

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION (CHICAGO)**

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**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

vs.

Civil Action No.

**ONE OR MORE UNKNOWN PURCHASERS OF  
CALL OPTIONS FOR THE COMMON STOCK OF  
TXU CORP.,**

**Defendants.**

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**COMPLAINT**

Plaintiff Securities and Exchange Commission alleges:

**NATURE OF THE ACTION**

1. This is an insider trading case involving highly profitable and suspicious purchases of call option contracts for the common stock of TXU Corp. that were placed by Unknown Purchasers through overseas accounts in February 2007. These purchases were made in advance of a public announcement (the "Announcement") on February 26, 2007, that TXU had executed a merger agreement with private equity groups headed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and Goldman Sachs & Co. As a result of the Announcement, TXU's common stock jumped more than 13% over its previous trading day closing price, placing the Unknown Purchasers in a position to gain substantial profits. The identities of the defendants are not yet known because they made their purchases in accounts through several foreign brokerage firms. Those brokerage firms, in turn, cleared the trades through several domestic brokerage firms, which in turn executed the purchase orders through the facilities of the Chicago Board Options Exchange.

2. Upon information and belief, while in possession of material, nonpublic information concerning the proposed but unannounced offer to purchase TXU, the defendants purchased at least 8,020 call option contracts (“call options”) for the common stock of TXU. In advance of the Announcement, the defendants engaged in unlawful trading activity and are in a position to receive over \$5.3 million dollars in trading profits.

3. At present, the purchasers of the call options through foreign accounts are unknown.

### **JURISDICTION AND VENUE**

4. This Court has jurisdiction over this action pursuant to Sections 21(e), 21A and 27 of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78u(e), 78u-1 and 78aa]. Venue lies in this Court pursuant to Section 27 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78aa. Certain of the acts, practices, transactions and courses of business alleged herein occurred within the Northern District of Illinois.

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

6. The defendants will, unless restrained and enjoined, continue to engage in the acts, practices and courses of business alleged herein, or in transactions, acts, practices and courses of business of similar purport and object.

### **DEFENDANTS**

7. The Unknown Purchasers are one or more individuals or entities whose identities and addresses are unknown to the Commission. The Unknown Purchasers purchased or caused

to be purchased call option contracts for the common stock of TXU through the broker-dealers identified below.

### **RELEVANT ENTITIES**

8. TXU Corp. is a Dallas, Texas based energy company. TXU's securities are registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and traded on the New York Stock Exchange. Options for TXU are listed and trade on the American Stock Exchange LLC, Chicago Board Options Exchange, the International Securities Exchange, the NYSE Arca, the Philadelphia Stock Exchange and the Boston Stock Exchange.

9. Kohlberg Kravis Roberts & Co. (KKR) is a New York based private equity firm that specializes in management buyouts.

10. Texas Pacific Group (TPG) is a Fort Worth, Texas based private investment partnership.

11. Goldman Sachs & Co. is a New York based investment banking, securities and investment management firm.

12. Credit Suisse is a financial institution located in Zurich, Switzerland. Credit Suisse clears its U.S. options transactions on behalf of its customers through its affiliate, Swiss American Securities, Inc.

13. Swiss American Securities, Inc. is a registered broker-dealer based in New York, New York.

14. Fimat Banque Frankfurt Zweigniederlassung is a financial institution located in Germany and affiliated with Fimat USA LLC.

15. Fimat USA LLC, is a registered broker dealer based in New York, New York.

16. UBS AG London is a financial institution located in London, England. It clears its U.S. options contracts on behalf of its customers through UBS Securities LLC.

17. UBS Securities, LLC, a registered broker-dealer based in New York, New York.

### **FACTUAL ALLEGATIONS**

18. On February 26, 2007, TXU announced that TXU and an investor group led by KKR, TPG, and Goldman, Sachs & Co. had executed a merger agreement in which the investor group would acquire TXU in a leveraged buyout valued at approximately \$45 billion. Under the merger agreement, upon closing, TXU shareholders will receive \$69.25 in cash for each share of TXU common stock held.

19. Following the announcement, TXU's stock price closed at \$67.93, up \$7.91 (approximately 13%) from the prior trading day's close.

20. Prior to the announcement, TXU and the investor group engaged in non-public negotiations pursuant to a confidentiality agreement that was entered into on or about November 30, 2006.

21. On February 21, 2007, one or more Unknown Purchasers purchased at least 1060 TXU call option contracts through a dealer account at Credit Suisse in Zurich, Switzerland (Acct. No. 95400141). The options had a strike price of \$60 and a March expiration date. The option contracts were cleared through Swiss American Securities, Inc. Following the Announcement, the Unknown Purchasers' trading profits were approximately \$457,300.

22. On February 21 and 22, 2007, one or more Unknown Purchasers purchased at least 260 TXU call option contracts through an omnibus account at Fimat Banque Frankfurt Zweigniederlassung (Acct. No. FMT ZGR62E1). Forty of the options had a March expiration date with a strike price of \$60; 220 of the options had April expiration dates with a \$62.50 strike





