

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

JUDGE KAPLAN

SECURITIES AND EXCHANGE  
COMMISSION,

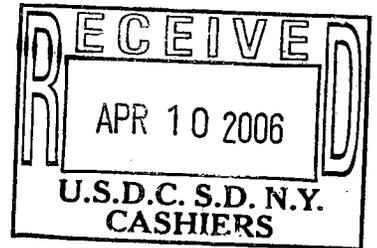
Plaintiff,

v.

PATRICK I. GARVEY,

Defendant.

06 CV 2766  
Civil No.



COMPLAINT

Plaintiff, the United States Securities and Exchange Commission  
("Commission"), alleges as follows:

NATURE OF THE ACTION

1. This is an insider trading action against defendant Patrick I. Garvey ("Garvey") relating to his purchase of SunSource, Inc. ("SunSource") stock in advance of the June 19, 2001, announcement of a definitive merger agreement between SunSource and Allied Capital Corporation ("Allied"). On June 1, 2001, while serving as a consultant to SunSource, Garvey bought 400 shares of SunSource common stock based

on material, nonpublic information about the merger. As a result of his trading, Garvey had profits of \$1,740.

2. By engaging in this conduct, Garvey violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. 240.10b-5]. Accordingly, the Commission seeks a final judgment (1) permanently enjoining defendant Garvey from further violation of Section 10(b) and Rule 10b-5, (2) requiring him to disgorge the amount of the profit from his trade, plus prejudgment interest, (3) imposing a monetary penalty, and (4) granting such other relief as the Court deems just and proper.

#### **JURISDICTION AND VENUE**

3. This Court has jurisdiction over this action under Sections 21(d)(1), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(e), 78u-1 and 78aa]. In connection with the transactions, acts, practices, and courses of business described in this Complaint, defendant Garvey, directly or indirectly, made use of the means or instrumentalities of interstate commerce or of the mails or the facilities of a national securities exchange.

4. Venue is proper under Section 27 of the Exchange Act because a substantial part of the events giving rise to the claim detailed below occurred in this District.

## DEFENDANT

5. **Patrick Garvey**, age 58, resides in Blue Bell, Pennsylvania. He was an accountant for SunSource from July 1995 through November 2000, at which time he began working as a consultant to SunSource. He continued to work as a consultant to SunSource throughout the time relevant to this Complaint.

## RELEVANT ENTITIES

6. **SunSource, Inc.** was a Delaware corporation headquartered in Philadelphia, Pennsylvania. From 1997 through June 19, 2001, shares of SunSource common stock were traded on the New York Stock Exchange. From June 20, 2001, through September 25, 2001, SunSource stock was traded on the American Stock Exchange. At all relevant times, SunSource's stock was registered with the Commission under Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)].

7. **Allied Capital Corporation** is a Maryland corporation headquartered in Washington, D.C. Allied provides long-term investment capital to support the expansion of growing middle-market companies. Allied's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded on the New York Stock Exchange.

## FACTS

8. From July 1995 through November 2000, Garvey worked as an accountant for SunSource. Beginning in November 2000, Garvey worked part-time as a consultant to SunSource.

9. In the fall of 2000, SunSource began to consider the sale or merger of the company. Senior management of SunSource informed company personnel, including Garvey, that a potential transaction was being considered, that they would be involved in the due diligence that would be performed, and that they were precluded from trading in SunSource stock.

10. Among the entities that considered acquiring or merging with SunSource was Allied. In February 2001, Allied contacted SunSource about a potential acquisition. The SunSource board of directors agreed to go forward with discussions and thereafter the companies began negotiating a transaction.

11. Beginning in April 2001 and continuing into June 2001, Garvey worked on the due diligence for a proposed merger of SunSource with Allied.

12. On June 1, 2001, while working on the due diligence for the merger of SunSource with Allied, Garvey purchased 400 shares of SunSource stock at \$5.20 per share.

13. On June 19, 2001, SunSource and Allied publicly announced that they had signed a definitive merger agreement pursuant to which Allied would pay approximately \$72 million, or approximately \$10.38 per share in cash or stock for all of the outstanding common stock of SunSource. Following that announcement, SunSource's stock price closed on June 19, 2001, at \$9.50 per share, an increase of \$4.54 per share over the prior day's closing price.

14. Garvey had profits of \$1,740 from his trade in advance of the announcement of the transaction with Allied.

15. As a consultant to SunSource, Garvey owed a fiduciary duty to SunSource and its shareholders not to misuse information that he learned while working for the company. Garvey knew or was reckless in not knowing that the information that he learned about SunSource's merger with Allied was material, nonpublic information. Garvey further knew or was reckless in not knowing that by trading in advance of the public announcement of the merger, he was breaching the duty that he owed to SunSource and its shareholders.

## **CLAIM FOR RELIEF**

### **Violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5**

16. Paragraphs 1 through 15 of this Complaint are re-alleged and incorporated by reference herein as though fully set forth in this paragraph.

17. As detailed above in this Complaint, Garvey, directly or indirectly, by the use of the means or instrumentalities of interstate commerce or of the mails and/or of the facilities of a national securities exchange, in connection with the purchase or sale of a security registered on a national securities exchange or a security not so registered, (a) employed devices, schemes, and/or artifices to defraud; (b) made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices, or courses of business which operated or would have operated as a fraud or deceit on other persons in violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5.

18. Garvey, unless restrained and enjoined, will continue to engage in the transactions, acts, practices and courses of conduct alleged in this Complaint, or in similar transactions, acts, practices and courses of conduct, in violation of the federal securities laws.

**PRAYER FOR RELIEF**

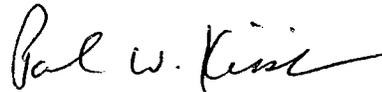
WHEREFORE, the Commission respectfully requests that the Court enter judgment:

- A. permanently enjoining Garvey, his agents, servants, employees, representatives, attorneys, affiliates and all persons in active concert or participation with them who receive actual notice of the Court's judgment, from future violations of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5;
- B. ordering Garvey to disgorge the illicit profits made from the unlawful conduct described in this Complaint, plus prejudgment interest thereon;
- C. imposing a civil penalty against Garvey under Section 21A of the Exchange Act; and
- D. granting such other relief as the Court deems just and proper.

Dated: *April 7, 2006*

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Respectfully submitted,



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