

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,

Plaintiff,

v.

RICHARD M. RYAN,

Defendant.

DOCKETED

MAY 07 2003

Case No.

**03C 3018**

Judge

JUDGE COAR.

COMPLAINT

MAGISTRATE JUDGE KEYS

Plaintiff United States Securities and Exchange Commission (Commission) alleges:

1. On November 30, 2001, Standard Power and Light, Inc.'s (Standard) President and Chief Executive Officer (CEO), Richard M. Ryan (Ryan), publicly announced Standard's plan to commence a tender offer to purchase the majority of shares of Enron Corporation (Enron) without the intent to commence the tender offer within a reasonable amount of time, or complete the offer, and without the reasonable belief that Standard had the means to purchase Enron securities to complete the offer.

2. Ryan, directly and indirectly, in connection with a tender offer, has engaged and, unless enjoined, will continue to engage in acts, practices, or courses of business which constitute and will constitute violations of Sections 10(b) [15 U.S.C. §78j(b)] and 14(e) [15 U.S.C. § 78n(e)] of the Securities Exchange Act of 1934 (Exchange Act) and Exchange Act Rules 10b-5 [17 C.F.R. §240.10b-5] and 14e-8 [17 C.F.R. 240.14e-8].

1-1

3. The Commission brings this action to enjoin such acts, practices, or courses of business, pursuant to Sections 21(d) [15 U.S.C. §78u(d)] and 21(e) [15 U.S.C. §78u(e)] of the Exchange Act.

#### **JURISDICTION AND VENUE**

4. The Court has jurisdiction of this action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Ryan, directly and indirectly, in connection with a tender offer, has made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein within the jurisdiction of the Northern District of Illinois and elsewhere.

6. Ryan will, directly and indirectly, unless enjoined, have the opportunity to engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar purport and object.

#### **THE DEFENDANT**

7. Ryan, age 35, resides in New Lisbon, Wisconsin. At all relevant times, Ryan was Standard's President and CEO. During the third and fourth quarters of 2001, Ryan was Standard's sole officer, director and employee.

#### **OTHER ENTITIES INVOLVED**

8. At all relevant times, Standard was a privately held, Oakbrook, Illinois-based corporation, concentrating in power plant acquisition and development. At all relevant times, Standard had no annual revenues, no substantial assets and had never been profitable. Standard was dissolved on May 1, 2002 because it failed to file an annual report with the State of Illinois and pay an annual State of Illinois franchise tax.

9. At all relevant times, Enron was a Houston, Texas based corporation traded on the New York Stock Exchange, and engaged in the business of buying and selling natural gas, and other commodities. Enron filed for Chapter 11 bankruptcy protection on December 2, 2001. At all relevant times, Enron's securities were registered with the Commission pursuant to Section 12(b) of the Exchange Act. Currently, Enron's common stock is delisted from the NYSE, registered under Section 12(g) of the Exchange Act and quoted on the Pink Sheets.

### FACTS

10. On November 30, 2001, Ryan issued a press release (November 30 press release) announcing Standard's filing with the Commission of a notice of its intent to acquire shares of Enron through a tender offer. The Commission rules require that any pre-commencement communication relating to a tender offer be filed with the Commission. Ryan sent the November 30 press release from his own computer to be filed with the Commission, along with the notice of Standard's intent to commence the tender offer.

11. In the November 30 press release, Ryan asserted that Standard intended to commence a tender offer to acquire at least the majority of Enron's shares, and then sell off all of Enron's divisions except for its energy related companies. Ryan stated that he expected the offering price to be under \$1.00 per share and the anticipated total purchase price to be approximately \$750 million to \$1 billion.

12. Ryan made representations to the investing public through this press release regarding the imminent formation of a management team and the assembly of a financing package, involving private and public lenders, in furtherance of commencing and completing Standard's tender offer to purchase Enron.

13. During the first week of December 2001, several news agencies ran the story of Standard's intent to commence a tender offer to purchase Enron. Ryan made statements to the investing public through these news articles that included the following:

- A. That Ryan hoped to hold a news conference the following week to announce his proposed management committee for Enron;
- B. That Standard had lined up \$300 million in financing for the planned tender offer and expected to raise any additional funds necessary;
- C. That Ryan had firm financing commitments in place from public and private sources to fund at least part of the tender offer;
- D. That Ryan had a portion of the necessary financing for the tender offer assembled and committed to the tender offer; and
- E. That Standard employs 11 people and generates about \$1.5 million in annual revenues.

14. Ryan made misrepresentations to the investing public in both his November 30 press release, and in subsequent statements to the press during the first week in December 2001, in order to convince the investing public that his plan to commence a tender offer to purchase Enron was legitimate.

15. Ryan misrepresented to the public that the formation of a management team to facilitate the initiation and completion of the tender offer was imminent. In reality, prior to his public announcement, Ryan had failed to secure any commitments from anyone to serve on his purported management team.

16. Ryan misrepresented to the public his and Standard's ability to finance the acquisition of Enron. At all relevant times, neither Standard nor Ryan had the financial means to commence and complete the tender offer. Prior to publicly announcing Standard's intent to commence its tender offer to purchase Enron, Ryan had secured no financing from any private or public source, including financial institutions.

17. Ryan misrepresented Standard's financial and operating condition to the public. At the time of the tender offer announcement, Standard had no officers, directors or employees, other than Ryan himself, had no annual revenues or substantial assets, and had never been profitable.

18. For reasons including those stated above, Standard has never commenced a tender offer to purchase Enron.

#### COUNT I

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

19. Paragraphs 1 through 18 are realleged and incorporated by reference herein.

20. In connection with purchase and sale of the securities described above, Ryan, by the use of the means and instrumentalities of interstate commerce and the mails, directly and indirectly: employed devices, schemes, and artifices to defraud; made untrue statements of material facts and 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; and engaged in acts, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers and sellers of such securities.

21. Ryan knew or was reckless in not knowing of the facts and circumstances described in paragraphs 19 and 20 above.

22. By reason of the activities described in Paragraphs 19 through 21 above, Ryan violated Section 10(b) [15 U.S.C. § 78j(b)] of the Securities Exchange Act, and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

## COUNT II

### **Violations of Section 14(e) [15 U.S.C. § 78n(e)] of the Exchange Act and Rule 14e-8 [15 U.S.C. § 78n(e)] promulgated thereunder**

23. Paragraphs 1 through 18 are realleged and incorporated by reference herein.

24. In connection with the tender offer described above, Ryan, directly and indirectly, made untrue statements of material facts and 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, and engaged in fraudulent, deceptive, and manipulative acts and practices which would and did operate as a fraud and deceit, by publicly announcing plans to make a tender offer that had not yet been commenced: without the intent to commence the offer within a reasonable time and complete the offer; with the intent, directly or indirectly, for the announcement to manipulate the market price of the stock of the bidder or subject company; and without the reasonable belief that he would have the means to purchase securities to complete the offer.

25. Ryan knew or was reckless in not knowing of the facts and circumstances described in paragraphs 23 and 24 above.

26. By reason of the activities described in Paragraphs 23 through 25 above, Ryan violated Section 14(e) [15 U.S.C. § 78n(e)] of the Securities Exchange Act, and Rule 14e-8 [17 C.F.R. 240.14e-8] promulgated thereunder.

**PRAYER FOR RELIEF**

**THEREFORE**, the Commission respectfully requests that this Court:

**I.**

Find that Ryan violated Section 10(b) [15 U.S.C. §78j(b)] of the Exchange Act, and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

**II.**

Find that Ryan violated Section 14(e) [15 U.S.C. § 78n(e)] of the Exchange Act, and Rule 14e-8 [17 C.F.R. 240.14e-8] promulgated thereunder.

**III.**

Grant a Final Judgment and Order of Permanent Injunction (Final Judgment), in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Ryan, his agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from, directly or indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, engaging in the unlawful acts, practices, and courses of business described above, or any conduct of similar purport or object, in violation of Section 10(b) [15 U.S.C. §78j(b)] of the Exchange Act, and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

**IV.**

Grant a Final Judgment, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Ryan, his agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from, directly or

indirectly, in connection with any tender offer: making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaging in the fraudulent, deceptive, and manipulative acts and practices described above, or any conduct of similar purport or object, in violation of Section 14(e) [15 U.S.C. § 78n(e)] of the Exchange Act, and Rule 14e-8 [17 C.F.R. 240.14e-8]10(b) [15 U.S.C. §78j(b)] promulgated thereunder.

V.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Grant an Order for such further relief as the Court may deem appropriate.

Respectfully submitted,



Daniel R. Gregus

Alexander T. Moore

Helen A. Contos

Attorneys for Plaintiff

United States Securities and Exchange Commission

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Telephone: (312) 353-7390

Dated: May 6, 2003



**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS**

**Civil Cover Sheet**

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the Northern District of Illinois.

**DOCKETED**  
MAY 07 2003

**Plaintiff(s): United States Securities and  
Exchange Commission**

**Defendant(s): Richard M. Ryan**

**County of Residence:**

**County of Residence:** Juneau County, Wisconsin

**Plaintiff's Atty:**

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**Defendant's Atty:**

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Wisconsin 53701  
(608) 257-3764

**II. Basis of Jurisdiction:**

**1. U.S. Gov't Plaintiff**

**III. Citizenship of Principal  
Parties (Diversity Cases Only)**

Plaintiff:- N/A  
Defendant:- N/A

**IV. Origin :**

**1. Original Proceeding**

**V. Nature of Suit:**

**850 Securities / Commodities / Exchange**

**VI. Cause of Action:**

**Violations of the antifraud and tender offer provisions of the federal securities laws under Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 (Exchange Act) and Exchange Act Rules 10b-5 and 14e-8.**

**VII. Requested in Complaint**

Class Action: No  
Dollar Demand: No  
Jury Demand: No

**VIII. This case IS NOT a refiling of a previously dismissed case.**

**Signature:**

**Date:**

5/6/03

If any of this information is incorrect, please go back to the Civil Cover Sheet Input form using the *Back* button in your browser and change it. Once correct, print this form, sign and date it and submit it with your new civil action. **Note: You may need to adjust the font size in your browser display to make the form print properly.**

Revised: 06/28/00

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS**

In the Matter of

EASTERN DIVISION

United States Securities and Exchange Commission

v.

Richard M. Ryan

Case Number:

03C 3018

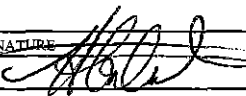
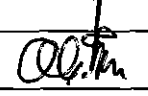
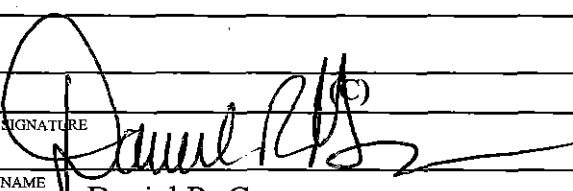
**DOCKETED**  
MAY 07 2003

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

United States Securities and Exchange Commission

JUDGE COAR

MAGISTRATE JUDGE KEYS

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MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
(C)		(D)	
SIGNATURE 		SIGNATURE	
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MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>	
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DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	