

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 OF
SECOND RULE 452 MOTION TO ADD ADDITIONAL EVIDENCE**

For reasons already set forth in Applicants' Motion and the Initial Motion relating to similar evidence,¹ 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).

As set forth in previous submissions, and as Enforcement emphasizes in its Opposition, the materiality of certain background disclosures relating to Mr. Brogdon – an individual involved in some of the underlying offerings – is presented to the Commission for review. In the proceeding below, the NAC found, in several instances, that a specific, omitted background fact relating to Mr. Brogdon was “material,” in that, it had the “potential to alter the total mix” of information available at the time of the offering.²

The “total mix” analysis, however, which the Commission will review and employ on this appeal, is not limited to whether or not a particular undisclosed Brogdon-related fact was

¹ Filed September 11, 2020 and not yet ruled upon.

² NAC Decision, p. 27.

significant vis-a-vis another Brogdon-related fact. Instead, the “total mix” analysis looks at *all* of the information disclosed (as to both Mr. Brogdon and the projects themselves) and determines whether a particular undisclosed fact would have altered the “totality” of information presented to investors.³

Thus, while the Commission, in this appeal, is considering the materiality of Brogdon-related facts, the *assessment* as to whether or not those facts are material requires that the Commission review and assess the totality of information that was actually provided to investors. This includes beyond only Brogdon-specific facts; it also includes the information relating to the projects/developments themselves and their potential for success. Applicants have argued throughout this proceeding – and specifically on appeal – that the NAC’s ruling puts undue focus and weight on the potential materiality of Mr. Brogdon’s undisclosed background information while minimizing the importance of the projects themselves.⁴

The fact that the projects continue to pay interest and provide principal redemptions to investors, corroborate the real-time conclusion by Applicants CRI and Anthony Cantone that the projects were genuine with very real potential for success and, perhaps, profitability.⁵ It evidences that their weighing of all of the information available at the time of the investments at issue gave proper weight to the metrics of the developments themselves. It also is relevant to the Commission’s review on the element of intent. Applicants have argued that as the obvious materiality of a particular fact diminishes, so did the likelihood that an individual acted with the requisite intent in failing to disclose it.⁶

³ NAC Decision p. 23, under heading “c”.

⁴ Opening Brief in Support of Application, p. 3 (and related fn.19), pp. 4-5; pp. 11-12.

⁵ E.g., NAC Decision, pp. 10-11.

⁶ Opening Brief in Support of Application, p. 12.

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 Applicants' Motion, the Commission should grant the motion and add the additional documentation into the record.

Respectfully submitted this 22nd day of April 2021.

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CERTIFICATE OF SERVICE

I, Heidi Vonderheide, certify that on this 22nd day of April 2021, I caused a copy of the foregoing APPLICANTS' REPLY IN FURTHER SUPPORT OF SECOND RULE 452 MOTION TO ADD ADDITIONAL EVIDENCE, through the SEC's eFAP system and served by electronic mail on:

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This 22nd day of April, 2021



Heidi E. VonderHeide

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