

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

v.

WILLIAM G. WILLIAMS,

Defendant.

Civil Action No.

**COMPLAINT**

Plaintiff Securities and Exchange Commission (the "Commission" or "SEC") for its complaint alleges as follows:

**SUMMARY**

1. This case concerns unlawful insider trading by William G. Williams ("Williams") in the securities of Chemed Corporation ("Chemed") just prior to the April 30, 2007 post-closing announcement that: 1) raised its 2007 guidance from a range of \$2.45 to \$2.60 per share to a range of \$2.85 to \$3.05 per share; and 2) reported first-quarter revenues of \$270.4 million and adjusted earnings from continuing operations of \$0.73 per share. Analysts polled by Thomson Financial were expecting, on average, a per-share profit of 55 cents on revenue of \$267.3 million. After Chemed's announcement, shares of Chemed rose to \$57.66 from the previous day's close of \$50.30, a 15% increase, and average daily trading volume almost doubled (from 720,600 shares to 1,300,648 shares).

2. On April 30, 2007, Williams purchased 5,000 shares of Chemed stock at an average price of \$51.34 roughly six hours before the public announcement of Chemed's earnings and improved guidance, and he sold the Chemed shares at an average price of \$62.00 on May 7, 2007, one week after the announcement.

3. Prior to the announcement, Williams misappropriated news of Chemed's impending quarterly and improved guidance from a senior financial executive officer (the "Officer") of VITAS Healthcare Corporation ("VITAS"), a large, Miami-based, wholly-owned subsidiary of Chemed. The week before the announcement, Williams was in Miami doing business with VITAS while staying at the Officer's condominium. During this time, the Officer received detailed information concerning the improved financials. Williams placed his buy order for 5,000 shares of Chemed common stock two days before that information became publicly available. Williams placed the order by calling his broker on his cell phone on Saturday afternoon while at the Officer's condominium. The call to the broker on a Saturday, and on the broker's personal cell phone, was highly unusual.

4. Williams' brokerage records indicated that he had almost exclusively invested in banking stocks and that he rarely, if ever, sold the securities within days or weeks of purchasing the security. His brokerage firm terminated its relationship with Williams after Williams executed the trades in Chemed.

5. By engaging in this conduct, Williams violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. §§ 240.10b-5] by trading in Chemed securities on the basis of

material nonpublic information, in breach of a duty of trust or confidence Williams owed to the Officer.

### **JURISDICTION AND VENUE**

6. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1].

7. The Court has jurisdiction over this action pursuant to Sections 21(e), 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u(e), 78u-1, 78aa].

8. Williams conducted business in the Southern District of Florida. The acts, transactions, practices and courses of business constituting the violations alleged herein occurred within this judicial district. Venue is appropriate in the Southern District of Florida under Section 27 of the Exchange Act [15 U.S.C. § 78aa].

9. In connection with the conduct described herein, Williams, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange.

### **DEFENDANT**

10. William Gordon Williams (“Williams”), age 51, resides in West Virginia and owns personal real estate property in Georgia.

### **OTHER RELEVANT INDIVIDUAL AND ENTITY**

11. The Officer resides in Florida and is a senior financial executive of VITAS Healthcare Corporation (“VITAS”), a wholly-owned subsidiary of Chemed Corporation.

12. Chemed Corporation (“Chemed”) is a Delaware corporation headquartered in Cincinnati, Ohio. Chemed operates in the healthcare field through its Florida-based subsidiary, VITAS. The securities of Chemed are registered with the

Commission under Section 12(g) of the Exchange Act and trade on the New York Stock Exchange under the ticker symbol "CHE."

### FACTS

13. Williams and the Officer met while at college in the mid-1970s and have remained close friends. In recent years, Williams has performed consulting work that typically brought him to Florida at least once a month during 2006 to the present. While in Florida, Williams often would stay with the Officer.

14. From April 26, 2007 through at least May 2, 2007, Williams was in Miami doing business with VITAS and staying at the Officer's condominium. Williams and the Officer were in frequent contact with one another during the critical period between Friday, April 27, 2007, when the Officer gained information about Chemed's quarterly results and improved guidance, and Saturday afternoon, April 28, 2007, when Williams placed a buy order for 5,000 shares of Chemed common stock while at the Officer's condominium.

