

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98824 / October 30, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21789

In the Matter of

JOSEPH CONLAN,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Joseph Conlan (“Conlan” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

This matter involves insider trading by Conlan in the securities of Gain Capital Holdings, Inc. (“GCAP”) in advance of the February 27, 2020 announcement that Conlan’s then-former employer, INTL FCStone, Inc. (“INTL”), had agreed to acquire all outstanding shares of GCAP stock for \$6 per share in cash (the “Announcement”). On February 19, 2020, Conlan obtained material nonpublic information (“MNPI”) about the upcoming acquisition from his close friend and colleague who was then still employed at INTL (the “Source”). A short while later, Conlan purchased GCAP stock while aware and on the basis of that MNPI, knowingly or recklessly breaching a duty of trust and confidence he owed to the Source. When GCAP’s stock price rose by approximately 66% following the Announcement, Conlan obtained ill-gotten gains of \$73,627.47.

Respondent

1. **Conlan**, age 59, resides in Chatham, New Jersey. During the events at issue in this Order, Conlan was employed at a provider of foreign exchange (“FX”)-related business intelligence, as Head of Business Development. Previously, from November 2007 through August 2018, Conlan had been employed at INTL as Global Head of FX Sales. Conlan is not registered with the Commission.

Other Relevant Entities

2. **GCAP** was a Delaware corporation headquartered in Bedminster, New Jersey. GCAP was a provider of trading technology and execution services to retail and institutional investors. During the events at issue in this Order, GCAP’s common stock was listed on the New York Stock Exchange (“NYSE”) under the symbol “GCAP.”

3. **INTL**, known as StoneX Financial following a rebranding in June 2020, is a Delaware corporation headquartered in New York, New York. INTL provides execution, post-trade settlement, clearing and custody services via digital platforms. During the events at issue in this Order, INTL’s common stock was listed on the NASDAQ and traded under the symbol “INTL.” Since June 2020, the company’s common stock has traded on the NASDAQ under the symbol “SNEX.”

Background

4. In or around October 2019, representatives of INTL and GCAP began discussing the possibility of a transaction between the two companies. On December 16, 2019, GCAP and INTL signed a non-binding bid letter outlining an acquisition by INTL of GCAP for \$6.00 per share in cash. Negotiations and due diligence continued over the next two months. By February 12, 2020, all other prospective bidders had discontinued negotiations with GCAP, and most of the key terms were agreed upon. The Boards of Directors of GCAP and INTL approved the merger on

February 24 and 26, respectively, and the Acquisition was announced publicly on February 27, 2020.

5. Conlan and the Source had worked together at INTL and remained close personal friends. They had a history, pattern, and practice of sharing confidences that continued after Conlan left INTL in 2018, and included exchanging confidential information about existing and prospective clients and other business opportunities, family and personal relationships, and health issues.

6. On February 19, 2020, the Source called Conlan and they spoke for approximately 21 minutes. During this call, the Source disclosed to Conlan that INTL, where the Source still worked, was pursuing an acquisition of GCAP.

7. Later on February 19, 2020, Conlan purchased GCAP stock while aware and on the basis of MNPI concerning the GCAP acquisition that the Source had shared with him pursuant to their relationship of trust and confidence.

8. Following the February 27, 2020 Announcement, the price of GCAP shares increased by approximately 66%, and, as a result, Conlan obtained ill-gotten gains of \$73,627.47.

9. At the time he purchased GCAP stock, Conlan knew or was reckless in not knowing that the information the Source shared with him concerning INTL's acquisition of GCAP was material and nonpublic.

10. At the time he purchased GCAP stock, Conlan knew or was reckless in not knowing that the Source would have expected him to maintain the confidentiality of information concerning INTL's acquisition of GCAP and not use that information for trading purposes.

11. As a result of the conduct described above, Conlan violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

Disgorgement and Civil Penalties

12. The disgorgement and prejudgment interest ordered in paragraph IV.C. is consistent with equitable principles, does not exceed Respondent's net profits from his violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV.C. shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Conlan's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Conlan cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Conlan be, and hereby is, barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of five (5) years from the entry of this Order.

C. Conlan shall, within 30 days of the entry of this Order, pay disgorgement of \$73,627.47, prejudgment interest of \$12,134.41, and a civil money penalty in the amount of \$73,627.47 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Joseph Conlan as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Joseph G. Sansone, Division of

Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary