

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JEFFERY J. TEMPLE and BENEDICT M.
PASTRO,

Defendants.

Case No. 10-cv-1058

COMPLAINT

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

1. For over a year, defendants Jeffery J. Temple (“Temple”) and Benedict M. Pastro (“Pastro”) illegally traded while in possession of, and on the basis of, material nonpublic information that Temple misappropriated from his employer.
2. In an egregious betrayal of trust, Temple, a former Information Systems and Security Manager at a law firm (the “Law Firm”), misappropriated material nonpublic information from the Law Firm about its clients’ prospective mergers and/or acquisitions. Temple illegally traded on the basis of this information and, in some instances, tipped his brother-in-law, Pastro, with the misappropriated material nonpublic information so that Pastro, too, could illegally trade.
3. Since June 1, 2009, Temple traded in advance of at least twenty-two (22) prospective mergers and/or acquisition related announcements involving twenty (20) Law Firm clients, including four tender offers, realizing illegal profits exceeding \$88,300. In at least twelve (12) of these instances, Pastro also traded in advance of prospective mergers and/or

acquisition related announcements involving Law Firm clients, realizing profits of more than \$94,000.

4. By knowingly and/or recklessly engaging in the conduct described in this Complaint, Temple and Pastro violated Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78n(e)], and Rules 10b-5 and 14e-3 thereunder [17 C.F.R. §§ 240.10b-5, 240.14e-3].

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1], to enjoin such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties and such other and further relief as the Court may deem just and appropriate.

6. 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].

7. Venue in this District is proper because Temple and Pastro are found, reside, and/or transact business in the District of Delaware. In addition, many of the communications and actions in furtherance of the insider trading alleged herein were made from, to, or within the District of Delaware.

8. In connection with the conduct alleged in this Complaint, Temple and Pastro, directly or indirectly, made use of one or more means or instrumentalities of interstate commerce, the mails, and/or a facility of a national securities exchange.

9. Unless restrained and enjoined by the Court, Temple and Pastro will continue to engage in transactions, acts, practices and/or courses of business that violate Sections 10(b) and

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

DEFENDANTS

10. **Jeffery J. Temple**, age 40, currently resides in Newark, Delaware. From at least August 12, 2002, until October 11, 2010, Temple was employed as an Information Systems and Security Manager at the Law Firm.

11. **Benedict M. Pastro**, age 43, currently resides in Newark, Delaware. Pastro is related to Temple by marriage; they are brothers-in-law in that their wives are sisters. Pastro is employed as a salesperson for a consulting firm that has an office in Delaware.

RELATED ENTITY

12. **The Law Firm** is located in Wilmington, Delaware. According to the Law Firm's website, it has consistently been ranked by national surveys as "the top Delaware-based law firm in dollar volume and number of deals for business combinations, business restructurings, and securities offerings," serving as "Delaware counsel on virtually any type of purchase and sales transactions involving public and privately held clients." The Law Firm prides itself on "long-term relationships with clients," built on "years and years of mutual understanding," and has "built its reputation and its practice on the intelligence and integrity of its workforce and the quality of its work." In each of the instances described below, in which Temple and/or Pastro traded in advance of the public announcement regarding merger and/or acquisition related activity, the Law Firm was retained as counsel to one of the participants, or was otherwise involved, to some degree, in the business transaction.

FACTS

A. Background

13. In connection with his former job as the Information Systems and Security Manager at the Law Firm, Temple had access to electronic and other files containing material nonpublic information concerning, among other things, prospective business transactions of Law Firm clients. One of Temple's job functions was to maintain the security and confidentiality of the Law Firm's electronic files, as well as to maintain the security and confidentiality of any information to which he had access in his capacity as an employee and/or representative of the Law Firm.

14. Upon employment at the Law Firm, Temple signed an "Acknowledgement of Policy and Compliance," pursuant to which he acknowledged his review of, and understanding of, all of the policies and procedures in the Law Firm Manual, and specifically including the following documents included in that manual:

- a. Confidentiality of Client Matters (the "CCM"); and
- b. Confidentiality, Non-Disclosure and Non-Competition Agreement (the "CNNA").

15. According to Law Firm documentation, both the CCM and the CNNA require "all active employees and contractual employees to keep confidential all information concerning clients of the [Law Firm] and services rendered by the [Law Firm] to such clients." The CCM further provides that:

[I]t is improper, and in some circumstances may be a violation of the federal and state securities laws, . . . , to use nonpublic client information of any kind for personal gain. In particular, where our work for or involving a publicly owned entity gives us access to material nonpublic information as to that entity's business, plans or a prospective merger, acquisition or similar transaction with

another entity, no one connected with the [Law Firm] may buy or sell securities of the entity or affiliated entities, or of the other entity or its affiliates, or “tip” a relative or other person to do so, while the information remains nonpublic.

16. The CCM further requires that employees follow certain procedures to prevent the misuse of nonpublic client information. One such procedure requires employees to pre-clear with the Law Firm the purchase or sale of most securities, including the securities set forth in the allegations herein, to ensure that the issuer of the security is not on the Law Firm’s Restricted List. Temple did not pre-clear any securities transactions during his employment at the Law Firm.

17. Pursuant to Law Firm policies and procedures, during his employment at the Law Firm, Temple was required, annually, to certify his compliance with all of the policies and procedures set forth in the Law Firm Manual, specifically including those set forth in the CCM and the CNNA.

18. As described below, and in violation of the Law Firm’s policies and procedures, including those set forth above, Temple misappropriated from the Law Firm material nonpublic information concerning, at least, 22 prospective merger and/or acquisition related announcements involving 20 of the Law Firm’s clients, and illegally traded in securities on the basis of this information.

19. Moreover, in at least 12 of these instances, Temple, in violation of the Law Firm’s policies and procedures, tipped Pastro with the misappropriated information, and Pastro illegally traded on the basis of that information prior to its public disclosure.

B. The Illegal Trading

20. In connection with the allegations herein, Temple used a single brokerage account, opened in June 2009 in his name (“Temple’s Brokerage Account”). During the course

of events described herein, Temple accessed his account by computer, frequently from an Internet Protocol address associated with the Law Firm.

21. In connection with the allegations herein, Pastro placed trades through two online brokerage accounts in his name (the "Pastro Accounts").

(i) **The Acquisition of On2 Technologies, Inc. by Google, Inc.**

22. Temple traded on the basis of material nonpublic information in advance of the August 5, 2009, public announcement by Google, Inc. ("Google") and On2 Technologies, Inc. ("ONT") regarding an agreement by which Google would acquire ONT for \$0.60 per share (the "Google ONT Announcement").

23. By March 23, 2009, ONT had engaged the Law Firm as Delaware counsel in connection with Google's possible acquisition of ONT.

24. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the Google ONT Announcement, and traded on the basis of this misappropriated information before its public dissemination.

25. In anticipation of, and in advance of, the Google ONT Announcement, on July 20, 2009, Temple used a Law Firm computer to purchase 11,000 shares of ONT common stock at a price of \$0.40 per share.

26. On August 5, 2009, Google made the Google ONT Announcement, which reflected an offer to purchase ONT stock at \$0.60 per share, a 58% premium over its August 4, 2009, closing price of \$0.38 per share.

27. Following the Google ONT Announcement, ONT common stock price closed at \$0.57 per share, an increase of 50% over its August 4, 2009, closing price, with an increase in trading volume of 11,821%.

28. Temple attempted to liquidate his ONT holdings immediately upon the Google ONT Announcement, placing limit orders to sell from a computer at the Law Firm. These orders expired, unexecuted, at the end of the day. Temple ultimately sold his ONT stock on September 16 and 17, 2009, at a price of \$0.59 per share.

29. Based on the closing price of ONT stock on August 5, 2009, Temple realized unlawful profits exceeding \$1,800.

(ii) **The Disney, Inc. Acquisition of Marvel Entertainment, Inc.**

30. Temple traded on the basis of material nonpublic information in advance of the August 31, 2009, public announcement that Disney, Inc. (“Disney”) would acquire Marvel Entertainment, Inc. (“MVL”) for \$30.00 per share, plus 0.745 of one Disney share for each share of MVL common stock, for an effective transaction value of \$50.00 per MVL share (the “Disney MVL Announcement”).