15. On Friday, April 27, 2007, in the early afternoon, the Officer received the final draft press release announcing Chemed's earnings and revenues for the first quarter of 2007 and increased guidance for the 2007 fiscal year. Chemed's quarterly earnings and revenues in the final draft exceeded analyst estimates announced by Thomson Financial. That evening, the Officer, Williams, and a group of friends went out for a night of entertainment.

16. On Saturday, April 28, 2007, at 3:16 pm, Williams called his broker on the broker's cell phone to place a buy order for 5,000 shares of Chemed common stock while at the Officer's condominium. Williams' broker claimed that it found it highly unusual

that Williams was calling him at home on a weekend to place a trade worth approximately \$250,000.

17. On Sunday, April 29, 2007, the Officer flew to Cincinnati to attend Chemed's quarterly earnings' conference call to analysts. Williams remained at the Officer's condominium.

18. On Monday, April 30, 2007, at approximately 10:00 am, Williams' broker purchased 5,000 shares of Chemed stock at an average price of \$51.34, for a net value (including commissions) of \$258,207 on Williams' behalf. That day, Chemed shares closed at \$50.30. Immediately after the market closed, Chemed released its quarterly earnings and increased guidance figures.

19. On Tuesday, May 1, 2007, Chemed shares opened at \$55.55, up over 10% from the prior day's close. At approximately 11:00 am, Chemed conducted its quarterly earnings' conference call with analysts. That day, Chemed shares closed at \$57.66. On either May 1 or May 2, 2007, Williams considered, but did not place, a sell order for his entire position in Chemed. On May 2, 2007, Chemed shares closed at \$57.05. On Thursday, May 3, 2007, Williams left Miami and returned home.

20. On Monday, May 7, 2007, Williams sold all 5,000 shares in Chemed at an average price of \$62.00, resulting in net proceeds (reflecting commissions and fees) of \$308,231. The net profit on the trade to Williams was \$50,024.

21. Williams' brokerage firm conducted an investigation of Williams' trades almost immediately after Chemed announced its quarterly earnings and increased guidance figures. After reviewing Williams' trading activity, and after learning that Williams and the Officer were acquainted and that the two individuals had been together

before Williams purchased Chemed securities, the brokerage firm determined that Williams' Chemed trade warranted termination of its relationship with Williams.

22. Williams' Chemed trade is inconsistent with his investment strategy.

Williams: (1) was not an active stock trader and had his investments almost entirely tied up in real estate; (2) had almost exclusively invested in banking stocks; and (3) he never sold stocks within days or weeks of their purchase. In particular, from January 2005 to the present, Williams only made three to five purchases of common stock. In addition, Williams' Chemed trade was only the second stock purchase he made with the brokerage firm since opening his account in February 2006, and the first since April of 2006. During this time period, all of Williams' trades that preceded his purchase of Chemed securities involved banking stocks in companies owned or operated by his friends. Based on a review of Williams' brokerage records, none of Williams' trades in banking securities were held for less than 10 months. The remaining investments in Williams' portfolio were all real-estate related.

#### **CLAIM FOR RELIEF**

(Violations of Section 10(b) and  
Rule 10b-5 of the Exchange Act)

23. Plaintiff SEC hereby incorporates ¶¶ 1 through 20 with the same force and effect as if set out here.

24. In the manner described in ¶¶ 1 through 20, Williams, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or omissions of material

facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon persons.

25. By reason of the foregoing, Williams violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court enter a judgment:

(a) permanently enjoining Williams from violating Section 10(b) of the Exchange Act [15 U.S.C § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder;

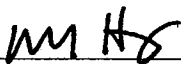
(b) ordering Williams to disgorge the illegal trading profits described herein in the amount of \$28,550, plus prejudgment interest in the amount of \$1,156, for a total of \$29,706;

(c) ordering Williams to pay a civil money penalty in the amount of \$28,550, pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

(d) granting such other relief as this Court may deem just and appropriate.

Respectfully submitted,

Dated: Feb. 6th, 2008

  
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