

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE
COMMISSION,
450 Fifth Street, NW
Washington, D.C. 20549,

Plaintiff,

v.

___ Civ. No. ___

RUSSELL T. BRADLEE,
12 Joanna Court
Pikesville, Maryland 21208 ,

THOMAS F. BRADLEE
325 Hermitage Drive
Elkton, Maryland 21921,

LOUIS P. STONE, IV
604 Admiral Drive, Apt. 476
Annapolis, Maryland 21401, and

ANGELA DELVACCHIO
419 Church Street
Spring Lake, New Jersey, 07762,

Defendants.

COMPLAINT

Plaintiff, the Securities and Exchange Commission (the "Commission"), for its
Complaint alleges as follows:

SUMMARY

1. This is an insider trading case. Sometime between February 19, 2003, and
February 24, 2003, defendants Russell T. Bradlee and Louis P. Stone, IV learned of material,
nonpublic, and confidential information regarding the possible acquisition of F&M Bancorp

("F&M") by their employer, Mercantile Bankshares Corporation ("Mercantile"). Russell Bradlee and Louis Stone misappropriated this information from their employer by using it to purchase common stock of F&M prior to Mercantile and F&M making a joint public announcement of the possible acquisition and by disclosing it to others. Russell Bradlee tipped his father, defendant Thomas F. Bradlee, about the possible acquisition, and his father then recommended F&M common stock to a friend. Thomas Bradlee bought common stock of F&M based on the tip, and his friend bought common stock of F&M based on the recommendation. Louis Stone tipped his sister, defendant Angela DelVacchio, about the possible acquisition, and his sister recommended F&M common stock to her husband. Her husband then bought common stock of F&M based on the recommendation.

2. Russell Bradlee, Thomas Bradlee, Thomas Bradlee's friend, Louis Stone, and Angela DelVacchio's husband all sold their F&M common stock after the public announcement of the possible acquisition. These trades resulted in profits of \$3,442 for Russell Bradlee; \$100,328 for Thomas Bradlee; \$12,300 for Thomas Bradlee's friend; \$3,976 for Louis Stone; and \$33,901 for Angela Delvacchio's husband.

3. The defendants, unless restrained and enjoined, will continue to engage in transactions, acts, practices, and courses of business as set forth in this Complaint, or in similar illegal acts and practices.

4. The Commission requests that this Court permanently enjoin each of Russell Bradlee, Thomas Bradlee, Louis Stone, and Angela DelVacchio from violating the foregoing federal securities laws, order them to disgorge all profits from insider trading, including the profits of their tippees, pay prejudgment interest on those profits, impose civil money penalties, and order such other and further relief as the Court may deem appropriate.

JURISDICTION

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”)[15 U.S.C. §§ 78u(d) and (e) and 78aa]. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain acts or transactions constituting violations occurred in this District.

6. In connection with the transactions, acts, practices, and courses of business described in this Complaint, each of the defendants, directly and indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, and/or of the means and instruments of transportation or communication in interstate commerce, and of the facilities of a national securities exchange.

DEFENDANTS

7. Russell T. Bradlee, age 25, resides in Pikesville, Maryland. From June 2001 through June 2003, he was employed as an analyst in the Affiliate Loan Review Department of Mercantile, located in Baltimore, Maryland.

8. Thomas F. Bradlee, age 57, resides in Elkton, Maryland. He is the father of Russell T. Bradlee.

9. Louis P. Stone, IV, age 27, resides in Annapolis, Maryland. From June 2001 through June 2003, he was employed as an analyst in the Affiliate Loan Review Department of Mercantile, located in Baltimore, Maryland.

10. Angela DelVacchio, age 30, resides in Spring Lake, New Jersey. She is the sister of Louis P. Stone, IV.

RELEVANT ENTITIES

11. F&M Bancorp, a bank holding company, was incorporated in Maryland and headquartered in Frederick, Maryland. At all relevant times, F&M Bancorp's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78I] and was traded on the NASDAQ National Market System. Mercantile acquired F&M on August 12, 2003.

12. Mercantile Bankshares Corporation is a bank holding company incorporated in Maryland and headquartered in Baltimore, Maryland. At all relevant times, Mercantile's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78I] and was traded on the NASDAQ National Market System.

FACTS

13. Between December 2002 and March 2003, Mercantile engaged in confidential efforts to acquire F&M. Thereafter, and prior to the public announcement on March 13, 2003, of its intent to acquire F&M, Mercantile engaged in confidential and nonpublic internal discussions, meetings, and analyses regarding the possible acquisition.

14. On March 13, 2003, Mercantile and F&M jointly announced that they had signed a definitive merger agreement pursuant to which Mercantile would acquire F&M. Following the public announcement, the market price of F&M common stock rose substantially, from a closing price of \$31 per share on the day prior to the announcement to a closing price of \$42.48 per share on the day of the announcement.

15. Prior to the public announcement of the possible acquisition of F&M, information relating to the acquisition was considered confidential by Mercantile and was to be used solely for its corporate purposes.

16. By reason of their employment at Mercantile, Russell Bradlee and Louis Stone had access to confidential information of the company. They worked in cubicles near the offices of their supervisor and his assistant, who were both involved in the potential acquisition of F&M. Russell Bradlee and Louis Stone had access to telephones, printers, copiers, fax machines, and other equipment used by their supervisor and his assistant. Their location exposed them to and provided access to confidential information about the potential F&M acquisition.

