Case 3:01-cv-01744-X Document 1 Filed 09/05/01

**ORIGINAL** 

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS

DALLAS DIVISION

SEP - 5 2001

CLERK, U.S. DISTRICT COURT

Deputy

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SHEWAK VASHDEV BACHANI,

Defendant

**CIVIL ACTION NO.:** 

3-01 CV1744=X

## COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, Securities and Exchange Commission ("Commission"), for its Complaint against defendant Shewak Vashdev Bachani ("Bachani") alleges and states that:

- 1. Bachani has engaged in unlawful insider trading by purchasing the common stock of GetThere, Inc. ("GetThere"), while in possession of material, non-public information concerning a potential acquisition of GetThere through a cash tender offer by Bachani's employer, Sabre Holdings Corporation ("Sabre"). Accordingly, Bachani, directly or indirectly, has engaged in acts, practices and transactions which have constituted, constitute and will constitute violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. § 78j(b) and 78n(e)], and Rules 10b-5 and 14e-3 promulgated thereunder [17 C.F.R. §§ 240.10b-5 and 240.14e-3].
- 2. The Commission, pursuant to authority conferred upon it by Sections 10(b), 14(e) and 23(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78n(e) and 78w(a)], has promulgated Rules 10b-5 and 14e-3 [17 C.F.R. §§ 240.10b-5 and 240.14e-3], which rules were in effect at all times relevant herein and remain in effect.

3. Bachani, unless restrained and enjoined by this Court, will continue to engage in the acts, practices and courses of business alleged herein, and in acts, practices and courses of business of similar purport and object.

#### **JURISDICTION AND VENUE**

- 4. The Commission brings this action pursuant to authority conferred upon it by Section 21 of the Exchange Act [15 U.S.C. § 78u] to: a) permanently restrain and enjoin Bachani from engaging in the acts, practices and courses of business alleged herein; b) obtain ancillary equitable relief from Bachani in the form of an order of disgorgement of unjust profits; and c) impose a civil penalty against Bachani.
- 5. This Court has jurisdiction and venue over this action pursuant to Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78aa].
- 6. Bachani, directly and indirectly, has made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, in connection with the acts, practices and courses of business alleged herein; and Bachani engaged in some, if not all, of such activities within the Northern District of Texas.

#### **PARTIES**

- 7. The Commission is the federal government agency created to enforce the federal securities laws for the protection of investors.
- 8. Defendant Bachani, age 36, was at all relevant times herein a resident of Coppell, Texas and an employee of Sabre.

#### **OTHER ENTITIES**

9. GetThere, a Delaware Corporation with its principal executive offices in Menlo Park, California, is in the business of providing Internet travel reservation services to corporate clients. At all relevant times herein, GetThere's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act. GetThere's common stock traded

on Nasdaq under the symbol "GTHR" until Sabre completed its acquisition of GetThere on October 16, 2000.

10. Sabre, a Delaware corporation with its principal executive offices in Fort Worth, Texas, is in the business of marketing and distributing travel services through its proprietary computerized reservation system. Sabre's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and trades on the New York Stock Exchange under the symbol "TSG."

#### **STATEMENT OF FACTS**

#### Sabre's Acquisition of GetThere

- Sabre and GetThere first discussed the possibility of a merger or other corporate combination in July 1999, and they entered into a confidentiality agreement on July 23, 1999. Preliminary discussions between the two companies resumed in January 2000 and continued through July 2000.
- 12. On May 16, 2000, representatives of Sabre and GetThere met to discuss financial due diligence, and on July 20, 2000 Sabre presented a legal and business due diligence list to GetThere. On July 25, 2000 Sabre's outside counsel presented a draft merger agreement to GetThere, and on July 27, 2000 Sabre and GetThere entered into a second non-disclosure agreement. GetThere then began delivering due diligence materials to Sabre. On July 31, 2000 the companies began negotiating the definitive terms of the merger agreement.
- 13. From August 8, 2000 until the signing of the merger agreement on August 28, 2000, discussions between managers at the two companies, regarding the definitive terms of the agreement, took place on a daily basis. On August 26, 2000, the respective presidents of Sabre and GetThere agreed to a purchase price of \$17.75 per share. On August 27, 2000 the boards of both companies approved the transaction, and on the morning of August 28, 2000 representatives

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of Sabre and GetThere signed the merger agreement and related documents, providing for Sabre to acquire GetThere through a cash tender offer.

14. On Monday, August 28, 2000, Sabre and GetThere announced the deal. The closing price of GetThere common stock at the end of the day was \$17.1875, up 42 % from the previous trading day's close of \$12.125.

# Bachani's Trades in GetThere Stock, Based on Material, Non-Public Information About the Sabre Acquisition

- 15. On or shortly before August 25, 2000, Bachani misappropriated material non-public information concerning Sabre's planned acquisition of GetThere through a cash tender offer. Bachani was an employee in Sabre's Corporate Development Department, and that department was responsible for evaluating the finances of companies that Sabre considered acquiring. Although Bachani was not assigned to work on the GetThere acquisition on or shortly before August 25, 2000, he learned about Sabre's negotiations with GetThere and plans to acquire GetThere in the course of his work in the Corporate Development Department.
- 16. While in possession of this material, non-public information, and for his own benefit, on Friday, August 25, 2000, Bachani purchased 2800 shares of GetThere common stock: 800 shares at \$12.125 and 2000 at \$12.25.
- 17. On Monday, August 28, 2000, Bachani sold all 2800 shares of GetThere for \$17.125 per share. After commissions, Bachani realized a net profit on his GetThere trades of \$13,628.48.

#### **FIRST CLAIM**

# Bachani's Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

18. Paragraphs 1 through 17 above are hereby re-alleged and incorporated herein by reference.

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- 19. On August 25, 2000, defendant Bachani, directly and indirectly, by use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the purchase and sale of securities in the form of GetThere common stock: (1) employed devices, schemes, or artifices to defraud; (2) 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 (3) engaged in acts, practices or courses of business which operated as a fraud or deceit upon sellers of GetThere common stock.
- 20. On or shortly before August 25, 2000, defendant Bachani misappropriated material, non-public information concerning Sabre's negotiations with and planned acquisition of GetThere.
- 21. Defendant Bachani failed to disclose the material, non-public information he possessed to sellers of GetThere common stock, while he was under a legal duty either to disclose the material, non-public information in his possession or to abstain from trading until the material, non-public information was publicly disclosed.
- 22. As part of and in furtherance of his unlawful conduct, defendant Bachani directly and indirectly purchased GetThere common stock on his own behalf while in possession of material, non-public information.
- 23. In connection with the acts and omissions alleged in this Claim, defendant Bachani acted knowingly, intentionally or recklessly.
- 24. By reason of the foregoing, Defendant Bachani has violated, and unless enjoined, will continue to violate 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].

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### **SECOND CLAIM**

# Bachani's Violation of Section 14(e) of the Exchange Act and Rule 14e-3 Thereunder

- 25. Paragraphs 1 through 17 above are hereby re-alleged and incorporated herein by reference.
- 26. On August 25, 2000, defendant Bachani, directly and indirectly, by use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, and in connection with a tender offer or request or invitation for tenders, in the form of a cash tender offer by Sabre for GetThere common stock: (1) 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 (2) engaged in fraudulent, deceptive, or manipulative acts or practices.
- On August 25, 2000, Sabre had taken substantial steps to commence a tender offer for GetThere common stock, and defendant Bachani was in possession of material information relating to that tender offer, which information Bachani knew or had reason to know (a) was non-public, and (b) had been acquired directly or indirectly from Sabre, or from a Sabre officer, director, partner or employee, or other person acting on behalf of Sabre.
- 28. On August 25, 2000, while defendant Bachani was in possession of the material, non-public information described in Paragraph 27, Bachani purchased or caused to be purchased GetThere common stock.
- 29. Bachani failed to disclose the material, non-public information described in Paragraph 27 within a reasonable time before he purchased or caused to be purchased GetThere common stock on August 25, 2000, although he was under a legal duty either to disclose the material, non-public information in his possession or to abstain from trading until the material, non-public information was publicly disclosed.

- 30. In connection with the acts and omissions alleged in this Claim, defendant Bachani acted knowingly, intentionally or recklessly.
- 31. By reason of the foregoing, Defendant Bachani has violated, and unless enjoined, will continue to violate 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 this Court:

I.

Grant a permanent injunction restraining and enjoining defendant Bachani, his affiliates, nominees, agents, employees, servants, successors, attorneys, assigns, corporations and other persons or entities under his control, and those persons in active concert or participation with him, and each of them from violating Sections 10(b) and 14(e) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78n(e)] and Rules 10b-5 and 14e-3 [17 C.F.R. §§ 240.10b-5 and 240.14e-3] thereunder.

ΙΙ.

Order defendant Bachani to disgorge the amount by which he was unjustly enriched as a result of his illegal conduct, as alleged by the Commission herein, plus prejudgment interest thereon.

III.

Order defendant Bachani to pay a civil penalty.

IV.

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

Respectfully submitted,

Alan M. Buie

Texas Bar No. 60783751

Victoria F. Prescott

Texas Bar No. 16255300

U.S. Securities and Exchange

Commission

801 Cherry Street, 19th Floor

Fort Worth, TX 76102

817-978-0581

Dated September 5, 2001

### **CERTIFICATE OF SERVICE**

I hereby certify that on this the <u>5th</u> day of September, 2001, a true and correct copy of the foregoing document was served by Federal Express Overnight Priority Mail on the following individuals:

Brian Eisenberg, Esq. Calfee, Halter & Griswold, L.L.P. 1400 McDonald Investment Center 800 Superior Avenue Cleveland, OH 44114-2688

Victoria F. Prescott