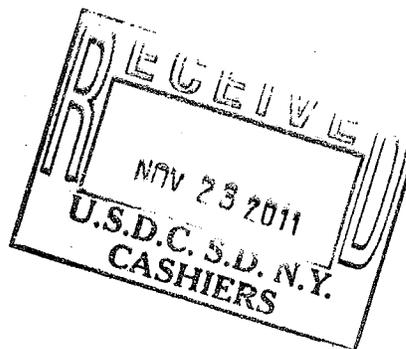


JUDGE SCHEINDLIN

11 CIV 8556

Richard E. Simpson
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
100 F Street, NE
Washington, D.C. 20549-5997
(202) 551-4492

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION,

PLAINTIFF,

v.

JEFFREY S. RICHARDSON,

DEFENDANT.

11 Civ. ()

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission ("Commission")
alleges for its Complaint as follows:

SUMMARY

1. This case involves insider trading by Jeffrey S. Richardson in the securities of Genesis Energy, LP ("Genesis Energy") in advance of an announcement that Genesis Energy had agreed to acquire several energy related businesses owned by the Davison family of Ruston, LA. Defendant Jeffrey S. Richardson ("Richardson") unlawfully misappropriated material nonpublic information in breach of a duty of trust and confidence he owed to a person knowledgeable about the negotiations ("Knowledgeable Person"). Between February 26 and April 25, 2007, Richardson traded in Genesis Energy in advance of an April 26 announcement about the acquisition. Richardson also tipped two family members and a friend who traded in the securities of Genesis Energy in advance of the

announcement.

2. From February 26, 2007 through April 25, 2007, Richardson bought 4,400 units of Genesis Energy, generating \$33,862 in illegal profits. Collectively, from February 27, 2007 through April 25, 2007, Richardson's family members and a friend purchased 8,460 units of Genesis Energy generating \$54,164 in profits.

3. Prior to the opening of the market on April 26, 2007, Genesis Energy announced that it acquired several energy-related businesses owned by the Davison family. The announcement caused the Genesis Energy unit price to rise. The price of Genesis Energy equities closed at \$22.24 per unit on April 25, 2007 and closed at \$26.64 per unit on April 26, 2007 the day of the announcement.

4. Defendant Richardson knowingly or recklessly engaged in the conduct described in this Complaint, and thus violated 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] promulgated thereunder.

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1], to enjoin such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, and civil money penalties.

6. This Court has jurisdiction over this action, pursuant to authority conferred by Sections 21(d), 21(e), 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 77u(e), 78u-1, and 78aa].

7. Venue in this District is proper under Section 27 of the Exchange Act [15 U.S.C. §78aa]. At all relevant times, GEL was listed on a national securities exchange located in this District, and certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the Southern District of New York, and elsewhere, and were effected, directly or indirectly, by making use of the means, instrumentalities of interstate

commerce, or the mails, or the facilities of a national securities exchange.

THE DEFENDANT

8. Defendant Jeffrey S. Richardson (“Richardson”), age 46, is a resident of Grand Island, Nebraska. At all times relevant herein, Richardson was the owner and proprietor of a bar in Grand Island, Nebraska. Formerly, Richardson was a major league baseball player.

RELAVANT ENTITIES

9. Genesis Energy, LP (“Genesis Energy”), which is headquartered in Houston, Texas, provides crude oil, natural gas, and carbon dioxide pipeline transportation; crude oil assembly and marketing; carbon dioxide marketing; and syngas processing. At all times relevant herein, Genesis Energy’s securities were traded on the American Stock Exchange and were registered with the Securities and Exchange Commission pursuant to Section 12(b) of the Exchange Act. Currently, Genesis Energy’s securities are traded on the NYSE Alternext US and are registered with the Securities and Exchange Commission pursuant to Section 12(b) of the Exchange Act.

10. The Davison Family Businesses (the “Davison Businesses”), refers to the energy-related businesses owned by the Davison family of Ruston, Louisiana acquired by Genesis Energy Partners, LP in 2007. The businesses acquired included Davison Petroleum Products, L.L.C., Davison Transport Inc., Transport Company, Davison Terminal Services, Inc., Sunshine Oil and Storage, Inc., TDC LLC, Fuel Masters, LLC (all subsidiaries of Davis Petroleum Products, L.L.C.), Red River, LLC (a subsidiary of Davison Terminal Services, Inc.), and T&T Chemical, Inc. The pre-acquisition business employed the trucks, tanks and terminals it owned to purchase products from refineries, and to transport, store, and sell the products.

