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10
11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 **SECURITIES AND EXCHANGE**
14 **COMMISSION,**

15 **Plaintiff,**

16 **vs.**

17 **JORDAN QSAR, GRANT**
18 **WITHERSPOON, AUSTIN**
19 **BERNARD, and CHASE LAMBERT,**

20 **Defendants.**

Case No. **'24CV0570 AJB BLM**

COMPLAINT

Jury Trial Demanded

21
22 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

23 **SUMMARY**

24 1. This case involves insider trading by Defendants Jordan Qsar (“Qsar”),
25 Grant Witherspoon (“Witherspoon”), Austin Bernard (“Bernard”), and Chase
26 Lambert (“Lambert”) (collectively, “Defendants”) in the securities of Del Taco
27 Restaurants, Inc. (“Del Taco”). Qsar, a minor league baseball player, returned to his
28 home in the San Diego area in October 2021 during a break from baseball. While in

1 San Diego, he socialized with a close friend who worked as a finance employee (the
2 “Finance Employee”) for Jack in the Box Inc. (“Jack in the Box”). In the fall of
3 2021, the Finance Employee was working on Jack in the Box’s acquisition of Del
4 Taco (the “Acquisition”) and shared this material nonpublic information with Qsar in
5 confidence and under the understanding that Qsar would not trade on the information
6 or disclose it to others.

7 2. Instead, Qsar misappropriated the confidential information from the
8 Finance Employee, purchasing call options for Del Taco stock (“TACO call options”)
9 between mid-October and late November 2021.

10 3. Qsar also tipped Defendants Bernard, Witherspoon, and Lambert, and all
11 three of them purchased TACO call options, largely the same series of TACO call
12 options Qsar bought.

13 4. Qsar disclosed this information to his co-Defendants in breach of his
14 duty of trust and confidence for personal benefit, expecting them to trade. Bernard,
15 Witherspoon, and Lambert each were aware that the information had been divulged
16 in breach of a duty of trust and confidence for personal benefit. And each Defendant
17 traded on the basis of this material nonpublic information.

18 5. As a result of Jack in the Box’s announcement of the Acquisition in
19 December 2021, Del Taco’s stock price rose by 66%. Qsar, Bernard, Witherspoon,
20 and Lambert sold their options and made about \$189,000 in combined trading profits.

21 6. By engaging in the conduct alleged in this complaint, Defendants
22 violated the antifraud provisions of the federal securities laws, specifically, Section
23 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b),
24 and Rule 10b-5 promulgated under the Exchange Act, 17 C.F.R. § 240.10b-5. The
25 SEC seeks permanent injunctions, disgorgement of all ill-gotten gains, and civil
26 penalties.

27 JURISDICTION AND VENUE

28 7. The Court has jurisdiction over this action pursuant to Sections 21(d)(1),

1 21(d)(3)(A), 21A and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u-1 & 78aa.

2 8. The SEC brings this action under Section 21(d) and 21A of the
3 Exchange Act, 15 U.S.C. §§ 78u(d), 78u-1. Defendants, directly or indirectly, made
4 use of the means or instrumentalities of interstate commerce, of the mails, or of the
5 facilities of a national securities exchange in connection with the transactions, acts,
6 practices, and courses of business alleged in this complaint.

7 9. Venue is proper in this district pursuant to Section 27(a) of the Exchange
8 Act, 15 U.S.C. § 78aa(a), because certain of the transactions, acts, practices, and
9 courses of conduct constituting violations of the federal securities laws occurred
10 within this district. In addition, venue is proper in this district because Qsar and
11 Bernard reside in this district.

12 THE DEFENDANTS

13 10. **Jordan Qsar**, age 28, resides in El Cajon, California. Qsar played
14 baseball for Pepperdine University (“Pepperdine”), then for minor league teams
15 affiliated with the Tampa Bay Rays (“Rays”) and other organizations.

16 11. **Austin Bernard**, age 27, resides in Oceanside, California. Bernard
17 played baseball at Pepperdine with Qsar, and then for minor league teams. He
18 recently signed to play with a baseball team in India.

19 12. **Grant Witherspoon**, age 27, resides in Littleton, Colorado.
20 Witherspoon played baseball with Qsar on a minor league team affiliated with the
21 Rays. He now plays baseball in Mexico.

22 13. **Chase Lambert**, age 27, resides in Malibu, California. Lambert played
23 baseball at Pepperdine with Qsar, and then for minor league teams. He currently
24 works as an electrician and baseball coach.

25 RELEVANT ENTITIES AND INDIVIDUALS

26 14. **Del Taco Restaurants, Inc.**, was a Delaware company headquartered in
27 Lake Forest, California, until March 8, 2022, after which it was acquired by a
28 subsidiary of Jack in the Box. Del Taco was an SEC-reporting company quoted on

1 the NASDAQ Stock Market under the symbol “TACO,” and had shares registered
2 pursuant to Section 12(b) of the Exchange Act.

3 15. **Jack in the Box Inc.**, is a Delaware company headquartered in San
4 Diego, California. Jack in the Box operates and franchises quick serve restaurants
5 and is one of the nation’s largest hamburger chains. It is an SEC-reporting company
6 quoted on the NASDAQ Global Select Market under the symbol “JACK,” and has
7 shares registered pursuant to Section 12(b) of the Exchange Act.

8 16. **Finance Employee** was, at all relevant times, employed by Jack in the
9 Box to work on finance-related matters. The Finance Employee had knowledge of
10 the Acquisition and was responsible for, among other things, tasks related to the
11 Acquisition due diligence process.

12 COMMONLY-USED TRADING TERMS

13 17. A stock option, commonly referred to as an “option,” gives its
14 purchaser-holder the right, but not the obligation, to buy or sell shares of an
15 underlying stock at a specified price per share (the “strike price”) within a specific
16 period of time prior to the expiration date (“expiration”). Options are generally sold
17 in “contracts,” which give the option holder the opportunity to buy or sell 100 shares
18 of an underlying stock.

19 18. A “call” option gives the purchaser-holder of the option the right to
20 purchase a security at a specified strike price prior to expiration. A call option is “out
21 of the money” when the strike price is above the current market price of the
22 underlying security and “in the money” when the strike price is below the market
23 price. Generally, the buyer of an out-of-the-money call option anticipates that the
24 market price of the underlying security will increase so that the option will be in the
25 money before the option expires, thus providing a profit to the holder of the option.

26 19. Options are often listed in “series,” which consist of the options on a
27 given security with the same strike price and same expiration date.
28

THE ALLEGATIONS

A. Background

1. Relationships Among the Defendants

20. In the mid-2010s, Qsar, Bernard, Lambert, and the Finance Employee attended Pepperdine and played on the school’s baseball team together.

21. After graduating, they moved away to play baseball for different minor league teams or pursue other career opportunities but remained close friends.

22. The Finance Employee was closest with Qsar.

23. The Finance Employee and Qsar shared confidences, including about their romantic relationships and their personal financial information.

24. The Finance Employee trusted Qsar to maintain those confidences, and Qsar knew that the Finance Employee expected him to maintain those confidences and not to misappropriate information shared with Qsar for his own benefit.

25. During 2021, Qsar, Bernard, Lambert, and the Finance Employee would sometimes socialize in the San Diego area if they were all in Southern California at the same time.

26. Qsar and Witherspoon were both drafted by the Rays in 2018 and played on various minor league teams affiliated with the organization.

27. During fall 2021, Qsar and Witherspoon played for the same minor league baseball team and were close friends and roommates.

2. Finance Employee’s Involvement in the Transaction

28. The Finance Employee began working for Jack in the Box as a Senior Associate, Strategic Finance, in August 2021.

29. He became aware of the Acquisition in mid-September 2021, and was part of the deal team. The Finance Employee’s responsibilities included coordinating the due diligence effort and conducting financial analysis.

