

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9795 / May 28, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 75066 / May 28, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16178

In the Matter of

**Gregory T. Bolan, Jr. and
Joseph C. Ruggieri,**

Respondents.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
AND A CEASE-AND-DESIST ORDER
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AS TO
GREGORY T. BOLAN, JR.**

I.

On September 29, 2014, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Respondents, including Gregory T. Bolan, Jr. (“Bolan” or “Respondent Bolan”).

II.

Bolan 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 it and the subject matter of these proceedings, which are admitted, Bolan consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 (“Order”), as set forth below.

III.

On the basis of this Order and Bolan's Offer, the Commission finds¹ that:

A. SUMMARY

1. These proceedings involve Bolan, a research analyst at Wells Fargo Securities, LLC ("Wells Fargo"), who, in words or in substance, provided notice of at least one forthcoming ratings change to Joseph C. Ruggieri ("Ruggieri"), a trader at Wells Fargo. In March of 2010, Ruggieri traded ahead of a ratings change by selling stock short ahead of one downgrade by Bolan. Ruggieri generated gross profits for Wells Fargo by trading ahead of that ratings change authored by Bolan.

2. By virtue of his conduct, Bolan violated Section 17(a)(3) of the Securities Act.

B. RESPONDENT BOLAN

3. Bolan, age 37, was a research analyst in Wells Fargo's research department in Nashville, Tennessee from June 2008 to April 2011, and was promoted to director in March 2011. Bolan, who was a registered representative at Wells Fargo, focused his research on three sub-sectors of the health care industry: contract research organizations, health care information technology, and life science tools. His ratings changes consistently moved the stock prices of the companies being analyzed. Bolan resigned in April 2011. Prior to joining Wells Fargo in June 2008, Bolan was an associate in the research department at Jefferies & Co., Inc. and a trader at various institutions, including First New York Securities, LLC and Opus Trading Fund LLC.

C. RELEVANT INDIVIDUALS AND ENTITY

4. Ruggieri, age 35, was a senior trader of health care stocks in Wells Fargo's trading department in New York, New York from August 2009 to April 2011. As a senior trader, Ruggieri, who was a registered representative at Wells Fargo, executed customer transactions and placed principal trades on behalf of Wells Fargo.

5. Wells Fargo is a registered broker-dealer headquartered in Charlotte, North Carolina. Wells Fargo provides a broad range of brokerage services to retail and institutional customers, including institutional equities trading and equity research.

¹ The findings herein are made pursuant to Bolan's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

D. ALLEGATIONS

Bolan Communicated Material Nonpublic Information to Ruggieri

6. Bolan, in words or substance, provided notice to Ruggieri about at least one Bolan ratings change before it was made public. For example, in March of 2010, Bolan, in words or in substance, provided notice to Ruggieri about Bolan's ratings change downgrade of Parexel International Corp. ("PRXL") before that downgrade was made public. When this rating change was made public, it impacted the stock price and volume of PRXL. After receiving notice regarding Bolan's upcoming downgrade of PRXL, Ruggieri sold short PRXL stock ahead of Bolan's downgrade. Ruggieri then closed his overnight positions in PRXL shortly after Bolan's ratings change was made public and the stock price had moved.

7. Ruggieri generated profits in his account at Wells Fargo from trading ahead of Bolan's PRXL ratings change. Wells Fargo has agreed to place the amount it received from Ruggieri's trading in reserve pending the adjudication of this matter and has agreed to pay that amount if there is an order requiring the payment of disgorgement.

Parexel International Corp.

8. In late March and early April 2010, Ruggieri traded ahead of Bolan's April 7, 2010 downgrade of PRXL. Bolan's research report, entitled "PRXL: Downgrading to Market Perform Optimism Running High and Valuation Running Even Higher," was published before the market opened on April 7, 2010. Bolan changed his rating from outperform or buy to market perform or hold.

9. After the publication of the PRXL downgrade, PRXL's stock price decreased 3.20% at the market open and was down 4.34% at the market close. On the same day, PRXL's trading volume increased 163% relative to PRXL's average daily trading volume on the thirty days surrounding the PRXL downgrade.

