

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 76741 / December 22, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17021**

**In the Matter of**

**DANNY E. CARPENTER,**  
**ALWYN T. WYCHE, JR.,**  
**PHILIP HOLLEY, and**  
**WAYNE K. SOUD, JR.,**

**Respondents.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Danny E. Carpenter (“Carpenter”), Alwyn T. Wyche, Jr. (“Wyche”), Philip Holley (“Holley”), and Wayne K. Soud, Jr. (“Soud”) (collectively, “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>1</sup> that:

#### Summary

1. This matter involves the tipping of inside information by Respondent Carpenter, then the Chief Financial Officer of Acadia, and insider trading by Respondents Wyche, Holley, and Soud in the securities of Pioneer Behavioral Health, Inc. ("PHC") in advance of the May 24, 2011 announcement that Acadia Healthcare Company, Inc. ("Acadia") had agreed to acquire PHC.

2. Between December 2010 and January 2011, as CFO of Acadia, Carpenter learned that Acadia was considering an acquisition of PHC. Carpenter knew that he had a fiduciary duty to maintain this information in confidence.

3. On or around January 21, 2011, Carpenter informed Holley that Acadia was considering a transaction with PHC. Shortly thereafter, Holley informed Soud of what Carpenter had told him, with the recognition that Soud might trade. Both Holley and Soud purchased PHC shares while in possession of this material nonpublic information. Both Holley and Soud knew that Carpenter had learned this information through his position as a senior executive at Acadia. Both Holley and Soud knew or should have known that Carpenter disclosed this information in breach of a fiduciary duty owed to Acadia.

4. Holley also recommended PHC as a potential investment to another person with whom he had a close relationship ("Individual A"). Following and as a result of that discussion, Individual A did purchase shares of PHC. As a result of his improper use of the insider information, Holley and Individual A generated gains of \$8,120.

5. As a result of his improper use of the insider information, Soud generated gains of \$13,710.

6. In or around late March or early April 2011, Carpenter told Wyche that Acadia would be making a significant acquisition. As a result of this conversation, Wyche purchased shares of PHC based on this material nonpublic information. Wyche knew that Carpenter had learned this information through his position as a senior executive at Acadia. Wyche knew or should have known that Carpenter disclosed this information in breach of a fiduciary duty owed to Acadia. As a result of this improper use of insider information, Wyche generated gains of approximately \$34,022.

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

7. As a result of the conduct described above, Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

### **Respondent**

8. *Danny E. Carpenter*, age 56, resides in Florida. During the relevant time, Carpenter was Chief Financial Officer, and then divisional CFO, of Acadia, and resided in Georgia.

9. *Alwyn T. Wyche, Jr.*, age 69, resides in Georgia. During the relevant time, Wyche resided in Georgia. Wyche owns a home appliance business.

10. *Philip Holley* resides in Georgia. During the relevant time, Holley provided professional and consultative services to Acadia, and resided in Georgia.

11. *Wayne K. Soud, Jr.*, age 46, resides in Georgia. During the relevant time, Soud provided professional and consultative services to Acadia, and resided in Georgia.

### **Other Relevant Persons**

12. *Pioneer Behavioral Health, Inc.* was a Massachusetts company headquartered in Peabody, MA. It provided behavioral health services. Its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act until after it was acquired by Acadia. PHC's common stock traded on the American Stock Exchange (former ticker symbol PHC).

13. *Acadia Healthcare Company, Inc.* is an SEC reporting company incorporated in Delaware and headquartered in Franklin, TN. It provides behavioral health services. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. Acadia's common stock is traded on NASDAQ Global Market under the ticker symbol ACHC.

14. *Individual A* was a person known by Holley, with whom Holley had a close relationship. Individual A resided in Georgia during the relevant time period.

### **Facts**

15. From 2008 through 2013, Carpenter worked at Acadia, initially as Chief Financial Officer and later as Divisional CFO. Between December 2010 and January 2011, as CFO of Acadia, Carpenter learned that Acadia would be pursuing an acquisition of PHC. Carpenter participated in due diligence for the acquisition of PHC. Carpenter knew that the information about the acquisition was material and nonpublic, and that he had an obligation to maintain the confidentiality of the information. Carpenter gave that market-sensitive information to his good friends, Wyche and Holley, in breach of a fiduciary duty owed to Acadia. Carpenter knew or was reckless in not knowing that Wyche and Holley might trade based on that information.

16. Wyche and Holley knew at the time that Carpenter was a senior executive at Acadia. Wyche and Holley knew that Carpenter received the information he conveyed about the

potential transaction through his position as a senior executive at Acadia. Wyche and Holley knew that the information about the potential transaction was not public, and knew or should have known that the information was disclosed by Carpenter in breach of a duty.

17. Within a few days of his conversation with Carpenter, Holley told Soud that he had learned from Carpenter that Acadia was considering a transaction with PHC. Holley shared this information with Soud with the recognition that Soud might trade based on it. Shortly after the conversation between Holley and Soud, Holley also sent Soud an email, telling Soud how many shares of PHC Holley had purchased.

18. Like Holley, Soud knew that Carpenter was CFO of Acadia. Soud knew that Carpenter had received the information about the transaction with PHC through his position as a senior executive at Acadia. Soud knew that the potential transaction was not public, and knew or should have known that the information was disclosed by Carpenter in breach of a duty.

