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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION,	:	
	:	16 Civ. 3722 ()
Plaintiff,	:	
	:	<u>COMPLAINT</u>
-against-	:	
	:	ECF CASE
WILLIAM T. WALTERS and THOMAS C. DAVIS,	:	
	:	JURY TRIAL
Defendants,	:	DEMANDED
	:	
-and-	:	
	:	
THE WALTERS GROUP, NATURE	:	
DEVELOPMENT B.V., and PHILIP A. MICKELSON,	:	
	:	
Relief Defendants.	:	
	:	
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Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendants William T. Walters (“Walters”) and Thomas C. Davis (“Davis”) (collectively, “Defendants”), and The Walters Group, Nature Development B.V. (“Nature Development”), and Philip A. Mickelson (“Mickelson”) (collectively, “Relief Defendants”), alleges:

SUMMARY

1. This case involves repeated and very profitable insider trading by professional sports bettor William “Billy” Walters based on tips received from his long-time friend, Thomas C. Davis, a director of Dean Foods Company (“Dean Foods”). From 2008 through 2012, Davis tipped Walters with highly-confidential information concerning Dean Foods including sneak previews of at least six of the company’s quarterly earnings announcements and advance notice of the spin-off of Dean Foods’s profitable subsidiary, The WhiteWave Foods Company (“WhiteWave”). In 2013, Davis also provided Walters with inside information that Davis obtained from a group of investors who confidentially shared their plans to buy the stock of Darden Restaurants, Inc. (“Darden”) with the goal of pushing the company to make corporate changes. Based on these tips, Walters traded Dean Foods and Darden securities and reaped illicit trading profits and avoided losses totaling at least \$40 million.

2. In exchange for insider trading tips, Walters helped Davis with his financial problems by, among other things, providing Davis with almost \$1,000,000. In April 2010, Walters arranged for a friend to provide Davis with \$625,000. In November 2011, Walters provided Davis with an additional \$350,000, money Davis needed to repay certain debts, including \$100,000 Davis had wrongfully taken from a Dallas-based charity he managed that raised funds for a battered women and children’s shelter. Davis misappropriated the funds from the charity in August 2011 in order to finance the repayment of a gambling debt he owed to a Las Vegas casino.

3. In July 2012, Walters called professional golfer Philip A. Mickelson. Mickelson had placed bets with Walters both before and after July 2012 and owed Walters money at the time of the telephone call. At a time when Walters was in possession of material nonpublic

information regarding Dean Foods, Walters communicated with Mickelson and urged Mickelson to trade in Dean Foods stock, which Mickelson did the next trading day in three brokerage accounts he controlled. About one week later, Dean Foods's stock price jumped 40% on the announcements of the WhiteWave spin-off and strong second quarter ("Q2") 2012 earnings, allowing Mickelson to profit by approximately \$931,000.

4. By engaging in this scheme, Defendants have violated (and unless permanently enjoined and restrained, will continue to violate) Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

NATURE OF THE PROCEEDING AND RELIEF SOUGHT

5. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), seeking a final judgment: (a) permanently restraining and enjoining Defendants from engaging in the acts, practices and courses of business alleged herein; (b) requiring Defendants and Relief Defendants to disgorge ill-gotten gains and to pay prejudgment interest thereon; and (c) imposing civil money penalties on Defendants pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1. In addition, the Commission seeks an order barring Davis from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), and for such other relief as the Court may deem appropriate.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Sections 21(d), 21A, and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u-1, and 78aa.

7. Venue is proper in the Southern District of New York pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of a facility of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged herein. Defendant Walters engaged in many of the acts and transactions alleged herein through communications with broker-dealer representatives in this District and Deans Foods's and Darden's common stock trade on the New York Stock Exchange, which is headquartered in New York City.

DEFENDANTS

8. **Walters**, age 69, resides in Henderson, Nevada. Walters is Chairman and CEO of The Walters Group. By his own account, Walters is also a professional sports bettor. From at least 2008, Walters received material nonpublic information about Dean Foods from Davis and then traded in the securities of Dean Foods. On one occasion, at a time when Walters was in possession of material nonpublic information regarding Dean Foods, Walters communicated with Mickelson, with whom he was friends, and urged Mickelson to trade in Dean Foods stock. Davis owed Walters money at the times he provided such information. Similarly, Mickelson owed Walters money at the time Walters urged him to trade. On at least one occasion, Davis provided Walters with material nonpublic information regarding Darden, and Walters used that information to trade. During the Commission's investigation that preceded this action, Walters invoked his Fifth Amendment privilege against self-incrimination, refusing to produce documents or answer questions during sworn testimony.

9. **Davis**, age 67, resides in Dallas, Texas. Davis provided material nonpublic information about Dean Foods to Walters, to whom he owed money. Davis obtained a

Bachelor's of Science in Aerospace Engineering from The Georgia Institute of Technology and a Master of Business Administration from Harvard Business School. At all times relevant to this action, Davis served on the board of directors of Dean Foods and was a member of the board's audit committee. Davis resigned from the Dean Foods board on August 7, 2015. In 2013, Davis was recruited to be part of a group of Darden shareholders who were seeking to bring about changes at that company and, despite being contractually obligated to keep the group's plans a secret, shared the information with Walters.

RELIEF DEFENDANTS

10. **The Walters Group** is a Nevada partnership owned by Walters and his wife and is based in Las Vegas, Nevada. In brokerage accounts held in the name of The Walters Group, Walters placed many of his illegal Dean Foods trades and all of his illegal Darden trades.

11. **Nature Development B.V.** is a Netherlands private limited liability company based in Delft, Netherlands, which is 99% owned by a Nevada corporation controlled by Walters. Walters placed some of his illegal Dean Foods trades in brokerage accounts held in the name of Nature Development.

12. **Philip A. Mickelson**, age 45, resides in Rancho Santa Fe, California, and is a successful professional golfer.

RELEVANT ENTITIES

13. **Dean Foods** is a Delaware corporation based in Dallas, Texas that distributes dairy products. Dean Foods's common stock is registered with the Commission under Section 12(b) of the Exchange Act and trades on The New York Stock Exchange under the symbol "DF."

14. **WhiteWave** is a Delaware corporation primarily based in Denver, Colorado, that manufactures and distributes organic foods and beverages. WhiteWave was a subsidiary of Dean Foods until Dean Foods spun it off in May 2013; the spin-off was publicly announced after the market closed on August 7, 2012. WhiteWave's common stock is registered with the Commission under Section 12(b) of the Exchange Act and trades on The New York Stock Exchange under the symbol "WWAV."

15. **Darden**, a Florida corporation based in Orlando, Florida, is a full-service restaurant company whose brands include Olive Garden, LongHorn Steakhouse, and The Capital Grille. Darden's common stock is registered with the Commission under Section 12(b) of the Exchange Act and trades on The New York Stock Exchange under the symbol "DRI."

FACTS

A. Insider Trading in Dean Foods

16. Walters and Davis first met more than 20 years ago at a Southern California golf course. At the time, both owned homes in Southern California and met often to play golf. In 2001, Davis retired from his position as managing partner and head of banking and corporate finance for the Southwest division of a national investment bank, and he joined the board of directors of Dean Foods.

17. From at least June 2008, Davis conveyed to Walters, in words or in substance, material nonpublic information about Dean Foods, with the knowledge that Walters intended to use that information in order to profit. Davis benefited from sharing the information with Walters. Following his retirement from investment banking, Davis's financial condition declined, as his spending and gambling habits did not change despite his lower income. He knew that it would be to his benefit to provide Walters with inside information about Dean

Foods, should he ever be in need of financial assistance, whether that be in the form of a gift, loan, business deal, or other potential gain of a pecuniary or similarly valuable nature. During the course of tipping Walters, Davis in fact reached out to and obtained financial assistance from Walters.

I. Dean Foods's Q2 2008 Earnings Update

18. Before the market opened on June 25, 2008, Dean Foods announced it was raising its Q2 2008 earnings guidance from \$0.26 to \$0.31 per share to “at least \$0.32 per share.” That same day, the price of Dean Foods stock increased from the prior day’s close of \$18.39 to \$20.12, approximately 9.5%, on the news, with trading volume approximately three and a half times that of the prior day. At the time, Dean Foods was not scheduled to release its Q2 2008 results until August 6, 2008.

19. Davis knew that Dean Foods was performing ahead of expectations and, in words or in substance, provided this information to Walters. The two spoke after the market had closed on June 18, 2008. Before the market opened the next day, Walters called his broker and placed a buy order and, over the next three trading days, bought 3,358,216 shares of Dean Foods common stock in The Walters Group account and 600,000 shares of Dean Foods common stock in the Nature Development account at a total cost of \$73.5 million. Walters’s purchases ranged from approximately 29% to 37% of Dean Foods’s daily trading volume on those days.

20. When Davis and Walters spoke and when Walters bought Dean Foods stock, Dean Foods’s Q2 2008 earnings information was material and nonpublic.

21. As a result of the illicit trades Walters placed in advance of Dean Foods’s Q2 2008 earnings guidance update, Walters generated more than \$6 million in actual and unrealized trading profits after the updated guidance was announced to the public.

II. Dean Foods's Q4 2008 Earnings Release

22. Before the market opened on November 4, 2008, Dean Foods announced its earnings for the quarter ended September 30, 2008 (Q3 2008) and its stock price declined. At this time, which was more than a month into Dean Foods's fourth quarter, Davis knew that the company was on track to meet its internal annual plan, which had more aggressive earnings targets than those Dean Foods had publicly shared.

23. Davis called Walters just before the market closed on November 4 and, in words or in substance, tipped Walters. At that time, Walters owned no shares of Dean Foods. Immediately after hanging up with Davis, Walters called his broker. On November 5, Walters bought 574,083 shares of Dean Foods common stock in The Walters Group account for almost \$9.8 million. Walters continued buying Dean Foods common stock over the next several days, ultimately acquiring 1.5 million shares, a \$24.2 million position.

24. When Davis called Walters and when Walters bought Dean Foods stock, the company's internal targets and progression towards meeting them were material and nonpublic.

25. On February 6, 2009, armed with the knowledge that Dean Foods had achieved outstanding financial results during Q4 2008, Davis called Walters and, in words or in substance, tipped Walters.

26. On February 10, 2009, the day before Dean Foods announced its quarterly and year-end results, Walters bought an additional 300,000 shares of Dean Foods common stock in The Walters Group account for nearly \$5.5 million.

27. When Davis called Walters and when Walters bought Dean Foods stock, the company's Q4 2008 earnings results were material and nonpublic.

28. Before the market opened on February 11, Dean Foods announced its earnings and its “highest adjusted quarterly operating income in its history.” Dean Foods’s stock price increased to \$19.59, a 7% increase from the prior day’s close of \$18.31, with trading volume approximately 50% higher than the prior day. As a result of the illicit trades that Walters placed in advance of Dean Foods’s 4Q 2008 earnings announcement, Walters generated \$5.5 million in actual and unrealized trading profits.

III. Dean Foods’s Q1 2010 Earnings Release

29. In April 2010, Davis was desperate for money and turned to Walters. Davis asked Walters for a loan and, in the same meeting, provided Walters with confidential information regarding Dean Foods.

30. In the days before this meeting, Davis learned that Dean Foods was going to have a special, off-site board meeting to discuss spinning off its WhiteWave subsidiary. Management and the board believed that spinning off WhiteWave would unlock shareholder value and raise Dean Foods’s stock price. Davis arranged the meeting with Walters the day after learning of the special board meeting and flew to Las Vegas to meet with Walters four days later.

31. As of Friday, April 9, 2010 – the day Davis met with Walters – Walters owned no Dean Foods shares. On Monday, April 12, Walters purchased 1,000,000 shares of Dean Foods common stock in The Walters Group account for \$16.8 million, constituting approximately 21% of the trading in Dean Foods’s stock that day. Two days later, Walters bought an additional 500,000 shares for \$8.4 million in The Walters Group account, approximately 19% of the volume in Dean Foods’s stock that day, and an additional 10,000 shares of Dean Foods in The Walters Group account on April 15, 2010.

32. When Davis met Walters and when Walters purchased his 1,510,000 shares of Dean Foods common stock, Dean Foods's strategic plan to evaluate a spinoff of WhiteWave was material and nonpublic.

33. On or about April 30, 2010, Davis learned that Dean Foods's Q1 2010 earnings results were weaker than the company had expected and that its annual forecast was bleak. He obtained more information regarding the company's performance and increasingly pessimistic outlook on Sunday, May 2, 2010, during a telephone call with Dean Foods's CEO. That evening, Davis and Walters communicated by telephone. In words or in substance, Davis tipped Walters regarding Dean Foods's weak earnings and bleak forecast.

34. At approximately market open on Monday, May 3, 2010, Walters's broker began selling every share of Dean Foods common stock held by The Walters Group and Nature Development. All 510,000 shares held by The Walters Group were sold that day at \$15.42; Nature Development's 1,000,000 shares were sold by close of market the following day (at \$15.42 on May 3 and \$15.19 on May 4). Walters's trading on May 3 accounted for approximately 29% of Dean Foods's trading volume that day; his May 4 trading accounted for approximately 16% of Dean Foods's trading volume.

35. When Davis called Walters and when Walters sold his Dean Foods stock, the company's Q1 2010 earnings information was material and nonpublic.

36. On May 10, the day Dean Foods reported its disappointing Q1 2010 earnings and suspended its full year guidance, the stock closed at \$10.47, down about 30% from its prior trading day's closing price of \$14.63, on volume almost 12 times that of the prior trading day's volume. By selling on May 3 and 4, Walters was able to avoid approximately \$7.3 million in losses.

IV. Dean Foods's Q3 2010 Earnings Release

37. Walters bought 1,500,000 shares of Dean Foods common stock in The Walters Group account between October 4 and 7, 2010, at a cost of \$15.8 million.

38. Davis learned on or about October 18, 2010 that Dean Foods would report disappointing results for the third quarter. The Dean Foods board met that day, and management previewed the lower than expected results for the board.

39. At approximately 2:40 p.m. Central on October 21, 2010, Davis spoke to Walters by telephone. Davis, in words or in substance, tipped Walters regarding the lower than expected results for Dean Foods. Immediately after speaking with Davis, Walters called his broker and sold 400,000 Dean Foods shares in the final 20 minutes of trading. He sold his remaining 1,100,000 Dean Foods shares the next day, October 22. Walters's trades on October 22 accounted for approximately 30% of Dean Foods's trading volume that day.

40. When Davis called Walters and when Walters sold his shares of Dean Foods common stock, the company's Q3 2010 earnings information was material and nonpublic.

41. On November 9, the day Dean Foods reported its Q3 2010 disappointing earnings, the share price declined 18%, from \$10.36 to \$8.50, on nearly ten times the prior day's volume. By selling on October 21 and 22, Walters was able to avoid approximately \$2.2 million in losses.

V. Dean Foods's Q2 2012 Earnings Release and Announcement of the WhiteWave Spin-off

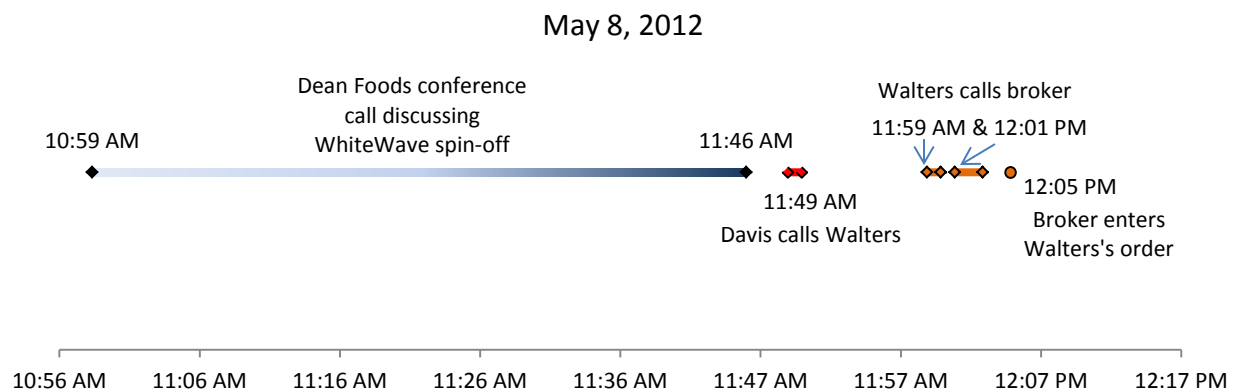
(i) Davis Tips Walters, Who Trades in Dean Foods

42. Two years later, Dean Foods renewed efforts to spin off WhiteWave. On or about Friday, May 4, 2012, the Dean Foods CEO emailed Davis and the other directors a presentation regarding the audit committee and board conference call scheduled for Tuesday, May 8, 2012. The CEO told the board that the "[t]ime is right to separate the business" of its WhiteWave

subsidiary in light of, among other factors, the strong Q1 2012 earnings the company would report on May 9. Management also emphasized that they needed to “[m]ove as quickly as possible to capitalize on current conditions.” The directors were told this information was confidential and were instructed to “not share these materials with anyone inside or outside of the Company.”

43. The May 8 conference call began at or about 11:00 a.m. Central. Davis dialed into the call from his exclusive golf country club. The board heard from the CEO and then charged management to proceed with the spin-off, believing the market undervalued Dean Foods and that separating WhiteWave would unlock shareholder value and raise the Dean Foods stock price.

44. Davis communicated, in words or in substance, the above material nonpublic information to Walters. On May 8, three minutes after hanging up from the conference call, Davis called Walters. Nine minutes later, Walters called his broker. Approximately two minutes later, an order to purchase 1,500,000 shares of Dean Foods common stock for The Walters Group account was entered into the brokerage firm’s order system. The firm filled part of the order on May 8: The Walters Group purchased 803,260 shares at \$12.34 per share for a total of \$9.9 million, which accounted for 12.5% of Dean Foods’s trading volume that day.



45. Before the market opened on May 9, Walters called his broker. The Walters Group purchased an additional 396,740 shares of Dean Foods common stock that day.

46. By July 2012, Dean Foods had made substantial progress on the WhiteWave spin-off. Management had advised the board that it was on track to file an S-1 Registration Statement with the Commission on the company's target date of August 7, 2012. The board had created a committee to put together the slate of officers and directors staying with Dean Foods, and a corresponding slate going to WhiteWave, having tapped Davis as the new chairman of the board for the surviving Dean Foods entity. The compensation committee, on which Davis sat, was working with outside consultants on executive and director compensation for the two companies. Dean Foods's unreported second quarter earnings (which needed to be strong enough to support the spin-off) were strong. Dean Foods's work on the WhiteWave spin-off and its as-yet unreported Q2 2012 earnings were material and nonpublic.

47. Throughout July, Davis communicated, in words or in substance, Dean Foods's progress on the WhiteWave spin-off and its Q2 2012 earnings to Walters, often using a prepaid cellular phone that Walters had provided. He also used the secret code Walters had dictated. When Walters gave Davis the prepaid phone, Walters said that when either of them wanted to discuss Dean Foods, he should refer to the company as the "Dallas Cowboys." Walters often used prepaid phone numbers for these communications.

48. On July 13, 2012, Walters purchased 800,000 shares of Dean Foods common stock in The Walters Group account at \$14.38 per share. Walters placed an order to buy an additional 1,000,000 shares of Dean Foods common stock in The Walters Group account, which was filled on July 17 and 18. On July 23 and 24, Walters bought another combined 900,000

shares of Dean Foods common stock (425,000 shares in The Walters Group account and 475,000 shares in the Nature Development account).

49. On or about Wednesday, July 25, 2012, Davis and the other directors on the Dean Foods compensation committee met to further discuss the officer and director compensation of the two companies. Davis communicated, in words or in substance, that material nonpublic information to Walters. On July 26, Davis texted Walters three times, and Walters called Davis four minutes later. Davis and Walters texted each other over the weekend, and Walters called Davis on Monday, July 30. Davis also stayed with Walters at one of his homes in Southern California beginning that day. During his stay, Davis provided Walters with another positive update on the status of the spin-off. On July 31, Walters bought an additional 100,000 shares of Dean Foods common stock in The Walters Group account.

50. As a result of these July trades, Walters increased his holdings of Dean Foods stock from 1,200,000 shares to 4,000,000 shares, a position that cost in excess of \$52,700,000.

(ii) Walters Tips Mickelson, Who Trades in Dean Foods

51. In addition to trading based on the material nonpublic information that he received from Davis, Walters sought to obtain additional benefits by tipping his friend, Mickelson, to buy Dean Foods securities. On Friday, July 27, Walters called Mickelson. The two exchanged text messages later that day, and again on July 28, 2012.

52. On Monday, July 30 and Tuesday, July 31, Mickelson bought, partially on margin, a total of 200,240 Dean Foods shares, a \$2.4 million position, in three accounts he controlled. This position dwarfed the other holdings in the brokerage accounts, which collectively were valued at less than \$250,000. Mickelson had not been a frequent trader and these were his first ever Dean Foods purchases.

(iii) Walters and Mickelson Profit From Their Dean Foods Trades

53. When Dean Foods announced the WhiteWave spin-off and Q2 2012 earnings results after the close of market on August 7, 2012, its stock price increased 40% from a close of \$12.42 per share on August 7, 2012 to close at \$17.46 per share on August 8, 2012. This share price increase occurred on a trading volume more than five times greater than the prior day's volume.

54. As a result of the illicit trades that Walters placed in advance of Dean Foods's announcement of the WhiteWave spin-off and Q2 2012 earnings results, Walters generated more than \$17.1 million in unrealized trading profits.

55. On August 8, Mickelson sold all the Dean Foods shares he had purchased on July 30 and July 31, realizing a total profit of approximately \$931,000.

VI. Dean Foods Announces the Offering Price for WhiteWave's Shares

56. After August 7, 2012, Dean Foods undertook steps to complete the spin-off of WhiteWave through an initial public offering ("IPO") of WhiteWave shares. Davis, along with the other board members, was kept apprised of the progress of the spin-off. Information to which he, along with other board members, was privy included how the investor road show was going and the price at which the WhiteWave shares would be offered.

57. Walters and Davis communicated, using prepaid phones, throughout September and October 2012 to discuss the "Dallas Cowboys." In these communications, in words or substance, Davis tipped Walters regarding the price at which WhiteWave shares would be offered. Walters then purchased more shares of Dean Foods common stock, buying 500,000 shares for \$8.2 million in The Walters Group account between September 17 and 19. Walters bought an additional 315,953 shares for \$4.7 million in that account on October 9 and 11.

58. When Davis and Walters communicated, and when Walters purchased these shares of Dean Foods common stock, the price at which WhiteWave's IPO would be offered was material and nonpublic.

59. On October 17, 2012, Dean Foods announced that its wholly-owned subsidiary WhiteWave had filed an amended registration statement with the Commission. In that filing, the offering price for the WWAV IPO shares was listed as between \$14 and \$16. Dean Foods's stock price increased more than 12.5% on the news with trading volume almost seven times the volume on the prior day. As a result of the illicit trades Walters placed in advance of Dean Foods's announcement of the WhiteWave IPO share price, Walters generated \$887,000 in unrealized trading profits.

B. Insider Trading in Darden

60. During the summer of 2013, Davis was approached by a shareholder group that was buying stock of a certain code-named target company with the goal of pushing the company to make corporate changes. On or about July 31, 2013, Davis signed a Non-Disclosure Agreement ("NDA") in which Davis agreed that he would keep confidential information he received from the shareholder group, including their plans for the company. Davis also agreed in the NDA that he would not cause any other person to acquire securities of the target company.

61. After signing the NDA, Davis received a presentation from the shareholder group, which identified the target company as Darden and laid out the group's strategic plans for Darden. Davis further learned that the shareholder group had begun purchasing shares of Darden with a goal of accumulating an 8-9% interest in the issuer and thereafter urging certain corporate changes in the group's role as an activist shareholder. The presentation was marked "Confidential" and the cover page used the code name "Project Dee."

62. Davis, in words or in substance, tipped Walters regarding this shareholder group's information concerning Darden. On or about August 6, 2013, Davis met with a representative of the shareholder group, called Walters, and then mailed the confidential presentation to Walters. Although Davis had an electronic version he could have forwarded by email to Walters, Davis instead traveled to a postal center and used cash to pay for the mailing.

63. The information Davis provided to Walters about Darden and the shareholder group's plans was material and nonpublic. When Davis provided information about Darden and the shareholder group's plans to Walters, he did so in breach of his duty of confidentiality to the shareholder group. Walters knew, or recklessly disregarded, that Davis breached such duty by providing him with the information.

64. After receiving the information from Davis, Walters traded in Darden, purchasing 535,200 shares of Darden in The Walters Group account for \$25.7 million on August 20, 2013. Walters purchased another 89,800 Darden shares in that account for \$4.2 million the following day. Walters has never purchased Darden securities at any other time.

65. On October 9, 2013, the Wall Street Journal ran an article titled "Activist Pushes for Split of Darden Restaurants" and named the investor group into which Davis had been recruited. The stock rose 7% on the news, with volume increasing from 2.7 million shares the prior day to 12.58 million shares. As a result of the illicit trades Walters placed in advance of the shareholder group's plan becoming public, Walters generated approximately \$1 million in unrealized trading profits.

C. Davis Benefited By Tipping Walters

66. Davis's tips to Walters were of value to Davis. Throughout 2008 and 2009, Davis's financial condition was deteriorating. He provided Walters with material nonpublic

information relating to Dean Foods because he believed that doing so would inure to his financial benefit at a later date. That date came on April 9, 2010 when Davis met with Walters and asked him for a \$625,000 loan. At that time, Davis needed money and he needed it fast. He owed the Internal Revenue Service (“IRS”) \$78,000, was carrying tens of thousands of dollars in credit card debt, and had heavily margined his brokerage account. Davis also owed over \$550,000 to an investment fund he managed. Not having the money to pay the IRS or maintain his lifestyle, Davis turned to Walters for help.

67. Two days after the April 9, 2010 meeting with Davis, Walters spoke with a long-time friend of his, whom Davis had never met and still has not met, and arranged for that friend to wire \$625,000 to Davis. On April 12, Walters purchased 1,000,000 shares of Dean Foods common stock.

68. Less than a month after receiving the funds, Davis warned Walters about Dean Foods’s financial results and pessimistic outlook. On or about May 2, 2010, Davis knew, or had reason to know, that Walters had purchased Dean Foods securities after their April 9 meeting and Davis knew that Dean Foods would soon report weak financial results and suspend its full year guidance. As alleged in paragraphs 33-35 above, Davis called Walters to warn him about the yet-to-be public earnings and forecast. Walters liquidated his Dean Foods position before the company publicly announced the news and avoided \$7.3 million in trading losses.

69. In November 2011, Davis returned to Walters for more money. This time, he needed an additional \$350,000 to repay substantial personal debts. He owed \$178,000 on a business venture to operate a private jet. He also owed \$100,000 to a charitable organization he managed, having wrongfully taken that amount from the charity to cover a gambling debt owed to a Las Vegas casino.

70. Davis suffered \$200,000 in gambling losses at the casino in March 2011 but had repaid less than half by May. On or about August 26, 2011, the casino cashed \$100,000 of Davis's markers – the legal tender representing credit the casino had extended to Davis – as he had failed to repay the debt. The cashing of the markers caused Davis's checking account balance to drop to almost negative \$80,000. The next business day, Davis instructed his assistant to write him a check for \$100,000 from the bank account of the charity he runs to raise money for a Dallas-based shelter for battered women and children, and to deposit the check into his personal checking account. Davis kept his personal use of the charity's funds a secret from the charity's other trustees and its donors.

71. This \$100,000 check resulted in a significant shortfall in the amount available for donation to the battered women's shelter. Davis first delayed the charity's donation to the shelter and later wrote a check for a partial amount only after prompting by the shelter leader and promising another \$100,000 by the end of the shelter's fiscal year (October 31).

72. In order to repay the charity and get the shelter its money, Davis went back to Walters and asked for more money. In early November 2011, Walters transferred a total of \$350,000 to Davis, papering this transfer as a line of credit personally guaranteed by Davis. On November 7, 2011, the day a \$300,000 wire from Walters arrived in his account, Davis returned \$100,000 to the charity and paid the amount he owed on the private jet venture.

73. Walters funded Davis, despite the fact that Davis had proven himself a huge credit risk. Well before November 2011, Davis had stopped making payments to the long-time friend of Walters who had transferred him \$625,000 in April 2010, as arranged by Walters. Indeed, The Walters Group repaid that friend \$646,954.38 (the \$625,000 principal plus accrued interest)

in January 2012, using funds provided by Walters personally. Thus, by early 2012, Walters had extended almost \$1,000,000 to Davis.

74. Throughout 2012, while Davis continued to provide Walters with material nonpublic information regarding Dean Foods, Walters made no attempts to collect even a penny of the funds that he had directly and indirectly provided to Davis.

75. In August 2013, Davis disclosed to Walters the secret plans of the investor group targeting Darden, further keeping any debt collection efforts at bay.

D. Walters Benefited By Tipping Mickelson

76. Walters's tip to Mickelson was of value to Walters. Mickelson had placed bets with Walters prior to the tip, and Mickelson owed Walters money at the time of the Dean Foods trading. Mickelson repaid Walters in September 2012, in part with the proceeds of his trading.

E. Davis And Walters Acted With Knowing or Reckless Scienter

77. Davis and Walters were each aware of important legal prohibitions against insider trading.

78. As a member of Dean Foods's board of directors, Davis had, and knew that he had, a duty to maintain the confidentiality of information he obtained by virtue of his position of trust and confidence. As to Darden, Davis signed an NDA, promising to hold all information learned from the shareholder group in connection with its strategic plan confidential and not to trade or tell others to trade Darden securities.

79. Walters knew, had reason to know, or recklessly disregarded, that Davis, as a member of the board of Dean Foods, could not legally tip him with material nonpublic information about Dean Foods. He further knew, had reason to know, or recklessly disregarded, that the information Davis tipped to him about Darden, including the presentation Davis sent

him, which was marked “Confidential,” was material nonpublic information that Davis could not legally share with him.

80. The information that Davis obtained from Dean Foods and tipped to Walters concerning Dean Foods’s (i) June 25, 2008 earnings announcement, (ii) February 11, 2009 earnings announcement, (iii) May 10, 2010 earnings announcement, (iv) November 9, 2010 earnings announcement, (v) August 7, 2012 earnings announcement, (vi) August 7, 2012 spin-off announcement, and (vii) October 17, 2012 announcement of the pricing of WhiteWave IPO shares was, in each case, material and nonpublic.

81. The information that Davis obtained from the shareholder group and tipped to Walters concerning the shareholder group’s existence and strategic plans for Darden was material and nonpublic.

82. Davis breached a fiduciary duty, or other relationship of trust or confidence, by providing material nonpublic information to Walters, and Davis knew, had reason to know, or recklessly disregarded, that the information he conveyed was material and nonpublic.

83. Davis received a benefit from tipping Walters. Walters knew, had reason to know, or recklessly disregarded, that Davis received a benefit from tipping him.

84. Walters knew, had reason to know, or recklessly disregarded, that the information obtained from Davis concerning Dean Foods’s (i) June 25, 2008 earnings announcement, (ii) February 11, 2009 earnings announcement, (iii) May 10, 2010 earnings announcement, (iv) November 9, 2010 earnings announcement, (v) August 7, 2012 earnings announcement, (vi) August 7, 2012 spin-off announcement, and (vii) October 17, 2012 announcement of the pricing of WhiteWave IPO shares was, in each case, material and nonpublic.

85. Walters knew, had reason to know, or recklessly disregarded, that the information obtained from Davis regarding the shareholder group's strategic plans for Darden was material and nonpublic.

86. Walters also knew, had reason to know, or recklessly disregarded, that such information was conveyed, in each case, in breach of a fiduciary duty or similar relationship of trust or confidence.

87. Walters is responsible for the trading occurring in The Walters Group and Nature Development accounts because he effectuated the trades and controlled the accounts.

88. Walters inherited Davis's duty to maintain the confidentiality of information that Davis obtained by virtue of his position of trust and confidence at Dean Foods.

89. Walters breached this inherited duty by engaging in the tipping alleged above in paragraphs 51 through 53.

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

90. The Commission realleges and incorporates by reference paragraphs 1 through 89, as though fully set forth herein.

91. By virtue of the foregoing, both of the Defendants, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange, directly or indirectly, with scienter have:

- i. employed devices, schemes and artifices to defraud;

- ii. made untrue statements of material fact and have omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or
- iii. engaged in acts, practices and courses of business which operated or would operate as a fraud and deceit upon any person in connection with the purchase or sale of any security.

92. By virtue of the foregoing, Defendants, and each of them, directly or indirectly, violated and, unless restrained and enjoined, will again 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.

SECOND CLAIM FOR RELIEF
(Equitable Claim Against All Relief Defendants)

93. The Commission realleges and incorporates by reference paragraphs 1 through 89, as though fully set forth herein.

94. Relief Defendants The Walters Group, Nature Development, and Mickelson each received gains from trades based on material nonpublic information, over which they each have no legitimate claim.

95. Relief Defendants The Walters Group, Nature Development, and Mickelson received the gains described above as part of, and as a consequence of, the securities law violations by Defendants Walters and Davis described above, under circumstances in which it is not just, equitable, or conscionable for them to retain the funds.

96. By reason of the foregoing, Relief Defendants The Walters Group, Nature Development, and Mickelson have been unjustly enriched and must disgorge the amount of their ill-gotten gains.

PRAYER FOR RELIEF

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

I.

Permanently restraining and enjoining Defendants, and each of their agents, servants, employees, attorneys and other persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise 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, thereunder;

II.

Ordering Defendants and Relief Defendants to disgorge all ill-gotten gains received as a result of the conduct alleged in this Complaint, including all ill-gotten gains in the form of illicit trading profits and illicit losses avoided and all ill-gotten gains in the form of illicit trading profits and illicit losses avoided of the Defendants' respective tippees (including Relief Defendants), plus prejudgment interest thereon;

III.

Ordering that Defendants be held jointly and severally liable for such disgorgement and prejudgment interest;

IV.

Ordering Defendants to pay civil money penalties pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1; and

V.

Barring defendant Davis pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), from acting as an officer or director of any issuer that has a class of securities

registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), and for such other relief as the Court may deem appropriate.

VI.

Granting such other and further relief as this Court deems just and appropriate.

Dated: May 19, 2016
New York, New York

SECURITIES AND EXCHANGE COMMISSION

By:



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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X

UNITED STATES OF AMERICA : INDICTMENT

- v. - :

S1 16 Cr. 338 (PKC)

WILLIAM T. WALTERS, :
a/k/a "Billy," :

Defendant. :

----- X

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The Grand Jury charges:

Relevant Entities and Individuals

1. At all times relevant to this Indictment, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, was a sports bettor, businessman and investor, and served as the Chief Executive Officer and Chairman of the Board of Directors of The Walters Group, a holding company based in Las Vegas, Nevada that managed diversified investments and business ventures, including golf courses, real estate developments, and other investments. WALTERS was also the sole authorized trader for brokerage accounts in the name of The Walters Group and Nature Development B.V., an offshore entity that WALTERS controlled (the "WALTERS

Accounts").

2. At all times relevant to this Indictment, Dean Foods Company ("Dean Foods" or the "Company") was one of the leading dairy companies in the United States with headquarters in Dallas, Texas. At all times relevant to this Indictment, Dean Foods was a public company whose stock traded on the New York Stock Exchange ("NYSE") under the ticker symbol "DF." Dean Foods' written policies prohibited the unauthorized disclosure of Dean Foods' confidential information, including material, non-public information, which specifically included earnings information, business plans and forecasts, long-range strategic plans, and information related to pending litigation involving Dean Foods.

3. From at least in or about 2008 until in or about October 2012, WhiteWave-Alpro was a segment of Dean Foods that produced and distributed organic and other branded food and beverage products. On or about August 7, 2012, Dean Foods publicly announced that it intended to execute a spinoff of its WhiteWave-Alpro segment through The WhiteWave Foods Company (the "WhiteWave Spinoff"), a public company which was headquartered in Denver, Colorado ("WhiteWave"). On or about October 31, 2012, WhiteWave formally spun off from Dean Foods and, pursuant

to an Initial Public Offering ("IPO"), traded on the NYSE under the ticker symbol "WWAV."

4. At all times relevant to the Indictment, Darden Restaurants, Inc. ("Darden") owned and operated an assortment of restaurant brands throughout the United States. Headquartered in Orlando, Florida, Darden was a public company that traded on the NYSE under the ticker symbol "DRI."

5. At all times relevant to the Indictment, Thomas C. Davis ("Davis") was a member of the Board of Directors of Dean Foods (the "Board"), and from on or about May 1, 2013, until on or about August 7, 2015, Davis served as the Non-Executive Chairman of the Board. In his capacity as a member of the Board, Davis regularly received confidential information about Dean Foods' financial performance and results, contemplated and actual corporate transactions, and other significant corporate and strategic developments prior to Dean Foods' public announcements of such information (the "Inside Information"). As a director of Dean Foods, Davis had a fiduciary duty, among other obligations, to maintain the confidentiality of all of Dean Foods' confidential information, including the Inside Information. At various times, Davis reviewed and certified his understanding of his duties of trust

and confidence to Dean Foods.

The Relationship Between WALTERS and Davis

6. Since in or about the mid-1990s, and at all times relevant to this Indictment, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, and Davis maintained a personal relationship and friendship founded on a shared interest in sports, golf, gambling and business. Beginning in at least 2007, WALTERS and Davis had numerous prospective and actual business dealings with each other, which included, among other things, the following:

a. In or about 2007, WALTERS invited Davis to invest in, or assist with, WALTERS' venture to purchase a number of golf courses from another entity. Davis attempted to assist WALTERS, but ultimately Davis did not invest in this venture.

b. In or about 2009, WALTERS asked Davis to help WALTERS enlist a Dallas-based bank to finance a golf course lease purchase that WALTERS was orchestrating. Davis introduced WALTERS to a Dallas bank, but WALTERS did not complete the transaction.

c. In or about April 2010, at Davis's request, WALTERS arranged for another individual ("Individual-1") to provide Davis with a personal loan in the amount of \$625,000 plus interest (the "April 2010 Loan"), which Individual-1 wired

to Davis on or about April 13, 2010, and which had a one-year term. In or about January 2012, WALTERS assumed responsibility for the balance of approximately \$647,000 on the April 2010 Loan, after which time Davis did not make a payment of interest or principal until June 2014.

d. In or about 2011, WALTERS and Davis together formed a limited liability corporation to invest in preferred shares of a software company (the "Software Company Investment"). WALTERS provided an initial capital contribution and received 80 percent of the profits, while Davis oversaw the Software Company Investment and received 20 percent of the profits.

e. In or about 2011, Davis began an effort to recapitalize a Dallas-based bank (the "Bank Recapitalization"). Davis solicited WALTERS to invest in the Bank Recapitalization, and WALTERS tentatively agreed to invest approximately \$2 million if Davis's effort was successful. In or about November 2011, WALTERS extended Davis a personal line of credit in the amount of \$400,000, which was payable either in stock if the Bank Recapitalization was successful, or with interest if the Bank Recapitalization failed. Davis borrowed \$350,000 from the line of credit (the "November 2011 Loan"). In the end, the Bank

Recapitalization failed, yet Davis never made a payment of interest or principal on the November 2011 Loan.

f. In or about 2013, Davis entered into a consulting agreement with a Texas-based limited partnership that provided benefits administration services (the "Texas LP"), which was in need of financing. Davis solicited WALTERS to provide a letter of credit for \$3 million in return for an equity stake of three percent in the Texas LP (the "Letter of Credit"). In or about November 2013, WALTERS agreed to provide the Letter of Credit through The Walters Group. In or about November 2014, the Letter of Credit expired, but WALTERS maintained his equity interest in the Texas LP.

The Insider Trading Scheme

Overview

7. From at least 2008 through in or about 2014, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, and Davis participated in a scheme in which Davis provided material, non-public information to WALTERS, who used that information to purchase and sell securities, all of which occurred in the WALTERS Accounts.

8. In furtherance of the scheme, Davis obtained Inside Information through his role as a member of the Board,

including information related to Dean Foods' financial outlook and performance, earnings results, and the WhiteWave Spinoff. Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, in violation of (i) fiduciary and other duties of trust and confidence owed by Davis to Dean Foods and its shareholders; (ii) expectations of confidentiality held by Dean Foods; (iii) written policies of Dean Foods regarding the use and safekeeping of confidential business information; and (iv) agreements between Dean Foods and Davis to maintain information in confidence.

9. WILLIAM T. WALTERS, a/k/a "Billy," the defendant, knowing that Davis had disclosed the Inside Information to him in violation of duties of trust and confidence, used the Inside Information to execute profitable trades in Dean Foods stock, which earned WALTERS realized and unrealized profits of approximately \$32 million and avoided losses of approximately \$11 million. On certain trading days, WALTERS' purchases or sales based on Inside Information amounted to more than 30 percent of the total daily trading volume in Dean Foods stock.

10. In addition, Davis received material, non-public information about Darden (the "Darden Inside Information") from an investment firm in New York ("Investment Firm A") which had

solicited Davis to become an investor in, or director of, Darden. Davis provided the Darden Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, in violation of (i) an agreement of confidentiality between Davis and Investment Firm A, and (ii) fiduciary and other duties of trust and confidence owed by Davis to Investment Firm A.

11. WILLIAM T. WALTERS, a/k/a "Billy," the defendant, knowing that Davis had disclosed the Darden Inside Information to him in violation of a duty of confidentiality, used the Darden Inside Information to execute profitable trades in Darden stock that earned WALTERS illegal profits of approximately \$1 million.

12. In exchange for providing material, non-public information about Dean Foods and Darden to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, which WALTERS used to make profitable securities trades, Davis received significant benefits from WALTERS, including approximately \$1 million in loans that were, in large measure, never repaid by Davis.

WALTERS' Insider Trading in Dean Foods

Dean Foods' April 30, 2008 Earnings Announcement

13. On or about April 30, 2008, prior to the open of the stock market, Dean Foods publicly announced its financial

results for the first quarter of 2008 and reported earnings that exceeded analysts' expectations (the "April 30, 2008 Earnings Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning the Company's first quarter earnings before it was made public in the April 30, 2008 Earnings Announcement.

14. As set forth below, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, in advance of the April 30, 2008 Earnings Announcement. Specifically, in or about February 2008 and in or about March 2008, Davis provided WALTERS with Inside Information relating to, among other things, Dean Foods' internal full-year forecasts and quarterly financial results, which information WALTERS used to execute securities transactions in Dean Foods stock:

a. On or about February 25, 2008, WALTERS and Davis spoke on the telephone for approximately 15 minutes. Less than 30 minutes after WALTERS and Davis concluded their conversation, WALTERS placed a telephone call to his Las Vegas, Nevada-based broker ("Broker-1") and purchased 200,000 shares of Dean Foods stock. By the end of the trading day on February 29, 2008, WALTERS had purchased approximately 1.7 million shares of Dean Foods stock.

b. On or about March 24, 2008, WALTERS called Davis and they spoke for approximately 10 minutes. Immediately after WALTERS disconnected from this call, WALTERS called Broker-1 and purchased 462,200 shares of Dean Foods stock. On or about March 25, 2008, WALTERS purchased an additional 50,000 shares of Dean Foods stock, increasing his total investment in Dean Foods stock to approximately 2.2 million shares.

15. After the April 30, 2008 Earnings Announcement, Dean Foods stock closed the trading day at \$23.24 per share, up from \$22.52 the previous day. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned realized and unrealized profits of approximately \$2.6 million.

Dean Foods' June 25, 2008 Guidance Announcement

16. On or about June 25, 2008, prior to the open of the stock market, Dean Foods publicly announced that it had raised its second quarter earnings guidance from 26 cents per share to 31 cents per share due to strong performance and cash flows (the "June 25, 2008 Guidance Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning the Company's second quarter performance that led to the change in guidance before it was made public in

the June 25, 2008 Guidance Announcement.

17. As set forth below, in advance of the June 25, 2008 Guidance Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, including, among other things, that Dean Foods' financial performance for the second quarter of 2008 was better than Wall Street's expectations, which information WALTERS used to execute securities transactions in Dean Foods stock:

a. On or about June 18, 2008, Davis returned a telephone call from WALTERS and they spoke for approximately seven minutes.

b. On or about June 19, 2008, WALTERS called Broker-1 four times. That day, WALTERS purchased approximately 1.9 million shares of Dean Foods stock. Later that day, after the market close, Davis returned another telephone call from WALTERS, and they spoke for approximately 15 minutes.

c. On or about Friday, June 20 and Monday, June 23, 2008, WALTERS purchased additional shares of Dean Foods stock. In total, on the three trading days from June 19, 2008 through June 23, 2008, WALTERS purchased approximately 3.95 million shares of Dean Foods stock, which constituted between approximately 29 and 37 percent of the daily trading volume in

the stock on those days.

18. After the June 25, 2008 Guidance Announcement, Dean Foods' stock price closed the trading day at \$20.12 per share, up from \$18.39 the previous day. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned realized and unrealized profits of more than \$6 million.

Dean Foods' February 11, 2009 Earnings Announcement

19. On or about February 11, 2009, prior to the open of the stock market, Dean Foods publicly announced, among other things, its 2008 year-end financial results and fourth quarter earnings, which was the Company's most profitable quarter to date and which exceeded Wall Street's expectations (the "February 11, 2009 Earnings Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning the Company's fourth quarter and year-end financial results before they were made public in the February 11, 2009 Earnings Announcement.

20. As set forth below, in advance of the February 11, 2009 Earnings Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant. Specifically, at various times from in or about November 2008

until in or about February 2009, Davis informed WALTERS that, among other things, Davis remained positive about Dean Foods' financial results, notwithstanding market skepticism. WALTERS used this Inside Information to execute securities transactions in Dean Foods stock:

a. On or about November 5, 2008, the day after Dean Foods publicly announced poor third quarter earnings results that prompted the stock to decline by approximately 20 percent, WALTERS placed a telephone call to Davis and they spoke for approximately five minutes. Immediately after disconnecting with Davis, WALTERS called Broker-1. On or about November 5 and 6, 2008, WALTERS purchased one million shares of Dean Foods stock. By the end of the trading day on or about November 12, 2008, WALTERS owned 1.5 million shares of Dean Foods stock.

b. On or about February 10, 2009, the day before the February 11, 2009 Earnings Announcement, and following several calls between WALTERS and Davis in the preceding days, WALTERS purchased 300,000 shares of Dean Foods stock, which increased his total position in Dean Foods to 1.8 million shares.

21. Following the pre-market February 11, 2009 Earnings Announcement, Dean Foods stock closed the trading day

at \$19.59 per share, up from \$18.31 at the close of the previous day. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned realized and unrealized profits of approximately \$5.5 million.

Dean Foods' May 10, 2010 Earnings Announcement

22. On or about Monday, May 10, 2010, prior to the open of the stock market, Dean Foods publicly announced its financial results for the first quarter of 2010, which were below Wall Street's expectations, and the Company suspended full-year guidance (the "May 10, 2010 Earnings Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning the Company's first quarter results and its decision to explore a potential spinoff of WhiteWave before certain of the Inside Information was made public in the May 10, 2010 Earnings Announcement.

23. As set forth below, in advance of the May 10, 2010 Earnings Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, including, among other things, that the Company was exploring strategic options related to WhiteWave, and that Dean Foods' 2010 first quarter earnings would not meet Wall Street's expectations. WALTERS used this Inside Information to execute and cause to be

executed securities transactions in Dean Foods stock:

a. On or about Friday, April 9, 2010, WALTERS held a lunch meeting in Las Vegas, Nevada with Davis (the "April 9, 2010 Meeting"). At the April 9, 2010 Meeting, at Davis's request, WALTERS agreed to cause Individual-1 to provide Davis with a loan of \$625,000 with interest. In return, Davis provided Inside Information about Dean Foods to WALTERS, including, among other things, that Dean Foods had engaged an investment bank to explore strategic possibilities to separate WhiteWave from Dean Foods and capture unrealized shareholder value.

b. On or about Monday, April 12, 2010, the next business day following the April 9, 2010 Meeting, WALTERS purchased one million shares of Dean Foods stock, which constituted approximately 21 percent of the daily trading volume in the stock. On or about April 14 and 15, 2010, WALTERS purchased an additional 510,000 shares of Dean Foods stock.

c. On or about April 15, 2010, WALTERS called Individual-1 and they spoke for approximately one minute. On or about April 16, 2010, Individual-1 purchased 1,000 shares of Dean Foods stock.

d. On or about Sunday, May 2, 2010, Davis spoke

on the telephone with the Chief Executive Officer of Dean Foods (the "Dean Foods CEO"), who informed Davis that the Company's first quarter earnings had been poor. Later that day, Davis placed a telephone call to WALTERS and they spoke for approximately two minutes.

e. On or about May 3 and 4, 2010, WALTERS sold the 1.51 million shares he had purchased after the April 9, 2010 Meeting. These sales constituted approximately 29 and 16 percent, respectively, of the daily trading volume in the stock on those days.

f. On or about May 3, 2010, Individual-1 placed, and then cancelled, an order to sell the 1,000 shares of Dean Foods stock that Individual-1 had purchased on April 16, 2010. On or about May 6, 2010, Individual-1 sold the 1,000 shares of Dean Foods stock.

24. Following the pre-market May 10, 2010 Earnings Announcement, Dean Foods stock closed the trading day at \$10.47 per share, down approximately 28 percent from the previous day's closing price of \$14.63 per share. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, avoided losses of approximately \$7.3 million.

25. From on or about May 10, 2010 until on or about

May 14, 2010, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, purchased 1.5 million shares of Dean Foods stock, re-establishing the position he had held following the April 9, 2010 Meeting at a reduction in cost basis of approximately \$9.5 million.

The November 9, 2010 Earnings Announcement

26. On or about November 9, 2010, prior to the open of the stock market, Dean Foods publicly announced its financial results for the third quarter of 2010, which failed to meet Wall Street's expectations, and also announced that the Company's CFO planned to resign (the "November 9, 2010 Earnings Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning, among other things, the Company's third quarter earnings and the resignation of the CFO before that Inside Information was made public in the November 9, 2010 Earnings Announcement.

27. As set forth below, in advance of the November 9, 2010 Earnings Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, including, among other things, the Company's disappointing 2010 third quarter financial performance and the planned resignation of the Company's CFO. WALTERS used this Inside Information to execute

securities transactions in Dean Foods stock:

a. On or about September 29, 2010, Davis called WALTERS and they spoke for approximately four minutes. On or about October 4 and 5, 2010, WALTERS purchased one million shares of Dean Foods stock.

b. On or about October 6, 2010, Davis placed a telephone call to WALTERS and they spoke for approximately five minutes. On or about October 6 and 7, 2010, WALTERS purchased an additional 500,000 shares of Dean Foods stock.

c. On or about October 21, 2010, Davis called WALTERS shortly before the market closed and they spoke for approximately three minutes. WALTERS then placed two telephone calls to Broker-1. Shortly thereafter, WALTERS placed several telephone calls to Davis, after which WALTERS placed another telephone call to Broker-1. On or about October 21 and 22, 2010, WALTERS sold all 1.5 million shares of Dean Foods stock that he had purchased approximately two weeks earlier, including a sale of 1.1 million shares on October 22, 2010, which constituted approximately 30 percent of the daily trading volume in the stock on that day.

