

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

GIANLUCA DI NARDO,
CORRALERO HOLDINGS, INC.,
OSCAR RONZONI,
PAOLO BUSARDÒ,
TATUS CORP., and
A-ROUND INVESTMENT SA,

Defendants.

Case No. 1:08-cv-06609-PAC

Related Case: 1:08-cv-4520-PAC

FIRST AMENDED COMPLAINT

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

SUMMARY OF ALLEGATIONS

1. This is an insider trading case involving highly profitable and highly suspicious purchases of call option contracts for the common stock of American Power Conversion Corp. ("APCC") by Defendants Gianluca Di Nardo ("Di Nardo") and Corralero Holdings, Inc. ("Corralero") made through an omnibus account at UBS AG in Zurich, Switzerland ("UBS Zurich") and cleared through UBS Securities LLC. In addition, this case involves highly profitable and highly suspicious purchases of call option contracts for the common stock of DRS Technologies, Inc. ("DRS") by Defendants Corralero, Di Nardo, Oscar Ronzoni ("Ronzoni"),

Paolo Busardò (“Busardò”), Tatus Corp. (“Tatus”), and A-Round Investment SA (“A-Round”) through the same omnibus account at UBS Zurich and cleared through UBS Securities LLC.

2. The Defendants made well-timed purchases of call options for the common stock of these two different corporations in the days and weeks immediately preceding public disclosures and announcements relating to the ultimate acquisitions of these companies. In both cases, there was no public information available concerning the acquisitions before Defendants purchased the call options.

JURISDICTION AND VENUE

3. This Court possesses jurisdiction over this matter pursuant to Sections 21(e), 21A, and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(e), 78u-1, and 78aa].

4. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain acts, practices, transactions and courses of business constituting the violations occurred in the Southern District of New York.

5. Defendants have directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices, transactions, and courses of business alleged in this First Amended Complaint.

6. Defendants will, unless restrained and enjoined, continue to engage in the acts, practices, transactions, and courses of business alleged in this First Amended Complaint, or in acts, practices, transactions, and course of business of similar purport and object.

RELATED CASE

7. Pursuant to Civil Rule 1.6(a) of the Local Rules of the United States District Courts for the Southern District of New York, the Commission notes that this action is related to the Commission's action in *SEC v. Cristian De Colli*, No. 08 CIV 4520 (PAC) (S.D.N.Y. May 15, 2008).

NAMED DEFENDANTS

8. **Gianluca Di Nardo**, age 42, is an Italian citizen who currently resides in London. Di Nardo controls Corralero.

9. **Corralero Holdings, Inc.** is a trust whose beneficial owner is Di Nardo. It was incorporated in the Bahamas on April 22, 2005.

10. **Oscar Ronzoni**, age 52, is an Italian citizen who resides in Como, Italy. Ronzoni holds a license to operate as a trust agent in the Canton of Ticino, Switzerland, and as a manager of Luga Audit & Consulting SA ("Luga"), a company based in Lugano, Switzerland, which provides corporate, tax, financial, and business consulting.

11. **Paolo Busardò**, age 33, is an Italian citizen who resides in Como, Italy. Busardò works for a subsidiary of Luga in Milan, Luga Audit & Consulting srl, and is a professor at the School of Economics of the University of Western Piedmont in Novara, where he teaches balance-sheet analysis.

12. **Tatus Corp.**, incorporated in Panama on October 2, 2006, is an investment vehicle which operates from Lugano, Switzerland. Busardò is the ultimate beneficial owner of Tatus and Ronzoni is the formal managing director. Incorporation documents list Ronzoni as a director and president. A-Round holds an administrative power of attorney for Tatus.

13. **A-Round Investment SA** is a consulting firm based in Lugano controlled by Busardò.

RELEVANT ENTITIES

14. **DRS Technologies, Inc.** has its principal executive offices in Parsippany, New Jersey. DRS is a Delaware corporation that supplies integrated products, services, and support to military forces, government agencies, and prime contractors worldwide. Prior to the Finmeccanica acquisition, DRS's common stock was registered with the Commission pursuant to Exchange Act Section 12(b) and traded on the New York Stock Exchange under the symbol "DRS," and its options traded on the Chicago Board Options Exchange, the Philadelphia Stock Exchange, the International Securities Exchange, and the NYSE's Arca.

15. **Finmeccanica SpA** is headquartered in Rome, Italy. Finmeccanica designs and manufactures, among other things, helicopters, civil and military aircraft, satellites, missiles, and defense electronics. Shares of Finmeccanica are listed on the Milan Stock Exchange and are quoted in the United States on the Pink Sheets under the symbol "FINMF.PK."

16. **American Power Conversion Corp.** had its principal executive offices in West Kingston, Rhode Island, before its merger into an indirect, wholly-owned subsidiary of Schneider Electric SA on February 14, 2007. APCC was a Massachusetts corporation that provided products and services for home and corporate environments to improve the availability, manageability, and performance of sensitive electronic, network, communication, and industrial equipment. Prior to the Schneider acquisition, APCC's common stock was registered with the Commission pursuant to Exchange Act Section 12(g), its shares traded on the Nasdaq National Market and on the Pacific Exchange, Inc. under the ticker symbol "APCC," and its options

traded on the Boston Stock Exchange, Chicago Board Options Exchange, the International Securities Exchange, NYSE Arca, and the Philadelphia Stock Exchange.

17. **Schneider Electric SA**, headquartered in Rueil-Malmaison, France, is an international company that designs, manufactures, and sells electrical distribution equipment, industrial robots, and secured power equipment. Shares of Schneider trade on NYSE Euronext Paris under the ticker symbol PA.

18. **UBS AG**, with headquarters in Zurich, Switzerland, operates in over 50 countries, including the United States. It is a financial institution with wealth management, investment banking and asset management operations.

19. **UBS Securities LLC** is a Delaware limited liability company with its principal place of business in Stamford, Connecticut. It is a broker-dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act and a subsidiary of UBS AG.

FACTUAL ALLEGATIONS

I. Background

20. A call option, or a “call,” is a financial contract between the buyer and the seller of this type of option. The buyer of the option has the right, but not the obligation to buy an agreed quantity of a particular security from the seller of the option at a certain time (the expiration date) for a certain price (the strike price). The buyer pays a fee (called a premium) for this right. A call option contract typically gives the buyer the right to purchase 100 shares of the underlying security.

21. The buyer of a call option wants the price of the underlying security to rise in the future; when the market price of the security exceeds the strike price of the option, the purchaser of the option can sell a security purchased through the exercise of the option at the market for a

premium. When the market price of the security surpasses the strike price, the option is said to be “in-the-money.” The option increases in value when it is “in-the-money.”

II. The APCC Transaction

A. Corralero’s Purchase of APCC Call Options

22. On or about September 13, 2006, Schneider sent an “indication of interest” letter to the Chairman of the Board of Directors of APCC and the chief executive officer (“CEO”) of APCC, expressing Schneider’s interest in pursuing a strategic combination with APCC.

23. On or about September 19, 2006, the APCC Board of Directors reviewed Schneider’s “indication of interest” letter.

24. On or about September 20, 2006, the Chairman of the APCC Board of Directors called Schneider’s President and CEO and stated that the Board of Directors would be willing to have discussions with Schneider about a possible sale of APCC.

25. On September 21, 2006, the price of a share of APCC common stock reached a high of \$21.72 and closed at \$21.30. On that same day, Corralero bought 1,600 APCC call options due to expire in December 2006 with a strike price of \$22.50, and, therefore, on the date they were purchased, the APCC options were not in-the-money.

26. Corralero’s purchase on September 21, 2006, constituted 87.33 percent of the trading volume for APCC call options in that series on that date, and it constituted 26 percent of all the APCC options trading on that date.

27. On September 22, 2006, the price of a share of APCC common stock reached a high of \$21.60 and closed at \$21.40. On that same date, Corralero bought 800 APCC call options due to expire in December 2006 with a strike price of \$22.50 and, therefore, on the date they were purchased, the APCC options were not in-the-money.

28. Corralero's purchase of APCC call options on September 22, 2006, represented 58.78 percent of the trading volume on that date for options in that series, and it constituted approximately nine percent of the trading in all APCC options on that date.

29. All the purchases of APCC call options by Corralero were through the UBS Omnibus Account, and they cleared through UBS Securities LLC.

B. The Announcement of Schneider's Acquisition of APCC

30. On Monday, October 30, 2006, at approximately 1:00 a.m. EST, Schneider announced that it would acquire all of the outstanding shares of APCC for \$31 per share, in a transaction valued at approximately \$6.1 billion.

31. On October 30, 2006, trading volume in APCC stock and options rose sharply, and the price of APCC stock closed at \$30.02, approximately 26% above its \$23.76 close on October 27, 2006.

32. Upon information and belief, prior to the October 30, 2006, announcement, information concerning APCC's interest in being acquired and the potential agreement with Schneider was confidential, nonpublic information.

C. Corralero Profited From the Sale of APCC Call Options

33. On October 30, 2006, following the announcement of Schneider's acquisition of APCC, Corralero liquidated its holdings in APCC call options and realized a profit of approximately \$1,440,850.

III. The DRS Transaction

A. Corralero Holdings' Purchase of DRS Call Options

34. On April 29, 2008, the price of a share of DRS common stock reached a high of \$62.45 and closed at \$61. On that same day, Corralero bought 550 DRS call options due to

expire in June 2008 with a strike price of \$65, and, therefore, on the date they were purchased, the DRS options were not in-the-money.

35. Corralero's purchase of DRS call options on April 29, 2008, represented 58.15 percent of the trading volume on that date for options in that series.

B. Purchases of DRS Call Options by Ronzoni, Busardò, Tatus, and A-Round

36. On May 5, 2008, the price of a share of DRS common stock reached a high of \$64.81 and closed at \$63.73. On that same day, Ronzoni bought 170 DRS call options due to expire in June 2008 with a strike price of \$70, and, therefore, on the date they were purchased, the DRS options were not in-the-money.

37. Ronzoni's purchase of DRS call options on May 5, 2008, represented 15.7 percent of the trading volume on that date for options in that series.

38. On May 6, 2008, the price of a share of DRS common stock reached a high of \$63.99 and closed at \$63.07. On that same day, Ronzoni bought 170 DRS call options due to expire in June 2008 with a strike price of \$70, and, therefore, on the date they were purchased, the DRS options were not in-the-money.

39. Ronzoni's purchase of DRS call options represented 100 percent of the trading volume on May 6, 2008, for options in that series.

40. Ronzoni also made significant purchases of DRS call options through Tatus, a Panamanian corporation that he controls with Busardò. On May 7, 2008, Tatus purchased 800 DRS call options with \$65 exercise prices and June 2008 expiration dates.

41. On May 7, 2008, through an investment vehicle known as A-Round, Busardò purchased a total of 130 DRS call options, with \$65 exercise prices and June 2008 expiration dates.

42. On May 7, 2008, the price of a share of DRS common stock reached a high of \$64.41 and closed at \$63.74.

43. The purchases of DRS call options by Ronzoni, Busardò, Tatus, and A-Round on May 7, 2008, represented 53.1 percent of the trading volume on that date for options in that series.

44. All the purchases of DRS call options by Corralero, Ronzoni, Busardò, Tatus, and A-Round were through the UBS Omnibus Account, and they cleared through UBS Securities LLC.

C. Disclosure of Merger Discussions Between Finmeccanica and DRS

45. On Thursday, May 8, the Wall Street Journal reported that Finmeccanica was in advanced talks to purchase DRS, with the buyout price constituting at least a 25 percent premium above DRS's closing share price of \$63.74 on the last trading day prior to the announcement. After the Wall Street Journal report, the price of DRS's common stock increased \$9.01 per share, or 14 percent, to \$72.65 in morning trading and closed on May 8, 2008, at \$73.89 per share. During the 52 weeks prior to the Wall Street Journal report, DRS's common stock had traded between \$44.11 and \$65 per share.

46. Also, on May 8, 2008, via a press release issued through Business Wire at 9:57 a.m. EST, DRS confirmed the Wall Street Journal report, announcing that it was "engaged in discussions contemplating a potential strategic transaction." In the weeks prior to the publication of the article on May 8, 2008, no major news organization reported either advanced discussions of an acquisition of DRS by Finmeccanica or speculation that DRS was a takeover target. Upon information and belief, all individuals and entities involved in negotiation of the DRS-

Finmeccanica deal had been advised that all information relating to the potential acquisition was confidential and nonpublic information and had agreed to keep the information confidential.

47. On May 12, 2008, Finmeccanica announced that it would acquire DRS for \$5.2 billion, or \$81 per share.

**D. Ronzoni, Busardo, Tatus and Corralero
Profit from the Sale of DRS Call Options**

48. On May 8, 2008, Ronzoni made a profit of approximately \$156,400 after selling his DRS call option position.

49. On May 8, 2008, through A-Round, Busardò made a profit of approximately \$115,840 after selling the entire DRS call option position.

50. On May 12, 2008, Tatus made a profit of approximately \$695,460 after selling its DRS call option position.

51. On June 20, 2008, Corralero liquidated its position in DRS call options, for a profit of approximately \$669,750.

CLAIM FOR RELIEF

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

52. Paragraphs 1 through 51 are realleged and incorporated by reference.

53. Upon information and belief, at the time that Defendants Corralero Holdings and Di Nardo purchased APCC call option contracts as set forth above, they were in possession of material, nonpublic information about Schneider Electric's offer to acquire APCC. Defendants Corralero Holdings and Di Nardo (a) knew, or recklessly disregarded the fact that their trading was in breach of fiduciary duties or similar duties of trust and confidence owed to the shareholders of APCC or to the source(s) from whom they received the material nonpublic

information; or (b) knew, or recklessly disregarded the fact that material nonpublic information about the acquisition had been communicated to them in breach of fiduciary duties or similar duties of trust and confidence owed to the shareholders of APCC or to the source(s) from whom they received the material nonpublic information.

54. Upon information and belief, at the time Defendants Corralero, Di Nardo, Ronzoni, Busardo, Tatus and A-Round purchased DRS call option contracts as set forth above, they were in possession of material, nonpublic information about Finmeccanica's offer to acquire DRS. Defendants Corralero, Di Nardo, Ronzoni, Busardo, Tatus and A-Round (a) knew, or recklessly disregarded the fact that their trading was in breach of fiduciary duties or similar duties of trust and confidence owed to the shareholders of DRS or to the source(s) from whom they received the material nonpublic information; or (b) knew, or recklessly disregarded the fact that material nonpublic information about the acquisition had been communicated to them in breach of fiduciary duties or similar duties of trust and confidence owed to the shareholders of DRS or to the source(s) from whom they received the material nonpublic information.

55. By reason of the foregoing, Defendants, directly and indirectly, 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], and are likely to commit such violations in the future unless enjoined from doing so.

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that the Court enter judgment:

- (a) permanently enjoining Defendants from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5];
- (b) ordering Defendants to disgorge all illicit trading profits resulting from conduct alleged in this First Amended Complaint, along with prejudgment interest;
- (c) ordering Defendants to pay civil monetary penalties pursuant to Exchange Act Section 21A [15 U.S.C. § 78u-1]; and
- (d) granting such other and further relief as the Court deems just and appropriate.

Dated: October 4, 2010

Of Counsel:
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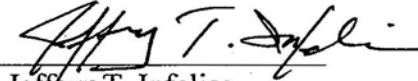
Respectfully submitted,


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CERTIFICATE OF SERVICE

I hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants on October 4, 2010.



Jeffery T. Infelise