
Ex-SG Cowen director guilty

Guillaume Pollet cops plea to insider trading for selling short shares of health company; also faces SEC civil suit

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A former managing director at SG Cowen Securities Corp. pleaded guilty yesterday to insider trading for selling short shares of HealthExtras Inc. in 2001 after he learned the company planned a private-equity offering.

Guillaume Pollet, 40, of East Hampton, pleaded guilty before U.S. District Judge Sandra L. Townes in Brooklyn, U.S. Attorney Roslynn R. Mauskopf said in a statement. Pollet faces up to 10 years in prison.

In a related action, the U.S. Securities and Exchange Commission filed a civil lawsuit against Pollet yesterday, accusing him of fraud and insider trading.

The SEC claimed he sold short shares of 10 companies that were involved in private investment in public equity, or PIPEs. In some cases, SG Cowen structured the transaction for company clients, the SEC said in a statement.

Yesterday's plea "shows that there are criminal penalties for financial insiders who exploit their privileged positions at the expense of investors," Mauskopf said in her statement.

Pollet couldn't be reached for comment. Ronald Fischetti and Joseph Tacopina, lawyers representing Pollet, didn't return calls for comment. Jean Calleja, a spokesman for SG Cowen, also didn't return a call for comment.

Pollet's short sales "locked in" more than $4 million in trading profits for SG Cowen, the SEC said in a statement.

"While PIPE transactions may help a company meet its financing needs, they also create opportunities for fraud," Mark Schonfeld, director of the SEC's New York office, said in the agency's statement. "This case sends the message that we will actively patrol this area."

A PIPE transaction is a privately negotiated sale of securities by a public company to a select number of institutional and accredited investors, often at a discount to the prevailing market price.

Public companies seeking to raise cash quickly sometimes turn to investment bankers to arrange a PIPE deal, in which a small group of investors, such as hedge funds, buys newly created securities. In some cases, the securities later convert into common stock, diluting the market value of the companies' shares.
