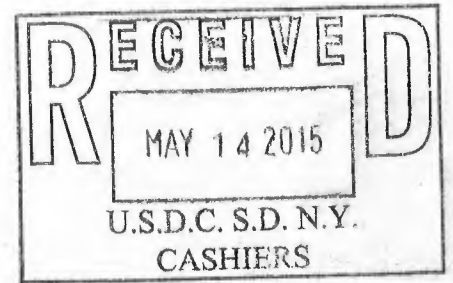


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**UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
 COMMISSION,**

Plaintiff,

v.

**SEAN R. STEWART and ROBERT K.
 STEWART,**

Defendants.

15-CV-___ ()

COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (the "Commission") files this Complaint against Defendants Sean R. Stewart ("S. Stewart") and Robert K. Stewart ("R. Stewart"), and alleges as follows:

SUMMARY

1. This matter involves an unlawful, serial insider trading scheme orchestrated by three financial industry professionals, in which S. Stewart tipped material non-public information

to his father, R. Stewart, in breach of a duty he owed to his investment bank employers and/or the shareholders of the companies these banks advised. In an effort to conceal his trading, R. Stewart partnered with a friend (identified here as Trader1) to exploit this information by placing highly profitable securities trades.

2. As an investment banker at two prominent investment banks, S. Stewart learned non-public information about future mergers and acquisitions involving clients of these investment banks. From 2010 to 2014, on at least six occasions, S. Stewart tipped his father R. Stewart about imminent mergers or acquisitions so that his father could benefit from this valuable information. R. Stewart used this information to place trades in his own account and in accounts owned by Trader1 to generate approximately \$1.1 million in illicit proceeds over a four-year period.

3. Both S. Stewart and R. Stewart took steps to avoid detection. In 2011, in response to a regulatory investigation into potential insider trading, S. Stewart lied to his investment bank employer. And R. Stewart knew that because of his undeniable relationship with his son, he needed to recruit a partner who would trade in his stead to conceal his trading activity. To this end, R. Stewart approached Trader1 and the two men agreed that Trader1 would trade in his account and then split the illicit profits with R. Stewart.

4. Additionally, R. Stewart and Trader1 attempted to conceal their illegal trading and evade detection by: (a) primarily meeting in-person to discuss the scheme; (b) using coded email messages to discuss the scheme; (c) spreading trades over numerous stock options series in an attempt to avoid regulatory scrutiny; (d) buying stock options during periods when these securities were more heavily traded in order to blend into the daily volume; (e) refraining from

options trading too close to the expected announcement date of a merger or acquisition; and (f) in most instances, sharing the illicit profits through cash payments.

5. By this Complaint, the Commission now charges defendants S. Stewart and R. Stewart with illegal insider trading in violation of the federal securities laws. By knowingly or recklessly engaging in the conduct described in this Complaint, defendants violated and, unless restrained and enjoined by the Court, will continue to violate Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b), 78n(e)], and Rules 10b-5 and 14e-3 thereunder [17 C.F.R. §§ 240.10b-5, 240.143-3].

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§78u(d) and 78u-1], to enjoin such acts, practices, and courses of business; and to obtain disgorgement, prejudgment interest, civil money penalties and such other and further relief as the Court may deem just and appropriate.

7. This Court has jurisdiction over this action pursuant to Sections 21(d) and (e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1 and 78aa].

8. Venue in this District is proper because the defendants are found, inhabit, and/or transact business in the Southern District of New York and because one or more acts or transactions constituting the violations occurred in the Southern District of New York.

9. In connection with the conduct alleged in this Complaint, defendants made use of a means or instrumentality of interstate commerce, of the mails, or of a facility of any national securities exchange.

COMMONLY-USED TRADING TERMS

10. A stock option, commonly referred to as an “option,” gives its purchaser-holder the option to buy or sell shares of an underlying stock at a specified price (the “strike” price) prior to the expiration date. Options are generally sold in “contracts,” which give the option holder the opportunity to buy or sell 100 shares of an underlying stock.

