

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87044 / September 23, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19482

In the Matter of

RAYMOND J. PIRRELLO,
JR.,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Raymond J. Pirrello, Jr. (“Respondent”).

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 and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From August 2008 through May 2016, Respondent was a registered representative associated with a broker-dealer registered with the Commission. Respondent, 43 years old, is a resident of Jewett, New York.

2. On September 9, 2019, a final judgment was entered against Respondent in the amount of \$21,500 in disgorgement and a civil penalty of \$107,000. The final judgment also permanently enjoined Respondent from future violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b) and § 78n(e)], and Rules 10b-5 and 14e-3 thereunder, in the civil action entitled *Securities and Exchange Commission v. Thomas W. Avent, Jr., et al.*, Case No. 1:16-cv-02459-WMR, in the United States District Court for the Northern District of Georgia.

3. The Commission’s complaint alleged that Respondent received material, nonpublic information from Defendant A, one of his brokerage clients, about three confidential potential acquisitions of publicly-traded companies, and was under a duty not to disclose that information. However, Respondent breached that duty of confidentiality and used information about those acquisitions by tipping Defendant B, a long-time family friend, who then purchased stock or options in each of the target companies. The complaint also alleged that when each merger was announced to the public, the price of the target companies’ stock rose, allowing Defendant B to profit by selling his stock and/or exercising his options in each of the target companies. Finally, the Commission alleged that Respondent and Defendant A each expected to, and received, personal benefits from their interactions, and that Respondent and Defendant B each expected to, and received, personal benefits from their interactions.

4. On August 14, 2019, after an eight-day trial before the United States District Court for the Northern District of Georgia, the jury returned a verdict finding Respondent liable for insider trading in connection with each of the three acquisitions, and specifically finding that Respondent violated Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 thereunder.

IV.

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

Accordingly, it is hereby ORDERED

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Pirrello 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; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Pirrello be, and hereby is 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.

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary