UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

Administrative Proceeding
File No. 3-15215

In the matter of:

James S. Tagliaferri,

Respondent.

RESPONDENT'S OPPOSITION TO DIVISION OF ENFORCEMENT'S SUPPLEMENTAL BRIEF, IN RESPONSE TO THE COURT'S ORDER OF OCTOBER 30, 2015, AND IN FURTHER SUPPORT OF RESPONDENT'S OPPOSITION TO THE DIVISION'S MOTION FOR SUMMARY DISPOSITION

INTRODUCTION

The Division of Enforcement (Division) moved for a Summary Disposition in the aforementioned matter. In response to its Motion, the Court ordered the Division to submit a Supplemental brief because its "Motion does not sufficently establish the requisite broker nexus is satisfied under Section 15(b)(6) of the Exchange Act, which authorizes the Commission to impose associational and penny stock bars".

Inresponse to the Court's Order, the Division submitted a Reply Memorandum of Law in further support of its Motion for Summary Disposition, a Supplemental brief and a Declaration of Nancy A. Brown that included ten exhibits (A through J).

Respondent respectfully submits herewith his Opposition to the Division's Supplemental brief, including a Declaration in support of his Opposition to the Division's Supplemental brief and its Motion for Summary Disposition.

ARGUMENT

EXHIBITS PRESENTED BY DIVISION DO NOT SUPPORT THEIR FACTUAL ARGUMENTS...

The Division, in support of its Motion for Summary Disposition and in support of its Supplemental brief, submitted a Declaration authored by its Senior Trial Counsel and ten exhibits. Exhibit "A" and Exhibit "B" pertain to and were attached in support of the Division's Supplemental brief. These exhibits, while lengthy, do not lend any evidentiary support to the Division's argument. Exhibit "A" is composed of numerous exhibits presented by the Government during Respondent's trial. They focus on IEAH and "Galanis-related" investments.

IEAH

On page 2 of its Supplemental brief, the Division refers to GX 2014 (Government exhibit 2014). In the brief, the Division describes investments made by "TAG VI"included over $18 million in IEAH Notes. The Government, in its GX 2014 exhibit, does not describe these investments as Notes. It merely refers to the investments as "transfers from TAG clients". In fact, the referenced investments were "Units" composed of an IEAH secured promissory Note and an interest in a racehorse.

When purchasing multiple assets, the IRS in its Publication 551 requires the buyer to allocate the basis between, or among, the assets acquired - in this case, between the IEAH Note and an interest in a race horse. (See Respondent's Exhibit "A" - Declaration of Neil Scafuro, C.P.A.). Moreover, race horses do not come under SEC jurisdiction.

The Division also contends "TAG VI" received Transactional-based compensation for investing its clients funds in IEAH. In support of this argument, it cites the testimony of Richard Schiavo, an individual demoted from the position of president of IEAH, and Melissa Sorrentino, Former IEAH bookkeeper who was replaced by Neil Scafuro, C.P.A. Each testified they "understood" "TAG VI" earned "investment banking" fees for services performed on behalf of IEAH. (Investment banking fees is an ambiguous term and may, or may not, include transactional-based compensation).

The fees earned by "TAG VI" were NOT compensation for investing its clients' funds in IEAH. Respondent offers three exhibits which provide evidentiary support for this contention. First, Government Exhibit 2014 does not indicate all the fees paid by IEAH were made simultaneously with the transfer of "TAG VI" client funds. Indeed, GX 2014 indicates four fee payments were made months after "TAG VI" client fund transfers to IEAH.

Second, Government Exhibit 400-A (presented by the Division as part of its Exhbit "A") is a schedule showing the reasons for the fee payments. Not one fee payment suggests it was based on a Specific securities transaction. Third, I submit Exhibit "B", the January 24, 2011 Declaration of Michael Iavarone, founder and C.E.O. of IEAH. In his Declaration, Mr. Iavarone declares, under penalty of perjury, that neither "TAG VI", nor the Respondent, received kickbacks, that "TAG VI" performed a multitude of services on behalf of IEAH and that "TAG VI" performed these services between the years 2007 and 2011. To bolster the authenticity of Mr. Iavarone's Declaration, I attach Exhibit "C", a letter written by Derek E. Leon, Esq. that states Mr. Iavarone's January 24, 2011 Declaration was not coerced.

Further, with regard to IEAH, as part of the Division's Exhibit "A", the Division includes a copy of Government Exhibit 134 -- purportedly, a "TAG VI" client investment in an IEAH Note of two-week duration. No such two-week Note investment was ever made.

In short, the Division has described and presented exhibits which completely mischaracterize the "TAG VI" client investments in IEAH. If anything, these descriptions weaken the Division's argument rather than strengthening it.

GALANIS-RELATED INVESTMENTS...

The Division, as part of its Exhibit "A", includes several copies of "Drexel Notes" - all unexecuted. It cannot be assumed the unexecuted copies of the Drexel Notes were the actual instruments executed by the Payees, or their representatives. Moreover, the principal amount on each Note bears no resemblence to the par value of the Note and the amount to be repaid. For example, a $100,000, par value, Note, purportedly in favor of Payee Matthew Szulik (also unexecuted) indicates a payoff amount of $2,995,000. Further, included within the "package" of Drexel documents is an Advisory Agreement between parties, Drexel and "TAG VI" (also unexecuted). There is no reference in the unexecuted Advisory Agreement to suggest any fees paid to "TAG VI" would be transactional-based.

DIVISION'S DOCUMENT SUBMISSIONS NOT DISPOSITIVE...

Many of the documents submitted as part of Exhibit "A" or Exhibit "B" by the Division are unexecuted, incomplete, redacted or cannot be attributed to any party. For example, SEC documents numbered SEC-USDOJ-E-0013192,94 and 95 are virtually blank. Others are largely redacted (SEC-USDOJ-E-0013196,97). Still others are merely proposals with no evidence that a transaction, or transactions ever was effected. Note document numbers SECDOJ-E-0004561, 0016680, 0021295, 0021296, 0009494. None of the proposed transactions specifically depicted in these documents ever took place.

EXCERPTS OF WITNESS TESTIMONY INCONCLUSIVE...

Division's Exhibit "B" is composed of testimony given by various witnesses who testified at Respondent's trial. The excerpts presented are inconclusive. The Division points out "investor after investor testified at trial that Tagliaferri never discussed the purchase of these notes with him or her prior to buying them on his or her behalf" (page 3 - Supplemental brief); then on page 5 of the brief, the Division acknowledges "TAG VI" had discretion. (It is important to note "clients" had contractual relationships with "TAG VI" and Respondent was not a party to any agreements).

The Division also points out "Tagliaferri also never told any of his clients ["TAG VI clients] that any of these issuers were paying him ["TAG VI"] for selling their securities to his clients" (page 4 - Supplemental brief). The Division's statement is accurate. "TAG VI"clients were never told investments made on their behalf were transactional-based because it was not so -- they were not! At the time the investments in question were made, Respondent believed they were in the best interest of each client and "TAG VI" was not being compensated "for selling securities". On all private transactions, Respondent relied on "TAG VI's" outside counsel (Barry Feiner, Esq.) and in-house counsel (Susan A. Michaels, Esq) for advice related to disclosure to client-investors.

Division alleges Olson testimony, Government Exhibit 406 and Government Exhibit 1696 (GX 1696 not produced to Respondent) indicate Jason Galanis furnished the payments on all of the Notes listed on GX 406, including Stanwich Absolute Return, Ltd. (page 2 - Supplemental brief). These allegations are utterly false. GX 406 only alludes to payments from Jamsfield (for which there was no Note,or client investment) and Equities Media. GX 406 specifically states "a couple of them that you mentioned have never paid us any fees". Moreover, Olson's trial testimony (excerpt provided by Division) does not mention Jason Galanis. This is but another example of an allegation made by the Division that is ficticious. Other than IEAH, for which every investor including those who testified at trial received a letter composed by "TAG VI's" in-house counsel describing their investment in IEAH, indicating "TAG VI" received consulting fees and requesting "Accredited Investor" information, no issuer mentioned at the bottom of page 3 (Supplemental brief) paid any fees to "TAG VI", or Respondent for purported investments made by the former "TAG VI" clients indicated on page 3 (Gordon, Temkin, Goldin, Handel, Unger).

As stated above, in the case of every IEAH investment and every "Galanis-related" investment, "TAG VI" and the Respondent relied on the legal advice of "TAG VI's" outside counsel, Barry Feiner, Esq. and in-house counsel, Susan A. Michaels, Esq. with regard to disclosure to clients. In addition, in 2010, "TAG VI" retained Morgan, Lewis, in part, to review its disclosure on all transactions. Following that review, in March 2010, Morgan, Lewis sent a letter to attorneys for a "TAG VI" client indicating "TAG VI" was in full compliance

with all SEC regulations.

DECLARATION OF SEC ATTORNEY BROWN DOES NOT REPAIR THE DEFICIENCES IN DIVISION'S FAILURE TO PROVIDE RESPONDENT WITH ITS ENTIRE INVESTIGATIVE FILE

Attorney Brown's Declaration contains important and relevant differences in her comparative description of the correspondence between the Division and the Respondent. For example, in Point 5 of her Declaration, Ms. Brown states the investigative file would be available BEGINNING (caps added for emphasis) June 5, 2015 and a laptop would be made available which was "preloaded with the requisite software". In fact, the Division's June 4, 2015 letter to Respondent (signed by Ms. Brown) states specifically the files would be available on June 5, 2015 (NOT BEGINNING JUNE 5) and the laptop was loaded with Concordance software (not software which translated the data into a format familiar to the Respondent) (Division Ex."C").

Point 6 of Ms. Brown's Declaration indicates Respondent declined the Division's offer to review the investigative file on June 5, 2015 and requested the files be made available on a disc. (The Division has included a copy of my email addressed to Ms. Brown dated June 4, 2015). In my email, I describe the reasons for declining the Division's offer. First, I point out, I have no familiarity with Concordance. Second, I was unwilling to execute the stipulation as requested by the Division (Ms. Brown never mentions this condition). Third, I pointed out the files were to be made available ONLY on June 5, 2015 (a point Ms. Brown never clarifies) and I would be required to travel to New York from Connecticut. Ms. Brown was (is) well aware I am confined to a wheelchair which makes travel extremely

difficult and I was subject to home confinement and could not travel to New York without the permission of my probation officer. Such permission would not have been possible on one-day's-notice. (See Division's Ex. "D").

In Point 7 of her Declaration, Ms. Brown states the Division agreed to my request and would begin converting their files into "PDF" format. Further, she states the files could be converted in about two weeks. In Ms. Brown's letter to me, she again points out that if I traveled to the SEC office in New York, the files would be available in "Concordance format" - a format I have never used. Ms. Brown also indicates the Division would seek a Protective Order to maintain the confidentiality of the files. This was never done. (See Division's Ex. "E").

Point 8 of Ms. Brown's Declaration states the Division substantially underestimated the time needed to convert the files and produced only about have of its investigative files for Respondent to review.

Point 9 states Respondent never indicated he wanted to travel to New York to review the remainder of the file in Concordance format. (Again, Respondent has no familiarity with Concordance). Ms. Brown states a "thumb-drive" was produced on July 2, 2015. On this date, Respondent appeared at a Restitution hearing and was ordered to surrender for incarceration four days later on July 6, 2015.

Point 10 of Ms. Brown's Declaration states that Respondent, while at the correctional institution, could not receive information in electronic form. She adds, Respondent specified the files he wished to receive and it was unnecessary to sent the Schwab and custodial bank statements. The Schwab and bank statements represent the bulk of the remaining documents. The Division made no attempt to send any other documents that were requested by the Respondent. (See Division's Ex. "F").

