

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 77259 / March 1, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17143**

**In the Matter of**

**CRAIG N. SALAMONE,**

**Respondent.**

**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 Craig N. Salamone (“Salamone” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents 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 Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. This matter involves insider trading by Respondent in the securities of GSI Commerce, Inc. ("GSI") in advance of the March 28, 2011 announcement that eBay, Inc. ("EBAY") had agreed to acquire GSI.

2. In the months prior to the March 28, 2011 announcement, Patricia Metzler ("Patricia") misappropriated information about the acquisition of GSI from her friend, Individual A, who was married to a GSI employee at the time. Individual A provided Patricia with material nonpublic information in the context of their relationship of trust and confidence. Patricia then tipped her husband, Daniel Metzler ("Daniel").

3. On or about March 24, 2011, Daniel tipped his good friend, Respondent, about the upcoming acquisition of GSI. Respondent traded on the basis of the information and garnered trading profits of \$9,491.

4. By virtue of this conduct, Respondent violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### Respondent

5. *Craig N. Salamone*, age 45, resides in Plymouth Meeting, PA. During the relevant time period, Salamone worked in the sales department of GSI Commerce, Inc.

#### Other Relevant Parties

6. *GSI Commerce, Inc.*, an e-commerce company, was during the relevant time period headquartered in King of Prussia, PA. Its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act until after it was acquired by EBAY. GSI's common stock traded on the NASDAQ (former ticker symbol GSIC) and options on GSI's stock traded on multiple U.S. options exchanges.

7. *Individual A* resides in the Commonwealth of Pennsylvania. Individual A was married to a GSI employee and resided in Pennsylvania during the relevant time period.

8. *Patricia Zajick Metzler*, age 44 resides in Phoenixville, PA. During the relevant time period, Patricia was a principal at Quad656 LLC and married to Daniel Metzler.

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

9. *Daniel P. Metzler*, age 44, resides in Phoenixville, PA. During the relevant time period, Daniel was Vice President of Sales and Marketing at SciMedica Group in Conshohocken, PA.

### **Facts**

10. Individual A first learned of the possible acquisition of GSI by EBAY from Individual A's spouse, a GSI employee who possessed material nonpublic information concerning GSI's operations and management, on or about January 30, 2011. Individual A knew that the information about the possible acquisition of GSI by EBAY was material and nonpublic, and that Individual A had an obligation to maintain the confidentiality of the information.

11. Individual A and Patricia have a long-standing relationship of trust and confidence built on years of sharing personal and professional confidences about their lives which they understood were to be maintained confidentially. Patricia and her husband, Daniel, had also been friends with Individual A's husband for many years prior to 2011 and knew of GSI.

12. During conversations on or around February 21, 2011, Individual A told Patricia in confidence about the upcoming acquisition of GSI. Patricia understood as Individual A's friend that the information she received from Individual A was confidential.

13. Following her conversations with Individual A, Patricia shared the material nonpublic information regarding the upcoming GSI acquisition, and the fact that she had learned that information from Individual A, with her husband, Daniel.

14. On or about March 24, 2011, Daniel told his good friend, Respondent, about the upcoming acquisition of GSI with the expectation that Respondent would trade based on it. Daniel intentionally tipped that information to his friend and obtained a personal benefit. Respondent knew that this information was material and nonpublic and knew, or should have known, that it had been disclosed in breach of a duty.

15. On March 25, 2011, Respondent purchased 975 shares of GSI in his brokerage account on the basis of the material nonpublic information about the acquisition that Daniel had communicated to him.

16. At 10:05 a.m. on March 28, 2011, GSI and EBAY announced that the companies had entered into a definitive agreement to merge, whereby EBAY would acquire GSI for \$29.25 per share. The closing last sale price of GSI on the day of the announcement was \$29.20, an increase of approximately 50.6% over the prior day's close.

17. Respondent sold his GSI shares on March 28, 2011 following the announcement for a profit of \$9,491.

18. As a result of the conduct described above, Respondent violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

### **Cooperation by Respondent**

In determining to accept the Offer of Respondent, the Commission considered the cooperation he afforded the Commission staff, including the following undertakings.

### **Undertakings**

19. 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, Respondent (i) agrees 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, waives 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 Respondent's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consents to personal jurisdiction over Respondent 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 Respondent Salamone's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Salamone 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 shall, within 10 days of the entry of this Order, pay disgorgement of \$9,491, prejudgment interest of \$461, and a civil money penalty in the amount of \$4,745 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. If timely payment of the civil penalty 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 Craig N. Salamone 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, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

C. Respondent Salamone acknowledges that the Commission is not imposing a civil penalty in excess of \$4,745 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 Salamone 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 Salamone, petition the Commission to reopen this matter and seek an order directing that Respondent Salamone pay an additional civil penalty. Respondent Salamone 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.

D. 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, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he 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, a "Related Investor Action" means a private damages action brought against Respondent 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 Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 Respondent 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