

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

Securities and Exchange Commission,)	
)	
Plaintiff,)	
)	
vs.)	No.
)	
Matthew E. Kopsky and Ronald W.)	
Davis,)	
)	Trial by Jury Demanded
Defendants.)	

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission (“the Commission”) alleges as follows:

Summary

1. This case involves insider trading in the securities of Engineered Support Systems, Inc. (“Engineered Support” or “the company”), a defense contractor headquartered in St. Louis, Missouri.

2. During 2003, Ronald W. Davis was one of the four highest-ranking officers at Engineered Support. By virtue of his position, Davis received Engineered Support’s quarterly earnings information and yearly earnings guidance shortly before each public announcement.

3. Matthew E. Kopsky was Davis’ broker and financial advisor, as well as a close friend. Davis repeatedly tipped Kopsky by sharing material, nonpublic information regarding Engineered Support’s upcoming earnings announcements shortly before each announcement for the first three quarters of 2003.

4. For each of the first three quarters of 2003, Engineered Support announced earnings that significantly outperformed analysts' estimates and raised its 2003 earnings guidance above analysts' estimates. Engineered Support's stock price increased more than 10% on the day of each earnings announcement.

5. In February of 2003, Davis tipped Kopsky by forwarding an email containing material, nonpublic information regarding Engineered Support's quarterly earnings announcement and an upcoming acquisition. Kopsky purchased Engineered Support stock for his wife's account the day after receiving this email. In addition, from February through August of 2003, Davis telephoned Kopsky shortly before the company's public earnings announcements. Following those calls, Kopsky purchased Engineered Support securities for himself, his family members, and/or his clients shortly before the company's earnings announcements and sold all of these securities following the announcements.

6. For each of these purchases, Kopsky committed between one-third and three-quarters of the assets which were available to him for investment. In addition, Kopsky bought Engineered Support call options for the first time before the company's third quarter earnings announcement, which most significantly outperformed market expectations; Kopsky partially financed his option purchases by drawing down nearly all of the cash available on his home equity line of credit. Kopsky made a total profit of \$276,259 on these trades, including \$107,062 for himself and his wife, and \$169,197 for his clients.

7. By engaging in the conduct described above, and described more fully below, Kopsky and Davis each violated Section 10(b) of the Securities Exchange Act of

1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

Jurisdiction and Venue

8. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78u-1.

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

10. This Court has personal jurisdiction over the Defendants, and venue is proper in this Court, because both of the defendants reside in this District and the acts, transactions, practices and course of conduct giving rise to the violations alleged in this Complaint occurred in this District.

Defendants

11. Matthew E. Kopsky, age 40, is a resident of Chesterfield, Missouri. Currently, Kopsky is a principal of HM Capital Management, LLC, which is an investment adviser registered with the state of Missouri. From 2000 through 2005, Kopsky was employed by Prudential Securities, Inc., and its successor Wachovia Securities LLC, as a registered representative.

12. Ronald W. Davis, age 60, is a resident of Chesterfield, Missouri. Davis was employed by Engineered Support and its predecessor from 1983 until his retirement in May 2005. Davis served as Engineered Support’s President of Business Development from 2002 through May 2005. From 1999 through May 2005, Davis also served as a member of Engineered Support’s Office of the Chairman, which consisted of the

