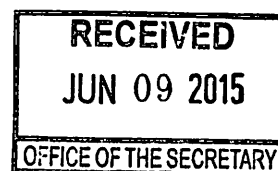


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16178



In the Matter of

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

Respondents.

RESPONDENT RUGGIERI'S REPLY TO THE DIVISION OF ENFORCEMENT'S
POST-HEARING MEMORANDUM OF LAW

The Division's case has unraveled. Respondent made clear from the outset of this case that this Court should approach the Division's theory with great skepticism. These warnings were borne out. The Court need look no further than the most recent event. On May 28, after more than six months of countless accusations about the lying and scheming Greg Bolan, the SEC released its settlement agreement with him. This settlement – for a non-scienter violation of Section 17(a)(3) of the Securities Act – does not even mention any “tip” and allows this purported fraudster and serial liar to return immediately to work in the securities industry. The settlement dovetails with the Division's failure at the hearing to elicit a single meaningful fact to support its ever-changing theories. Indeed, every fact in this case points in the same direction: there was no insider trading.

Having failed to make its case against Mr. Ruggieri, in its post-trial brief, the Division – as it did in closing arguments – resorts to mischaracterizing the evidentiary record as follows:

- The Division asserts that, during his investigative testimony, Mr. Ruggieri “did not deny trading in anticipation of ratings changes”. *See* The Division of Enforcement's Post-Hearing Memorandum of Law (“Div. Br.”) at 28. From this, the Division would have the Court infer Mr. Ruggieri's guilt. But the Division's premise is false: Mr. Ruggieri emphatically testified that he never traded on the basis of material nonpublic information. *See* DIV 111 (Ruggieri Investigative Testimony) at 74:11-75:8; 75:12-25; 76:4-7; 78:15-17; 80:14-18; 82:9-11; 84:11-

16; 104:12-21; 109:9-16; 125:15-19; 126:2-18; 128:12-20; 143:1-144:4; 152:25-153:6; 168:15-25; 174:3-15. Not only is the Division's assertion false, its logic does not even hold up: Mr. Ruggieri's testimony that he did not remember specifics about the trades only bolsters his credibility. Read in context, he had already denied trading on material nonpublic information prior to being asked about specific trades that took place years – and billions of trades – ago.

- The Division characterizes Mr. Ruggieri as “aggressive” and “ambitious”, *see* Div. Br. at 1, 4, 26, 27, plucking out of context two words from ten days of testimony. *See* Tr. 1498:2-1500:2 (Wickwire, aggressive); Tr. 2059:17-19 (Ruggieri, ambitious). But these two words prove nothing: is the Division really saying that being “aggressive” or “ambitious” is a violation of the securities laws? Or that those qualities alone should allow the Court to infer that Mr. Ruggieri is someone who would engage in insider trading?
- The Division claims that Mr. Ruggieri was Mr. Bolan's mentor. *See* Div. Br. at 2, 4, 5, 19. The Division used the word “mentor” no less than seven times in its closing argument and it devotes two separate paragraphs to it in its proposed findings of facts. Having already addressed this mentor argument in his post-trial brief (at 2, 16-17), Respondent notes only that the Division does not even use this throwaway comment honestly: it ignores the fact that Mr. Mackle testified that Mr. Ruggieri “tried to mentor not only Mr. Bolan, but also another younger analyst.” *See* Tr. 3215:17-23 (Mackle). As it has done time and again, the Division sets aside evidence that it deems inconvenient.
- The Division describes the supposedly “extraordinarily large profits” and Mr. Ruggieri's “significant monetary incentive” for the trades, *see* Div. Br. at 24, and 27, but the trades here did not even have a meaningful impact on Mr. Ruggieri's loss ratio, let alone a financial benefit to him. *See* Ruggieri Proposed Findings of Fact (“FOF”) ¶ 19. Moreover, the Division seeks to have it both ways: the extraordinary profits completely contradict the Division's new theory that Mr. Ruggieri wanted to keep his profits “not so large” so as to “fly under Brown's radar.” *See* Div. Br. at 27. Which is it?
- The Division claims that Mr. Ruggieri's “positive feedback contributed to Mr. Bolan's promotion”, *see* Div. Br. at 36, but the evidence at the hearing showed precisely the opposite: Mr. Bolan would have been promoted no matter what. *See* FOF ¶¶ 338-370.
- The Division claims that Mr. Ruggieri “concedes” that Mr. Bolan's channel checks were at times material and should have been published. *See* Div. Br. at 16. But the Division omits that this purported concession that the channel checks were “probably” material was explicitly made “in hindsight.” *See* Tr. 2384:21-2385:17 (Ruggieri). To the extent that Mr. Ruggieri's opinion regarding the materiality of Mr. Bolan's channel checks even matters, all that is relevant is what he thought at the time, and the testimony was crystal clear: Mr. Ruggieri never knowingly disseminated research prior to publication. *See* FOF ¶¶ 147-153.
- The Division fabricates that Mr. Ruggieri was a “self-promoter”: not a single witness described him that way. Div. Br. at 1, 27.
- The Division asserts that Mr. Bolan “needed” Mr. Ruggieri's help in order to become a “top-ranked” analyst, *see* Div. Br. at 2, 33, in spite of the fact that he was ranked third by the

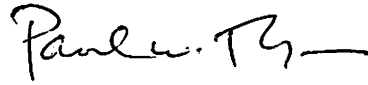
trading division before Mr. Ruggieri set foot in Wells Fargo, and Mr. Bolan's predecessor, Dave Graichen, described Mr. Bolan as "the most trader friendly analyst he had ever had the privilege to work with". *See* FOF ¶ 343.

- The Division asserts that Mr. Bolan "kept Mackle out of the loop on many communications with Ruggieri", *see* Div. Br. at 4, in spite of the fact that the evidence showed that it was Mr. Bolan who proposed a system to encourage simultaneous communication with everyone on the healthcare trading desk. *See* JR-114; Tr. 3437:20-3439:14 (Mackle).
- The Division on multiple occasions suggests that the very fact the trades were profitable somehow also shows that they were intentional and could not have been accidental, a piece of circular logic that should be given no consideration. *See* Div. Br. at 11, 24, 27, and 28.
- The Division asserts that Mr. Bolan "lied" to Mr. Evans about compliance having approved his selective dissemination of channel checks, but there is no evidence to support this. *See* Div. Br. at 25. In fact, Mr. Evans testified that he never verified Mr. Bolan's purported claim. He simply didn't know. *See* Tr. 1259:5-10 (Evans).
- The Division states that Mr. Bolan "falsely claimed that Madsen had told him that he could send non-public research to fewer than twenty clients without violating the firm's policy". *See* Div. Br. at 14. There was no evidence that Mr. Bolan lied about this either. In fact, there was testimony from at least two witnesses that Mr. Bolan's understanding of a rule allowing dissemination of information to a smaller subset of clients was consistent with their own. *See* Tr. 1357:21-1358:13 (Wickwire); 3292:22-3293:20 (Mackle). Moreover, Wells Fargo's compliance policies at all times allowed for the selective dissemination of nonmaterial research. *See* Ruggieri Proposed Findings of Fact ¶ 128, 130-35, and 142.
- The Division casually asserts it will wait until its reply brief to "explain in more detail" why Mr. Ruggieri's clear and convincing explanations for his trades (which were backed by extraordinarily copious contemporaneous documentary evidence) do not match his trades. *See* Div. Br. at 29. As it was during the Motion for Summary Disposition phase of this proceeding, so it is here. The Division is delaying the inevitable. If the Division had arguments to counter the clear record, it would be shouting them from the rooftops, not hiding the ball until the last possible submission. The Division's gambit here sums up its entire case: long on false promises and devoid of actual proof.

The preponderance of the evidence demonstrates that there was no tip and there was no benefit. For the foregoing reasons, Mr. Ruggieri respectfully requests that the Court enter judgment rejecting all claims and dismissing the Order Instituting Proceedings against him.

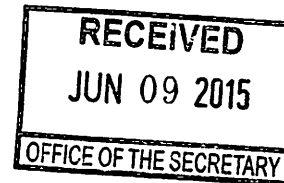
Dated: New York, New York
June 8, 2015

SERPE RYAN LLP

A handwritten signature in black ink, appearing to read "Paul W. Ryan", with a horizontal line extending to the right from the end of the signature.

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Attorneys for Respondent
Joseph C. Ruggieri



June 8, 2015

BY FEDERAL EXPRESS

Brent J. Fields, Secretary
Office of the Secretary
Securities and Exchange Commission
100 F Street N.E., Mail Stop 3628
Washington, DC 20549

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

Dear Mr. Fields:

Please find enclosed Respondent Joseph C. Ruggieri Post-Hearing Reply Brief and Response to the Division of Enforcement's Post-Hearing Proposed Findings of Fact and Conclusions of Law. In accordance with Rule of Practice 152(d), I submit for filing an original and three copies.

Respectfully,

A handwritten signature in black ink that reads "Paul W. Ryan". The signature is written in a cursive style with a horizontal line at the end.

Paul W. Ryan

cc: The Honorable Jason S. Patil (by email to AJJ@sec.gov)
Sandeep Satwalekar, Division of Enforcement (by email)

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
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Respondents.

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of Respondent Joseph C. Ruggieri's Post-Hearing Reply Brief and Response to the Division of Enforcement's Post-Hearing Proposed Findings of Fact and Conclusions of Law on June 8, 2015 upon the following parties by electronic mail in accordance with the parties' agreement:

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Dated: New York, New York
June 8, 2015

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