19. Following his conversation with Carpenter about the transaction between PHC and Acadia, Holley recommended PHC as a potential investment to Individual A, a person with whom he had a close relationship.

20. On February 14, 2011, after learning of the potential transaction, Holley purchased 4,500 shares of PHC across two separate accounts that he controlled. Holley purchased these shares while in possession of material nonpublic information about the potential transaction with PHC that Carpenter had communicated to him. Prior to February 14, 2011, Holley had never purchased PHC shares.

21. On February 24, 2011, based on his discussion with Holley, Individual A purchased 2,000 shares across two separate accounts that he controlled. Prior to February 24, 2011, Individual A had never purchased PHC shares.

22. On February 8, February 18, and April 14, 2011, after learning of the potential transaction, Soud purchased 14,742 shares of PHC. Soud purchased these shares while in possession of the material nonpublic information about the potential transaction with PHC that Carpenter had communicated to Holley, and Holley communicated to Soud. Prior to February 8, 2011, Soud had never purchased PHC shares. On May 9, 2011, Soud sold 3,874 of these shares.

23. Between April 4 and May 18, 2011, after learning of the potential transaction, Wyche purchased 37,000 shares of PHC across three separate accounts that he controlled. Wyche purchased these shares while in possession of the material nonpublic information about the transaction with PHC that Carpenter had communicated to him. Prior to April 4, 2011, Wyche had never purchased PHC shares.

24. On May 23, 2011, PHC and Acadia executed the merger agreement. At 8:45 a.m. on May 24, 2011, PHC and Acadia issued joint press releases announcing that the companies had entered into a definitive merger agreement.

25. The market reacted positively to the news. The closing last sale price of PHC on the day of the announcement was \$3.61, an increase of approximately 20% over the prior day's

close. Trading volume on the day of the announcement was 1.8 million shares, compared to PHC's historical average daily volume of approximately 56,700 shares.

26. As of the close of market on May 24, 2011, the PHC shares purchased by Holley on February 14, 2011 had increased in value by \$5,220.

27. As of the close of market on May 24, 2011, the PHC shares purchased by Individual A on February 24, 2011 had increased in value by \$2,900.

28. As of the close of market on May 24, 2011, the PHC shares purchased by Soud in February and April 2011, less those sold on May 9, had increased in value by \$13,710.

29. As of the close of market on May 24, 2011, the PHC shares purchased by Wyche in April and May 2011 had increased in value by \$34,022.

30. As a result of the conduct described above, Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

### **Cooperation by Respondents Wyche and Holley**

In determining to accept the Offers of Respondents Wyche and Holley, the Commission considered the cooperation each has afforded the Commission staff, including the following undertakings.

### **Undertakings**

31. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondents Holley and Wyche (i) agree to appear and be interviewed by the Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings or trials, or in connection with any related investigation by Commission staff; (iii) with respect to such notices and subpoenas, waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondents' travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consent to personal jurisdiction over Respondents in any United States District Court for purposes of enforcing any such subpoena.

## **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondents cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Carpenter shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$39,242 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Danny E. Carpenter as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott Friestad, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

C. Respondent Holley shall, within 10 days of the entry of this Order, pay disgorgement of \$8,120, which represents profits gained by Holley and by Individual A as a result of the conduct described herein; prejudgment interest of \$1,193; and a civil money penalty in the amount of \$4,060 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of the civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the ways described in Section IV.B. Payments by check or money order must be accompanied by a cover letter identifying Philip Holley as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott Friestad,

Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

D. Respondent Holley acknowledges that the Commission is not imposing a civil penalty in excess of \$4,060 based upon his cooperation and agreement to cooperate in a Commission investigation and/or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement obtains information indicating that Respondent Holley knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to Respondent Holley, petition the Commission to reopen this matter and seek an order directing that Respondent Holley pay an additional civil penalty. Respondent Holley may contest by way of defense in any resulting administrative proceeding whether he knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

E. Respondent Soud shall, within 10 days of the entry of this Order, pay disgorgement of \$13,710, which represents profits gained as a result of the conduct described herein; prejudgment interest of \$2,014; and a civil money penalty in the amount of \$13,710 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of the civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the ways described in Section IV.B. Payments by check or money order must be accompanied by a cover letter identifying Wayne K. Soud, Jr. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott Friestad, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

F. Respondent Wyche shall pay disgorgement of \$7,116; prejudgment interest of \$993; and a civil money penalty in the amount of \$7,116 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$3,806.25 within 10 days of the entry of this Order; \$3,806.25 within three months following the entry of this Order; \$3,806.25 within six months following the entry of this Order; and \$3,806.25 within nine months following the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and/or 31 U.S.C. § 3717 shall be due and payable immediately, without further application. Payment must be made in one of the ways described in Section IV.B. Payments by check or money order must be accompanied by a cover letter identifying Alwyn T. Wyche, Jr. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott Friestad, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

G. Respondent Wyche acknowledges that the Commission is not imposing disgorgement greater than \$7,116, nor a civil penalty in excess of \$7,116, based upon his cooperation and agreement to cooperate in a Commission investigation and/or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement obtains information indicating that Respondent Wyche knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to Respondent Wyche, petition the Commission to reopen this matter and seek an order directing that Respondent Wyche pay an additional civil penalty. Respondent Wyche may contest by way of defense in any resulting administrative proceeding whether he knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payments of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, "Related Investor Action" means a private damages action brought against any of the Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary