

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of the Application of:

**Cantone Research Inc., Anthony Cantone, and
Christine Cantone,**

**For Review of Disciplinary Action Taken By
FINRA**

**ADMINISTRATIVE PROCEEDING
File No. 3-18999**

**APPLICANTS' REPLY IN FURTHER SUPPORT RULE 452 MOTION
TO ADD ADDITIONAL EVIDENCE**

Applicants Cantone Research Inc. (“CRI”), Anthony Cantone and Christine Cantone (together, “Applicants”) hereby submit the following Reply in further support of their Motion that the Commission allow the submission of the additional evidence.

For reasons already set forth in Applicant’s Motion, the performance of the investments underlying this proceeding, and payments to their investors, is relevant to the Commission’s review of the NAC’s findings of fact and conclusions of law, including its determinations on credibility, the mindset of the individuals named, and appropriate sanctions to be imposed (if any).

Enforcement opposes the motion by arguing that the ultimate success of the projects upon which this litigation is based is irrelevant because the sole issue presented in this appeal is the materiality of certain background disclosures relating to Mr. Brogdon. This is inaccurate and misconstrues “materiality” analysis presented in this review.

The very first issue presented by Applicants in their Opening Brief¹ is whether Mr. Brogdon’s personal background information altered the “total mix” of information available to the investors at the time the investment was made, thereby making it material and a requisite

¹ Opening Brief in Support of Application for Review pp. 11-25.

disclosure. As stated in the Opening Brief, materiality is an inherently fact-based analysis designed to ensure that no one, particular fact is afforded improper focus. Applicants have argued that certain dated background events relating to Mr. Brogdon are not material because, when considering the “total mix” of information available to investors – including the information relating to the projects themselves and their likelihood of eventual success – the personal background events paled in importance and were therefore not material. Applicants also argued that regarding the element of intent, as the obvious materiality of a fact diminished, so did the likelihood that an individual acted with the requisite intent in failing to disclose it.²

Both of these issues require the Commission to conduct a fact-based, balanced review of all information presented to investors, looking not only for its existence or non-existence but its importance relative to the information as a whole.

Because the evidence submitted by Applicants, pursuant to Rule 452, is material to the Commission’s review of these issues, as well as those previously discussed in Applicant’s Motion, the Commission should grant the motion and add the additional documentation into the record.

² Opening Brief in Support of Application p. 12.

Respectfully submitted this 18th day of September, 2020.

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CERTIFICATE OF SERVICE

I hereby certify that this **APPLICANTS' REPLY IN FURTHER SUPPORT RULE 452 MOTION TO ADD ADDITIONAL EVIDENCE** has been sent to the following parties entitled to notice as follows:

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This 18th day of September 2020



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