30. The Finance Employee was privy to information such as Acquisition timing and draft merger agreements.

1 31. The information the Finance Employee had about the Acquisition was
2 material nonpublic information.

3 32. In connection with his employment, the Finance Employee signed a
4 confidentiality agreement and understood that information he received related to the
5 Acquisition was confidential.

6 **B. DEFENDANTS’ INSIDER TRADING SCHEME**

7 **1. Qsar Misappropriates Material Nonpublic Information Shared in**
8 **Confidence by the Finance Employee**

9 33. During summer 2021, Qsar was on the road playing baseball. He
10 returned to San Diego on or about October 2, 2021, and he, the Finance Employee,
11 and several other friends—including Bernard and Lambert—went out together
12 drinking.

13 34. Qsar learned about the Acquisition from the Finance Employee on or
14 about October 2, 2021.

15 35. While Qsar was still in San Diego, he told Witherspoon about the
16 Acquisition.

17 36. Around the same time, Qsar also told another Rays teammate, Individual
18 1, about the Acquisition.

19 37. Qsar, Witherspoon, and Individual 1 were all in different parts of the
20 country at the time, and they began exchanging text messages about investing in Del
21 Taco.

22 38. In their initial texts, Qsar, Witherspoon, and Individual 1 demonstrated
23 that they knew they had obtained material nonpublic information by attempting to
24 concoct an alternative explanation for their eventual trades.

25 39. For example, on or about October 5, 2021, Witherspoon texted Qsar and
26 Individual 1, “[c]heck out this stock guys Del taco, this chart is looking bullish to me.
27 Might try to gamble on some options or something, I love to eat at del taco.”
28

1 40. At the time of the text message, Del Taco stock was trading at about
2 \$8.74 per share.

3 41. Qsar responded, “I’m thinking about it too[.] Chart looks primed to
4 boom[.] What’s it [sic] 52 week high?”

5 42. Witherspoon responded, “\$11.99[.] Could see it hitting \$10 easy[.]”

6 43. Qsar responded, “If we break 10 new 52 week highs could follow[.] The
7 payout could be ridiculous if we buy the January 2022 calls[.]”

8 44. By “January 2022 calls,” Qsar was referring to TACO call options with a
9 strike price of \$10 expiring in January 2022.

10 45. At the time, Qsar did not know the precise timing of the Acquisition, but
11 he expected it to occur before the end of the year and he knew that call options would
12 provide the opportunity to make the most profit.

13 46. About a week later, Qsar, Witherspoon, and Individual 1 all attended a
14 baseball training camp in Florida together.

15 **2. Qsar and Witherspoon Start Trading on the Misappropriated**
16 **Material Non-Public Information**

17 47. On October 15, 2021, while in a locker room at the training camp with
18 Individual 1, Qsar and Witherspoon each bought TACO call options with a strike
19 price of \$10 expiring on January 21, 2022—Qsar bought 15 options for \$465 and
20 Witherspoon bought 113 options for \$3,683.

21 48. At the same time, Individual 1 also bought the same series of TACO call
22 options.

23 49. Qsar purchased two more of the same TACO call options on October 20,
24 2021.

25 50. Witherspoon purchased one of the same TACO call options on
26 October 18, 2021, and 12 more of the same options on October 20, 2021.

27
28

1 **3. Qsar Misappropriates More Material Nonpublic Information Shared**
2 **in Confidence by the Finance Employee**

3 51. On Thursday, October 21, 2021, while texting about Del Taco, Qsar sent
4 a text message to Witherspoon and Individual 1 saying, “I’m going to la tomorrow
5 with my buddy and he has a call during are [sic] drive 🐱.” The “buddy” Qsar was
6 referring to was the Finance Employee.

7 52. Witherspoon was aware that the Finance Employee worked for Jack in
8 the Box.

9 53. Witherspoon responded to Qsar’s text about the drive with the Finance
10 Employee, “No way,” and Qsar replied, “4 hour call 🐱 🐱 🐱 .”

11 54. Witherspoon responded, “That’s incredible,” and Qsar texted back,
12 “Hopefully about the good good [sic].”

13 55. Later that day, Qsar texted Witherspoon and Individual 1: “I’ll have a
14 full report on Saturday for you guys[.]” Witherspoon responded, “Better be good[.]”

15 56. The next day, Friday, October 22, 2021, the Finance Employee and Qsar
16 drove to Los Angeles. During the drive, the Finance Employee was on a four-hour
17 Zoom call about the Acquisition, which lasted more than the length of the drive.

18 57. The Finance Employee took parts of the call on speaker phone and
19 answered some of Qsar’s questions about the Acquisition, including providing Qsar
20 with material nonpublic information about the Acquisition.

21 58. The Finance Employee expected that Qsar would keep this additional
22 information confidential, and Qsar was aware that the Finance Employee expected
23 him to maintain its confidentiality.

24 59. Nevertheless, in breach of his duty of trust and confidence to the Finance
25 Employee, Qsar divulged the additional information shared with him during the drive
26 to Witherspoon and Individual 1, expecting that this information would be used in
27 securities trading.
28

1 **4. Qsar and Witherspoon Continue Trading on the Misappropriated**
2 **Material Non-Public Information**

3 60. After the October 22, 2021 drive with the Finance Employee, Qsar
4 bought additional securities on the basis of the material nonpublic information about
5 the Acquisition and encouraged others to do so.

6 61. Between October 23, 2021, and November 30, 2021, Qsar bought 176
7 TACO call options for \$2,119.

8 62. All told, between October 15, 2021, and November 30, 2021, Qsar
9 bought 258 out-of-the-money TACO call options with a strike price of \$10. Most of
10 those options, 136 of them, expired on January 21, 2022. The remaining 122 options
11 expired on December 17, 2021.

12 63. Qsar spent a total of \$4,099, not including fees and commissions, to buy
13 the TACO call options.

14 64. Qsar bought the TACO call options on the basis of material nonpublic
15 information he learned from the Finance Employee about the Acquisition.

16 65. On or about October 23, 2021, Individual 1 texted Qsar saying, “every
17 dollar I earn hustling is going to taco[.]” Individual 1 then suggested he might “take
18 everything out of saving [sic] and go all in[.]” Qsar responded, “Yeah and catch a
19 case haha[.]”

20 66. Witherspoon also bought more TACO call options after Qsar’s ride to
21 Los Angeles with the Finance Employee. On November 2, 2021, Witherspoon bought
22 58 TACO call options with a strike price of \$10 and expiration date of January 21,
23 2022, the same series of options he had bought in the locker room with Qsar on
24 October 15, 2021.

25 67. Witherspoon sold and rebought more TACO call options between
26 November 3, 2021, and November 30, 2021. By November 30, 2021, Witherspoon
27 was holding 204 out-of-the-money TACO call options with a strike price of \$10, 182
28 of which expired on January 21, 2022, and the remaining 22 options expired on

1 December 17, 2021, the same two series Qsar had bought. Witherspoon paid a total
2 of \$5,157 for the options, not including fees and commissions.

3 **5. Witherspoon bought the TACO call options on the basis of the**
4 **material nonpublic information he learned from Qsar about the**
5 **Acquisition. Qsar Tipped Bernard and Together They Tipped**
6 **Lambert**

7 68. Qsar and Bernard work out together in the off season.

8 69. In October 2021, around the same time Qsar learned about the
9 Acquisition and began texting about Del Taco with Witherspoon, Qsar tipped
10 Bernard about the Acquisition.

11 70. Bernard discussed with Qsar which options to buy to profit from the
12 information that Qsar had obtained about the Acquisition.

13 71. Before the Acquisition was announced, Qsar also told Bernard that the
14 information about the Acquisition came from the Finance Employee.

