

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,)	Civil Action No. 17-cv-731
)	
Plaintiff,)	JUDGE
)	
v.)	
)	MAGISTRATE JUDGE
MICHAEL TRAHAN,)	
)	
Defendant.)	COMPLAINT
)	

Plaintiff United States Securities and Exchange Commission (the “Commission”) alleges as follows:

SUMMARY OF THE ACTION

1. This case involves unlawful insider trading in the common stock of The Shaw Group, Inc. (“Shaw”), a Louisiana-based energy construction company, by Michael Trahan (“Defendant”). The trading occurred in advance of Shaw’s July 30, 2012 announcement of its merger with Chicago Bridge & Iron Company N.V. (“CBI”). News of the merger caused the price of Shaw stock to rise by more than 55%.

2. In the summer of 2012, Trahan obtained confidential non-public information about the impending merger from a Shaw employee. Trahan obtained this information in the context of a consulting relationship with Shaw and was bound to keep it confidential. In violation of his duty to keep the information confidential, Trahan used the information to personally profit by purchasing 5,600 shares of Shaw common stock and then selling the stock after the announcement for profits of \$69,735.

3. By engaging in the conduct described in this Complaint, Defendant violated and, unless enjoined and restrained, will continue to violate Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

4. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to restrain and permanently enjoin Defendant from engaging in the transactions, acts, practices and courses of business alleged in this Complaint. The Commission also seeks a judgment ordering disgorgement, prejudgment interest, and a civil penalty against Defendant pursuant to Section 21A(a) of the Exchange Act [15 U.S.C. § 78u-1(a)].

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

6. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Among other things, certain of the acts, practices and courses of business constituting the violations of the federal securities laws alleged herein occurred within the Western District of Louisiana. Defendant Trahan resides in the Western District of Louisiana.

DEFENDANT

7. **Michael Trahan**, age 59, resides in Lafayette, Louisiana. During the relevant time period, Trahan was the owner of Petra Consultants, Inc.

RELATED PERSONS AND ENTITIES

8. **Individual A**, referred to herein, resides in the State of Louisiana. Individual A was an employee of Shaw.

9. **Chicago Bridge & Iron Company N.V.** is a Netherlands Company based in The Hague, The Netherlands. CBI acquired Shaw pursuant to a merger agreement that was publicly announced on July 30, 2012, and closed on February 13, 2013. Shaw operates as a business sector under the brand name “CB&I Shaw”.

10. **The Shaw Group, Inc.** provided engineering, construction, maintenance, technology, fabrication, remediation and support services for clients in the energy, chemicals, environmental, infrastructure and emergency response industries and during the relevant time period was headquartered in Baton Rouge, Louisiana. Its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act until Shaw was acquired by CBI. It was listed on the New York Stock Exchange (former ticker symbol SHAW) and options on Shaw stock traded on multiple U.S. options exchanges.

11. **Petra Consultants, Inc.** is an engineering company that was a consultant to Shaw and owned by Michael Trahan.

FACTS

A. The Merger Negotiations

12. On April 30, 2012, Toshiba Corp. approached Shaw about a possible acquisition. On May 12, 2012, Toshiba delivered a written indication of interest, proposing a range of \$44 to \$46 per share for Shaw, and disclosing CBI as its partner in an acquisition. The possible acquisition was not disclosed to the general public by either Toshiba or Shaw. At the time, Shaw's stock was trading at about \$29 per share.

13. On July 4, 2012, CBI advised Shaw that it was prepared to acquire Shaw, without Toshiba, for \$46 per share. Shaw was trading at about \$28 per share. CBI delivered this proposal in writing to Shaw on July 9, 2012. That day, the Shaw board of directors held a special telephonic meeting and decided to proceed with due diligence. Over the next few days, the parties exchanged draft agreements. On July 15, 2012, Shaw's board held a special meeting in Charlotte, North Carolina to discuss the transaction, attended by Shaw executives, its investment banker, and outside counsel. These negotiations were all confidential and were not disclosed to the general public.

14. By July 29, 2012, Shaw and CBI had finalized the deal. On Monday, July 30, 2012, prior to the opening of trading on the New York Stock Exchange, CBI and Shaw each issued a press release announcing that CBI would acquire Shaw for \$46 per share in cash and stock (the "Announcement"). At the close of trading on July 30, 2012, Shaw's stock closed at \$41.49 which was an increase of approximately 55% from its closing price on the previous trading day.

B. Shaw employee learns about the Shaw acquisition

15. In the summer of 2012, Individual A was a Vice-President in Shaw's Environmental and Infrastructure Department. During the week of July 23, 2012, Individual A learned that Shaw was going to be acquired and the deal was imminent.

C. Shaw employee discloses the Acquisition to Trahan

16. During this time period, Shaw considered acquiring an engineering firm and began negotiating to purchase Petra Consultants, Inc., which was owned by Michael Trahan. On Friday, July 27, 2012, Individual A met with Trahan in his office in Lafayette, Louisiana. Trahan expressed frustration with the lack of progress on the purchase of Petra. Individual A then told him that Shaw was going to be acquired and probably would not do a deal with Petra. At the time that Individual A told Trahan about the Shaw acquisition, Trahan and Petra were bound by a consulting agreement with Shaw. The agreement required Trahan and Petra to render consulting services or technical assistance to Shaw and further required them to keep information received from Shaw in confidence, not to disclose it to others, and not to use the information for any purpose except in furtherance of the consulting agreement.

D. Trahan Trades

17. Shortly after meeting with Individual A, on July 27, 2012, Trahan purchased 5,600 shares of Shaw on the basis of the material nonpublic information he had learned from Individual A. This was an unusually large purchase for Trahan, representing approximately 86% of the cash in his account and approximately 73% of the total account value. He sold the shares after the announcement a few days later for a profit of \$69,735.

18. Trahan breached his fiduciary duty to Shaw and its shareholders when he purchased shares of Shaw common stock.

CLAIM FOR RELIEF

**FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

19. The Commission re-alleges and incorporates by reference paragraphs 1 through 18, above.

20. The information concerning CBI's acquisition of Shaw was material and nonpublic. In addition, Shaw considered the information to be confidential.

At all times relevant to the complaint, Defendant acted knowingly or recklessly.

21. By engaging in the conduct described above, Defendant, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, with scienter:

employed devices, schemes, or artifices to defraud;

made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the

circumstances under which they were made, not misleading; and/or

engaged in acts, practices, or courses of business which operate or would

operate as a fraud or deceit upon any persons, in connection with the purchase or sale of securities.

22. By engaging in the foregoing conduct, Defendant violated, and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently restraining and enjoining Defendant and his officers, agents, servants, employees, and attorneys, and those person in active concert or participation with any of him, who receive actual notice of the judgment by personal service or otherwise, from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

Ordering disgorgement, prejudgment interest, and a civil penalty under Section 21A of the Exchange Act [15 U.S.C. § 78u-1] against Defendant.

III.

Granting such other and further relief as this Court may determine to be just and necessary.

Respectfully submitted,

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