10. After drafting the PRXL downgrade on March 29, 2010, Bolan provided notice of, in words or substance, material nonpublic information about the PRXL downgrade to Ruggieri who then established a short position in PRXL stock. For example, Bolan spoke with Ruggieri before the market opened on March 30, 2010 and again on the morning of March 31, 2010. Ruggieri was a net seller of PRXL stock in his Wells Fargo trading account on both March 30, 2010 and March 31, 2010, ending the day on March 31, 2010 short 10,550 shares. On April 5, 2010, Ruggieri once again was a net seller of PRXL stock, ending the day short 27,750 shares. Ruggieri and Bolan then spoke on the evening of April 5, 2010. On April 6, 2010, Ruggieri sold short additional PRXL stock, ending the day short 52,500 shares. Although Ruggieri previously traded PRXL stock, he had held only three overnight positions in PRXL stock consisting of 54, 5,000, and 10,000 shares during the six months before his trading ahead of the PRXL downgrade. Before the market opened on April 7, 2010, Wells Fargo published Bolan's market-moving report containing

his PRXL downgrade. Later that day, Ruggieri covered his entire short position in PRXL stock, generating gains of \$24,944.

Bolan Was a Respected Analyst in the Sub-Sectors That He Covered.

11. Market professionals were aware of the significance of Bolan's research reports, as evidenced by the Institutional Investor publication naming Bolan the "Best up and Comer" in the Health Care Technology and Distribution sectors for 2010.

12. In Bolan's director nomination form, Bolan's manager stated that Bolan "is viewed by most within the department as a rising star. His efforts lift the entire group and his best practices lead others to follow his example."

Bolan Benefitted from Providing Information to Ruggieri

13. Bolan benefitted from his providing information to Ruggieri by virtue of his friendship with Ruggieri. Within months of Ruggieri joining Wells Fargo, Bolan and Ruggieri had established a strong relationship and rapport.

14. Additionally, Ruggieri, and his managers at Wells Fargo, provided positive feedback to Bolan's managers at Wells Fargo. This feedback helped Bolan to be promoted from vice president to director at Wells Fargo. In fact, in Bolan's director nomination form, Bolan's manager stated "Greg is among the best analysts in the department in terms of his dialogue with trading. We consistently hear from trading that Greg provides great information flow to the desk and they are able to monetize his efforts. They often hold [him] out as the standard."

Bolan Was Aware of the Relevant Wells Fargo Policies.

15. Wells Fargo's research department held annual compliance meetings, before which a PowerPoint presentation was circulated to members of the research department, including Bolan. The presentation for the annual compliance meetings in 2009 and 2010 stated that there should be "no previewing research/opinion/estimates," and that research analysts should have "no discussions on timing and views of reports with anyone outside of research." Bolan received the 2009 and 2010 presentations by email and attended some or all of the annual compliance meetings for these years.

Bolan Acted with the Requisite State of Mind

16. Bolan, for his direct or indirect benefit and in breach of a duty to Wells Fargo, knew or should have known that he was providing notice to Ruggieri, in words or in substance, of material nonpublic information concerning forthcoming ratings changes that he had authored.

E. VIOLATIONS

17. As a result of the conduct described above, Bolan violated Section 17(a)(3) of the Securities Act, which prohibits, directly or indirectly, in the offer or sale of securities, engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.²

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that:

- A. Respondent Bolan cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act;
- B. Respondent Bolan shall pay a civil penalty of \$75,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act. Payment shall be made in the following installments: \$25,000 shall be due within 14 days of this Order, \$25,000 shall be paid within 90 days of this Order and the remaining \$25,000 shall be paid in 180 days of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:
 - (1) Respondent Bolan may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
 - (2) Respondent Bolan 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

² Scienter is not required to prove a violation of Section 17(a)(3).” *Aaron v. SEC*, 446 U.S. 680, 697 (1980). Instead, a violation of this section may be established by showing negligent conduct. *SEC v. Hughes Capital Corp.*, 124 F.3d 449, 453-54 (3d Cir. 1997).

- (3) Respondent Bolan 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 Bolan 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 Sanjay Wadhwa, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, New York, New York, 10281.

C. Respondent Bolan is ordered to pay \$24,944, plus \$4,827.66 prejudgment interest, for a total of \$29,231.66, which shall be deemed satisfied by Wells Fargo's payment of that amount to the Commission for transfer to the general fund of the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act.

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 Bolan, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Bolan 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.

Brent J. Fields
Secretary