

Former Exec Convicted Of Medtronic Insider Trading Scheme

By **Emilie Ruscoe**

Law360 (February 21, 2024, 9:30 PM EST) -- A Minneapolis man who tipped off a friend about his employer's secret negotiations on a \$1.6 billion acquisition deal with medical device company Medtronic has been convicted of securities fraud and conspiring to commit insider trading, the Minnesota U.S. Attorney's Office has announced.

After a nine-day trial in February, a Minnesota jury found Doron "Ron" Tavlin, 68, guilty on Friday on a single count of conspiring to commit insider trading and 10 counts of securities fraud and aiding and abetting securities fraud in connection with claims he passed on nonpublic information about an acquisition deal that would see the company he worked for, Mazor Robotics, purchased by Medtronic Inc.

At trial, the government alleged that between January 2018 and August 2020, Tavlin came into possession of nonpublic details about the potential acquisition deal while serving as a vice president of business development at Israel-based Mazor Robotics, which makes robotics for spinal procedures, and told Afshin "Alex" Farahan, 57, of Los Angeles, a friend of his, about the deal, asking Farahan to keep the secret.

On the basis of Tavlin's tip, the government claimed, Farhan spent over \$1 million buying Mazor stock over a two-month period — and when the companies ultimately did announce plans for Medtronic to buy Mazor in a deal valued at \$1.6 billion, Farahan immediately sold those shares, reaping profits of over \$500,000 from the stock sales.

The government claimed Tavlin and Farahan had agreed that Farahan would pay Tavlin for the insider tip and alleged that in October 2019, Farahan gave Tavlin a \$25,000 check, allegedly in exchange for the information.

Farahan pled guilty in August 2022 to a single count that he'd conspired to engage in insider trading.

The government claimed that after the acquisition, the Financial Industry Regulatory Authority investigated certain Mazor stock trades from before the acquisition announcement and directly asked Tavlin and others who knew about the acquisition negotiations whether they recognized a list of investor names, Farhan's included. Tavlin told FINRA he didn't see any names he knew, the government said.

A third defendant in the matter, David Jay Gantman, 58, was found not guilty on six counts of securities

fraud and a count of conspiracy to commit insider trading in connection with the government's allegations he'd received the acquisition information from Farahan and traded on it.

Sentencing hearings have not been scheduled yet for Tavlin and Farahan.

On Wednesday, Matthew D. Forsgren, an attorney for Tavlin, told Law360 via email that "At the outset of this case, we observed that all inferences, no matter how outlandish, had been drawn against Mr. Tavlin. Unfortunately, this remained the case during a hard-fought trial."

"In a case riddled with false testimony by the government's main witness, we are pleased with the acquittal of Mr. Gantman — and we believe that Mr. Tavlin similarly should have been acquitted. For his part, Mr. Tavlin will continue to pursue his rights with the class and dignity that he has demonstrated during this nightmarish process," Forsgren said.

Also on Wednesday, William Mauzy, an attorney for Gantman, said, "I think that Mr. Gantman enjoyed the unwavering support of his family throughout the trial, which helped him immensely."

"We believe we were able to convince the jury there was an alternative explanation for the reason that Gantman purchased Mazor stock prior to the buyout announcement" by Minneapolis-headquartered, Ireland-based medical device company Medtronic Inc., Mauzy said. "That reason was he had public information: that Medtronic and Mazor were co-presenting a new product at a national spine conference, with an expectation that the stock price would rise in conjunction with that conference."

On Wednesday, the government declined to comment beyond the details included in its announcement, and counsel for Farahan didn't immediately respond to requests for comment.

The government is represented by Matthew S. Ebert, Robert M. Lewis and William C. Mattessich of the U.S. Attorney's Office for the District of Minnesota.

Doron Tavlin is represented by Matthew D. Forsgren, David J. Wallace-Jackson and Caitlinrose H. Fisher of Forsgren Fisher McCalmont Demarea Tysver LLP.

Afshin Farahan is represented by Andrew S. Birrell and Ian S. Birrell of the Birrell Law Firm PLLC.

David Gantman is represented by William J. Mauzy and William R. Dooling of the Mauzy Law Office PA.

The case is USA v. Tavlin et al., case number 0:22-cr-00134, in the U.S. District Court for the District of Minnesota.

--Editing by Linda Voorhis.
