

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9659 / September 29, 2014

SECURITIES EXCHANGE ACT OF 1934
Release No. 73244 / September 29, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16178

In the Matter of

**Gregory T. Bolan, Jr. and
Joseph C. Ruggieri,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT
TO SECTION 8A OF THE SECURITIES
ACT OF 1933 AND SECTIONS 15(b)
AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Gregory T. Bolan, Jr. (“Bolan”) and Joseph C. Ruggieri (“Ruggieri”) (collectively, “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. SUMMARY

1. These proceedings arise out of an insider trading scheme involving Bolan, a research analyst at Wells Fargo Securities, LLC (“Wells Fargo”), who provided advance notice of forthcoming ratings changes to Ruggieri, a trader at Wells Fargo, and Trader A, Bolan’s trusted friend and former colleague.

2. Ruggieri and Trader A traded ahead of these ratings changes, purchasing stock ahead of a number of upgrades and selling stock short ahead of at least

one downgrade. Ruggieri generated over \$117,000 in gross profits for Wells Fargo by trading ahead of six ratings changes authored by Bolan. Trader A, who is deceased, generated approximately \$10,000 in gross profits in his personal brokerage account from trading ahead of three ratings changes authored by Bolan.

3. By virtue of their conduct, Bolan and Ruggieri willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. RESPONDENTS

4. Bolan, age 37, was a research analyst in Wells Fargo's research department in Nashville, Tennessee from June 2008 to April 2011, and was promoted to director in March 2011. Bolan, who was a registered representative at Wells Fargo, focused his research on three sub-sectors of the health care industry: contract research organizations, health care information technology, and life science tools. His ratings changes consistently moved the stock prices of the companies being analyzed. Bolan resigned in April 2011, after being questioned by Wells Fargo compliance personnel about communications he had with customers concerning his nonpublic research. Prior to joining Wells Fargo in June 2008, Bolan was an associate in the research department at Jefferies & Co., Inc. and a trader at various institutions, including First New York Securities, LLC ("First New York") and Opus Trading Fund LLC. Bolan is currently a research analyst at Sterne Agee Group, Inc. in Nashville, Tennessee.

5. Ruggieri, age 35, was a senior trader of health care stocks in Wells Fargo's trading department in New York, New York from August 2009 to April 2011. As a senior trader, Ruggieri, who was a registered representative at Wells Fargo, executed customer transactions and placed principal trades on behalf of Wells Fargo. He was paid approximately six percent of the monthly net profit and loss in his Wells Fargo trading account. In addition to this amount, Ruggieri received a salary and 6% of the commissions he generated on a monthly basis. Prior to joining Wells Fargo, from June 2001 to August 2009, Ruggieri was first an analyst and then a trader at Bank of America Securities LLC. Ruggieri was terminated from Wells Fargo after Wells Fargo compliance personnel questioned him about communications he had with customers concerning Bolan's nonpublic research. Ruggieri is currently a trader of health care stocks at International Strategy & Investment Group LLC with his primary office in Raleigh, North Carolina.

C. RELEVANT INDIVIDUAL AND ENTITY

6. Trader A was a trader and Bolan's friend who died in May 2013. He traded equities at Dimension Trading Group, LLC from December 2010 through May 2013. From June 2009 through November 2010, Trader A does not appear to have been employed, but was an active trader in his personal brokerage accounts.

7. Wells Fargo is a registered broker-dealer headquartered in Charlotte, North Carolina. Wells Fargo provides a broad range of brokerage services to retail and institutional customers, including institutional equities trading and equity research.

D. ALLEGATIONS

Bolan Tipped Ruggieri Who Traded Ahead of Bolan's Ratings Changes

8. Bolan repeatedly tipped Ruggieri about Bolan's ratings changes before they were made public. When these ratings changes were made public, they impacted the stock price and volume of the companies being analyzed. After receiving Bolan's tips, Ruggieri either purchased the relevant company's stock ahead of Bolan's upgrades or sold short the stock at issue ahead of Bolan's downgrades. Ruggieri then closed his overnight positions in the relevant securities shortly after Bolan's ratings changes were made public and the stock prices had moved.

9. From April 2010 through March 2011, Bolan published a total of eight ratings changes or initiations of coverage with an outperform or underperform rating, and Ruggieri traded ahead of six of them.

10. Aside from his trading ahead of Bolan's six ratings changes, Ruggieri had only a handful of overnight positions in the securities being rated in the six months, or over 120 trading days, before his trading ahead of Bolan's ratings changes.

11. Ruggieri generated over \$117,000 in profits in his account at Wells Fargo from trading ahead of five of Bolan's ratings changes and one initiation of coverage with an outperform rating. Wells Fargo has agreed to place the amount it received from Ruggieri's trading in reserve pending the adjudication of this matter and has agreed to pay that amount if there is an order requiring the payment of disgorgement by Ruggieri or Bolan.

Parexel International Corp.

12. In late March and early April 2010, Ruggieri traded ahead of Bolan's April 7, 2010 downgrade of Parexel International Corp. ("PRXL"). Bolan's research report, entitled "PRXL: Downgrading to Market Perform Optimism Running High and Valuation Running Even Higher," was published before the market opened on April 7, 2010. Bolan changed his rating from outperform or buy to market perform or hold.

13. After the publication of the PRXL downgrade, PRXL's stock price decreased 3.20% at the market open and was down 4.34% at the market close. On the same day, PRXL's trading volume increased 163% relative to PRXL's average daily trading volume on the thirty days surrounding the PRXL downgrade.

14. After drafting the PRXL downgrade on March 29, 2010, Bolan communicated, in words or substance, material nonpublic information about the PRXL

downgrade to Ruggieri who then established a short position in PRXL stock. For example, Bolan spoke with Ruggieri before the market opened on March 30, 2010 and on the morning of March 31, 2010. Ruggieri was a net seller of PRXL stock in his Wells Fargo trading account on both March 30, 2010 and March 31, 2010, ending the day on March 31, 2010 short 10,550 shares. On April 5, 2010, Ruggieri once again was a net seller of PRXL stock, ending the day short 27,750 shares. Ruggieri and Bolan then spoke on the evening of April 5, 2010. On April 6, 2010, Ruggieri sold short additional PRXL stock, ending the day short 52,500 shares. Although Ruggieri previously traded PRXL stock, he held only three overnight positions in PRXL stock consisting of 54, 5,000, and 10,000 shares during the six months before his trading ahead of the PRXL downgrade. Before the market opened on April 7, 2010, Wells Fargo published Bolan's market-moving report containing his PRXL downgrade. Later that day, Ruggieri covered his entire short position in PRXL stock, generating gains of \$24,944.

Covance Inc.

15. In June 2010, Ruggieri traded ahead of Bolan's June 15, 2010 upgrade of Covance Inc. ("CVD"). Bolan's research report, entitled "CVD: Opportunities Multiply as CVD Seizes Them – Upgrading Rating Revising Estimates – Increasing Valuation Range," was published before the market opened on June 15, 2010. Bolan changed his rating from marketperform or hold to outperform or buy.

16. After the publication of the CVD upgrade, CVD's stock price increased 2.19% at the market open and was up .55% at the market close. On the same day, CVD's trading volume increased 58% relative to CVD's average daily trading volume on the thirty days surrounding the CVD upgrade.

17. After obtaining approval to upgrade CVD, Bolan communicated, in words or substance, material nonpublic information about the CVD upgrade with Ruggieri who then established a long position in CVD stock. On Sunday, June 13, 2010, Bolan obtained approval from his supervisor to upgrade CVD. The next morning, on June 14, 2010, Bolan spoke with Ruggieri. Later that day, Ruggieri purchased 40,000 shares of CVD stock in his Wells Fargo trading account. Although Ruggieri previously traded CVD stock, he held only one overnight position of CVD stock consisting of 76 shares in the six months before his trading in advance of the CVD upgrade. Before the market opened on June 15, 2010, Wells Fargo published Bolan's market-moving report containing his CVD upgrade. Later that day and on the next day, Ruggieri sold the 40,000 shares of CVD that he accumulated before Bolan's upgrade, generating gains of \$17,445.

Albany Molecular Research, Inc.

18. In early July 2010, Ruggieri traded ahead of Bolan's July 6 upgrade of Albany Medical Research, Inc. ("AMRI"). Bolan's research report, entitled "AMRI: Upgrade Rtg & Raise Est on Three Recent Developments Upgrading to Outperform," was published before the market opened on July 6, 2010. Bolan changed his rating from marketperform or hold to outperform or buy.

19. After the publication of the AMRI upgrade, AMRI's stock price increased 5.36% at the market open and was down -.18% at the market close. This slight decline was less than AMRI's expected fall given the decline in the relevant health care subsector on the trading day following the AMRI upgrade. On the same day, AMRI's trading volume increased 40% relative to AMRI's average daily trading volume on the thirty days surrounding the AMRI upgrade.

20. Before the publication of the report containing the AMRI upgrade, Bolan communicated, in words or substance, material nonpublic information about the AMRI upgrade with Ruggieri who then established a long position in AMRI stock. On the evening of July 1, 2010, Ruggieri emailed Bolan, "Call u right back." Bolan responded by email, "Cool – call my home" The next day, on July 2, 2010, Ruggieri made net purchases of 35,050 shares of AMRI stock in his Wells Fargo trading account. Although Ruggieri previously traded AMRI stock, he had held only three overnight positions in AMRI stock consisting of 1, 79, and 48 shares, respectively, in the six months before his trading in advance of the AMRI upgrade. Before the market opened on July 6, 2010, the trading day following Ruggieri's purchases of AMRI stock, Wells Fargo published Bolan's market-moving report containing his AMRI upgrade. Ruggieri sold the majority of his position in AMRI later that day, and exited the entirety of his position within a week, generating gains of \$9,334.

Emdeon Inc.

21. In August 2010, Ruggieri traded ahead of Bolan's August 16 upgrade of Emdeon, Inc. ("EM"). Bolan's research report, entitled "EM: Valuation, Sentiment At Depressed Levels – Upgrading to OP [Outperform] ...," was published before the market opened on August 16, 2010. Bolan changed his rating from marketperform or hold to outperform or buy.

22. After the publication of the EM upgrade, EM's stock price increased 1.10% at the market open and was up 1.38% at the market close. On the same day, EM's trading volume increased 107% relative to EM's average daily trading volume on the thirty days surrounding the EM upgrade.

23. After requesting approval to upgrade EM, Bolan communicated, in words or substance, material nonpublic information about the EM upgrade with Ruggieri who then established a long position in EM stock. Shortly after the market opened on Friday, August 13, 2010, Bolan spoke with Ruggieri. Later that morning and throughout the afternoon, Ruggieri purchased 10,000 shares of EM stock in his Wells Fargo trading account. Although Ruggieri previously traded EM stock, he had held no overnight positions in EM stock in the six months before his trading in advance of the EM upgrade. Before the market opened on Monday, August 16, 2010, the trading day following Ruggieri's purchases of EM stock, Wells Fargo published Bolan's market-moving report containing his EM upgrade. Later that day, Ruggieri sold his entire positions in EM stock, generating gains of \$266.

athenahealth, Inc.

24. In February 2011, Ruggieri traded ahead of Bolan's February 8 upgrade of athenahealth, Inc. ("ATHN"). Bolan's research report, entitled "ATHN: Soaring Into The Clouds – Upgrading to Outperform Significantly Lifting Estimates and Valuation Range," was published before the market opened on February 8, 2011. Bolan changed his rating from marketperform or hold to outperform or buy.

25. After the publication of the ATHN upgrade, ATHN's stock price increased 5.66% at the market open and was up 4.05% at the market close. On the same day, ATHN's trading volume increased 116% relative to ATHN's average daily trading volume on the thirty days surrounding the ATHN upgrade.

26. After obtaining approval to upgrade ATHN, Bolan communicated, in words or substance, material nonpublic information about the ATHN upgrade with Ruggieri who then established a long position in ATHN stock. On February 4, 2011, Bolan obtained approval from his supervisor to upgrade ATHN. Less than two hours later, Bolan attempted to call Ruggieri. Bolan reached Ruggieri by telephone later that afternoon. On the next trading day, February 7, 2011, Ruggieri made net purchases of 13,500 shares of ATHN stock. Although Ruggieri previously traded ATHN stock, he held only one overnight position in ATHN stock lasting two weeks during the six months before his trading in advance of the ATHN upgrade. Before the market opened on February 8, 2011, Wells Fargo published Bolan's market-moving report containing his ATHN upgrade. Later that day, Ruggieri sold his entire position in ATHN, generating gains of \$40,686.

Bruker Corp.

27. In March 2011, Ruggieri traded ahead of Bolan's March 29 initiation of coverage of Bruker Corp. ("BRKR") that included an outperform rating for the security. Bolan's research report, entitled "BRKR: Initiating Coverage With An Outperform Rating One of the BEST Ways To Harvest Value In A Growing Industry," was published after the market closed on March 29, 2010. Bolan initiated his coverage of BRKR with an outperform or buy rating.

28. After the publication of the BRKR report, BRKR's stock price increased 2.56% at the market open and was up 3.36% at the market close. On the same day, BRKR's trading volume increased 42% relative to BRKR's average daily trading volume on the thirty days surrounding the BRKR report.

29. After obtaining approval to publish the BRKR report, Bolan communicated, in words or substance, material nonpublic information about the BRKR report with Ruggieri who then established a long position in BRKR stock. On March 22, 2011, Bolan obtained approval from his supervisor to publish the BRKR report with an outperform rating. Before the market opened the next day, on March 23, 2011, Bolan spoke with Ruggieri. During the trading day, Ruggieri made net purchases of 5,000 shares

of BRKR stock. Ruggieri continued to make net purchases of BRKR stock from March 24, 2011 through March 29, 2011, amassing a 25,000-share position in the stock. Although Ruggieri previously traded BRKR stock, he held no overnight positions in BRKR stock in the six months before his trading in advance of the BRKR report. After the market closed on March 29, 2011, Wells Fargo published Bolan's market-moving BRKR report containing the outperform rating. The next day, on March 30, 2011, Ruggieri sold his entire position in BRKR, generating gains of \$24,452.

Bolan Tipped Trader A Who Traded Ahead of Bolan's Ratings Changes

30. In addition to tipping Ruggieri concerning the impending research reports, the circumstantial evidence indicates that Bolan also communicated, in words or substance, material nonpublic information about his forthcoming ratings changes to Trader A, who then traded on these tips to generate over \$10,000 in illicit gains. First, Bolan spoke with Trader A after the market had closed two days before the PRXL downgrade, and Trader A subsequently short sold PRXL on the day before the PRXL downgrade. Trader A covered his short position in PRXL on the day of the PRXL downgrade and made a profit of \$1,007. Second, Bolan spoke with Trader A after the market had closed three trading days before the AMRI upgrade, and Trader A subsequently amassed a 24,252-share position of AMRI during the two trading days before the AMRI upgrade. Trader A sold his long position in AMRI on the day of the AMRI upgrade for a profit of \$8,400. Third, Bolan spoke with Trader A on the morning of August, 13, 2010, the trading day before the EM upgrade. Later that day, Trader A purchased 5,000 shares of EM stock. Trader A sold his long position in EM on the day of the premarket EM upgrade for a profit of \$835.

31. Significantly, before these profitable trades in PRXL, AMRI, and EM, Trader A had not traded these securities for the preceding six months.

