U.S. SECURITIES AND EXCHANGE COMMISSION
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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
NEWARK DIVISION

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **KURT J. BORDIAN,** 217 Fifth Avenue, New Westminster, BC, Vancouver V3L 1R5 **Defendant.**	**COMPLAINT** **Civil Action No.**

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

SUMMARY

1. This case involves unlawful insider trading by Kurt J. Bordian in the securities of InterOil Corporation ("InterOil"), a Canadian oil and gas company that had securities registered with the Commission and listed on the New York Stock Exchange. In May 2016, Bordian, an accountant and personal assistant for a member of InterOil's board of directors, traded on material nonpublic information that InterOil, which had operations primarily in Papua New Guinea, was entering into an agreement to be acquired by Oil Search Limited ("Oil Search"), a Papua New Guinea based oil and gas company.

2. As a result of his work for the InterOil director in May 2016, Bordian knew of the material terms of the acquisition agreement, including that the proposed purchase price was at a significant premium to the recent market price of InterOil stock. In breach of his duty of trust and confidence, Bordian traded on this material nonpublic information about the proposed acquisition. On May 18 and 19, 2016, Bordian purchased in his personal account 290 out-of-the-money call option contracts for InterOil stock, all of which had near term expiration dates. To be exercised profitably, the market price of InterOil stock had to increase significantly prior to the expiration dates, some of which expired on May 20.

3. As Bordian knew would occur, after the close of the market on May 19, 2016, InterOil and Oil Search publicly announced they had entered into an acquisition agreement, which valued InterOil stock at approximately $40.25 per share. Following this public announcement, the market price of InterOil stock increased over 37% percent, closing at $43.58 per share on May 20, 2016. That day, and during the weeks following the announcement, Bordian sold all of the InterOil options contracts he had just acquired, making illicit profits of $220,500.

4. By engaging in the conduct alleged in this Complaint, Bordian violated the antifraud provisions of Sections 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]. The Commission seeks in this action a permanent injunction, disgorgement with prejudgment interest, a civil penalty, and an officer-and-director bar.

JURISDICTION AND VENUE

5. The Commission brings this action under Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1].

6. This Court has jurisdiction over this action under Sections 21(d), 21(e), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), 78u-1 & 78aa]. Defendant, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

7. Venue is proper because certain acts or transactions constituting the violations occurred within this judicial district.

8. Assignment to the Newark Division is appropriate because the events or omissions giving rise to the Commission's claims occurred, among other places, in Middlesex County, New Jersey.

DEFENDANT

9. Kurt J. Bordian ("Bordian"), age 49, resides in Vancouver, British Columbia. Bordian is a Chartered Professional Accountant and a Certified General Accountant.

OTHER RELEVANT ENTITIES

10. InterOil Corporation is a Canadian oil and gas company with primary operations in Papua New Guinea. Prior to being acquired by Exxon Mobil Corporation in February 2017, InterOil's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] and listed on the New York Stock Exchange.

11. Oil Search Limited is an oil and gas company based in Papua New Guinea. Oil Search is a public company with securities listed on the Australian Stock Exchange.

FACTS

12. At all times relevant to this complaint, InterOil was a Canadian oil and gas company that operated primarily in Papua New Guinea. The company's common shares were registered with the Commission and listed on the New York Stock Exchange.

13. At all times relevant to this complaint, Bordian worked as an accountant and a personal assistant to a member of InterOil's board of directors. Bordian, who had worked personally for the InterOil director for over ten years, owed a duty of trust and confidence to the InterOil director.

14. In 2015, the InterOil Director was in an accident and suffered a serious spinal injury that left him physically incapacitated. While the InterOil director recovered, Bordian assisted him with emails, including printing and helping him read copies of emails. The InterOil director made special arrangements at InterOil so that Bordian was copied on emails to the InterOil director. The InterOil director and Bordian discussed the confidential nature of this arrangement, and Bordian agreed to keep the information in the InterOil emails strictly confidential.

15. In May 2016, Bordian received copies of InterOil emails to the InterOil director. At the time, InterOil and Oil Search were engaged in confidential acquisition negotiations, which had begun in March 2016. The emails to the InterOil director that Bordian received included confidential emails about the ongoing acquisition negotiations.

16. By mid-May, InterOil and Oil Search were finalizing the terms of an acquisition agreement. On May 18, 2016, Bordian received copies of emails to the InterOil director that contained the material terms of the proposed agreement pursuant to which Oil Search would acquire InterOil. The agreement valued InterOil stock at approximately $40.25 per share, which

represented a more than 28% premium over the most recent closing market price of InterOil stock. Bordian knew this information about InterOil's pending acquisition was both material and nonpublic information.

17. In breach of his duty of trust and confidence to the InterOil Director, Bordian traded on this material nonpublic information concerning the pending acquisition of InterOil. On May 18 and 19, 2016, Bordian purchased in his personal brokerage account the following securities: 40 InterOil call option contracts with a $35 strike price and an expiration date of May 27, 2016; 100 InterOil call option contracts with a $35 strike price and an expiration date of June 3, 2016; 100 InterOil call option contracts with a $33.50 strike price and an expiration date of May 20, 2016; and 50 InterOil call option contracts with a $33 strike price and an expiration date of May 20, 2016. The total cost of these options contracts was $5,750.

18. All of these InterOil option contracts were purchased "out of the money," meaning the market price of InterOil stock was below the strike prices in the contracts. To exercise the options profitably, the market price of InterOil stock had to rise above the strikes price prior to the expiration dates, which for some contracts was the very next day – May 20, 2016.

19. As Bordian knew would occur, after the close of the market on May 19, 2016, InterOil and Oil Search publicly announced the acquisition agreement. Under the terms of the proposed $2.2 billion acquisition, InterOil shareholders would receive approximately $40.25 per share, which represented a significant premium over the recent market price of InterOil stock. Following the public announcement, the market price of InterOil stock increased over 37% percent, closing at $43.58 per share on May 20, 2016. That day, and during the weeks following

the public announcement, Bordian sold all of the InterOil options contracts he had recently acquired, making illicit profits of $220,500.

CLAIM FOR RELIEF

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

19. The Commission re-alleges and incorporates by reference paragraphs 1 through 18, above.

20. Defendant, by engaging in the conduct described above, 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 fact 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 operate or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

21. By engaging in the foregoing conduct, Bordian 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 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter Final Judgment:

I.

Permanently restraining and enjoining Defendant from, directly or indirectly, engaging in conduct in violation of Section 10(b) Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5];

II.

Ordering Defendant to disgorge, with prejudgment interest, the illicit trading profits resulting from the conduct alleged in this Complaint;

III.

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

IV.

Barring Defendant from serving as an officer or director of a public company pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; and

V.

Granting such other and further relief as this Court may deem just and necessary.

DATED: June 12, 2018

Respectfully submitted,

s/ Brian T. Fitzsimons

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DESIGNATION OF AGENT FOR SERVICE

Pursuant to Local Civil Rule 101.1(f), because the Commission does not have an office in this district, the United States Attorney for the District of New Jersey is hereby designated as eligible as an alternative to the Commission to receive service of all notices or papers in the above captioned action. Therefore, service upon the United States or its authorized designee, Assistant United States Attorney Leticia B. Vandehaar, United States Attorney's Office for the District of New Jersey, 970 Broad Street, Suite 700, Newark, New Jersey, 07102, shall constitute service upon the Commission for purposes of this action.

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