UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **vs.** **CHRISTOPHER CLARK** **and** **WILLIAM WRIGHT,** **Defendants.**	**Civil No.** **JURY TRIAL DEMANDED**

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "Commission"), for its Complaint against Defendants Christopher Clark and William Wright, alleges as follows:

SUMMARY

1. This action involves insider trading by Defendant Christopher Clark in the securities of CEB Inc. ("CEB") before CEB and Gartner, Inc. ("Gartner") announced on January 5, 2017 that Gartner would acquire CEB for $2.6 billion. Gartner approached CEB about a merger in October 2016, and soon thereafter, Clark was tipped about the potential merger by his brother-in-law, Defendant William Wright, who served as CEB's corporate controller at the time.

2. Specifically, in November 2016, Wright learned material, nonpublic information ("MNPI") concerning Gartner's potential acquisition of CEB. As CEB's corporate controller,

Wright had a duty to CEB not to disclose that information to Clark, who Wright knew had previously traded in CEB stock. CEB maintained insider trading policies that Wright reviewed and confirmed compliance with annually.

3. Between early November 2016 and January 3, 2017, merger discussions between Gartner and CEB continued to progress. During that time, Wright and Clark, whose homes were less than two miles apart, communicated by phone, text, and in person, including while Clark coached their daughters' basketball team and at family holiday events.

4. In the first weeks of December 2016, merger discussions intensified, with Gartner making multiple offers, each increasing in value. Between December 2 and the morning of December 9, 2016, Wright and Clark communicated at least five times – twice at their daughters' basketball activities, twice by text, and once on a short call at 8:20 am on the morning of the 9th.

5. That same day, with CEB trading at $59.50, Clark purchased 60 CEB call options with a strike price of $65. Forty of the CEB call options were set to expire in January 2017. It was the first time in more than five years that Clark took a bullish position on CEB.

6. In 15 transactions between December 9, 2016 and January 3, 2017, Clark purchased 377 out-of-the-money, short-term CEB call options for a combined $33,050. Clark also directed his son to purchase similar options. On all but five occasions, Clark's purchases represented 100% of the option series volume for that day. On four of the five remaining occasions, the only other purchaser of those call options was Clark's son.

7. Clark undertook extraordinary efforts to raise cash for these purchases. On December 9, 2016, Clark sold all 407 shares of a unit investment trust in his wife's IRA account – the only holding in that account. Three days later, he borrowed $6,000 from a line of credit at his family credit union, nearly maxing out the $20,000 credit limit. On December 27, 2016,

Clark took out a loan on his car. He used virtually all of this money to purchase short-term, out-of-the-money call options on CEB.

8. As Clark's trading progressed, he and Wright communicated frequently. These communications often immediately preceded Clark's trading. For example, the Clarks and Wrights spent Christmas Eve and Christmas together in 2016. On December 27, 2016, the first trading day thereafter, Clark took out the loan on his car and bought 30 CEB call options at a $70 strike price with an expiration date of February 2017, even though CEB's share price closed the trading day at just over $60.

9. Clark also told his son to purchase similar options. Communications between Clark and his son often preceded his son's trading in CEB options. For example, on December 13, 2016, Clark and his son spoke for 13 minutes at 9:03 am. His son purchased five out-of-the-money CEB call options at 11 am. At 2:22 pm, they spoke again. Eight minutes later, his son purchased more of the same type of option. Clark's son had never held a bullish position in CEB until that day.

10. Notably, as merger negotiations reached their final stage in late December 2016 and early January 2017, Clark and his son took increasingly short-term positions in out-of-the-money CEB call options, consistent with the expectation that CEB's stock price would increase significantly in the near future. Before late December, almost all of the call options that Clark and his son purchased expired in March. But by late December and early January, both Clark and his son began to purchase call options with February and even January expirations.

11. Before the market opened on January 5, 2017, CEB and Gartner announced that they had entered into a definitive merger agreement in which Gartner would acquire CEB for

$77.25 per share. That day, CEB's stock price closed at $74.85 a share, an increase of 21% from the previous day's close.

12. Clark sold his CEB call options on January 5, 6 and February 3, 2017, reaping illicit profits of $243,190. Clark's son sold all of his call options on January 5, 2017, for profits of $53,050.

NATURE OF PROCEEDING AND RELIEF SOUGHT

13. The Commission brings this action against Christopher Clark and William Wright pursuant to Section 21A of the Securities Exchange Act of 1934 [*15 U.S.C. § 78u-l*] ("Exchange Act") to enjoin the transactions, acts, practices, and courses of business alleged in this Complaint and to seek civil penalties, and such further relief that the Court may deem appropriate.

