

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO

FILED

JAN 24 2012

JAMES BONINI, Clerk
CINCINNATI, OHIO

SECURITIES AND EXCHANGE COMMISSION,
100 F. Street, N.E.
Washington, DC 20549

Plaintiff,

v.

DALE SHAFER
5585 Rosebrook Way
Mason, OH 45040

and

JOSEPH MROZ
22369 Misty Falls Circle
Frankfort, IL 60423

and

JASON GONSKI
1416 W. Superior
Chicago, IL 60642

Defendants.

Civil Action No. _____

1:12 CV 62

J. DLOTT

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") for its

Complaint alleges as follows:

SUMMARY OF THE ACTION

1. This is an insider trading case. Dale Shafer ("Shafer"), the Chief Financial Officer of Oak Hill Financial, Inc. ("Oak Hill"), told his cousin Jason Gonski ("Gonski") about an upcoming merger between Oak Hill and WesBanco, Inc. ("WesBanco"). Based on this material, non-public information, Gonski bought Oak Hill stock. Gonski also tipped his friend

Joseph Mroz ("Mroz") about the merger and Mroz bought Oak Hill stock prior to the public announcement. Even after Gonski told Shafer that he bought Oak Hill stock, Shafer continued to share material, non-public information about the merger with Gonski. Gonski used most of his available money to continue to purchase Oak Hill stock in his own account, in his girlfriend's account, and in the account of Mroz until the day before the public announcement of the merger. Altogether, Gonski and Mroz bought 5,712 shares of Oak Hill. Total realized profits in the accounts of Gonski and his girlfriend were \$35,586.43. Total realized profits in the account of Mroz were \$15,099.95.

2. By engaging in this conduct, defendants Shafer, Gonski and Mroz each knowingly or recklessly engaged in acts that 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]. The Commission seeks final judgments permanently enjoining each of the defendants from violating Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5; requiring the defendants, jointly and severally, to disgorge their illicit gains with prejudgment interest; and imposing a civil penalty on each defendant.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this matter pursuant to Sections 21(d)(1), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), (e), 78u-1, and 78aa]. The defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation and communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, and practices alleged in this Complaint.

4. Venue in this district is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain substantial events, acts or transactions giving rise to the violations alleged in this Complaint occurred within this judicial district.

DEFENDANTS

5. **Dale Bruce Shafer**, age 42, resides in Mason, Ohio. During the relevant trading period he was interim CFO of Oak Hill. He is a CPA licensed in Ohio. Shafer is a cousin, childhood friend, and business partner of Gonski.

6. **Jason Todd Gonski**, age 39, resides in Chicago, Illinois. He is a cousin, childhood friend and business partner of Shafer. Gonski is a close friend of Mroz and works for a firm partly owned by Mroz.

7. **Joseph Mroz**, age 40, resides in Frankfort, Illinois. Mroz is a close friend and employer of Gonski.

RELEVANT ENTITIES

8. **Oak Hill** was an Ohio corporation with its corporate headquarters in Jackson, Ohio. Its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act, and it traded on the Nasdaq under the ticker symbol OAKF.

9. **WesBanco** is a holding company incorporated in West Virginia with its principal executive offices in Wheeling, West Virginia. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and it trades on the Nasdaq under the ticker symbol WSBC.

FACTUAL ALLEGATIONS

A. Shafer, Oak Hill's CFO, Told Gonski About Oak Hill's Merger

10. Gonski and Shafer are cousins and childhood friends. In 2007, they were business partners in real estate and stock investing. They communicated almost daily. During the relevant trading period, Shafer was interim Chief Financial Officer of Oak Hill.

11. On May 14, 2007, the President of Oak Hill advised Shafer that the company was in negotiations with WesBanco in anticipation of a merger. Shafer understood this information was material and non-public and that he was under a fiduciary duty not to disclose it.

