

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 83896 / August 21, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18655

In the Matter of

ISMAIL LILA

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 Ismail Lila (“Lila” 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 him 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

This matter involves insider trading by Respondent in advance of the July 26, 2017 announcement that Teekay Corporation (“Teekay”) and Teekay Offshore Partners L.P. (“Teekay Offshore”) agreed to enter into a strategic partnership with Brookfield Business Partners L.P., which included a \$640 million equity investment in Teekay Offshore (the “Transaction”). In June 2017, Respondent obtained material nonpublic information concerning the Transaction from his then employer, Teekay. Respondent either knew or was reckless in not knowing that this information was conveyed to him in confidence, and that he was not permitted to trade on it. Notwithstanding this restriction, Respondent purchased Teekay stock before the public announcement of the Transaction. Respondent generated ill-gotten gains of \$28,642.04. By engaging in this conduct, Respondent violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Respondent

1. **Ismail Lila**, age 42, is a resident of Coquitlam, British Columbia, Canada. At the time of the conduct described herein, Respondent was an Associate General Counsel at Teekay.

Other Relevant Individuals and Entities

2. **Teekay**, a corporation organized under the laws of the Republic of The Marshall Islands with its principal place of business in Hamilton, Bermuda, operates in the marine midstream space through ownership of assets that provide marine services to oil and gas companies. Teekay is a foreign private issuer that has common stock registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded on the New York Stock Exchange.

3. **Teekay Offshore**, a master limited partnership organized under the laws of the Republic of The Marshall Islands with its principal place of business in Hamilton, Bermuda, is an international provider of marine transportation, oil production, storage, and other services to the oil industry. Teekay Offshore is affiliated with Teekay. Teekay Offshore is a foreign private issuer that has common units, preferred units, and notes registered with the Commission pursuant to Section 12(b) of the Exchange Act and those securities are traded on the New York Stock Exchange.

4. **Brookfield Business Partners L.P.**, a limited partnership organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda, is a business services and industrials company. Brookfield is a foreign private issuer that has limited partnership units registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the New York Stock Exchange.

Background

5. In late 2016, Brookfield Business Partners L.P., which is externally managed by Brookfield Asset Management Inc. (collectively, “Brookfield”), and Teekay discussed the possibility of Brookfield providing financing for Teekay and its affiliated entities, including Teekay Offshore.

6. On January 6, 2017, a related Brookfield entity, Brookfield Capital Partners LLC, signed a confidentiality agreement with Teekay (the “Confidentiality Agreement”). The Confidentiality Agreement provided protections to Teekay for confidential information that it would supply to Brookfield while Brookfield considered possible investments into Teekay and its affiliated entities.

7. The Confidentiality Agreement provided that the discussions and information exchanged between Brookfield and Teekay concerned a potential transaction that was material and nonpublic.

8. The Confidentiality Agreement also provided, and Brookfield agreed, that Brookfield had advised its representatives that “as to the matters that are the subject of this Agreement, the United States securities laws would prohibit any person who has material, nonpublic information concerning or represented by the matters that are the subject of this Agreement from purchasing or selling securities of the Company.” The Confidentiality Agreement defined the Company as “Teekay Corporation and its subsidiaries or affiliates.”

9. On May 28, 2017, Brookfield sent Teekay a nonbinding letter of intent for a proposed transaction that would provide significant financing to Teekay Offshore, and would also address other important financing needs for Teekay.

10. On May 30, 2017, the Teekay Board of Directors provided consent for Teekay to pursue a transaction with Brookfield as one possible source of financing, while leaving other options open. On June 1, 2017, the Teekay Offshore Board of Directors provided a similar consent.

11. From June 1, 2017 through July 26, 2017, Teekay, Teekay Offshore, and Brookfield worked intensively with their internal teams, external financial advisors, and outside legal counsel to assess the proposed Transaction, conduct due diligence, and move towards a definitive agreement.

12. During the course of his employment at Teekay, Respondent became aware of material nonpublic information concerning the Transaction prior to its public disclosure. Specifically, starting in June 2017, Respondent, in his role as one of Teekay’s Associate General Counsels, was staffed on the internal Teekay legal team that was working directly on the Transaction. From the beginning of his involvement, Respondent assisted with Teekay’s responses to Brookfield’s due diligence requests and fielded related questions directly from Brookfield’s legal counsel. By late June, Respondent was working with Brookfield’s outside accounting firm,

furnishing important tax information. Starting in early July, Respondent participated in regular conference calls intended to keep the Transaction on track as it moved towards closing. Among the various tasks that needed to be accomplished prior to closing the Transaction were certain items specifically assigned to Respondent. Respondent was involved in the Transaction on a weekly, if not daily basis in June and July 2017.

13. On July 18, 2017, prior to the public disclosure of the Transaction, Respondent purchased 10,800 shares of Teekay stock. Respondent purchased an additional 2,200 shares of Teekay stock on July 20, 2017. Respondent's Teekay stock purchases totaled approximately \$95,500.

14. After the market closed on July 26, 2017, Teekay, Teekay Offshore, and Brookfield issued press releases announcing the Transaction.

15. The following day, Teekay's stock opened up in reaction to the news, and closed at \$9.55, a one-day increase of 11.44% based on the prior day's closing price.

16. At the outset of his employment, Respondent received a copy of Teekay's Insider Trading Policy informing him that he was prohibited from trading in the securities of Teekay while he was aware of material nonpublic information concerning Teekay or its subsidiaries.

17. Respondent understood that by accepting and continuing his employment at Teekay, he agreed to abide by all of Teekay's corporate policies, including Teekay's Insider Trading Policy.

18. Respondent received periodic training on Teekay's Insider Trading Policy and he understood its provisions.

19. Respondent was also familiar with the Confidentiality Agreement which identified the Transaction as material and nonpublic, and he requested and received a copy of the Confidentiality Agreement by email on June 25, 2017.

20. Due to his knowledge of the Transaction, his familiarity with the Confidentiality Agreement, and his understanding of Teekay's Insider Trading Policy, Respondent either knew or was reckless in not knowing that the information concerning the Transaction was material and nonpublic.

21. Respondent knew from the Teekay Insider Trading Policy that he owed a duty to Teekay and its shareholders to refrain from trading in Teekay securities while in possession of material nonpublic information concerning Teekay and its affiliated entities.

22. By purchasing Teekay stock on July 18, 2017 and July 20, 2017, Respondent knowingly or recklessly violated Teekay's Insider Trading Policy and his duty to Teekay and its shareholders.

23. Based on the closing price on July 27, 2017, Respondent profited in the amount of \$28,642.04 from his trading.

24. As a result of the conduct described above, Respondent violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Lila's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Lila 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 ten days of the entry of this Order, pay disgorgement of \$28,642.04 and prejudgment interest of \$1,015.19 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 ten days of the entry of this Order, pay a civil money penalty in the amount of \$28,642.04 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 Ismail Lila as the 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 Kurt Gottschall, Associate Director, Division of Enforcement, Securities and Exchange Commission, Denver Regional Office, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961.

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, he shall not argue that he is entitled to, nor shall he 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 he 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.

Brent J. Fields
Secretary