

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100846 / August 28, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22038

In the Matter of

MAGGIE CHEN,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Maggie Chen (“Chen” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-And-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

Summary

1. This matter involves insider trading by Maggie Chen in the securities of MyoKardia, Inc. (“MyoKardia”) in advance of the company’s May 11, 2020, announcement of

positive Phase 3 trial results for its drug, Mavacamten, which treats a heart condition known as hypertrophic cardiomyopathy. On May 6, 2020, Chen was provided access to the confidential Mavacamten drug trial results in her capacity as a Statistician Consultant at MyoKardia. Over the next two days, Chen purchased 1,007 shares of MyoKardia.

2. Chen also recommended that a relative purchase MyoKardia shares, which the relative did on May 7 and 8, 2020.

3. Following the company's May 11th announcement, the price of MyoKardia stock increased by almost 58%. Chen generated profits of \$33,845 from her trading and her relative generated trading profits of \$23,857. By engaging in this conduct, Chen violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Respondent

4. **Maggie Chen**, age 48, is a resident of Newbury Park, California. During the relevant time period, she was employed through a third party to work as a Statistician Consultant for MyoKardia. Chen has never held any securities license and has never been registered with the Commission.

Related Entity

5. **MyoKardia, Inc.** was a Delaware corporation, headquartered in Brisbane, California. Prior to November 27, 2020, its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and quoted on the Nasdaq Global Select Market under the symbol "MYOK".

Facts

6. In February 2020, MyoKardia retained Chen to serve as a Statistician Consultant to support its clinical drug trials. Chen was subject to a MyoKardia Confidential Disclosure Agreement, which prohibited her from disclosing confidential information that she obtained through her consulting work and from using the information for her personal benefit.

7. At the time of Chen's engagement, MyoKardia was amid a 30-week Phase 3 clinical trial for Mavacamten. The trial was conducted on a double-blind basis in which neither the participants nor the researchers knew which treatment or intervention was used until the completion of the clinical trial.

8. Chen was assigned to the Mavacamten clinical trial and, among other things, developed statistical analysis plans, structured the content datasets, and designed templates for clinical study reports. As part of those duties, Chen had access to the database that contained the Mavacamten clinical trial results.

9. On May 6, 2020, after market close, MyoKardia unblinded the Phase 3 clinical Mavacamten trial results, which showed to be positive for the treatment of hypertrophic cardiomyopathy. That evening, Chen accessed the company's database and learned of the unblinded results. Chen knew, consciously avoided knowing, or was reckless in not knowing that the unblinded results were confidential and nonpublic.

10. On May 7 and 8, 2020, based on material nonpublic information about the clinical trial results, Chen purchased 1,007 shares of MyoKardia for an average price of \$63 per share.

11. Chen also recommended that a relative purchase MyoKardia securities. On May 7 and 8, 2020, that relative purchased 660 shares of MyoKardia for an average price of \$63 per share.

12. Chen knew, consciously avoided knowing, or was reckless in not knowing that her purchases of, and recommendation that a relative purchase, MyoKardia securities breached her fiduciary or similar duty owed to MyoKardia and its shareholders.

13. On May 11, 2020, before market open, MyoKardia announced the positive results for the company's Phase 3 Mavacamten drug trial. That same day, MyoKardia's share price increased \$35.81 and reached a closing price of \$96.90 per share, a 58% increase over the previous trading day. As result of the above trading, Chen generated trading profits of \$33,845, and her relative generated profits of \$23,857.

14. Based on the foregoing, Chen violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Disgorgement

15. The disgorgement and prejudgment interest referenced in paragraph IV is consistent with equitable principles, does not exceed Respondent's net profits from her violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest referenced in paragraph IV.B shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

On the basis of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Chen's Offer

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 21C of the Exchange Act, Respondent Chen cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

- B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$33,845 and prejudgment interest of \$3,329 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.
- C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$57,702 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Chen as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott A. Thompson, Associate Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

- D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, she shall not argue that she is entitled to, nor shall she benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees

that she shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary