

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA**

CASE NO.:

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

ALLEN W. MOSS,

Defendant.

COMPLAINT

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. This case involves insider trading in the securities of Callon Petroleum Company (“Callon”).

2. Callon is a Mississippi-based oil and gas drilling company whose shares trade on the New York Stock Exchange. On November 26, 2008 at 7:00 p.m., Callon announced in a press release that it was suspending development of its Entrada Field project, a drilling venture in which Callon had invested significant capital. The press release stated that because of current economic conditions, Callon did not anticipate returning to the project. On the next trading day, November 28, 2008, Callon stock closed at \$2.45 a share, down \$4.78, or 66%, from its November 26, 2008 closing price of \$7.23.

3. Allen W. Moss, a business owner residing in Ferriday, Louisiana, learned of potential negative news concerning Callon’s Entrada Field project on November 26, 2008 and during the several weeks beforehand. On November 26, Moss’ long-time live-in girlfriend, a

Callon employee, called him and told him Callon was having meetings and planned an announcement later that day. In the several weeks prior to November 26, Moss' girlfriend had told him she was worried about her job security because of Callon's significant investment in the Entrada Field project, closed-door meetings within the company, and other events. Moss understood the information was confidential because his girlfriend was a Callon employee. Nonetheless, he sold short 19,000 Callon shares minutes before the market close on November 26, 2008, while in possession of that material, nonpublic information. Moss covered his short sale the next trading day, profiting by \$75,400.

4. By engaging in the conduct described above, and described more fully below, Moss violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5. Unless enjoined, Moss is reasonably likely to continue to violate the securities laws.

II. DEFENDANT AND RELEVANT ENTITY

5. Moss, 44, resides in Ferriday, Louisiana. He owns a lumber and supply company in Louisiana. During the relevant period, his live-in girlfriend was employed at Callon in the company's accounting department.

6. Callon is a Delaware corporation headquartered in Natchez, Mississippi. Its securities trade on the New York Stock Exchange.

III. JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), 21A and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), 78u-1 and 78aa.

8. This Court has personal jurisdiction over Moss and venue is proper in the Western District of Louisiana because Moss' acts, transactions, practices, and courses of conduct giving rise to the violations alleged in this Complaint occurred in the Western District of Louisiana. Specifically, Moss resides in the Western District of Louisiana and conducted his illegal trading in the Western District of Louisiana.

9. Moss, directly and indirectly, made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, transactions, practices, and courses of conduct set forth in this Complaint.

IV. FACTS

10. From 1994 to at least April 2009, Moss' girlfriend worked in Callon's accounting department. Moss and his girlfriend have lived together for approximately ten years. During that period, the couple communicated regularly, sharing confidences about their lives and work.

11. In September 2008, Callon's drilling activity at the Entrada Field project was active. By mid-November, drilling activity to determine the production level of a specific well was near completion. As a result, Callon internally announced that the project was on a "tight hole" status, meaning access to daily drilling reports and any information related to the drilling was restricted to key personnel.

12. In November 2008, Moss' girlfriend learned material, nonpublic information concerning the Entrada Field project through her employment at Callon. In the two to three weeks leading up to the company's November 26 press release, Moss' girlfriend was concerned about her job security because signs at the company pointed towards the Entrada Field project being unsuccessful. During that time, Callon employees were concerned about their jobs

because few people in the company were talking about the Entrada Field project. Moss' girlfriend and other Callon employees felt the limited information about the project meant news about it would be negative. She and other Callon employees had been blocked from accessing certain information maintained on the company's computer system about the Entrada Field project. Moss' girlfriend told Moss about her concerns.

13. On November 26, Moss' girlfriend and other Callon employees were told the company's chief financial officer was going to make an announcement to the employees at about 3 p.m. Central Standard Time that day. Moss' girlfriend called him mid-afternoon and told him the company was having meetings and was going to make an announcement later that day.

14. Acting on this material, nonpublic information, Moss sold short 19,000 Callon shares within an hour of the telephone call from his girlfriend. A short sale is a technique by which investors may benefit from an anticipated decline in the price of a stock.

