

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JEFFREY L. MATTHEWS and
CURTISS P. BARNES,
Defendants.

Civil Action No.
05-CV-6479 (DC)

COMPLAINT

COMPLAINT

Plaintiff Securities and Exchange Commission ("the Commission") alleges:

SUMMARY

1. This matter involves illegal insider trading in the common stock of Systems & Computers Technology, Inc. (ASCT@). Specifically, in late 2003, Jeffrey Matthews, the husband of an employee of SCT, and Curtiss P. Barnes (ABarnes@), an employee of SCT, each purchased SCT stock while in possession of material, nonpublic information about SCT=s impending acquisition by SunGard Data Systems, Inc. (ASunGard@). As a result of this illegal trading, Matthews and Barnes collectively profited by more than \$14,000.

2. By engaging in this conduct, defendants Matthews and Barnes each 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.

JURISDICTION AND VENUE

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

4. The Commission, pursuant to the authority granted it by Sections 10(b) and 23(a) of the Exchange Act [15 U.S.C. ' 78j(b) and 78w(a)], has promulgated Rule 10b-5 [17 C.F.R. ' 240.10b-5], which Rule was in effect at all times relevant hereto and is still in effect.

5. This 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, and 78aa].

6. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. ' 78aa]. Venue is proper because act(s) or transaction(s) constituting the violations herein occurred in the Southern District of New York and/or the defendants are found, inhabit, or transact business in the Southern District of New York.

7. In connection with the conduct alleged in this Complaint, Matthews and Barnes each, directly or indirectly, made use of a means or instrumentality of interstate commerce, of the mails, or of a facility of a national securities exchange.

DEFENDANTS

8. Matthews resides in Osprey, Florida. At all times relevant to this complaint, Matthews was a self-employed architect. During this time period, Matthews= wife was

employed as a marketing manager with SCT. Matthews' wife is no longer employed by SCT or its successor entity.

9. Barnes resides in Villanova, Pennsylvania. At all times relevant to this complaint, Barnes was the General Manager of New Products and Services at SCT. Barnes resigned from SCT on February 24, 2004.

OTHER RELEVANT ENTITIES

10. At all relevant times, SCT was a global provider of technology solutions for educational institutions based in Malvern, Pennsylvania. Its common stock was registered with the Commission pursuant to Sections 12(b) and 12(g) of the Exchange Act, and it was traded on the NASDAQ using the symbol ASCTC.@

11. SunGard, based in Wayne, Pennsylvania, is a global provider of integrated software, processing solutions, and information availability services. At all times relevant to this Complaint, SunGard=s common stock was registered with the Commission pursuant to Sections 12(b) and 12(g) of the Exchange Act, and it was traded on the New York Stock Exchange under the symbol ASDS.@

FACTS

The SCT Acquisition

12. On September 5, 2003, SCT=s board of directors retained a financial adviser to explore the possibility of selling SCT.

13. On September 12, 2003, the financial adviser first approached SunGard to discuss the possibility of SunGard acquiring a company in the higher education business. Discussions

progressed and on September 25, 2003, SunGard and SCT signed a confidentiality agreement with respect to ongoing discussions.

14. On October 20, 2003, SunGard submitted a letter to SCT indicating its interest in pursuing a cash acquisition of SCT at a preliminary valuation of \$15.75 per share. Negotiations continued and by December 8, 2003, SunGard had increased its offer to \$16.50 per share. That same day, SCT=s board of directors unanimously approved the acquisition agreement.

15. On December 10, 2003, prior to the 9:30 a.m. opening of the stock market, SCT announced that it had signed an agreement to be acquired by SunGard. Under the terms of the agreement, SCT shareholders would receive \$16.50 (cash) per share of SCT.

16. Following the announcement, SCT=s share price increased by \$1.84, or approximately 13%, from \$14.50 per share at 4:00 p.m. (Amarket close@) on December 9, 2003, to \$16.34 at market close on December 10, 2003.

17. On February 12, 2004, SunGard acquired SCT.

18. Throughout the acquisition discussions, SCT senior management cautioned SCT employees that the discussions and their content were confidential.

19. At all times relevant to this Complaint, SCT=s written policy, which was read and electronically acknowledged by all SCT employees, stated in relevant part, A[e]mployees who have access to confidential information are not permitted to use or share that information for stock trading purposes@

Barnes Traded on the Basis of Material, Nonpublic, Information

20. On September 15, 2003, SCT senior management directed SCT's Senior Vice President of Business Development (the "Senior Vice President") to conduct due diligence with respect to the possible acquisition of SCT by SunGard, and to prepare materials to present to the SCT board.

21. On or about September 15, 2003, the Senior Vice President asked Barnes, his direct report, to assist him in conducting the due diligence and in the preparation of presentation materials.

22. By the end of October 2003, Barnes, at a minimum, knew that two parties had expressed significant interest in acquiring SCT.