Bolan Was a Respected Analyst in the Sub-Sectors That He Covered

32. Market professionals were aware of the significance of Bolan's research reports, as evidenced by the Institutional Investor publication naming Bolan the "Best up and Comer" in the Health Care Technology and Distribution sectors for 2010.

33. In Bolan's director nomination form, Bolan's manager stated that Bolan "is viewed by most within the department as a rising star His efforts lift the entire group and his best practices lead others to follow his example."

34. Bolan understood the impact of his ratings changes, as underscored by an email he wrote shortly after the publication of the ATHN upgrade. On the morning of the publication, Bolan stated in an email that there was "gonna be some unhappy folks today (aka shorties)." In fact, in response to an email from Bolan containing a recently published research note, Ruggieri replied "[s]till moving stocks."

Bolan Benefitted from Tipping Ruggieri and Trader A

35. Bolan benefited from his tipping of Ruggieri and Trader A by virtue of his friendships with Ruggieri and Trader A. After Bolan resigned from Wells Fargo, Ruggieri gave Bolan the keys to his apartment so that he could use it when interviewing for positions in New York. In March 2011, Bolan asked the head of equity sales at Wells Fargo whether there were any job openings for Trader A, referring to him as a “trusted friend.”

36. Additionally, Ruggieri, and his managers at Wells Fargo, provided positive feedback to Bolan’s managers at Wells Fargo. This feedback helped Bolan to be promoted from vice president to director at Wells Fargo. In fact, in Bolan’s director nomination form, Bolan’s manager stated “Greg is among the best analysts in the department in terms of his dialogue with trading. We consistently hear from trading that Greg provides great information flow to the desk and they are able to monetize his efforts. They often hold [him] out as the standard.”

Bolan and Ruggieri Were Aware of the Relevant Wells Fargo Policies

37. Wells Fargo’s research department held annual compliance meetings, before which a PowerPoint presentation was circulated to members of the research department, including Bolan. The presentation for the annual compliance meetings in 2009 and 2010 stated that there should be “no previewing research/opinion/estimates,” and that research analysts should have “no discussions on timing and views of reports with anyone outside of research.” Bolan received the 2009 and 2010 presentations by email and attested that he attended the annual compliance meetings for these years.

38. Similarly, Wells Fargo’s trading desk held annual compliance meetings, before which a PowerPoint presentation was circulated to members of the desk, including Ruggieri. The presentation for compliance meetings in 2009 and 2010 stated that “[i]t is the responsibility of each employee and Supervisory Principal of each trading desk to ensure that WFS [Wells Fargo Securities] trading team members do not buy or sell positions in anticipation of the dissemination of written research.” Ruggieri received the 2009 and 2010 presentations by email and signed attendance sheets verifying that he attended the annual compliance meetings.

39. Wells Fargo’s policies prohibited Bolan and Ruggieri from trading while in possession of material nonpublic information and trading ahead of Wells Fargo’s research reports. In fact, Wells Fargo’s information barrier policy stated that “[f]raudulent misuse of inside information includes buying or selling securities while aware of material, nonpublic information Fraudulent misuse of inside information also includes disclosing or tipping such information to someone else who then trades on it.”

Bolan and Ruggieri Acted with the Requisite Scienter

40. Bolan knowingly or recklessly, for his direct or indirect benefit and in breach of a duty to Wells Fargo, communicated to Ruggieri and Trader A, in words or in substance, material nonpublic information concerning forthcoming ratings changes that he had authored.

41. Ruggieri knew, or acted with reckless disregard of the fact, that: (a) Bolan was aware of material nonpublic information concerning his ratings changes; (b) Bolan communicated to Ruggieri, in words or in substance, material nonpublic information concerning these ratings changes; and (c) Bolan's conveyance of this material nonpublic information to Ruggieri and Ruggieri's subsequent trading constituted breaches of duty to Wells Fargo.

E. VIOLATIONS

42. As a result of the conduct described above, Bolan and Ruggieri willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether Respondents should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and whether Respondents should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened *not earlier than 30 days and not later than 60 days from service of this Order* at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary