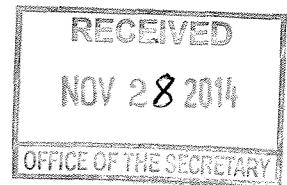


UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION



**In the Matter of Gregory T. Bolan, Jr. and
Joseph C. Ruggieri, Respondents.**

Admin. Pro. File No. 3-16178

**ANSWER OF RESPONDENT GREGORY T. BOLAN, JR. TO ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS**

Respondent Gregory T. Bolan, Jr., by and through undersigned counsel, for his Answer pursuant to S.E.C. Rule of Practice 220 to the Order Instituting Administrative and Cease-and-Desist Proceedings ("OIP") filed by the S.E.C Division of Enforcement in the above-captioned matter, hereby answers and alleges as follows, based upon knowledge and information, with each answer corresponding to a numbered allegations in the OIP:

Sections I, III and IV of the OIP state actions of the Securities and Exchange Commission as to which no response is required, and, to the extent a response is required, Mr. Bolan denies any allegations set forth in those Sections.

As to the allegations set forth in Section II of the OIP, Respondent Bolan hereby answers and alleges as follows:

1. Denied.
2. Denied, except to deny information or belief of the mental state of Respondent Ruggieri and Trader A and the specific amount of alleged "profits" generated by the alleged trading activity.
3. Denied.

4. Denied, except to admit the following specific enumerated facts: Mr. Bolan is currently age 37; worked at Wells Fargo's research department in Nashville, Tennessee from June 2008 to April 2011; was promoted to director in March 2011; focused his research while at Wells Fargo on the contract research organization and health care information technology sub-sectors of the healthcare industry; resigned from Wells Fargo in April 2011; and had previously worked at Jefferies & Co., First New York Securities, LLC, and Opus Trading Fund LLC. In addition, Mr. Bolan honorably served in the United States Army as a rifleman.

5. Paragraph 5 alleges facts about Respondent Ruggieri to which no response from Mr. Bolan is required, and as to which Mr. Bolan lacks specific and verified personal knowledge.

6. Paragraph 6 alleges facts about "Trader A" as to which no response from Mr. Bolan is required, and as to which Mr. Bolan lacks specific and verified personal knowledge, particularly since "Trader A" is not identified in the Complaint and thus Mr. Bolan cannot say with certainty whether these allegations are correct.

7. Paragraph 7 alleges facts about a third party, Wells Fargo, as to which Mr. Bolan at this time lacks personal knowledge or verified information.

8. Denied, including denying the header preceding Paragraph 8.

9. Denied.

10. Denied, except to state that Bolan lacks personal knowledge or verified information of Respondent Ruggieri's specific overnight trading activity over the specific period alleged.

11. Denied, except to state that this allegation is about Mr. Ruggieri, and Mr. Bolan lacks personal knowledge or verified information about the specific profits generated by Mr.

Ruggieri in the Wells Fargo account he traded nor about Wells Fargo's purported agreement to reserve profits it earned from Mr. Ruggieri's trading pending the result of this action.

12. Denied, except to state that Bolan (i) denies personal information as to Mr. Ruggieri's trading activity or the specific time that the alleged PRXL analyst report was published by Wells Fargo, and (ii) refers to the contents of the alleged analyst report for its contents, which speak for themselves.

13. Bolan denies knowledge of the specific time of the publication of the PRXL downgrade alleged in this Paragraph, and thus denies knowledge of all the allegations therein. Bolan otherwise refers to the publicly-available price and volume information, which speaks for itself.

14. Denied, except to deny sufficient information on which to provide a response as to the specific details of the timing of Mr. Ruggieri's trading activity, since the Division of Enforcement only recently produced such information as part of a production of roughly ten million pages of documents.

15. Denied, except to refer to the contents of the alleged Covance Inc. research report, which speaks for itself.

16. Mr. Bolan denies personal knowledge or verified information of the specific timing when Wells Fargo published the alleged analyst report, and thus must deny the allegations of the alleged market movement related to the publication of the CVD report. Mr. Bolan otherwise refers to the publicly-available market and volume data, which speaks for itself.

17. Denied, except to deny personal knowledge or information about the specific phone records and Ruggieri trading activity alleged on the specific dates and times in question

due to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer.

18. Denied, except to refer to the contents of the alleged Albany Medical Research Inc. research report, which speaks for itself.

19. Mr. Bolan denies personal knowledge or verified information of the specific timing when Wells Fargo published the alleged analyst report, and thus must deny the allegations of the alleged market movement related to the publication of the AMRI report. Mr. Bolan otherwise refers to the publicly-available market and volume data, which speaks for itself.

20. Denied, except to deny personal knowledge or information about the specific phone records and Ruggieri trading activity alleged on the specific dates and times in question due to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer.

21. Denied, except to refer to the contents of the alleged Emdeon Inc. research report, which speaks for itself.

22. Mr. Bolan denies personal knowledge or verified information of the specific timing when Wells Fargo published the alleged analyst report, and thus must deny the allegations of the alleged market movement related to the publication of the EM report. Mr. Bolan otherwise refers to the publicly-available market and volume data, which speaks for itself.

23. Denied, except to deny personal knowledge or information about the specific phone records and Ruggieri trading activity alleged on the specific dates and times in question due to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer.

24. Denied, except to refer to the contents of the alleged athenahealth, Inc. research report, which speaks for itself.

25. Mr. Bolan denies personal knowledge or verified information of the specific timing when Wells Fargo published the alleged analyst report, and thus must deny the allegations of the alleged market movement related to the publication of the ATHN report. Mr. Bolan otherwise refers to the publicly-available market and volume data, which speaks for itself.

26. Denied, except to deny personal knowledge or information about the specific phone records and Ruggieri trading activity alleged on the specific dates and times in question due to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer.

27. Denied, except to refer to the contents of the alleged Bruker Corp. research report, which speaks for itself.

28. Mr. Bolan denies personal knowledge or verified information of the specific timing when Wells Fargo published the alleged analyst report, and thus must deny the allegations of the alleged market movement related to the publication of the BRKR report. Mr. Bolan otherwise refers to the publicly-available market and volume data, which speaks for itself.

29. Denied, except to deny personal knowledge or information about the specific phone records and Ruggieri trading activity alleged on the specific dates and times in question due to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer.

30. Mr. Bolan denies Paragraph 30 and the heading above it, except to deny personal knowledge or information of the specific details of trading by "Trader A" who is not identified in the Complaint and to deny sufficient knowledge or information of the specific details of phone

records involving Mr. Moskowitz, due to the to the S.E.C.'s failure to produce copies of such information until shortly before the deadline for filing an Answer, and because the Division of Enforcement has yet to identify some of Mr. Bolan's underlying phone records.

31. Mr. Bolan denies personal knowledge or information of the specific details of trading by "Trader A" who is not identified in the Complaint.

32. Mr. Bolan denies personal knowledge of what unnamed third-party "market professionals were aware of" regarding his research reports.

33. Mr. Bolan denies Paragraph 33, except to refer to the contents of the alleged director nomination form incorporated into this paragraph, which speaks for itself.

34. Denied, except to state that the content of any alleged email referenced in Paragraph 34 speaks for itself.

35. Mr. Bolan denies Paragraph 35 and the Heading preceding Paragraph 35, except to state that he denies current recollection of the alleged instance in which he is alleged to have asked for a job opening for Trader A, the identity of whom Mr. Bolan cannot be certain because Trade A is not identified.

36. Mr. Bolan denies Paragraph 36's allegation that the alleged positive feedback Mr. Bolan received for legitimate activity from Mr. Ruggieri, and his managers at Wells Fargo, was a benefit obtained from tipping Ruggieri, and otherwise denied Paragraph 36, except to reference the alleged director nomination form, the contents of which speak for itself.

37. Mr. Bolan denies knowledge of the details of alleged Wells Fargo annual compliance meetings and the specific terms of specific presentations that occurred over four years ago, and is presently unable to provide such knowledge because the documents underlying Paragraph 37 were not produced to him at any time prior to the commencement of this action.

