

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 6642/July 24, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of :
:
LAURIE BEBO and : ORDER
JOHN BUONO, CPA :
:

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings, pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, on December 3, 2014. Only Respondent Laurie Bebo remains in the proceeding.¹ Previously, a procedural schedule was set, with the agreement of the parties. *Laurie Bebo*, Admin. Proc. Rulings Release Nos. 6412, 2018 SEC LEXIS 3561 (A.L.J. Dec. 18, 2018); 6470, 2019 SEC LEXIS 271 (A.L.J. Feb. 28, 2019); 6516, 2019 SEC LEXIS 605 (A.L.J. Mar. 25, 2019). The schedule included hearing sessions commencing on August 6, 2019. *Laurie Bebo*, 2019 SEC LEXIS 605, at *1. The parties have reached a further agreement on procedures that will obviate the need for the hearing sessions. The agreed procedures, embodied in a document titled “July 19, 2019 Supplemental Term Sheet Regarding Further Evidentiary Matters and Procedures for New Proceedings on Remand” and attached as Attachment A, will be adopted. As they agreed, the parties will confer and submit a proposed schedule for supplemental briefing. After that briefing is complete, as the parties request, an oral argument will be scheduled to take place in Washington, D.C.

IT IS SO ORDERED.

/S/ Carol Fox Foelak
Carol Fox Foelak
Administrative Law Judge

¹ See *Laurie Bebo*, Exchange Act Release No. 74177, 2015 SEC LEXIS 347 (Jan. 29, 2015) (settlement order as to John Buono, CPA).

In the Matter of Laurie Bebo, and John Buono, CPA - File No. 3-16293

July 19, 2019 Supplemental Term Sheet

Regarding Further Evidentiary Matters and Procedures for New Proceedings on Remand

1. General Intent. This term sheet supplements the term sheet the parties agreed to and was appended to the Court's December 18, 2018 order as Attachment A.
2. Expert Witnesses Martin and Durso. Bebo withdraws the expert report of David B.H. Martin (Ex. 2187) and withdraws the opinions in the expert report of John Durso (Ex. 2185) on which the Division was previously precluded from cross-examining Durso (Section VI. A., at pages 11-12, Section VI. B., at pages 13-16, and Section VII, at page 17-18.) The Court shall not consider those aspects of Durso's report or Martin's report, and Bebo hereby withdraws references to such evidence from prior post-hearing briefing. Consequently, no further cross-examination of either Durso or Martin is necessary. Durso's previous trial testimony remains admitted, may be relied upon by either party, and may be considered by the Court.
3. Admissibility of Milbank Interview Memoranda. The parties agree that attorney interview memoranda for those witnesses that testified live at the prior hearing may be admitted into evidence and utilized by the parties for purposes of identifying impeachment or corroboration material in supplemental briefing (*See ¶ 5, below*), without the need to call a sponsoring witness from Milbank. The parties further stipulate that the interview memoranda were prepared by Milbank lawyers in the course of conducting an internal investigation into a May 2, 2012 whistleblower letter and are not, unless explicitly stated therein (i.e. through quotation marks), verbatim statements of the witnesses. For avoidance of doubt the interview memoranda which may be used for these purposes are as follows:
 - (a) Dan Grochowski (MB_BEBO_0000001-13)
 - (b) Laurie Bebo (MB_BEBO_0000014-29)
 - (c) Anthony Ferreri (MB_BEBO_0000030-34)
 - (d) Mary Zak-Kowalczyk (MB_BEBO_0000035-42)
 - (e) Kathy Buchholtz (MB_BEBO_0000043-47)
 - (f) Jared Houck (MB_BEBO_0000048-50)
 - (g) John Lucey (MB_BEBO_0000051-56)
 - (h) John Buono (MB_BEBO_0000057-73)
 - (i) Eric Fonstad (MB_BEBO_0000074-84)
 - (j) Robin Herbner (MB_BEBO_0000093-96)

- (k) Melvin Rhineland (MB_BEBO_0000103-108)
- (l) David Hennigar (MB_BEBO_0000109-113)¹
- (m) Jared Houck (MB_BEBO_0000114-130)
- (n) Alan Bell (MB_BEBO_0000131-137)
- (o) Derek Buntain (MB_BEBO_0000138-143)
- (p) Melvin Rhineland (MB_BEBO_0000157-167)

4. No Evidentiary Hearing Necessary. Based on the above, the parties agree that no further evidentiary hearing is necessary in this matter, and the August 6 evidentiary hearing date can be removed from the Court's calendar.
5. Supplemental Briefing. The parties agree that, subject to the supplemental briefing described below, their prior post-hearing briefing will serve as the briefs Judge Foelak will consider when preparing her initial decision. However, either party shall have the option of re-submitting their prior post-hearing briefs in an electronic format that has imbedded links to the transcripts, exhibits, or other evidentiary material in the record. The parties further agree that each side may submit supplemental briefing addressing (a) the newly discovered/admitted Milbank interview memoranda; (b) any new cases or other legal authority that did not exist at the time of the parties' original post-hearing briefing; or (c) legal argument not previously made. The parties will submit opening supplemental briefing simultaneously, and then have cross-responses. The parties will confer and submit a proposed briefing schedule and brief length limitations to the Court.
6. Oral Argument. Once supplemental briefing is complete, the parties agree that oral argument would assist the Court in rendering its decision, and request an oral argument be scheduled to take place in Washington, D.C.

¹ The parties agree and stipulate that the admission of David Hennigar's interview memoranda is subject to and without waiving Bebo's objection to the admission of a deposition transcript of Hennigar in another matter and without prejudice to the constitutional challenges Bebo has made based, in whole or part, on the admission of Hennigar's deposition transcript. Further, as to Hennigar's interview memorandum, the Division agrees to limit its citations of it to areas where Bebo specifically attacks his credibility: his and the board's awareness of ALC's Ventas covenant compliance practices.