Point 11 and point 12 discuss email exhanges between the Division and Respondent as to the number of documents Respondent might receive at the institution. Respondent suggested Division send blocks of 100 documents. The Division did not respond to this suggestion. (see Division's Ex. "G" and Ex. "H").

Point 13 of Ms. Brown's Declaration indicates the Division had determined the remainder of its investigative file was composed of over 130,000 documents consisting of about ONE MILLION PAGES! Ms. Brown requested Respondent designate someone other than himself who might review the documents. Really? Who? I have no attorney. Respondent is the only person familiar with "TAG VI" business. There is no one else. (See Division's Ex. "I").

To summarize the issue of the investigative file:

* The Division offered to make its file available for review for one day - June 5, 2015. (Division did not dispute this until Ms. Brown's Declaration).

* Respondent, confined to a wheelchair, subject to home confinement and unfamiliar with Concordance software, requested the files be re-formatted into "PDF" and mailed to his Connecticut address.

* On June 4, 2015, Division agrees to comply with Respondent's request and says the process will take about two weeks.

* On June 17, 2015 and July 2, 2015, the Division sends Respondent about one-half of its investigative file.

* On July 6, 2015, Respondent surrenders and is incarcerated.

* On Auguat 24, 2015, Respondent informs Division he cannot receive documents electronically.

* On August 27, 2015, Division asks Respodent to determine how many "hard-copy" documents he can receive and store. On August 31, 2015, Respondent advises Division that there is no specific limit and to begin sending about 100 at a time.

* On September 3, 2015, Division advises Respondent it would be too costly to send the remainder of its file and asks if someone other than Respondent can review the file. On same day, Respondent informs Division no one but he can review file.

Respondent, in good faith, relied on the Division's compliance with its agreement to produce the entire file in two weeks, or June 17, 2015. Division failed to meet is obligation. It is clear Respondent has been prejudiced by not being given access to about one-half of the Division's investigative file, over 130,000 documents and over one million pages - according to the Division's own estimate.

Accordingly, Respodent has been denied due process and respectfully requests that the Division's Motion for Summary Disposition be denied.

CONCLUSION

The Supplemental brief submitted by the Division in response to the Court's Order is inconclusive and does not repair the deficiences outlined in the Court's Order of October 30, 2015. Accordingly, the Respondent respectfully requests the Commission's Motion to impose associational and penny stock bars be denied.

The Division has not complied with the Court's Order to produce its complete investigative file to the Respondent, nor has it complied with its agreement with the Respondent to do so in "PDF" format. Accordingly, the Respondent has been denied due process and has been prejudiced; thus, the Respondent respectfully requests the Court deny the Division's Motion for Summary Disposition.

In the event the Division's Motion for Summary Disposition is granted, Respondent respectfully requests a hearing be scheduled at which evidence as to his culpability can be presented and evaluated. (I refer the Court to my Opposition to Motion for Summary Disposition memorandum dated November 6, 2015 and my Answer memorandum dated October 13, 2015 in which I requested a hearing and opportunity to call witnesses.

Dated: December 22, 2015

Respectfully submitted,

James S. Tagliaferri, pro se
Respondent

[redacted]
Beaver, WV [redacted]
December 22, 2015

The Honorable Cameron Elliott
Adminstrative Law Judge
Securities and Exchange Commission
100 "F" Street, N.E.
Washington, DC 20549-2557
Via: Office of the Secretary

Re: James S. Tagliaferri (Admin Proc. File No. 3-15215)

DearJudge Elliott:

I am the Respondent, proceeding prose in the aforementioned matter.

Enclosed, please find my Opposition to the Division of Enforcement's Supplemental brief and further support for my Opposition to the Division's Motion for summary Disposition. I have included my Declaration as part pf my evidentiary support of my position.

I understand the Court instructs parties to file an original and three copies of submissions. I have not ~~so do~~ because I do not have the funds to make additional copies. I apologize to the Court for my failure to comply with the Court's instructions.

I thank the Court for its consideration.

Respectfully submitted,

James S. Tagliaferri, pro se
Respondent

cc: Nancy A. Brown, Esq.
Senior Trial Counsel
Division of Enforcement