

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

U. S. SECURITIES AND EXCHANGE COMMISSION,) Civil Action No. _____
450 Fifth Street, N.W.)
Washington DC 20549-0708)
Plaintiff,) COMPLAINT
v.)
ALINA WELT, ANDREW M. WELT,)
BRUCE A. WELT and BRUCE HIRSCHHORN,)
Defendants.)

Plaintiff Securities and Exchange Commission (“Commission”) alleges:

SUMMARY

1. This case involves insider trading in the securities of five different companies over an eighteen-month period, based on tips originating with defendant Alina Welt, who learned of confidential information relating to potential tender offers while working at two public accounting firms. Alina Welt tipped her husband, defendant Andrew Welt, who passed the information to his brother, defendant Bruce Welt, and a close friend, defendant Bruce Hirschhorn. Together, the defendants realized almost \$400,000 in illegal profits from the trading scheme.

JURISDICTION

2. This Court has jurisdiction over this action pursuant to Sections 21(d) and (e), 21A and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§78u(d) and (e), 78u-1 and 78aa].

3. Defendants, directly or indirectly, have made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchanges in connection with the transactions, acts, practices and courses of business alleged herein.

4. Unless restrained and enjoined, defendants will continue to engage in transactions, acts, practices and courses of business as alleged herein, and/or in transactions, acts, practices and courses of business of similar purport and object.

DEFENDANTS

5. Alina Welt is a resident of Deerfield Beach, Florida. During the relevant time period, Alina Welt worked in the employee benefits sections of two large public accounting firms. Alina Welt is a non-practicing attorney and an inactive member of the New Jersey bar. She and Andrew Welt have been married since 1994.

6. Andrew Welt is a resident of Deerfield Beach, Florida. During the relevant time period, he was a self-employed certified financial planner and was registered with the state of Florida as an investment adviser. Prior to that time, Andrew Welt worked as a stockbroker.

7. Bruce A. Welt is a resident of Gainesville, Florida and he is Andrew Welt’s younger brother.

8. Bruce Hirschhorn is a resident of Boonton, New Jersey and is self-employed. Bruce Hirschhorn and Andrew Welt have been friends since childhood.

The Trading Scheme

9. In 1996, Alina Welt began working as a benefits consultant in the employee benefits department of a large public accounting firm. Approximately one year later, Alina Welt and her husband, Andrew Welt, moved to Florida and Alina Welt began working in the Fort Lauderdale office of the same accounting firm. In the summer of 2000, Alina Welt left that firm and joined the employee benefits group of another large public accounting firm. While at the two accounting firms, Alina Welt occasionally learned material nonpublic information concerning tender offers, mergers, or other extraordinary corporate transactions involving clients of her employers, which she had a duty to keep confidential. Alina Welt signed agreements at both firms pursuant to which she agreed to keep confidential any information that she learned from her employer and its clients.

Renex Corp.

10. In December 1999, Renex Corp., a Florida corporation headquartered in Coral Gables, Florida, was a client of Alina Welt's employer and an acquisition target of National Nephrology Associates, Inc. On Wednesday, December 15, 1999, Alina Welt was assigned to conduct due diligence on the effect of the proposed transaction on Renex's pension plans. As a result, Alina Welt learned material nonpublic information relating to a possible tender offer for Renex shares, which Alina Welt had a duty to keep confidential.

11. On that same day, December 15, 1999, Alina Welt, in breach of a fiduciary duty owed to her employer and to her employer's client, misappropriated material nonpublic information and tipped her husband, Andrew Welt, by communicating information about the transaction to him. Andrew Welt knew or should have known that the information had been disclosed to him in breach of a fiduciary duty or other relationship of trust and confidence.

