



(“Pilgrim’s Pride”) for \$14.25 per share (the “Acquisition Announcement”), more than double WLRF’s closing stock price on the last trading day prior to the announcement.

2. The widespread illegal insider trading in WLRF started with Eric Patton, a corporate insider at WLRF, who breached his duty to the company and its shareholders by providing his brother, Steven Patton, with material, nonpublic information about an upcoming acquisition of WLRF by Pilgrim’s Pride.

3. By the end of the trading day on September 26, 2000, Eric Patton’s tip of material, non-public information had spread to a web of tippers and/or traders who realized illegal profits in excess of \$290,000. Armed with the details of the pending WLRF acquisition, the tippees accounted for nearly 16% of all WLRF shares trading hands on September 26, 2000.

4. Shortly after being tipped by his brother Eric, Steven Patton tipped Michael Nicolaou (“Nicolaou”), his stockbroker at GBI Capital Partners Inc. (“GBI”), with material, nonpublic information about the WLRF acquisition.

5. Nicolaou then tipped three people with material, nonpublic information about the WLRF acquisition: (i) his cousin, Panayiotis Papaseraphim (“Papaseraphim”); (ii) his friend, John Tsiforis; and (iii) another friend and co-worker, Konstantine Drakopoulos (“Drakopoulos”), who was also a registered representative at GBI.

6. After receiving the tip from Nicolaou, Papaseraphim purchased 700 shares of WLRF while in possession of material, nonpublic information, and earned a profit of \$5,297.

7. Nicolaou’s second tippee, John Tsiforis, in turn, tipped material, nonpublic information about the WLRF acquisition to three more people, all of whom purchased

WLRF securities that day while in possession of material, nonpublic information: (i) his sister, Sandra Tsiforis; (ii) his cousin's husband and business partner, Constantine Stamoulis ("Stamoulis"); and (iii) his friend, Konstantinos Orfanakos ("Orfanakos"). John Tsiforis' three tippees traded a total of 11,500 shares of WLRF securities for profits in excess of \$67,000.

8. Nicolaou's third tippee, Drakopoulos, while in possession of material, nonpublic information, purchased 2,000 shares of WLRF in the brokerage account of his sister, relief defendant Kathy Drakopoulos, at National Discount Brokers Corporation ("NDB"), from which he realized post-announcement profits totaling \$14,209. Drakopoulos then kicked back \$500 of his trading profits to Nicolaou as payment for the successful tip.

9. Drakopoulos, in turn, tipped material, nonpublic information about the WLRF acquisition that he obtained from Nicolaou to Dimitrios "Jimmy" Kostopoulos ("Kostopoulos"), at the time a registered representative at NDB, and Lampros Moumouris ("Moumouris"), a friend and former client.

10. Moumouris, while in possession of material, nonpublic information he learned from Drakopoulos, purchased 11,100 shares of WLRF stock and realized profits of \$74,330.

11. Kostopoulos, while in possession of material, nonpublic information, purchased 200 shares of WLRF stock and realized profits in excess of \$1,400.

12. Kostopoulos also tipped his cousin, Angelo Rigas, with the material, nonpublic information concerning the acquisition of WLRF.

13. Drakopolous also tipped Angelo Rigas with the material, nonpublic information concerning the acquisition of WLRF.

14. Angelo Rigas, while in possession of material, nonpublic information he learned from Kostopoulos and Drakopolous, purchased 3,000 shares of WLRF stock and realized profits of \$18,039.

15. Angelo Rigas then tipped Gregory Rigas (defendant Angelo Rigas' father), George Rigas (defendant Angelo Rigas' brother) and Antonia Bregianos (defendant Angelo Rigas' sister) with material, nonpublic information about the WLRF acquisition.

16. Gregory Rigas, while in possession of material, nonpublic information concerning the WLRF acquisition, purchased 10,000 shares of WLRF stock; 5,000 in an account in the name of his wife, relief defendant Eugenia Rigas, and 5,000 in a joint account with her. He realized profits of \$65,514.

