UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **DARYL M. PAYTON, and BENJAMIN DURANT, III,** **Defendants.**	**Civil Action No. 14-CV-4644 (JSR)** **ECF CASE** **JURY TRIAL DEMANDED**

AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows:

SUMMARY OF THE ACTION

1. This matter involves unlawful insider trading ahead of International Business Machines Corporation's ("IBM") 2009 acquisition of SPSS Inc. ("SPSS") by two industry professionals associated at relevant times with a Connecticut-based registered broker-dealer (the "Broker"): Daryl M. Payton ("Payton") and Benjamin Durant, III ("Durant") (collectively, the "Defendants").

2. As described in a related, previously filed enforcement action captioned SEC v. Conradt, et al., Civ. Act. No. 12-cv-08676-JSR (the "Initial Action"), in late May 2009 Trent Martin ("Martin"), then at a registered broker-dealer, learned material, nonpublic information regarding the pending SPSS acquisition (the "SPSS Acquisition") from his close friend, an associate at a New York law firm (the "Law Firm") who worked on the acquisition. Martin misappropriated the information from his friend, purchased SPSS securities on the basis of that

information, and tipped that information to his friend and roommate, Thomas Conradt ("Conradt"), who was a registered representative with the Broker. Conradt tipped several other registered representatives associated with the Broker, including defendants Payton and Durant, David J. Weishaus, and Registered Representative #1 (hereinafter "RR1"), each of whom traded on the basis of that information.

3. The illegal trading of defendants Payton and Durant as alleged herein resulted in ill-gotten gains exceeding $290,000.

4. Martin, Conradt, and Weishaus have since consented to judgments in the Initial Action ordering injunctions and disgorgement of all ill-gotten gains. Weishaus was also ordered to pay a civil penalty; the judgments entered against Martin and Conradt deferred civil penalty determinations until a later time.

5. By this Complaint, the Commission now charges defendants Payton and Durant with illegal trading in SPSS securities in violation of the federal securities laws. By knowingly or recklessly engaging in the conduct described in this Amended Complaint, defendants Payton and Durant violated and, unless restrained and enjoined by the Court, 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

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 violation occurred in the Southern District of New York.

9. In connection with the conduct alleged in this Complaint, defendants Payton and Durant 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) at a later 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 the 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. **Daryl M. Payton**, age 39, resides in Philadelphia, PA. From November 1, 2007 until November 10, 2009, Payton was a registered representative associated with the Broker at its New York City office. In 2002, he passed both the General Securities Representative Examination ("Series 7 Exam") and the Uniform Combined State Law Examination ("Series 66 Exam"). He previously worked with Durant at a financial advisory firm and, at all relevant times, worked and was friends with Durant, Weishaus, Conradt, and RR1.

13. **Benjamin Durant, III**, age 38, resides in Florida. From January 26, 2009 until November 10, 2009, Durant was a registered representative associated with the Broker at its New York City office. At relevant times, Durant was also a Certified Financial Planner. In 2001, he passed both the Series 7 Exam and the Series 66 Exam. Durant previously worked with Payton at a financial advisory firm and, at all relevant times, worked and was friends with Payton, Weishaus, Conradt, and RR1.

RELATED PERSONS AND ENTITIES

14. Up until its acquisition by IBM in October 2009, **SPSS Inc.**, headquartered in Chicago, Illinois, was a provider of predictive analytics software that performed such functions as statistical analysis, data mining, performance measurement, and fraud detection. At all relevant times, its shares were publicly traded on the NASDAQ under the symbol "SPSS."

15. The **Broker** is a Westport, Connecticut-based broker-dealer and investment adviser registered with the Commission. The Broker employed defendants Payton and Durant, Weishaus, Conradt, and RR1.

16. The **Law Firm** is a law firm with an office in New York, New York.

17. At all times relevant to this Complaint, **Michael Dallas ("Dallas")** was a citizen of New Zealand, a resident of New York, and an associate at the Law Firm. Beginning in December 2008, Dallas was assigned to the Law Firm's Mergers & Acquisitions ("M&A") Practice Group. On or about May 26, 2009, Dallas was assigned to work on IBM's acquisition of SPSS.

18. From August 2008 through mid-September 2009, **Trent Martin**, an Australian citizen, worked in New York City as an equities salesman with a broker-dealer. In September 2009, while still residing in New York, Martin transferred to a related broker-dealer in Connecticut, where he continued to work as an equities salesman until November 2010.