JURISDICTION AND VENUE

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

15. Venue in this district is proper pursuant to Section 27(a) of the Exchange Act [*15 U.S.C. §§ 78aa(a)*]. Certain of the purchases and sales of securities and acts, practices, transactions, and courses of business constituting the violations alleged in this Complaint occurred within the Eastern District of Virginia, and were effected, directly or indirectly, by making use of the means, instruments or instrumentalities of transportation or communication in interstate commerce, or of the mails, or the facilities of national securities exchanges. Specifically, many of the securities purchases and communications described in this complaint occurred in this District. In addition, Defendants' primary residences are in this District.

DEFENDANTS

16. **Defendant Christopher Clark**, age 51, is a resident of Arlington, Virginia. He is a senior loan officer at a mortgage company. Clark's wife's younger sister is married to defendant William Wright. By trading on MNPI, Clark made $243,190 in illicit trading profits.

17. **Defendant William Wright**, age 44, is a resident of Arlington, Virginia. From July 2015 to August 2017, he was CEB's corporate controller. Prior to that, he was CEB's Managing Director of accounting and reporting. Throughout his tenure at CEB, Wright was directly involved in the preparation and filing of CEB's periodic earnings statements and press releases. Wright, together with a team of accountants he managed, was responsible for gathering, updating, and consolidating all aspects of CEB's accounting for purposes of these quarterly and annual filings. This typically included reviewing final versions of financial statements and press releases days before they were publicly released.

RELEVANT ENTITIES

18. **CEB Inc.**, also known as Corporate Executive Board, was until April 2017 a Delaware corporation headquartered in Arlington, Virginia. CEB was a global best practice insights and technology company providing products and services to businesses in various industries, including information technology, finance, human resources and marketing, among others. CEB's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on NYSE under ticker symbol "CEB." CEB filed periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder until April 2017, when it voluntarily delisted from NYSE and terminated its reporting obligations with the Commission in connection with its acquisition by Gartner.

19. **Gartner, Inc.** is a Delaware corporation headquartered in Stamford, Connecticut. Gartner provides information technology research and advisory services. Gartner's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and trades on NYSE under the ticker "IT." Gartner files periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

FACTS

Wright Had Access to Material, Nonpublic Information About CEB and Knew He Had a Duty To Keep It Confidential

20. Beginning in June 2015, Wright was the Corporate Controller at CEB, where he oversaw all aspects of the company's accounting and reported directly to CEB's Chief Accounting Officer. From the start of his employment at CEB in 2004, when he was hired as the company's Director of Financial Reporting, Wright knew he could not use MNPI about CEB he obtained in the course of his employment to trade in CEB securities. He also knew that he could not disclose such information to others, including "family members," so that they could trade.

21. CEB maintained policies and procedures concerning confidential information and insider trading. Wright was required to, and did, confirm compliance with these policies on an annual basis.

22. CEB's Chief Accounting Officer ("CAO") learned of the potential Gartner acquisition no later than November 1, 2016. Wright and the CAO – who was a groomsman in Wright's wedding – had been close friends for 20 years and had offices next to each other at work. They spoke frequently about personal and business matters and owned a vacation property together.

23. News of the potential merger worried the CAO, who feared that he and Wright could lose their jobs as a result. He was also concerned that the merger could cause their CEB stock to lose value. Unsurprisingly, the night he learned of the merger, the CAO spoke with Wright on the phone for an hour, after exchanging text messages between 6pm and 10pm. Between that date and the merger, the frequency of their texts and calls increased dramatically.

24. On November 3, 2016, following an internal CEB meeting that Wright and the CAO both attended, they had an email exchange discussing how their CEB stock awards might not vest upon a "change in control" of CEB.

25. During these communications in early November 2016, the CAO told his close friend Wright about the potential merger, a topic they continued to discuss thereafter.

26. These communications between the CAO and Wright concerning the potential merger were consistent with their disregard for the confidentiality of corporate information – a pattern that continued after they were terminated by Gartner in August 2017. For example, on multiple occasions, the CAO and Wright shared confidential corporate documents and data with one another via email, including emails in July 2017, February 2018, and November 2018, in some cases using their personal email accounts.

Wright and Clark Were Brothers-in-law Who Communicated Frequently

27. Wright and Clark were married to sisters and lived in the same town less than two miles from each other. In the winter of 2016-2017, their daughters played on the same basketball team, which Clark coached. Wright and Clark interacted in multiple contexts, including at family gatherings, at their daughters' basketball practices and games, through calls and texts, and when Clark, a mortgage broker, helped Wright locate and finance investment properties.

Wright Gave Clark MNPI About the Potential Gartner Merger, and Clark, Knowing That It Was Provided in Violation of Wright's Duty to CEB, Traded on It

28. In early December 2016, negotiations between CEB and Gartner progressed significantly. Over the course of five days – December 2nd to the 7th – Gartner increased its offer three times. At a meeting between Gartner and CEB executives on December 7th, CEB's CEO indicated that he would recommend that CEB's board accept Gartner's most recent offer. That same day, after CEB received a letter formally conveying Gartner's revised offer of $77 per share, counsel for CEB communicated with counsel for Gartner concerning "the overall timing and process of negotiations with respect to a merger agreement."

29. That same week, between December 2 and the morning of December 9, 2016, Wright and Clark communicated at least five times – twice at their daughters' basketball activities, twice by text and once on a short call at 8:20 am on the morning of the 9th.

30. At 10:15 am on the morning of December 9th, Clark called his brokerage firm and advised that he had been authorized by his wife to make trades in her IRA. He then instructed his brokerage firm to sell all of the holdings in his wife's IRA, which consisted solely of shares of a unit investment trust Clark's wife had held for almost two years. Liquidating the account generated proceeds of $4,463.72.

31. That afternoon, while waiting for the trades placed in his wife's account to clear, Clark bought 40 out-of-the-money CEB call options with a strike price of $65 and an expiration of January 2017, and 20 out-of-the-money CEB call options with a $65 strike price and an expiration of March 2017. These purchases represented the first time in over five years that Clark was bullish on CEB, and represented 100% of the total trading in those particular option series that day, across all exchanges. Clark's position at the end of the day represented 100% of the open interest in CEB March $65 call options and 53% of the open interest in CEB January

$65 call options. The open interest in an option series is the number of options contracts currently issued and outstanding in the market.

32. CEB's share price closed that day at $59.50.

33. Merger negotiations involving the respective boards of Gartner and CEB, as well as top executives and outside counsel, continued to progress throughout December. Each side performed due diligence and sought to finalize the terms of the merger agreement.

34. On Sunday, December 11, 2016, Clark and Wright were both at a practice for their daughters' basketball team.

35. The next trading day, December 12, 2016, Clark borrowed $6,000 from a line of credit, nearly maxing out his family's $20,000 borrowing limit. He then transferred that money, along with an additional $5,000, to the Clarks' joint IRA trading account. With that money, he proceeded to purchase more CEB options.

36. Specifically, on December 12, Clark bought 10 out-of-the-money CEB call options with a strike price of $65 and an expiration of March 2017. He also communicated with his son, who bought 20 out-of-the-money March call options, with 10 each at strike prices of $65 and $70. These purchases represented 100% of the total trading in those particular option series that day, across all exchanges. Clark and his son's positions at the end of trading that day represented 100% of all the open interest in CEB call options with strike prices of $65 and $70 and expirations of March 2017.

37. The next day, December 13, Clark and his son had a 13-minute call at 9:03 am. Clark's son then bought five out-of-the-money CEB call options at a $70 strike price and an expiration of March 2017, while Clark bought 20 of the same options. They spoke again at 2:22 pm for more than three minutes. Clark's son then bought five more of the same options, while

Clark himself bought 20 more out-of-the-money CEB call options with a strike price of $65 and an expiration in March 2017. These purchases represented 100% of the total trading in those particular option series that day, across all exchanges.

38. CEB's share price closed at $59.40 that day.

39. Clark and his son largely repeated their behavior the next day, December 14th. Following a five-minute call just before 9 am, Clark's son bought 15 out-of-the-money CEB call options with strike prices of $65 and $70 and expirations in March 2017, while Clark bought another 60 out-of-the-money CEB call options at a strike price of $65. These purchases represented 100% of the total trading in those particular option series that day, across all exchanges, and by the end of the trading day, Clark and his son again held 100% of the open interest in CEB March $65 call options.

40. CEB's share price closed the trading day at $58.75.

41. During the days leading up to December 15, 2016, Wright was formally made part of the CEB team working on projects related to the potential merger with Gartner.

