

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF INDIANA

Securities and Exchange Commission,

Plaintiff,

v.

Robert Scott Parkhurst,

Defendant.

Case No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Securities and Exchange Commission (“SEC”) alleges, for its Complaint against defendant Robert Scott Parkhurst, as follows:

**SUMMARY**

1. This is an insider trading case arising from Defendant Robert Scott Parkhurst (“Parkhurst”) buying shares of Skyline Corp. (“Skyline”) when he was in possession of material, non-public information about an upcoming corporate transaction involving Skyline. Parkhurst also passed tips to two family members who also bought shares in Skyline prior to the public announcement of the corporate transaction. These trades yielded illicit profits of more than \$10,000 for Parkhurst and his family members.

2. In the fall of 2017, Parkhurst, who was the national sales manager of Skyline at the time, learned in the course of his employment about Skyline’s confidential and nonpublic plans to merge with Champion Home Builders, Inc. (“Champion”). In December 2017, Parkhurst opened a new brokerage account and transferred \$10,500 to it, all of which he used to purchase shares of Skyline between December 22 and December 29, 2017. Parkhurst also tipped his father

and son, who both purchased Skyline shares on December 26, 2017.

3. On January 5, 2018, Skyline announced its merger with Champion. Skyline's share price increased by 48%, resulting in gains to Parkhurst of over \$4,893, his father of \$6,100, and his son of \$110.

4. By engaging in the conduct described in this Complaint, Defendant Parkhurst violated, and unless restrained and enjoined 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 [17 C.F.R. § 240.10b-5] thereunder.

#### **NATURE OF THE PROCEEDINGS AND REQUESTED RELIEF**

5. The Commission brings this action pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1] to enjoin the transactions, acts, practices, and courses of business alleged in this Complaint and to civil penalties and such other and further relief that the Court may deem appropriate pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)].

#### **JURISDICTION AND VENUE**

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

7. Venue lies in this Court pursuant to Section 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. § 78u(d), 78u-1, and 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Northern District of Indiana. Parkhurst resides in Granger, Indiana, and Skyline was headquartered in Elkhart, Indiana, during the relevant time period.

8. Defendant Parkhurst, directly or indirectly, made use of the mails or of the means or instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business described in this Complaint.

**DEFENDANT**

9. **Defendant Robert Scott Parkhurst** is 54 years old and resides in Granger, Indiana. He was the National Sales Manager of Skyline until he separated from the company in 2018 in connection with the Skyline trading alleged in this Complaint.

**RELEVANT ENTITIES**

10. **Skyline Corp.** (“Skyline”) was an Indiana corporation with its principal place of business in Elkhart, Indiana, prior to June 1, 2018. Its shares publicly traded on the NYSE American exchange under the ticker SKY.

11. **Champion Home Builders, Inc.** (“Champion”) was a Delaware corporation with its principal place of business in Troy, Michigan, prior to June 1, 2018.

12. **Skyline Champion Corp.** is an Indiana corporation with its principal place of business in Elkhart, Indiana. Its shares are publicly traded under the ticker SKY on the NYSE. This new entity was formed on June 1, 2018 by the merger of Skyline and Champion.

**FACTUAL ALLEGATIONS**

13. From 2016 to 2018, Robert Scott Parkhurst was the National Sales Manager of Skyline, an Indiana-based manufactured home builder.

14. In the spring of 2017, Skyline began pursuing merger talks with other manufactured home builders, including Champion. These merger talks were confidential and non-public. Skyline entered into non-disclosure agreements with the potential targets and used code names to refer to them. The existence of these talks was not publicly disclosed until the merger between Skyline and Champion was announced on January 5, 2018.

15. Through his work, beginning on or about July 19, 2017, Parkhurst was aware of a potential corporate transaction involving Skyline.

16. Parkhurst was involved in due diligence as the talks with Champion progressed, including attending an in-person diligence meeting with the top executives of Skyline and Champion in October 2017.

17. On October 23, 2017, a Skyline executive emailed Parkhurst about the change in control provision of a stock incentive award Parkhurst had received from Skyline, which would be impacted by the contemplated Skyline-Champion merger.

18. Parkhurst had a duty to Skyline to keep the information about the potential Skyline-Champion merger confidential and not use it for his own personal benefit.

19. While these merger preparations were taking place, Parkhurst opened a new brokerage account in December 2017 (the “Parkhurst Brokerage Account”).

20. On December 18, 2017, Parkhurst transferred \$500 into the Parkhurst Brokerage Account.

21. On December 22, 2017, Parkhurst purchased 38 shares of Skyline stock through the Parkhurst Brokerage Account at a cost of approximately \$497, representing nearly all the funds in the account at the time.

22. On December 26, 2017, Parkhurst transferred \$10,000 into the Parkhurst Brokerage Account.

23. On December 26, 2017, Parkhurst purchased 37 shares of Skyline stock through the Parkhurst Brokerage Account at a cost of approximately \$484.

24. On December 26, 2017, Parkhurst’s father and his son made purchases of Skyline shares through their respective brokerage accounts at a cost of over \$13,000. These purchases were made after Parkhurst shared with them material nonpublic information about Skyline.

25. On December 29, 2017, Parkhurst purchased 732 shares of Skyline stock through the Parkhurst Brokerage Account at a cost of approximately \$9,459, representing nearly all the available funds in the account at the time.

26. On January 5, 2018, Skyline announced that it had entered into a merger agreement with Champion. Following this announcement, Skyline's stock price increased by 48% to close at \$19.00 per share.

27. After the price rose on the merger news, Parkhurst had a gain of approximately \$4,893 on the shares purchased in December 2017.

28. Parkhurst's father and son had gains of over \$6,000 after the Skyline-Champion merger was announced.

29. Skyline became aware of Parkhurst's trading in March 2018, after FINRA sent an identification request letter to Skyline. After conducting an internal investigation, Skyline and Parkhurst reached a separation agreement in May 2018.

### **FIRST CLAIM FOR RELIEF**

#### **Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) & (c) (against Defendant Parkhurst)**

30. The Commission realleges and incorporates by reference paragraphs 1 through 29 above.

31. Parkhurst was aware of material, non-public information about his employer, Skyline, and its potential merger with Champion from July 2017 up until the announcement of the merger on January 5, 2018. Parkhurst learned this information in the course of his employment at Skyline and had a duty to Skyline to keep the information confidential and not use it for his own personal benefit. In violation of his duty to Skyline, Parkhurst opened a brokerage account and purchased shares of Skyline while in possession of material non-public

information about the potential merger with Champion. In further violation of his duty to Skyline, Parkhurst shared material non-public information about Skyline with his father and son, who then also purchased shares of Skyline.

32. By engaging in the conduct described above, Defendant Parkhurst, with scienter, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: employed devices, schemes, or artifices to defraud and/or engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit.

33. By engaging in the conduct described above, Defendant Parkhurst violated 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].

**PRAYER FOR RELIEF**

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

- (a) finding that Defendant Parkhurst violated the antifraud provisions of the federal securities law as alleged herein;
- (b) permanently enjoining Defendant Parkhurst 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];
- (c) ordering Defendant Parkhurst to pay civil penalties under Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

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(d) ordering such other relief as this Court may deem just and proper.

Dated: September 2, 2021

Respectfully submitted,

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION

*/s/ Daniel O. Blau*

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## Complaints and Other Initiating Documents

[3:21-cv-00657 Securities and Exchange Commission v. Parkhurst](#)

U.S. District Court Northern District of Indiana [LIVE]

USDC Northern Indiana

### Notice of Electronic Filing

The following transaction was entered by Blau, Daniel on 9/2/2021 at 4:39 PM EST and filed on 9/2/2021

**Case Name:** Securities and Exchange Commission v. Parkhurst

**Case Number:** [3:21-cv-00657](#)

**Filer:** Securities and Exchange Commission

**Document Number:** [1](#)

#### Docket Text:

**COMPLAINT against Robert Scott Parkhurst, filed by Securities and Exchange Commission. (Attachments: # (1) Civil Cover Sheet, # (2) Summons as to Robert Scott Parkhurst)(Blau, Daniel)**

**3:21-cv-00657 Notice has been electronically mailed to:**

Daniel O Blau blaud@sec.gov, haackk@sec.gov, irwinma@sec.gov, longoa@sec.gov

**3:21-cv-00657 Notice has been delivered by U.S. Mail or other means to:**

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1047496160 [Date=9/2/2021] [FileNumber=4517353-0]  
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**Document description:**Civil Cover Sheet

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1047496160 [Date=9/2/2021] [FileNumber=4517353-1]  
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**Document description:** Summons as to Robert Scott Parkhurst

**Original filename:**n/a

**Electronic document Stamp:**

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