Now What, Hudbay Minerals! Insider trading accusation by U.S. Securities and Exchange Commission

http://us9.campaign-archive2.com/?u=ea011209a243050dfb66dff59&id=61f88bd81d

Angelica Choc, September 27, 2016, commemorating 7th anniversary of assassination of her husband Adolfo Ich Chaman (“In Defense of Mother Earth and Territory”) by Mynor Padilla, former head of security for Hudbay Minerals in Guatemala. Photo: James Rodriguez, www.mimundo.org

SEC Files Illegal Insider Trading Charges Against Former Hudbay Executive In Connection With Rosemont Mine Purchase

Rosemont Mine Truth website, September 30, 2016
http://www.rosemontminetruth.com/?p=4606

The U.S. Securities and Exchange Commission Wednesday filed illegal insider trading charges against a former Hudbay Minerals Inc. senior executive based in Peru, in connection with
Hudbay’s 2014 acquisition of Augusta Resource Corp. and its Arizona-based Rosemont Copper Company subsidiary.

“The SEC alleges that Nino Coppero del Valle ... tipped his close friend and fellow attorney Julio Antonio Castro Roca with material nonpublic information about a tender offer his company submitted to acquire the shares of (Vancouver, B.C.-based Augusta,” a Sept. 28 SEC press release states.

Hudbay initiated a hostile takeover of Augusta in February 2014 and eventually acquired Augusta in July 2014. Hudbay is now seeking state and federal permits to construct the Rosemont copper mine in the Santa Rita Mountains on the Coronado National Forest southeast of Tucson.

Coppero was Hudbay’s director of corporate affairs and social responsibility for Hudbay’s Peruvian operations between March 2011 and September 2014, according to Coppero’s LinkedIn profile.

During this period, Hudbay constructed the Constancia open-pit copper mine near Uchucarrco, Peru. Constancia is by far Hudbay’s largest mine and began commercial operation in April 2015.

The SEC complaint states Coppero is a Lima, Peru lawyer who “assisted with community relations and legal work for Hudbay’s mining activities.” The complaint alleges that Castro also had ties to Hudbay’s Peru operations.

“On occasion, Castro provided legal services to HudBay, including by assisting Coppero’s community relations work for HudBay,” the complaint states.

Coppero and Castro allegedly made illegal profits of $112,000 on trades of Augusta stock conducted through a British Virgin Islands brokerage account immediately prior to and after Hudbay announced its intention to purchase Augusta on the evening of Feb. 9 2014, the complaint alleges.

The SEC has also charged Ricardo Carrion, who operates a Lima stock brokerage firm, of receiving insider information from Coppero and subsequently purchasing and selling Augusta stock prior to and after Hudbay’s public announcement.

“In the first trading day after the announcement, Carrion’s Brokerage Firm liquidated its entire Augusta position for over $73,000 in profits,” the complaint alleges.

“As alleged in our complaint, Coppero breached his duty to his employer by tipping Castro and Carrion in advance of any public announcement about HudBay’s impending tender offer,” said Andrew M. Calamari, Director of the SEC’s New York Regional Office.
“Try as they might, overseas traders shouldn’t presume they can cover their tracks to avoid detection and scrutiny from U.S. law enforcement when they violate insider trading laws,” Calamari stated.

The complaint states that Coppero signed Hudbay’s insider trading policy in March 2013. “The policy prohibited HudBay employees from trading in the securities of companies with whom HudBay had a relationship while in possession of material, nonpublic information. It also prohibited divulging such information to third parties,” the complaint states.

Hudbay officials notified Coppero and other Peruvian employees in May 2013 that they could not trade shares in several dozen companies without permission from Hudbay’s legal department. Augusta was one of the companies on the list, the complaint states.

Hudbay has not issued a public statement concerning the SEC charges as of 12:48 p.m., Thursday, Sept 29.

The SEC states the investigation is continuing.

[Insider Trading Pattern?]
This is not the first time Hudbay has been involved in an acquisition where there was unusual trading activity before a public announcement. The Toronto Globe and Mail reported in 2011 that shares in Norsemont Mining rose sharply in the week before Hudbay publicly announced its intention to purchase the company.

Norsemont owned the rights to the Constancia copper project in Peru. Norsemont’s share prices rose 47 percent in the few weeks prior to Hudbay’s Jan. 10, 2011 announcement of its takeover bid.

Coppero’s LinkedIn profile states he was Norsemont’s “legal manager” from Jan. 2011 through March 2011.

[Then] HudBay president David Garofalo declined to speculate on why shares in Norsemont rallied shortly before his company’s offer was publicly unveiled, according to the Globe and Mail story. “I honestly couldn’t tell you,” he says about the rise. “It’s frustrating to see that kind of activity ahead of a bid, but it’s not uncommon, unfortunately.”

In the absence of a thorough investigation of trading records by regulators, it is almost impossible to determine exactly why shares of a company moved the way they did, the Globe and Mail story states.

But in the case of Norsemont, the stock price appears to have moved upward in tandem with the state of the confidential takeover talks, as outlined in HudBay’s offer to purchase the company, the paper reported.
More information

‘Choc versus Hudbay’ lawsuits in Canada: www.chocversushudbay.com

Criminal trial in Guatemala against former Hudbay head of security Mynor Padilla, for mining related murder and shooting-paralyzing: info@rightsaction.org, www.rightsaction.org

Defensora: By Rachel Schmidt, this film documents the Mayan Qeqchi people's struggle to reclaim their ancestral lands in Guatemala, and to seek justice in Canada courts for the murder, shootings and rapes committed against them by Hudbay Minerals / CGN personnel: www.defensorathefilm.com. Spanish version: https://vimeo.com/83654243

Hudbay’s Hoax (Flin Flon Flim Flam): By John Dougherty, this film documents Hudbay's harmful, repressive and widely resisted mining operations in Uchucarco (Peru), Manitoba (Canada), El Estor (Guatemala) & Arizona (United States). View: https://youtu.be/j7aacPtEI8s

Media Reports

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Since 2004, Rights Action has funded community development, human rights and environmental protection work in the El Estor region. Since 2010, Rights Action has funded and been involved with the Mayan Q’eqchi’ peoples’ struggles for truth and justice in the “Hudbay Lawsuits” in Canada and the criminal trial in Guatemala. Make check payable to "Rights Action" and mail to:
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