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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT
LOS ANGELES

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2019 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

MARK A. LOMAN,

Defendant.

CR No.

19CR00695 -DSF

I N D I C T M E N T

[18 U.S.C. § 1348(1): Securities Fraud; 15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5: Securities Fraud (Insider Trading); 18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH FIVE

[18 U.S.C. §§ 1348(1), 2(b)]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

1. OSI Systems, Inc. ("OSIS") was a company based in Hawthorne, California, within the Central District of California, that designed and manufactured specialized electronic systems and components for critical applications in a diverse range of industries, including homeland security, health care, defense, and aerospace. Shares of OSIS were publicly traded on the National

1 Association of Securities Dealers Automated Quotations Stock Market
2 ("NASDAQ"), a national securities exchange, under the symbol "OSIS."
3 OSIS was an issuer with securities registered under section 12 of the
4 Securities Exchange Act of 1934 (the "Exchange Act") and was required
5 to file reports under section 13 of the Exchange Act.

6 2. As a publicly traded company, OSIS on a quarterly basis
7 announced to the public and reported to the Securities and Exchange
8 Commission ("SEC") information regarding the company's financial
9 performance during its most recent fiscal quarter. The 2016 fiscal
10 year for OSIS began on July 1, 2015; the second quarter ("Q2") of
11 fiscal year 2016 ("FY2016") for OSIS began on October 1, 2015, and
12 ended on December 31, 2015.

13 3. Defendant MARK A. LOMAN was a resident of Hermosa Beach,
14 California, within the Central District of California. Defendant
15 LOMAN was employed as the Vice President and Corporate Controller for
16 OSIS. By virtue of his employment with OSIS, defendant LOMAN had
17 access to material nonpublic information regarding OSIS's current
18 financial performance and forecasts prior to such data being released
19 to the investing public or reported to the SEC. As a corporate
20 insider, defendant LOMAN owed a duty of trust and confidence to OSIS
21 and its shareholders.

22 4. OSIS regularly advised its employees, including defendant
23 LOMAN, about insider trading laws and had established internal
24 policies prohibiting employees from trading on material nonpublic
25 information. As a prophylactic measure, OSIS initiated "blackout
26 periods," during which OSIS insiders with access to material
27 nonpublic information, including defendant LOMAN, were prohibited
28 from trading company securities and altering investment plans. OSIS

1 typically initiated a blackout period in advance of its quarterly
2 earnings announcements and prior to company mergers and acquisitions.
3 Defendant LOMAN was advised of OSIS's policy on insider trading on
4 several occasions prior to December 2015, including on or about
5 September 15, 2014, when defendant LOMAN completed OSIS's formal
6 training on its insider trading policy, and on or about September 23,
7 2015, when defendant LOMAN received an email with a copy of OSIS's
8 insider trading policy.

9 5. American Science and Engineering, Inc. ("ASEI") was a
10 manufacturer of advanced X-ray equipment and related technologies
11 based in Billerica, Massachusetts. Shares of ASEI were publicly
12 traded on NASDAQ under the symbol "ASEI." ASEI was an issuer with
13 securities registered under section 12 of the Exchange Act and was
14 required to file reports under section 13 of the Exchange Act.
15 ASEI was acquired by OSIS on or about June 21, 2016.

16 6. An investor could "short sell" a stock by selling shares of
17 the stock that the investor had borrowed with the right to purchase
18 the shares at a lower price on a later date. The investor could
19 establish a short position with the expectation to "cover" the short
20 position, or buy the shares back later at a lower price, such that
21 the investor would profit if the share price declined during that
22 time period.

23 7. A "call option" contract gave the owner the right, but not
24 the obligation, to buy a stock at a specific price, known as the
25 strike price, during the life of the contract. An investor who
26 purchased a call option contract could obtain a profit when the price
27 of the underlying stock rose above the strike price specified in the
28 contract by buying the stock at the lower strike price. An investor

1 who sold a call option contract could obtain a profit when the price
2 of the underlying stock remained below the strike price up to the
3 expiration of the call option because the seller could keep the money
4 paid to purchase the option (called the "premium") even though the
5 purchaser would not exercise the option.

6 8. A "put option" contract gave the owner the right, but not
7 the obligation, to sell a stock at a specific price, known as the
8 strike price, at any time during the life of the contract. An
9 investor who purchased a put option contract, for a cost called a
10 "premium," could obtain a profit when the price of the underlying
11 stock dropped below the strike price specified in the contract. The
12 owner of the option contract would then be able to sell the stock at
13 the higher strike price and thereby obtain a profit.

14 B. THE INSIDER TRADING SCHEME

15 9. Beginning in or around October 2015, and continuing through
16 in or around June 2016, in Los Angeles County, within the Central
17 District of California, and elsewhere, defendant LOMAN, together with
18 others known and unknown to the Grand Jury, knowingly and with intent
19 to defraud, devised, participated in, and executed a scheme to
20 defraud a person in connection with the securities of OSIS and ASEI.

