

JUDGE CEDARBAUM

07 CV 4427

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,**

Plaintiff,

v.

**BARCLAYS BANK PLC and
STEVEN J. LANDZBERG,**

Defendants.

**07 CV
ECF CASE**

FILED
MAY 30 2007

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission (“Commission”), alleges as follows against defendants Barclays Bank PLC (“Barclays”) and Steven J. Landzberg (“Landzberg”) (collectively the “Defendants”):

SUMMARY

1. Defendants Barclays and Landzberg violated the federal securities laws by illegally trading securities on the basis of material nonpublic information obtained through membership on bankruptcy creditors committees.
2. In 2002 and 2003, the Defendants joined at least six bankruptcy creditors committees. Three of these committees were official unsecured creditors committees appointed by the Office of the United States Trustee under the auspices of the federal bankruptcy courts; others were unofficial, pre-bankruptcy committees comprised of significant bondholders.
3. Defendants were entrusted with confidential information by both official and unofficial creditors committees. Defendants signed confidentiality agreements and committee bylaws pursuant to which they received material nonpublic information concerning, among other

things, the financial condition and prospects of the issuers, their most recent business plans, detailed management projections, contemplated financing alternatives, proprietary advisor analyses, and the timing and terms of proposed plans of reorganization.

4. Defendant Landzberg simultaneously served as Barclays' representative on the creditors committees and as Barclays' proprietary trader of distressed securities. Over a period of eighteen months, the Defendants purchased and sold millions of dollars of securities while aware of material nonpublic information received through six creditors committees – all in breach of fiduciary and similar duties of trust or confidence.

5. Defendants failed to disclose their illicit trading activities to the sources of material nonpublic information (the creditors committees and issuers), or to the U.S. Trustee or federal bankruptcy courts. Defendants also failed to disclose the material nonpublic information to trading counterparties.

6. The illicit course of conduct occurred under the watch of Barclays' senior management and Compliance Department.

7. By this conduct, Defendants violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and SEC Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

8. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)], and Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1], to enjoin the Defendants from engaging in the transactions, acts, practices, and courses of business alleged herein, for disgorgement of profits made or losses avoided, for prejudgment interest thereon, and for civil money penalties.

9. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Sections 21(d)(3)(A), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3)(A), 78u(e), 78u-1, and 78aa].

10. Venue lies in the Southern District of New York pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Sections 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u-1 and 78aa]. Venue is proper because the transactions, acts, practices, and courses of conduct occurred in the Southern District of New York. Further, the Defendants are found, inhabit, and transact business in the Southern District of New York.

11. By the conduct alleged in this Complaint, the Defendants, directly or indirectly, singly or in concert, made use of the means or instruments of transportation or communication in interstate commerce, the means or instrumentalities of interstate commerce, the mails, and the facilities of a national securities exchange.

DEFENDANTS

12. **Barclays Bank PLC** is a multi-national financial services firm which is incorporated in England and conducts substantial business operations in the United States. Barclays Bank PLC maintains corporate offices at 200 Park Ave., New York, New York. Barclays Bank PLC issues note securities registered with the New York Stock Exchange, pursuant to Section 12(b) of the Exchange Act.

13. **Steven J. Landzberg**, 40, is a U.S. citizen who resides in Waccabuc, New York. From July 2000 to June 2006, Landzberg was a Director and proprietary trader for Barclays Bank PLC at its corporate offices in New York, New York.