FACTUAL ALLEGATIONS

Background – Acquisition Negotiations

11. In mid-2006 Genesis Energy engaged a management consulting firm to identify potential acquisition candidates. The management consulting firm identified the Davison Businesses, among others, as a potential acquisition candidate. On September 6, 2006, representatives from Genesis Energy and the Davison Businesses met for the first time to discuss a potential transaction. The parties held preliminary discussions to explore the possibility of Genesis Energy's acquisition of the Davison Businesses during the remainder of 2006.

12. The acquisition of the Davison Businesses would be scale-changing for Genesis Energy in that would triple Genesis Energy's assets, quadruple Genesis Energy's personnel count, more than double Genesis Energy's revenues, and expand Genesis Energy's business lines and geographic footprint. In addition, pursuant to an agreement with its general partner, the acquisition would cause Genesis Energy to receive up to \$350 million in additional carbon-dioxide drop-down business from its general partner.

13. From January 2007 to at least April 25, 2007, representatives from Genesis Energy and the Davison Businesses, together with their attorneys, accountants, and investment bankers conducted due diligence. Specific and detailed negotiations concerning the terms of Genesis Energy's acquisition of the Davison Businesses continued until at least April 25, 2007.

14. Genesis Energy's representative sent the Davison Businesses representatives a draft confidentiality agreement January 22, 2007. The agreement was executed on February 7, 2007. The confidentiality agreement provided that the parties would not disclose the fact of or details concerning the negotiations to third parties, and alerted the parties to the prohibitions concerning the use of or communication of material nonpublic information in connection with the purchase or sale of securities.

15. On February 1, 2007, the Davison Businesses retained counsel, and on February 7, 2007, the Davison Businesses retained investment bankers for the purpose of providing advice during the negotiations.

16. On February 13, 2007, Genesis Energy representatives informed the Genesis Energy Board of Directors that there was an agreement in principle with the Davison Businesses to purchase the assets for \$550 million.

17. On February 28, 2007, Genesis Energy representatives sent the Davison Businesses representatives the first draft of a purchase agreement.

18. From March 5 through 13, 2007, auditors conducted due diligence fieldwork at the Davison Businesses facilities.

19. At an April 3, 2007 meeting, the Genesis Energy Board of Directors approved the transaction with the Davison Businesses with the understanding that the terms were not materially different than those presented at that Board meeting.

20. From April 12 through April 25, 2007 members of the Davison Businesses executed multiple documents with the purpose of arranging for the several the Davison Businesses entities to be sold to Genesis Energy.

21. On April 24, 2007, the Davison Businesses and Genesis Energy agreed upon a finalized purchase price, and agreed that the Davison Businesses would be able to appoint two directors to the Genesis Energy Board of Directors.

22. On April 25, 2007 Genesis Energy representatives determined that the closing would take place on the evening of April 25, a press release would be issued on the morning of April 26, and a conference call with analysts would occur late in the morning of April 26. The parties executed the Contribution and Sale Agreement on the evening of April 25, 2007.

23. At approximately 8:00 am on April 26, 2007, Genesis Energy announced that it entered into a contribution and sale agreement for cash and stock totaling \$560 million to purchase the assets of the several energy-related private entities owned and controlled by the Davison Businesses.

24. The announcement caused the price of Genesis Energy, LP's units to rise. On April 25, 2007, the price of Genesis Energy equities closed at \$22.24 per unit on a volume of 27,600 units; on April 26, 2007, the price of Genesis Energy equities closed at \$26.64 per unit on a volume of 457,900 units.

Defendant Richardson Misappropriates the Information

25. The Knowledgeable Person was subject to the February 7, 2007 confidentiality agreement between the Davison Businesses and Genesis Energy ("Confidentiality Agreement"). The Confidentiality Agreement applied to "employees affiliates, officers, directors, partners, members, managers, agents, advisors, or representatives" of each party to the agreement that received confidential information in the course of negotiations. As an officer and director of several of the Davison Businesses entities, the Knowledgeable Person was subject to the Confidentiality Agreement that executed between Genesis Energy and the Davison Businesses.

26. Because of his role with respect to the family businesses, the Knowledgeable Person was aware of the negotiations, attended meetings, and participated in due diligence activities. The Knowledgeable Person owed a duty to Genesis Energy and its unit-holders to maintain the confidentiality of all information concerning the negotiations.

27. Defendant Richardson and the Knowledgeable Person, who have known each other since college, have a long-standing relationship of trust and confidence. Defendant Richardson and the Knowledgeable Person, for many years, have shared in a business venture. Although Defendant Richardson and the Knowledgeable Person reside over 800 miles from each other, they spoke

frequently and for long periods of time by telephone during the relevant period. During the 84 days between February 1, 2007 and April 25, 2007, Richardson and the Knowledgeable Person spoke by telephone on 50 separate days, in an amount of time aggregating 9 hours and 35 minutes.

28. From April 18 through 22, 2007, Defendant Richardson attended a golf event at a golf course near where the Knowledgeable Person lives. Defendant Richardson visited with the Knowledgeable Person during the April 2007 golf trip.

29. During one or more of the telephone calls and during the golf trip set forth in Paragraphs 27 and 28 above, Richardson misappropriated from the Knowledgeable Person material non-public information concerning about Genesis Energy's acquisition of the Davison Businesses and the manner in which that transaction would be material to Genesis Energy. Knowledgeable Person did not intend to confer a benefit upon Defendant Richardson when the information concerning the transaction was communicated to Defendant, and stated in SEC testimony that he was surprised when he learned that Defendant had purchased Genesis Energy units in advance of the acquisition announcement.

Defendant Richardson Trades and Tips Two Family Members and One Friend

30. As a result of the misappropriation described in paragraphs 27 through 29 above, on February 26, March 14, April 2, April 12, April 24, and April 25, 2007, Defendant Richardson engaged in transactions by which he purchased a total of 4,400 Genesis Energy units. To purchase the units, Defendant Richardson opened one new account, used funds in an amount equal to the average monthly balance from his business checking account, 90% of the balance in a money market account, and most of the funds in his personal checking account. On April 27, 2007, Defendant Richardson sold 3,500 units of Genesis Energy and has realized and unrealized profits of \$33,862 from his transactions in Genesis Energy units.

31. As a result of the misappropriation described in paragraphs 27 through 29 above, Richardson told one of his own family members ("Family Member A"), who lived in Nebraska at all relevant times, about Genesis Energy. On February 27, February 28, and April 25, 2007, Family Member A engaged in transactions by which he purchased a total of 1,460 Genesis Energy units in accounts at three different brokerage firms using funds from sales of other securities and from lines of credit. Family Member A opened two accounts specifically to purchase Genesis Energy units. As of market close on April 26, 2007, Family Member A had unrealized profits of \$19,144.48 from Genesis Energy units purchased as a result of Richardson's tip.

32. As a result of the misappropriation described in paragraphs 27 through 29 above, another of Richardson's own family members ("Family Member B"), who lived in Nebraska at all relevant times, learned from Richardson about Genesis Energy. On March 16, 20, and 30, and April 24, 2007, Family Member B engaged in transactions by which he purchased a total of 4,000 Genesis Energy units in accounts using over half of the balance in a personal checking account at two different brokerage firms. As of market close on April 26, 2007, Family Member B had a total of unrealized profits of \$20,620 from Genesis Energy units purchased as a result of Richardson's tip.

33. As a result of the misappropriation described in paragraphs 27 through 29 above, Defendant Richardson brought Genesis Energy to the attention of a close friend ("Friend"), who lived in Nebraska at all relevant times. On March 16 and April 25, 2007, Friend engaged in transactions by which he purchased a total of 3,000 Genesis Energy units using all of his savings in a sub-account of a brokerage account and 38% of his business operating capital. As of market close on April 26, 2007, Friend had unrealized profits of \$14,400 from Genesis Energy units purchased as a result of Richardson's tip.

34. Defendant Richardson owed a fiduciary duty, or obligation arising from a relationship of trust and confidence, to keep confidential the material and nonpublic information that he learned

from his telephone conversations with the Knowledgeable Person, and he breached the duty of trust and confidence he owed to the Knowledgeable Person, such that Richardson could not purchase Genesis Energy units on the basis of or while in possession of such information. Further, Defendant Richardson similarly knew that he could not disclose the information he learned from the Knowledgeable Person.

CLAIM FOR RELIEF
FRAUD IN THE PURCHASE OR SALE OF SECURITIES
Violations of 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]

35. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 34, inclusive, as if they were fully set forth herein.

36. Defendant Richardson, by engaging in the conduct described above, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or 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 any person in connection with the purchase or sale of any security.

37. By engaging in the foregoing conduct, Defendant Richardson, directly or indirectly, 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:

Permanently restrain and enjoin Defendant Richardson 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;

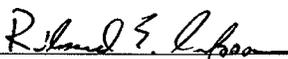
Order Defendant Richardson to disgorge the unlawful trading profits derived from the unlawful trading alleged herein, plus prejudgment interest thereon;

Order Defendant Richardson to pay a civil money penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

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

Respectfully submitted,

Dated: Washington, D.C.
November 22, 2011


s/ Richard E. Simpson (5859)
Attorney for Plaintiff
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-5997
(202) 551-4492