15 72. At first, Bernard lacked funds to make a large investment in TACO call
16 options. On October 20, 2021, Bernard spent \$70 to buy seven TACO call options
17 with a strike price of \$12.50, five expiring in January 2022 and two expiring in
18 March 2022. He bought another 50 options of the \$12.50 January 2022 series on
19 November 4, 2021.

20 73. By mid-November, however, Bernard had acquired more funds and he
21 began purchasing more TACO call options. Between November 18, 2021, and
22 December 2, 2021, Bernard bought 313 TACO call options, all but 40 of which were
23 the same two series Qsar had bought.

24 74. By December 3, 2021, Bernard was holding 370 out-of-the-money
25 TACO call options for which he had paid a total of \$3,720.

26 75. Bernard bought the TACO call options on the basis of the material
27 nonpublic information he learned from Qsar about the Acquisition.
28

1 76. After Qsar tipped Bernard, he and Bernard had an in-person
2 conversation with Lambert in San Diego. Qsar and Bernard communicated material
3 nonpublic information to Lambert about the Acquisition and recommended that
4 Lambert buy TACO call options.

5 77. Lambert knew that the Finance Employee worked for Jack in the Box.

6 78. Like Bernard, Lambert also lacked funds to buy TACO call options
7 when he first learned of the Acquisition.

8 79. On December 1, 2021, Lambert bought 114 TACO call options for
9 \$1,710. All these options had a strike price of \$10 and an expiration date of
10 January 21, 2022, the same options series the other Defendants had purchased.

11 80. Lambert bought the TACO call options on the basis of the material
12 nonpublic information he learned from Qsar and Bernard about the Acquisition.

13 **C. Other Communication of Material Nonpublic Information about the**
14 **Acquisition by the Defendants**

15 81. In addition to tipping Witherspoon, Bernard, Lambert, and Individual 1,
16 Qsar also tipped his father about the Acquisition.

17 82. Qsar's father, with Qsar's assistance, bought TACO call options.

18 83. Witherspoon communicated material nonpublic information about the
19 Acquisition to his high school friend, Individual 2.

20 84. Individual 2 bought TACO call options.

21 85. In addition to his communications with Lambert, Bernard communicated
22 material nonpublic information about the Acquisition to his brother and another
23 former baseball player from Pepperdine, Individual 3, both of whom bought TACO
24 call options.

25 86. Lambert also communicated material nonpublic information about the
26 Acquisition to his cousin.

27 87. Lambert's cousin bought TACO call options.

28

1 **D. The Announcement of the Acquisition and Defendants' Illegal Profits**

2 88. Between October 15 and December 3, 2021, TACO's stock price never
3 closed above \$8.67.

4 89. On Monday, December 6, 2021, Jack in the Box and Del Taco
5 announced that Jack in the Box was acquiring Del Taco through a stock purchase
6 transaction valued at about \$575 million or \$12.51 per share.

7 90. Following the announcement of the Acquisition, Del Taco's stock price
8 rose by 66% to \$12.40, and the Defendants sold their TACO call options.

9 91. Qsar made about \$56,500 in trading profits.

10 92. Witherspoon made about \$42,800 in trading profits.

11 93. Bernard made about \$64,700 in trading profits.

12 94. Lambert made about \$25,100 in trading profits.

13 95. Qsar received a personal benefit from tipping, including the benefit of
14 providing a gift of confidential information to his close personal friends and a family
15 member, including the other Defendants, his friends, teammates, former teammates,
16 and his father.

17 **E. Defendants' Knowledge**

18 96. Each Defendant acted with scienter; each had intent to deceive or
19 defraud.

20 97. The tipper, Qsar, defrauded and betrayed the confidence of the Finance
21 Employee by trading for his own account and repeatedly tipping his close friends and
22 his father for personal benefit.

23 98. The tippee Defendants (Witherspoon, Bernard, and Lambert) traded on
24 this information and communicated it to others, despite their awareness that the
25 material nonpublic information about the Acquisition that they received from Qsar
26 was from an unlawful source.

27 99. All the Defendants traded in TACO call options, many of the same
28 series.

1 Qsar

2 100. Qsar acted with scienter in misappropriating the material nonpublic
3 information he learned about the Acquisition from the Finance Employee and trading
4 on it and tipping others.

5 101. Qsar owed a duty of trust and confidence to the Finance Employee. The
6 Finance Employee communicated material nonpublic information about the
7 Acquisition to Qsar as part of their history, pattern, and practice of sharing
8 confidences, expected Qsar to maintain its confidentiality by not disclosing it to
9 others or trading on it, and Qsar knew or was reckless in not knowing that the
10 Finance Employee expected Qsar to maintain its confidentiality by not disclosing it to
11 others or trading on it.

12 102. Qsar admitted that he never told the Finance Employee about his trading
13 because Qsar knew his conduct was wrong and regretted having betrayed his friend's
14 trust and confidence.

15 103. Qsar knew or was reckless in not knowing that the information was
16 material and nonpublic. He used the information to purchase securities, and this
17 information was a significant factor in his decision to purchase securities. And Qsar
18 communicated material nonpublic information about the Acquisition to Witherspoon,
19 Bernard, Lambert, Individual 1, and his father knowing, consciously avoiding
20 knowing, or being reckless in not knowing that the information Qsar communicated
21 would be used to trade securities.

22 Witherspoon

23 104. Witherspoon knew, consciously avoided knowing, or was reckless in not
24 knowing that the material nonpublic information about the Acquisition had been
25 divulged to him in a breach of a duty of trust and confidence for personal benefit. As
26 Qsar's direct tippee, Witherspoon of course knew that he and Qsar were close friends.

27 105. Witherspoon also knew, when Qsar was driving to Los Angeles with the
28 Finance Employee on October 22, 2021, that Qsar was surreptitiously attempting to

1 obtain more information about the Acquisition from the Finance Employee as
2 evidenced by the text messages described in paragraphs 39-43.

3 106. In text messages, Witherspoon tried to obscure the true reason he was
4 buying Del Taco securities, claiming it was because he liked the food and thought the
5 stock chart looked bullish.

6 107. Witherspoon knew or was reckless in not knowing that the information
7 was material and nonpublic, he used the material nonpublic information in the
8 purchase of securities, and this information was a substantial factor in his decision to
9 purchase securities. And Witherspoon communicated material nonpublic information
10 about the Acquisition to Individual 2 knowing, consciously avoiding knowing, or
11 being reckless in not knowing that the information Witherspoon disclosed would be
12 used to trade securities.

13 108. In a conversation between Witherspoon and Qsar on December 13,
14 2022, Qsar told Witherspoon that the Finance Employee was upset because he had
15 received a list of individuals who had traded Del Taco securities that included Qsar
16 and Witherspoon, and anticipated questions about their trading in Del Taco. In
17 response, Witherspoon raised the possibility of jail time.

18 Bernard

19 109. Bernard knew, consciously avoided knowing, or was reckless in not
20 knowing that the material nonpublic information about the Acquisition had been
21 divulged in a breach of a duty of trust and confidence for personal benefit. As Qsar's
22 direct tippee, Bernard of course knew that he and Qsar were close friends. Bernard
23 admitted that he understood his actions were illegal.

24 110. After communicating material nonpublic information to Individual 3,
25 Bernard and Individual 3 attempted to conceal their conduct, exchanging text
26 messages that included the coded statement, "Need TACOMA to come through[.]"

27 111. Bernard knew or was reckless in not knowing that the information was
28 material and nonpublic, he used the material nonpublic information in the purchase of

1 securities, and this information was a substantial factor in his decision to purchase
2 securities. And Bernard communicated material nonpublic information about the
3 Acquisition to Lambert, Bernard’s brother and Individual 3 knowing, consciously
4 avoiding knowing, or being reckless in not knowing that the information Bernard
5 disclosed would be used to trade securities.