31. On or about August 19, 2009, MVL retained the Law Firm as special counsel in connection with its possible acquisition by Disney.

32. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the Disney MVL Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

33. In anticipation of, and in advance of, the Disney MVL Announcement, on August 19, 2009, Temple purchased 125 shares of MVL common stock at an average price of \$37.45 per share. There is no record in Temple's Brokerage Account of prior trading in MVL securities.

34. The Disney MVL Announcement, made on Monday, August 31, 2009, reflected an offer to purchase MVL common stock at \$50 per share, a 29% premium over its August 28, 2009 closing price of \$38.65 per share.

35. Following the Disney MVL Announcement, MVL's common stock price closed at \$48.37 per share, a 25% increase over its August 28, 2009, closing price, with an increase in trading volume of 2,742%.

36. Temple sold his shares of MVL on September 8, 2009, at an average price of \$48.20 per share, realizing more than \$1,300 in unlawful profits.

(iii) **The Xerox, Inc. Acquisition of Affiliated Computer Services, Inc.**

37. Temple traded on the basis of material nonpublic information in advance of the September 28, 2009, public announcement by Xerox, Inc. ("Xerox") that it would acquire Affiliated Computer Services, Inc. ("ACS") for a stock and cash deal valued at \$63.11 per share of ACS common stock (the "Xerox ACS Announcement").

38. On or about July 16, 2009, Xerox retained the Law Firm in connection with its possible acquisition of ACS.

39. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the Xerox

ACS Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

40. In anticipation of, and in advance of, the Xerox ACS Announcement, on September 8, 2009, Temple purchased 85 shares of ACS common stock at an average price of \$44.70 per share. Aside from some unexecuted limit orders placed by Temple almost immediately after ACS retained the Law Firm, there is no record in Temple's Brokerage Account of prior trading in ACS securities.

41. On Monday, September 28, 2009, Xerox made the Xerox ACS Announcement, which reflected an offer to purchase ACS common stock at \$63.11 per share, a 33.6% premium over its September 25, 2009, closing price of \$47.25.

42. Following the Xerox ACS Announcement, ACS's common stock price closed at \$53.86 per share, a 14% increase over its September 25, 2009, closing price, with an increase in trading volume of 1,820%.

43. On September 29, 2009, the day following the Xerox ACS Announcement, Temple liquidated his ACS common stock at an average price of \$55.60 per share, realizing more than \$900 in illegal profits.

(iv) The Cisco Systems, Inc. Acquisition of Starent Networks Corporation

44. Temple traded on the basis of material nonpublic information in advance of the October 13, 2009, public announcement by Starent Networks Corporation ("STAR") that it had agreed to be acquired by Cisco Systems, Inc. ("Cisco") for \$35.00 per share ("Cisco STAR Announcement").

45. On or about August 26, 2009, STAR retained the Law Firm to advise it in connection with its possible acquisition by Cisco.

46. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the Cisco STAR Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

47. In anticipation of, and in advance of, the Cisco STAR Announcement, on October 1, 2009, Temple purchased 150 shares of STAR common stock at an average price of \$24.92 per share. There is no record in Temple's Brokerage Account of prior trading in STAR securities.

48. On October 13, 2009, STAR made the Cisco STAR Announcement, which reflected an offer to purchase STAR common stock at \$35.00 per share, a 21% premium over its October 12, 2009, closing price of \$29.03.

49. Following the Cisco STAR Announcement, STAR's common stock price closed at \$33.91 per share, a 17% increase over its October 12, 2009, closing price, with an increase in trading volume of 1,644%.

50. On October 15, 2009, Temple sold his STAR common stock at an average price of \$33.80 per share, realizing more than \$1,300 in unlawful profits.

(v) **The KPN BV Tender Offer for Ibasis, Inc.**

51. Both Temple and Pastro traded on the basis of material nonpublic information in advance of the November 23, 2009, joint public announcement by Ibasis, Inc. ("IBAS") and KPN BV ("KPN") that IBAS had agreed to be acquired in a cash tender offer for \$3.00 per share, and that the parties had settled related litigation (the "KPN IBAS Announcement").

52. By mid-July, 2009, IBAS had retained the Law Firm to represent it in its litigation against KPN over a prior tender offer made by KPN to IBAS (the "Litigation"). The resolution of the Litigation was a necessary prerequisite to the progression of any KPN tender offer to acquire IBAS.

53. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with the Litigation and pending tender offer. In particular, Temple accessed material nonpublic information related to the substance of the KPN IBAS Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in IBAS common stock in advance of the KPN IBAS Announcement.

54. Prior to November 20, 2009, the date on which Temple and Pastro began trading in IBAS common stock, KPN and IBAS had taken several substantial steps to commence and further KPN's tender offer. Among other things, as of November 17, 2009, officers at KPN and IBAS were discussing an increased tender offer price and possible settlement of the Litigation.

55. On the morning of Thursday, November 19, 2009, Temple and Pastro spoke by telephone for approximately six minutes. The next day, at 10:19 a.m., in anticipation of, and in advance of, the KPN IBAS Announcement, Pastro purchased 2,750 shares of IBAS common stock at an average price of \$2.30 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through the date of this trade reflect no prior trading in IBAS securities.

56. Shortly thereafter, starting at 10:41 a.m. on November 20, 2009, in anticipation of, and in advance of, the KPN IBAS Announcement, Temple purchased 2,500 shares of IBAS

common stock at an average price of \$2.29 per share. Temple's Brokerage Account records reflect no prior trades in IBAS securities.

57. On Monday, November 23, 2009, at 5:00 a.m., KPN and IBAS made the KPN IBAS Announcement, which reflected a tender offer to purchase IBAS common stock at \$3.00 per share, a 33% premium over its November 20, 2009, closing price of \$2.26 per share.

58. Following the KPN IBAS Announcement, IBAS common stock price closed at \$2.98, a 32 % increase over its November 20, 2009, closing price, with an increase in trading volume of 989%.

59. At 8:39 a.m. on the morning of the KPN IBAS Announcement, Temple sold his IBAS shares at an average price per share of \$2.98, realizing more than \$1,700 in unlawful profits.

60. Several hours later, at 12:19 p.m., Pastro sold his shares of IBAS at an average price of \$2.98 per share, realizing unlawful profits exceeding \$1,800.

(vi) **The Francisco Partners' Acquisition of Quadramed Corporation**

61. Temple traded on the basis of material nonpublic information in advance of the December 8, 2009, public announcement by Quadramed Corporation ("QDHC") that it had agreed to be acquired by Francisco Partners ("Francisco") for \$8.50 per share in cash (the "Francisco QDHC Announcement").

62. On or about October 30, 2009, QDHC retained the Law Firm to advise QDHC in connection with a possible acquisition by Francisco, a private equity group.

63. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In

particular, Temple accessed material nonpublic information related to the substance of the Francisco QDHC Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

64. In anticipation of, and in advance of, the Francisco QDHC Announcement, on December 3, 2009, Temple purchased 670 shares of QDHC common stock at an average price of \$6.69 per share. There is no record in Temple's Brokerage Account of prior trading in QDHC securities.

65. On December 8, 2009, QDHC made the Francisco QDHC Announcement, which reflected an offer to purchase QDHC common stock at \$8.50 per share, a 33% premium over its December 7, 2009, closing price of \$6.41 per share.

66. Following the Francisco QDHC Announcement, QDHC's common stock price closed at \$8.31 per share, a 30% increase over its December 7, 2009, closing price, with an increase in trading volume of 30,596%.

67. Immediately upon the Francisco QDHC Announcement, Temple sold his QDHC common stock at an average price of \$8.37 per share, realizing more than \$1,100 in unlawful profits.

(vii) **The Acquisition of California Micro Devices Corporation by ON Semiconductor**

68. Temple traded on the basis of material nonpublic information in advance of the December 14, 2009 public announcement by California Micro Device Corporation ("CAMD") that it had agreed to be acquired by Semiconductor Components Industries, LLC d/b/a ON Semiconductor ("ON Semi") for \$4.70 per share of common stock (the "CAMD ON Semi Announcement").

69. By December 3, 2009, ON Semi had retained the Law Firm in connection with its possible acquisition of CAMD.

70. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the CAMD ON Semi Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

71. On Tuesday, December 8, 2009, in anticipation of, and in advance of, the CAMD ON Semi Announcement, Temple bought 975 shares of CAMD common stock at an average price of \$3.08 per share. There is no record in Temple's Brokerage Account of prior trading in CAMD securities.

72. On Monday, December 14, 2009, at 8:03 a.m., CAMD made the CAMD ON Semi Announcement, which reflected an offer to purchase CAMD common stock at \$4.70 per share, a 54% premium over its December 11, 2009, closing price of \$3.05 per share.

73. Following the CAMD ON Semi Announcement, CAMD common stock price closed at \$4.67, an increase of 53% over its closing price on December 11, 2009, with an increase in trading volume of 9,299%.

74. On December 14, 2009, at 8:57 a.m., Temple sold all of his shares of CAMD at an average price of \$4.70 per share, realizing over \$1,500 in unlawful profits.

(viii) **The Acquisition of Airvana, Inc. by SAC Private Capital Group and its Affiliates**

75. Temple and Pastro traded on the basis of material nonpublic information in advance of the December 18, 2009, public announcement by Airvana, Inc. ("AIRV") that it had

agreed to be acquired by SAC Private Capital Group (“SAC”) for \$530 million in cash, or \$7.65 per share of common stock (the “SAC AIRV Announcement”).

76. On or about September 11, 2009, SAC Capital Partners retained the Law Firm to advise it in connection with the possible acquisition of AIRV by its affiliate, SAC.

77. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the SAC AIRV Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in AIRV common stock in advance of the SAC AIRV Announcement.

78. On Wednesday, November 11, 2009, in anticipation of, and in advance of, the SAC AIRV Announcement, Temple bought 800 shares of AIRV common stock at an average price of \$6.06 per share. There is no record in Temple’s Brokerage Account of prior trading in AIRV securities.

79. On November 23, 2009, at 12:25 p.m., Temple called Pastro and left a brief voicemail message. Temple again called Pastro on December 9, 2009, at 11:29 a.m. Beginning on November 23, 2009, and continuing through December 9, 2009, in anticipation of, and in advance of, the SAC AIRV Announcement, Pastro accumulated a long position in AIRV common stock:

- a. On November 23, 2009 at 1:57 p.m., Pastro bought 475 shares of AIRV common stock at an average price of \$6.30 per share;

- b. On December 1, 2009, Pastro bought 400 additional shares of AIRV common stock at an average price of \$6.27 per share; and
- c. On December 9, 2009, Pastro purchased an additional 400 shares of AIRV at an average price of \$6.40 per share.

80. By December 9, 2009, Pastro held 1,275 shares of AIRV, acquired at an average price of \$6.32 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through November 23, 2009, reflect no prior trading in AIRV securities.

81. On December 18, 2009, at 9:03 a.m., AIRV made the SAC AIRV Announcement, which reflected an offer to purchase AIRV common stock at \$7.65 per share, a 23% premium over its December 17, 2009 closing price of \$6.24 per share.

82. Following the SAC AIRV Announcement, AIRV common stock price closed at \$7.59 per share, a 22% increase over its December 17, 2009, closing price, with an increase in trading volume of 9,843%.

83. At 9:50 a.m. on December 18, 2009, during a call with Pastro, Temple sold all of his shares of AIRV at an average price of \$7.52 per share, realizing more than \$1,100 in unlawful profits.

84. On December 22, 2009, at 9:36 a.m., Temple again called Pastro. At 9:44 a.m. Pastro sold his AIRV common stock at an average price of \$7.47 per share, realizing more than \$1,400 in unlawful profits.

(ix) Google's Increase in its Offer for ONT

85. As of January 2010, the Google acquisition of ONT described above, paragraphs 22 through 29, had not yet occurred. Rather, negotiations continued, and on January 7, 2010, ONT and Google publicly announced an agreement to modify the deal to increase the amount of

Google's offer by \$0.15 to \$0.75 per share (the "Second Google Announcement"). Temple and Pastro traded on the basis of material nonpublic information in advance of the Second Google Announcement.

86. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with its continued engagement as Delaware counsel to ONT. In particular, Temple accessed material nonpublic information related to the substance of the Second Google Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in ONT common stock in advance of the Second Google Announcement.

87. On January 6, 2010, at 8:50 a.m., Temple called Pastro. Approximately nine minutes later, Pastro called Temple's telephone extension at the Law Firm, and they spoke for approximately eight minutes.

88. That same day, at 9:56 a.m., in anticipation of, and in advance of, the Second Google Announcement, Pastro purchased 25,000 shares of ONT common stock at an average price of \$0.62 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through January 6, 2010, reflect no prior trading in ONT securities.

89. On January 6, 2010, between 10:15 a.m. and 10:24 a.m., in anticipation of, and in advance of, the Second Google Announcement, Temple purchased 28,000 shares of ONT at an average price of \$0.61 per share.

90. On January 7, 2010, at 8:01 a.m., ONT and Google made the Second Google Announcement, which reflected an offer to purchase ONT common stock at \$0.75 per share, a 27% increase over its January 6, 2010, closing price of \$0.59 per share.

91. Following the Second Google Announcement, ONT common stock price closed at \$0.73 per share, an increase of 24% over its January 6, 2010, closing price, with an increase in trading volume of 2,837%.

92. On January 7, 2010, at 9:38 a.m., Pastro called Temple. At 9:45 a.m., Pastro liquidated his ONT common stock at an average price of \$0.74 per share, realizing more than \$3,000 in unlawful profits.

93. On January 14, 2010, Temple liquidated his ONT common stock at an average price of \$0.73 per share, realizing more than \$3,200 in unlawful profits.

(x) **Acquisition by SouthWest Water Company by a Group of J.P. Morgan Institutional Investors**

94. Temple and Pastro traded on the basis of material nonpublic information in advance of the March 3, 2010, public announcement by SouthWest Water Company (“SWWC”) that it had agreed to be acquired by a group of JP Morgan Institutional Investors (“JPM Investors”) for \$11.00 per share in cash (the “JPM SWWC Announcement”).

95. On February 12, 2009, SWWC retained the Law Firm in connection with a possible acquisition by the JPM Investors.

96. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the JPM SWWC Announcement, and traded on the basis of this misappropriated information prior to its

public dissemination. Temple further misused this information by providing it to Pastro, who also traded in SWWC common stock in advance of the JPM SWWC Announcement.

97. On March 1, 2010, at 12:02 p.m., Temple called Pastro and left a short voicemail message. At 3:32 p.m. that same day, in anticipation of, and in advance of, the JPM SWWC Announcement, Temple purchased 290 shares of SWWC common stock at an average price of \$6.84 per share. There is no record in Temple's Brokerage Account of prior trading in SWWC securities.

98. On the evening of March 1, 2010, at 6:14 p.m., and again on the morning of March 2, 2010, at 8:20 a.m., Pastro called Temple. Shortly after the second call, at 9:50 a.m., in anticipation of, and in advance of, the JPM SWWC Announcement, Pastro purchased 650 shares of SWWC common stock at an average price of \$6.85 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through March 2, 2010 reflect no prior trading in SWWC securities.

99. On March 3, 2010, at 6:30 a.m., SWWC made the JPM SWWC Announcement, which reflected an offer to purchase SWWC common stock at \$11.00 per share, a 56% premium over its March 2, 2010, closing price of \$7.07 per share.

100. Following the JPM SWWC Announcement, SWWC's common stock price closed at \$10.38, a 47% increase over its March 2, 2010, closing price, with an increase in trading volume of 23,642%.

101. That same day, at 8:15 a.m., Temple called Pastro. Four minutes after the start of that call, Temple liquidated his SWCC common stock holdings at an average price of \$10.65 per share, realizing more than \$1,000 in unlawful profits.

102. Two days later, on March 5, 2010, Pastro liquidated his SWWC common stock at an average price of \$10.31 per share, realizing more than \$2,200 in unlawful profits.

(xi) **Abbott Laboratories, Inc. Tender Offer for Facet Biotech Corporation.**

103. Temple and Pastro traded on the basis of material nonpublic information in advance of the March 9, 2010, public announcement by Facet Biotech Corporation (“FACT”) that it had agreed to be acquired in a tender offer by Abbott Laboratories, Inc. (“Abbott”) for \$27.00 per share (the “Abbott FACT Announcement”).

104. On or about August 25, 2009, FACT retained the Law Firm as its counsel in connection with Abbott’s tender offer.

105. On January 12, 2010, FACT entered into a confidentiality agreement with Abbott in connection with Abbott’s tender offer to acquire FACT for \$25.00 per share.

106. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with its retention by FACT. In particular, Temple accessed material nonpublic information related to the substance of the Abbott FACT Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in FACT securities in advance of the Abbott FACT Announcement.

107. On Monday, February 23, 2010, Temple applied to his brokerage firm for approval to trade options, indicating on the application that he had no experience in options trading.

108. By March 3, 2010, the day on which the Defendants began trading in FACT securities, several substantial steps had been taken to commence Abbott’s tender offer. Among

other things, Abbott had made a tender offer to FACT, and the parties had entered into a confidentiality agreement regarding that offer. Moreover, on March 2, 2010, a draft agreement was exchanged between FACT and Abbott.

109. Beginning on March 2, 2010, and continuing through March 3, there is record of at least four telephone calls between Pastro and Temple. In anticipation of, and in advance of, the Abbott FACT Announcement, on March 3, 2010, at 1:17 p.m., Pastro bought 530 shares of FACT at an average price of \$17.16 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through March 3, 2010, reflect no prior trading in FACT securities.

110. On March 4, 2010, using his Law Firm email account, Temple sent two emails to his brokerage firm inquiring about the status of his options trading application.

111. Two days later, on March 6, 2010, a revised draft of the merger agreement was exchanged between counsel for FACT and Abbott. This progress in the tender offer was not publicly disclosed.

112. Still unable to trade options, at 9:08 a.m. on March 8, 2010, Temple, using his Law Firm email account, sent another email to his brokerage firm complaining: "Can't login to my account and no one is picking up the phone. How do I get my trades done? I'm losing money because of your incompetence!"

113. On March 8, 2010, at 9:26 a.m., Temple called Pastro and they spoke for approximately six minutes. Shortly thereafter, at 10:17 a.m. on March 8, 2010, in anticipation of, and in advance of, the Abbott FACT Announcement, Temple began purchasing 10 FACT March \$17.50 call options ("March call options") at an average price of \$0.25 per contract, and 10 FACT April \$17.50 call options ("April call options") at an average price of \$0.55 per contract. Temple's purchases were "out-of-the-money" in that, on the day of his purchase,

FACT stock price closed at \$16.51 per share. The nature of this trading indicates Temple's belief that the price of FACT common stock would increase.

114. Also on March 8, 2010, Abbott increased its tender offer price to \$27.00 per FACT share. This change in the tender offer price was not publicly disclosed.

115. On March 9, 2010, after the close of the market, FACT made the Abbott FACT Announcement, which reflected a tender offer to purchase FACT common stock at \$27.00 per share, a premium of 67% over that day's \$16.21 per share closing price.

116. On March 10, 2010, the first trading day after the public announcement, FACT common stock price closed at \$27.01 per share, an increase of 67% over the March 9, 2010, closing price, with an increase in trading volume of 2,166%.

117. On March 10, 2010, at 9:02 a.m., Temple called Pastro and left a brief voicemail message. At 9:38 a.m. that day, Temple sold all of his April call options at an average price of \$9.40 per contract, realizing more than \$8,800 in unlawful profits.

118. Two minutes later, at 9:40 a.m. on March 10, 2010, Pastro sold all of his FACT shares at an average price of \$26.94 per share, realizing more than \$5,100 in unlawful profits.

119. At 9:57 a.m. on March 10, 2010, after a 9:43 a.m. call from Pastro, Temple sold all of his March call options at an average price of \$9.40 per contract, realizing more than \$9,100 in unlawful profits. Temple's total unlawful profits on his FACT call options trades exceeded \$17,900.

(xii) **The Efforts of InVentive Health, Inc. to Locate a Buyer**

120. Temple and Pastro traded on the basis of material nonpublic information in advance of the March 26, 2010, report in the morning edition of the New York Post that InVentive Health, Inc. ("VTIV") was seeking a buyer (the "VTIV Announcement").

121. On September 25, 2009, VTIV retained the Law Firm as legal counsel to a special committee charged with reviewing VTIV's strategic alternatives and a possible sale of the company.

122. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the VTIV Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in VTIV securities in advance of the VTIV Announcement.

123. On November 10, 2009, between 3:17 p.m. and 6:45 p.m., there is record of, at least, four telephonic communications between Pastro and Temple. The next morning, at 10:53 a.m., in anticipation of, and in advance of, the VTIV Announcement, Pastro purchased 350 shares of VTIV at an average price of \$17.43 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through November 11, 2009, reflect no prior trading in VTIV securities.

124. On March 22, 2010, at 8:49 a.m., Temple called Pastro's mobile phone and left a brief voicemail message. Later that morning, at 10:51 a.m., in anticipation of, and in advance of, the VTIV Announcement, Temple purchased 20 VTIV April \$17.50 call options at an average price of \$0.15 per contract. Temple's purchases of VTIV option contracts were out-of-the-money, in that the closing price of VTIV common stock on March 22, 2010, was \$16.50 per share. The nature of this trading indicates Temple's anticipation of an increase in the price of VTIV common stock.

125. On March 26, 2010, the New York Post made the VTIV Announcement in its morning edition.

126. Following the March 26, 2010, VTIV Announcement, VTIV common stock price closed at \$20.06 per share, a 17% increase over its March 25, 2010, closing price of \$17.15 per share, with an increase in trading volume of 1,229%.

127. On March 26, 2010, at 9:10 a.m., Temple made a short telephone call to Pastro. At 9:56 a.m., Temple sold all of the VTIV April 17.50 call options at an average price of \$1.98 per contract, realizing more than \$3,500 in unlawful profits.

128. At 11:02 a.m. on March 26, 2010, after a brief 10:15 a.m. call from Temple, Pastro sold all of his shares of VTIV common stock at a price of \$19.16 per share, realizing more than \$500 in unlawful profits.

129. Six minutes later, at 11:08 a.m., Temple again traded on the basis of material nonpublic information, purchasing 25 VTIV April \$20.00 call options at an average price of \$0.45 per contract, in anticipation of, and in advance of, a VTIV press release confirming the VTIV Announcement.

130. On March 26, 2010, after the market closed, VTIV issued a press release confirming the substance of VTIV Announcement. On March 29, 2010, the next trading day, VTIV stock price closed at \$22.25 per share, up 11%.

131. On Monday, March 29, 2010, at 9:36 a.m., Temple sold all of his VTIV April \$20.00 call options at an average price of \$2.50 per contract, realizing more than \$5,000 in unlawful profits.

132. In total, Temple realized more than \$8,600 in unlawful profits from his VTIV option trading.

**(xiii) The Acquisition of Bway Holding Company by
Madison Dearborn Partners, LLC**

133. Temple and Pastro traded on the basis of material nonpublic information in advance of the March 29, 2010, public announcement by Bway Holding Company (“BWY”) that it had agreed to be acquired by Madison Dearborn Partners, LLC (“Madison”) for \$20.00 per share of common stock (the “BWY Madison Announcement”).