17. During their employment at Mercantile, Russell Bradlee and Louis Stone were advised of and aware of Mercantile's employment policies, pursuant to which employees who have material, nonpublic information relating to a company with whom Mercantile does business should (a) not trade in that company's securities or (b) pass the information on to others until the information becomes public. Furthermore, Russell Bradlee and Louis Stone were advised by their supervisor that information concerning the potential acquisition he was working on was confidential and could not be used by them or disclosed to anyone.

18. Sometime between February 19, 2003, and February 24, 2003, Russell Bradlee and Louis Stone learned material information which indicated that Mercantile was interested in acquiring F&M.

19. On February 24, 2003, Russell Bradlee purchased 250 shares of F&M common stock at \$29.25 per share.

20. Between February 24, 2003 and February 26, 2003, Louis Stone purchased 369 shares of F&M common stock at prices from \$28.92 to \$30.65 per share.

21. On March 13, 2003, after the public announcement of the intended acquisition of F&M, Russell Bradlee sold his shares of F&M common stock for a profit of \$3,442, and Louis Stone sold his shares of F&M common stock for a profit of \$3,976.

22. On February 24, 2003, Russell Bradlee conveyed the information he had learned to his father, defendant Thomas Bradlee, during telephone conversations with him.

23. Between February 24, 2003, and March 10, 2003, Louis Stone conveyed information about the possible acquisition of F&M to his sister, defendant Angela DeIVacchio, during telephone conversations with her.

24. Between February 24, 2003, and March 12, 2003, Thomas Bradlee purchased 8,300 shares of F&M common stock at prices from \$28.90 to \$31.72. He sold the stock after the public announcement, for a profit of \$100,328.

25. On February 24, 2003, Thomas Bradlee, during a telephone conversation with his friend, recommended that his friend purchase F&M common stock. Between February 24, 2003, and March 11, 2003, Thomas Bradlee's friend purchased 1,000 shares of F&M common stock at prices from \$28.95 to \$31. He sold the stock after the public announcement, for a profit of \$12,300.

26. Between February 24, 2003, and March 10, 2003, during telephone conversations with her husband, Angela DeIVacchio recommended that her husband purchase F&M common stock. Between February 28, 2003, and March 10, 2003, her husband purchased 3,000 shares of F&M common stock, at prices from \$30.22 to \$30.87. He sold the stock after the public announcement, for a profit of \$33,901.

**VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT
[15 U.S.C. § 78(b)] AND RULE 10b-5 [17 C.F. R. § 240.10b-5]**

27. Paragraphs 1 through 26 are realleged and incorporated herein by reference.

28. At all relevant times, Russell Bradlee knew that the information concerning the possible acquisition of F&M was material, confidential, and nonpublic. In breach of the duty of trust and confidence he owed to Mercantile, and while in possession of this information, he purchased shares of F&M common stock and disclosed the information to his father, Thomas Bradlee, who he knew, or was reckless in not knowing, would purchase shares of F&M common stock on the basis of that information.

29. At all relevant times, Louis Stone knew that the information concerning the possible acquisition of F&M was material, confidential, and nonpublic. In breach of the duty of trust and confidence he owed to Mercantile, and while in possession of this information, he purchased shares of F&M common stock and disclosed the information to his sister, Angela DelVacchio, who he knew, or was reckless in not knowing, would purchase shares of F&M common stock, or recommend the purchase of such shares to others, on the basis of that information.

30. At all relevant times, Thomas Bradlee knew, or should have known, that the information he possessed concerning the possible acquisition of F&M had been conveyed to him by his son, Russell Bradlee, through misappropriation or in breach of a duty of trust and confidence. While in possession of this material, nonpublic, and confidential information, Thomas Bradlee purchased common stock of F&M. When he recommended that his friend purchase F&M common stock, Thomas Bradlee knew, or was reckless in not knowing, that his friend would purchase F&M common stock on the basis of that information.

31. At all relevant times, Angela DelVacchio knew, or should have known, that the information she possessed concerning the possible acquisition of F&M had been conveyed to her by her brother, Louis Stone, through misappropriation or in breach of a duty of trust and

confidence. When she recommended to her husband that he purchase F&M common stock, she knew, or was reckless in not knowing, that her husband would purchase F&M common stock on the basis of that information.

32. By reason of the foregoing, Russell T. Bradlee, Thomas F. Bradlee, Louis P. Stone, IV, and Angela DelVacchio, directly and indirectly, violated, and unless restrained will violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently restrain and enjoin Russell T. Bradlee, Thomas F. Bradlee, Louis P. Stone, IV, and Angela DelVacchio, and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with him or her, and each of them, from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

II.

Order the defendants to account for and disgorge all profits, and prejudgment interest thereon, that they obtained or caused others to obtain as a result of the conduct described above.

III.

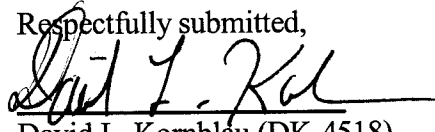
Order each of the defendants to pay a civil penalty under Section 21A(a) of the Exchange Act [15 U.S.C. § 78u-1(a)].

IV.

Grant such other relief as this Court may deem just and appropriate.

Dated: November 17, 2004

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David L. Kornblau", written over a horizontal line.

David L. Kornblau (DK-4518)

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