12. On or about May 15, 2007, Shafer called Gonski and told him that Oak Hill was in merger negotiations. Shafer had a history of confiding in Gonski and believed they had a relationship of trust and confidence. Shafer told Gonski he was angry and disappointed because he had sacrificed his family life for Oak Hill and the merger would have a negative impact on his career.

13. The next day, Gonski misappropriated the information about the merger by buying shares of Oak Hill common stock. Gonski also opened up an account in his girlfriend's name to buy Oak Hill shares.

14. Sometime between the last week of May and early June 2007, Gonski told Shafer in one of their frequent phone calls that he bought Oak Hill stock. Shafer understood Gonski had bought the stock based on the material, non-public information related to the merger. Shafer responded, "Okay." Shafer did not report the trading, tell his cousin to stop buying, or tell Gonski to undo his trades.

15. After being told by Gonski that Gonski bought Oak Hill stock, Shafer knowingly or recklessly continued to update Gonski about the progress of the merger. Shafer's

disclosures to Gonski included identifying the acquiring bank and sharing the general progression of the deal through disclosure of his travel plans, late hours, and participation in board meetings. Two days prior to the public announcement, Shafer called Gonski and told him that the deal was a certainty.

16. As a result, over the course of these disclosures Gonski bought increasing amounts of Oak Hill stock in both his account, his girlfriend's account, and in the account of his friend Mroz. Gonski also tipped Mroz, who also bought shares.

17. On July 20, 2007, Oak Hill publicly announced that it would merge with WesBanco.

18. Between July 26, 2007 and September 26, 2007, Gonski and Mroz sold all of their Oak Hill stock for a profit.

19. In November 2007, Shafer was tasked with coordinating Oak Hill's response to a FINRA questionnaire related to suspicious trading in Oak Hill stock in advance of the public announcement of the merger. Shafer responded that he recognized the names of Gonski and his girlfriend, but indicated he had no knowledge of why they bought Oak Hill stock.

B. Jason Gonski Purchased Oak Hill Stock in His Account

20. On the morning of May 16, 2007, Gonski bought 908 shares of Oak Hill for approximately \$20,000.

21. On June 5, 2007, Gonski bought 1,100 shares of Oak Hill. On June 6, Gonski bought 100 more shares. The total purchase price for those orders was approximately \$26,373.

22. On June 27, 2007, Gonski bought 450 shares of Oak Hill for approximately \$9,985.

23. On July 19, 2007, Gonski bought 300 shares of Oak Hill for approximately \$7,020.

C. Jason Gonski Purchased Oak Hill Stock in His Girlfriend's Account

24. On May 16, 2007, an account was opened online in the name of Gonski's girlfriend. From May 22, 2007, through May 23, 2007, Gonski bought 906 shares of Oak Hill in the girlfriend's brokerage account for approximately \$19,800.

25. On June 11, 2007, Gonski bought 233 shares of Oak Hill in her account for approximately \$5,277.

26. On June 13, 2007, Gonski bought 178 shares of Oak Hill in his girlfriend's account for approximately \$3,987.

27. Upon information and belief, the purchase of shares of Oak Hill stock in the girlfriend's account was done by Gonski without his girlfriend's knowledge.

D. Gonski Tipped Mroz and They Jointly Purchased Oak Hill Stock

28. After Gonski was told about the anticipated merger, Gonski and Mroz used Mroz's brokerage account to buy Oak Hill stock based on the material, non-public information.

29. On June 8, 2007, Gonski wrote a check in the amount of \$17,000 to Mroz, which was deposited into Mroz's bank account. This amount was then transferred to Mroz's brokerage account. These funds were first available on June 15, 2007 to buy stock. Shortly thereafter, Mroz also transferred an equal amount of his own money into the brokerage account.