17. George Rigas, while in possession of material, nonpublic information concerning the WLRF acquisition, purchased 5,000 shares of WLRF stock in the account of his wife, relief defendant Maria Rigas, from which he realized profits of \$31,151.

18. Antonia Bregianos, while in possession of material, nonpublic information concerning the WLRF acquisition, purchased 3,000 shares of WLRF stock from which she realized profits of \$18,039.

19. By knowingly or recklessly engaging in insider trading as described herein, all of the defendants, except the relief defendants, violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The SEC seeks injunctive relief, disgorgement, prejudgment interest thereon, civil penalties and other appropriate relief with respect to each of the

defendants, with the exception of the relief defendants, from whom it seeks disgorgement and prejudgment interest thereon.

### **JURISDICTION AND VENUE**

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

21. Venue is proper in this district pursuant to Section 27 of the Exchange Act [Title 15 U.S.C. § 78aa] because certain of the defendants reside or work, and certain of the transactions, acts, practices and courses of conduct constituting violations of the laws alleged herein, occurred within the Eastern District of New York.

22. The defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the acts, transactions, and practices alleged herein, many of which took place in the Eastern District of New York.

23. Unless restrained and enjoined by this Court, the defendants will continue to engage in acts, practices, and transactions similar to those described herein.

### **DEFENDANTS**

24. Eric Patton, age 47, as of the filing of the original complaint, resided in East Greenville, Pennsylvania, and in September 2000 was the Director of Manufacturing within the turkey division at WLRF prior to the merger with Pilgrim's Pride.

25. Steven Patton, age 46, as of the filing of the original complaint, resided in Watsontown, Pennsylvania, and was the owner of Watsontown Trucking, Inc.

26. Konstantine “Gus” Drakopoulos, age 30, as of the filing of the original complaint, resided in Queens, New York, and was a registered representative with GBI from 1996 to October 2001, when the company merged with Ladenburg Capital Management Inc. (“Ladenburg”).

27. Dimitrios “Jimmy” Kostopoulos, age 30, as of the filing of the original complaint, resided in Queens, New York, and was a registered representative at NDB from 1998 until his termination on February 23, 2001.

28. Lampros Moumouris, age 46, as of the filing of the original complaint, resided in Austin, Texas, and was a partner or manager of male entertainment clubs in the Austin and Corpus Christi areas.

29. John Tsiforis, age 36, as of the filing of the original complaint, resided in Queens, New York, and was a small businessman.

30. Konstantinos “Chris” Orfanakos, age 35, as of the filing of the original complaint, resided in Queens, New York, and was a real estate broker.

31. Constantine “Gus” Stamoulis, age 40, as of the filing of the original complaint, resided in New Hyde Park, New York, and was the owner of Nesa Roofing, Inc.

32. Angelo Rigas, age 34, as of the filing of the original complaint, resided in Queens, New York, and was president of Arc Mechanical in Brooklyn, New York.

33. Gregory Rigas, age 71, as of the filing of the original complaint, resided in Queens, New York. He was married to relief defendant, Eugenia Rigas, and is the father of defendants Angelo Rigas, George Rigas and Antonia Bregianos.

34. George Rigas, age 44, as of the filing of the original complaint, resided in Queens, New York, and is the brother of defendant Angelo Rigas. George Rigas was married to relief defendant Maria Rigas.

35. Antonia Bregianos, age 36, as of the filing of the original complaint, resided in Queens, New York, and is the sister of defendant Angelo Rigas and daughter of defendant Gregory Rigas.

#### **RELIEF DEFENDANTS**

36. Kathy Drakopoulos, age 42, as of the filing of the original complaint, resided in Jackson Heights, New York, and is the sister of defendant Konstantine Drakopoulos.

37. Eugenia Rigas, as of the filing of the original complaint, resided in Queens, New York, was married to defendant Gregory Rigas and is the mother of defendant Angelo Rigas.

38. Maria Rigas, age 41, as of the filing of the original complaint, resided in Queens, New York, was married to defendant George Rigas and was the sister-in-law of defendant Angelo Rigas.

#### **OTHER RELEVANT ENTITIES AND INDIVIDUALS**

39. WLRF was, prior to its acquisition by Pilgrim's Pride in January 2001, a Virginia-based poultry producer whose common stock traded on the NASDAQ National Market System.

40. National Discount Brokers Corporation is a broker-dealer registered with the Commission pursuant to Section 15 of the Exchange Act. NDB has been a subsidiary of Ameritrade Holding Corporation since September 2001. During the relevant time,

NDB was an online, retail brokerage that focused on internet and telephone trading through its website.

41. GBI Capital Partners Inc. was a full-service broker-dealer registered with the Commission pursuant to Section 15 of the Exchange Act. GBI was headquartered in Bethpage, New York, and, in October 2001, it merged with Ladenburg.

42. Michael Nicolau, 36, as of the filing of the original complaint, resided in Queens, New York, and, during the relevant time, was a registered representative at GBI, a broker-dealer registered with the Commission.

43. Panayiotis "Pete" Papaseraphim, age 40, as of the filing of the original complaint, resided in Queens, New York.

#### **CLAIM FOR RELIEF**

##### **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] And Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]**

44. Paragraphs 1 through 43 are realleged and incorporated herein by reference.

##### **Eric Patton Received Material, Nonpublic Information About the Acquisition of WLRF**

45. Eric Patton, an employee of WLRF since 1988, was promoted to the position of Director of Manufacturing within the turkey division for WLRF's Franconia, Pennsylvania facility in February 2000.

46. Due to his status as a senior employee, Eric Patton was a company "insider" and was required to sign a confidentiality agreement prohibiting him from trading while in possession of inside information concerning WLRF, or tipping others with such information. Eric Patton signed this agreement on November 15, 1999.



47. On September 1, 2000, as a precondition of receiving information about a acquisition of WLRF, Eric Patton signed another, more specific, confidentiality agreement that expressly designated him as a company “insider” and prohibited him from disclosing any information he learned about “possible business transactions to which WLR Foods, Inc., may become a party.”

48. The September 1, 2000 agreement specifically prohibited Eric Patton from speaking to anyone about “negotiation[s] with the company.” The agreement further provided that, “[I]f the undersigned [Eric Patton] chooses to make the Information available to unauthorized persons, such as household members, the undersigned assumes the same liability for that person’s willful or negligent breach of confidentiality with respect to the Information. . .” as would be the case if Eric Patton, himself, breached the confidentiality agreement.

49. As a consequence of his status as a senior employee at WLRF, and his execution of the two confidentiality agreements, Eric Patton owed a fiduciary or other duty of trust and confidence to WLRF and its shareholders to keep confidential all material, nonpublic information about potential business transactions concerning WLRF.

50. After he executed the September 1, 2000 confidentiality agreement, Eric Patton learned that WLRF had entered into negotiations with Pilgrim’s Pride concerning a acquisition of WLRF.

51. On or about September 6, 2000, Eric Patton gave a tour of the Franconia plant to executives of Pilgrim’s Pride – including the CEO and Chairman of that company – during which he discussed WLRF’s operations and products.

52. Eric Patton subsequently learned the details of Pilgrim Pride's proposed acquisition of WLRF, including the timing of the public announcement of the acquisition, and that WLRF would be acquired for approximately \$14 per share.

***Eric Patton Breached His Fiduciary or Other Duty of Trust and Confidence  
by Tipping His Brother Steven Patton***

53. On or before September 26, 2000, Eric Patton tipped his brother, Steven, about the upcoming announcement of the WLRF acquisition, as well as the proposed price and time frame of the anticipated acquisition.

54. Eric Patton knew, should have known, or was reckless in not knowing, that the information he communicated to his brother was nonpublic, and that his communication of that information to his brother was improper and in breach of the fiduciary duty, or other duty arising out of a relationship of trust and confidence, he owed his employer and its shareholders and in contravention of the confidentiality agreements that he had signed.

55. Eric Patton knew, should have known, or was reckless in not knowing, that his brother would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

56. By tipping Steven Patton, Eric Patton conferred a gift of confidential information to his brother and benefited thereby.

***Steven Patton Tried to Buy WLRF Stock and Tipped Nicolaou***

57. On or before September 26, 2000, Steven Patton called his broker, Nicolaou, and told him that he wanted to purchase WLRF stock in his own brokerage account.

58. Steven Patton communicated to Nicolaou material, nonpublic information he learned from his brother, Eric Patton, concerning the acquisition of WLRF, including that the announcement of the acquisition would be made in two to three days, the acquisition would be made at a price of \$14 per share, and that he had learned this information from someone who worked at WLRF.

59. Nicolaou, who knew from prior conversations with Steven Patton that Steven's brother, defendant Eric Patton, was an insider at WLRF, then advised Steven Patton not to purchase WLRF stock because the trade would appear to be based on inside information. Steven Patton then asked Nicolaou how he could purchase WLRF securities. Nicolaou told Steven Patton he (Steven Patton) could trade WLRF securities in someone else's account. Thereafter, Steven Patton did not buy WLRF stock through Nicolaou.

60. Steven Patton knew, should have known, or was reckless in not knowing, that the information he received from Eric Patton concerning the acquisition of WLRF was nonpublic, and that Eric Patton had disclosed the information in breach of a fiduciary duty, or other duty arising out of a relationship trust and confidence.

61. Steven Patton knew, should have known, or was reckless in not knowing, that Nicolaou would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

62. By tipping Nicolaou, Steven Patton conferred a gift of confidential information to his broker and benefited thereby.

63. In a related criminal action, Steven Patton pleaded guilty to perjury because he lied to federal authorities about his conduct concerning the allegations contained in this complaint. At his plea hearing, Steven Patton allocuted as follows:

Court: So, in fact, you did remember having a conversation with [Nicolau] and that conversation included telling him that the merger could happen any day.

Steven Patton: That's Correct.

Mr. Nathanson: And that the merger you're talking about is the merger of WLR Foods and another company. Is that correct?

Steven Patton: Yes.

**Nicolaou Tipped Papaseraphim, John Tsiforis and Drakopoulos**

64. During the relevant time period, Nicolaou was an employee of GBI and therefore owed a fiduciary duty, or other duty arising out of a relationship of trust or confidence, to his employer. In addition, at the time of the transactions and events alleged in this complaint, GBI had a policy prohibiting employees from disclosing material, non-public information acquired in the course of their employment. The policy further prohibited employees from trading in possession of material, nonpublic information, or informing anyone else who may trade in possession of material, nonpublic information.

65. After receiving the tip from Steven Patton, Nicolaou communicated material, nonpublic information concerning the acquisition of WLRF to Papaseraphim, John Tsiforis and Drakopoulos.

66. Nicolaou knew, should have known, or was reckless in not knowing, that the information he received from Steven Patton concerning the acquisition of WLRF was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI.

67. Nicolaou knew, should have known, or was reckless in not knowing, that his tippees would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

68. By tipping these individuals, Nicolaou conferred a gift of confidential information to his friends and benefited thereby or benefited by receiving compensation for his tip of information.

Nicolaou Tipped Papaseraphim, Who Then Traded

69. On or about September 26, 2000, Nicolaou communicated material, nonpublic information about the acquisition of WLRF to his cousin, Papaseraphim.

70. On September 26, 2000, while in possession of material, nonpublic information about the acquisition of WLRF, Papaseraphim purchased 700 shares of WLRF stock.

71. On September 28, 2000, after the Acquisition Announcement, Papaseraphim sold his WLRF stock and realized profits of \$5,297 by trading while in possession of material, nonpublic information.

Nicolaou Tipped John Tsiforis, Who Then Tipped  
Sandra Tsiforis, Stamoulis and Orfanakos

72. On or before September 26, 2000, Nicolaou tipped John Tsiforis, his high school friend, with material, nonpublic information concerning the acquisition of WLRF, including that the deal would be announced within two to three days at a price of approximately \$14 per share.

