

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 95076 / June 9, 2022

ACCOUNTING AND AUDITING ENFORCEMENT

Release No. 4312 / June 9, 2022

ADMINISTRATIVE PROCEEDING

File No. 3-20896

In the Matter of

**LIJUAN “SANDRA”
HAO, CPA**

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS PURSUANT TO
SECTIONS 4C AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934 AND RULE 102(e) OF
THE COMMISSION’S RULES OF PRACTICE,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-AND-
DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Lijuan “Sandra” Hao, CPA (“Respondent” or “Hao”) pursuant to Sections 4C¹ and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.²

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.

² Rule 102(e)(1)(iii) provides, in pertinent part, that:

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 Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds³ that:

A. SUMMARY

1. This matter involves insider trading by Respondent Lijuan Sandra Hao, a certified public accountant who purchased stock on the basis of material nonpublic information she obtained regarding two of her publicly traded tax clients while working at a tax services firm (“Tax Services Firm”). In June 2017, Hao purchased the stock of her client Finisar Corporation in advance of Finisar’s quarterly and year end earnings announcement, and in March 2018, Hao purchased the stock of another client – Oclaro, Inc. – in the days preceding Oclaro’s announcement of a merger with another company. In each instance, Hao had obtained material nonpublic information about her clients in the course of her employment at Tax Services Firm, and by trading improperly on the basis of it, she obtained illicit profits of nearly \$48,000. By engaging in this conduct, Hao violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

³ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

B. RESPONDENT

2. **Lijuan “Sandra” Hao**, age 50, resides in San Jose, CA, and is a certified public accountant (“CPA”) licensed in California. During the time period relevant to this proceeding, Hao served as a Senior Director of Tax for Tax Services Firm.

C. RELATED ENTITIES

3. **Finisar Corporation (“Finisar”)** was a Delaware corporation headquartered in Sunnyvale, California. Prior to its merger with optoelectronics firm II-VI Incorporated, Finisar’s common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was listed on the NASDAQ stock exchange (“NASDAQ”) under the ticker symbol “FNSR.”

4. **Oclaro, Inc. (“Oclaro”)** was a Delaware corporation headquartered in San Jose, California. Prior to its merger with Lumentum Holdings, Inc., Oclaro’s common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was listed on the NASDAQ under the ticker symbol “OCLR.”

5. **Lumentum Holdings, Inc. (“Lumentum”)** is a Delaware corporation headquartered in San Jose, California. Lumentum’s common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the NASDAQ under the ticker symbol “LITE.”

D. FACTS

Background

6. Hao provided tax advisory services at various firms from at least 1999 to 2022. At Tax Services Firm, where she worked from 2016-2018, Hao was engaged by clients to provide assistance with their quarterly and annual income tax provisions, and she supervised other accountants at the firm in their work. Before beginning her employment with Tax Services Firm in 2016, Hao signed an employment offer letter which informed her that she could not make use of her clients’ confidential information obtained during the course of her employment without the prior written consent of the firm. Hao also signed an acknowledgment of receipt of the firm’s employee handbook that prohibited trading in securities of any public company while in possession of material nonpublic information, and she received compliance training regarding insider trading.

Hao's Trading in Finisar

7. Hao provided tax advisory services to Finisar from at least February 2016 through July 2018 in her capacity as a CPA.

8. In late May and early June 2017, a Finisar employee asked Hao and her colleague to update the tax risk footnote for the company's not yet filed Form 10-K for fiscal year 2017. Finisar's fiscal year ended April 30, 2017.

9. On or around June 7, 2017, in support of Finisar's decision to release a \$103 million valuation allowance, Hao co-authored a memorandum which contained specific nonpublic details regarding the company's positive outlook for the coming year, and referenced the company's upcoming business plans.

10. On June 14, 2017, Hao communicated with Finisar employees regarding the draft Form 10-K footnote that discussed the company's decision to release the valuation allowance based on positive evidence of profitability and demand for certain new products.

11. Hao knew or was reckless in not knowing that the tax and financial information she received in advance of Finisar's earnings announcement was material and nonpublic, and that she owed a duty of trust and confidence to Tax Services Firm, Finisar, and Finisar's shareholders to refrain from trading in Finisar securities while in possession of this material, nonpublic information.

