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<https://www.wsj.com/articles/nfl-linebacker-ex-goldman-analyst-charged-in-1-2-million-insider-trading-case-1535563605>

FINANCIAL REGULATION

NFL Linebacker, Ex-Goldman Analyst Charged in \$1.2 Million Insider Trading Case

Browns linebacker Mychal Kendricks allegedly received information ahead of four acquisitions in 2014 from former Goldman analyst Damilare Sonoiki



Mychal Kendricks signed with the Cleveland Browns as a free agent this off-season. PHOTO: TONY DEJAK/ASSOCIATED PRESS

By Scott Calvert and Andrew Beaton

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Cleveland Browns linebacker Mychal Kendricks and former Goldman Sachs Group Inc. [GS -0.58% ▼](#) banking analyst Damilare Sonoiki were charged Wednesday with insider trading in an alleged scheme that prosecutors say yielded about \$1.2 million in profits for Mr. Kendricks.

The two men, both 27 years old, were charged with one count of securities fraud and one count of conspiracy to commit securities fraud. Their attorneys said both men are expected to plead guilty.

Prosecutors said each defendant, if convicted, could face a maximum prison sentence of 25 years and large fines. They may also be ordered to forfeit all proceeds from the alleged crimes. The Securities and Exchange Commission on Wednesday sued them both for securities fraud.

Prosecutors allege Mr. Sonoiki gave Mr. Kendricks inside information ahead of four corporate acquisitions in 2014, when Mr. Kendricks played for the Philadelphia Eagles. In each case, prosecutors say, Mr. Kendricks purchased call options and saw the value of those options jump after the merger was announced.

In return for the tips, prosecutors allege, Mr. Kendricks rewarded Mr. Sonoiki with about \$10,000 in cash and perks such as Eagles tickets and an invitation to pop star Teyana Taylor's music video set. Authorities say Messrs. Kendricks and Sonoiki tried to hide their crimes by talking over FaceTime and using code words in text messages.

Prosecutors and the SEC said the insider trading involved deals with four public companies: Compuware Corp., Move Inc., Sapient Corp. and Oplink Communications.

Mr. Kendricks allegedly made a profit of about \$78,000 from his Compuware investments, about \$279,000 from Move, about \$489,000 from Sapient and about \$352,000 from Oplink. Authorities say his profit margin ranged from 79% to 393%.

Mr. Sonoiki, of Beverly Hills, Calif., will plead guilty, said his attorney, Mark Wilson. "He was working as an analyst, he overheard information and he passed it on," said Mr. Wilson, an

assistant federal defender.

Goldman Sachs said: “We are aware of the situation regarding Mr. Sonoiki, who left Goldman Sachs over three years ago, and are cooperating with legal authorities. Protecting confidential information is our highest priority and we condemn Mr. Sonoiki’s alleged behavior.”

In a statement, Mr. Kendricks admitted to participating in insider trading and apologized. He described Mr. Sonoiki as a “former friend” he believed he could trust because of his past as a Harvard-educated Goldman Sachs employee.

Mr. Kendricks said he has fully cooperated with investigators and didn’t take any of the profits for himself.

“While I didn’t fully understand all of the details of the illegal trades, I knew it was wrong,” Mr. Kendricks said in the statement.

Mitchell Schuster, a lawyer representing Mr. Kendricks at the firm Meister Seelig & Fein LLP, said he expects his client to plead guilty.

William McSwain, the U.S. attorney for the Eastern District of Pennsylvania, said his office was committed to rooting out insider trading. “Your background, your education, your professional success will not save you. It will not matter who you are, it will only matter what you did,” he said at a news conference in Philadelphia.

The SEC lawsuit said Mr. Kendricks met Mr. Sonoiki at a party in late 2013 and that they stayed in touch, with Mr. Sonoiki providing Mr. Kendricks nonpublic information starting in the summer of 2014.

Mr. Sonoiki wrote for the television show “Black-ish” in 2015 and 2016, according to the website IMDb.

A spokesman for the NFL said the league is aware of Wednesday’s developments and will review the matter. The Browns said the team is in communication with the league office as it gathers more information and said Mr. Kendricks won’t travel to Detroit for the Browns’ final preseason game.

Mr. Kendricks was a second-round pick in the 2012 NFL Draft by the Eagles after attending college at the University of California, Berkeley. He had played his entire career with the Eagles, including winning last season’s Super Bowl, until signing with Cleveland as a free agent this off-season. He has earned roughly \$20 million in salaries and bonuses during his NFL career.

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fastFT Insider trading**NFL player and ex-Goldman analyst charged with insider trading**

Banker began sharing tips after meeting Cleveland Browns star Kendricks at a party: DOJ



Fans hold a cut out head of Mychal Kendricks of the Philadelphia Eagles during their Super Bowl Victory Parade on February 8, 2018 in Philadelphia, Pennsylvania. (Photo by Rich Schultz/Getty Images)

Billy Nauman in New York AUGUST 29, 2018

Marvin Mychal Kendricks, a linebacker for the National Football League's Cleveland Browns, and Damilare Sonoiki, a former Goldman Sachs analyst, have been charged with insider trading by the US Department of Justice.

The US Securities and Exchange Commission said on Wednesday that it had also filed claims against the two men.

According to the SEC, Mr Kendricks, who used to play for the Philadelphia Eagles, began receiving illegal tips from Mr Sonoiki after meeting him at a party and paid him back with cash, NFL tickets and an invitation to the set of a music video shoot.

Mr Kendricks and Mr Sonoiki communicated through a variety of means in an effort to keep their conversations under wraps, the SEC alleged in its complaint.

“Kendricks and Sonoiki attempted to minimise telephone calls, employed coded language in text messages, and used other methods of communication that they apparently believed would not be uncovered, such as FaceTime,” the complaint alleged.

Using the information he received from Mr Sonoiki, Mr Kendricks purchased call options on four of Goldman's banking clients, Compuware, Move, Sapien and Oplink, all of which were preparing for upcoming mergers, the DoJ said.

Based on the tips, Mr Kendricks allegedly pocketed a total of \$1.2m, according to the DoJ.

Each defendant could face as much as 25 years in prison and a fine of more than \$5m if convicted on the criminal charges.

Mr Kendricks admitted to the allegations and said he has been co-operating with authorities, according to a public statement provided by lawyer Mitchell Schuster, partner at Meister, Seelig & Fein, who said he is representing Mr Kendricks.

"I would like to apologise. Four years ago, I participated in insider trading, and I deeply regret it. I invested money with a former friend of mine who I thought I could trust and who I greatly admired. His background as a Harvard graduate and an employee of Goldman Sachs gave me a false sense of confidence," Mr Kendricks said in the statement.

John Dorsey, the general manager of the Cleveland Browns, said in a [statement](#) on Wednesday evening that the team had released Mr Kendricks.

Mr Sonoiki, who is [listed on IMDb](#) as a writer for the TV show "Black-ish," is representing himself, according to the SEC. He could not immediately be reached for comment.

A Goldman Sachs spokesperson said the bank is aware of the situation and cooperating with authorities, pointing out that Mr Sonoiki left more than three years ago. "Protecting confidential information is our highest priority and we condemn Mr. Sonoiki's alleged behavior," the Goldman Sachs spokesperson said in a statement.

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