73. John Tsiforis knew, should have known, or was reckless in not knowing, that the information he received from Nicolaou concerning the acquisition of WLRF was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI.

74. Nevertheless, on or about September 26, 2000, John Tsiforis tipped three people with material, nonpublic information about the acquisition of WLRF: Sandra Tsiforis (his sister); Constantine Stamoulis (his friend and business partner); and Konstantinos Orfanakos (his high school friend).

75. John Tsiforis knew, should have known, or was reckless in not knowing, that his tippees would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

76. By tipping these individuals, John Tsiforis conferred a gift of confidential information to his family and friends and benefited thereby.

77. In a related criminal action, John Tsiforis pleaded guilty in to the crime of perjury for lying to federal authorities about his conduct concerning to the facts alleged in this complaint. In his allocution for his plea of guilty to perjury, Tsiforis stated as follows:

“The truth is that I was told on or about September 26, 2000 by Michael Nikolai (phonetic), a long time friend in a telephone call, that Nikolai had somehow been informed by an officer of WLRF that a merger was imminent and that the stock was expected to double.

I believed that this information was important, non-public information, which neither Nikolai nor I should have known. Though I personally made no trades after learning of the merger, I called among others Gusta Moulez (phonetic) [Gus Stamolous] and told him of the proposed merger, the doubling of the price and that Nikolai had learned of the information from an officer of the corporation.

I believed at the time that I spoke to Nikolai and the others that what I was doing was wrong. At the encouragement of Nikolai and another, when I testified concerning my knowledge of WLRF, I knowingly gave false testimony trying, among other things, to conceal Nikolai’s involvement.”

Sandra Tsiforis, Stamoulis and Orfanakos Buy WLRF Stock

78. Sandra Tsiforis, after receiving the tip from her brother, John Tsiforis, purchased 1,000 shares of WLRF stock.

79. Sandra Tsiforis sold her WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and earned a profit of \$5,286.

80. Stamoulis, after receiving the tip from John Tsiforis, purchased 5,000 shares of WLRF stock, in an account he owned or controlled, while in possession of material, nonpublic information. Later, Stamoulis, while in possession of material, nonpublic information, purchased 5,000 shares of WLRF stock in an account owned or controlled by his father.

81. Stamoulis knew, should have known, or was reckless in not knowing, that the information he received from John Tsiforis concerning the acquisition of WLRF was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI.

82. Stamoulis sold his WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and realized profits of \$59,380 by trading while in possession of material, nonpublic information.

83. John Tsiforis profited by tipping Stamoulis. Within weeks of his illegal trading, Stamoulis utilized some of the proceeds from his trading in WLRF stock to fund the opening of a new business venture – a “dollar” store in which John Tsiforis was his new partner. Stamoulis contributed all of the capital to fund the new business venture.

84. Orfanakos, after receiving the tip from John Tsiforis, purchased 500 shares of WLRF stock while in possession of material, nonpublic information.

85. Orfanakos knew, should have known, or was reckless in not knowing, that the information he received from John Tsiforis concerning the acquisition of WLRF was nonpublic, and that the information had been disclosed in breach of a fiduciary duty, or other duty arising out of a relationship of trust and confidence owed to i) WLRF, and/or ii) GBI.

86. Orfanakos sold his WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and realized profits of \$3,172 by trading while in possession of material, nonpublic information.

Nicolaou Tipped  
Drakopoulos, Who Then Traded

87. After receiving the tip from Steven Patton about the acquisition of WLRF, Nicolaou, on or before September 26, 2000, communicated this material, nonpublic information to Drakopoulos, a friend and fellow broker at GBI.

88. Nicolaou told Drakopoulos he had learned from a client that there would be an announcement within two to three days that WLRF would be acquired for about \$14 per share. Nicolaou also identified the source of the tip as an insider at WLRF who was the brother of Nicolaou's client.

