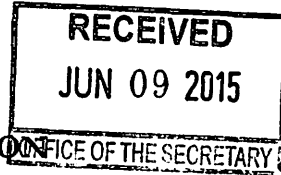


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16178

In the Matter of

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

Respondents.

THE DIVISION OF ENFORCEMENT'S
RESPONSE TO RESPONDENT'S POST-HEARING
STATEMENT OF FACTS AND CONCLUSIONS OF LAW

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June 8, 2015

The Division of Enforcement (the "Division") respectfully submits this response to Respondent Joseph C. Ruggieri's Post-Trial Proposed Findings of Fact and Conclusions of Law ("Ruggieri's Post-Hearing Statement"). Pursuant to the Court's Post-Hearing Order dated April 15, 2015, each numbered paragraph listed in this response disputes the identically-numbered paragraph in Ruggieri's Post-Hearing Statement. When the Division's dispute arises from a conflicting statement in its Post-Hearing Statement of Facts and Conclusions of Law ("Division's Post-Hearing Statement"), the Division simply cites that statement.¹ When the Division disputes a paragraph in Ruggieri's Post-Hearing Statement because Ruggieri's own citations do not support his proposed finding, the Division proposes an alternative statement, with the notation "as Ruggieri's citations show." When the Division disputes a paragraph in Ruggieri's Post-Hearing Statement based on other hearing facts, it provides a citation to the record. Further, by not specifically disputing a paragraph from Ruggieri's Post-Hearing Statement below, the Division does not concede that such a paragraph is a fair and complete characterization of the totality of the evidence established during the hearing. Finally, the Division disputes the entirety of Ruggieri's Chronology of Events. DIV 194-A and the Division's rebuttal slides from its closing arguments provide the Division's chronology.

The Division's Disputed Facts from Ruggieri's Post-Hearing Statement

17. Disputed. As Ruggieri's citations show, Yi and Brown testified only that, standing alone, the positions in JR REB 66 would not cause them alarm.

19. Disputed. As Ruggieri's citations show, the profits at issue had an approximately 8% impact on Ruggieri's trading losses (profits at issue ÷ trading losses = \$117,000 ÷ \$1,500,000 = 7.8%) and an approximately 1% impact on Ruggieri's loss ratio.

¹ Citations to "¶ ____" refer to the Division's Post-Hearing Statement, filed on May 22, 2015, and references to the six stocks at issue and the names of individuals use the short forms set forth therein. Citations to "Fact Stip" refer to the parties' pre-hearing Joint Undisputed Facts, filed on March 23, 2015. Citations to "Tr." refer to the hearing transcript.

23. Disputed. Ruggieri met with Shrewsberry about his requested salary guarantee on or after June 15, 2010, and therefore did not know that his salary was guaranteed before at least June 15, 2010. (¶ 74.)

25. Disputed. As Ruggieri's citation shows, Wells Fargo's total overall return on the trades at issue was 2.41%; its average return on the trades at issue was 3.24%; and its return on the Parexel trades at issue was 1.96%.

33. Disputed. (¶¶ 224, 227–232.)

41. Disputed. (¶¶ 35–36, 43–44, 223, 229.)

42. Disputed. As Ruggieri's citations show, Short sometimes listened in on analyst calls with Ruggieri when the calls concerned stocks Short himself covered.

43. Disputed. As Ruggieri's citations show, Short did not specifically remember whether Ruggieri grabbed lunch with other traders at Wells Fargo but “imagined” that Ruggieri did so on occasion.

46. Disputed. (¶¶ 35–36, 43–44.)

62. Disputed. Ruggieri held overnight risk in PRXL for five trading days leading up to the PRXL downgrade. (Fact Stip. ¶ 68; DIV 194-A at 1 (summary chart); Tr. 1789:6–11 (Walster) (“Q. And then it goes right to April 5th, but there's actually a five-day lapse between those two bars and then the next trading? A. I think there's a four-day lapse. There's April 1st, April 2nd, which is Good Friday, and then Saturday and Sunday.”); Tr. 2123:20–2124:3 (Ruggieri) (“Q. And that Friday, April 2nd, was that Good Friday, do you remember? A. I don't, but I think that was mentioned this week at some point, so I think it was Good Friday, yes. Q. You don't have any reason to dispute that? A. Correct.”); DIV 227 (2010 calendar).)

63. Disputed. Ruggieri held overnight risk in Bruker for five trading days leading up to the Bruker initiation of coverage. (DIV 194-A at 9 (summary chart); DIV 228 (2011 calendar).)

64. Disputed. Ruggieri held market risk in Albany for five trading days following the Albany upgrade. (DIV 194-A at 4 (summary chart); DIV 227 (2010 calendar).)

69. Disputed. As Ruggieri's citations show, on November 29, 2010, at the market close, Ruggieri held a 5,000-share long position in ICLR (not Parexel) in advance of a research report where Bolan decreased his EPS estimates by 8%.

74. Disputed. Bolan's managers had told him that he did not need approval prior to a ratings change but that he did need approval for an initiation of coverage. (¶¶ 99–100.)

75. Disputed. Bolan's managers had told him that he did not need approval prior to a ratings change but that he did need approval for an initiation of coverage, did not reject any of Bolan's ratings change requests, and viewed the approval process of similar Wall Street firms as a "rubber stamp" that resulted in "almost a blanket approval." (¶¶ 98–100, 275–276, 296–297, 346–347, 368, 382–383.)

80. Disputed. (Division's Pre-Hearing Conclusions of Law ¶¶ 28–35; ¶ 102.)

81. Disputed. (Tr. 1244:20–1245:16 (Evans) ("Generally ratings changes would be considered more material than other notes."))

85–87. Disputed. (¶¶ 109–113.)

90. Disputed. Wells Fargo policies define a "material research change" to include "(1) a rating change; (2) a valuation range change; or (3) a full-year EPS, FFO per share, etc., estimate change of 5+%" (DIV 36 at 28.) Wells Fargo's policies further distinguished ratings changes and material changes to estimates of 10% or more, requiring publication for these categories of research. (DIV 7.)

93. Disputed. (¶¶ 82–88.)

99–100. Disputed. (¶¶ 431–434.)

102–106. Disputed. JR REB 103 assumes that ratings changes are the most important type of research and that the recommendation to buy, sell, or hold is the most important piece of information within the ratings changes. (¶ 132.)

107. Disputed. As Ruggieri’s citations show, between March 30, 2010 and March 31, 2011, there were at least 61 reports by Bolan that included an earnings estimate or valuation change.

111. Disputed. As Ruggieri’s citation shows, he did not know at the time whether Wells Fargo taped its telephone lines and he did not really think about the issue until after the Division’s investigation or litigation began.

112. Disputed. Ruggieri could not have reasonably believed that the Wells Fargo phone lines were taped, because they were not taped (Fact Stip. ¶ 37), nobody ever told him they were taped (Tr. 2414:24–2415:3 (“I didn’t know either way necessarily”)), and if they had been taped someone would have disclosed it to him or resorted to such a tape to resolve a client trade or price dispute.

117. Disputed. (¶¶ 171–217, 577–615; DIV 15.)

123. Disputed. Evans received compliance orientation training the month after he began working at Wells Fargo. . (¶ 195; Fact Stip. ¶ 6.)

125. Disputed. (¶ 583.)

126–127. Disputed. (¶¶ 140–144.)

128. Disputed. (¶¶ 143–144.)

131. Disputed. (¶¶ 577–599.)

133. Disputed. Bolan’s opinion of his channel checks and the stock price movement after Bolan disseminated them to select clients concerned Evans. (¶ 595; Tr. 1295:16–1296:10 (Evans) (“The content of those e-mails – or excuse me, of the conversations we had with those

companies I thought were questionable utility, yes. It was Mr. Bolan's opinion that raised my concern.".)

134. Disputed. (¶ 202.)

137. Disputed. Evans knew that Wells Fargo required material research to be published before communicating with Wickwire in April 2011. (¶¶ 195–196.)

140. Disputed. As Ruggieri's citation shows, when Bolan spoke with Wickwire, Wickwire believed Bolan was genuine and that Bolan had not contemplated publishing a squawk when he sent his channel check email.

141. Disputed. As Ruggieri's citation shows, Wells Fargo's internal policies allowed analysts to communicate short-term views only if they were already published.

142. Disputed. As Ruggieri's citation shows, the current Wells Fargo policy governing channel checks recognizes that not all material collected through channel checks is material, and allows an analyst to selectively disseminate that information to select clients only after it has been published.

143. Disputed. After Ruggieri's termination, Wells Fargo filed a Form U5 (not "a CRD") with the quoted language. (DIV 163.)

152. Disputed. As Ruggieri's citation shows, in Ruggieri's absence, Short sent out information Bolan gathered through channel checks to clients but only after Bolan had already sent that research to clients.

154. Disputed. (¶¶ 582–583.)

155. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

156. Disputed. Wells Fargo's Team Member Conduct Policy, which Bolan had attested to having reviewed, specifically discussed "proprietary trading" and trading in the "Firm account"

when listing the types of accounts covered by Wells Fargo's policies against front-running. (DIV 6 at 12 ("Accordingly team members may not trade ahead of any customer order or research – personally or in a proprietary trading manner A WFS/WFIS team member may not execute a transaction for his or her personal account or for a WFS/WFIS FIRM account..."); DIV 68 at 2.)

157. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

158. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

162. Disputed. Between the time Ruggieri left Wells Fargo to the time he gave his investigative testimony, he had made approximately 2 billion trades on an agency basis only and had placed no principal or proprietary trades. (¶ 624.)

163. Disputed, to the extent it suggests Bolan did not tip Ruggieri, for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

177. Disputed. On March 24, Bolan informed Ruggieri that clients were shorting Parexel. (JR REB 138-A ("Ruggieri: 'Is PRXL a crowded short?' Bolan: 'just started hearing that folks are shorting.' (JR-20)."))

210. Disputed. As Ruggieri's citation shows, on April 6, Ruggieri told another client that he did not like PRXL "going into the q[uarter]." (JR 51.)

221. Disputed. Ruggieri's testimony is not credible, given that his contemporaneous correspondence discusses a price in the "low \$50's," not "\$50." (¶ 452; JR 64; JR 76.)

231. Disputed. The BYM announcement was an important data point for the CRO sub-sector, but it "wasn't really relevant" to Covance. (¶ 465.)

236. Disputed. Ruggieri was unsure about whether Covance's announcement at the Goldman Sachs conference would raise or lower Covance's stock price. (¶¶ 458–459.)

237. Disputed. Wells Fargo published Bolan's upgrade of Covance before the market opened on June 15, 2010 and the stock price opened up 2.19% from the previous day's close. (DIV 194-A at 3; DIV 128.) The Goldman Sachs Conference was held later during the day on June 15, 2010. (JR 76.)

249. Disputed. After being shown communications relating to Albany's buyback at the hearing and being told that there was a ratings change in Albany, Brown assumed that the ratings change was an upgrade. (Tr. 1010:14–1011:10 (Brown).)

261. Disputed. That call is the only call for which records exist during that time period. (¶¶ 326–331.)

264. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

267. Disputed. Ruggieri held Albany shares overnight for five trading days following Bolan's July 6th upgrade. (DIV 194-A at 4 (summary chart); DIV 227 (2010 calendar).)

280. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

284. Disputed. (¶¶ 102–129.)

294. Disputed. Ruggieri told Mackle not to be short in Athena at least in part because Bolan was "getting bullish" on Athena. (DIV 120 ("ATHN mgmt sounds bulled up, have bunch of enterprise physician practice deals in pipeline...52 vs 2 last year...bolan getting bullish...don[?]t think run over...would not be short."); ¶ 366.)

299. Disputed for all the reasons set forth in the Division's closing arguments and pre-hearing and post-hearing papers.

316. Disputed. While Bolan's instant message shows that he was surprised by how much Bruker's share price increased after his initiation of coverage, it does not show that he attributed the increase to something other than his report. (JR REB 14.)

321. Disputed. (¶¶ 105–108, 255–405.)

330. Disputed. As Ruggieri's citation shows, Bolan communicated with Ruggieri "quite a bit for the first couple of months" after their departure and then infrequently after Bolan joined Madison Williams.

336. Disputed. (¶¶ 255–405, 529–576.)

337. Disputed. (¶ 553.)

347. Disputed. In his meetings with Wickwire, Ruggieri's primary topic of conversation was providing positive feedback about Bolan. (Tr. 1493:19–1494:9 (Wickwire) ("Q. Sitting here today, do you have any reason to believe that every time you met with Mr. Ruggieri, the only thing you were discussing was positive feedback about Mr. Bolan? A. It wouldn't have been the only thing, but I think it would have been a primary topic for us.").)

349. Disputed. (¶¶ 2–6, 549, 552, 553.)

350. Disputed. Ruggieri provided positive feedback on Bolan in response to multiple emails from Snyder stating that the feedback would be communicated to "Equity and Research Management." (¶¶ 534–535, 539–540, 542–543.)

351. Disputed. (¶ 553.)

352. Disputed. As Ruggieri's citation shows, Ruggieri knew that analysts were ranked.

355. Disputed. (¶¶ 545, 569; Tr. 3398:18–3399:11 (Short) ("Q. By the way, did you give any feedback requested by the research department on the analysts? A. I don't remember having ever done it directly....").)

357. Disputed. Bartlett had only “occasional” interactions with Bolan. Although his own interactions with Bolan had some influence on his feedback to Wickwire about Bolan, Bartlett’s positive feedback to Wickwire about Bolan largely came from Ruggieri. (Tr. 1165:24–1167:21 (Bartlett) (“Q. Did you ever interact with Mr. Bolan? I’m talking about 2009 to 2011. A. Occasionally. Q. In what sort of context? A. As a research analyst, he would present at the morning meeting. I might see him at conferences. I might see him in the hallway when he was in town. He did not work in the New York office, so it wasn’t that frequently. Q. Did you ever speak to Mr. Ruggieri about Mr. Bolan? A. Yes. Q. What did Mr. Ruggieri say to you? A. Mr. Ruggieri was favorably inclined toward Greg Bolan’s efforts and his expertise. Q. And now is that something that you heard from Mr. Ruggieri once or more than once? A. More than once. Q. About how many times? A. Half a dozen. Q. Did Mr. Ruggieri ever give you any more detail about why he was favorably inclined towards Mr. Bolan? A. Yes. Greg was very communicative with the trading desk, made himself very accessible, was very inclusive in conversations with the trading desk around interactions with either companies or our clients. Q. Now, did you ever pass along Mr. Ruggieri’s feedback about Mr. Bolan to anyone in the research department? A. Yes. Q. If you could just describe that, please. A. It could have been -- it could have been a casual conversation with Diane [Schumaker-Krieg] or Todd [Wickwire] or the other co-director of research, Sam Pearlstein, where I could have said, hey, by the way, Greg is doing a really great job. It could have been more formal around the quarterly or year-end review periods where I would get asked. I would say I’ll positively pass along what I heard.”); Tr. 1400:23–1402:13 (Wickwire) (“Q. But in terms of getting feedback in your decisionmaking to nominate Mr. Bolan as a director, did you consider feedback from the trading department? A. Yes. Q. And in terms of feedback from the trading department, whose feedback in particular did you rely on? A. Again, it would have been feedback that I was receiving from Mr. Bartlett and Mr. Snyder, the feedback they were providing for Mr. Ruggieri and his team.

Q. Did you have an understanding that feedback came from -- that it included feedback from the senior trader in the healthcare department, Mr. Ruggieri? A. Yes.”); Tr. 1408:12–1409:16 (Wickwire) (“Q. And who was it coming from? A. Directly coming from Mr. Bartlett and Mr. Snyder to me. Q. But did they have daily interaction with Mr. Bolan? A. They did not. Q. So did you have an understanding of where they got the information? A. Yes. Q. And where did they get the information? A. That came from the healthcare trading desk. Q. And at the time, who was in the healthcare trading desk? A. Joe Ruggieri and Chip Short.”); Tr. 1478:3–17 (Wickwire) (“Mr. Ruggieri was cc’d on this e-mail, as he was, I think, the -- the relationship that Mr. Bolan and Mr. Ruggieri had, in terms of the dialogue, was sort of the model, and my view -- and I recognize he was providing a lot of that feedback to Mr. Brown, Mr. Snyder and Mr. Bartlett.”).)

362. Disputed. As Ruggieri’s citation shows, the health care trading desk’s feedback on Bolan was simply relevant to Wickwire. Short’s feedback played no role in Ruggieri’s trading impact ranking on his analyst scorecard. (Tr. 1389:3–16 (Wickwire) (“Q. And in terms of getting feedback from the trading department for analysts, were the feedback from the senior traders equal in weight to the feedback from the junior traders, or were they weighted greater? A. I would say the feedback was, for the most part, just from the senior traders, because a lot of that is communicated to me from the head of trading, head of sales and trading back then, and that’s where I had a lot of my dialogue and input, on how various analysts were doing with trading, and that was a weekly meeting I would have with the head of sales and trading.”); Tr. 3401:8–16 (Short) (“Q. To the extent that there are any records that would indicate that in 2010 Mr. Bolan internally, in terms of the scoring, Mr. Bolan relative to the analysts, that he was ranked number 1 in terms of dealing with the trading department, do you know to what extent you had a role in making that ranking? A. I didn’t have a role in making that ranking.”).)

363. Disputed. Wickwire received positive feedback from Bartlett and Snyder that Wickwire understood came from Ruggieri. (Tr. 1401:4–10 (Wickwire) (“Q. And in terms of feedback from the trading department, whose feedback in particular did you rely on? A. Again, it would have been feedback that I was receiving from Mr. Bartlett and Mr. Snyder, the feedback they were providing for Mr. Ruggieri and his team.”).)

364. Disputed. Neither Mackle nor Evans got along with Bolan. (¶¶ 34–35.)

366. Disputed. Wickwire was referring to Bartlett, Brown and Ruggieri, but Wickwire understood that the feedback originated with Ruggieri. (Tr. 1401:4–10 (Wickwire) (“Q. And in terms of feedback from the trading department, whose feedback in particular did you rely on? A. Again, it would have been feedback that I was receiving from Mr. Bartlett and Mr. Snyder, the feedback they were providing for Mr. Ruggieri and his team.”).)

370. Disputed. Bolan had only been in his position for two years, not three years. (Fact Stip. ¶ 1; ¶ 564.)

385. Disputed. The personal benefit requirement is a motive requirement. *See Dirks v. SEC*, 463 U.S. 646, 668 (Blackmun, J., dissenting) (disagreeing with the Court’s decision requiring the insider to “act from a motive of personal gain”); *United States v. Newman*, 773 F.3d 438, 455 (2d Cir. 2014) (discussing “inference as to that source’s improper motive for disclosure”); *United States v. Falcone*, 257 F.3d 226, 230 (2d Cir. 2001) (explaining that, under *Dirks*, “the key factor was the tipper’s intent in providing the information”). There is no requirement that any pecuniary gain ultimately materialize, as long as the tipper tipped in expectation of a personal benefit. *See Dirks*, 463 U.S. at 664–65 (“This requires courts to focus on objective criteria, *i.e.*, whether the insider receives a direct or indirect personal benefit from the disclosure, such as a pecuniary gain *or a reputational benefit that will translate into future earnings*. . . . For example, there may be a relationship between the insider and the recipient that suggests a *quid pro quo* from the latter, or an intention to benefit the particular

recipient.”) (emphasis added) (internal citations omitted); *Newman*, 773 F.3d at 452 (deeming sufficient “a meaningfully close personal relationship that generates an exchange that is objective, consequential, and represents *at least a potential gain of a pecuniary or similarly valuable nature*”) (emphasis added); *Sabrdaran*, 2015 WL 901352, at *15 (N.D. Cal. Mar. 2, 2015) (“[T]he benefit need not be financial, so long as it is ‘of some consequence.’”) (quoting *Newman*, 773 F.3d at 452); *United States v. Riley*, ___ F. Supp. 3d ___, 2015 WL 891675, at *6–8 (S.D.N.Y. Mar. 3, 2015) (Caproni, J.) (citing *United States v. Jiao*, 734 F.3d 147, 153 (2d Cir. 2013) (“The fact that [the tipper] did not receive any tips from [the tippee]’s investment club in return for the tips he gave is of no moment. In joining the investment club, [the tipper] entered into a relationship of *quid pro quo* with [the tippee], and thus had the opportunity to access information that could yield future pecuniary gain.”)).

387. Disputed. In a Commission civil action or administrative proceeding, the tippee need only know or have reason to know that the tipper tipped in breach of a duty and for personal benefit. See *Newman*, 773 F.3d at 447–50 (in a criminal case, requiring that a tippee know of the tipper’s personal benefit, because absent such knowledge the tippee cannot know of the tipper’s breach of duty); *Dirks*, 463 U.S. at 660 (in an appeal of a Commission administrative proceeding, holding that “a tippee assumes a fiduciary duty...not to trade on material nonpublic information only when the insider has breached his fiduciary duty...by disclosing the information to the tippee and the tippee *knows or should know* that there has been a breach”) (emphasis added); *Obus*, 693 F.3d at 288 (reconciling *Dirks*’ “knows or should know” standard with the Second Circuit’s civil scienter requirement by requiring a tippee only to “kn[ow] or ha[ve] reason to know” that information was obtained and transmitted in breach of a duty); *Payton*, 2015 WL 1538454, at *5 (“The Amended Complaint also alleges that the defendants had knowledge of a benefit sufficient to meet the civil standard of ‘knowing or reckless.’”).

388. Disputed. As Ruggieri's citations show, *Newman* is the controlling rule of law in the Second Circuit.


391. Disputed. As *Newman* makes clear, there are at least two ways to satisfy its standard: (1) "a meaningfully close personal relationship that generates an exchange that is objective, consequential, and represents at least *a potential gain of a pecuniary or similarly valuable nature*," or (2) "a relationship between the insider and the recipient that suggests...an intention to benefit the [latter]." *Newman*, 773 F.3d at 452 (emphasis added) (brackets in original).