12. On June 15, 2017, Hao purchased 3,000 shares of Finisar stock at a price of \$24.86 per share on the basis of material nonpublic information regarding Finisar's valuation allowance and upcoming business plans. She neither sought permission from nor informed her employer of her purchase of Finisar shares.

13. After the close of business on June 15, 2017, Finisar announced its positive financial results for its fourth quarter and full fiscal year. The following day, Finisar's stock price closed at \$27.79 per share, an 8.4 percent increase from the previous day's closing price of \$25.64 per share.

14. By purchasing Finisar securities before the company's financial results for its fourth quarter and full fiscal year were released to the public, Hao misappropriated the material, nonpublic information she was privy to and breached the duty of trust or confidence she owed to Finisar, Finisar's shareholders, and Tax Services Firm.

15. Hao obtained illicit profits of \$8,790 from her June 15, 2017 purchase of 3,000 Finisar shares.

Hao's Trading in Oclaro

16. Hao provided tax advisory services to Oclaro from at least February 2010 through July 2018 in her capacity as a CPA employed by Tax Services Firm, and prior to 2016, a firm that was later acquired by Tax Services Firm.

17. On March 3, 2018, Hao's supervisor, Tax Services Firm partner, asked Hao, in her capacity as a Senior Director of Tax, to assist in a due diligence project for Oclaro in advance of a potential merger with Lumentum. Between March 3rd and 5th, Hao supervised the collection of materials that needed to be provided to the diligence team. Hao received emails regarding the confidential due diligence requests. She also provided input on the materials that were to be uploaded to the due diligence data room.

18. Hao knew or was reckless in not knowing that the information she received regarding Oclaro's pending merger with Lumentum was material and nonpublic, and that she owed a duty of trust and confidence to Tax Services Firm, Oclaro, and Oclaro's shareholders to refrain from trading in Oclaro securities while in possession of this material, nonpublic information.

19. On March 5, 2018, two days after she was informed of Oclaro's potential merger with Lumentum, Hao purchased 15,000 shares of Oclaro stock. She neither sought permission from nor informed her employer of her purchase of Oclaro shares.

20. By purchasing Oclaro securities when the company's potential merger with Lumentum had not yet been publicly announced, Hao misappropriated the material, nonpublic information she was privy to and breached a duty of trust or confidence she owed to Oclaro, Oclaro's shareholders, and Tax Services Firm.

21. On Monday, March 12, 2018, Lumentum publicly announced the definitive merger agreement with Oclaro. The same day, Hao sold her Oclaro shares. That day, Oclaro's stock price closed at \$10.01 per share, a 27.5 percent increase from the previous trading day's closing price of \$7.85 per share.

22. Hao obtained illicit profits of \$39,060 from her March 5, 2018 purchase of 15,000 Oclaro shares.

Violations

23. As a result of the conduct described above, Hao violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

Findings

24. Based on the foregoing, the Commission finds that Hao willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

25. Based on the foregoing, the Commission finds that Hao engaged in willful violations of the federal securities laws or the rules and regulations thereunder within the meaning of Section 4(C)(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

Disgorgement and Civil Penalties

26. The disgorgement and prejudgment interest ordered in paragraph IV.C. 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 ordered in paragraph IV.C. shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Hao shall 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. Hao is denied the privilege of appearing or practicing before the Commission as an accountant.

C. Hao shall pay disgorgement of \$47,850, prejudgment interest thereon of \$9,507.43, and a civil money penalty of \$47,850, for a total of \$105,207.43 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). Payment shall be made in the following installments: \$51,207.43 within 10 days of entry of this Order, and the remaining payment of \$54,000, plus any additional interest due, within 250 days of entry of this Order. Payments shall be applied first to post-Order interest, which accrues pursuant to SEC Rule of Practice 600 and pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Hao shall contact the staff of the Commission for the amount due. If Hao fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including

post-Order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

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 Lijuan "Sandra" Hao 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 David A. Becker, Assistant Director, Division of Enforcement, United States Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

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