

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 86489 / July 26, 2019**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5310 / July 26, 2019**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 33577 / July 26, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19280**

**In the Matter of**

**TIMOTHY M. ROONEY, SR.**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Timothy M. Rooney, Sr. (“Respondent” or “Rooney”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents

to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Section 203(f) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

#### Summary

This matter involves insider trading in the securities of Vera Bradley, Inc. (“Vera Bradley”) by Timothy M. Rooney, Sr. (“Rooney”), a former registered representative and branch manager of a registered broker-dealer and investment adviser (the “brokerage firm”). From at least March 2015 through at least March 2016, Rooney purchased Vera Bradley stock and options using material, nonpublic information that he obtained from a senior employee of Vera Bradley (the “Vera Bradley Executive”), who was a friend and customer of Rooney’s. Rooney purchased Vera Bradley stock and options in his personal brokerage accounts before four of Vera Bradley’s five earnings announcements during this period, and sold those securities for profits of \$139,673. Rooney also purchased Vera Bradley stock in the accounts of his wife, mother, brother, and many of his other customers before three of Vera Bradley’s earnings announcements during this period, and sold that stock for combined profits of approximately \$436,071. By engaging in this conduct, Rooney violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### Respondent

1. **Timothy M. Rooney, Sr.**, age 57, is a resident of Fort Wayne, Indiana. Rooney holds Series 3, 7, 8, 15, 63, and 65 licenses. Rooney is a certified financial planner and, from January 2001 to October 2018, was a registered representative and manager of the Fort Wayne, Indiana branch office of a broker-dealer and investment adviser dually registered with the Commission. Rooney has been a registered representative associated with various broker-dealers and investment advisers registered with the Commission since January 1986.

#### Other Relevant Entity

2. **Vera Bradley, Inc.** is an Indiana corporation that manufactures handbags, luggage, and accessories and is headquartered in Roanoke, Indiana. Vera Bradley’s stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. Vera Bradley’s common stock is quoted on the NASDAQ and options on its stock are traded on the Chicago Board of Options Exchange. Vera Bradley files periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **Background**

3. Rooney and the Vera Bradley Executive lived in Fort Wayne, Indiana, and have been friends since 2012. The Vera Bradley Executive was also a customer of Rooney at his brokerage firm.

4. During the course of his employment at Vera Bradley, the Vera Bradley Executive regularly received and reviewed material, nonpublic information regarding Vera Bradley's operating results and financial forecasts, including weekly confidential reports which contained quarterly financial forecasts for the company.

5. As of March 2, 2015, the Vera Bradley Executive had material, nonpublic information regarding Vera Bradley's lower than expected financial earnings for the quarter ending March 11, 2015.

6. On March 2, 2015, Rooney met with the Vera Bradley Executive and obtained material, nonpublic information regarding Vera Bradley's financial results. Immediately after their meeting, Rooney purchased Vera Bradley put options for himself.

7. Prior to March 2, 2015, Rooney had never purchased Vera Bradley options. Further, it had been at least four years since Rooney had bought or sold Vera Bradley stock.

8. On March 11, 2015 before the market opened, Vera Bradley announced lower than expected fourth quarter and fiscal year 2015 earnings, and its stock price decreased by 16%, closing at \$15.14 per share. That same day, Rooney sold all of his Vera Bradley put options for profits of \$10,600.

9. Between August 2015 and February 2016, prior to the issuance of Vera Bradley's earnings releases for the second, third and fourth quarters of fiscal year 2016, Rooney obtained material, nonpublic information regarding Vera Bradley's financial results and forecasts from the Vera Bradley Executive. Before the issuance of these earnings releases, Rooney purchased Vera Bradley stock and call options for himself and Vera Bradley stock for his family members and customers. Following Vera Bradley's issuance of these earnings releases, Rooney sold options and stock in his accounts for profits totaling \$129,074 and in the accounts of his family and customers for profits totaling \$436,071.

10. On March 1, 2018, the staff of the Commission issued a subpoena for documents and testimony to Rooney. After receiving the subpoena, Rooney destroyed several business calendars even though he knew they were called for by the Commission's subpoena.

## Violations

11. As a result of the conduct described above, Rooney willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Rooney's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Rooney cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Rooney be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent Rooney shall pay disgorgement of \$139,673, the amount of the profits Rooney obtained as a result of the conduct described in this Order, plus prejudgment interest of \$21,407, and a civil penalty of \$715,417, to the Securities and Exchange Commission for transfer

to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments: \$438,249 within 10 days of the entry of this Order, \$219,124 within 180 days of the entry of this Order, and \$219,124 within 360 days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and pursuant to 31 U.S.C. §3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Timothy M. Rooney, Sr. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kathryn A. Pyszka, Associate Regional Director, U.S. Securities and Exchange Commission, Chicago Regional Office, 175 W. Jackson Boulevard, Suite 1450, Chicago, Illinois 60604.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting

the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary