

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,  
100 F. Street, N.E.  
Washington, DC 20549

Plaintiff,

v.

ALAN BARRY STAPLES  
88 Land Street, Unite 240  
Toowong, Queensland, QLD 4066

Defendant.

Civil Action No. \_\_\_\_

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) for its  
Complaint alleges as follows:

SUMMARY OF THE ACTION

1. In May of 2011, Alan Staples purchased the securities of White Mountains Insurance Group, Ltd. (“White Mountains”) based on material non-public information concerning the sale of a White Mountains subsidiary (the “Subsidiary”) to a publicly-held insurance corporation (the “Insurer”). Alan Staples learned the material non-public information from his sibling, an officer at White Mountains (the “Insider”). Between May 9 and May 18, 2011, Alan Staples and the Insider spoke often about personal matters and work. During those conversations, the Insider shared information related to the upcoming sale of the Subsidiary because the Insider trusted Alan Staples and expected him to keep the information confidential. The Insider did not expect, and later considered it to be a breach of confidence, for Alan Staples

to make trades based on the shared information. But Alan Staples did trade on the information, and realized profits of \$15,199.78.

2. By engaging in this conduct, defendant Alan Staples recklessly engaged in acts that violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5, as defined in Rule 10b5-2, [17 C.F.R. §§240.10b-5, 10b5-2]. The Commission seeks a final judgment permanently enjoining the defendant from violating Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, ordering the defendant to disgorge his illicit gain with prejudgment interest, and imposing a civil penalty.

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction over this matter pursuant to Sections 21(d)(1), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), (e), 78u-1, and 78aa]. The defendant, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation and communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, and practices alleged in this Complaint.

4. Venue in this district is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain substantial events, acts or transactions giving rise to the violations alleged in this Complaint occurred within this judicial district.

### **DEFENDANT**

5. **Alan Barry Staples**, age 63, is a U.S. citizen currently residing in Australia.

### **RELEVANT ENTITIES**

6. **White Mountains** is an insurance holding company incorporated in Bermuda that operates primarily out of its executive offices in Hanover, New Hampshire. Since 1999, White

Mountains' securities have been registered with the Commission pursuant to Section 12(b) of the Exchange Act and have traded on the New York Stock Exchange ("NYSE") under the ticker symbol WTM. White Mountains routinely seeks to buy and sell other companies that provide insurance and reinsurance services. On May 18, 2011, White Mountains announced the sale of the Subsidiary to the Insurer for approximately 1 billion dollars.

7. **Insurer** was incorporated in Delaware in 1992 as a holding company. It trades on the NYSE, and its securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act.

### FACTUAL ALLEGATIONS

#### **Alan Staples' Trading in the Context of his Communications with the Insider and the Timeline of the Subsidiary Transaction**

8. By May 7, 2011, the Insider knew that White Mountains' sale of the Subsidiary to the Insurer was highly likely. Around that time, Alan Staples and the Insider were in frequent contact.

9. On Monday May 9, 2011 at 9:43 a.m., just two days after the Insider learned that the transaction was almost certain to occur, Alan Staples called the Insider and they spoke for fourteen minutes. Approximately three hours later, at 12:46 p.m. and 1:09 p.m., Alan Staples bought 70 shares of White Mountains stock in two different brokerage accounts for \$24,587. At the time he placed these trades, Alan Staples did not hold any White Mountains stock in any of his brokerage accounts.

10. In the next two days, Alan Staples purchased additional White Mountains shares, while liquidating all the other securities he held in his brokerage accounts, except for those of one other issuer.



11. On May 11, 2011, Alan Staples and the Insider spoke by telephone. During the call, the Insider told Alan Staples that he had been forced to cancel a planned family vacation to California, de-boarding a plane to return to work. On the same day, Alan Staples bought another 45 shares of White Mountains stock in the same two accounts for \$15,915. The Insider was not aware of Alan Staples' trading at the time. However, when the Insider learned of it later and asked Alan Staples why he traded, Alan Staples indicated that he had traded based on the information he learned from the Insider during the call. Alan Staples and the Insider spoke again on May 12, 2011. The following day, on May 13, 2011, Alan Staples bought yet another 113 shares of White Mountains stock.