11. A “call” option gives the purchaser-holder of the option the right, but not the obligation, to purchase a security at a specified strike price within a specific time period. Generally, the buyer of a call option anticipates that the price of the underlying security will increase during a specified amount of time.

DEFENDANTS

12. **Sean R. Stewart**, age 34, resides in New York, NY. S. Stewart currently is a managing director at Investment Bank #2, where he has worked since October 17, 2011. From July 2006 until October 12, 2011, S. Stewart worked at Investment Bank #1, most recently as a vice president.

13. **Robert K. Stewart**, age 60, resides in North Merrick, NY. R. Stewart is a CPA licensed in the state of New York and a founder of a CPA firm located in New York, NY. R. Stewart is also the CFO of a publicly-traded company that markets and sells products and mobile applications in the mobile-connection space. R. Stewart has been the CFO for other companies as well. R. Stewart is S. Stewart’s father. R. Stewart and S. Stewart have a close personal relationship. From time to time, R. Stewart gave gifts to S. Stewart and provided him with other financial support, including helping S. Stewart pay for his June 2011 wedding.

RELATED PERSONS AND ENTITIES

14. Trader1 has spent almost his entire career in the securities industry and has held Series 7, 24, and 63 licenses. While working at a real estate and property development company, Trader1 became close friends with R. Stewart.

15. Dionex Corp. (“**Dionex**”) is a manufacturer of analytical instruments and related accessories incorporated in Delaware with its principal place of business in Sunnyvale, CA. At all relevant times its shares were publicly traded on the NASDAQ under the symbol “DNEX.”

16. Kendle International, Inc. (“**Kendle**”) is a clinical research organization incorporated in Ohio with its principal place of business in Cleveland, OH. At all relevant times its shares were publicly traded on the NASDAQ under the symbol “KNDL.”

17. Kinetic Concepts, Inc. (“**Kinetic**”) is a maker of wound-care products and hospital beds incorporated in Texas with its principal place of business in San Antonio, TX. At all relevant times Kinetic was traded on the New York Stock Exchange under the symbol “KCI.”

18. Gen-Probe, Inc. (“**Gen-Probe**”) is a molecular diagnostics products and services company incorporated in Delaware with its principal place of business in San Diego, CA. At all relevant times Gen-Probe was traded on the NASDAQ under the symbol “GPRO.”

19. Lincare Holdings, Inc. (“**Lincare**”) is a home respiratory healthcare company incorporated in Delaware with its principal place of business in Clearwater, FL. At all relevant times Lincare was traded on the NASDAQ under the symbol “LNCR.”

20. CareFusion Corp. (“**CareFusion**”) is a medical technology company incorporated in Delaware with its principal place of business in San Diego, CA. At all relevant times CareFusion was traded on the New York Stock Exchange under the symbol “CFN.”

21. **Investment Bank #1** is a Delaware limited liability company that maintains an office in New York, NY. It is a registered broker-dealer pursuant to Section 15(b) of the Exchange Act. Investment Bank #1 was a financial adviser on transactions described below involving: (a) Dionex; (b) Kendle; and (c) Kinetic. S. Stewart was employed at Investment Bank #1 at the time that each of these transactions took place and remained employed there until approximately October 12, 2011.

22. **Investment Bank #2** is a Delaware limited partnership that maintains an office in New York, NY. It is a registered broker-dealer pursuant to Section 15(b) of the Exchange Act. Investment Bank #2 was a financial adviser on transactions described below involving: (a) Gen-Probe; (b) Lincare; and (c) CareFusion. S. Stewart is currently employed at Investment Bank #2 and worked there at the time each of these transactions took place.

THE INSIDER TRADING SCHEME

23. S. Stewart worked as an investment banker for Investment Bank #1 from July 2006 to October 12, 2011. From October 17, 2011 to the present, S. Stewart has worked as an investment banker at Investment Bank #2. As an investment banker at these firms, S. Stewart learned material non-public information about the firms' clients and potential mergers and/or acquisitions the firms' clients were contemplating.

24. On at least six different occasions, S. Stewart tipped his father R. Stewart material non-public information about impending mergers and/or acquisitions so that his father could profitably invest in the companies that were about to be acquired. In tipping this information to his father, S. Stewart repeatedly breached the duty of trust and confidence he owed to his employer. On at least three of these occasions, S. Stewart was working for the company that was the target of the acquisition. In these instances, he also breached a duty that he owed to the shareholders of those companies.

25. On at least two occasions, R. Stewart used his son's tips to trade in his own account. Later, to conceal his trading, R. Stewart solicited a friend, Trader1, to purchase options in companies that S. Stewart advised him were about to be acquired. All told, R. Stewart and Trader1 made more than \$1.1 million in illicit proceeds trading on the material non-public information S. Stewart obtained through his work at Investment Bank #1 and Investment Bank #2.

A. The Dionex Tender Offer Tip

26. On or about October 12, 2010, Thermo Fisher engaged Investment Bank #1 to advise it in connection with the potential acquisition of Dionex. On or about October 14, 2010, Thermo Fisher delivered a letter to Dionex stating that it was interested in acquiring Dionex at a cash price of \$106.50 per share.

27. Throughout October and November 2010, Thermo Fisher and Dionex continued to discuss a potential transaction. On November 29, 2010, the companies entered into a confidentiality agreement and commenced due diligence. At this point, Thermo Fisher had offered to acquire Dionex at \$118.50 per share.

28. Although Investment Bank #1 did not assign S. Stewart to work on Thermo Fisher's tender offer to Dionex, on or before November 30, 2010, S. Stewart learned about Thermo Fisher's potential acquisition of Dionex from a colleague who was assigned to work on the Dionex tender offer. Prior to December 9, 2010, S. Stewart tipped his father, R. Stewart, that Dionex was likely to be acquired.

29. On December 7, 2010, S. Stewart called a cell phone used by R. Stewart three times, including one call that lasted approximately six minutes. On December 8, 2010, S. Stewart called his father's home telephone number at 7:09 p.m. and 7:11 p.m.

30. The very next day, on December 9, 2010 at 3:45 p.m., R. Stewart bought 200 shares of Dionex stock for \$96.96 per share, or a total of approximately \$19,597, in a brokerage account he opened that day. R. Stewart deposited \$20,000 into this newly-opened account and used almost all of that money to purchase the Dionex shares.

31. On December 13, 2010, Thermo Fisher publicly announced that it had entered into an agreement to buy Dionex for \$118.50 per share, through a tender offer. That day, Dionex's stock price closed at \$117.83 per share, an increase of \$19.66 per share, or approximately 20%, over the prior trading day's closing price of \$98.17 per share. In addition, Dionex's trading volume increased by over 3,446%, from 54,423 shares on the trading day prior to the announcement to 1.93 million shares on December 13.

32. On December 13, 2010, the day the Dionex tender offer was made public, R. Stewart sold his 200 shares of Dionex stock for \$118.12 per share, realizing a four-day profit of approximately \$3,676.

B. The Kendle Transaction Tip

33. On December 20, 2010, Kendle asked Investment Bank #1 to advise the company on strategic alternatives including a potential sale or privatization of the company. That same day, Investment Bank #1 assigned S. Stewart to work on the Kendle transaction.

34. On January 21, 2011, S. Stewart emailed a colleague at Investment Bank #1 stating that the firm was "just officially mandated to sell Kendle" and that Investment Bank #1 planned to call thirteen firms about a possible transaction. Prior to February 7, 2011, S. Stewart tipped his father, R. Stewart, that Kendle was likely to be acquired.