134. On February 5, 2010, BWY hired the Law Firm to represent it in connection with its possible acquisition by Madison.

135. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the BWY Madison Announcement, and traded on this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in BWY common stock in advance of the BWY Madison Announcement.

136. On Monday, March 8, 2010, at 10:14 a.m., after two telephone calls with Pastro, in anticipation of, and in advance of, the BWY Madison Announcement, Temple bought 300 shares of BWY common stock at an average price of \$15.40 per share. There is no record in Temple’s Brokerage Account of prior trading in BWY securities.

137. On Monday March 22, 2010, at 8:49 a.m., Temple called Pastro and left him a voice mail message. At 9:46 a.m. that day, in anticipation of, and in advance of, the BWY Madison Announcement, Pastro purchased 750 shares of BWY common stock at \$16.91 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through March 22, 2010, reflect no prior trading in BWY securities.

138. On Monday, March 29, 2010, at 8:27 a.m., BWY made the BWY Madison Announcement, which reflected an offer to purchase BWY common stock at \$20.00 per share, a 15% premium over its March 26, 2010, closing price of \$17.35 per share.

139. Following the BWY Madison Dearborn Announcement, BWY common stock price closed at \$20.07 per share, a 16% increase over its closing price of the prior trading day, March 26, 2010, with an increase in trading volume of 2,392%.

140. Approximately 15 minutes after the BWY Madison Dearborn Announcement, Temple sold all of his shares of BWY at an average price of \$20.25 per share, realizing over \$1,400 in unlawful profits.

141. Also on March 29, 2009, at 11:01 a.m., Pastro sold his BWY common stock at an average price of \$20.01 per share, realizing over \$2,300 in unlawful profits.

(xiv) **Cerberus Capital Management L.P. Acquisition of
DynCorp International, Inc.**

142. Temple and Pastro traded on the basis of material nonpublic information in advance of the April 12, 2010, public announcement by DynCorp International, Inc. (“DCP”) that it had agreed to be acquired by Cerberus Capital Management, L.P. (“Cerberus”) for \$17.55 per share (the “Cerberus DCP Announcement”).

143. On October 6, 2009, DCP’s Board retained the Law Firm as special Delaware outside counsel in connection with DCP’s exploration of potential strategic alternatives, including the review of a Cerberus “Indication of Interest.”

144. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the

Cerberus DCP Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in DCP securities in advance of the Cerberus DCP Announcement.

145. On February 15, 2010, at 5:48 p.m., Pastro called Temple. The next day, February 16, 2010, in anticipation of, and in advance of, the Cerberus DCP Announcement, Pastro purchased 400 shares of DCP at an average price of \$10.92 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through February 16, 2010, reflect no prior trading in DCP securities.

146. On March 17, 2010, in anticipation of, and in advance of, the Cerberus DCP Announcement, Temple purchased 10 DCP April \$12.50 call options at an average price of \$0.20 per contract. Temple's purchases were out-of-the-money in that DCP stock price closed that day at \$11.87 per share. The nature of this trading indicates Temple's anticipation of an increase in the price of DCP common stock.

147. On March 25, 2010, at 9:55 a.m., after a short telephone call with Temple, Pastro, in anticipation of, and in advance of, the Cerberus DCP Announcement, bought 30 DCP April \$12.50 call options at an average price of \$0.15 per contract. As with Temple's purchases, Pastro's purchases were out-of-the-money in that DCP stock price closed that day at \$11.69 per share. The nature of this trading indicates Pastro's anticipation of an increase in the price of DCP common stock.

148. Between the morning of Friday, March 26, 2010, and 1:12 p.m. on the next trading day, Monday, March 29, 2010, there is record of at least six telephone calls between Pastro and Temple. On March 29, 2010, at 1:12 p.m., Pastro, in anticipation of, and in advance of, the Cerberus DCP Announcement, purchased 30 DCP May \$12.50 call options at an average

price of \$0.30 per contract. These purchases also were out-of-the money, in that DCP stock price closed that day at \$11.45 per share, again indicating Pastro's belief that DCP common stock would increase in price.

149. On Monday, April 12, 2010, at 7:21 a.m., Pastro called Temple. Less than an hour later, at 8:13 a.m., DCP made the Cerberus DCP Announcement, which reflected an offer to purchase DCP common stock at \$17.55 per share, a 49% premium over its April 9, 2010, closing price of \$11.75.

150. Following the Cerberus DCP Announcement, DCP common stock price closed at \$17.41, a 48% increase over its April 9, 2010, closing price, with an increase in trading volume of 20,374%.

151. At 9:35 a.m. on April 12, 2010, Temple logged into his brokerage account from a Law Firm computer and sold all of his DCP April \$12.50 call options at an average price of \$4.80 per contract, realizing more than \$4,500 in unlawful profits.

152. Approximately three minutes later, at 9:38 a.m., Pastro began liquidating his options. He first sold all of his DCP April \$12.50 call options at an average price of \$4.80 per contract, realizing more than \$13,800 in unlawful profits. Pastro then sold all of his DCP May \$12.50 call options at an average price of \$4.80 per contract, realizing additional unlawful profits exceeding \$13,880. That same day, after a brief call to Temple, Pastro sold all of his DCP common stock at an average price of \$17.41 per share, realizing additional unlawful profits exceeding \$2,500.

153. In total, Pastro realized more than \$29,800 in unlawful profits by selling his DCP securities.

(xv) **The Acquisition of Cornell Companies, Inc. by The GEO Group, Inc.**

154. Temple and Pastro traded on the basis of material nonpublic information in advance of the April 19, 2010, public announcement by Cornell Companies, Inc. (“CRN”) that it had agreed to be acquired by The GEO Group, Inc. (“GEO”) for \$685 million, or \$24.96 per share of common stock (the “CRN GEO Announcement”).

155. On April 12, 2010, GEO consulted with the Law Firm and, on April 14, 2010, GEO retained the Law Firm to represent GEO in connection with its prospective acquisition of CRN.

156. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the CRN GEO Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in CRN securities in advance of the CRN GEO Announcement.

157. On Wednesday, April 14, 2010, at 9:36 a.m., in anticipation of, and in advance of, the CRN GEO Announcement, Temple bought 10 CRN May \$20.00 call options at an average price of \$0.50 per contract. There is no record in Temple’s Brokerage Account of prior trading in CRN securities.

158. That same day, and the following morning, Pastro called Temple. On April 15, 2010, at 10:58 a.m., in anticipation of, and in advance of, the CRN GEO Announcement, Pastro purchased 40 CRN May \$20.00 call options at an average price of \$0.90 per contract. Brokerage

records for the Pastro Accounts from January 1, 2008, through April 15, 2010 reflect no prior trading in CRN securities or options.

159. On Monday, April 19, 2010, at 6:36 a.m., CRN made the CRN GEO Announcement, which reflected an offer to purchase CRN for \$24.96 per share of common stock, a 35% premium over its April 16, 2010, closing price of \$18.47 per share.

160. Following the CRN GEO Announcement, CRN common stock price closed at \$24.50 per share, a 33% increase over its April 16, 2010, closing price, with an increase in trading volume of 3,116%.

161. On April 19, 2010, after an 8:46 a.m. call from Pastro, Temple sold his CRN call options at an average price of \$4.00 per contract, realizing more than \$3,400 in unlawful profits.

162. Less than one hour later, Pastro sold his CRN call options at an average price of \$3.96 per contract, realizing more than \$12,000 in unlawful profits.

(xvi) The Thomas H. Lee Partners, L.P. Acquisition of VTIV

163. Temple and Pastro traded on the basis of material nonpublic information in advance of the May 6, 2010, public announcement by VTIV that it had agreed to be acquired by Thomas H. Lee Partners, L.P. (“THL LP”) for approximately \$1.1 billion, or \$26.00 per share (the “THL VTIV Announcement”).

164. As stated above, in paragraph 121, on September 25, 2009, VTIV retained the Law Firm as legal counsel to a special committee charged with reviewing VTIV’s strategic alternatives and a possible sale of VTIV.

165. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In

particular, Temple accessed material nonpublic information related to the substance of the THL VTIV Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in VTIV securities in advance of the THL VTIV Announcement.

