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**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**-against-**

**CHARLES RUSTIN HOLZER,**

**Defendant,**

**-and-**

**MAGLIONE INTERNATIONAL LTD., and  
FRONTENAC INVESTMENTS LTD.,**

**Relief Defendants.**

**COMPLAINT**

**23 Civ. \_\_\_\_\_ ( )**

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant Charles Rustin Holzer (“Holzer”) and Relief Defendants Maglione International Ltd. (“Maglione”) and Frontenac Investments Ltd. (“Frontenac,” and, together with Maglione, the “Relief Defendants”), alleges as follows:

## SUMMARY

1. This is an insider trading case alleging that Holzer illegally traded stock of NYSE-listed Dun & Bradstreet Corporation (“DNB”) in offshore brokerage accounts belonging to Maglione and Frontenac.

2. On August 8, 2018, DNB announced (the “Announcement”) that it had agreed to be acquired by a private investor group (the “Investor Group”) in an all-cash transaction for \$145 per share (the “Acquisition”), which represented a 15.1% premium to its then-current market price.

3. About a week before the Announcement, Holzer learned about the Acquisition from a registered investment adviser that was part of the Investor Group (the “Adviser”) pursuant to a non-disclosure agreement (the “NDA”) executed by or at the direction of Holzer. The NDA required Holzer to keep confidential all information about the Acquisition and to use it “solely for the purpose of evaluating” whether to participate in the transaction alongside the Adviser.

4. Upon execution of the NDA, the Adviser shared with Holzer the name of the Acquisition target (DNB), the \$145 per share purchase price, the anticipated date of the public Announcement (on or before August 9, 2018), and other material non-public information (“MNPI”), including a 109-page investment presentation deck (the “Investment Deck”) replete with detailed, confidential financial information about DNB and the Acquisition.

5. Unknown to the Adviser, however, Holzer knowingly or recklessly misappropriated the MNPI he learned and used it to purchase DNB stock in offshore brokerage accounts belonging to the Relief Defendants ahead of the Announcement in breach of the NDA. Holzer served as “investment adviser” to Maglione and Frontenac, and exercised direct or indirect control over trading in the Relief Defendants’ brokerage accounts.

6. After the Announcement, DNB's stock price rose to match the \$145 per share acquisition price. Maglione and Frontenac, at Holzer's direction, sold all their DNB shares between August 15 and August 17, realizing \$382,217.78 in profits.

### **VIOLATIONS**

7. By virtue of the foregoing conduct and as alleged further herein, Holzer has violated 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].

8. Unless Holzer is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

9. The Commission brings this action pursuant to the authority conferred upon it by Exchange Act Sections 21(d) and 21A [15 U.S.C. §§ 78u(d) and 78u-1].

10. The Commission seeks a final judgment: (a) permanently enjoining Holzer from violating the federal securities laws and rules this Complaint alleges he has violated; (b) ordering Holzer to pay civil money penalties pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1]; (c) ordering the Relief Defendants to disgorge all ill-gotten gains they received as a result of Holzer's violations alleged herein and to pay prejudgment interest thereon pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)]; and (d) ordering any other and further relief the Court may deem just and proper.

### **JURISDICTION AND VENUE**

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

12. Holzer, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

13. Venue in this District is proper under Section 27 of the Exchange Act [15 U.S.C. § 78aa], because certain of the acts, practices, transactions, and courses of business constituting the violations alleged in this Complaint occurred in the Southern District of New York. At all times relevant to this action, the securities Holzer traded illegally were traded on the New York Stock Exchange (“NYSE”), which is located in this District. In addition, Holzer obtained MNPI from the Adviser, which is headquartered in this District, pursuant to an NDA executed in this District. Holzer also directed some or all of the unlawful trades in the Relief Defendants’ offshore accounts from this District.

#### **DEFENDANT**

14. **Holzer**, age 54, of Wellington, Florida, is the Managing Member of Worth Capital Holdings LLC, a real estate-focused family office owned by the Holzer family and headquartered in New York, New York. From 2001 to 2005, Holzer was employed by a registered broker-dealer, where he held series 3, 7, and 63 licenses. Holzer does not currently hold any securities licenses and is not currently registered with the Commission in any capacity. Between 2020 and 2022, Holzer served on the board of directors of a publicly-traded online food delivery company. During the relevant period, Holzer served as “investment adviser” to Maglione and Frontenac. In 2022, Holzer settled an insider trading action brought by the Commission, in which the Commission alleged that Holzer traded DNB options in accounts in his name on the basis of MNPI concerning the Acquisition that he obtained pursuant to the NDA, and that he tipped his cousin, who also traded.