21 10. The fraudulent scheme operated, in substance, as follows:

22 Defendant LOMAN's Trades in OSIS Securities Based on Inside
23 Information About OSIS's Q2 FY2016 Earnings Announcement

24 a. Between on or about October 20, 2015, and on or about
25 November 18, 2015, defendant LOMAN learned, by virtue of his role as
26 Corporate Controller of OSIS, that OSIS and its subsidiaries were
27 financially underperforming and would likely miss their revenue
28 forecasts in Q2 FY2016, which was nonpublic information that a

1 reasonable investor would find to be material to the decision whether
2 or not to trade in OSIS securities. For example, on November 6,
3 2015, defendant LOMAN received preliminary financial results for OSIS
4 for the first month of Q2 FY2016, which showed that OSIS had missed
5 its monthly forecasts during the first month of the quarter.

6 b. On or about November 18, 2015, defendant LOMAN sold
7 short 3,000 shares of OSIS stock, for a total price of approximately
8 \$265,816. Shares of OSIS were trading at approximately \$93.04 per
9 share at the close of the market on November 18, 2015.

10 c. Between on or about November 18, 2015, and on or about
11 December 28, 2015, defendant LOMAN, by virtue of his role as
12 Corporate Controller of OSIS, continued to receive information that
13 OSIS and its subsidiaries were financially underperforming and would
14 likely miss their revenue forecasts in Q2 FY2016, which was nonpublic
15 information that a reasonable investor would find to be material to
16 the decision whether or not to trade in OSIS securities. For
17 example, on or about December 7, 2015, defendant LOMAN received
18 preliminary financial results for OSIS for the second month of Q2
19 FY2016, which showed that OSIS had missed its monthly forecasts
20 during each month of the quarter.

21 d. On or about December 27, 2015, OSIS initiated a
22 blackout period prohibiting trading in OSIS shares by all insiders,
23 including defendant LOMAN.

24 e. On or about December 28, 2015, defendant LOMAN
25 executed several trades in OSIS stock, including the following:

26 i. Defendant LOMAN purchased 100 OSIS put option
27 contracts with a strike price of \$90, for a premium of \$3.50 per
28 share, that were set to expire in February 2016. Each option

1 contract gave defendant LOMAN the right to sell 100 shares at the
2 strike price.

3 ii. Defendant LOMAN sold 100 OSIS call option
4 contracts with a strike price of \$95, for a premium of \$2.44 per
5 share, that were set to expire in February 2016.

6 iii. Defendant LOMAN sold 50 OSIS call option
7 contracts with a strike price of \$95, for a premium of \$3.55 per
8 share, that were set to expire in April 2016.

9 f. Based on his use of material nonpublic information and
10 the price of OSIS shares set by the market, defendant LOMAN profited
11 from his purchase and sale of call and put options.

12 i. Shares of OSIS were trading at approximately
13 \$90.61 per share at the close of the market on December 28, 2015.

14 ii. On or about January 27, 2016, OSIS announced
15 information regarding the company's financial performance during Q2
16 FY2016, in which the company lowered its sales and earnings guidance
17 for FY2016. Based on the company's poor financial performance during
18 Q2 FY2016, the share price for OSIS shares declined to a low of
19 approximately \$48.19 per share on January 28, 2016.

20 g. On or about February 1, 2016, defendant LOMAN sold the
21 100 \$90 OSIS put option contracts that he had purchased on December
22 28, 2015, for a profit of approximately \$314,000.

23 h. On or about February 17, 2016, defendant LOMAN covered
24 the short position he had established on November 18, 2015, for a
25 profit of approximately \$90,286.

26 i. On or about February 19, 2016, the 100 \$95 OSIS call
27 option contracts that defendant LOMAN sold on December 28, 2015,
28 expired worthless, allowing defendant LOMAN to keep the entire

1 premiums on these call option contracts. On or about April 15, 2016,
2 the 50 \$95 OSIS call option contracts that defendant LOMAN sold on
3 December 28, 2015, expired worthless, allowing defendant LOMAN to
4 keep the entire premiums on these call option contracts. As a result
5 of the premiums that he kept on these 150 OSIS call option contracts
6 that defendant LOMAN sold on December 28, 2015, defendant LOMAN
7 obtained a profit of approximately \$42,150.

8 Defendant LOMAN's Trades in ASEI Securities Based on Inside
9 Information About OSIS's Acquisition of ASEI

10 j. Between on or about February 15, 2016, and on or about
11 March 3, 2016, defendant LOMAN learned that OSIS was in the process
12 of acquiring ASEI, which was nonpublic information that a reasonable
13 investor would find to be material. For example:

14 i. On or about February 15, 2016, defendant LOMAN
15 traveled to Kansas City, Missouri, with the Chief Financial Officer
16 of OSIS ("OSIS CFO"). While he was with defendant LOMAN in Kansas
17 City, the OSIS CFO participated in telephone calls with an OSIS
18 executive and advisers from an outside investment bank regarding
19 OSIS's plans to acquire ASEI.

20 ii. On or about February 16, 2016, after the OSIS CFO
21 received, via email, a draft of an OSIS letter of intent to be sent
22 to ASEI regarding OSIS's proposed acquisition of ASEI, the OSIS CFO
23 forwarded that email attaching the draft OSIS letter of intent to
24 defendant LOMAN.