12. On May 18, 2011 at 1:28 a.m., the Insider forwarded to Alan Staples an internal email congratulating the transaction team on the successful conclusion of "Project Bridgegate," the code name for the sale of the Subsidiary. The Insider forwarded the email to Alan Staples with the message "Watch the news tomorrow on WTM, we just completed a very big deal!"

13. Alan Staples was in Germany on May 18 and received the email at 7:30 a.m. local time. Prompted by the email, Alan Staples placed two limit orders to buy 229 shares of White Mountains. But Alan Staples was not able to purchase shares based on these orders, because the limit orders that he placed were priced below where the market opened when trading commenced in the United States on the morning of May 18.

14. At 8:00 a.m. on May 18, 2011, White Mountains issued a press release announcing the sale of the Subsidiary to the Insurer. At 9:28 a.m. the Insider sent a link to the press release to Alan Staples. At 9:34 a.m., Alan Staples cancelled his pending limit order with TD Ameritrade and entered a market order to buy 145 shares of White Mountains stock. That order was executed immediately. At 9:35 a.m., Alan Staples placed a new limit order to buy 80

shares of White Mountains stock in his Schwab account, which also was immediately executed. The price of White Mountains stock continued to rise throughout the morning of May 18, as the market continued to absorb the fact that the sale was a very good deal for White Mountains.

15. During the nine days before the announcement of the Subsidiary transaction, Alan Staples bought over \$80,000 of White Mountains stock, representing over 55% of his stock holdings. White Mountains' stock price increased by 15% as of the close on May 18, 2011. Alan Staples sold all his White Mountains stock late in the day near the high of the market for a realized profit of \$15,199.78.

16. Alan Staples and the Insider had a history, pattern, and practice of sharing confidences, such that Alan Staples was reckless in not knowing that the Insider expected that Alan Staples would maintain the confidentiality of the information. The Insider learned the material, non-public information about White Mountains' sale of the Subsidiary to the Insurer in the course of his involvement in the transaction. Alan Staples knew his sibling had a duty to protect White Mountains' confidential information. When the Insider shared the material, non-public information concerning White Mountains' likely sale of the Subsidiary with Alan Staples, Alan Staples owed a duty of trust or confidence to his sibling based on their close relationship and pattern of sharing confidences.

#### **CLAIM FOR RELIEF**

##### **Violations of Exchange Act Section 10(b) [15 §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] Promulgated Thereunder**

17. Paragraphs 1 through 16 are re-alleged and incorporated by reference, as though fully set forth herein.

18. As described above, Alan Staples misappropriated material, non-public information and traded on the basis of such information, in breach of a duty of trust and

confidence to the Insider. He breached that duty of trust or confidence by trading on material non-public information that he learned from the Insider. In so doing, Alan Staples violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, as defined in Rule 10b5-2(b)(2) and in Rule 10b5-2(b)(3).

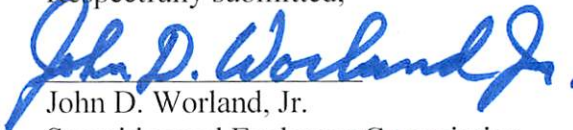
**PRAYER FOR RELIEF**

WHEREFORE, the Commission requests that the Court enter a final judgment:

- (a) Permanently enjoining Alan Staples 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] promulgated thereunder;
- (b) Ordering Alan Staples to disgorge profits gained as a result of the conduct alleged herein, with prejudgment interest;
- (c) Ordering Alan Staples to pay a civil penalty; and
- (d) Granting such other and further relief as may be appropriate.

Dated: February 10, 2017

Respectfully submitted,



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