### RELIEF DEFENDANTS

15. **Maglione** is a Cayman Islands limited company. Maglione is an investment vehicle wholly-owned by a Cayman Islands trust established at Holzer’s direction (the “Trust”). During the relevant period, Holzer served as “investment adviser” to Maglione and exercised direct or indirect control over trading in brokerage accounts belonging to Maglione, including an account (the “Maglione Account”) at a broker-dealer based in the Bailiwick of Guernsey (the “Guernsey Brokerage Firm”).

16. **Frontenac** is a Cayman Islands limited company. Frontenac is an investment vehicle wholly-owned by the Trust. During the relevant period, Holzer served as “investment adviser” to Frontenac and exercised direct or indirect control over trading in brokerage accounts belonging to Frontenac, including an account (the “Frontenac Account”) at the Guernsey Brokerage Firm.

### OTHER RELEVANT ENTITIES

17. **DNB** is a Delaware corporation headquartered in Jacksonville, Florida that provides commercial data, analytics, and trade credit and risk management services. During the relevant period, DNB’s common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the NYSE. Prior to its Acquisition by the Investor Group, DNB 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. DNB went public again in July 2020 and is once again listed on the NYSE.

18. **The Trust** is a trust organized under the laws of the Cayman Islands. The Trust (or its legal predecessor) was established at Holzer’s direction in or around 2012 for the benefit of a family member. During the relevant period, a financial company based in the Cayman

Islands served as protector<sup>1</sup> of the Trust (“Protector”), acting principally through Protector’s co-founder and managing director, “Protector-1.”

## FACTS

### **I. Holzer Obtained MNPI about the DNB Acquisition Pursuant to an NDA.**

19. On or about May 19, 2018, a member of the Investor Group executed a confidentiality agreement with DNB’s board of directors to engage in due diligence in connection with a potential business transaction.

20. On July 9, 2018, the Investor Group made a non-binding offer to take DNB private at a price of \$145 per share. Following continued negotiations, DNB management presented the Investor Group with a draft merger agreement on July 26, 2018.

21. On July 27, 2018, a managing partner of the Adviser, which was a member of the Investor Group, called Holzer to discuss an investment opportunity initially on a “no names” basis, pending execution of a non-disclosure agreement. Holzer had been a client of the Adviser and Worth Capital had invested in prior real estate and private equity deals through the Adviser.

22. Holzer expressed interest, and shortly after the call, the Adviser sent Holzer a draft of the NDA addressed to Holzer’s family office, Worth Capital. The NDA required Worth Capital and its “Representatives” (defined to include all officers, employees and affiliates) to keep confidential any information provided by the Adviser and to use such information “solely for the purpose of evaluating financing alternatives for the benefit of [the unnamed acquisition target],” which it described as a “leading publicly listed commercial data and analytics company.” The NDA also prohibited disclosure of the very fact “that discussions or negotiations are taking place concerning a possible transaction with” the acquisition target.

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<sup>1</sup> A “protector” is a fiduciary, employed in some Cayman Islands trusts, whose specific role and responsibilities vary from trust to trust as defined in the trust instruments.

23. On July 30, 2018, Holzer signed, or directed another Worth Capital associate to sign, the NDA on behalf of Worth Capital. This same Worth Capital associate then emailed the signed NDA back to the Adviser at Holzer's direction, copying Holzer.

24. Approximately half an hour later, the Adviser sent Holzer the 109-page Investment Deck. The Investment Deck was labeled "Strictly Private and Confidential," and included a statement that it was prepared on the basis of "~10 weeks of access to confidential company information" obtained by the Investor Group and its advisors pursuant to various non-disclosure agreements.

25. The Investment Deck identified the target of the proposed acquisition as DNB and the acquisition price as \$145 per share (a 15.1% premium to DNB's last closing price), and noted the parties' intent to sign and announce a transaction before DNB's earnings call scheduled for 8:00 AM EST on August 9, 2018, all of which was non-public information. The Investment Deck also included a detailed analysis of DNB's current and projected performance and other non-public information collected during the due diligence process. A reasonable investor would have viewed this information as material to a decision whether to buy or sell DNB securities.