166. On Wednesday, March 31, 2010, in anticipation of, and in advance of, the THL VTIV Announcement, Temple logged into his brokerage account from a Law Firm computer and purchased 1,000 shares of VTIV stock at an average price of \$22.55 per share.

167. On May 3, 2010, at 8:38 a.m., Pastro called Temple. Later that day, at 12:45 p.m., in anticipation of, and in advance of, the THL VTIV Announcement, Pastro purchased 50 VTIV May \$25.00 calls at an average price of \$0.35 per contract. Pastro's purchases were out-of-the-money in that the closing price of VTIV stock on May 3, 2010, was \$23.47 per share. The nature of these trades indicates Pastro's belief that the price of VTIV stock would increase. While, or immediately after, placing these trades, Pastro called Temple again.

168. Two days later, on May 5, 2010 at 3:48 p.m., Temple, in anticipation of, and in advance of, the THL VTIV Announcement, added to his VTIV position, purchasing 10 VTIV May \$22.50 call options at an average price of \$2.30 per contract.

169. On May 6, 2010, at 9:31 a.m., after a telephone call to Temple, in anticipation of, and in advance of, the THL VTIV Announcement, Pastro purchased an additional 150 VTIV May \$25.00 call options at an average price of \$1.10 per contract. These purchases were out-of-the-money in that the prior day's closing price for VTIV common stock was \$ 24.25 per share. The nature of these trades indicates Pastro's belief that VTIV common stock would increase in price. By the close of the market on May 6, 2010, Pastro owned a total of 200 VTIV May \$25.00 call options, purchased at an average price of \$0.91 per contract.

170. That same day, Temple, beginning about the same time as Pastro, essentially duplicated Pastro's trading activity. Specifically, at 9:32 a.m. on May 6, 2010, Temple, in anticipation of, and in advance of, the THL VTIV Announcement, purchased 200 VTIV May \$25.00 call options at an average price of \$1.10 per contract. These purchases were also out-of-the money, evidencing Temple's belief that the VTIV common stock will increase in price.

171. On May 6, 2010, the day of the commonly referenced "Flash [market] Crash," at 12:50 p.m., VTIV made the THL VTIV Announcement, which reflected an offer to purchase VTIV common stock at \$26.00 per share, a 7% premium over its May 5, 2010, closing price of \$24.25 per share.

172. Between 9:24 a.m. and 11:50 a.m. on May 7, 2010, Pastro and Temple exchanged, at least, six telephone calls. That same day, Temple logged into his brokerage account from a Law Firm computer and sold all of his VTIV stock at an average price of \$25.21 per share, realizing more than \$2,600 in unlawful profits. He also sold his 10 VTIV May \$22.50 call options at an average price of \$2.70 per contract, for a profit of more than \$300.

173. Temple and Pastro's trades in the VTIV May \$25.00 call options series were not profitable.

(xvii) **The Acquisition of Stanley, Inc. by CGI Group, Inc.**

174. Temple traded on the basis of material nonpublic information in advance of the May 7, 2010, public announcement by Stanley, Inc. ("SXE") that it had agreed to be acquired by CGI Group, Inc. ("CGI") for \$37.50 per share of common stock (the "SXE CGI Announcement").

175. On April 14, 2010, SXE retained the Law Firm to represent SXE in connection with its prospective acquisition by CGI.

176. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the SXE CGI Announcement, and traded on the basis of the misappropriated information prior to its public dissemination.

177. On May 3, 2010, in anticipation of, and in advance of, the SXE CGI Announcement, Temple bought 10 SXE May \$30.00 call options at an average price of \$2.40 per contract. There is no record in Temple's Brokerage Account of prior trading in SXE securities.

178. On May 7, 2010, at 6:30 a.m., SXE made the SXE CGI Announcement, which reflected an offer to purchase SXE for \$37.50 per share, a 33% premium over its May 6, 2010, closing price of \$29.00 per share.

179. Following the SXE CGI Announcement, SXE common stock price closed at \$36.79, a 27% increase over its May 6, 2010, closing price, with an increase in trading volume of 1,202%.

180. Approximately three hours after the SXE CGI Announcement, Temple sold his SXE call options at an average price of \$6.80 per contract, realizing more than \$4,300 in unlawful profits.

(xviii) **The Acquisition of Rubio's Restaurants, Inc. by Mill Road Capital**

181. Temple and Pastro traded on the basis of material nonpublic information in advance of the May 10, 2010 public announcement by Rubio's Restaurants, Inc. ("RUBO") that it had agreed to be acquired by Mill Road Capital ("MRC") for \$8.70 per share of common stock (the "RUBO MRC Announcement").

182. On April 27, 2010, RUBO retained the Law Firm as “Special Delaware Counsel” to a committee of RUBO’s Board of Directors in connection with MRC’s possible acquisition of RUBO.

183. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the RUBO MRC Announcement, and traded on the basis of this misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in RUBO common stock in advance of that announcement.

184. On May 7, 2010, at 9:41 a.m., after two calls to Temple, Pastro, in anticipation of, and in advance of, the RUBO MRC Announcement, purchased 2,850 shares of RUBO common stock at \$7.77 per share. Brokerage records for the Pastro Accounts from January 1, 2008, through May 7, 2010, reflect no prior trading in RUBO securities.

185. Less than one hour later, in anticipation of, and in advance of, the RUBO MRC Announcement, Temple bought 1,295 shares of RUBO common stock at an average price of \$7.70 per share.

186. On Monday, May 10, 2010, at 12:30 a.m., RUBO made the RUBO MRC Announcement, which reflected an offer to purchase RUBO common stock at \$8.70 per share, a 14% premium over RUBO’s May 7, 2010, closing price of \$7.66 per share.

187. Following the RUBO MRC Announcement, RUBO common stock price closed at \$8.50 per share, an 11% increase over its May 7, 2010, closing price, with an increase in trading volume of 1,010%.

188. At 9:30 a.m. on the day of the RUBO MRC Announcement, after an early morning call from Pastro, Temple sold all of his shares of RUBO at an average price of \$8.50 per share, realizing more than \$1,000 in unlawful profits.

189. Later that day, at 1:58 p.m., Pastro sold his RUBO common stock at an average price of \$8.50 per share, realizing more than \$2,000 in unlawful profits.

(xix) **The Gentiva Health Services, Inc. Acquisition of Odyssey Healthcare, Inc.**

190. Temple and Pastro traded on the basis of material nonpublic information in advance of the May 24, 2010, public announcement by Odyssey Healthcare, Inc. (“ODSY”) that it had agreed to be acquired by Gentiva Health Services, Inc. (“GHS”) for \$27.00 per share of ODYSY common stock (the “ODSY GHS Announcement”).

191. On April 19, 2010, ODYSY retained the Law Firm as “outside Delaware counsel,” to advise it in connection with its possible acquisition by GHS. Counsel from the Law Firm attended a quarterly meeting of the Board of Directors of ODYSY on May 6, 2010, in connection with this engagement.

192. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the ODYSY GHS Announcement, and traded on the basis of the misappropriated information prior to its public dissemination. Temple further misused this information by providing it to Pastro, who also traded in ODYSY securities in advance of the ODYSY GHS Announcement.

193. On Wednesday, May 19, 2010, after leaving a voicemail message for Pastro, Temple logged into his brokerage account from a Law Firm computer and, in anticipation of, and

in advance of, the ODSY GHS Announcement, purchased 50 ODSY June \$22.50 call options an average price of \$0.35 per contract. Temple's purchases of ODSY option contracts were out-of-the-money in that the closing price of ODSY shares on May 19, 2010, was \$21.11 per share. The nature of this trading indicates Temple's anticipation of an increase in the price of ODSY common stock. There is no record in Temple's Brokerage Account of prior trading in ODSY securities.

194. Later that day, after exchanging telephone calls with Temple, Pastro, also in anticipation of, and in advance of, the ODSY GHS Announcement, purchased 50 ODSY June \$22.50 call options at an average price of \$0.40 per contract. These purchases were out-of-the-money and evidence Pastro's belief that the price of ODSY common stock would increase. Brokerage records for Pastro's Accounts from January 1, 2008, through May 12, 2010 do not reflect any prior trading in ODSY.

195. On Friday May 21, 2010, after calling Temple, Pastro, in anticipation of, and in advance of, the ODSY GHS Announcement, purchased 50 additional ODSY June \$22.50 call options at an average price of \$0.30 per contract. As before, these purchases were out-of-the-money.

196. On Monday, May 24, 2010, at 7:39 a.m., ODSY made the ODSY GHS Announcement, which reflected an offer to purchase ODSY common stock at \$27.00 per share, a 40% premium over its May 21, 2010 closing price of \$19.29 per share.

197. Following the Announcement, ODSY common stock price closed at \$26.75 per share, a 39% increase over its May 21, 2010, closing price, with an increase in trading volume of 4,222%.

198. At 9:35 a.m. on the day of the ODSY GHC Announcement, following a call from Pastro, Temple logged into his brokerage account from a Law Firm computer and sold all of his ODSY June \$22.50 call options at an average price of \$3.80 per contract, realizing over \$17,100 in unlawful profits.

199. Pastro simultaneously sold his ODSY June \$22.50 call options at an average price of \$3.70 per contract, realizing over \$33,300 in unlawful profits.

(xx) **The Acquisition of Talecris Biotherapeutics Holdings Corp. by Grifols S.A.**

200. Temple traded on the basis of material nonpublic information in advance of the June 7, 2010, public announcement by Talecris Biotherapeutics Holdings Corp. (“TLCR”) that it had agreed to be acquired by Grifols S.A. (“Grifols”) for \$19.00 cash per share and 0.641 in newly-issued Grifols shares for each share of TLCR common stock (the “TLCR Grifols Announcement”).

201. On April 8, 2010, TLCR retained the Law Firm to represent it in connection with its possible acquisition by Grifols.

202. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the TLCR Grifols Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

203. On Wednesday, May 26, 2010, at 11:46 a.m., in anticipation of, and in advance of, the TLCR Grifols Announcement, Temple logged into his brokerage account from a Law

Firm computer and bought 20 TLCR June \$17.50 call options at an average price of \$0.60 per contract. There is no record in Temple's Brokerage Account of prior trading in TLCR securities.

204. On Monday, June 7, 2010, TLCR made the TLCR Grifols Announcement, which reflected an offer to purchase TLCR for, approximately, \$26.16 per share of TLCR common stock, a 64% premium over its June 4, 2010 closing price of \$15.91.

205. Following the TLCR Grifols Announcement, TLCR common stock price closed at \$20.01, a 26% increase over its June 4, 2010, closing price, with an increase in trading volume of 9,246%.

206. Also following the TLCR Grifols Announcement, Temple sold his TLCR June \$17.50 call options on June 7, 2010, at an average price of \$4.50 per contract, realizing more than \$7,700 in unlawful profits.

(xxi) The Cerberus ABP Investor LLC Revised Tender Offer for BlueLinx Holdings Inc.

207. Temple traded on the basis of material nonpublic information in advance of Cerberus ABP Investor LLC's ("CAP") September 22, 2010, announcement that CAI, together with Cerberus Capital Management, L.P. ("Cerberus"), had increased to \$4.00 per share the purchase price to be paid in a cash tender offer for the publicly held shares of BlueLinx Holdings, Inc. ("BlueLinx") not already owned by CAI (the "CAI BlueLinx Announcement"). At the time of the CAI BlueLinx Announcement, CAI owned approximately 55% of BlueLinx's publicly held shares.

208. On July 9, 2010, the Law Firm was retained as counsel to Cerberus in connection with a matter involving BlueLinx Corporation, the wholly owned subsidiary of BlueLinx. By July 21, 2010, the Law Firm was involved in discussions with representatives of CAI about a proposed tender offer price for BlueLinx.

209. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this representation. In particular, Temple accessed material nonpublic information related to the substance of the CAI BlueLinx Announcement, and traded on the basis of this misappropriated information prior to its public dissemination.

210. By August 19, 2010, the first day of Temple's trading in BlueLinx securities, several substantial steps had been taken to commence the tender offer. Among other things, CAI had made a prior tender offer to BlueLinx and was involved in ongoing negotiations with BlueLinx regarding that offer. On or about August 13, 2010, at the request of BlueLinx, CAI and Cerberus extended the tender offer deadline through September 3, 2010 – the first of several extensions.

211. On August 19, 2010, in anticipation of, and in advance of, the CAI BlueLinx Announcement, Temple purchased 2,900 shares of BlueLinx common stock at an average price of \$3.46 per share. Temple's Brokerage Account records reflect no prior trades in BlueLinx securities.

212. On September 20, 2010, two days before the CAI BlueLinx Announcement, in anticipation of, and in advance of, the CAI BlueLinx Announcement, Temple purchased an additional 1,500 shares of BlueLinx common stock at an average price of \$3.41 per share.

213. CAI made the CAI BlueLinx Announcement after the close of the market on September 22, 2010, making public a tender offer to purchase BlueLinx common stock at \$4.00 per share, a share price increase of 17.6% over CAI's prior tender offer, and a 17.6 % increase over the September 22, 2010, BlueLinx common stock closing price of \$3.40 per share.

214. The following trading day, September 23, 2010, BlueLinx common stock price closed at \$3.98 per share, a 17% increase over its September 22, 2010, closing price, with an increase in trading volume of 2,130%.

215. On September 23, 2010, the first trading day after the CAI BlueLinx Announcement, Temple sold his BlueLinx shares at an average price per share of \$3.97, realizing more than \$2,200 in unlawful profits.

(xxii) The Eyak Technology, LLC Revised Tender Offer for GTSI Corp.

216. Temple traded on the basis of material nonpublic information in advance of an announcement made by Eyak Technology, LLC (“Eyak”) on September 30, 2010, that it had increased its tender offer price to \$7.50 per share, to be paid in a cash tender offer for all of the outstanding capital stock of GTSI Corp. (“GTSI”) (the “Eyak GTSI Announcement”).

217. On August 11, 2010, the Law Firm was retained by Eyak, a minority shareholder of GTSI, as counsel in connection with its contemplated tender offer to acquire GTSI.

218. As Information Systems and Security Manager at the Law Firm, Temple had access to, accessed, and misappropriated from the Law Firm material nonpublic information obtained, held, received, and/or created by the Law Firm in connection with this engagement. In particular, Temple accessed material nonpublic information related to the substance of the Eyak GTSI Announcement, and traded on the basis of this misappropriated information in anticipation of the Eyak GTSI Announcement.

219. By September 23, 2010, the date of Temple’s first trade in GTSI securities, several substantial steps had been taken to commence the tender offer. Among other things, on August 13, 2010, Eyak made a tender offer to GTSI Board of Directors, which GTSI rejected on

August 30, 2010. On September 13, Eyak publicly restated its original tender offer and expressed its intent to pursue a transaction with GTSI.

220. On September 23, 2010, in anticipation of, and in advance of, the Eyak GTSI Announcement, Temple purchased 5,600 shares of GTSI common stock at an average price of \$6.97 per share. Temple's Brokerage Account records reflect no prior trades in GTSI securities.

221. On September 30, 2010, after the market closed, Eyak made the Eyak GTSI Announcement, which reflected a tender offer to purchase GTSI common stock at \$7.50 per share, a share price increase of approximately 7% over its September 30, 2010, closing price of \$7.01 per share. That same day, also after the close of the market, Eyak disclosed GTSI's September 30, 2010, rejection of its increased offer.

222. On October 1, 2010, the first trading day after the Eyak GTSI Announcement and the additional disclosure of GTSI's rejection of that offer, GTSI common stock price closed at \$7.25 per share, up 3% from the prior day's closing price per share of \$7.01, with a 103% increase in volume.

223. On October 1, 2010, the first trading day after the Eyak GTSI Announcement, Temple sold his GTSI shares at an average price per share of \$7.24, realizing more than \$1,400 in unlawful profits.

C. Temple Breached His Fiduciary Duty to Maintain the Confidentiality of the Material Nonpublic Information to Which He Had Access at the Law Firm.

224. The Law Firm owes a fiduciary duty of confidentiality to, among others, Law Firm clients, which includes the obligation to maintain the confidentiality of information obtained by, or provided to, it in connection with its engagements.

225. Temple, as an employee of the Law Firm with access to confidential electronic and other files, owed a fiduciary duty, or an obligation arising from a similar relationship of trust

and confidence, to his employer, the Law Firm, to keep such information confidential. This duty to maintain confidentiality was express in the Law Firm's policies and procedures and, in particular, in the CCM and the CNNA. As set forth above, Temple acknowledged his understanding of this duty at the inception of his employment at the Law Firm, and was required to certify his compliance with the Law Firm's policies and procedures annually thereafter.

226. Temple further was prohibited, by the Law Firm's policies and procedures, from trading on the basis of the nonpublic client-related information described above, and from tipping that information to his brother-in-law. Temple acknowledged his understanding of this prohibition at the inception of his employment at the Law Firm, and was required to certify his compliance with the same annually thereafter.

227. In each instance described above, Temple knew or was reckless in not knowing that the information that he misappropriated from the Law Firm, to which he had access in connection with his employment and position at the Law Firm, was material and nonpublic, and that he had been provided access to that information with the expectation that he owed, and would abide by, a fiduciary or similar duty of trust and confidence.

228. In each instance described above, where Temple misappropriated and used nonpublic, confidential client information to reap personal benefit by trading on the basis of that information and to enrich his family by disclosing the information to his brother-in-law, Temple breached his duty of loyalty and confidentiality owed to his employer, the Law Firm, as well as duties and obligations imposed on him through the Law Firm's policies and procedures.

229. As a direct result of his illegal trading as described herein, Temple realized total profits of more than \$88,300.

D. Pastro Breached a Derivative Duty, Assumed as a Tippee, to Maintain the Confidentiality of the Material Nonpublic Information to Which Temple had Access at the Law Firm.

230. At all times relevant to the Complaint, Pastro knew or should have known that Temple, due to his employment and position at the Law Firm, had access to material nonpublic information, including information about prospective mergers and/or acquisitions involving or related to Law Firm clients.

231. In each instance described above, Pastro knew or should have known that the information provided to him by Temple was confidential information to which Temple had been provided access in connection with his job, and that Temple's disclosure of the same was in violation of a duty of trust and confidence owed by Temple to his employer.

232. In each instance described above, where Temple provided to Pastro material nonpublic information related to Law Firm engagements, including information about prospective mergers and/or acquisitions, Pastro assumed a duty to maintain the confidentiality of that information. By trading on this information, Pastro breached this duty.

233. As a direct result of his illegal trading as described herein, Pastro realized total profits exceeding \$94,000.

I.

FIRST CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder
(Against All Defendants)**

234. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 233, inclusive, as if they were fully set forth herein.

235. At the time of each illegal trade described herein, the misappropriated information was nonpublic, held by the Law Firm as confidential information related to client representations.

236. In each instance, the misappropriated information was material – it would be important to a reasonable investor in making his or her investment decision and, indeed, it was important to Temple and Pastro in making their investment decisions. There is a substantial likelihood that the disclosure of the misappropriated information would have been viewed by a reasonable investor as having significantly altered the total mix of information available to investors.

237. At all times relevant to this Complaint, Temple and Pastro acted knowingly and/or recklessly.

238. Defendants Temple and Pastro, by engaging in the conduct described above, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

(a) employed devices, schemes or artifices to defraud;

(b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

239. By engaging in the foregoing conduct, Temple and Pastro violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], thereunder.

II.

SECOND CLAIM FOR RELIEF

Violations of Section 14(e) of the Exchange Act and Rule 14e-3 thereunder (Against All Defendants)

240. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 239, inclusive, as if they were fully set forth herein.

241. The Law Firm provided counsel to IBAS, FACT, Cerberus, and Eyak in connection with KPN's tender offer for the securities of IBAS, Abbott's tender offer for the securities of FACT, the tender offer of CAI and Cerberus for the securities of BlueLinx, and Eyak's tender offer for the securities of GTSI.

242. As described above, paragraphs 51 through 55, by November 20, 2009, the date on which Temple and Pastro began their illegal trading in IBAS securities, one or more substantial steps had been taken to commence the tender offer for IBAS securities.

243. As described above, paragraphs 103 through 115, by March 3, 2010, the date on which the Defendants began trading in FACT securities, one or more substantial steps had been taken to commence the tender offer for FACT securities.

244. As described above, paragraphs 207 through 213, by August 19, 2010, the date on which Temple began trading in BlueLinx securities, one or more substantial steps had been taken to commence the tender offer of BlueLinx securities.

245. As described above, paragraphs 216 through 221, by September 23, 2010, the date on which Temple began trading in GTSI securities, one or more substantial steps had been taken to commence a tender offer for the securities of GTSI.

246. When Temple placed the trades described above in IBAS, FACT, BlueLinx, and GTSI, he was in possession of material nonpublic information regarding the tender offers, and he traded on the basis of this information. When Temple tipped Pastro about the IBAS and FACT pending tender offers, he similarly was in possession of material nonpublic information regarding the IBAS and FACT tender offers.

247. As described above, Temple, as Information Systems and Security Manager at the Law Firm, knew or should have known that information held by the Law Firm regarding the KPN, Abbott, Cerberus and CAI, and Eyak tender offers had been acquired, directly or indirectly, from the offering entities, the target entities, and/or their advisers or representatives, and that such information was non-public. Under the law, Temple was required to abstain from trading on the basis of this information. He further was required to refrain from communicating this information to Pastro under the present circumstances, in which it was reasonably foreseeable that Pastro would use the information to unlawfully trade in IBAS and FACT securities.

248. When Pastro placed the trades described above in IBAS and FACT securities, he was in possession of material nonpublic information regarding the KPN and Abbott tender offers and he traded on the basis of that information.

249. Pastro knew or should have known that information tipped to him by Temple regarding the KPN and Abbott Tender Offers had been acquired by Temple, directly or indirectly, from the offering entities, the target entities, and/or their advisers or representatives, and that such information was non-public. Under the law, Pastro was required to abstain from trading on the basis of this information.

250. By reason of the foregoing, Temple and Pastro 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, the Commission respectfully requests that the Court issue findings of fact and conclusions of law that the Defendants committed the violations charged and alleged herein and issue orders as follows:

I.

Permanently restraining and enjoining Temple and Pastro from, directly or indirectly, engaging in conduct in violation of 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] and from engaging in conduct in violation of 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];

II.

Ordering Temple to disgorge the unlawful trading profits that Pastro and Temple derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

III.

Ordering Pastro to disgorge the unlawful trading profits that Pastro derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

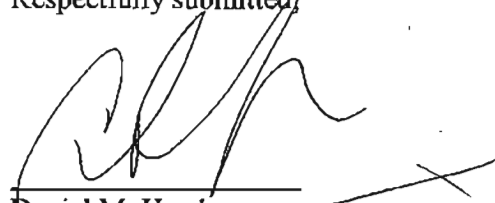
IV.

Ordering Temple and Pastro to each pay an appropriate civil penalty pursuant to Section 21A and/or Section 21(d)(3) of the Exchange Act; and

V.

Grant such other and further relief as this Court may deem just, equitable, and necessary.

Respectfully submitted,



Daniel M. Hawke
Elaine C. Greenberg
Sanjay Wadhwa
Catherine E. Pappas (PA Bar #56544)
Colleen K. Lynch
Lynn H. O'Connor

Date: December 7, 2010

U.S. Securities and Exchange Commission
701 Market Street, Suite 2000
Philadelphia, PA 19106
(215) 597-3100 (Office)
(215) 597-2740 (Fax)
pappasc@sec.gov