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10	UNITED STATES DISTRICT COURT						
11	CENTRAL DISTRICT OF CALIFORNIA						
12	SOUTHERN DIVISION						
13	SECURITIES AND EXCHANGE	Case No.					
14	COMMISSION,	COMPLAINT					
15	Plaintiff,						
16	V.						
17	KENT G. BARKOURAS,						
18	Defendant.						
19		I					
20	Plaintiff Securities and Exchange Commission (the "Commission") alleges						
21	as follows:						
22	JURISDICTION AND VENUE						
23	1. This Court has jurisdiction over this action pursuant to Sections 21(e),						
24	21A(a), and 27 of the Securities Exchange Act of 1934 (the "Exchange Act"), 15						
25	U.S.C. §§ 78u(e), 78u-1(a), and 78aa. Defendant Kent G. Barkouras						
26	("Barkouras") has, directly or indirectly, made use of the means or						
27	instrumentalities of interstate commerce, of the mails, or of the facilities of a						
28	national securities exchange, in connection with the transactions, acts, practices,						

and courses of business alleged in this Complaint.

2. Venue is proper in this district pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because defendant Barkouras resides and transacts business in this district and because certain of the transactions, acts, practices and courses of conduct constituting violations of the federal securities laws occurred within this district.

SUMMARY

- 3. This case involves insider trading by defendant Barkouras in the securities of Santa Barbara-based Mentor Corporation ("Mentor") before its announcement on November 17, 2006 that the U.S. Food and Drug Administration ("FDA") had approved its Memory GelTM silicone-gel filled breast implants (the "Announcement"). Defendant Barkouras is the president, chief executive officer, and largest shareholder of a private Irvine-based company which distributed marketing materials for Mentor's silicone implants.
- 4. Defendant Barkouras engaged in insider trading when he purchased Mentor call options based on material nonpublic information about the FDA approval. On November 16, 2006, after the close of the securities trading market, Barkouras learned that the FDA had approved Mentor's silicone implants. Even though Barkouras understood that this information was confidential, he began purchasing Mentor call options as soon as the market opened on November 17. After the close of the market on November 17, Mentor made the Announcement. On the next trading day, Mentor's stock price closed at \$52.78 per share, up over 10 percent on a 650 percent increase in trading volume. Over the next several weeks, Barkouras sold the Mentor options, illegally profiting nearly \$80,000.

THE DEFENDANT

5. <u>Kent G. Barkouras</u>, age 47, resides in Newport Beach, California. He has a law degree, but has never been licensed to practice law. Since 2002, he has been president, chief executive officer, and the largest shareholder of MyPrint

Corporation, a private California corporation with its principal place of business in Irvine, California.

NON-PARTY ENTITY

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6. Mentor Corporation is a Minnesota corporation with its principal place of business in Santa Barbara, California. Its securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act. Mentor's common stock trades on the New York Stock Exchange, and its options trade on the Chicago Board Options Exchange, among other exchanges. Mentor develops, manufactures, licenses and markets a range of products serving the aesthetic market, including surgically implantable breast implants for plastic and reconstructive surgery.

BARKOURAS ENGAGED IN INSIDER TRADING

- A. Background: Defendant Barkouras' Relationship With Mentor
- 7. In late 2006, Mentor was awaiting FDA approval for its Memory GelTM silicone gel-filled breast implants.
- 8. Pending FDA approval, Mentor prepared marketing materials for its silicone implants with an advertising agency, which, in turn, subcontracted with MyPrint. It is a technology, print and fulfillment company that specializes in the development and administration of print-related programs. Its services include web-based solutions, print manufacturing, direct mail services, fulfillment, distribution and inventory management. It has many publicly-traded companies as clients, including Mentor. Mentor's marketing materials included "starter kits" for physicians containing manuals, brochures, a DVD, and a sample silicone implant. MyPrint warehoused thousands of Mentor's starter kits.
- 9. Barkouras knew that Mentor was awaiting FDA approval for its silicone implants. Barkouras also knew that his company was warehousing the starter kits and that they would ship them as soon as the FDA approved Mentor's silicone implants.

B. <u>Defendant Barkouras Obtained Material Nonpublic Information</u> <u>About The FDA's Approval Of Mentor's Implants</u>

- 10. On Thursday, November 16, 2006, the FDA informed Mentor that it would be contacting the company on Friday, November 17 at approximately 2 p.m. (Pacific Standard Time) to officially announce the FDA's approval of Mentor's silicone implants. That same day, Mentor communicated this information by telephone to its advertising agency. Both Mentor and the advertising agency knew that the information about the FDA approval was confidential.
- 11. The advertising agency then told MyPrint about the FDA approval so that MyPrint could arrange for the shipment of Mentor's starter kits as soon as the information was public. On November 16, 2006 at 5:49 p.m., an advertising agency employee sent an e-mail message to Barkouras' regional manager with the subject "Approval" and the message "Please call me immediately—its [sic] happening!!" At 6:03 p.m., the regional manager sent an e-mail message to Barkouras: "Mentor we just got FDA approval!! :)" Throughout the evening and continuing the next morning, Barkouras' staff sent e-mail messages to each other regarding the logistics for the planned shipment of Mentor's starter kits on Friday afternoon. Barkouras was copied on these messages.
- 12. On Friday morning, November 17, 2006, at 10:01 a.m., the regional manager sent a brief e-mail message to Barkouras: "Buy Mentor stock Now \$\$." Barkouras sent a strong reply within three minutes, instructing her: "I would keep this quiet if I were you. I do not know if you have 'confidential' information that could get [sic] be classified as inside information." She responded: "Understood."
- 13. Barkouras knew or was reckless in not knowing that that the information about the FDA's approval of Mentor's silicone implants was material nonpublic information. Barkouras also knew or was reckless in not knowing that he owed a duty of trust and confidence to Mentor and that he should not use or take advantage of the nonpublic information.

C. <u>Defendant Barkouras Illegally Traded In Mentor Securities</u>

- 14. Barkouras traded and profited on the basis of the nonpublic information about Mentor's FDA approval.
- 15. On November 17, 2006, Barkouras purchased Mentor call options in two securities brokerage accounts.
- 16. The first account was MyPrint's corporate account (hereinafter referred to as the "corporate account").
- 17. The second account was jointly held with his wife (hereinafter referred to as the "joint account"). The joint account had neither the cash nor the trading authority to make option trades when the market opened on November 17. Therefore, on November 17, Barkouras deposited a bank check for \$5,000 and submitted an application to add options trading to the joint account.
- 18. As soon as the market opened on November 17, 2006, at 6:31 a.m. (Pacific Standard Time), Barkouras started purchasing Mentor securities. Barkouras bought Mentor call options in four transactions in the two securities brokerage accounts, as reflected below.

CORPORATE	Purchase	Purchase	Sale	Sale	Profit
ACCOUNT	Date	Amount	Date	Proceeds	(Loss)
Bought 250 December	Nov. 17 at	\$7,697	Nov. 22	\$73,780	\$66,083
call options with strike	6:31 a.m.		and		
price of \$50			Dec. 14		
Bought 38 December	Nov. 17 at	\$418	Options	0	(\$418)
call options with strike	10:28 a.m.		expired on		
price of \$55			Dec. 18		

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JOINT	Purchase	Purchase	Sale	Sale	Profit
ACCOUNT	Date	Amount	Date	Proceeds	(Loss)
Bought 55 December	Nov. 17 at	\$2,551	Nov. 21	\$16,437	\$13,886
call options with strike	12:37 p.m.		and		
price of \$50			Dec. 8		
Bought 200 December	Nov. 17 at	\$2,185	Options	0	(\$2,185)
call options with strike	12:42 p.m.		expired on		
price of \$55			Dec. 18		
TOTAL PROFIT					\$77,366

- 19. Barkouras also tipped a family member about the impending Mentor Announcement.
- 20. On November 17, 2006, at 8:57 a.m., Barkouras' family member purchased 500 shares of Mentor stock at \$47.51 per share, for \$23,864.
- 21. Two trading days after the Announcement, his family member sold the Mentor stock, realizing a profit of \$2,929.
- 22. By purchasing Mentor securities for his own benefit and by tipping his family member about the nonpublic information, Barkouras breached his duty of trust and confidence to Mentor and its shareholders.
 - 23. Barkouras acted with scienter.

D. Mentor's Announcement

- 24. On Friday, November 17, 2006, at 2:11 p.m. (Pacific Time), after the close of the market, Mentor made the Announcement about the FDA approval of its silicone implants.
- 25. In the Announcement, Mentor described the FDA approval as a "historic moment" for the company, explaining that it had worked for 14 years to return the silicone implants to the U.S. market.

- 26. Mentor's Announcement significantly affected its stock price and trading volume.
- 27. Between October 2 and November 17, 2006, Mentor's stock traded at prices between approximately \$45 and \$51 per share with an average daily price of \$47.60 and an average daily trading volume of 506,263 shares.
- 28. On Friday, November 17, 2006, Mentor's stock closed at \$47.58 per share on volume of 765,900 shares. On Monday, November 20, the first trading day after the Announcement, Mentor's stock closed at \$52.78 per share on volume of 5,791,600 shares. Monday's closing price represented an increase of more than 10 percent in the price per share and 650 percent in trading volume from the previous day's close.

FIRST CLAIM FOR RELIEF FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

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

- 29. The Commission realleges and incorporates by reference paragraphs 1 through 28 above.
- 30. Defendant Barkouras, with scienter, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:
 - (a) employed devices, schemes, or artifices to defraud;
 - (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
 - (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

31. By engaging in the conduct described above, defendant Barkouras violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that defendant Barkouras committed the alleged violations.

II.

Issue a final judgment, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining defendant Barkouras and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the final judgment by personal service or otherwise, and each of them, from violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

III.

Order defendant Barkouras to disgorge all ill-gotten gains from his illegal conduct, together with prejudgment interest thereon, 28 U.S.C. § 1961.

IV.

Order defendant Barkouras to pay a civil penalty under Section 21A(a) of the Exchange Act, 15 U.S.C. § 78u-1(a).

V.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI. Grant such other and further relief as this Court may determine to be just and necessary. /s/ Janet Rich Weissman
Janet Rich Weissman
Attorney for Plaintiff
Securities and Exchange Commission DATED: March 7, 2008