23. In November 2003, the Senior Vice President informed Barnes that SCT had agreed not to consider other offers of acquisition while negotiating with SunGard (the "no-shop agreement"), and cautioned Barnes that the information was extremely confidential and that Barnes would lose his job if he revealed the acquisition discussions to anyone.

24. Barnes purchased 3,600 shares of SCT stock on November 28, 2003 and an additional 4,000 shares of SCT stock on December 4, 2003, at a total cost of \$116,080.

25. At the time Barnes placed the trades referenced above, Barnes knew the following non-public information (the "Acquisition Information"):

- a. An acquisition of SCT was probable;
- b. SCT was negotiating with SunGard as a possible acquirer; and
- c. SCT had entered into a no-shop agreement with SunGard.

26. At the time Barnes placed these trades, he knew and/or was reckless in not knowing that the Acquisition Information was nonpublic.

27. The Acquisition Information was information that a reasonable investor would have considered important in making an investment decision concerning SCT.

28. Barnes placed these trades on the basis of the Acquisition Information and, accordingly, on the basis of material, nonpublic information. By placing these trades on the basis of material, nonpublic information, Barnes, as an employee of SCT, breached the duty that he owed directly, indirectly, or derivatively, to SCT and/or to its shareholders.

29. By virtue of the illegal trading described above, Barnes profited by \$6,929.

Matthews Traded on the Basis of Material, Nonpublic Information

30. At all times relevant to this Complaint, Matthews was a self-employed architect and Matthews' wife was a marketing manager employed by SCT.

31. Matthews' wife worked from her home in Osprey, Florida and, at all times relevant to this Complaint, Matthews shared a home office with his wife.

32. On November 11, 2003, the General Manager of Marketing Strategy and Operations at SCT (the AGeneral Manager@), who supervised Matthews= wife, first learned about the possible acquisition when she was directed to prepare a marketing plan publicizing the acquisition.

33. On November 12, 2003, the General Manager delegated all of her previously existing assignments to her subordinates, including Matthews= wife. In the past, the General Manager had delegated her work when SCT was involved in an acquisition and, accordingly, this delegation caused general speculation among her staff as to a possible acquisition.

34. On November 12, 2003, after the General Manager's delegation of assignments, Matthews purchased a total of 8,000 shares of SCT stock (the ASCT trades) for \$123,440 in three separate brokerage accounts controlled by Matthews and his wife (the AMatthews= accounts). Matthews purchased approximately half of these shares Aon margin, or through funds borrowed from his broker.

35. This was atypical trading in the context of the Matthews' accounts in that:

a. Prior to the SCT trades, the Matthews= accounts never held such a large position in any single stock;

b. During the nine (9) months prior to the SCT trades, Matthews and his wife had made two or fewer stock trades in any one account;

c. During the two years preceding the SCT trades, neither Matthews nor his wife traded in SCT stock; and

d. Prior to the SCT trades, neither Matthews nor his wife had purchased more than \$15,000 in stock on margin.

36. At the time Matthews placed the SCT trades he knew, from his access to information provided to his wife in connection with her employment, that an acquisition of SCT was probable. The timing and nature of his trades reflect his confidence in the information that he possessed.

37. At the time Matthews placed the SCT trades, Matthews knew and/or was reckless in not knowing that the information which he possessed about the acquisition was nonpublic.

38. The information that Matthews possessed was information that a reasonable investor would have considered important in making an investment decision concerning SCT.

39. Matthews placed the SCT trades on the basis of material, nonpublic information. By placing the SCT trades on the basis of material, nonpublic information, Matthews breached a duty of trust and confidence that he owed, directly, indirectly, or derivatively, to his wife.

40. By virtue of the trades described above, Matthews profited by \$7,280.

FIRST CLAIM FOR RELIEF

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

41. The Commission incorporates paragraphs 1 through 40 as if fully set forth herein.

42. Barnes, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, and by use of a means or instrumentality of interstate commerce, of the mails or of a facility of a national securities exchange, has:

- a. Employed a device, scheme or artifice to defraud;
- b. Made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading; and/or
- c. Engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person.

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

SECOND CLAIM FOR RELIEF

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

44. The Commission incorporates paragraphs 1 through 43 as if fully set forth herein.

45. Matthews, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, and by use of a means or instrumentality of interstate commerce, of the mails or of a facility of a national securities exchange, has:

- a. Employed a device, scheme or artifice to defraud;
- b. Made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading; and/or
- c. Engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person.

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

WHEREFORE, the Commission requests that this Court:

I.

Issue an order permanently restraining and enjoining Matthews and Barnes, and each of their agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them who receive actual notice of the order by personal service or otherwise, and each of them, 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;

II.

Issue an order requiring Matthews and Barnes to disgorge the illegal trading profits described herein, plus prejudgment interest;

III.

Issue an order requiring Matthews and Barnes to each pay a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. ' 78u-1]; and

IV.

Grant such other and further relief as the Court deems just and proper.

Dated: July 18, 2005

Respectfully submitted,

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