy.

5. In or about October 2025, DAVID PIDGEON, the defendant, learned through his employment that TMCI faced financial difficulties, including that it was selling less product than it had projected to sell. TMCI kept its interim internal sales and revenue data confidential and at the time PIDGEON learned of TMCI's performance, the details of its third quarter financial position had not been made public.

6. DAVID PIDGEON, the defendant, recognized that TMCI's sales shortfall would have significance to the business and to the market. For example, on or about October 29, 2025, in response to a question about TMCI's progress toward meeting its 2025 volume targets, PIDGEON responded that "[m]athematically" he did not think the company could "make the plan" for the quarter, and the goal was "just trying to make the miss as small as possible." For further example, on or about October 30, 2025, after another TMCI employee complained that TMCI was scheduling shipments before it received products, PIDGEON replied that "[w]e need to" because "[w]e need every case and dollar of revenue we can get," explaining that TMCI "literally can't afford to wait" and that there were "less ppl in the building now than there was on Monday because

we aren't making enough money." For still further example, PIDGEON told his leadership team on October 30, 2025, "to listen to the earnings call this quarter even if you normally do not."

7. Notwithstanding TMCI's restrictions on insider trading, and without approval to trade during the company's blackout period, on or about October 31, 2025, DAVID PIDGEON, the defendant, applied to his brokerage to enable options trading in his Roth IRA brokerage account. The brokerage approved the application. PIDGEON then sold shares of other issuers and used the proceeds of those sales to purchase short-term put options in TMCI stock. At least some portion of PIDGEON's options trades electronically cleared through servers located in the Southern District of New York.

8. On or about November 6, 2025, following market close, TMCI announced its third quarter 2025 financial results, including a net loss of $16.3 million and adjusted EBITDA loss of $2.6 million, which it explained was the result of lower Lapiplasty sales volumes. TMCI further announced that the "headwinds" in sales of Lapiplasty had continued into the fourth quarter and therefore the company was lowering its expected growth for 2025 from the original projected range of $224 million to $230 million to a revised range of $211 million to $213 million. TMCI further announced expected loss in Adjusted EBITDA in the range of $6.5 million to $7.5 million compared to the previous guidance of breakeven. The following day, TMCI's stock price dropped 28% (from a closing price of $6.23 on November 6, 2025, to a closing price of $4.465 on November 7, 2025). That same day, PIDGEON sold all of his TMCI put options. As a result of this illegal conduct PIDGEON generated more than $37,000 in profits.

<u>Statutory Allegations</u>

9. Between in or about October 2025 and November 2025, in the Southern District of New York and elsewhere, DAVID PIDGEON, the defendant, willfully and knowingly, directly and indirectly, by 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 a 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 were 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, in knowing breach of duties he owed to TMCI, PIDGEON used material nonpublic information obtained from TMCI to execute the purchase of TMCI options.

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

COUNT TWO
(Securities Fraud)

The Grand Jury further charges:

10. The allegations contained in paragraphs 1 through 8 of this Indictment are hereby repeated, re-alleged, and incorporated by reference as if fully set forth herein.

11. Between in or about October 2025 and November 2025, in the Southern District of New York and elsewhere, DAVID PIDGEON, 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, in knowing breach of duties PIDGEON owed to TMCI, PIDGEON used material nonpublic information obtained from TMCI to execute the purchase of TMCI securities.

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

FORFEITURE ALLEGATION

12. As a result of committing the offense alleged in Count One and Count Two of this Indictment, DAVID PIDGEON, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses, 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.

SUBSTITUTE ASSETS PROVISION

13. If any of the property described above as being subject to forfeiture, as a result of any act or omission of DAVID PIDGEON, the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

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 subdivided 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, Sections 981; Title 21, United States Code, Section 853; and Title 28, United States Code, Section 2461.)

[redacted]
Grand Jury Foreperson

James M. McDonald
JAMES M. MCDONALD
United States Attorney