42. On December 15, Clark purchased 25 additional out-of-the-money CEB call options at a strike price of $70 with a March expiration, which constituted 100% of the total trading in this particular option series that day, across all exchanges. On December 20, Clark purchased an additional 29 CEB call options at a strike price of $70 with a March 2017 expiration. The same day, his son purchased 10 out-of-the-money call options at a strike price of $70 with the same expiration. Those purchases on the 20th represented 100% of the total trading in that particular option series that day, across all exchanges.

43. At no point between December 9 and December 20, 2016 did CEB's stock trade above $61 per share.

As Merger Negotiations Neared a Conclusion, Clark and His Son Traded Even More Aggressively

44. As CEB and Gartner worked intensely to finalize the merger agreement in the last ten days of 2016 and the first few days of 2017, the topics they discussed included "the treatment in the merger of unvested employee equity incentive awards and certain employee compensation matters" – the precise issue about which Wright and the CAO communicated in early November.

45. Wright continued to interact with Clark throughout this time, including by phone, at their daughters' basketball events, and at multiple family gatherings over the Christmas holidays.

46. Beginning on December 22, 2016, a few days after Clark and Wright were at the same basketball practice, Clark bought 36 out-of-the-money CEB call options with a strike price of $70 and a *February 2017* expiration. His purchase constituted 100% of the total trading in this option series that day, across all exchanges. At that point, Clark held 100% of the open interest in February $70 CEB call options.

47. CEB's share price closed the trading day at $59.95.

48. On December 23, 24, and 25, 2016, the Clarks and the Wrights attended dinners and holidays parties together at their respective houses.

49. On Tuesday, December 27, the first trading day after Christmas, Clark bought 30 more CEB call options at a strike price of $70 with a February 2017 expiration, which constituted 100% of the total trading in this option series that day, across all exchanges. Clark continued to be the only investor in the entire market to purchase February 2017 $70 call options.

50. That same day, Clark also took out a $9,401 loan on his car and, the next day, wired $8,500 of that amount to one of his brokerage accounts. On December 29, he used those

funds to purchase 30 CEB call options at a strike price of $65 again with a February 2017 expiration, representing 75% of the total trading in this option series that day, across all exchanges, and another 30 call options at a strike price of $70 with a February 2017 expiration, which represented 100% of the total trading in this option series that day.

51. Clark and Wright exchanged short telephone calls on December 30, 2016. The next trading day, January 3, 2017, Clark used the last of the $8,500 from the car loan to purchase another 27 CEB call options at a strike price of $70 with a February 2017 expiration. That purchase represented 100% of the total trading in this option series that day, across all exchanges.

52. On January 4, 2017, Clark and his son spoke for over five minutes at 1:27 pm. Shortly thereafter, Clark attempted repeatedly to buy more short-term, out-of-the-money call options, but could not get his orders filled. Around the same time, though, Clark's son was able to buy 30 CEB call options at a strike price of $70 with a *January 2017* expiration, more than eight dollars above the current share price. CEB's stock price would have had to increase by roughly 13% within 11 trading days to make his trade profitable. Not surprisingly, Clark's son was the only person to purchase that option series that day or at any time prior to the merger announcement.

The Merger Is Announced and Clark and His Son Take Profits

53. The Gartner/CEB merger was announced before the market opened on January 5, 2017. That day, the stock price closed at $74.85, a 21% increase over the previous day's close of $61.90. Trading volume also increased by over 1,600% from the prior trading day with 4.4 million CEB shares trading.

54. Clark's son sold all his CEB positions on the day the merger was announced, generating profits of $53,050.

55. Clark sold his CEB options between January 5 and February 3, 2017, reaping illicit profits of $243,190.

FINRA Requests Information from CEB Regarding Employee Access to Information about the Merger

56. On Thursday, January 12, 2017, the Financial Industry Regulatory Authority ("FINRA") sent CEB a letter requesting, among other information, a list of CEB employees who were involved with or privy to the Gartner acquisition.

57. That Sunday, January 15, Clark and Wright had a 47-minute call. They then spoke by phone at least five more times over the next five days.

58. On March 8, 2017, CEB received another inquiry from FINRA, this time requesting that any employee with advance knowledge of the merger review an enclosed list of individuals and identify any he or she knew. Clark's name, as well as his wife's and son's names, were on the list.

59. In CEB's April 2017 response, Wright acknowledged that he saw Clark at holiday events but claimed that he only spoke with Clark every month or two and that during the period September 29, 2016 to January 4, 2017, he only talked to Clark "3-4 times about mortgage options." In fact, during that period, Wright and Clark communicated frequently by text, phone, and in person at family gatherings and basketball practices.