25 k. On or about March 3, 2016, defendant LOMAN purchased
26 10,000 shares of ASEI stock for a total purchase price of \$249,100.

27 l. Also on or about March 3, 2016, defendant LOMAN
28 received an email providing his itinerary to travel to Boston,

1 Massachusetts to attend, on behalf of OSIS, a due diligence meeting
2 with ASEI regarding OSIS's acquisition of ASEI. Defendant LOMAN
3 attended this meeting with ASEI on or about March 9, 2016.

4 m. Also on or about June 21, 2016, after OSIS and ASEI
5 publicly announced OSIS's acquisition of ASEI, and during an OSIS-
6 initiated blackout period prohibiting OSIS insiders, including
7 defendant LOMAN, from trading in OSIS and ASEI securities, defendant
8 LOMAN sold the 10,000 shares of ASEI stock that he had purchased on
9 March 3, 2016, for a profit of approximately \$120,900.

10 C. EXECUTIONS OF THE INSIDER TRADING SCHEME

11 11. On or about the following dates, within the Central
12 District of California, and elsewhere, defendant LOMAN executed and
13 willfully caused to be executed the securities transactions listed
14 below on the basis of material nonpublic information relating to
15 those transactions that he used in breach of a duty of trust and
16 confidence that he owed directly and indirectly to the issuers of
17 those securities, to the shareholders of those issuers, and to other
18 persons and entities that were the source of the material nonpublic
19 information:

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COUNT	DATE	SECURITIES TRANSACTION
ONE	11/18/2015	Short sale of 3,000 OSIS shares for a total price of approximately \$265,816.
TWO	12/28/2015	Purchase of 100 OSIS February 2016 \$90 strike price put option contracts at a premium of \$3.50 per share.
THREE	12/28/2015	Sale of 100 OSIS February 2016 \$95 strike price call option contracts at a premium of \$2.44 per share.
FOUR	12/28/2015	Sale of 50 OSIS April 2016 \$95 strike price call option contracts at a premium of \$3.55 per share.
FIVE	3/3/2016	Purchase of 10,000 ASEI shares at a price of \$24.91 per share.

D. EFFECTS OF THE INSIDER TRADING SCHEME

12. In total, defendant LOMAN obtained a profit of approximately \$446,436 as a result of his trades based on material nonpublic information regarding OSIS's financial performance during Q2 FY2016, and a profit of approximately \$120,900 as a result of his trades based on material nonpublic information regarding OSIS's acquisition of ASEI, for a combined total profit of approximately \$567,336 from his trades based on material nonpublic information.

COUNTS SIX THROUGH TEN

[15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5; 18 U.S.C. § 2(b)]

13. The Grand Jury re-alleges paragraphs 1 through 8, 10, and 12 of this Indictment here.

14. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant LOMAN, directly and indirectly, by the use of the means and instrumentalities of interstate commerce and of the facilities of national securities exchanges, in connection with the purchase and sale of OSIS and ASEI securities, employed a device, scheme, and artifice to defraud members of the investing public and engaged in acts, practices, and a course of business that operated and would operate as a fraud and deceit upon a person, in that defendant LOMAN executed and willfully caused to be executed the securities transactions listed below on the basis of material nonpublic information relating to those transactions that he used in breach of a duty of trust and confidence that he owed directly and indirectly to the issuers of those securities, to the shareholders of those issuers, and to other persons and entities that were the source of the material nonpublic information:

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COUNT	DATE	SECURITIES TRANSACTION
SIX	11/18/2015	Short sale of 3,000 OSIS shares for a total price of approximately \$265,816.
SEVEN	12/28/2015	Purchase of 100 OSIS February 2016 \$90 strike price put option contracts at a premium of \$3.50 per share.
EIGHT	12/28/2015	Sale of 100 OSIS February 2016 \$95 strike price call option contracts at a premium of \$2.44 per share.
NINE	12/28/2015	Sale of 50 OSIS April 2016 \$95 strike price call option contracts at a premium of \$3.55 per share.
TEN	3/3/2016	Purchase of 10,000 ASEI shares at a price of \$24.91 per share.

FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

15. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), in the event of the defendant's conviction of the offenses set forth in any of Counts One through Ten of this Indictment.

16. Defendant MARK A. LOMAN, if so convicted, shall forfeit to the United States of America the following:

(a) All right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

17. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), defendant LOMAN, if so convicted, shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of defendant LOMAN, the property described in the preceding paragraph or any portion thereof

(a) cannot be located upon the exercise of due diligence; (b) has been transferred to, sold to, or deposited with a third party;

(c) has been placed beyond the jurisdiction of the court; (d) has

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1 been substantially diminished in value; or (e) has been commingled
2 with other property that cannot be divided without difficulty.

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4 A TRUE BILL

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6 151
7 Foreperson

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9 TRACY L. WILKISON
10 Attorney for the United States
Acting Under Authority Conferred
by 28 U.S.C. § 515

11 *Brandon Fox*

12
13 BRANDON D. FOX
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