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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**JOSEPH GALAMB,**

**Defendant.**

**Civil Action No.  
07-cv-2743**

**COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission"), 701 Market Street, Philadelphia, Pennsylvania, 19106, alleges as follows against defendant Joseph Galamb, who lives in Marlboro, New Jersey:

**SUMMARY**

1. This matter involves unlawful insider trading in the securities of Hudson United Bancorp ("Hudson United") by defendant Joseph Galamb, a former employee of Hudson United, on the basis of material, nonpublic information concerning a merger announcement involving Hudson United and TD Banknorth, Inc. ("TD Banknorth").

2. On July 7, 2005, Galamb, then an Assistant Vice President of Hudson United, purchased 1,450 shares of Hudson United stock after learning information that led him to conclude that a public announcement of an acquisition of Hudson United was imminent. The merger agreement was publicly announced on July 12, 2005, and on that day the price of Hudson United stock increased 11 percent. Galamb realized profits of \$7,125 from his illegal trading.

3. By knowingly or recklessly engaging in the conduct described in this Complaint, defendant Galamb violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

### **JURISDICTION AND VENUE**

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

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

6. Certain of the acts, practices and courses of business constituting the violations alleged herein occurred within the District of New Jersey and elsewhere, and were effected, directly or indirectly, by making use of the means and instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange.

### **DEFENDANT**

7. Joseph Galamb, age 31, is a resident of Marlboro, New Jersey. From June 2000 through November 18, 2005, Galamb was an Assistant Vice President and Facilities

Manager for Hudson United. In that position, Galamb was responsible for the physical maintenance of Hudson United's branch offices in New Jersey and Pennsylvania.

### **FACTS**

8. Hudson United Bancorp was a bank holding company organized under the laws of New Jersey, and was headquartered in Mahwah, New Jersey. Before it merged with TD Banknorth, Hudson United operated 204 branches throughout New Jersey, New York, Connecticut and Pennsylvania. Hudson United's stock traded on the New York Stock Exchange until January 2006 when the merger became effective.

9. TD Banknorth Inc. is a bank and financial holding company headquartered in Portland, Maine. TD Banknorth's stock trades on the New York Stock Exchange.

### **Hudson United and TD Banknorth Engage in Merger Discussions**

10. Hudson United and TD Banknorth began general discussions concerning possible strategic business combinations in late 2004. Beginning in March 2005, Hudson United and its financial adviser began evaluating a potential merger between Hudson United and TD Banknorth. From April 27, 2005, through July 8, 2005, Hudson United's Board of Directors met several times to discuss TD Banknorth's offers to acquire Hudson United and, on July 11, 2005, Hudson United's Board of Directors unanimously approved a merger with TD Banknorth.

11. Prior to the market opening on July 12, 2005, TD Banknorth announced that it would acquire Hudson United for approximately \$1.9 billion in cash and TD Banknorth stock. Based upon the prior day's closing price of TD Banknorth stock, the transaction was valued at approximately \$42.78 per Hudson United share.

12. On July, 12, 2005, after the announcement, Hudson United stock closed at \$41.64 per share, an increase of \$4.14 or 11 percent over the previous day's close.

**Unlawful Trading by Defendant Galamb**

13. During Galamb's employment, Hudson United had a written corporate policy prohibiting employees from, among other things, using material, nonpublic information about the company for their personal benefit. The policy, which was provided to Galamb, stated that to do so "is not only unethical but also illegal."

14. Sometime in June 2005, Galamb, because of his employment, learned that Hudson United was in the process of being sold or acquired. At or around that time, another Hudson United employee, with whom Galamb had a close working relationship and who worked in Hudson United's corporate offices in Mawah, New Jersey, told Galamb that she believed the bank was going to be sold.

15. This employee was familiar with the type of activity surrounding merger or acquisition negotiations. She had previous experience working in Hudson United's legal department when Hudson United had been engaged in other merger discussions in the past. In June 2005, the employee told Galamb that there had been a "flurry of activity" that she recognized as being consistent with acquisition and merger negotiations – many individuals arriving at corporate headquarters for meetings, individuals taking photographs of branch offices, and other activity.

16. In violation of his fiduciary duties to Hudson United and its shareholders, Galamb purchased Hudson United stock on the basis of material, nonpublic information about the impending sale of Hudson United.

17. At the time he placed his illegal trade, Galamb knew, or was reckless in not knowing, that the information he possessed about the impending sale of Hudson United was material and nonpublic, and that he was violating his fiduciary duties to Hudson United and its shareholders.

18. On July 7, 2005, Galamb purchased 1,450 shares of Hudson United stock. He paid \$36.50 per share for a total net investment of \$52,712.

19. On July 9, 2005, two days after his purchase, and three days before the acquisition announcement, Galamb told a friend that he was worried that he would lose his job at Hudson United when the company was sold.

20. On July 12, 2005, after the acquisition had been announced, Galamb sold the shares he had purchased five days earlier, realizing an unlawful profit of \$7,125.

21. In order to conduct his trading, Galamb used a joint brokerage account with his wife, which he had opened several weeks before his illegal purchase. On the application for that account, Galamb hid his employment at Hudson United. He listed his occupation as "General Contractor" and his employer as another company, unrelated to Hudson United, even though he was employed by Hudson United at the time as Assistant Vice President and Facilities Manager.

### **CLAIM**

#### **Violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**

22. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 21, inclusive, as if the same were fully set forth herein.

23. As a result of the conduct alleged herein, defendant Galamb, directly or indirectly, in connection with the purchase and/or sale of securities, and by use of the

means or instrumentalities of interstate commerce, the mails, or the facilities of a national securities exchange:

- (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; and
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

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

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

**I.**

Permanently restrain and enjoin defendant Galamb from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

**II.**

Order defendant Galamb to disgorge the unlawful profits from his trades as alleged in this Complaint, plus prejudgment interest thereon.

**III.**

Order defendant Galamb to pay a civil penalty, pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

**IV.**

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

Respectfully submitted,

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Dated: June 13, 2007