35. On February 5, 2011, R. Stewart and S. Stewart exchanged at least eight telephone calls and three text messages.

36. On February 7, 2011, R. Stewart bought 475 shares of Kendle stock at \$11.52 per share, for approximately \$5,636, and on February 22, 2011, he bought 1,550 shares of Kendle stock at \$12.54 per share, for approximately \$19,814.

37. On March 2, 2011, S. Stewart emailed two colleagues, asking, "Can you tell me how kncl stock has done in after hours?"

38. On March 3, 2011, S. Stewart and R. Stewart met in person. Later that day, at 9:09 p.m., R. Stewart emailed his broker directing him to sell R. Stewart's position in another stock (which he had purchased approximately two months earlier) and use those proceeds to buy Kendle stock.

39. The next day, on March 4, 2011 at 9:33 a.m., R. Stewart bought 750 shares of Kendle stock for approximately \$9.86 per share, for a total cost of approximately \$7,629.

40. On March 8, 2011 at 10:50 a.m., INC Research, LLC emailed to S. Stewart a letter stating that it was interested in acquiring Kendle at a price between \$11 and \$14 per share.

41. Shortly thereafter, on March 8, 2011, between 11:24 a.m. and 11:52 a.m., S. Stewart and R. Stewart exchanged three telephone calls.

42. After the close of the market on May 4, 2011, Kendle and INC Research jointly announced that INC Research would acquire Kendle in an all-cash transaction for \$15.25 per share, or \$232 million. The next day, Kendle's stock price closed at \$14.98 per share, an increase of \$5.48 per share, or approximately 58%, over the prior trading day's closing price of \$9.50 per share. In addition, Kendle's trading volume increased by over 3,918%, from 173,689 shares on the trading day prior to the announcement to 6.98 million shares on May 5.

43. On May 5, 2011, the day after the public announcement of the Kendle transaction, R. Stewart sold his entire position in Kendle stock for \$14.99 per share, realizing a profit of approximately \$7,887.

44. Shortly thereafter, R. Stewart told his friend and co-worker Trader1, that he had received advanced notice that Kendle was going to be acquired.

45. In June 2011, R. Stewart paid approximately \$10,000 towards S. Stewart's wedding expenses.

C. The Kinetic Transaction Tip: R. Stewart Recruits Trader1 to Participate in the Insider Trading Scheme

46. On March 29, 2011, Kinetic forwarded to Investment Bank #1 an unsolicited proposal letter from Apax Partners LLP ("Apax") offering to buy Kinetic's outstanding common stock for between \$63 and \$65 per share, and Investment Bank #1 began advising Kinetic about this transaction.

47. Although S. Stewart did not personally begin to work on the Kinetic transaction until June 10, 2011, he learned material non-public information about this proposed transaction by at least late March 2011. At or around this time, S. Stewart helped coordinate assignments for some junior employees at Investment Bank #1. This position allowed S. Stewart to learn about potential acquisitions in which he was not directly involved. For example, on March 30, 2011, an Investment Bank #1 colleague who was working on the Kinetic transaction sent an email to S. Stewart stating: "[Investment Bank #1 analyst] will work on the Kinetic project."

48. On April 3, 2011, S. Stewart emailed a different colleague, who was working on the Kinetic transaction and asked, "Kci alright?" The colleague replied, in part: "KCI is going ok. Working away."

49. On April 23, 2011, S. Stewart emailed that same colleague saying: "Also fyi: I mentioned to [an individual] that [a managing director and a vice president working on the Kinetic transaction] were very pleased thus far for all of your work on KCI (I had spoken w/ both of them last week) and that you were doing a really good job."

50. Prior to April 25, 2011, S. Stewart tipped his father, R. Stewart, that Kinetic was likely to be acquired.

51. In or around April 2011, R. Stewart asked Trader1 to purchase Kinetic options for him in Trader1's brokerage account. R. Stewart told Trader1 that news concerning Kinetic would be announced soon. R. Stewart explained that he wanted Trader1 to purchase the securities because R. Stewart was "too close to the source."

52. Shortly thereafter, Trader1 began purchasing Kinetic call options. Between April 25, 2011 and June 27, 2011, Trader1 purchased a total of 365 Kinetic call options spread out over five different options series. Specifically, Trader1 purchased the following Kinetic call options in his individual brokerage account:

Kinetic Options Series	Date(s) Purchased	Quantity Purchased	Approx. Cost	Approx. Profit
(1) Kinetic May \$60 Call	4/25/2011	20	\$625.28	N/A
(2) Kinetic June \$62.50 Call	5/17/2011 - 5/24/2011	80	\$2,190.61	N/A
(3) Kinetic July \$60 Call	6/3/2011 - 6/27/2011	40	\$2,250.30	\$30,508.76
(4) Kinetic July \$62.50 Call	6/6/2011	50	\$1,297.89	\$27,153.67
TOTAL		190	\$6,364.08	\$57,662.43

53. Trader1 also purchased the following Kinetic options in his IRA brokerage account:

Kinetic Options Series	Date(s) Purchased	Quantity Purchased	Approx. Cost	Approx. Profit
(1) Kinetic May \$60 Call	4/25/2011	20	\$625.28	N/A

(2) Kinetic June \$60 Call	5/20/2011	5	\$488.80	N/A
(3) Kinetic June \$62.50 Call	5/20/2011 - 5/24/2011	70	\$1,573.04	N/A
(4) Kinetic July \$60 Call	6/3/2011 - 6/27/2011	30	\$1,592.72	\$22,974.07
(5) Kinetic July \$62.50 Call	6/6/2011	50	\$1,297.89	\$27,153.67
TOTAL		175	\$5,577.73	\$50,127.74

54. On May 4, 2011, Apax increased its offer to acquire all of Kinetic's outstanding common stock from \$70 to \$72 per share. That same day, at 5:12 p.m., R. Stewart called S. Stewart at Investment Bank #1 and father and son spoke for approximately two minutes.

55. On July 13, 2011, Kinetic announced that Apax had agreed to acquire Kinetic for \$68.50 per share. That day, Kinetic's stock price closed at \$68.23 per share, an increase of \$3.74 per share, or approximately 6%, over the prior trading day's closing price of \$64.49 per share. In addition, Kinetic's trading volume increased by over 2,933%, from 1.2 million shares on the trading day prior to the announcement to 36.4 million shares on July 13.

56. The Kinetic May \$60 call options, June \$60 call options, and June \$62.50 call options that Trader1 purchased in his individual and IRA accounts had expired prior to the public announcement of the Kinetic transaction.

57. On July 14, 2011, Trader1 sold the remaining 170 Kinetic call options, realizing a profit of approximately \$107,790.

58. Trader1 paid R. Stewart the profits associated with the Kinetic options trades that Trader1 had executed on R. Stewart's behalf.

59. In or about July 2011, after Kinetic announced it was being acquired, Trader1 told R. Stewart that he had noticed that both times R. Stewart said he had information about a

stock, the company ended up being acquired. R. Stewart told Trader1 that the information was coming from his son.

60. Later, in or around the spring/summer of 2012, R. Stewart told Trader1 that S. Stewart had provided the information about the stocks they purchased, and that S. Stewart worked on Wall Street on the “sell side.”

D. R. Stewart and Trader1 Agree to Trade on Inside Information Using Trader1’s Brokerage Account

61. After the Kinetic transaction but before the Gen-Probe transaction, discussed below, R. Stewart and Trader1 agreed that they would use the material nonpublic information that R. Stewart obtained to execute trades in Trader1’s individual brokerage account, and split the illicit profits. At some point, Trader1 told R. Stewart he was placing similar trades in his IRA account for himself.

62. To conceal their arrangement, Trader1 paid R. Stewart his share of the illicit profits through numerous in-person cash payments over an extended period of time.

63. In addition, R. Stewart and Trader1 took a variety of other steps to prevent their illegal insider trading scheme from being discovered. For example, when discussing trades, R. Stewart and Trader1 primarily met in person. Occasionally, they discussed the scheme on the phone or in coded email messages, often using “golf” references to discuss aspects of the scheme.

64. R. Stewart and Trader1 also employed several trading strategies to disguise the fact that they were trading on material non-public information. For example, Trader1 spread his trades over numerous options series to avoid raising suspicion by placing a large bet in one particular series. Trader1 further attempted to avoid detection by refraining from buying options too close to the expected announcement date.

E. The Kendle Transaction Inquiry

65. On or about May 20, 2011, Investment Bank #1 received an inquiry from a regulator in connection with the Kendle transaction. On July 19, 2011, the regulator sent Investment Bank #1 a list of individuals and entities it identified as trading Kendle stock in the period leading up to the announcement of the Kendle transaction. The regulator asked Investment Bank #1 to circulate the list among the individuals who worked on the transaction and ask them to identify anyone with whom they had a relationship. This list included the name “Robert Stewart” and identified the town and state in which he lived.

66. Investment Bank #1 asked S. Stewart to identify anyone on the list with whom he had a relationship. S. Stewart did not identify his father, “Robert Stewart.” On August 23, 2011, Investment Bank #1 submitted its response to the regulator, indicating that no one at Investment Bank #1 knew “Robert Stewart.”

67. On August 26, 2011, the regulator asked Investment Bank #1 to confirm that S. Stewart had reviewed the list and that Investment Bank #1’s response included S. Stewart’s response. Investment Bank #1 confirmed that S. Stewart’s response was included.

68. Between August 26, 2011 and August 31, 2011, Investment Bank #1 interviewed S. Stewart about the regulator’s inquiry. On August 31, 2011, Investment Bank #1 submitted a supplemental response to the regulator in which it stated that during a second review, S. Stewart had identified his father, R. Stewart. Investment Bank #1’s supplemental response stated that:

- (a) S. Stewart “overlooked” his father’s name during the initial review and that S. Stewart now indicated that he recognized his father’s name;
- (b) S. Stewart said that he did not discuss the Kendle transaction with his father; and

(c) S. Stewart did not know of any circumstances under which his father would have gained any knowledge of Kendle's business activities.

69. On October 12, 2011, S. Stewart ceased to work for Investment Bank #1. On October 17, 2011, S. Stewart began working at Investment Bank #2.

F. The Gen-Probe Transaction Tip

70. On March 7, 2012, Hologic engaged Investment Bank #2 to advise it on a potential acquisition of Gen-Probe at a price of \$80 to \$85 per share. That same day, Investment Bank #2 assigned S. Stewart to work on the Gen-Probe transaction. Upon being assigned to work on this engagement, S. Stewart learned material non-public information about the transaction, including the anticipated (per share) purchase price and the identity of the participants in the transaction.

71. Prior to April 19, 2012, S. Stewart tipped his father, R. Stewart, that Gen-Probe was likely to be acquired. Subsequently, R. Stewart relayed this tip to Trader1.

72. As with the Kinetic transaction, R. Stewart asked Trader1 to purchase Gen-Probe options in Trader1's account for R. Stewart. Pursuant to the agreement discussed above, Trader1 agreed to purchase the options using his own funds and split the profits with R. Stewart.

73. On the morning of April 18, 2012, R. Stewart and Trader1 had a two-minute telephone call. The next day, April 19, 2012, Trader1 began to purchase Gen-Probe call options. Between April 19 and April 27, 2012, Trader1 purchased a total of 320 Gen-Probe call options spread out over seven different options series. Specifically, Trader1 purchased the following Gen-Probe call options in his individual brokerage account:

Gen-Probe Options Series	Date(s) Purchased	Quantity Purchased	Approx. Cost	Approx. Profit
(1) GPRO May \$80 Call	4/27/2012	20	\$225.15	\$2,949.62
(2) GPRO June \$70 Call	4/26/2012	10	\$2,217.57	\$9,064.57

(3) GPRO June \$75 Call	4/26/2012 - 4/27/2012	40	\$2,650.30	\$22,908.81
(4) GPRO June \$80 Call	4/27/2012	30	\$632.73	\$4,734.41
(5) GPRO Aug. \$75 Call	4/19/2012 - 4/24/2012	40	\$5,250.30	\$21,728.71
TOTAL		140	\$10,976.05	\$61,386.12

74. Trader1 purchased the following Gen-Probe call options in his IRA account:

Gen-Probe Options Series	Date(s) Purchased	Quantity Purchased	Approx. Cost	Approx. Profit
(1) GPRO May \$70 Call	4/23/2012	20	\$2,525.15	\$20,449.18
(2) GPRO May \$75 Call	4/23/2012	40	\$1,190.31	\$24,358.78
(3) GPRO June \$70 Call	4/26/2012	30	\$6,532.73	\$27,333.77
(4) GPRO June \$75 Call	4/27/2012	30	\$2,132.73	\$16,534.11
(5) GPRO Aug. \$75 Call	4/24/2012	60	\$8,905.47	\$30,528.16
TOTAL		180	\$21,286.39	\$119,204.00

75. Trader1 purchased more Gen-Probe options as the deal progressed towards completion. For example, on April 21, 2012, Gen-Probe circulated a draft merger agreement with Hologic and its advisers. That same day, at 11:47 a.m., S. Stewart called R. Stewart's cell phone and the men spoke for approximately six minutes. Approximately two hours later, between 1:43 p.m. and 1:54 p.m., Trader1 entered orders to buy 80 Gen-Probe August \$75 call options and 40 Gen-Probe May \$75 call options in his individual and IRA brokerage accounts.

76. On April 30, 2012, Gen-Probe and Hologic announced that Hologic had agreed to acquire Gen-Probe for \$82.75 per share, or \$3.72 billion. That day, Gen-Probe's stock price closed at \$81.55 per share, an increase of \$12.84 per share, or approximately 19%, over the prior trading day's closing price of \$68.72 per share. In addition, Gen-Probe's trading volume increased by over 5,234% from 355,399 shares on the trading day prior to the announcement to 18.96 million shares on April 30, 2012.

77. Between May 2 and May 10, 2012, Trader1 sold the 320 Gen-Probe options that he had acquired in his individual and IRA accounts, realizing a total profit of approximately \$180,590.

78. Trader1 paid R. Stewart his share of the illicit Gen-Probe transaction profits principally in cash payments.

G. The Lincare Tender Offer Tip

79. On May 24, 2012, the Linde Group, a German industrial gas company, contacted Investment Bank #2 to discuss the possibility of Investment Bank #2 advising Linde Group on a potential acquisition of Lincare.

80. From this point forward, Investment Bank #2 advised the Linde Group on this acquisition. Through his employment at Investment Bank #2, S. Stewart learned that the Linde Group was exploring an acquisition of Lincare. Prior to May 27, 2012, S. Stewart tipped his father, R. Stewart, that Lincare was likely to be acquired.

81. In May 2012, R. Stewart relayed this tip to Trader1. On May 27, 2012, at 9:35 p.m., which was the Sunday of Memorial Day weekend, R. Stewart sent Trader1 a coded email stating, in part: "might have an opportunity to play golf- but would need to book the reservation as soon as the office opens Tuesday morning."

82. Trader1 began purchasing Lincare options on the morning of Tuesday, May 29, 2012. Between May 29 and June 28, 2012, Trader1 bought a total of 375 Lincare call options spread out over seven different options series. Specifically, in his individual brokerage account, Trader1 bought the following Lincare call options:

Lincare Options Series	Date(s) Purchased	Quantity Purchased	Approx. Cost	Approx. Profit
(1) LNCR June \$24 Call	5/29/2012	25	\$278.94	N/A
(2) LNCR June \$25 Call	5/29/2012	25	\$278.94	N/A