15. At 7 p.m. on November 26, Callon announced in a press release it was suspending development of its Entrada Field project and did not anticipate returning to the project. The release stated that drilling on one of the project's wells had been unsuccessful. On the next trading day, November 28, 2008, Callon stock closed at \$2.45 a share, down \$4.78, or 66%, from its November 26, 2008 closing price of \$7.23. On November 28, 2008, Moss covered his short sale for a profit of \$75,400.

COUNT I

Fraud in Violation of Section 17(a) of the Securities Act

16. The Commission repeats and realleges Paragraphs 1 through 15 of this Complaint as if fully set forth herein.

17. During the relevant time period, Moss, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) to make untrue statements of material fact or omit 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/or (3) engaged in acts, practices and courses of business which operated as a fraud or deceit upon purchasers of Callon securities.

18. By reason of the foregoing, Moss has directly or indirectly violated and, unless enjoined, is reasonably likely to continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

COUNT II

Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5

19. The Commission repeats and realleges Paragraphs 1 through 15 of this Complaint as if fully set forth herein.

20. During the relevant time period, Moss, directly or indirectly, by use of the means and instrumentality of interstate commerce or of the mails in connection with the purchase or sale of the securities, as described in this Complaint, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud: (b) made untrue statements of material fact and omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices and courses of business which operated as a fraud or deceit upon purchasers of such securities.

21. By reason of the foregoing, Moss has directly or indirectly violated and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining Moss from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

Disgorgement and Prejudgment Interest

Issue an Order directing Moss to disgorge all ill-gotten gains, including prejudgment interest, he received as a result of the acts or courses of conduct alleged in this Complaint.

Civil Money Penalty

Issue an Order directing Moss to pay a civil money penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

Further Relief

Grant such other and further relief as may be necessary and appropriate.

Retention of Jurisdiction

Further, the Commission respectfully requests the Court retain jurisdiction over this

action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Dated: September 14, 2009

Respectfully submitted,

By: /s/Robert K. Levenson
Robert K. Levenson (Trial Attorney)
Regional Trial Counsel
Fla. Bar No. 0089771
levensonr@sec.gov
Direct Dial: (305) 982-6398

Elisha L. Frank
Senior Counsel
Fla. Bar No. 49689
franke@sec.gov
Direct Dial: (305) 982-6392

Attorneys for Plaintiff
U.S. Securities and Exchange Commission
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

<p>I. (a) PLAINTIFFS Securities and Exchange Commission</p> <p>(b) County of Residence of First Listed Plaintiff _____ (EXCEPT IN U.S. PLAINTIFF CASES)</p> <p>(c) Attorney's (Firm Name, Address, and Telephone Number) Robert K. Levenson, Securities and Exchange Commission, 801 Brickell Ave., Suite 1800, Miami, FL 33131 (305) 982-6341</p>	<p>DEFENDANTS Allen W. Moss</p> <p>County of Residence of First Listed Defendant <u>Concordia</u> (IN U.S. PLAINTIFF CASES ONLY)</p> <p>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.</p> <p>Attorneys (If Known)</p>
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<p>II. BASIS OF JURISDICTION (Place an "X" in One Box Only)</p> <p><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff</p> <p><input type="checkbox"/> 2 U.S. Government Defendant</p> <p><input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)</p> <p><input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)</p>	<p>III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)</p> <p>(For Diversity Cases Only)</p> <table style="width:100%;"> <tr> <td style="width:30%;">Citizen of This State</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:30%;">Incorporated or Principal Place of Business In This State</td> <td style="width:10%;"><input type="checkbox"/> 4</td> <td style="width:10%;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business In Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing. (Do not cite jurisdictional statutes unless diversity):
15 USC § 77q(a) and 15 USC § 78j(b) and 17 CFR § 240.10b-5.

Brief description of cause:
Violations of the federal securities laws.

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ Perm. Inj., Disgorgement & Penalty CHECK YES only if demanded in complaint: Yes No

VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE _____ DOCKET NUMBER _____

DATE September 14, 2009 SIGNATURE OF ATTORNEY OF RECORD Robert K. Levenson

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____