393. Disputed. The personal benefit requirement is a motive requirement. *See Dirks*, 463 U.S. at 668 (Blackmun, J., dissenting) (disagreeing with the Court's decision requiring the insider to "act from a motive of personal gain"); *Newman*, 773 F.3d at 455 (discussing "inference as to that source's improper motive for disclosure"); *United States v. Falcone*, 257 F.3d 226, 230 (2d Cir. 2001) (explaining that, under *Dirks*, "the key factor was the tipper's intent in providing the information"). There is no requirement that any pecuniary gain ultimately materialize, as long as the tipper tipped in expectation of a personal benefit. *See Dirks*, 463 U.S. at 664–65 ("This requires courts to focus on objective criteria, *i.e.*, whether the insider receives a direct or indirect personal benefit from the disclosure, such as a pecuniary gain or a reputational benefit that will translate into future earnings.... For example, there may be a relationship between the insider and the recipient that suggests a *quid pro quo* from the latter, or an intention to benefit the particular recipient.") (emphasis added) (internal citations omitted); *Newman*, 773 F.3d at 452 (deeming sufficient "a meaningfully close personal relationship that generates an exchange that is objective, consequential, and represents *at least a potential gain of a pecuniary or similarly valuable nature*") (emphasis added); *Riley*, 2015 WL 891675, at *6–8 (citing *United States v. Jiao*, 734 F.3d 147, 153 (2d Cir. 2013) ("The fact that [the tipper] did not receive any tips from [the tippee]'s investment club in return for the tips he gave is of no moment.

In joining the investment club, [the tipper] entered into a relationship of *quid pro quo* with [the tippee], and thus had the opportunity to access information that could yield future pecuniary gain.”)).

395. Disputed. In a Commission civil action or administrative proceeding, the tippee need only know or have reason to know that the tipper tipped in breach of a duty and for personal benefit. *See Newman*, 773 F.3d at 447–50 (in a criminal case, requiring that a tippee know of the tipper’s personal benefit, because absent such knowledge the tippee cannot know of the tipper’s breach of duty); *Dirks*, 463 U.S. at 660 (in an appeal of a Commission administrative proceeding, holding that “a tippee assumes a fiduciary duty...not to trade on material nonpublic information only when the insider has breached his fiduciary duty...by disclosing the information to the tippee and the tippee *knows or should know* that there has been a breach”) (emphasis added); *Obus*, 693 F.3d at 288 (reconciling *Dirks*’ “knows or should know” standard with the Second Circuit’s civil scienter requirement by requiring a tippee only to “kn[o]w or ha[ve] reason to know” that information was obtained and transmitted in breach of a duty); *Payton*, 2015 WL 1538454, at *5 (“The Amended Complaint also alleges that the defendants had knowledge of a benefit sufficient to meet the civil standard of ‘knowing or reckless.’”).

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CERTIFICATE OF SERVICE

I hereby certify that I caused to be served true copies of the Division of Enforcement's (the "Division") Post-Hearing Reply Memorandum of Law and the Division's Response to Respondent's Post-Hearing Statement of Facts and Conclusions of Law on this 8th day of June, 2015, on the following by the specified means of delivery:

By facsimile and overnight delivery:

Brent J. Fields, Secretary
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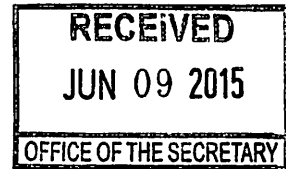
Dated: June 8, 2015

SMS

Sandeep Satwalekar



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June 8, 2015

VIA FACSIMILE AND UPS OVERNIGHT

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Re: *In the Matter of Gregory T. Bolan, Jr. and Joseph C. Ruggieri*, AP File No. 3-16178

Dear Mr. Fields:

Please find attached for filing the Division of Enforcement's (the "Division") Post-Hearing Reply Memorandum of Law, Division's Response to Respondent's Post-Hearing Statement of Facts and Conclusions of Law, and a certificate of service. The overnight mail contains the original and 3 copies of each document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "SMS" with a long horizontal stroke at the end.

Sandeep Satwalekar
Division of Enforcement

cc: Judge Jason S. Patil (by e-mail w/encls.)
Paul Ryan, Esq. (by e-mail w/ encls.)
Silvia Serpe, Esq. (by e-mail w/ encls.)