PRESS RELEASE

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SEC Charges Former Arista Networks Chairman Andy Bechtolsheim with Insider Trading

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Washington D.C., March 26, 2024 — The Securities and Exchange Commission today announced insider trading charges against Andreas “Andy” Bechtolsheim, the founder and Chief Architect of Silicon Valley-based technology company Arista Networks, Inc. To settle the SEC’s charges, Bechtolsheim agreed to pay a civil penalty of nearly $1 million.

According to the SEC’s complaint, Bechtolsheim misappropriated material nonpublic information regarding the impending acquisition of Acacia Communications, Inc., a manufacturer of highspeed optical interconnect products. The SEC alleges that Bechtolsheim, who was Arista Networks’s chair at the time, learned of Acacia’s impending acquisition on July 8, 2019, through his and Arista Networks’s longstanding relationship with another multinational technology company that was also considering acquiring Acacia and consulted with Bechtolsheim concerning the potential acquisition. Immediately after learning this information, Bechtolsheim allegedly traded Acacia options in the accounts of a close relative and an associate. The next day, July 9, 2019, before the market opened, Acacia and Cisco announced that Cisco had agreed to acquire Acacia for $70 per share. That day, Acacia’s stock price increased by 35.1 percent. According to the SEC’s complaint, Bechtolsheim’s trading generated combined illegal profits of $415,726 in the accounts of his relative and associate.

“We allege that Bechtolsheim, while serving as the chairman of a publicly traded company, abused the trust of a longtime business contact who had shared highly sensitive information about an imminent corporate acquisition,” said Joseph G. Sansone, Chief of the SEC’s Market Abuse Unit. “We will continue to pursue and prosecute misconduct by trusted insiders at all levels of the corporate hierarchy.”

Without admitting or denying the allegations in the SEC’s complaint, which was filed in the U.S. District Court for the Northern District of California, Bechtolsheim settled the SEC’s charges by agreeing to be barred from serving as an officer or director of a public company for five years and to pay a civil monetary penalty of $923,740. The settlement is subject to court approval.

The SEC’s investigation was conducted by John P. Mogg of the Division of Enforcement’s Market Abuse Unit in the San Francisco Regional Office with assistance from Patrick McCluskey, John S. Rymas, and Ainsley Kerr of the Market Abuse Unit’s Analysis and Detection Center. The matter was supervised by Rahul Kolhatkar and Mr. Sansone. The SEC appreciates the assistance of the Financial Industry Regulatory Authority.

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Last Reviewed or Updated: March 26, 2024

RESOURCES

- SEC Complaint