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12 UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
13 WESTERN DIVISION

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15 U.S. SECURITIES AND EXCHANGE
COMMISSION,

16 Plaintiff,

17 vs.

18 SLOBODAN DRAGOJLOVIC,

19 Defendant.
20

Case No. 2:18-cv-09456

COMPLAINT

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22 Plaintiff Securities and Exchange Commission (the "Commission") for its complaint
23 alleges as follows:

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25 **JURISDICTION AND VENUE**

26 1. This Court has jurisdiction over this action under Sections 21(d), 21(e), 21A, and
27 27 of the Exchange Act of 1934 [15 U.S.C. §§ 78u(d), 78u(e), 78u-1 and 78aa].
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1 Care through a tender offer at a price of \$57 per share. That day, after the public announcement of
2 the acquisition, the price of Surgical Care stock increased over 16% on heavy trading and closed
3 at a price of \$56.65 per share. Two days later Dragojlovic sold all of the Surgical Care stock.
4 Dragojlovic's illicit trading profits totaled \$20,101.

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6 10. By engaging in the conduct alleged in this Complaint, Dragojlovic violated the
7 antifraud provisions of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934
8 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78n(e)], and Rules 10b-5 and 14e-3 thereunder
9 [17 C.F.R. §§ 240.10b-5 and 240.14e-3]. The Commission seeks in this action a permanent
10 injunction, disgorgement with prejudgment interest, and a civil penalty.

11 **DEFENDANT**

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13 11. Slobodan Dragojlovic ("Dragojlovic"), age 53, resides in Santa Clarita, California.
14 During the relevant time period, Dragojlovic worked as an independent software consultant,
15 primarily out of his home.

16 **OTHER RELEVANT ENTITIES**

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18 12. UnitedHealth Group, Inc. ("UnitedHealth") is a Delaware corporation based in
19 Minnetonka, Minnesota. UnitedHealth's common stock is registered with the Commission
20 pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] and trades on the New York
21 Stock Exchange.

22
23 13. Surgical Care Affiliates, Inc. ("Surgical Care") was a Delaware corporation based
24 in Deerfield, Illinois. Surgical Care was a company that managed a network of ambulatory
25 surgery centers and surgical hospitals. Prior to its acquisition by UnitedHealth, which was
26 completed in March 2017, Surgical Care's common stock was registered with the Commission
27 pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] and traded on the NASDAQ.
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FACTS

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2 14. At all relevant times in this Complaint, Dragojlovic’s brother was a Senior Vice
3 President for Strategic Services at Surgical Care. As part of his duties at Surgical Care,
4 Dragojlovic’s brother participated in weekly executive team conference calls.
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6 15. In late July 2016, UnitedHealth entered into negotiations to acquire Surgical Care.
7 Dragojlovic’s brother first learned of the negotiations on July 29, 2016, on the executive team
8 weekly conference call.

9 16. In September 2016, acquisition negotiations between UnitedHealth and Surgical
10 Care were put on hold. Negotiations resumed in December 2016 and by the end of the month,
11 UnitedHealth had taken substantial steps towards commencement of a tender offer for Surgical
12 Care securities. These included a meeting on December 16 between the CEOs of UnitedHealth
13 and Surgical Care at which they reached agreement on major terms of the proposed acquisition
14 (including the per share acquisition price), the execution of a confidentiality agreement on
15 December 19, and due diligence work.
16

17 17. On December 17, 2016, the CEO of Surgical Care informed the company’s
18 executive team, including Dragojlovic’s brother, that an agreement had been reached on the
19 material terms of the acquisition. The CEO requested that the executive travel to Minnesota for a
20 due diligence meeting in connection with the acquisition.
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22 18. Dragojlovic’s brother traveled extensively over the next week in connection with
23 the pending acquisition. He travelled from his home in Rancho Santa Fe, California, to Minnesota
24 on December 18, 2016, and returned home on December 20. On December 21, he travelled to
25 Chicago, and returned home again on December 23.

26 19. On December 24, 2016, Dragojlovic’s brother hosted a family holiday party,
27 which was an annual family custom. Dragojlovic and other family members attended. At the
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1 family holiday party on December 24, Dragojlovic's brother told Dragojlovic that his company,
2 Surgical Care, was in negotiations to be acquired by UnitedHealth. He told Dragojlovic this in
3 confidence to explain why he had been traveling that week and why he had not been able to
4 prepare a lavish meal for the family holiday party as he had in past years.

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6 20. Dragojlovic knew the information his brother told him in confidence about the
7 potential acquisition was both material and nonpublic. On January 5, 2017, in breach of his duty
8 of trust and confidence to his brother, Dragojlovic traded on this material nonpublic information.
9 He purchased in his personal brokerage account 2,000 shares of Surgical Care stock, at an
10 average price of \$46.64 per share.

11 21. On the morning of January 9, 2017, UnitedHealth and Surgical Care announced
12 that they had entered into a definitive agreement for UnitedHealth to acquire Surgical Care,
13 pursuant to a tender offer, at a price of \$57 per share. The agreed purchase price represented a
14 premium of more than 16% over the prior market closing price of Surgical Care stock at \$48.75
15 per share. That day, after the public announcement of the acquisition, the market price of Surgical
16 Care stock increased more than 16% on heavy trading and closed at a price of \$56.65 per share.
17 Dragojlovic sold his Surgical Care stock two days later. His illicit trading profits from trading in
18 Surgical Care stock totaled \$20,101.

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21 **FIRST CLAIM FOR RELIEF**

22 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

23 22. The Commission realleges and incorporates by reference paragraphs 1 through 21
24 above.

25 23. Defendant, by engaging in the conduct described above, directly or indirectly, in
26 connection with the purchase or sale of securities, by use of the means or instrumentalities of
27 interstate commerce, or the mails, or the facilities of a national securities exchange:
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- a. employed devices, schemes, 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 light of the circumstances under which they were made, not misleading; and/or
- c. engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

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. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF

Violations of Section 14(e) of the Exchange Act and Rule 14e-3 Thereunder

24. The Commission realleges and incorporates by reference paragraphs 1 through 21 above.

25. By engaging in the conduct described above, in connection with a tender offer, Defendant knowingly or recklessly, engaged in one or more fraudulent, deceptive, or manipulative acts.

26. By reason of the foregoing, Defendant violated, and unless enjoined will continue to violate, Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Rule 14e-3 thereunder [17 C.F.R. § 240.14e-3].

PRAYER FOR RELIEF

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

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I.

Permanently restraining and enjoining Defendant from, directly or indirectly, engaging in conduct in violation of Sections 10(b) and 14(e) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78n(e)] and Rules 10b-5 and 14e-3 thereunder [17 C.F.R. §§ 240.10b-5 and 240.14e-3];

II.

Ordering Defendant to disgorge, with prejudgment interest, illicit trading profits resulting from the conduct alleged in this Complaint;

III.

Ordering Defendant to pay a civil penalty pursuant to Section 21A of the Exchange Act, [15 U.S.C. § 78u-1]; and

IV.

Granting such other and further relief as this Court may deem just and necessary.

DATED: November 7, 2018

Respectfully submitted,

/s/ Donald W. Searles
Donald W. Searles
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