28. Following the pre-market November 9, 2010 Earnings Announcement, Dean Foods stock closed the trading day

at \$8.50 per share, down from \$10.36 at the close of trading the previous day. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, avoided losses of approximately \$2.2 million. Later that same day, on November 9, 2010, WALTERS purchased one million shares of Dean Foods, thereby reducing his cost basis for those shares by approximately \$1.3 million.

Dean Foods' May 9, 2012 Earnings Announcement

29. On or about May 9, 2012, prior to the opening of the stock market, Dean Foods publicly announced positive earnings for the first quarter of 2012. In addition, the Dean Foods CEO hosted a conference call at approximately 9:30 a.m. (the "May 9, 2012 Earnings Call"), during which the Dean Foods CEO reported the positive first quarter earnings and also stated that the Company was "mindful of the opportunity . . . to perhaps accrete value for our shareholder."

30. Prior to this announcement, Davis, in his capacity as a member of the Board, possessed Inside Information concerning the Company's first quarter earnings and its intention to pursue the WhiteWave Spinoff, certain of which Inside Information was made public in the May 9, 2012 Earnings Announcement. As set forth below, in advance of the May 9, 2012

Earnings Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, about, among other things, the Company's first quarter earnings and plans regarding the WhiteWave Spinoff. WALTERS used this Inside Information to execute securities transactions in Dean Foods stock:

a. On or about May 8, 2012, Davis participated by telephone in a meeting of the Audit Committee of the Dean Foods Board that was followed immediately by a meeting of the full Dean Foods Board (the "May 8, 2012 Board Meeting"). During the May 8, 2012 Board Meeting, the Board discussed the positive first quarter earnings, which, in addition to other favorable circumstances, resulted in the Company's decision to pursue a spinoff of WhiteWave. The Board further discussed the message the Dean Foods CEO would deliver to the market on the May 9, 2012 Earnings Call the following day.

b. Almost immediately after disconnecting from the May 8, 2012 Board Meeting, Davis called WILLIAM T. WALTERS, a/k/a "Billy," the defendant, and left a voicemail message. Approximately nine minutes later, WALTERS called a broker in New York, New York to whom WALTERS had transferred the WALTERS Accounts ("Broker-2"). Shortly thereafter, Broker-2 entered an

order to purchase 1.5 million shares of Dean Foods stock in the WALTERS Accounts, of which only approximately 800,000 shares were purchased on May 8, 2012. On or about May 9, 2012, prior to the open of the stock market, WALTERS called Broker-2. Later that morning, another approximately 400,000 shares of Dean Foods stock were purchased in the WALTERS Accounts.

31. Following the May 9, 2012 Earnings Call, Dean Foods stock ended the trading day at \$14.15 per share, up from a share price of \$12.72 at the close of trading on the previous day. As a result of trading on the Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned unrealized profits of approximately \$2.2 million.

Dean Foods' August 7, 2012 Spinoff Announcement

32. On or about August 7, 2012, after the close of the stock market, Dean Foods publicly announced that the Company had filed a registration statement with the United States Securities and Exchange Commission ("SEC") for an IPO of common stock of WhiteWave (the "August 7, 2012 Spinoff Announcement"). The August 7, 2012 Spinoff Announcement also stated that Dean Foods would own at least 80 percent of WhiteWave common stock following the IPO and that Dean Foods would distribute its future shares of WhiteWave to Dean Foods stockholders no later

than 180 days after the completion of the IPO. Prior to this announcement, and beginning in or about May 2012, Davis, in his capacity as a member of the Board, possessed Inside Information concerning the WhiteWave Spinoff before it was made public in the August 7, 2012 Spinoff Announcement.

33. In the months prior to the August 7, 2012 Spinoff Announcement, Davis provided Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, about, among other things, the approval by the Board to pursue the WhiteWave Spinoff, the structure and valuation of the WhiteWave Spinoff, the expected timing of the WhiteWave Spinoff announcement, and the likelihood of the WhiteWave Spinoff's occurrence. WALTERS used this Inside Information to execute and cause to be executed securities transactions in Dean Foods stock:

a. On or about July 9, 2012, WALTERS called Davis and they spoke for approximately two minutes. On or about July 10, 2012, WALTERS and Davis exchanged text messages. On or about July 13, 2012, WALTERS placed four telephone calls to Davis. That day, WALTERS purchased 800,000 shares of Dean Foods stock.

b. On or about July 16, 2012, after several attempts by WALTERS to speak with Davis, Davis returned WALTERS'

telephone call, and they spoke for more than two minutes. On or about July 17 and 18, 2012, WALTERS purchased one million shares of Dean Foods stock.

c. On or about Saturday, July 21, 2012, WALTERS called Davis and they spoke for approximately two minutes. On or about Monday, July 23 and Tuesday, July 24, 2012, WALTERS purchased an additional approximately 900,000 shares of Dean Foods.

d. On or about July 30 and 31, 2012, Davis visited WALTERS in San Diego, California. During this visit, Davis confirmed to WALTERS that the WhiteWave Spinoff would be announced on August 7, 2012. On or about July 31, 2012, WALTERS purchased 100,000 shares of Dean Foods, increasing his total position in Dean Foods stock to approximately four million shares.

34. On or about Friday, July 27, 2012, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, placed a telephone call to an individual who owed a gambling debt to WALTERS ("Individual-2"). WALTERS and Individual-2 spoke for approximately one minute. WALTERS and Individual-2 spoke on the telephone twice more that day, and they exchanged text messages the following day, Saturday, July 28, 2012. On or about Monday,

July 30, 2012, WALTERS and Individual-2 exchanged additional text messages. On or about July 30 and 31, 2012, Individual-2 purchased approximately 240,000 shares of Dean Foods stock across three separate brokerage accounts. Individual-2 had never before traded in Dean Foods stock.

35. Following the August 7, 2012 Spinoff Announcement, Dean Foods' stock price increased by approximately 40 percent and closed the trading day on August 8, 2012 at \$17.46 per share. As a result of trading on the Inside Information in May and July 2012, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned unrealized profits of approximately \$17.1 million.

36. On or about August 8, 2012, Individual-2 sold all of Individual-2's Dean Foods shares for a profit of approximately \$931,000.

WhiteWave's October 17, 2012 Registration Statement

37. On or about October 17, 2012, prior to the open of the stock market, WhiteWave filed with the SEC an amended S-1 registration statement that, for the first time, publicly announced that the IPO would issue up to 23 million shares of WhiteWave common stock at a price range of \$14 to \$16 per share (the "October 17, 2012 Registration Statement"). Davis, in his

capacity as a member of the Board, possessed Inside Information concerning the WhiteWave IPO before it was made public in the October 17, 2012 Registration Statement, which Davis provided to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, prior to October 17, 2012. WALTERS used this Inside Information to execute securities transactions in Dean Foods stock:

a. On or about September 17, 18, and 19, 2012, WALTERS purchased 500,000 shares of Dean Foods stock. On or about October 9 and 11, 2012, WALTERS purchased an additional approximately 316,000 shares of Dean Foods stock.

38. Following the October 17, 2012 Registration Statement, Dean Foods stock price increased from \$15.04 to \$16.96 at the end of the trading day. As a result of trading on the Inside Information, WALTERS T. WALTERS, a/k/a "Billy," the defendant, earned unrealized profits of approximately \$887,000.

39. On or about October 25, 2012, WhiteWave announced that the IPO would price its common stock at \$17 per share, above its previously announced range of \$14 to \$16 per share. At the close of trading on October 25, 2012, the share price of Dean Foods rose to \$18.79 per share. At that point, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, held more than 5.3 million shares of Dean Foods stock that was worth a total of

approximately \$100 million, at least \$90.6 million of which WALTERS had purchased on the basis of Inside Information.

Dean Foods' February 13, 2013 Announcement

40. On or about February 13, 2013, prior to the open of the stock market, Dean Foods publicly announced that the Company had lost a significant amount of business from one of its largest customers ("Customer-1") and adjusted guidance for 2013 accordingly (the "February 13, 2013 Announcement"). Davis, in his capacity as a member of the Board, possessed Inside Information concerning the loss of business from Customer-1 before it was made public in the February 13, 2013 Announcement, which Inside Information Davis provided to WILLIAM T. WALTERS, a/k/a "Billy," the defendant, prior to February 13, 2013. WALTERS used this Inside Information to execute securities trades in Dean Foods stock. For example, on or about February 1, 2013, WALTERS sold approximately one million shares of Dean Foods, which constituted approximately 34 percent of daily trading volume in the stock.

41. Following the February 13, 2013 Announcement, Dean Foods stock closed the trading day at \$16.70 per share, down from the previous day's closing price of \$18.39 per share. By trading on the Inside Information, WILLIAM T. WALTERS, a/k/a

"Billy," the defendant, avoided losses of approximately \$1.6 million.

WALTERS' Sales of Dean Foods and WhiteWave Stock

42. On or about May 23, 2013, Dean Foods provided its shareholders with a dividend of WhiteWave stock (the "May 23 Dividend"). After selling approximately one million shares of Dean Foods stock on or about February 1, 2013, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, held the remainder of his approximately 4.3 million shares of Dean Foods stock through the May 23 Dividend, most of which were purchased using Inside Information, as set forth above. On or about May 24, 2013, WALTERS received a distribution of approximately 2,672,636 shares of WhiteWave stock, which were worth approximately \$32 million. After the May 23 Dividend was complete, WALTERS' shares of Dean Foods stock were worth approximately \$43 million. In or about July and August 2013, WALTERS sold all of his remaining shares of Dean Foods and WhiteWave stock. In total, as a result of selling his approximately 5.3 million shares of Dean Foods stock, WALTERS received gross proceeds of approximately \$110 million.

WALTERS' Insider Trading in Darden

43. On or about October 9, 2013, a national newspaper

("Newspaper-1") published an article about a significant investment by Investment Firm A and other investors with the intent of pushing Darden to separate into two companies (the "October 9, 2013 Article"). In or about early August 2013, Davis received an investment plan related to Darden from Investment Firm A pursuant to a confidentiality agreement that Davis signed (the "Darden Investment Plan"). The Darden Investment Plan outlined Investment Firm A's desire to separate, or spin off, one or more of Darden's restaurant chains to unlock additional value in the stock.