89. Nicolaou profited financially by tipping Drakopoulos. At the time of the tip, Nicolaou told Drakopoulos that he expected a reward for the information, and Drakopoulos later kicked back \$500 in cash to Nicolaou as payment for the successful tip.

90. During the relevant time period, Drakopoulos was an employee of GBI and therefore owed a fiduciary duty, or other duty arising out of relationship of trust or



confidence, to his employer. In addition, at the time of the transactions and events alleged in this complaint, GBI had a policy prohibiting employees from disclosing material, nonpublic information acquired in the course of their employment. The policy further prohibited employees from trading in possession of material, nonpublic information or informing anyone else who may trade on material, nonpublic information.

91. Drakopoulos, while in possession of material, nonpublic information about the acquisition of WLRF, directed Kostopoulos to purchase 2,000 shares of WLRF for him in the NDB brokerage account belonging to his sister, relief defendant Kathy Drakopoulos.

92. On September 28, 2000, the day after the Acquisition Announcement, Drakopoulos called Kostopoulos and directed him to sell the 2,000 shares of WLRF stock in Kathy Drakopoulos' account, which he did for a profit of \$14,209.

93. Drakopoulos knew, should have known, or was reckless in not knowing, that the information he received from Nicolaou concerning the acquisition of WLRF was nonpublic, that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and that trading in possession of the information was in breach of a fiduciary duty, or other duty arising out of a relationship of trust and confidence he owed to GBI.

94. In connection with the SEC's nonpublic investigation into the unlawful insider trading in Kathy Drakopoulos' account, the staff issued subpoenas to Konstantine Drakopoulos and Kathy Drakopoulos requiring them to testify and produce documents. Konstantine and Kathy Drakopoulos refused to do either, choosing instead to assert their

privilege against self-incrimination under the Fifth Amendment to the United States Constitution.

95. In a related criminal action, Drakopolous pleaded guilty to securities fraud in connection with the facts alleged in this complaint. At his criminal plea to conspiracy to commit securities fraud, Drakopoulos allocuted as follows: “ Well, I received nonpublic information about WLRF and traded on that information, also passing among a couple of other people.”

**Drakopoulos Tipped Moumouris, Who Then Traded**

96. On or before September 26, 2000, Drakopoulos communicated material, nonpublic information about the WLRF acquisition to Moumouris, his friend and former client, including that WLRF would be bought soon by another company.

97. Drakopoulos knew, should have known, or was reckless in not knowing, that Moumouris would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

98. By tipping Moumouris, Drakopoulos conferred a gift of confidential information to his friend and benefited thereby.

99. On September 26, 2000, after speaking with Drakopoulos, Moumouris bought a total of 11,100 shares of WLRF stock while in possession of nonpublic information.

100. Moumouris sold his WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and realized profits of \$74,330 by trading while in possession of material, nonpublic information.

101. When Moumouris purchased shares of WLRF, Moumouris knew, should have known, or was reckless in not knowing, that Drakopoulos had disclosed nonpublic information, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI.

**Drakopoulos Tipped Kostopoulos, Who Then Traded**

102. After learning the material, nonpublic information from Nicolaou, Drakopoulos, on or before September 26, 2000, tipped Kostopoulos, with material, nonpublic information concerning the acquisition of WLRF.

103. Drakopoulos knew, should have known, or was reckless in not knowing, that Kostopoulos would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

104. By tipping Kostopolouos, Drakopoulos conferred a gift of confidential information to his friend and benefited thereby.

105. On September 26, 2000, Kostopoulos, while in possession of the material, nonpublic information about the WLRF acquisition, purchased 200 shares of WLRF stock for his own account.

106. During the relevant time period, Kostopoulos was an employee of NDB and therefore owed a fiduciary duty, or other duty arising out of a relationship of trust or confidence, to his employer.

107. Kostopoulos knew, should have known, or was reckless in not knowing, that the information he received from Drakopoulos concerning the acquisition of WLRF was nonpublic, that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and that trading while in

possession of the information was in breach of a fiduciary duty, or other duty arising out of a relationship of trust and confidence, Kostopoulos owed to NDB.

108. Kostopoulos sold his WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and made a profit of \$1,437 by trading while in possession of material, nonpublic information.

109. In response to a subpoena from the SEC requiring him to testify and produce documents, Kostopoulos produced documents but refused to testify, choosing instead to assert his privilege against self-incrimination under the Fifth Amendment to the United States Constitution.

110. In a related criminal action, Kostopolous pleaded guilty to conspiracy to commit securities fraud in connection with the facts alleged in this complaint. In his allocution for his plea to conspiracy to commit securities fraud, Kostopolous stated as follows:

Your Honor, during the period of September 2000, I was employed as a licensed stock broker by National Discount Brokers, a broker-dealer based in Jersey City, New Jersey.

In or around September 25 and 26, I learned that WLRF Foods, a publicly-held corporation based in the state of Virginia, and which specialized in poultry processing, was in the process of being acquired by Pilgrim's Product (sic) Corporation.

Acting on the recommendation of a co-worker, I purchased 200 shares of WLRF and I profited 14 hundred dollars. In addition, at Gus Drakopoulos' request, I purchased 2000 shares of WLRF stock for Gus' sister's account.

**Kostopoulos Tipped Angelo Rigas, And Drakopoulos  
Tipped Angelo Rigas, and Rigas then Traded**

111. On or before September 26, 2000, after learning the material, nonpublic information concerning the WLRF acquisition, Kostopoulos tipped his cousin, Angelo Rigas, with the information.

112. Kostopoulos knew, should have known, or was reckless in not knowing, that the information he received from Drakopoulos concerning the acquisition of WLRF was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and/or iii) NBD.

113. Kostopoulos knew, should have known, or was reckless in not knowing, that Angelo Rigas would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

114. By tipping Angelo Rigas, Kostopoulos conferred a gift of confidential information to his cousin and benefited thereby.

115. On or before September 26, 2000, Drakopolous also tipped Angelo Rigas with material, nonpublic information concerning the acquisition of WLRF. Drakopolous knew, should have known, or was reckless in not knowing, that the information was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI.

116. Drakopolous knew, should have known, or was reckless in not knowing, that Angelo Rigas would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

117. By tipping Angelo Rigas, Drakopolous conferred a gift of confidential information to his friend and client and benefited thereby.

118. On September 26, 2000, Angelo Rigas purchased 3,000 shares of WLRF in the securities brokerage account he maintained at GBI with defendant Drakopoulos, while in possession of material, nonpublic information concerning the acquisition of WLRF.

119. Angelo Rigas sold his WLRF stock on September 28, 2000, the day after the Acquisition Announcement, and realized profits of \$18,039 by trading while in possession of material, nonpublic information.

120. When Angelo Rigas purchased shares of WLRF, Angelo Rigas knew, should have known, or was reckless in not knowing, that Kostopoulos and/or Drakopolous had conveyed nonpublic information, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and/or iii) NBD.

121. In connection with the SEC's nonpublic investigation into the unlawful insider trading in WLRF securities, the staff issued a subpoena to defendant Angelo Rigas, requiring him to testify and produce documents. He refused to do either, choosing instead to assert his privilege against self-incrimination under the Fifth Amendment to the United States Constitution.

**Angelo Rigas Tipped George Rigas, Gregory Rigas, and Antonia Bregianos, Who Then Traded**

122. On or before September 26, 2000, Angelo Rigas communicated material, nonpublic information about the WLRF acquisition to George Rigas, Gregory Rigas and Antonia Bregianos.

123. Angelo Rigas knew, should have known, or was reckless in not knowing, that the information he received from Kostopoulos, and from Drakopolous, concerning the acquisition of WLRF, was nonpublic, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and/or iii) NBD.

124. Angelo Rigas knew, should have known, or was reckless in not knowing, that George Rigas, Gregory Rigas and Antonia Bregianos would either (1) effect transactions in the securities of WLRF, or (2) disclose the information to others who were likely to effect such transactions.

125. By tipping these people, Angelo Rigas conferred a gift of confidential information to his family and benefited thereby.

126. On September 26, 2000, Gregory Rigas purchased 5,000 of WLRF securities in the NBG Securities brokerage account of his wife, relief defendant Eugenia Rigas, while in possession of material, nonpublic information about the WLRF acquisition.

127. Also on September 26, 2000, Gregory Rigas purchased 5,000 shares of WLRF in a joint brokerage account he maintained with his wife, relief defendant Eugenia Rigas, at the firm of Janney Montgomery (“Janney”), while in possession of material, nonpublic information about the WLRF acquisition.

128. On September 26, 2000, following Gregory Rigas’ order to purchase WLRF stock at Janney, George Rigas purchased 5,000 WLRF shares in his wife’s account, relief defendant Maria Rigas, while in possession of material, nonpublic information about the WLRF acquisition.

129. On September 26, 2000, Antonia Bregianos purchased 3,000 shares of WLRF in the securities brokerage account she maintained at GBI with defendant Drakopoulos, while in possession of material, nonpublic information about the WLRF acquisition.

130. Gregory Rigas, George Rigas and Antonia Bregianos each sold their WLRF positions on September 28, 2000, the day after the Acquisition Announcement. Gregory Rigas realized profits of \$64,514, while George Rigas and Antonia Bregianos realized profits of \$31,151 and \$18,039, respectively, all by trading while in possession of material, nonpublic information concerning the WLRF acquisition.

131. When Gregory Rigas, George Rigas and Antonia Bregianos purchased shares of WLRF, each knew, should have known, or was reckless in not knowing, that Angelo Rigas had conveyed nonpublic information, and that the information had been disclosed in violation of a fiduciary or other duty of trust and confidence owed to i) WLRF, and/or ii) GBI, and/or NBD.

132. In connection with the SEC's nonpublic investigation into the unlawful insider trading in WLRF securities, subpoenas were issued to defendants George Rigas, Gregory Rigas and Antonia Bregianos, as well as relief defendants Eugenia Rigas and Maria Rigas, requiring them to testify and produce documents. They refused to testify, or produce documents, choosing instead to assert their privilege against self-incrimination under the Fifth Amendment to the United States Constitution.

133. By their conduct described above, the defendants (except the relief defendants), in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly, (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 the light of the circumstances under which they were made, not misleading; or (c) engaged



in acts, practices, or courses of business which operated as a fraud or deceit upon other persons.

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

### **PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court:

#### **I.**

Permanently restrain and enjoin the defendants (except the relief defendants) and their agents, servants, employees, attorneys-in-fact, and assigns and those persons in active concert or participation with them, and each of them, from violating Sections 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

#### **II.**

Order each defendant who purchased and sold WLRF stock to disgorge his/her trading profits from each illegal trade, including prejudgment interest thereon.

#### **III.**

Order each defendant to disgorge all profits, including prejudgment interest thereon, realized by (i) the persons to whom that defendant unlawfully communicated material, nonpublic information, and (ii) the persons who traded while in possession of material nonpublic information learned as a result of that defendant's unlawful communication of material nonpublic information.

**IV.**

Order the defendants to disgorge all profits, including prejudgment interest thereon, realized by the persons on whose behalf the defendants traded securities or otherwise caused the purchase of securities while in possession of material, nonpublic information, and to pay prejudgment interest thereon.

**V.**

Order defendants Drakopoulos and Kostopoulos to disgorge all commissions they earned on transactions made by any of the defendants (or relief defendants) in WLRF stock while in possession of material, nonpublic information, and to pay prejudgment interest thereon.

**VI.**

Declare and impose a constructive trust on the accounts of relief defendants Kathy Drakopoulos, Eugenia Rigas and Maria Rigas, and require them to disgorge the profits they realized as a result of the illegal conduct alleged herein, and to pay prejudgment interest thereon.

**VII.**

Order each of the defendants (except the relief defendants) to pay civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

**VIII.**

Grant such other relief as this Court may deem just and appropriate.

Dated: June 27, 2006

Respectfully submitted,

/s/

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/s/

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