6 Lambert

7 112. Lambert knew, consciously avoided knowing, or was reckless in not
8 knowing that the material nonpublic information about the Acquisition had been
9 divulged in a breach of a duty of trust and confidence for personal benefit. As Qsar’s
10 direct tippee, Lambert of course knew that he and Qsar were close friends.

11 113. Lambert admitted that after Del Taco announced the Acquisition and he
12 sold his TACO call options, he “didn’t . . . want to be anywhere close to the
13 relationship” with the Finance Employee.

14 114. Lambert knew or was reckless in not knowing that the information was
15 material and nonpublic, he used the material nonpublic information in the purchase of
16 securities, and this information was a substantial factor in his decision to purchase
17 securities. And Lambert communicated material nonpublic information about the
18 Acquisition to his cousin knowing, consciously avoiding knowing, or being reckless
19 in not knowing that the information Lambert disclosed would be used to trade
20 securities.

21 **FIRST CLAIM FOR RELIEF**

22 **Fraud in Connection with the Purchase or Sale of Securities**

23 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

24 **(Against All Defendants)**

25 115. The SEC realleges and incorporates by reference paragraphs 1 through
26 114 above.

1 116. Qsar learned material nonpublic information from the Finance
2 Employee. Qsar knew or was reckless in not knowing, that the information he
3 possessed concerning the Acquisition was material nonpublic information.

4 117. At all relevant times, Qsar had a relationship of trust and confidence
5 with the Finance Employee that required him to keep nonpublic information
6 regarding the Acquisition confidential. Qsar knew, or was reckless in not knowing,
7 that he owed the Finance Employee a duty of trust or confidence to keep the material
8 nonpublic information he possessed concerning the Acquisition confidential. Qsar,
9 with scienter, breached that duty by using that information to trade TACO securities
10 and by tipping his close friends Witherspoon and Individual 1 (who were also his
11 teammates at the time), Bernard and Lambert (his close friends and former
12 teammates), and his father for the benefit of making a gift to a close friend or relative.

13 118. Witherspoon, Bernard, and Lambert each knew, consciously avoided
14 knowing, or was reckless in not knowing, that the material nonpublic information
15 about the Acquisition had been divulged in breach of a duty of trust and confidence
16 for personal benefit.

17 119. Witherspoon, Bernard, and Lambert each used the material nonpublic
18 information about the Acquisition in trading Del Taco securities.

19 120. Witherspoon, with scienter, communicated material nonpublic
20 information to his high school friend, Individual 2, with the intention that Individual
21 2 would use the information to trade Del Taco securities and for the personal benefit
22 of making a gift to a close friend.

23 121. Bernard, with scienter, communicated material nonpublic information to
24 his brother and his former college teammate and close friend, Individual 3, with the
25 intention that his brother and Individual 3 would each use the information to trade
26 Del Taco securities and for the personal benefit of making a gift to a close friend or
27 relative.

1 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder,
2 17 C.F.R. § 240.10b-5.

3 **III.**

4 Order Defendants Qsar, Witherspoon, Bernard, and Lambert to disgorge all
5 funds received from their illegal conduct, together with prejudgment interest thereon
6 pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7), 15 U.S.C. §§ 78u(d)(5),
7 78u(d)(7).

8 **IV.**

9 Order Defendants Qsar, Witherspoon, Bernard, and Lambert to pay a civil
10 penalty under Section 21A of the Exchange Act, 15 U.S.C. § 78u-1.

11 **V.**

12 Retain jurisdiction of this action in accordance with the principles of equity and
13 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
14 all orders and decrees that may be entered, or to entertain any suitable application or
15 motion for additional relief within the jurisdiction of this Court.

16 **VI.**

17 Grant such other and further relief as this Court may determine to be just and
18 necessary.

19 **Jury Demand**

20 The SEC demands trial by jury on liability.

21 Dated: March 26, 2024

22 */s/ Charles E. Canter*

23 Charles E. Canter

24 Sara D. Kalin

25 Attorneys for Plaintiff

26 Securities and Exchange Commission
27
28