44. After receiving the Darden Investment Plan and discussing it further with representatives of Investment Firm A, Davis provided the Darden Inside Information to WILLIAM T. WALTERS, a/k/a "Billy," the defendant. On or about August 20 and 21, 2013, WALTERS used the Darden Inside Information to purchase approximately 625,000 shares of Darden at a total cost of approximately \$30 million.

45. At the close of trading on October 9, 2013, Darden's stock price closed at \$49.57 per share, up from \$46.28 per share at the close of trading the previous day. As a result of trading on the Darden Inside Information, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, earned unrealized profits of

approximately \$1 million. On or about December 19, 2013, WALTERS sold his shares of Darden stock for gross proceeds of approximately \$1 million.

WALTERS' Loans to Davis

46. During the course of the scheme charged herein, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, provided two loans, the April 2010 Loan and the November 2011 Loan, to Davis totaling nearly \$1 million. From in or about January 2012, when WALTERS assumed the April 2010 Loan from Individual-1, until June 2014, Davis did not make a single payment of interest or principal on either loan, nor did WALTERS ever request any payment from Davis. During this period of time, Davis repeatedly provided WALTERS with material, non-public information, which WALTERS used to make profitable securities trades, as set forth above. In June 2014, shortly after Newspaper-1 revealed the existence of a law enforcement investigation into WALTERS' timely purchases and sales of stock, Davis made his first payment to WALTERS on the loans. In June 2014, Davis owed approximately \$1.1 million in principal and interest to WALTERS on the two loans.

Means And Methods Of The Conspiracy

47. Among the means and methods by which WILLIAM T.

WALTERS, a/k/a "Billy," the defendant, Davis, and others known and unknown, would and did carry out the conspiracy were the following:

a. WALTERS solicited and received Inside Information about Dean Foods from Davis that WALTERS knew had been disclosed by Davis in breach of Davis's duty of confidentiality. WALTERS used the Inside Information to execute profitable trades in the securities of Dean Foods.

b. WALTERS also solicited and received the Darden Inside Information from Davis that WALTERS knew had been disclosed by Davis in breach of Davis's duty of confidentiality. WALTERS used the Darden Inside Information to execute profitable trades in the securities of Darden.

c. In order to receive the Inside Information about Dean Foods without detection by law enforcement authorities, WALTERS provided Davis with a prepaid cellular telephone for Davis to use when disclosing Inside Information to WALTERS. WALTERS further instructed Davis to use code words when discussing Inside Information with WALTERS. For example, WALTERS told Davis to use the phrase "Dallas Cowboys" to refer to Dean Foods.

d. In exchange for receiving material, non-

public information, WALTERS provided Davis with pecuniary benefits in the form of business opportunities, investment capital, and two loans that were never fully repaid.

Statutory Allegations

48. From at least in or about 2008 through in or about 2014, in the Southern District of New York and elsewhere, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, Davis, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2.

49. It was a part and object of the conspiracy that WILLIAM T. WALTERS, a/k/a "Billy," the defendant, Davis, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Sections 240.10b5 and

240.10b5-2, by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Overt Acts

50. In furtherance of the conspiracy and to effect the illegal object thereof, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, and his co-conspirators committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about April 9, 2010, WALTERS met with Davis in Las Vegas, Nevada, at which meeting WALTERS agreed to provide Davis with a loan of \$625,000. At the same meeting, Davis provided WALTERS with Inside Information about Dean Foods.

b. On or about May 8, 2012, WALTERS directed Broker-2, who was located in New York, New York, to purchase 1.5 million shares of Dean Foods stock for the WALTERS Accounts.

c. On or about July 13, 2012, WALTERS directed

Broker-2, who was located in New York, New York, to purchase 800,000 shares of Dean Foods stock for the WALTERS Accounts.

d. On or about July 30 and 31, 2012, Davis visited WALTERS in San Diego, California and stayed at WALTERS' home. During this visit, Davis provided WALTERS with Inside Information about Dean Foods.

e. On or about September 17, 2012, WALTERS directed Broker-2, who was located in New York, New York, to purchase 175,000 shares of Dean Foods for the WALTERS Accounts.

f. On or about February 1, 2013, WALTERS directed Broker-2, who was located in New York, New York, to sell one million shares of Dean Foods.

g. On or about August 20, 2013, WALTERS directed Broker-2, who was located in New York, New York, to purchase 535,200 shares of Darden.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Conspiracy to Commit Wire Fraud)

The Grand Jury further charges:

51. The allegations contained in paragraphs 1 through 47 and 50 of this Indictment are hereby repeated, realleged, and incorporated by reference, as if fully set forth herein.

52. From at least in or about 2008 through in or about 2014, in the Southern District of New York and elsewhere, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, Davis, and others known and unknown, willfully and knowingly, did combine, conspire, confederate, and agree together and with each other to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

53. It was a part and an object of the conspiracy that WILLIAM T. WALTERS, a/k/a "Billy," the defendant, Davis, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNTS THREE THROUGH SIX

(Securities Fraud)

The Grand Jury further charges:

54. The allegations contained in Paragraphs 1 through 47 and 50 are hereby repeated, realleged, and incorporated by reference, as if fully set forth herein.

55. On or about the dates set forth below, in the Southern District of New York and elsewhere, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2, by: (a) employing devices, schemes and artifices to defraud; (b) making, and causing others to make, untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons,

to wit, on the basis of material, non-public information that Davis disclosed to WALTERS in violation of Davis's fiduciary and other duties of trust and confidentiality, and in exchange for pecuniary benefits that WALTERS provided to Davis, WALTERS executed and caused to be executed the securities transactions listed below:

Count	Date	Transaction
3	May 8 and 9, 2012	Purchase of approximately 1.2 million shares of Dean Foods
4	July 13, 17, 18, 23, 24 and 31, 2012	Purchase of approximately 2.8 million shares of Dean Foods
5	September 17, 18, 19, and October 9 and 11, 2012	Purchase of approximately 815,953 shares of Dean Foods
6	August 20 and 21, 2013	Purchase of approximately 625,000 shares of Darden

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2; and Title 18, United States Code, Section 2.)

COUNTS SEVEN THROUGH TEN

(Wire Fraud)

The Grand Jury further charges:

56. The allegations contained in Paragraphs 1 through 47 and 50 are hereby repeated, realleged, and incorporated by

reference, as if fully set forth herein.

57. On or about the dates set forth below, in the Southern District of New York and elsewhere, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, through the use of interstate wires, including interstate and international telephone calls, WALTERS participated in a scheme to defraud Dean Foods, its shareholders, and Investment Firm A by using material, non-public information obtained from Davis, who owed fiduciary and other duties of trust and confidentiality to Dean Foods and Investment Firm A, to execute the securities transactions listed below:

Count	Date	Transaction
7	May 8 and 9, 2012	Purchase of approximately 1.2 million shares of Dean Foods
8	July 13, 17, 18, 23, 24 and 31, 2012	Purchase of approximately 2.8 million shares of Dean Foods
9	September 17, 18, 19, and October 9 and 11, 2012	Purchase of approximately 815,953 shares of Dean Foods
10	August 20 and 21, 2013	Purchase of approximately 625,000 shares of Darden

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

58. As a result of committing one or more of the foregoing offenses alleged in Counts One through Ten of this Indictment, WILLIAM T. WALTERS, a/k/a "Billy," the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses alleged in Counts One through Ten of this Indictment.

Substitute Assets Provision

59. If any of the above-described forfeitable

property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
 - b. has been transferred or sold to, or deposited with, a third party;
 - c. has been placed beyond the jurisdiction of the court;
 - d. has been substantially diminished in value;
- or

e. has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Sections 981;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)



FOREPERSON

Preet Bharara

PREET BHARARA
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

WILLIAM T. WALTERS,
a/k/a "Billy,"

Defendant.


INDICTMENT

S1 16 Cr. 338 (PKC)

(18 U.S.C. §§ 2, 371, 981, 1343, 1349;
15 U.S.C. §§ 78j(b) & 78ff;
21 U.S.C. § 853; 28 U.S.C. § 2461;
17 CFR §§ 240.10b-5 & 240.10b5-2.)

PREET BHARARA

United States Attorney


Foreperson

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :
:
- v. - :
:
THOMAS C. DAVIS, :
:
Defendant. :
:
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SEALED INFORMATION

16 Cr. ___

16 CRIM 338

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. At all times relevant to this Information, Dean Foods Company ("Dean Foods" or the "Company") was one of the leading dairy companies in the United States with headquarters in Dallas, Texas. At all times relevant to this Information, Dean Foods was a public company whose stock traded on the New York Stock Exchange ("NYSE") under the ticker symbol "DF." Dean Foods' written policies prohibited the unauthorized disclosure of Dean Foods' confidential information, including material non-public information, which specifically included earnings information, business plans and forecasts, long-range strategic plans, and information related to pending litigation involving Dean Foods.

2. At all times relevant to this Information, THOMAS

C. DAVIS, the defendant, was a member of the Board of Directors of Dean Foods (the "Board"), and from on or about May 1, 2013 until on or about August 7, 2015, DAVIS served as the Non-Executive Chairman of the Board. In his capacity as a member of the Board, DAVIS regularly received confidential information about Dean Foods' financial performance and results, contemplated and actual corporate transactions, and other significant corporate and strategic developments prior to Dean Foods' public announcements of such information (the "Inside Information"). As a director of Dean Foods, DAVIS had a fiduciary duty, among other obligations, to maintain the confidentiality of all of Dean Foods' confidential information, including the Inside Information. At various times, DAVIS reviewed and certified his understanding of his duties of loyalty and confidence to Dean Foods.

3. From at least in or about 2008 until in or about October 2012, WhiteWave-Alpro was a segment of Dean Foods that produced and distributed organic and other branded food and beverage products. On or about August 7, 2012, Dean Foods publicly announced that it intended to execute a spinoff of its WhiteWave-Alpro segment through The WhiteWave Foods Company (the "WhiteWave Spinoff"), a public company which was headquartered in Denver, Colorado ("WhiteWave"). On or about October 31, 2012, WhiteWave formally spun off from Dean Foods and, pursuant

to an Initial Public Offering ("IPO"), traded on the NYSE under the ticker symbol "WWAV."

