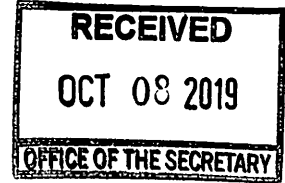


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-19145

In the Matter of

Matthew R. Rossi and
SJL Capital, LLC

THE DIVISION OF ENFORCEMENT'S
REPLY TO RESPONDENTS' POST-
HEARING BRIEF

I. INTRODUCTION

Respondents' latest attempt to avoid civil penalties for the \$1.6 million fraud they perpetrated against their clients should be rejected.¹ Their post-hearing brief merely restates conclusions that were discredited by Rossi's own testimony and cites, without analysis, precedent that is unavailing. Respondents' final word in this matter has failed to prove Rossi's inability to pay, and even if it had, civil penalties are nevertheless in the public interest.

II. ARGUMENT

As argued in the Division of Enforcement's ("Division") post-hearing brief, Respondents have not met their burden of proving inability to pay. This burden remains unmet despite Respondents' conclusory and evidence-free assertions in their post-trial brief. Matthew Rossi ("Rossi") cannot prove that he owes debts to his friends and family, and Respondents omitted significant assets from their calculation of his net worth. (*See* Division Br. 4-6.) Further, Rossi's

¹ This Court already ruled in its order granting the Division's motion for summary disposition that Respondents are liable for disgorgement and prejudgment interest. (*See* Op. 5.) To the extent Respondents claim that ruling should be vacated because of their claimed inability to pay, their arguments fail for the same reasons that Respondents' have not demonstrated an inability to pay civil penalties.

income is sufficient to cover his financial obligations, and the public interest supports civil penalties. (*Id.* at 6-8.)

Respondents' reliance on the decision in the matter of *Scott M. Stephan*, is misplaced. Rel. No. 888, 2015 WL 5637557 (Sept. 25, 2015). The court's decision to deny civil penalties and limit disgorgement in *Stephan* turned on the finding that "Stephan has established that he is unable to pay a substantial civil penalty;" a showing which Rossi has not made and the Division in *Stephan* did "not attempt to rebut." (*Id.* at *5, *7.)

The court in *Stephan* based its finding of inability to pay on evidence that the respondent had no college degree, a "low-paying" job, and he and his wife had filed for Chapter 7 Bankruptcy. (*Id.* at *4.) Rossi cannot make a similar showing. In fact, the exact opposite is true. Rossi has two degrees; he earns a substantial income and bonuses from his employer; and he has not submitted evidence of a bankruptcy claim.² (Division Br. 7). Therefore, *Stephan* is inapplicable to this case, and should be disregarded.

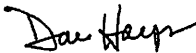
III. CONCLUSION

For these reasons and those set forth in the Division's post-trial brief, the Division respectfully requests that the Court impose civil penalties against Respondents, jointly and severally, in the amount of \$520,311.

² Rossi introduced his resume as a supplemental exhibit, without objection, at the hearing before the Court on August 21, 2019 (Tr. 17-18), but the Division could not locate a copy. Rossi's educational background is included in Part 2A to SJL Capital LLC's March 2016 Form ADV, filed with the SEC, of which the Court can take official notice. *See Keith Patrick Sequeira*, Rel. No. 85231, 2019 WL 995508 at *1, n.2 (Mar. 1, 2019) (taking official notice of respondent's employment history).

Dated: October 7, 2019

Respectfully submitted,

By: 

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CERTIFICATE OF SERVICE

The undersigned attorney certifies that he served the attached **Division of Enforcement's Reply to Respondents' Post-Hearing Brief** on the following parties, on October 7, 2019, via email:

Matthew R. Rossi

[REDACTED]
Fairfield, CT [REDACTED]

Email: [REDACTED]@yahoo.com

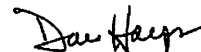
SJL Capital, LLC

c/o Matthew R. Rossi

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Fairfield, CT 06824-3908

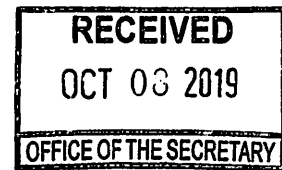
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October 7, 2019

Via UPS Delivery

Ms. Vanessa A. Countryman
Acting Secretary
U.S. Securities and Exchange Commission
Office of the Secretary
100 F Street, N.E.
Washington, DC 20549

**Re: In the Matter of Rossi et al.
Admin. Proc. File No. 3-19145**

Dear Ms. Countryman:

Enclosed for filing please find the original and three (3) copies of: *Division of Enforcement's Reply to Respondents' Post-Hearing Brief*, including *Certificate of Service*.

Respectfully,

Daniel J. Hayes

DJH/dh

Encl.

cc w/ Encl.: Hon. James E. Grimes (via email)
Respondents (via email)