26. Over the next week, Holzer had numerous calls and email exchanges with representatives of the Adviser and other members of the Investor Group about the deal. Among other things, Holzer was provided with memoranda containing additional non-public financial information about DNB obtained via the due diligence process. Holzer also received regular updates from the Adviser on the progress of the final merger agreement and the timing of the Announcement. A reasonable investor would have viewed the foregoing information as material to a decision whether to buy or sell DNB securities.

27. On or about August 5, 2018, Holzer made a verbal commitment to the Adviser that Worth Capital would contribute to the DNB Acquisition. Following the Announcement, Holzer executed a subscription agreement with the Adviser.

28. On November 14, 2022, this Court entered a final judgment against Holzer in an insider trading action brought by the Commission, *Securities and Exchange Commission v. Charles Rustin Holzer*, No. 22 Civ. 08342 (S.D.N.Y. filed Sept. 30, 2022) (the “Prior Action.”). The Commission’s complaint in the Prior Action (Dkt. No. 1) alleged that, on August 7 and 8, 2018, Holzer unlawfully traded DNB options for his own account on the basis of MNPI concerning the upcoming DNB Acquisition that he obtained pursuant to the NDA with the Adviser, and that he unlawfully tipped his cousin, who also traded on that MNPI. Holzer settled the Prior Action without admitting or denying the Commission’s allegations.

29. Pursuant to the final judgment (Dkt. No. 13) and an earlier consent judgment entered against Holzer (Dkt. No. 7) in the Prior Action, Holzer was permanently enjoined from violating Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], ordered to pay disgorgement in the amount of \$91,509 plus prejudgment interest of \$14,217.67, and a civil monetary penalty in the amount of \$763,509 (representing an amount equal to Holzer’s own trading profits together with his cousin’s profits), and was permanently barred from serving as an officer or director of a public company.

30. In agreeing to settle the Prior Action, Holzer did not disclose the trading in the Maglione and Frontenac Accounts alleged herein. The Maglione and Frontenac trading was therefore not part of the Prior Action.



**II. Holzer Served as “Investment Adviser” to the Relief Defendants and Made Trading Decisions for the Maglione and Frontenac Accounts.**

31. Around the time the Trust was established in approximately 2012, Holzer was appointed “investment adviser” to the various investment vehicles owned by the Trust, including the Relief Defendants. This long-standing arrangement was later memorialized in an Investment Advisory Agreement dated April 18, 2019 (the “Advisory Agreement”). The Advisory Agreement purported to “memorialize the terms on which the Investment Adviser [Holzer] has provided advisory services to the relevant Client [Maglione and Frontenac] since the Commencement Date [June 1, 2012],” and by its terms was made retroactive to that date.

32. Under the Advisory Agreement, which was signed by Protector-1 on behalf of Maglione and Frontenac, Holzer was to provide investment advice to the Relief Defendants.

33. In his capacity as “investment adviser” to the Relief Defendants, Holzer was authorized to communicate with the Guernsey Brokerage Firm on behalf of the Relief Defendants, and was authorized to receive statements for the Maglione and Frontenac Accounts.

34. Holzer was entitled to a retainer of \$20,000 per year and an hourly fee of \$500 for his services under the Advisory Agreement.

**III. Holzer Directed the Purchase of DNB Stock in the Maglione and Frontenac Accounts Ahead of the Announcement.**

35. On the morning of August 1, 2018, less than two days after Holzer learned about the upcoming DNB Acquisition from the Adviser pursuant to the NDA, a broker at the Guernsey Brokerage Firm called Holzer’s cell phone and they spoke for almost 4 minutes. Later that day, the Guernsey Brokerage Firm executed the first DNB purchase order for 6,000 shares of DNB stock in the Maglione Account. The next day, August 2, the Guernsey Brokerage Firm executed a purchase order for 2,800 shares of DNB stock in the Frontenac Account, and on the morning of

August 3, the Guernsey Brokerage Firm executed a purchase order for 6,000 DNB shares in the Maglione Account. Later that day (August 3), the broker called Holzer again and they spoke for about 3 minutes.

36. On the morning of August 6, the broker called Holzer and they spoke for one and a half minutes. Less than 30 minutes after that call ended, the Guernsey Brokerage Firm executed a purchase order for 4,200 DNB shares in the Maglione Account.

