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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

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:
: Civil Action File No.

: 1:05-CV-0143

PATRICK S. ANDERSON and
VICKIE L. WESTBROOK,

Defendants.

-CAM

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff Securities and Exchange Commission (the "Commission") files this complaint and alleges the following:

SUMMARY

1 From February through March 2002, Patrick S. Anderson traded the securities of Eagle Bancshares, Inc., knowing that the company would soon be acquired by a subsidiary of Royal Bank of Canada.

FORMS RECEIVED
Consent to the filing
Pretrial instructions
THE VLI INC
[Signature]

2. At the time of his trades, Anderson was the vice president and real estate risk management officer of Tucker Federal Bank, a wholly-owned subsidiary of Eagle Bancshares

3. Anderson also tipped his friend, Vickie L. Westbrook, about the impending acquisition of Eagle Bancshares.

4. Based on this inside information, Westbrook also traded Eagle Bancshares' securities.

5. Anderson's insider trading reaped profits totaling \$134,999.40, while Westbrook's trades generated approximately \$32,995 in profits

6. Defendants Anderson and Westbrook, directly or indirectly, engaged in acts, practices, and courses of business which have constituted and will constitute violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78j(b)] and Rule 10b-5 [17 C.F.R. §§ 240.10b-5] promulgated thereunder

7. The Commission, pursuant to authority conferred upon it by Sections 10(b) and 23(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78w(a)], has promulgated Rule 10b-5 [17 C.F.R. § 240.10b-5] which was in effect at all times relevant herein and remains in effect

8. The defendants, unless enjoined by this Court, will continue to engage in the acts, practices and courses of business alleged herein, and in acts, practices and courses of business of similar purport and object

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 21(d), 21(e) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)-(e) and § 78u-1] seeking to permanently enjoin the defendants from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, for disgorgement of illegally obtained funds together with prejudgment interest thereon, civil money penalties, and other equitable relief.

10 Anderson and Westbrook, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the acts, practices, and courses of business alleged herein. Certain of these acts, practices, and courses of business have occurred within the Northern District of Georgia, including but not limited to, Anderson's acquisition of material nonpublic information and the placement and execution of orders to purchase and sell securities by Anderson and Westbrook

11. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] and 28 U.S.C. § 1391(b)(1) and (2), because certain of the transactions, acts, practices and courses of business constituting violations of the Exchange Act have occurred within the Northern District of Georgia. Among other things, Eagle maintained a principal office in the Northern District of Georgia, Anderson acquired material nonpublic information at Eagle offices, and Anderson and Westbrook placed and executed orders to purchase and sell Eagle securities within the Northern District of Georgia.

DEFENDANTS AND EAGLE BANKSHARES

12. Patrick S. Anderson, 54, was at all relevant times a resident of Lilburn, Georgia, an Atlanta suburb.

13. Anderson joined Tucker Federal as vice president and real estate risk management officer in April 2000 and resigned shortly after Eagle was acquired in 2002.

14. Vickie L. Westbrook, 53, resides in Smyrna, Georgia, an Atlanta suburb.

15. Eagle Bancshares, Inc., (“Eagle”) formerly based in Tucker, Georgia, engaged in community banking through Tucker Federal, its principal subsidiary that had 14 branch offices in metropolitan Atlanta. Eagle’s common stock was

registered pursuant to Section 12(g) of the Exchange Act and traded on NASDAQ under the symbol EBSI.

FACTS

A. Anderson Received Material Nonpublic Information In The Course Of His Employment At Tucker Federal

16. At the end of each month, Anderson and others attended collection team meetings, which involved disclosing upcoming foreclosures on properties and discussing major problem loans.

17 At the February 26, 2002 monthly collection meeting, Anderson learned that Eagle would soon be acquired. This was highly sensitive, nonpublic information.

18 Eagle's corporate compliance manual prohibited its employees from trading Eagle securities while in possession of material nonpublic information. Eagle provided all employees, including Anderson, with this manual at the outset of their employment.

19. On February 28, 2002, Anderson signed an Employment Agreement, which contained a Nondisclosure of Confidential Information covenant. Pursuant to this agreement, Anderson agreed not to disclose or utilize any confidential information obtained in the course of his employment.

B. Trading by Anderson

20. On February 28, 2002, Anderson began purchasing Eagle stock. This was the same day Anderson agreed not to utilize confidential Eagle information and just two days after learning about the impending acquisition.

21. Between February 28 through March 26, 2002, Anderson purchased 15,000 shares of Eagle stock in four separate brokerage accounts under his control or direction.

22. Anderson executed these transactions while in possession of, and based upon, material, nonpublic information.

23. On March 26, 2002, Eagle's stock closed at a price of \$17.93 per share on a total volume of 7,100 shares. After the market closed on March 26, the acquisition of Eagle was announced.

24. The market reacted favorably to the announced acquisition. On March 27, the day after the announcement, Eagle's stock closed at a price of \$25.63 per share, an increase of \$7.70 from the previous day's closing price, and trading volume totaled 1,977,856 shares.

25. Anderson sold 1,000 of his Eagle shares on March 26 and the remaining 14,000 shares on March 27. He received prices ranging from \$17.51 to \$25.64 for his shares.

26 In less than one month, Anderson realized a gain of \$134,999.40, a 56% return on his investment

C. Trading by Westbrook

27 Anderson also tipped his friend, Westbrook, about Eagle's impending acquisition before it became public. He told her how he had learned of the acquisition and that he intended to buy Eagle shares. Anderson suggested that Westbrook also purchase some Eagle shares.

28. Based upon the information from Anderson, Westbrook bought 3,500 shares of Eagle stock from March 6 through March 22, 2002, at prices ranging from \$15.85 to \$17 00.

29 Westbrook sold her entire holdings in Eagle stock on March 27, the day after the announcement, at prices ranging from \$25.60 to \$25 64 per share, resulting in gains of \$32,955, or a 56% return in only three weeks.

COUNT - FRAUD

Violations of 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]

30. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 29 above.

31 At various times from at least February 2002 through at least March 2002, defendants Anderson and Westbrook, in connection with the purchase and

sale of securities described herein, by the use of the means or instrumentalities of interstate commerce or by use of the mails, or of any facility of any national securities exchange, directly and indirectly:

(a) employed devices, schemes, and artifices to defraud,

(b) made untrue statements of material facts and 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

(c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon other persons, as more particularly described above.

32 Defendants Anderson and Westbrook knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Anderson and Westbrook acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth

33. By reason of the foregoing, defendants Anderson and Westbrook directly and indirectly violated, and unless permanently restrained and 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 prays that the Court:

I

Make findings of fact and conclusions of law in accordance with Rule 52 of the Federal Rules of Civil Procedure.

II

Issue a permanent injunction enjoining defendants Anderson and Westbrook, *and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise, and each of them: 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].*

III.

Issue an Order requiring defendants Anderson and Westbrook to disgorge all ill-gotten gains as alleged in the Commission's Complaint, plus pay prejudgment interest thereon.

IV

Issue an Order requiring defendants Anderson and Westbrook, pursuant to Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C 78u(d)(3) and 78u-1], to pay civil monetary penalties

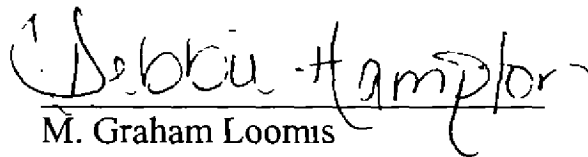
V.

Issue an Order that retains jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

VI.

Grant such other and further relief as may be necessary and appropriate.

RESPECTFULLY SUBMITTED,



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