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SEC alleges insider trading ring in deal for IcyHot maker

By Reuters Staff

3 MIN READ



(Reuters) - Securities regulators on Tuesday charged eight men with participating in an insider trading ring that made more than \$500,000 on confidential information that French drugmaker Sanofi planned to buy the Tennessee-based maker of pain reliever IcyHot.

The Securities and Exchange Commission said a Georgia accountant, Thomas D. Melvin Jr, received confidential information in 2009 about the acquisition from a client who was on the board of directors at Chattem Inc and was seeking professional advice.

Chattem produces Icy Hot, allergy medicine Allegra, skin care products such as Gold Bond and other products.

Melvin illegally tipped off friends and a longtime partner at his Griffin, Georgia-based accounting firm, the SEC said.

“It is particularly troubling when professionals like Melvin violate their professional obligations and breach a client’s trust by misusing confidential information,” said William P. Hicks, associate enforcement director for the SEC in Atlanta.

“These traders similarly jeopardized their reputations or careers by trading on information that was off-limits,” Hicks said.

The men Melvin tipped off -- C. Roan Berry of Jackson, Georgia; and Griffin residents Michael S. Cain, Joel C. Jinks and R. Jeffrey Rooks -- traded on the confidential information, the SEC said.

Berry also passed the information along to Ashley J. Coots of Jackson, who then shared it with Casey D. Jackson of Atlanta, the SEC said. Regulators said Cain passed the confidential information to Peter C. Doffing of Milner, Georgia, who purchased out-of-the-money call options based on it.

Berry, Coots, Jackson and Rooks have agreed to settle the charges and pay back money made on the trades, plus interest

and penalties, for a combined total of more than \$175,000, the SEC said.

An attorney for Rooks declined to comment. Attorneys for Berry and Jackson did not respond to phone messages. The SEC did not list an attorney for Coots, who could not be reached for comment.

The SEC will continue its case against the other four men, according to the statement.

Attorneys for Melvin, Doffing and Jinks did not respond to phone messages. Cain's attorney, Raymond Moss of Sims Moss Kline & Davis in Atlanta, said he believes the charges are "without merit" and that they would defend against the allegations.

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