60. Wright also acknowledged that he knew Clark had previously traded on CEB stock.

61. The CAO also identified Clark and Clark's wife as the brother-in-law and sister-in-law of Wright, respectively.

Clark's Previous Trading in CEB

62. Between 2008 and 2016, Clark traded in front of 18 CEB quarterly earnings announcements. In some instances, as with the announcement of the CEB Gartner merger, his son also traded in front of these announcements. In nearly every case, Clark purchased short-term put options in the couple of days before (or on the very day of) CEB's quarterly earnings releases, which were publicly scheduled in advance. The puts always expired the following month.

63. Clark bet correctly in 15 of 18 cases that CEB's stock would decline, although in a number of cases it did not decline enough to make his trade profitable based on the specific strike price of the option series he purchased.

64. Throughout his tenure at CEB, Wright was directly involved in the preparation and filing of CEB's quarterly reports and press releases. Wright, together with a team of accountants he managed, was responsible for gathering, updating, and consolidating all aspects of CEB's accounting for purposes of these quarterly filings. This typically included reviewing final versions of financial statements and press releases days before they were publicly released.

65. For example, on Saturday, July 25, 2015, at 2:02 pm, Wright was copied on an email to CEB's Chief Financial Officer enclosing the "final reporting pack" for the second quarter 2015 that "should tie to the current press release." The email contained CEB's finalized quarterly financials.

66. At 2:52 pm that same day, Wright called Clark and they spoke for 12 minutes.

67. On the morning of the next trading day, July 27, 2015, Clark sold a long position in another security. He then used the proceeds of that sale to purchase 40 CEB out-of-the-money

put options, 20 of them at a strike price of $80, and 20 at $85 with August 2015 expirations. The stock closed over $86.

68. The next morning, July 28, Clark and Wright spoke briefly at 8 am. Roughly two hours later, Clark and his son had two short calls. Over the course of that day, Clark purchased 82 more August 2015 put options on CEB at a strike price of $85, while Clark's son purchased 3 August 2015 put options at a strike price of $80.

69. CEB closed the trading day at $86.70.

70. After the market closed on July 28, CEB reported its second quarter 2015 earnings. The following day, CEB's stock closed at $76.98, an 11% decrease. By investing in out-of-the-money, short-term puts, Clark and his son earned profits of $82,880 and $961, respectively.

FIRST CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder

71. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 70, inclusive, as if fully set forth herein.

72. At all relevant times, CEB's policies required that company insiders maintain the confidentiality of the company's MNPI and prohibited them from using such information to trade for their own accounts or disclosing this information to others. Wright annually certified his knowledge and understanding of these restrictions.

73. Wright, CEB's corporate controller, tipped his brother-in-law Clark with MNPI about Gartner's potential acquisition of CEB in violation of CEB's policies and in breach of the fiduciary duty he owed to the company and its shareholders. Wright knew or recklessly disregarded that he had breached his duty by disclosing inside information to Clark.

74. Wright received a personal benefit from his tip of MNPI to his brother-in-law Clark, including the benefit of providing a gift of information to a close relative or friend. Clark had also assisted Wright in procuring mortgages for properties Wright owned. Wright also knew or recklessly disregarded that Clark would trade on his tips.

75. Clark purchased CEB call options based on MNPI he received from Wright. Clark knew, or was reckless in not knowing, should have known, or consciously avoided knowing that the tips he received from Wright were conveyed in breach of a fiduciary duty or similar obligation arising from a relationship of trust and confidence, and in exchange for a benefit.

76. Defendants, with scienter, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, directly or indirectly:

(a) employed devices, schemes, or artifices to defraud;

(b) 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

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

77. By reason of the actions alleged herein, Defendants 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*] and unless restrained and enjoined will continue to do so.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter Final Judgment:

I.

Finding that Defendants violated the provisions of the federal securities laws as alleged herein;

II.

Permanently restraining and enjoining Defendants from, directly or indirectly, engaging in conduct in violation 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*];

III.

Ordering Defendants to pay civil penalties pursuant to Section 21A of the Exchange Act [*15 U.S.C. § 78u-1*];

IV.

Ordering that Defendant William Wright be prohibited 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. § 78l*] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [*15 U.S.C. § 78o(d)*]; and

V.

Granting such other and further relief as this Court may deem just, equitable, or necessary.

Dated: December 11, 2020

Respectfully submitted,

/s/ Timothy K. Halloran
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