

June 21, 2018

Ms. Stephanie Avakian  
Co-Director  
U.S. Securities and Exchange Commission  
Division of Enforcement  
100 F Street, NE  
Washington, DC 20549

Mr. Steven Peikin  
Co-Director  
U.S. Securities and Exchange Commission  
Division of Enforcement  
100 F Street, NE  
Washington, DC 20549

Dear Ms. Avakian and Mr. Peikin:

The Project On Government Oversight (POGO) urges the Securities Exchange Commission (SEC) to open an investigation into Commerce Secretary Wilbur L. Ross, Jr. for potential insider trading<sup>1</sup> with foreknowledge that the stock value of Navigator Holdings (NYSE: NVGS) could decrease due to a forthcoming media report. This trade may also violate the Stop Trading on Congressional Knowledge Act (STOCK Act),<sup>2</sup> and may constitute a violation of false statement laws and regulations for federal employees.<sup>3</sup>

*The New York Times* and the *International Consortium of Investigative Journalists* began investigating Mr. Ross's shares of Navigator Holdings in 2017 due to Navigator's relationship with Russian energy company, Sibur, a company with ties to the Russian government.<sup>4</sup>

Mr. Ross was sworn in as Secretary of Commerce of the United States on February 28, 2017, after promising in January that he would divest large amounts of assets upon confirmation to the

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<sup>1</sup> 17 C.F.R. §240.10b5-1.

<sup>2</sup> U.S. Congress, "Stop Trading on Congressional Knowledge Act" (Public Law 112-105, Sec. 9 as amended), Introduced January 26, 2012, by Senator Joseph Lieberman. <https://www.gpo.gov/fdsys/pkg/PLAW-112publ105/html/PLAW-112publ105.htm> (Hereinafter Public Law 112-105); Legal Advisory from Walter M. Shaub, Jr., to Designated Agency Ethics Officials, regarding Interpretive Guidance on the STOCK Act, December 15, 2016, pp. 1-2.

[https://www2.oge.gov/Web/OGEnsf/0/AA607D245F0173E18525808A0054692C/\\$FILE/Legal%20Advisory%20LA-16-10.pdf](https://www2.oge.gov/Web/OGEnsf/0/AA607D245F0173E18525808A0054692C/$FILE/Legal%20Advisory%20LA-16-10.pdf) (All downloaded June 21, 2018)

<sup>3</sup> Public Law 112-105

<sup>4</sup> Sibur, "Changes in the Sibur Holding's Shareholding Structure."

[http://investors.sibur.com/investor-news/2017/apr/28-04-2017-shareholders.aspx?sc\\_lang=en](http://investors.sibur.com/investor-news/2017/apr/28-04-2017-shareholders.aspx?sc_lang=en) (Downloaded June 20, 2018)

position.<sup>5</sup> At the time, Mr. Ross reported that the entities that held his personal stake in Navigator Holdings valued the assets between \$2 million and \$10 million.<sup>6</sup>

Mr. Ross told *Bloomberg* that he believed he divested all of his interests in Navigator in May 2017.<sup>7</sup> Because he served as Navigator’s “Director/Chairman” from January 2012 through November 2014, however, he still had additional personal holdings that he maintains he was previously unaware of.<sup>8</sup>

On October 26, 2017, a reporter from *The New York Times* contacted Mr. Ross informing him that he was conducting a journalistic investigation into Mr. Ross’s involvement with Navigator Holdings as a part of an ongoing *Paradise Papers* investigation.<sup>9</sup> Three business days later, on October 31, 2017, Mr. Ross opened a short position in Navigator Holdings.<sup>10</sup>

The next day, November 1, 2017, Mr. Ross signed a Certification of Ethics Agreement Compliance with the Office of Government Ethics affirming: “I have completed all of the divestitures indicated in my ethics agreement. I also understand that I may not repurchase these assets during my appointment without OGE’s prior approval.”<sup>11</sup> Due to the timing of Mr. Ross’s trading and subsequent ethics certification, we have concerns he may have made a false statement in violation of federal laws and regulations.<sup>12</sup>

On November 5, 2017, the *Times* and the *International Consortium of Investigative Journalists* published a story detailing Mr. Ross’s stock in Navigator Holdings.<sup>13</sup> On November 16, 2017,

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<sup>5</sup> Letter to Mr. David Maggi, Alternate Designated Agency Ethics Official, U.S. Department of Commerce, from Wilbur L. Ross, Jr., regarding divestiture, January 15, 2017, pp. 1-10. [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/C4D33DB26307189E852580C8002C7A72/\\$FILE/Ross.%20Wilbur%20L%20finalAmendedEA.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/C4D33DB26307189E852580C8002C7A72/$FILE/Ross.%20Wilbur%20L%20finalAmendedEA.pdf) (Downloaded June 20, 2018)

<sup>6</sup> Office of Government Ethics, “Executive Branch Personnel Public Financial Disclosure Report (OGE Form 278e).” <https://assets.documentcloud.org/documents/3728208/Ross-Wilbur-L-Final-278.pdf> (Downloaded June 20, 2018)

<sup>7</sup> Wilbur Ross Denies.

