

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

FILED
U.S. DISTRICT COURT
MIDDLE DISTRICT OF TENN.

OCT 21 2016

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UNITED STATES OF AMERICA)
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) No. 3:16-00210
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)
JAMES COPE) 15 U.S.C. §§ 78j, 78ff
) 17 C.F.R. § 240.10b-5
)

INFORMATION

COUNT ONE

THE UNITED STATES CHARGES:

At all times material to this Information:

Background

1. Defendant **JAMES COPE** was a resident of Murfreesboro, Tennessee and was a licensed attorney with more than 20 years of experience as a bank director.
2. Pinnacle Financial Partners (“Pinnacle”) was a publicly-traded financial institution headquartered in Nashville, Tennessee.
3. Defendant **JAMES COPE** was a member of the Board of Directors of Pinnacle, served as Chair of the Pinnacle Board of Directors Compensation Committee, and had previously served as Lead Director for Pinnacle.
4. In connection with his responsibilities as a Pinnacle director, defendant **JAMES COPE** received confidential, non-public information concerning Pinnacle and certain other

publicly-traded companies. Defendant **JAMES COPE** had a fiduciary duty to maintain such information in confidence and to refrain from using this information for personal gain.

5. Pinnacle maintained and enforced a strict policy prohibiting insider trading by its employees and directors. Under Pinnacle's "Statement of Policy on Prevention of Insider Trading," utilization of inside information "to transact personal investment decisions is expressly forbidden." Pinnacle's policy expressly stated that "it is illegal to engage in 'insider trading,' which is purchasing or selling securities when one is in possession of material nonpublic information relating to those securities."

6. On or about January 12, 2015, defendant **JAMES COPE** signed a certification acknowledging that he had reviewed Pinnacle's Trading Policy and Insider Trading Statement and certifying that he would comply with these policies.

7. In October 2015, defendant **JAMES COPE** attended a Pinnacle event at which there was a presentation of Pinnacle's insider trading policy. During this event, attendees were reminded that directors have a duty to "[k]eep all inside information confidential" and that directors should "[n]ever buy or sell stock while in possession of inside information." Attendees were also reminded that inside information is "[m]aterial, nonpublic information you learn about Pinnacle... or another public company while serving as a director, officer or employee of Pinnacle." The presentation also noted that there are criminal penalties for insider trading.

Pinnacle Acquisition of Avenue Bank

8. Avenue Financial Holdings, Inc., a/k/a Avenue Bank ("Avenue") was a publicly-traded financial institution whose shares were registered with the United States Securities and Exchange Commission pursuant to Section 12 of the Securities Exchange Act of 1934.

9. In December 2015, executives of Pinnacle and Avenue began discussions regarding a potential acquisition of Avenue by Pinnacle.

10. On December 1, 2015, the Executive Committee of Pinnacle's Board of Directors, including defendant **JAMES COPE**, was informed by Pinnacle CEO Michael Terry Turner that he (Turner) had reached out to executives at Avenue to express interest in a merger between Pinnacle and Avenue.

11. On December 1, 2015, all members of the Executive Committee of Pinnacle's Board of Directors, including defendant **JAMES COPE**, stated that they were generally in favor of Pinnacle attempting to acquire Avenue.

12. In late December 2015, defendant **JAMES COPE** and other Pinnacle directors were given access to certain information in advance of an upcoming Executive Committee meeting. This information included certain slides discussing a potential acquisition of an unnamed bank, but specified that this bank had 10,300,172 common shares outstanding. These materials also discussed a potential price per share of \$19.00 for the proposed acquisition.

13. At the end of December 2015, Avenue had 10,300,172 common shares outstanding.

14. On January 3, 2016, defendant **JAMES COPE** accessed the aforementioned Pinnacle director materials via an online portal.

15. On January 5, 2016, Pinnacle executives briefed the Executive Committee of the Pinnacle Board of Directors on a potential acquisition of Avenue. Defendant **JAMES COPE** was present for and participated in this meeting. This meeting included discussion of the proposed Pinnacle/Avenue transaction, including discussion of financial specifics of the target acquisition price of \$19.00 per share of Avenue stock.

16. On January 5, 2016, during the Executive Committee meeting of Pinnacle's Board of Directors, all of the Executive Committee members, including defendant **JAMES COPE**, again stated that they were in favor of Pinnacle acquiring Avenue.

Insider Trading Scheme

17. On January 5, 2016, defendant **JAMES COPE** purchased 6,179 shares of Avenue stock. The approximate price per share for these purchased shares was \$13.81. Defendant **JAMES COPE** purchased this stock on the basis of material, non-public information that he had obtained in confidence no later than the Pinnacle Executive Committee meeting on January 5, 2016.

18. On January 11, 2016, defendant **JAMES COPE** purchased an additional 4,000 shares of Avenue stock. The approximate price per share for these purchased shares was \$13.55. Defendant **JAMES COPE** purchased this stock on the basis of material, non-public information that he had obtained in confidence during the Pinnacle Executive Committee meeting on January 5, 2016.

19. On January 28, 2016, Avenue stock closed at \$13.71 per share.

20. On January 28, 2016, Pinnacle publicly announced its agreement to acquire Avenue, and announced terms of the deal under which Avenue stock would be valued at approximately \$20.00 per share.

21. On January 29, 2016, Avenue stock closed at \$19.24 per share.

22. As of January 31, 2016, defendant **JAMES COPE** had made an unrealized profit of approximately \$56,000 on his purchase of Avenue stock, which represents a return of approximately 40%.

23. On or about January 5, 2016, in the Middle District of Tennessee, defendant **JAMES COPE** did knowingly and willfully, by the use of the means and instrumentalities of

interstate commerce, the mails, and facilities of national securities exchanges, in connection with the purchase and sale of securities, directly and indirectly use and employ deceptive devices and contrivances, in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 by employing devices, schemes, and artifices to defraud, by engaging in acts, practices, and courses of business which could and did operate as a fraud and deceit, and by making untrue statements of material facts – to wit, by purchasing 6,179 shares of Avenue stock using material, non-public information he had obtained in confidence from Pinnacle, in his capacity as a Pinnacle director and in violation of a duty of trust and confidence owed to Pinnacle.

All in violation of Title 15, United States Code, Sections 78j and 78ff and Title 17, Code of Federal Regulations, Part 240.10b-5.



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