

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

Administrative Proceedings Rulings  
Release No. 6731 / February 10, 2020

Administrative Proceeding  
File No. 3-16293

In the Matter of

**Laurie Bebo** and  
**John Buono, CPA**

**Order Following  
Oral Argument**

I held an oral argument in this administrative proceeding on February 6, 2020. The oral argument was attended by the Division of Enforcement and counsel for Respondent Laurie Bebo. Each party made a closing argument using visual presentations and then answered questions I posed. At the conclusion of the argument, I provided instructions to the parties. This order memorializes those instructions and provides further guidance.

Respondent requested that the parties file their visual presentations. I GRANT the request. The parties shall file the presentations with the Office of the Secretary by February 14, 2020. The parties should also email copies to my office at [alj@sec.gov](mailto:alj@sec.gov).

Prior to the argument, I asked the Division for case law—including Securities and Exchange Commission precedent—regarding three issues: (1) cases in which there was a sole event study finding no materiality, but the decision concluded there was materiality anyway; (2) what effect an issuer's statement in a public filing that a certain disclosure was material has on the question of materiality (e.g., does it make the disclosure *per se* material, presumptively material, or is it only one factor in determining materiality); and (3) whether penalties imposed in a related settled action have an impact on the penalties imposed in a contested proceeding, and to what degree. The Division discussed precedents and provided citations at the argument. I ORDER the Division to file by February 14, 2020, a letter brief containing its citations with a brief description of the relevant material, such as parenthetical statements or quotations. Respondent may provide a letter brief with contrary

authority and distinguishing arguments by February 21, 2020. The Division may file a reply by February 28, 2020.

In addition, the parties discussed Joint Supplemental Exhibit 1, law firm memoranda obtained in recent discovery which were included as an exhibit to Respondent's Supplemental Post-Hearing Brief (Sep. 27, 2019). Respondent's counsel confirmed that Respondent was seeking admission of this exhibit as contemplated in the parties' stipulation for conduct of this proceeding. *See Laurie Bebo*, Admin. Proc. Rulings Release No. 6642, 2019 SEC LEXIS 1836, at \*3-5 (ALJ July 24, 2019). I ADMIT this exhibit as Joint Supplemental Exhibit 1.

The parties also had no objection when I asked if the notes underlying the law firm memoranda could be admitted. The parties may stipulate to their admission, if by February 21, 2020, they are filed as a joint exhibit with the Office of the Secretary and sent to my office as Joint Supplemental Exhibit 2.

The parties also discussed certain exhibits the Division previously offered, but were not admitted. By February 14, 2020, the Division may renew its motion to admit Division Exhibits 513 and 529, the exclusion of which was made without prejudice at the hearing in this proceeding. *See Hearing Tr. 11* (Apr. 20, 2015). Respondent may respond by February 21, 2020. Any arguments on these exhibits' admissibility should consider Commission Rules of Practice 235 and 320, 17 C.F.R. §§ 201.235, .320, and the parties' stipulation on the conduct of further proceedings.

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Jason S. Patil  
Administrative Law Judge