

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

Civil Action No.: 1:24-cv-3387

v.

KEVIN CROTTY,

Defendant.

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC”) files this Complaint against Defendant Kevin Crotty (“Crotty”), and alleges as follows:

SUMMARY

1. This case concerns Crotty’s unlawful insider trading in the securities of TravelCenters of America Inc. (“TA”), a full-service truck stop and travel center company headquartered in Ohio. On February 16, 2023, TA announced that it had agreed to be acquired by BP p.l.c. (“BP”), a British multinational oil and gas company. Prior to the announcement, Crotty learned of the acquisition through his employment as a senior manager for BP. On February 15, 2023, Crotty, in violation of the duty of trust and confidence he owed his employer, misappropriated BP’s confidential information by purchasing 848.824 shares of TA stock. After the announcement, TA’s stock price jumped 70.8%, generating \$30,667 in illicit, unrealized gains for Crotty.

2. By engaging in the conduct alleged herein, Crotty 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]. The SEC brings this action seeking a permanent injunction, an officer-and-director bar, disgorgement with prejudgment interest, and a civil penalty.

JURISDICTION AND VENUE

3. 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, and 78aa]. Crotty directly or indirectly made use of means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged herein.

4. Venue in this district is proper under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain acts, practices, transactions, and courses of business constituting the violations alleged herein occurred within this district.

DEFENDANT

5. **Kevin Crotty** is a resident of Chicago, Illinois, and holds a Master of Business Administration degree from DePaul University. Crotty was employed by BP from 2001 until he resigned in June 2023. During the relevant time, Crotty served as a senior manager for BP. Crotty is not associated with any entity registered with the Commission.

OTHER RELEVANT ENTITIES

6. **TravelCenters of America Inc.** was a full-service truck stop and travel center operator incorporated in Maryland with its principal place of business located in Westlake, Ohio. TA's common stock was registered on Nasdaq and traded under the symbol, "TA." On May 15, 2023, TA was acquired by a wholly owned indirect subsidiary of BP.

7. **BP p.l.c.** is a multinational oil and gas company incorporated in England and Wales. BP's principal executive office is in London, England, and its principal U.S. office is in Houston, Texas. BP's ordinary shares are listed on the London Stock Exchange and the Frankfurt

Stock Exchange. BP's American Depository Shares are registered on the New York Stock Exchange and trade under the symbol, "BP."

FACTS

BP's Acquisition of TA

8. In April 2022, BP and TA executed a confidentiality agreement regarding a potential strategic relationship. Two months later, BP indicated to TA that it might be interested in making an offer to acquire TA. In November 2022, TA granted BP access to a virtual data room containing confidential financial information to enable BP to conduct its due diligence regarding a potential acquisition of TA. In December 2022, BP submitted an initial offer to acquire TA for \$60 per share. On February 7, 2023, BP submitted a revised (and final) offer to acquire TA for \$86 per share. The following day, TA's board of directors directed its management to negotiate the company's sale to BP. On February 16, 2023, TA publicly announced that it had agreed to be acquired by BP for \$86 per share in cash.

Crotty Obtains Material, Nonpublic Information Regarding TA

9. BP regularly evaluates entities for potential acquisitions or partnerships. In January 2019, BP requested that Crotty "take TA...through an evaluation model." The following month, Crotty reviewed TA's financial information and potential transaction structures; however, BP's initial interest in TA did not progress beyond a preliminary evaluation.

10. By July 2021, BP had begun to focus again on TA. On July 26, 2021, Crotty participated in a brainstorming session with several other BP employees regarding TA. The following month, Crotty received an email from the BP executive who had organized the July meeting, attaching a presentation detailing a potential joint venture between BP and TA. The email stated that BP and TA would enter into a nondisclosure agreement regarding their possible partnership.

11. On February 9, 2023, two days after BP submitted its final offer to acquire TA for \$86 per share, Crotty exchanged text messages with a BP colleague working on the transaction. Crotty asked his coworker if there were any significant updates on “Bluestar”—BP’s internal code name for its acquisition of TA. The colleague answered: “Nothing official yet but yes. [BP’s SVP, fuels supply & midstream] and M&A had a call with [BP’s CFO] to get clearance to move. I’m optimistic.” On February 11, 2023, the same BP employee texted Crotty, “It’s like 80-85% chance right now.” Crotty responded, “I saw something which made me believe it had a very high likelihood.” Crotty’s coworker replied, “I don’t want to say done deal but it’s very close.”

Crotty’s Insider Trading

12. During his more than two decades at BP, Crotty received periodic training, as well as regular written reminders, regarding the importance of keeping the company’s material, nonpublic information confidential. Additionally, BP’s Code of Conduct prohibits its employees from misappropriating such information by using it to trade in BP’s or other public companies’ securities. Crotty certified annually that he complied with the Code of Conduct.

13. Nevertheless, on February 15, 2023, Crotty violated the duty of trust and confidence he owed to BP by purchasing TA shares in three of his retirement accounts. Prior to these purchases, none of the accounts had positions in TA. In one IRA, Crotty purchased 562.405 TA shares, which represented 90% of its total portfolio value. In a second IRA, he purchased 132.865 shares, which comprised almost 100% of its total portfolio value. Crotty also purchased 153.554 shares in a Roth IRA.

14. On the morning of February 16, 2023, TA announced that it had agreed to be acquired by BP. That afternoon, a BP employee emailed Crotty congratulating him based on the incorrect assumption that Crotty had worked on the deal. Crotty responded that he had not and

that “the announcement was a surprise to [him] as it was [to] the majority of folks.” Crotty conducted internet searches that afternoon and evening, including: (1) “when a merger happens why doesn’t stock price reflect price;” (2) “when a merger is announced why does the price of purchase not reflect in the stock price;” and (3) “when an acquisition is announced what happens to the stock price.” When the trading day ended on February 16, 2023, TA’s stock price had risen almost 71% resulting in a total unrealized profit of \$30,667 for Crotty.

15. In May 2023, after learning of Crotty’s trading in TA shares from the SEC, BP’s outside counsel contacted Crotty to schedule an interview. On June 22, 2023, Crotty resigned from BP instead of submitting to an interview regarding his trading. In August 2023, Crotty invoked his Fifth Amendment privilege against self-incrimination when subpoenaed by the SEC to appear for investigative testimony.

CLAIM FOR RELIEF

Crotty 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]

16. The SEC realleges and incorporates by reference each and every allegation contained in the paragraphs above.

17. By engaging in the acts and conduct alleged herein, Crotty, directly or indirectly, in connection with the purchase or sale of a security, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange, knowingly or with severe recklessness:

- (a) employed a device, scheme, or artifice to defraud; and/or
- (b) made an untrue statement of material fact, or omitted to state a material fact 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 an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person.

18. By reason of the foregoing, Crotty violated, and unless enjoined will continue to violate, 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].

PRAYER FOR RELIEF

THEREFORE, the SEC respectfully requests that the Court enter a Final Judgment that:

- A. Permanently enjoins Crotty 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];
- B. Prohibits Crotty, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], 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)];
- C. Orders Crotty to disgorge all ill-gotten gains received as a result of the violations alleged herein, plus prejudgment interest on those amounts, pursuant to the Court's equitable powers and Sections 21(d)(3), 21(d)(5), and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)];
- D. Orders Crotty to pay civil penalties under Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; and
- E. Grants such further relief as the Court deems just and proper.

Date: April 26, 2024

Respectfully submitted,

/s/ Jason J. Rose

JASON J. ROSE*

Texas Bar No. 24007946

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