<sup>8</sup> Office of Government Ethics, “Executive Branch Personnel Public Financial Disclosure Report (OGE Form 278e).” <https://assets.documentcloud.org/documents/3728208/Ross-Wilbur-L-Final-278.pdf> (Downloaded June 20, 2018)

<sup>9</sup> Email to Wilbur Ross, Secretary of Commerce, from Mike McIntire, *The New York Times*, regarding forthcoming story October 26, 2017. <https://s3.amazonaws.com/www-s3-1.icij.org/uploads/2018/06/WilburRoss-Letter-Recovered.png> (Downloaded June 20, 2018)

<sup>10</sup> Office of Government Ethics, “Executive Branch Personnel Public Financial Disclosure Report: Periodic Transaction Report.” [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/7C998256034FCC3F852582B0006DEA0B/\\$FILE/Wilbur-L-Ross-11.07.17-278T.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/7C998256034FCC3F852582B0006DEA0B/$FILE/Wilbur-L-Ross-11.07.17-278T.pdf) (Downloaded June 20, 2018)

<sup>11</sup> Office of Government Ethics, “Certification of Ethics Agreement Compliance.” [https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/A0A1D4D7FB3BA224852581D0006CE4D5/\\$FILE/Ross.%20Wilbur%20EA%20Certification%20Combined%201-3.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/A0A1D4D7FB3BA224852581D0006CE4D5/$FILE/Ross.%20Wilbur%20EA%20Certification%20Combined%201-3.pdf) (Downloaded June 20, 2018).

<sup>12</sup> Office of Government Ethics, “Public Financial Disclosure Guide.” <https://www.oge.gov/web/278eguide.nsf/content/for+ethics+officials+document~1.06:+failure+to+file+and+falsification+penalties> (Downloaded June 21, 2018)

<sup>13</sup> Sasha Chavkin, Martha M. Hamilton, and Mike McIntire, “Commerce Secretary’s Offshore Ties to Putin ‘Cronies,’” *The New York Times*, November 5, 2017. <https://www.nytimes.com/2017/11/05/world/wilbur-ross-russia.html> (Downloaded June 20, 2018)

Mr. Ross closed his short position in a transaction he valued at \$100,000-\$250,000.<sup>14</sup> From October 31 to November 16, 2017, Navigator's stock fell 3.9 percent.<sup>15</sup>

On why he opened a short position, Mr. Ross states that he didn't have physical access to his shares and executed the short sale to divest as quickly as possible while complying with the New York Stock Exchange rules.<sup>16</sup>

POGO believes that if Mr. Ross possessed, and acted on, insider information about the forthcoming *Paradise Papers* article, his actions could amount to insider trading. In the past, journalists have been charged by the SEC for trading based on insider knowledge contained in journalistic articles before publication.<sup>17</sup> This standard should also apply to Mr. Ross who had advance notice of an article that could damage Navigator's market value and who may have chosen to use the short-sell process based on that knowledge.

We therefore urge you to investigate Mr. Ross's activities for insider trading, and believe that other accountability offices should be looking into his compliance with the STOCK Act and whether he filed a false certification statement. The government should hold Mr. Ross and others who might have been involved accountable if they are found to have engaged in illegal activities.

Sincerely,



Danielle Brian  
Executive Director

cc: David Apol, Acting Director, U.S. Office of Government Ethics  
Peggy E. Gustafson, Inspector General for the U.S. Department of Commerce  
Michael Horowitz, Inspector General for the U.S. Department of Justice  
AnnaLou Tirol, Acting Chief, Public Integrity Section, U.S. Department of Justice

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<sup>14</sup> Office of Government Ethics, "Executive Branch Personnel Public Financial Disclosure Report: Periodic Transaction Report."

[https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/F65307D0E7C6CA00852582B0006DEA10/\\$FILE/Wilbur-L-Ross-12.21.17-278T.pdf](https://extapps2.oge.gov/201/Presiden.nsf/PAS+Index/F65307D0E7C6CA00852582B0006DEA10/$FILE/Wilbur-L-Ross-12.21.17-278T.pdf) (Downloaded June 20, 2018)

<sup>15</sup> Nasdaq, "Navigator Holdings Ltd. Ordinary Shares (Marshall Islands) Historical Stock Prices."  
<https://www.nasdaq.com/symbol/nvgs/historical> (Downloaded June 20, 2018)

<sup>16</sup> Wilbur Ross Denies.

<sup>17</sup> Scott Gurvey, "Insider Trading and the Business Reporter," *National Center for Business Journalism*, January 27, 2017. <http://businessjournalism.org/2017/01/danger-business-journalist-danger/> (Downloaded June 20, 2018)