37. On the morning of August 7, the broker called Holzer and they spoke for almost three minutes. Later that day, the Guernsey Brokerage Firm executed a purchase order for 3,250 DNB shares in the Maglione Account and 750 DNB shares in the Frontenac Account.

38. In total, between August 1 and 7, 2018, 23,000 shares of DNB stock were purchased in the Maglione and Frontenac Accounts. The total outlay for those purchases in the Maglione and Frontenac Accounts was \$2,434,595.63 and \$444,925.57, respectively (totaling \$2,879,521.20).

39. During the phone calls between Holzer and the Guernsey Brokerage Firm broker on August 1, 3, 6, and 7, 2018, Holzer directed the DNB stock purchases in the Maglione and Frontenac Accounts described in paragraphs 35 through 38, above.

40. The Maglione and Frontenac Accounts sold other positions to fund the DNB stock purchases. On August 1, less than fifteen minutes after the broker called Holzer, the Guernsey Brokerage Firm executed a sale of \$355,000 of CSX Corp. (“CSX”) stock in the Maglione Account, and two hours later, the Guernsey Brokerage Firm executed a sale of \$300,000 of Bristol Myers Squibb Co. (“BMY”) stock in the Frontenac Account. In total, the Maglione and Frontenac Accounts sold \$1.67 million of CSX and BMY stock between August 1 and August 8, 2018, using the proceeds to help fund the DNB stock purchases. Holzer directed those stock

sales during his phone calls with the Guernsey Brokerage Firm broker on August 1, 3, 6, and 7, 2018.

41. DNB's board of directors approved the Acquisition on August 8, 2018, and the Acquisition was announced to the public later that day after the markets closed. The next day, DNB stock closed at 142.21, up 16% from its closing price on August 8.

42. After the Announcement, the Maglione and Frontenac Accounts sold all 23,000 DNB shares between August 15 and 17, 2018 for a total of \$3,261,738.98, realizing \$382,217.78 in actual profits on the DNB trades.

43. If all 23,000 DNB shares had instead been sold the day after the Announcement at that day's closing price, the Maglione and Frontenac Accounts would have realized \$331,388.87 and \$59,919.93 in potential profits, respectively, totaling \$391,308.80.

44. Holzer directed the DNB stock purchases in the Maglione and Frontenac Accounts between August 1 and 7, 2018 on the basis of MNPI that Holzer knowingly or recklessly misappropriated from the Adviser. Holzer learned the MNPI pursuant to the NDA, which imposed on Holzer a duty to keep the information confidential and to not trade on it. Holzer knew or was reckless in not knowing that he was in possession of MNPI about DNB, and that by using that information to trade, he was breaching his duty of confidentiality to the Adviser.

45. Holzer did not disclose to the Adviser that he was going to trade or had traded in DNB stock ahead of the Announcement.

**FIRST CLAIM FOR RELIEF**  
**Violation of Exchange Act Section 10(b) and Rule 10b-5 Thereunder**  
**(Holzer)**

46. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 45.

47. Holzer, directly or indirectly, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

48. By reason of the foregoing, Holzer, directly or indirectly, violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**SECOND CLAIM FOR RELIEF**  
**Unjust Enrichment**  
**(Maglione and Frontenac)**

49. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 48.

50. Maglione received approximately \$331,388.87 in ill-gotten profits from Holzer's unlawful trading.

51. Maglione has no legitimate claim to these funds.

52. Maglione obtained the funds under circumstances in which it is not just, equitable, or conscionable for it to retain the funds.

53. Maglione has therefore been unjustly enriched.

54. Frontenac received approximately \$59,919.93 in ill-gotten profits from Holzer's unlawful trading.

55. Frontenac has no legitimate claim to these funds.

56. Frontenac obtained the funds under circumstances in which it is not just, equitable, or conscionable for it to retain the funds.

57. Frontenac has therefore been unjustly enriched.

### **PRAYER FOR RELIEF**

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

#### **I.**

Permanently enjoining Holzer from violating, directly or indirectly, 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 Holzer to pay civil monetary penalties under Section 21A of the Exchange Act [15 U.S.C. § 78u-1];

#### **III.**

Ordering the Relief Defendants to disgorge all ill-gotten gains by which they were unjustly enriched, with pre-judgment interest thereon, as a result of the alleged violations pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)];

**IV.**

Granting any other and further relief this Court may deem just and proper.

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: New York, New York  
August 2, 2023

*Antonia M. Apps*

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