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Wells Fargo Advisors Settles Burger King Insider Trading Charges With SEC

Former Broker Engaged in Insider Trading of Burger King Stock Before 2010 Buyout

By Josh Beckerman

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Wells Fargo Advisors LLC has agreed to pay a \$5 million penalty to settle Securities and Exchange Commission charges that a former broker engaged in insider trading of Burger King Worldwide Inc. stock before the company's 2010 buyout, the SEC said Monday.

The SEC said it charged the broker-dealer on Monday with failing to maintain adequate controls to prevent an employee from insider trading. The SEC also charged the firm with delaying its production of documents and providing an altered internal document. According to the SEC, Wells Fargo admitted wrongdoing.

Wells Fargo Advisors, an affiliate of Wells Fargo & Co., declined to comment.

On Monday, the SEC said its order finds that "multiple groups responsible for compliance or supervision within Wells Fargo received indications that the broker was misusing customer information." The SEC said "these groups lacked coordination or any assigned responsibilities, and they ultimately failed to act on these indications."

A criminal complaint in January alleged that Waldyr Da Silva Prado Neto, a former financial adviser at Wells Fargo, learned of Burger King's pending sale to 3G Capital Management from a brokerage customer who invested in a 3G fund. Mr. Prado then allegedly bought Burger King stock. Mr. Prado sold his holdings after the announcement of the deal on Sept. 2, 2010, according to prosecutors.

The January complaint also charged Igor Cornelsen, who owns and operates an investment firm in the British Virgin Islands and allegedly received updates about the Burger King deal from Mr. Prado. Both individuals were charged with conspiracy to commit securities fraud, securities fraud and fraud in connection with a tender offer.

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