30. On June 15, 2007, Mroz's account bought 770 shares of Oak Hill for approximately \$17,007.

31. On June 18, 2007, Mroz's account bought 550 shares of Oak Hill for approximately \$12,090.

32. On June 20, 2007, Mroz's account bought 217 shares of Oak Hill stock for approximately \$5,104.

33. Both Gonski and Mroz had access to Mroz's account and both of them placed the trades to purchase Oak Hill stock in the account during the above-cited trading period.

34. In total, Gonski made over \$43,000 in ill-gotten profits and Mroz made over \$7,400 in ill-gotten profits from their investment in Oak Hill common stock.

CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) and Rule 10b-5 Promulgated Thereunder

35. Paragraphs 1 through 34 are realleged and incorporated by reference.

36. The information Shafer shared with Gonski about the impending merger of Oak Hill and WesBanco was material and non-public. This information was considered confidential by Oak Hill, and Oak Hill had policies protecting its confidentiality.

37. As Chief Financial Officer, Shafer owed a fiduciary duty of trust and confidence to the shareholders of Oak Hill to maintain the confidentiality of the information about the merger entrusted to him.

38. On June 26, 2006, Shafer signed a Securities Law Policy Statement of Oak Hill acknowledging that he understood what constitutes material, non-public information and that he would not disclose it.

39. Shafer initially confided to Gonski the material, non-public information about the anticipated merger in what he believed was a relationship of trust and confidence based on their history, pattern, and practice of sharing confidences. Gonski knew or reasonably should have known that Shafer was communicating material, non-public information with the expectation

that it would remain in confidence. Gonski misappropriated the information by trading on it, violating his duty of trust and confidence and his derivative fiduciary duty.

40. After Gonski told Shafer that he had traded based on the information about the merger, Shafer knowingly or recklessly, and in breach of his fiduciary duty to the shareholders of Oak Hill, continued to share material, non-public information as to the status of merger. In doing so, Shafer made a gift of that information to Gonski and thereby received a personal benefit. Shafer did not buy Oak Hill stock himself.

41. After Gonski told Shafer that he traded, and after Shafer continued to divulge information related to the merger, Gonski knowingly or recklessly disregarded that the information was material and non-public and that Shafer breached his fiduciary duty by tipping Gonski.

42. Gonski used the material, non-public information he received from Shafer to purchase Oak Hill securities for himself.

43. Gonski also tipped his friend Mroz.

44. Mroz knowingly or recklessly disregarded that the information he received about the merger was material and non-public and obtained in a breach of a fiduciary or similar duty of trust and confidence owed to the shareholders of Oak Hill.

45. Mroz used the material, non-public information he received to purchase Oak Hill securities for himself.

46. By virtue of the foregoing, defendants Shafer, Gonski and Mroz each, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, and by use of the means and instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange: (a) employed devices, schemes

or artifices to defraud; (b) made untrue statements of material facts 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; or (c) engaged in acts, practices or courses of business that have operated or would operate as a fraud and deceit upon other persons.

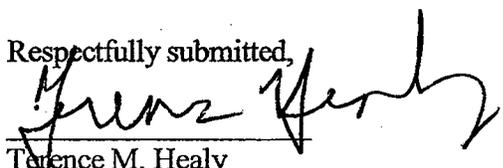
PRAYER FOR RELIEF

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

- (a) permanently enjoining Defendants from violating Section 10(b) of the Exchange Act or Rule 10b-5;
- (b) requiring Defendants to disgorge their ill-gotten gains obtained through the violations alleged herein, with prejudgment interest;
- (c) requiring Defendants to pay a civil penalty;
- (d) barring Defendant Shafer for five years from serving as an officer or director of any issuer required to file reports with the Commission under Section 12 or 15(d) of the Exchange Act [15 U.S.C. §§ 78(1) and 78(o)(d)], pursuant to Section 20(e) of the Securities Act [15 U.S.C § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; and
- (d) providing such other and further relief as may be appropriate.

Dated: January 19, 2012

Respectfully submitted,


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