Further, that same day, December 15, 1999, Andrew Welt purchased 2,000 shares of Renex common stock in a joint brokerage account that he shared with Alina Welt. Additionally, Andrew Welt tipped his brother, Bruce Welt, and his friend, Bruce Hirschhorn, to the potential tender offer for Renex. Bruce Welt and Bruce Hirschhorn both knew, or should have known, that the information had been disclosed to them in breach of a fiduciary duty or other relationship of trust and confidence. Further that same day, December 15, 1999, Bruce Welt purchased 1,000 shares of Renex common stock and Bruce Hirschhorn purchased 3,900 shares of Renex common stock. Over the next several days, Andrew Welt purchased an additional 1,000 shares of Renex common stock and Bruce Hirschhorn purchased an additional 8,100 shares of Renex common stock.

12. On December 28, 1999, National Nephrology Associates announced that it had commenced a tender offer to acquire Renex shares for \$10.00 per share. Following this announcement, the market price of Renex common stock increased by 54 percent. Following the tender offer announcement, Andrew Welt sold his Renex shares, making a profit of \$8,812.50; Bruce Hirschhorn sold his Renex shares, making a profit of \$36,243.75; Bruce Welt tendered his Renex shares, making a profit of \$3,562.50.

Travel Services

13. In January 2000, AirTours, Plc. a United Kingdom company and a client of Alina Welt's employer, was interested in making a tender offer for Travel Services International, Inc., a Florida corporation, headquartered in Delray Beach, Florida. On or about, Friday, January 28, 2000, one of Alina Welt's supervisors and several co-workers in her employer's Fort Lauderdale office were assigned to conduct due diligence on Travel Services over the upcoming weekend,

Saturday and Sunday, January 29 and 30, and Alina Welt learned of the possible tender offer for Travel Services shares.

14. That same day, January 28, 2000, Alina Welt tipped Andrew Welt to the possible tender offer for Travel Services, and Andrew Welt tipped Bruce Hirschhorn to the possible tender offer. On January 28, 2000, Hirschhorn placed an order to purchase 1,000 shares of Travel Services at approximately 5:00 p.m., but the trade was not executed. The following Monday, January 31, 2000, Hirschhorn purchased 2,400 shares of Travel Services. The next day, Hirschhorn purchased an additional 4,600 shares of Travel Services.

15. On February 21, 2000, AirTours announced a tender offer to acquire Travel Services shares for \$26 per share. Following this announcement, the market price of Travel Services common stock increased 46 percent. Bruce Hirschhorn tendered his Travel Services shares on March 29, 2000, making a profit of \$72,400.

Intermedia Communications, Inc.

16. In August 2000, Global Crossing, Ltd. and Worldcom, Inc. were clients of Alina Welt's employer. At that time, both Global Crossing and Worldcom were interested in acquiring Intermedia Communications, Inc., a Delaware corporation headquartered in Tampa, Florida. On August 23, 2000, Alina Welt was assigned to conduct certain due diligence in connection with Global Crossing's potential acquisition of Intermedia.

17. On that same day, August 23, 2000, Alina Welt tipped Andrew Welt to the possible acquisition of Intermedia, and Andrew Welt tipped Bruce Hirschhorn and Bruce Welt to the potential acquisition. Between August 23 and August 28, 2000, Bruce Hirschhorn purchased

3,500 shares of Intermedia and 190 call option contracts. On August 24 and 25, 2000, Bruce Welt purchased 600 shares of Intermedia and 10 call option contracts.

18. On September 3, 2000, reports appeared in the business press that Global Crossing had made an offer of \$22 per share for Intermedia that had been rejected, and that Worldcom was in the process of acquiring Intermedia. On September 6, 2000, Worldcom announced that it had agreed to acquire Intermedia for stock and cash worth roughly \$39 per share. Following this announcement, the market price of Intermedia common stock rose 34 percent. Following the announcement, Hirschhorn sold his Intermedia securities for a net profit of \$51,531.25; Bruce Welt did not realize a profit on his Intermedia trading.

Digex, Inc.

19. During August 2000, Global Crossing was also interested in acquiring Digex, Inc., a Delaware corporation headquartered in Beltsville, Maryland. On August 25, 2000, Alina Welt was assigned to perform certain due diligence on Global Crossing's potential acquisition of Digex.

20. On that same day, August 25, 2000, Alina Welt tipped Andrew Welt to the potential acquisition of Digex, and Andrew Welt tipped Bruce Hirschhorn and Bruce Welt to the potential acquisition. Between August 25 and 28, 2000, Bruce Hirschhorn purchased 100 Digex call option contracts and Bruce Welt purchased 90 Digex call option contracts.

21. On September 6, 2000, Worldcom announced that it had acquired Intermedia's 54% stake in Digex and would not make a bid to acquire all of the outstanding shares of Digex. Following the announcement, the price of the Digex call options purchased by Bruce Hirschhorn and Bruce Welt decreased, and neither made a profit.

Sensormatic Electronics Corp.

22. In July 2001, Sensormatic Electronics Corp., a Delaware corporation headquartered in Boca Raton, Florida, was a client of Alina Welt's employer and an acquisition target of Tyco International, Ltd. On July 27, 2001, Alina Welt was assigned to conduct due diligence on the effect of a Tyco tender offer on Sensormatic's employee benefits plans.

23. On July 27, 2001, Alina Welt tipped Andrew Welt to the potential tender offer for Sensormatic, and Andrew Welt tipped Bruce Hirschhorn to the potential tender offer. Andrew Welt also tipped Bruce Welt to the potential tender offer by August 1, 2001. Between July 27 and August 1, 2001, Hirschhorn purchased 10,000 shares of Sensormatic common stock and 200 call option contracts. On August 1, 2001, Bruce Welt purchased 800 shares of Sensormatic common stock and 10 call option contracts.

24. On August 3, 2001, Tyco announced that it had commenced a tender offer to acquire Sensormatic shares for \$24.00 per share. Following this announcement, the market price of Sensormatic common stock increased 54 percent. Following the tender offer announcement, Bruce Hirschhorn and Bruce Welt sold all of their Sensormatic securities, making profits of \$207,406 and \$13,713, respectively.

FIRST CLAIM

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

25. Paragraphs 1 through 24 are hereby realleged and incorporated herein by reference.

26. By reason of the foregoing, defendants, directly and indirectly, 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], in connection with trading in the securities of Renex Corp., Travel Services International, Inc., Intermedia Communications, Inc., Digex, Inc. and Sensormatic Electronics Corp.

SECOND CLAIM

**Violations of Section 14(e) of the Exchange Act
and Rule 14e-3 Thereunder**

27. Paragraphs 1 through 26 are hereby realleged and incorporated herein by reference.

28. As of December 15, 1999, National Nephrology Associates, Inc. had taken a substantial step or steps to commencing a tender offer for Renex Corp. As of January 28, 2000, Airtours, Plc. had taken a substantial step or steps to commencing a tender offer for Travel Services International, Inc. As of July 27, 2001, Tyco International, Ltd. had taken a substantial step or steps to commencing a tender offer for Sensormatic Electronics Corp.

29. By reason of the foregoing, defendants, directly or indirectly, violated Section 14(e) of the Exchange Act [15 U.S.C. §78n(e)] and Rule 14e-3 thereunder [17 C.F.R. §240.14e-3].

PRAYER FOR RELIEF

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

(i) Permanently enjoining defendants Alina Welt, Andrew Welt, Bruce Welt and Bruce Hirschhorn from violating, directly or indirectly, Sections 10(b) and 14(e) of the Exchange

Act [15 U.S.C. §§ 78j(b) and 78n(e)] and Rules 10b-5 and 14e-3 thereunder [17 C.F.R. §§ 240.10b-5 and 240.14e-3];

(ii) ordering defendants Alina Welt, Andrew Welt, Bruce Welt and Bruce Hirschhorn to disgorge all illegal trading profits and to pay prejudgment interest on those amounts;

(iii) ordering defendants Alina Welt, Andrew Welt, Bruce Welt and Bruce Hirschhorn to each pay a civil penalty under Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

(iv) Granting such other and further relief as this Court may deem just and proper.

Dated: April __, 2005

Respectfully submitted,

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