4. At all times relevant to this Information, Darden Restaurants, Inc. ("Darden") owned and operated an assortment of restaurant brands throughout the United States. Headquartered in Orlando, Florida, Darden was a public company that traded on the NYSE under the ticker symbol "DRI."

5. At all times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-1") was a sports bettor, businessman and investor, and served as the Chief Executive Officer and Chairman of the Board of Directors of a holding company based in Las Vegas, Nevada that managed diversified investment and business ventures, including golf courses, real estate developments, and other investments. CC-1 was also the sole authorized trader for brokerage accounts in the name of his holding company and an offshore entity that CC-1 controlled (the "CC-1 Accounts").

The Insider Trading Scheme

6. From at least 2008 through in or about 2014, THOMAS C. DAVIS, the defendant, participated in a scheme in which DAVIS provided material non-public information to CC-1, who used that information to purchase and sell securities, all of which occurred in the CC-1 Accounts.

7. In furtherance of the scheme, THOMAS C. DAVIS,

the defendant, obtained Inside Information through his role as a member of the Dean Foods Board, including information related to Dean Foods' financial outlook and performance, earnings results, and the WhiteWave Spinoff. DAVIS provided Inside Information to CC-1 in violation of (i) fiduciary and other duties of trust and confidence owed by DAVIS to Dean Foods; (ii) expectations of confidentiality held by Dean Foods; (iii) written policies of Dean Foods regarding the use and safekeeping of confidential business information; and (iv) agreements between Dean Foods and DAVIS to maintain information in confidence.

8. In order to evade detection by law enforcement authorities, CC-1 provided THOMAS C. DAVIS with a prepaid cellular telephone for DAVIS to use when disclosing Inside Information to CC-1. CC-1 further instructed DAVIS to use code words when discussing Inside Information with CC-1. For example, CC-1 told DAVIS to use the phrase "Dallas Cowboys" to refer to Dean Foods.

9. CC-1, knowing that THOMAS C. DAVIS, the defendant, had disclosed the Inside Information to him in violation of duties of trust and confidence, used the Inside Information to execute profitable trades in Dean Foods stock, which earned CC-1 illegal profits.

10. In addition, THOMAS C. DAVIS, the defendant, received material non-public information about Darden (the

"Darden Inside Information") from an investment firm in New York ("Investment Firm A") which had solicited DAVIS to become an investor in, or director of, Darden. DAVIS provided the Darden Inside Information to CC-1 in violation of (i) an agreement of confidentiality between DAVIS and Investment Firm A, and (ii) fiduciary and other duties of loyalty and confidence owed by DAVIS to Investment Firm A.

11. CC-1, knowing that THOMAS C. DAVIS, the defendant, had disclosed the Darden Inside Information to him in violation of a duty of confidentiality, used the Darden Inside Information to execute profitable trades in Darden stock that earned CC-1 illegal profits of nearly \$1 million.

12. In exchange for providing material non-public information about Dean Foods and Darden to CC-1, which CC-1 used to make profitable securities trades, THOMAS C. DAVIS, the defendant, received significant benefits from CC-1, including business opportunities, investment capital, and approximately \$1 million in loans that were, in large measure, never repaid by DAVIS.

Statutory Allegations

13. From at least in or about 2008 through in or about 2014, in the Southern District of New York and elsewhere, THOMAS C. DAVIS, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate and

agree together and with each other to commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2.

14. It was a part and object of the conspiracy that THOMAS C. DAVIS, the defendant, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2 by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Overt Acts

15. In furtherance of the conspiracy and to effect

the illegal object thereof, THOMAS C. DAVIS, the defendant, and his co-conspirators committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about April 9, 2010, DAVIS met with CC-1 in Las Vegas, Nevada, at which meeting CC-1 agreed to provide DAVIS with a loan of \$625,000. At the same meeting, DAVIS provided CC-1 with Inside Information about Dean Foods.

b. On or about July 30 and 31, 2012, DAVIS visited CC-1 in San Diego, California and stayed at CC-1's home. During this visit, DAVIS provided CC-1 with Inside Information about Dean Foods.

c. On or about August 7, 2013, DAVIS traveled from Dallas, Texas, to New York, New York, and met with individuals from Investment Firm-A to discuss the Darden Inside Information.

d. On or about August 20, 2013, CC-1 directed Broker-2, who was located in New York, New York, to purchase 535,200 shares of Darden.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Conspiracy to Commit Wire Fraud)

The United States Attorney further charges:

16. The allegations contained in paragraphs 1 through 12 and 15 of this Information are hereby repeated, realleged,

and incorporated by reference, as if fully set forth herein.

17. From at least in or about 2008 through in or about 2014, in the Southern District of New York and elsewhere, THOMAS C. DAVIS, the defendant, and others known and unknown, willfully and knowingly, did combine, conspire, confederate, and agree together and with each other to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

18. It was a part and an object of the conspiracy that THOMAS C. DAVIS, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNTS THREE THROUGH SIX

(Securities Fraud)

The United States Attorney further charges:

19. The allegations contained in paragraphs 1 through 12 and 15 are hereby repeated, realleged, and incorporated by

reference, as if fully set forth herein.

20. On or about the dates set forth below, in the Southern District of New York and elsewhere, THOMAS C. DAVIS, the defendant, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances, and caused others to use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2, by: (a) employing devices, schemes and artifices to defraud; (b) making, and causing others to make, untrue statements of material fact and omitting to state, and causing others to omit to state, material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging, and causing others to engage, in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, on the basis of material non-public information that DAVIS disclosed to CC-1 in violation of DAVIS's fiduciary and other duties of trust and confidentiality, and in exchange for pecuniary and other benefits that CC-1 provided to DAVIS, DAVIS caused to be

executed the securities transactions listed below:

Count	Date	Transaction
3	May 8 and 9, 2012	Purchase of approximately 1.2 million shares of Dean Foods
4	July 13, 17, 18, 23, 24 and 31, 2012	Purchase of approximately 2.8 million shares of Dean Foods
5	September 17, 18, 19, and October 9 and 11, 2012	Purchase of approximately 815,953 shares of Dean Foods
6	August 20 and 21, 2013	Purchase of approximately 625,000 shares of Darden

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Sections 240.10b5 and 240.10b5-2; and Title 18, United States Code, Section 2.)

COUNTS SEVEN THROUGH TEN

(Wire Fraud)

The United States Attorney further charges:

21. The allegations contained in paragraphs 1 through 12 and 15 are hereby repeated, realleged, and incorporated by reference, as if fully set forth herein.

22. On or about the dates set forth below, in the Southern District of New York and elsewhere, THOMAS C. DAVIS, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television

communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, through the use of interstate wires, including interstate and international telephone calls, DAVIS, who owed fiduciary and other duties of trust and confidentiality to Dean Foods and Investment Firm A, participated in a scheme to defraud Dean Foods, its shareholders, and Investment Firm A, by providing material non-public information to CC-1, and caused to be executed the securities transactions listed below:

Count	Date	Transaction
7	May 8 and 9, 2012	Purchase of approximately 1.2 million shares of Dean Foods
8	July 13, 17, 18, 23, 24 and 31, 2012	Purchase of approximately 2.8 million shares of Dean Foods
9	September 17, 18, 19, and October 9 and 11, 2012	Purchase of approximately 815,953 shares of Dean Foods
10	August 20 and 21, 2013	Purchase of approximately 625,000 shares of Darden

(Title 18, United States Code, Sections 1343 and 2.)

COUNT ELEVEN

(Obstruction of Justice)

The United States Attorney further charges:

23. The allegations contained in paragraphs 1 through 12 and 15 of this Information are repeated, realleged, and

incorporated by reference, as if fully set forth herein.

24. From in or about May 2014 through in or about June 2014, in the Southern District of New York and elsewhere, THOMAS C. DAVIS, the defendant, unlawfully, willfully and knowingly, corruptly altered, destroyed, mutilated, and concealed a record, document, and other object, and attempted to do so, with the intent to impair the object's availability for use in an official proceeding, and corruptly obstructed, influenced, and impeded an official proceeding, and attempted to do so, to wit, DAVIS made false statements to federal law enforcement agents in connection with a grand jury investigation, in May 2014 and thereafter, attempted to dispose of a prepaid cellphone by throwing it in a body of water, with the intent of impairing the phone's integrity and availability for the grand jury investigation and/or any subsequent criminal proceeding.

(Title 18, United States Code, Sections 1512(c) (1) and (2) and 2.)

COUNT TWELVE
(Perjury)

The United States Attorney further charges:

25. The allegations contained in paragraphs 1 through 12 and 15 of this Information are repeated, realleged, and incorporated by reference, as though fully set forth herein.

26. On or about May 18, 2015, in the Southern

District of New York, THOMAS C. DAVIS, the defendant, having taken an oath before a competent officer and person, in a case in which a law of the United States authorized an oath to be administered, that he would testify, declare, depose, and certify truly, willfully and contrary to such oath, stated and subscribed to material matters which he did not believe to be true, to wit, DAVIS, during sworn testimony before the United States Securities and Exchange Commission gave false testimony relating to, among other things, his personal finances and net worth; whether he had accurately filed tax returns on behalf of himself and/or the Dallas-based charity he oversaw; and whether he had ever passed inside information to CC-1 or anyone else regarding Dean Foods or any other company, including but not limited to the following false statements:

Q: How did you know - to the extent that you commented on Dean Foods to [CC-1], how did you know whether or not what you were commenting on was public information or information that was not public that you gleaned from your time on the Board of Dean Foods?

(a) A. I never gave him any confidential information. I'm quite certain about that.

* * *

Q. Did you provide [CC-1] with any information regarding the progress of the WhiteWave spinoff in July of 2012?

(b) A. I did not.

* * *

Q. Did you ever understand [CC-1] to be a shareholder of Dean Foods at any time more recent than the early 2000s?

(c) A. Not that I recall, no.

(Title 18, United States Code, Sections 1621 and 2.)

FORFEITURE ALLEGATION

27. As a result of committing one or more of the offenses alleged in Counts One through Ten of this Information, THOMAS C. DAVIS, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses, including, but not limited to, outstanding loans that were received as part of the scheme and which were never repaid.

Substitute Assets Provision

28. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Sections 981; Title 21, United States Code, Section 853; and Title 28, United States Code, Section 2461.)

Preet Bharara

PREET BHARARA

United States Attorney