

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

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	Civil Action No. 3:15-cv-405
	)	
Plaintiff,	)	JUDGE
	)	
v.	)	
	)	MAGISTRATE JUDGE
<b>SCOTT ZERINGUE and JESSE ROBERTS, III,</b>	)	
	)	
	)	<b>COMPLAINT</b>
Defendants.	)	

Plaintiff United States Securities and Exchange Commission (the “Commission”) alleges as follows:

**SUMMARY OF THE ACTION**

1. This case involves unlawful insider trading in the common stock of The Shaw Group, Inc. (“Shaw”), a Louisiana-based energy construction company, by Scott Zeringue, a Shaw insider, and Zeringue’s brother-in-law, Jesse Roberts, III (collectively, “Defendants”). The trading occurred in advance of Shaw’s July 30, 2012 announcement of its merger with Chicago Bridge & Iron Company N.V. (“CBI”). News of the merger caused the price of Shaw stock to rise by more than 55%.

2. In the summer of 2012, Zeringue learned about the impending merger during the course of his duties as a Shaw employee. He understood that the information was confidential. In breach of his fiduciary duty to Shaw and its shareholders, Zeringue purchased 125 shares of Shaw common stock and tipped Roberts, his brother-in-law,

about the upcoming merger. Zeringue also asked Roberts to purchase Shaw stock on his behalf. Following the merger announcement, Zeringue's stock increased in value by over \$2,000.

3. Based on Zeringue's tip, Roberts purchased Shaw securities in the weeks prior to the announcement. At the market close on the date of the announcement, Roberts' potential profit was over \$765,000. Roberts rewarded Zeringue for the tip by giving Zeringue \$30,000 in cash on or about November 2013.

4. Roberts also tipped a friend ("Individual A") about the upcoming merger in the weeks leading up to the announcement, and Roberts' friend purchased Shaw securities based on the tip. Following the announcement, the value of the securities the friend purchased increased by over \$28,000.

5. Roberts also tipped a relative of Individual A ("Individual B"), and Individual B bought Shaw securities based on conversations he had with Individual A and Roberts in the weeks prior to the announcement. Following the announcement, those securities increased in value by over \$83,000.

6. Individual B also tipped another individual ("Individual C"), who also bought Shaw securities in the weeks prior to the announcement. Following the announcement, the securities bought by Individual C increased in value by over \$42,000. Individual C also sold 300 shares of CBI and avoided a loss of over \$1,000.

7. By engaging in the conduct described in this Complaint, Defendants violated and, unless enjoined and restrained, 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 thereunder [17 C.F.R. § 240.10b-5].

**JURISDICTION AND VENUE**

8. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to restrain and permanently enjoin Defendants from engaging in the transactions, acts, practices and courses of business alleged in this Complaint. The Commission also seeks a judgment ordering disgorgement, prejudgment interest, and civil penalties against Defendants pursuant to Section 21A(a) of the Exchange Act [15 U.S.C. § 78u-1(a)].

9. The Court has jurisdiction over this action under Sections 21(d), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), 78u-1 & 78aa]. Defendants, directly or indirectly, singly or in concert, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

10. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Among other things, certain of the acts, practices and courses of business constituting the violations of the federal securities laws alleged herein occurred within the Western District of Louisiana. Indeed, Roberts resides in the Western District of Louisiana.

**DEFENDANTS**

11. **Scott Zeringue**, age 48, resides in Baton Rouge, Louisiana. During the relevant time period, Zeringue was the Vice President of Construction Operations for the Plant Services Division of Shaw. In June of 2013, Zeringue resigned from CBI after CBI acquired Shaw.

12. **Jesse Roberts, III**, age 43, resides in Ruston, Louisiana. Roberts is a dentist.

**RELATED PERSONS AND ENTITIES**

13. **Individual A**, referred to herein, resides in the State of Louisiana. Individual A is a close friend of Roberts.

14. **Individual B**, referred to herein, resides in the State of Louisiana. Individual B is related to Individual A.

15. **Individual C**, referred to herein, resides in the State of Louisiana. Individual C is a close friend of Individual B.

16. **Chicago Bridge & Iron Company N.V.** is a Netherlands Company based in The Hague, The Netherlands. The company specializes in energy infrastructure. CBI acquired Shaw pursuant to a merger agreement that was publicly announced on July 30, 2012, and closed on February 13, 2013. Shaw operates as a business sector under the brand name CB&I Shaw.

17. **The Shaw Group, Inc.** provided engineering, construction, maintenance, technology, fabrication, remediation and support services for clients in the energy, chemicals, environmental, infrastructure and emergency response industries and during the relevant time period was headquartered in Baton Rouge, Louisiana. Its common

stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act until Shaw was acquired by CBI. It was listed on the New York Stock Exchange (former ticker symbol SHAW) and options on Shaw stock traded on multiple U.S. options exchanges.

## **FACTS**

### **A. The Merger Negotiations**

18. On April 30, 2012, Toshiba Corp. approached Shaw about a possible acquisition. On May 12, 2012, Toshiba delivered a written indication of interest, proposing a range of \$44 to \$46 per share for Shaw, and disclosing CBI as its partner in an acquisition. At the time, Shaw's stock was trading at about \$29 per share.

19. On July 4, 2012, CBI advised Shaw that it was prepared to acquire Shaw, without Toshiba, for \$46 per share. Shaw was trading at about \$28 per share. CBI delivered this proposal in writing to Shaw on July 9, 2012. That day, the Shaw board of directors held a special telephonic meeting and decided to proceed with due diligence. Over the next few days, the parties exchanged draft agreements. On July 15, 2012, Shaw's board held a special meeting in Charlotte, North Carolina to discuss the transaction, attended by Shaw executives, its investment banker, and outside counsel.

20. By July 29, 2012, Shaw and CBI had finalized the deal. On Monday, July 30, 2012, prior to the opening of trading on the New York Stock Exchange, CBI and Shaw each issued a press release announcing that CBI would acquire Shaw for \$46 per share in cash and stock (the "Announcement"). At the close of trading on July 30, 2012, Shaw's stock closed at \$41.49 which was an increase of approximately 55% from its closing price on the previous trading day. The price of CBI stock closed at \$34.94, a drop of approximately 14% from its closing price on the previous trading day.

**B. Zeringue Breaches his Fiduciary Duty**

21. As an employee of Shaw, Zeringue owed a fiduciary duty to Shaw and its shareholders to keep confidential any material nonpublic information about the company. Shaw's insider trading policy expressly prohibited Zeringue from trading when in the possession of material nonpublic information or disclosing material nonpublic information to others.

22. Zeringue breached his fiduciary duty to Shaw and its shareholders when he purchased shares of Shaw common stock, disclosed or made a recommendation based upon material nonpublic information about Shaw to Roberts, with the awareness that Roberts could trade Shaw securities based on that information, and requested that Roberts purchase stock on his behalf.

23. Zeringue benefitted from his tip by conferring a gift of confidential information on his family and by receiving \$30,000 from Roberts in or about November 2013.

**C. Zeringue Trades**

24. After learning about the upcoming acquisition of Shaw, Zeringue purchased 125 shares of Shaw common stock on or about July 13, 2012. Zeringue purchased his 125 shares on the basis of the material nonpublic information he had learned in the course of his employment at Shaw, in breach of his fiduciary duty to the company and the company's insider trading policy. The value of Zeringue's Shaw common stock increased by approximately \$2,000 after the Announcement.

**D. Zeringue Tips Roberts**

25. In advance of the Announcement, Zeringue tipped Roberts about the impending acquisition of Shaw. Roberts knew Zeringue was an employee at Shaw with access to confidential information.

**E. Roberts Trades Based on the Tip from Zeringue**

26. On or about July 11, 2012, Roberts purchased 200 August 30 Shaw call option contracts. Each call option contract gave the holder, in this case, Roberts, the right to purchase 100 shares of Shaw common stock for \$30 per share before the expiration of the option on the third Saturday of August 2012.