19. From September 2, 2008 until October 13, 2009, **Thomas C. Conradt**, a lawyer, was a registered representative associated with the Broker in its New York City office, working with defendants Payton and Durant. At all relevant times, Conradt was Martin's friend and roommate and was friends with Payton, Durant, Weishaus, and RR1.

20. **David J. Weishaus** was a registered representative associated with the Broker from October 8, 2007 until November 10, 2009. He worked in the Broker's New York City office from January 2008 through September 2008, and its North Palm Beach, Florida office from October 2008 through November 10, 2009. Weishaus attended the same law school as Conradt, graduating a year later. At all relevant times, Weishaus was friends with Conradt, Payton, Durant, and RR1.

21. **Registered Representative #1** was a registered representative associated with the Broker from August 29, 2008 until November 10, 2009, working in Broker's New York City office with Conradt, Weishaus, Payton, and Durant.

FACTS

A. IBM's Acquisition of SPSS and the Involvement of Dallas and the Law Firm.

22. On January 23, 2009, IBM retained the Law Firm in connection with its possible acquisition of SPSS. In early April 2009, IBM informed SPSS that IBM had an interest in making an offer to purchase SPSS, culminating in an April 15, 2009 letter from IBM to SPSS setting forth a non-binding offer to purchase SPSS.

23. On May 26, 2009, SPSS and IBM entered into a supplemental agreement to an existing confidentiality agreement in advance of IBM commencing due diligence.

24. On or about that same day, the Law Firm assigned Dallas to work on the proposed SPSS Acquisition and he continued to work on the SPSS Acquisition through October 2, 2009. This was Dallas's first "start to finish" assignment in the Law Firm's M&A practice group and the first time that he was part of a team of attorneys advising a principal in an M&A transaction.

25. As a member of the M&A practice group, Dallas knew that the information that he received regarding the SPSS Acquisition was nonpublic, and that maintaining its confidentiality was important to the success of the ultimate transaction. The participants to the transaction had safeguards in place to protect the confidentiality of the information, including confidentiality agreements and code names when referencing the transaction. At the Law Firm, the SPSS Acquisition was identified by the pseudonym "Pipestone" to preserve its confidentiality.

26. Upon being assigned to work on this engagement, Dallas learned material, nonpublic information about the transaction, including the anticipated (per share) purchase price and the identity of the participants in the transaction. Dallas had a duty to keep all of this material, nonpublic information confidential.

27. On June 6, 2009, the Law Firm sent SPSS's counsel an initial draft of a merger agreement.

28. The transaction progressed, and during the late evening on July 27, 2009, SPSS and IBM executed the merger agreement. At 7:31 a.m. on July 28, 2009, the parties issued a joint press release announcing to the public the proposed acquisition, in which IBM would acquire SPSS in an all cash transaction for approximately $1.2 billion or $50 per share (the "Announcement"). The acquisition was completed on October 2, 2009.

29. On July 27, 2009, the last trading day prior to the Announcement, the closing price of SPSS stock was $35.09. On July 28, 2009, the day of the Announcement, SPSS's stock closed at $49.45 per share on heavy volume, an increase of 40.9% from the previous day's closing price.

B. Martin and Dallas Had a History, Pattern, or Practice of Sharing Confidences.

30. At all relevant times, Dallas and Martin had a history, pattern, or practice of sharing confidences such that a duty of trust or confidence existed between them.

31. Dallas and Martin met in October 2008 through mutual friends, shortly after Dallas moved to New York. Dallas and Martin quickly became close friends. Dallas was working in the United States pursuant to a H1B Work Visa that was valid beginning on October 1, 2009 and that allowed Dallas to work for the Law Firm for a period of approximately three years, but for which any change in employment would require a new visa petition.

32. Prior to the end of May 2009, Martin became Dallas's closest friend in New York and the person outside of work with whom Dallas spent the most time.

33. From December 2, 2008 through the end of May 2009, Martin and Dallas directed more than two hundred e-mails to each other; some one-on-one, others as part of correspondence with a small group of friends.

34. Prior to the end of May 2009, Martin and Dallas had developed a history of sharing confidences.

35. For example, prior to the end of May 2009, Martin showed Dallas an internal, nonpublic work e-mail written by Martin, which Dallas understood to be nonpublic.

36. Prior to the end of May 2009, Dallas and Martin discussed Dallas's work at the Law Firm, including his role as an associate working in the business and transactional groups at a large law firm, transactions on which he had worked or was working, clients for whom his practice group worked, his workload, and work issues as they arose. Martin understood that some of the information disclosed by Dallas in these discussions, including transaction details and the identity of clients, was nonpublic, and that Dallas expected him to maintain its confidentially.

37. For example, in or around February 2009, after Dallas had told Martin that he had been assigned to the M&A practice group, Dallas told Martin about a bond transaction on which he was working, including details that Martin knew to be nonpublic and confidential. Martin knew that Dallas expected him to maintain the confidentiality of that information.

38. Moreover, prior to the end of May 2009, Martin and Dallas also discussed employment topics such as supervisors, work schedules, and compensation.

39. Martin and Dallas both understood that the information discussed about their jobs was nonpublic and that the disclosing party expected the other to maintain its confidentiality.

40. Martin and Dallas also shared confidences of a more personal nature, including details of relationships, their families, personal legal matters, and plans for the future. For example, prior to the end of May 2009, Martin confided to Dallas personal details regarding the illness of a family member in Australia.

41. In early May 2009, Martin sought out Dallas's advice regarding a friend's legal dispute over an employment non-compete agreement, revealing to Dallas the underlying facts and legal strategies, to which Dallas responded in detail.

42. In June 2009, Martin was arrested after an altercation that occurred outside of Grand Central Station. Martin asked Dallas for his assistance, expressing concern about, among other things, the possible implications for Martin's ability to remain in the United States.

43. Martin and Dallas both understood that the personal confidences they shared were private and that the disclosing party expected the other to maintain that confidentiality.

44. Over the course of their friendship, Dallas never revealed, or traded on, any confidential information that Martin shared with him.

45. Prior to June 2009, Martin never revealed, or traded on, any confidential information entrusted to him by Dallas.

C. Dallas Disclosed to Martin Material, Nonpublic Information about the SPSS Acquisition in Confidence.

46. Upon his assignment to the SPSS Acquisition in May 2009, Dallas had been employed by the Law Firm for only eight months and had been working on M&A assignments for approximately three months. He had not previously worked on an M&A project from start to finish, and he would be acting as an attorney adviser to a principal in the transaction.

47. Dallas understood IBM to be one of the Law Firm's largest clients. He anticipated that the work on the SPSS Acquisition would be very demanding, and he was

concerned that his lack of experience in M&A might adversely affect his performance on the engagement.

48. In late May 2009, soon after his assignment to the SPSS Acquisition, Dallas met Martin for lunch. At that lunch, Dallas's assignment to the SPSS Acquisition was a topic of discussion between the two men, and Dallas sought from Martin moral support, reassurance, and advice with respect to his new assignment. Dallas confided in Martin his concern as to his lack of experience, attempting to communicate to Martin the magnitude and importance of the assignment. In so doing, Dallas revealed to Martin nonpublic information about the SPSS Acquisition, including the anticipated transaction price and the identities of the acquiring and target companies. Dallas did not discuss this confidential information with anyone outside of the Law Firm other than Martin.

49. At the time, Dallas understood that Martin was a securities professional who understood both the sensitivity of this type of information, as well as Dallas's role as a lawyer representing a client in a corporate acquisition.

50. Based on their history of sharing and maintaining confidences, Dallas expected Martin to maintain the information that Dallas disclosed to him about the SPSS Acquisition in confidence.

51. Martin knew that the information that Dallas disclosed to him about the SPSS Acquisition was nonpublic and, if disclosed, would affect the price of SPSS securities. Based on their history of sharing confidential information, Martin further knew that Dallas expected him to maintain the confidentiality of that information and to not disclose it to anyone.

52. In June and July 2009, Dallas and Martin continued to communicate and spend time together and, in the course of his continued relationship with Dallas, Martin learned from

Dallas additional, nonpublic information about the timing of the SPSS Acquisition that he knew or reasonably should have known that Dallas expected him to maintain confidentially.

53. The nonpublic information about the SPSS Acquisition that Martin learned from Dallas is referred to herein as the "Inside Information."

54. In late July 2009, after misappropriating and using the Inside Information to trade in SPSS securities, Martin first informed Dallas that he had done so, and apologized to Dallas for trading on the basis of that information, expressing regret and concern that his trading in SPSS securities could have adverse consequences for Dallas. After the Announcement, Martin twice again similarly apologized to Dallas.

55. On June 3, 2009 and July 22, 2009, Martin misappropriated and used the Inside Information to trade for his own account. This trading resulted in profits of $7,625, which Martin has since disgorged in accordance with the judgment entered in the Initial Action.

