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Jury Rejects SEC's Delta Petroleum Insider Trading Case

By **Jody Godoy**

Law360, New York (December 8, 2017, 7:44 PM EST) -- Delta Petroleum founder Roger Parker beat an insider trading suit brought by the U.S. Securities and Exchange Commission this week when a Colorado federal jury found at a retrial that the agency hadn't proved all the elements of its case.

After a seven-day trial, jurors on Wednesday rejected the allegations that Parker had committed securities fraud by dealing out tips to former insurance executive Michael Van Gilder and Denver businessman Scott Reiman. The trial was the **second attempt** for the SEC after a mistrial in September.

The SEC first accused Parker of passing tips on the oil development company in 2012. The civil fraud suit sought to ban Parker from acting as an officer at publicly traded companies and to make him pay fines and return cash tied to the alleged fraud.

In a brief filed ahead of trial, Parker argued that because Van Gilder was Delta's insurance broker, he had regular access to nonpublic information on the company. When it came to Reiman, he and Parker had a history of sharing business information, and the oil executive did not expect Reiman to trade on their conversations, according to the filing.

The jury found that Parker had given Van Gilder inside information ahead of a 2007 earnings report and an announcement that private investor Tracinda Corp. was buying a 35-percent stake in Delta, and that Van Gilder had traded on that information, according to the verdict form filed in federal court.

However, the jury said the SEC had not proved that Parker had gotten a personal benefit by breaching his duty to Delta or its shareholders or that the former CEO had acted knowingly or recklessly.

As to Parker's alleged tips to Reiman, the jury indicated that the SEC had not proved any part of its case.

Both Van Gilder and Reiman previously settled SEC cases stemming from the trades. Van Gilder also pled guilty to criminal charges for the trades and received a five-year probation sentence in 2013. The judge in that case terminated Van Gilder's sentence 1 1/2 years early in March after the former CEO said he had reinvented himself as a real estate investment manager and complied with the terms of his sentence.

Van Gilder's broker, Stephen Diltz, was also accused by the SEC of trading on Delta tips Van Gilder passed along. He settled those claims in 2014.

Delta was a Colorado-based petroleum company that engaged in the exploration, acquisition, development, production and sale of natural gas and crude oil, according to the complaint. In December 2011, Delta filed for bankruptcy and re-emerged in August 2012 as Par Petroleum.

Counsel for Parker and a representative for the SEC did not immediately reply to requests for comment on Friday.

Parker is represented by Saskia A. Jordan, Pamela Robillard Mackey and Jamie Hughes Hubbard of Haddon Morgan and Foreman PC.

The government is represented by Gregory A. Kasper, Mark L. Williams and Zachary T. Carlyle of the U.S. Securities and Exchange Commission.

The case is Securities and Exchange Commission v. Roger Parker, case number 1:12-cv-02839, in the U.S. District Court for the District of Colorado.

--Editing by Nicole Bleier.

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