38. Mr. Bolan denies knowledge of the allegations of Paragraph 37, which relate solely to the actions of Wells Fargo and Mr. Ruggieri.

39. Mr. Bolan states that Paragraph 39 states conclusions about the terms of Wells Fargo policies, to which no response is required.

40. Denied, including the Heading preceding Paragraph 40.

41. Denied.

42. Denied.

DEFENSES

Defendants assert the following defenses, without assuming the burden of proof or any other burden if such burdens would otherwise be on the Commission:

FIRST DEFENSE

The OIP fails to state a claim for which relief can be granted.

SECOND DEFENSE

The OIP violates Mr. Bolan's rights under the due process clause of the United States Constitution and the Administrative Procedure Act, by subjecting him to quasi-criminal sanctions of civil penalties and a collateral industry bar without providing him with adequate procedures to litigate a complex insider-trading case that is rarely, if ever, litigated in an administrative proceeding. Indeed, the S.E.C.'s own general counsel has acknowledged in a June 17, 2014 speech to the District of Columbia bar about the S.E.C.'s outdated Rules of Practice – last amended in 2006 – are “entirely reasonable” and it is fair to question the adequacy of the rules because they were last revised “quote some time ago.” *See, e.g., Daniel Wilson, “SEC Administrative Case Rules Likely Out of Date, GC Says,” Law360.com (June 17, 2014), available at, [7](http://www.law360.com/articles/548907/sec-administrative-case-rules-likely-</i></p></div><div data-bbox=)*

out-of-date-gc-says, (hereinafter “S.E.C. General Counsel June 2014 Speech”). And, as the S.E.C.’s Director of Enforcement has noted it has been “pretty rare” for the S.E.C. to pursue “insider trading actions as administrative proceedings in the past.” Yin Wilczek, “SEC to Pursue More Insider Trading Cases in Administrative Forum, Director Says,” Bloomberg BNA (June 13, 2014), *available at* <http://www.bna.com/sec-pursue-insider-n17179891282/>.

The S.E.C.’s Rules of Practice fail to provide for basic discovery such as interrogatories or requests for admission, fail to specifically authorize third-party discovery, prohibit depositions absent a showing of witness unavailability at a hearing (Rule 233), and call for a schedule that gives respondents less time to prepare for trial than the amount of time it provides Administrative Law Judges to holding a hearing and render a decision (Rule 360(a)(2).) Such grossly inadequate procedures have no place in a complex litigation involving at least 10 million pages of documents turned over for the first time to the Respondents after the commencement of litigation. As the S.E.C.’s General Counsel has noted, changing “procedures to reflect the changes” in the complexity of cases brought in administrative proceedings – such as “allowing more flexibility on current limits to trial preparation time or allowing for depositions” makes “a lot of sense.” S.E.C. General Counsel June 2014 Speech. Accordingly, a longer pre-trial period and depositions are required for the S.E.C. to provide a fair opportunity to present a defense in a hearing under both the due process clause and the A.P.A.

THIRD DEFENSE

The OIP’s claims violate the First Amendment of the U.S. Constitution by seeking to penalize Mr. Bolan for expressing his viewpoints. The OIP seeks to punish Mr. Bolan for speech or nonverbal communication that allegedly “communicated, in words or substance” Mr. Bolan’s opinions about the stocks at issue. (OIP ¶¶ 14, 17, 20, 23, 26, 29-30.) In doing so, without any

clear limitation on what such “words or substance” may be, the S.E.C. violates Mr. Bolan’s right engage in protected free speech to express his opinions about stocks – particularly since he was asked to share his opinions on stocks generally by his employer.

FOURTH DEFENSE

This action violates Mr. Bolan’s equal protection rights by singling him out for prosecution for a complex insider trading case in an administrative proceeding, when it has been “pretty rare” for the S.E.C. to pursue any insider trading case in such proceedings.

FIFTH DEFENSE

The use of an S.E.C. administrative law judge (“ALJ”) in this proceeding violates the requirement that the President “take care that the laws be faithfully executed” under Article II of the United States Constitution because such ALJ’s are only removable “for cause” by S.E.C. Commissioners who themselves are only removable “for cause” by the President. Two layers of good cause removal for such Executive officers violates Article II of the Constitution. *See Free Enterprise Fund v. Pub. Co. Acctg. Oversight Bd.*, 561 U.S. 477 (2010).

SIXTH DEFENSE

This proceeding is not warranted and is not supported by substantial evidence, and constitutes arbitrary and capricious agency action, including under the Administrative Procedure Act.

SEVENTH DEFENSE

The OIP has failed to allege that Mr. Bolan misappropriated any information or property from Wells Fargo, or that Mr. Bolan otherwise violated any fiduciary or similar relationship of trust and confidence, because Mr. Bolan only allegedly provided such information to another

Wells Fargo employee, who is alleged to have traded on such information to the benefit of Wells Fargo.

EIGHTH DEFENSE

The Commission lacks jurisdiction to prosecute or adjudicate this action under § 929B of the Dodd-Frank Act because it brought the action more than 390 days after the issuance of a Wells Notice to Mr. Bolan on August 22, 2013, without enforcement staff timely obtaining the proper extensions of time from the Commission required under § 929B.

NINTH DEFENSE

Respondent Bolan lacked the requisite scienter and suffers from a medical condition that undermines any claim of scienter or intent to engage in securities law violations.

TENTH DEFENSE

No liability, disgorgement, civil penalties or industry bar is warranted because Mr. Bolan did not obtain any tangible benefit from the conduct alleged in the OIP. Since Mr. Bolan did not personally benefit or profit from the alleged misconduct, the allegations fail to state a claim and fail to support disgorgement, civil penalties or any bar.

ELEVENTH DEFENSE

Respondent hereby reserves and asserts all affirmative and other defenses available under any applicable law. Respondent presently has insufficient knowledge or information upon which to form a belief as to whether they may have other, as yet unstated, affirmative defenses available, because the S.E.C. did not produce over 10 million pages of documents until this action was commenced. Therefore, the Respondent reserves his right to assert additional defenses in the event that discovery indicates that they would be appropriate.

PRAYER FOR RELIEF

WHEREFORE, Respondent Bolan respectfully request a Final Judgment:

- (a) Ruling in Respondent Bolan's favor, denying the relief sought by the Commission, and dismissing the OIP with prejudice;
- (b) Awarding Respondent Bolan's reasonable costs and expenses, including attorney's fees, incurred in defending this action; and
- (c) Granting Respondent Bolan such further relief as the Court deems just and proper.

Dated: November 17, 2014
New York, New York

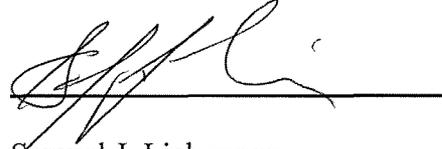
By: 

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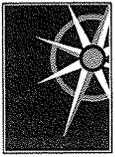
Attorneys for Gregory T. Bolan, Jr.

Certificate of Service

I hereby certify that on November 17, 2014, I served a copy of Respondent Gregory T. Bolan, Jr.'s Answer upon Claimant, the Securities and Exchange Commission, in accordance with the Rules of Practice and the parties' agreement, by emailing a copy to counsel for the Division of Enforcement.

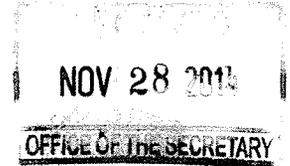
A handwritten signature in black ink, appearing to read 'S. Lieberman', is written over a solid horizontal line.

Samuel J. Lieberman
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November 17, 2014

BY FAX & FIRST CLASS MAIL

Brent J. Fields, Secretary of S.E.C.
Office of the Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549
Fax No. (202)-772-9324

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

Dear Mr. Fields:

Attached please find the Answer to the Order Instituting Proceedings of Respondent Gregory T. Bolan, Jr., which is being sent by facsimile and accompanying hard copy pursuant to Rule of Practice 151. Please contact me if you have any questions,

Respectfully submitted,

Samuel J. Lieberman

cc: All counsel (by email)

The Honorable Jason S. Patil
Administrative Law Judge
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
alj@sec.gov

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