D. Martin and Conradt Were Roommates and Shared a Close Mutually-Dependent Financial Relationship.

56. From October 2008 until November 2009, Martin and Conradt were friends and roommates in a New York City apartment, shared a close mutually-dependent financial relationship, and had a history of personal favors. Martin and Conradt shared the apartment common space and two to three times a week they ate dinner together and/or watched television. Martin and Conradt discussed their professional and social lives, and also socialized outside of the apartment.

57. As roommates, Conradt's and Martin's expenses were intertwined. Conradt took the lead in organizing and paying the shared expenses for the apartment. Conradt paid apartment bills, including cable and internet, power, and cleaning service, and then asked Martin and a third roommate to reimburse him for their portion of these expenses.

58. Conradt was also responsible for securing benefits for Martin and the third roommate. Conradt negotiated a rent reduction with their landlord that resulted in Martin's monthly rent decreasing from $1,800 to $1,500; renegotiated the cable bill for a 25% savings; hired a cleaning service; and arranged for the repair of a "buzzer," a ceiling leak, and wall outlets. Martin and the third roommate repeatedly thanked Conradt for this.

59. As part of their relationship, Conradt also assisted Martin with a criminal legal matter. On or about June 20, 2009, Martin was arrested and charged with assault after he was involved in a street altercation outside Grand Central Station. After his arrest, Conradt helped Martin deal with this situation that Martin believed could threaten his ability to legally stay in the United States.

60. On or about June 22, 2009, just four days before Conradt first purchased SPSS securities on the basis of the Inside Information about the SPSS acquisition, Conradt called a friend who was clerking for a judge to help advise Martin on how to deal with his arrest. As a result, Dallas, Martin, Conradt, and Conradt's friend discussed the best legal strategy and potential attorneys to hire for Martin. Martin repeatedly thanked Conradt and Conradt's friend for their assistance**.**

E. Martin Misappropriated the Inside Information, Traded, and Tipped it to Conradt.

61. Prior to June 24, 2009, in violation of the duty of trust or confidence that he owed to Dallas, Martin misappropriated, and tipped the Inside Information to Conradt. Subsequently, Martin told Conradt additional and more specific information, including the expected timing of the transaction.

62. On June 26, 2009, Conradt used the Inside Information and bought SPSS securities. This trading resulted in profits of $2,533.60, which Conradt has since disgorged in accordance with the judgment entered in the Initial Action.

63. After the Announcement, Martin and Conradt discussed Conradt's SPSS trading and profits. During this conversation Martin thanked Conradt for his prior assistance with the criminal legal matter and told Conradt he was happy that Conradt profited from the SPSS trading because Conradt had helped him.

F. Conradt First Tipped the Inside Information to Weishaus Who Traded on the Basis of the Inside Information.

64. Conradt understood that the Inside Information that he received from Martin was confidential and Martin told Conradt not to share it with anyone. Conradt also understood that Martin should not have shared that information with him. However, upon hearing the information from Martin, Conradt immediately tipped the Inside Information to Weishaus.

65. Beginning on June 24, 2009, Weishaus purchased SPSS securities on the basis of the Inside Information. Weishaus' trades resulted in illegal profits of $127,485 which he has since been ordered to disgorge.

G. Conradt Next Tipped the Inside Information to RR1, and then Payton and Durant.

66. At all relevant times, Conradt, defendants Payton and Durant, and RR1 worked in the Broker's New York City office. Conradt, Payton, Durant, and RR1 worked in the same general area, were friends, and spoke or communicated by instant message regularly throughout the day.

67. Both defendants Payton and Durant had experience in the securities industry prior to their employment at the Broker. Accordingly, Payton and Durant often assisted Conradt in his

duties at the Broker. Among other things, Payton and Durant gave Conradt advice on good Broker-approved stocks for clients, helped him with work problems, and provided him leads for new clients. For example, in mid-June 2009 an issue arose regarding commissions Conradt felt he was owed by Broker. Conradt turned to Payton and Durant for their advice and Payton interceded with Conradt's supervisor. Conradt thanked Payton and Durant for their help and wrote to Payton, "I owe you one."

68. Prior to July 20, 2009, Conradt had discussed both his apartment and his roommates with defendants Payton and Durant. Both Payton and Durant knew that Martin was Conradt's roommate and friend, and that Martin worked at a securities firm. Additionally, Conradt told Payton about Martin's assault arrest near Grand Central Station.

69. On or before June 24, 2009, Conradt told RR1 the Inside Information. On June 25, 2009, RR1 purchased 20 July SPSS call options with a strike price of $35.

70. On or before July 1, 2009, Conradt learned that RR1 had told defendant Durant the Inside Information that Conradt had previously told RR1. Conradt then personally told defendants Payton and Durant that his roommate Martin had told him that SPSS was likely going to be acquired. Knowing that Conradt was Martin's roommate, Payton and Durant did not ask Conradt why Martin told Conradt the Inside Information and did not ask Conradt how Martin learned this information.

71. On July 1, 2009, Conradt had the following instant message exchange with defendant Payton, asking whether Payton had begun to buy SPSS stock:

Conradt: did you buy options or the stock for our horse, btw?
it's up today
i wanna buy more
Payton: no havent yet, im a d***, been distracted

72. Immediately following this exchange, defendant Payton asked defendant Durant via instant message: "u move on the stock yet?" Durant replied: "bought a few of the options but just got liquid today. going to [sic] buying in slowly over this week and next."

73. After Conradt told defendants Payton and Durant, Weishaus, and RR1 about the Inside Information, the defendants used coded language and did not directly mention SPSS or IBM when communicating in writing about trading on the information.

74. Following Conradt's initial disclosure to defendants Payton and Durant about the Inside Information, Durant repeatedly asked Conradt whether his roommate had any additional information. Subsequently, Conradt spoke again to defendants Payton and Durant, confirming the Inside Information, telling them that: (a) IBM was acquiring SPSS; (b) the acquisition was going to happen soon; and (c) this specific information had come from Conradt's roommate, Martin.

H. Defendants Payton's and Durant's Trading on the Basis of the Inside Information.

75. After Conradt told defendant Durant the Inside Information, Durant purchased SPSS securities, ultimately making more than $53,000 on these trades. The chart below details Durant's purchases:

Date Entered	Date Executed	Security	Quantity	Strike Price	Price	Total Cost
July 20, 2009	July 21, 2009	Sept. SPSS Call Option	10	40	$0.55	$550
July 22, 2009	July 22, 2009	Sept. SPSS Call Option	50	40	$0.60	$3,000

76. At the time defendant Durant purchased these options, the price per share of SPSS stock was significantly less than the strike price, $33.73 and $34.38, respectively.

77. After Conradt told defendant Payton the Inside Information, Payton purchased SPSS securities, ultimately making more than $247,000 on these trades. The chart below details Payton's purchases:

Date Entered	Date Executed	Security	Quantity	Strike Price	Price	Total Cost
July 22, 2009	July 22, 2009	Aug. SPSS Call Option	100	40	$0.30	$3,000
July 22, 2009	July 22, 2009	Sept. SPSS Call Option	50	40	$0.60	$3,000
July 24, 2009	July 24, 2009	Sept. SPSS Call Option	20	40	$0.80	$1,600
July 24, 2009	July 27, 2009	Aug. SPSS Call Option	100	40	$0.30	$3,000

78. On July 22, 2009, when defendant Payton purchased options with a strike price of $40, the price per share of SPSS stock closed at $34.38. On July 24, 2009, when defendant Payton purchased options with a strike price of $40, the price per share of SPSS stock closed at $35.10. To make these purchases, Payton liquidated his only IRA holding of any significant value.

79. Payton's brokerage account records at Broker show that prior to July 22, 2009, Payton had not traded in SPSS securities.

80. After the Announcement, during August and September 2009, defendants Payton and Durant liquidated their SPSS holdings.

I. Payton and Durant Took Steps to Conceal their Misconduct.

81. On July 28, 2009, the day of the Announcement, Conradt, defendant Durant, and RR1 met for lunch to discuss their trading in SPSS. During this lunch, the group discussed a meeting planned for later that day at the Morgan Hotel in New York City. Defendant Durant paid for the group's lunch with cash (instead of using a credit card), stating that he did not want to leave a paper record of the lunch.

82. That evening, Conradt, Weishaus, defendants Payton and Durant, and RR1 met at the Morgan Hotel in New York City. Weishaus drove up from Baltimore, Maryland to attend this meeting. The purpose of the meeting was to discuss what to do if anyone was contacted by the Commission or other law enforcement about their trading in SPSS securities. At that meeting Payton, Durant, and others, acknowledged profiting from their trading in SPSS securities based on the Inside Information. Conradt, Payton, Durant, and others agreed not to discuss their trading with anyone and to contact a lawyer if questioned about it.

83. In early August 2009, defendant Payton transferred all of his holdings, including his SPSS holdings, from accounts held at his employer, the Broker, to another brokerage firm. In opening accounts at the new firm, he misrepresented himself to be "engaged in real estate consulting," and did not disclose that he was an employee of a securities brokerage firm or affiliated with an exchange member, thereby circumventing any controls that the new firm had in place to, for instance, monitor members of the securities industry and/or to notify his employer, the Broker, of his securities activities. Payton then covertly sold his SPSS securities using this account.

84. In November 2009, upon receipt of a Commission subpoena, the Broker placed defendants Payton and Durant in separate rooms and provided each with a list of questions

concerning their trading in SPSS securities. In responding to these questions, Payton and Durant each lied about the origin of their interest in SPSS securities. Defendants Payton and Durant failed to disclose that Conradt had told them information about the SPSS Acquisition and that they traded on the basis of material, nonpublic information.

85. On November 6, 2009, the Broker sought further information from defendants Payton and Durant concerning their trades in SPSS securities. Payton and Durant refused to respond to the additional questions and, on November 10, 2009, the Broker terminated their employment.

J. Payton and Durant Each Violated the Federal Securities Laws.

86. As detailed above, the Inside Information Conradt tipped to defendants Payton and Durant was material and nonpublic. A reasonable investor would have viewed the Inside Information, and each component thereof, as being important to his or her investment decision.

87. Based on their history, pattern, or practice of sharing confidences, at the time of the May 2009 lunch and all times subsequent, Martin owed a duty of trust or confidence to Dallas. In breach of this duty of trust or confidence, for a personal benefit, Martin tipped the Inside Information to his friend and roommate, Conradt, knowing or recklessly disregarding that Conradt could be reasonably expected to trade on the basis that information.

88. At all relevant times, Conradt knew or should have known that the Inside Information provided to him by Martin had been obtained and transmitted improperly, in breach of Martin's fiduciary duty or duty of trust or confidence, for Martin's personal benefit.

89. When Martin tipped the Inside Information to Conradt, Conradt assumed the duty to maintain the confidentiality of that information. Conradt knowingly or recklessly breached

this duty by tipping the Inside Information to his friends and colleagues, defendants Payton and Durant, knowing that they could reasonably be expected to trade on the basis of that information.

90. Defendants Payton and Durant both worked in the securities industry and knew how the market reacted to material information and thus, the value of material nonpublic information. Indeed, on or about November 6, 2007 and January 7, 2009, Payton and Durant, respectively, signed an "Insider Trading Certification" for the Broker. By signing this certification, Payton and Durant each affirmed his knowledge and understanding of policies and procedures regarding insider trading and confirmed that he had not traded on any materials "deemed Insider Information."

91. Defendants Payton and Durant knew or were reckless in not knowing that the Inside Information tipped to them by Conradt was material and nonpublic.

92. Defendants Payton and Durant knew or should have known that the Inside Information tipped by Conradt had been initially obtained and transmitted improperly, in breach of a fiduciary duty or duty of trust or confidence and for personal benefit.

93. When Conradt tipped the Inside Information to defendants Payton and Durant, they each assumed a duty to maintain the confidentiality of that information and to not trade. Durant and Payton knowingly or recklessly breached this duty by trading on the basis of that information.

94. Defendants Payton and Durant, securities industry professionals, knew, or were reckless in not knowing that they were not permitted to trade on the basis of the Inside Information. Defendants Payton and Durant knowingly or recklessly purchased SPSS securities while in possession, and on the basis of material nonpublic information.

CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against Both Defendants)

95. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1- 94 inclusive, as if they were fully set forth herein.

96. The Inside Information, and each component thereof, was material and nonpublic.

97. At all times relevant to this Complaint, each of the Defendants acted knowingly or recklessly.

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

(a) employed devices, schemes or artifices to defraud;

(b) made untrue statements of material facts 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 operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

99. By reason of the foregoing, the Defendants 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 [17 C.F.R.§ 240.10b-5], thereunder.

PRAYER FOR RELIEF

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

I.

Permanently restraining and enjoining Defendants Payton and Durant from, directly or indirectly, 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 each Defendant to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

III.

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

IV.

Grant such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

Respectfully submitted,

Date: March 2, 2015

s/ Catherine E. Pappas
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