27. On or about July 16, 2012, Roberts purchased an additional 300 August 30 Shaw call option contracts.

28. On or about July 24, 2012, Roberts purchased 150 August 27 Shaw call option contracts.

29. Roberts made these purchases based on material nonpublic information he had received from Zeringue. The value of Roberts' Shaw call option contracts increased by over \$765,000 after the Announcement.

**F. Roberts Tips a Friend and the Friend's Family Member**

30. After discussing the pending acquisition of Shaw with Zeringue, Roberts told his long-time friend, Individual A, and Individual B, Individual A's family member, about the pending acquisition of Shaw. Roberts told Individual A he had learned the information from his brother-in-law, a Shaw insider.

**G. Individual A Trades Based on Tip from Roberts**

31. On or about July 13, 2012, Individual A purchased 500 shares of Shaw common stock.

32. On or about July 17 and 18, 2012, Individual A purchased 15 August 27 Shaw call option contracts.

33. Individual A purchased the common stock and options on the basis of the material nonpublic information about the proposed acquisition of Shaw he received from Roberts.

34. The value of Individual A's Shaw common stock and call option contracts increased by over \$28,000 after the Announcement.

**H. Individual A Tips Individual B**

35. After discussing the proposed acquisition of Shaw with Roberts, Individual A also tipped Individual B.

36. Individual B also communicated directly with Roberts about the proposed acquisition of Shaw.

**I. Individual B Trades Based on Tip from Individual A and Roberts**

37. On or about July 13, 2012, Individual B purchased 20 October 26 Shaw call option contracts. Subsequently, Individual B purchased 15 August 27 Shaw call option contracts.

38. On or about July 18, 2012, Individual B purchased 2,500 shares of Shaw common stock.

39. Individual B purchased the common stock and options on the basis of the material nonpublic information about the upcoming acquisition of Shaw he received from Individual A and Roberts.

40. The value of Individual B's Shaw common stock and calls increased by over \$83,000 after the Announcement.



**J. Individual B Tips Individual C**

41. After discussing the proposed acquisition of Shaw with Individual A and Roberts, Individual B also tipped Individual C, a close friend of Individual B.

**K. Individual C Trades Based on Tip from Individual B**

42. On or about July 13, 2012, Individual C purchased 1,000 shares of Shaw common stock. Subsequently, on or about July 19, 2012, Individual C purchased 20 August 27 Shaw call option contracts. Individual C also sold 300 shares of CBI common stock.

43. The value of Individual C's Shaw common stock and call option contracts increased by over \$42,000 after the announcement and he avoided losses of over \$1,200 on the sale of CBI common stock.

**CLAIM FOR RELIEF**

**FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES  
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

44. The Commission re-alleges and incorporates by reference ¶¶ 1 through 43, above.

45. The information concerning CBI's acquisition of Shaw was material and nonpublic. In addition, Shaw considered the information to be confidential. At all times relevant to the complaint, Defendants acted knowingly or recklessly.

46. By engaging in the conduct described above, Defendants, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, with scienter:

employed devices, schemes, or artifices to defraud;

made untrue statements of material fact 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/or engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any persons, in connection with the purchase or sale of securities.

47. Members of the investing public who were trading at the same time and in the same security as the Defendants were harmed by the Defendants' gaining of an advantageous market position through insider trading.

48. By engaging in the foregoing conduct, Defendants violated, and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. [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 the Court enter Final Judgments:

#### **I.**

Permanently restraining and enjoining Defendants and their officers, agents, servants, employees, and attorneys, and those person in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, from violating 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].

**II.**

Ordering disgorgement, prejudgment interest, and civil penalties under Section 21A of the Exchange Act [15 U.S.C. § 78u-1] against Defendants.

**III.**

Prohibiting the defendant Zeringue, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

**IV.**

Granting such other and further relief as this Court may determine to be just and necessary.

Respectfully submitted,

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DATED: February 19, 2015