UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **THOMAS C. CONRADT, DAVID J. WEISHAUS, and TRENT MARTIN,** **Defendants.**	**Civil Action No. 12-cv-08676-JSR** **ECF CASE**

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR FINAL JUDGMENT IMPOSING A CIVIL PENALTY AGAINST THOMAS C. CONRADT

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Plaintiff Securities and Exchange Commission (the "Commission") respectfully requests that the Court enter a Final Judgment against Thomas C. Conradt imposing a civil penalty of $2,940,687. Conradt's egregious conduct justifies this significant sanction.

I. BACKGROUND

On November 29, 2012, the Commission filed suit against Conradt and David J. Weishaus alleging that Conradt tipped Weishaus material nonpublic information concerning IBM's plan to acquire SPSS Inc. and that both men traded in SPSS securities on the basis of this information in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].[1] Dkt. 1.

In the Second Amended Complaint, the Commission alleged that after Conradt's roommate tipped him the information about SPSS, Conradt tipped his co-workers Weishaus, Daryl M. Payton, and Benjamin Durant, III, who each purchased SPSS securities and earned $127,485, $243,860, and $606,351, in ill-gotten gains, respectively.[2] Second Am. Compl. ¶¶ 63, 75, 82.[3] Conradt repeatedly updated his fellow brokers with additional tips that he received from Martin because he believed that they were trading in SPSS securities. Conradt Dep. Tr., attached

[1] Conradt was indicted and charged with securities fraud and conspiracy to commit securities fraud relating to his tipping and trading on the basis of material nonpublic information about SPSS. *See* Conradt Indictment, attached as Ex. 1. Subsequently, Conradt pled guilty pursuant to a cooperation plea agreement with the United States Attorney's Office for the Southern District of New York. *See* Conradt Guilty Plea Transcript Excerpt, attached as Ex. 2 at 28:22-31:12, Conradt Plea Agreement, attached as Ex. 3. His guilty plea was later vacated. *United States v. Conradt*, No. 12-cr-887, 2015 WL 480419 (S.D.N.Y. Jan. 22, 2015)

[2] In a related case, the Commission charged Daryl M. Payton and Benjamin Durant, III with insider trading, alleging that they traded SPSS securities after Conradt tipped them the information he learned from Martin. *SEC v. Payton, et al.*, No. 14-cv-4644 (JSR) (S.D.N.Y. June 25, 2014), Dkt. 2. On February 29, 2016, after a two-week trial, a jury found both Payton and Durant liable for insider trading.

[3] The allegations in the Complaint are deemed true for the purposes of this motion. Judgment, Dkt. 53, attached as Ex. 4 ¶ III.

as Ex. 5 at 165:15-170:17. After the public announcement of the acquisition, Conradt went to lunch with Durant to discuss their trading. *Id*. at 177:14-178:3. Durant paid in cash for their lunch, saying he didn't want to leave a paper trail of the meeting. *Id*. at 178:4-178:14. Later that night, Conradt attended a clandestine meeting with his tippees at the Morgan Hotel to help devise a plan in case their trading was detected. *Id*. at 178:15-178:18, 180:11-180:19.

Conradt knew the value of the information he received from Martin – and also understood that trading on the basis of that information would be illegal. Second Am. Compl. ¶¶ 106-109. In fact, he and Weishaus engaged in instant message exchanges where they discussed the need to keep the information confidential and "in the family" and also referred to insider trading actions against Martha Stewart and Mark Cuban. *See id.* ¶ 56; July 1, 2009 Instant Message Excerpt, attached as Ex. 6. Yet despite this understanding, Conradt continued to trade and to tip the others at Europac, stating that "[i]'m setting this deal up for everyone . . . makin [sic] everyone rich." Id. ¶ 60; July 23, 2009 Instant Message Excerpt, attached as Ex. 7.

A. Conradt Agreed to Cooperate and Settled With the Commission.

After this lawsuit was filed, Conradt entered into a Cooperation Agreement with the Commission's Division of Enforcement. *See* Cooperation Agreement, attached as Ex. 8. The Cooperation Agreement required Conradt to cooperate "fully and truthfully in the [SPSS Investigation] and any other related enforcement litigation or proceedings to which the Commission is a party . . . regardless of the time period in which the cooperation is required." Cooperation Agreement ¶ 2. Specifically, the Cooperation Agreement required Conradt's "full, truthful and continuing cooperation" including:

c. respond[] fully and truthfully to all inquiries, when requested to do so by the Division's staff . . . .;

d. testify[] at trial and other judicial proceedings, when requested to do so by the Division's staff . . . .

Id. In exchange for his cooperation the Commission's Division of Enforcement agreed to inform the Commission of the fact, nature, and extent of the cooperation so that the Commission could take it into account when determining which remedies to seek or impose. *Id.* ¶ 6.

Subsequently, Conradt consented to the entry of a judgment to resolve this case. Consent, Dkt. 53, attached as Ex. 9. In Conradt's consent, the Commission agreed that it would not seek a civil penalty in excess of $2,533 unless it determined that Conradt failed to "full, truthful, and continuing cooperation." *Id.* ¶ III. Indeed, Conradt's Judgment recognizes that the Commission may ask the Court to impose a penalty greater than $2,533, if, in its "sole discretion," the Commission determines that Conradt failed to cooperate fully. *Id.* The Judgment further provides that the Commission may seek a civil penalty greater than $2,533 if Conradt "knowingly provided false or misleading information . . . in a related proceeding." *Id.*

As part of his consent, Conradt admitted that: (1) Martin had informed him that SPSS was going to be acquired by IBM; (2) Conradt understood this was material nonpublic information that Martin should not have shared with him; (3) it would be unlawful to trade on the basis of the information; (4) he willfully traded on the basis of the information; and (5) that he willfully disclosed the information to several of his work colleagues. *Id.* ¶ 2 (a)-(e). Conradt later also executed a declaration where he admitted that he and others met at a hotel on the night of the announcement and "acknowledged their trading on the basis of, and profits from, the information about the SPSS Transaction that had originated with Martin." Sept. 15, 2013 Declaration of Thomas C. Conradt ¶ 14, attached as Ex. 10.

On February 25, 2015, this Court deferred the determination of the civil penalty against Conradt until after the conclusion of the trial in *SEC v. Payton, et al.*, No. 14-cv-4644 (JSR). Dkt. 64.

B. Conradt Unsuccessfully Attempted to Vacate his Judgment.

After Conradt had pled guilty and consented to settle the Commission's charges against him, the Second Circuit issued its opinion in *United States v. Newman*, 773F.3d 438 (2d Cir. 2014). *Newman* had a direct effect on the parallel criminal case as the court vacated Conradt's guilty plea and dismissed the criminal charges against Conradt and his SPSS co-conspirators. *United States v. Conradt*, No. 12-cr-887, 2015 WL 480419 (S.D.N.Y. Jan. 22, 2015); *United States v. Conradt*, No. 12-cr-887(ALC), Dkt. 170.

Then, despite having previously agreed to settle the Commission's action, Conradt sought to have his civil judgment opened pursuant to Federal Rule of Civil Procedure 60(b). Dkt. 72, 73. This Court subsequently denied that request, noting that a "deal is a deal" and holding that Rule 60(b) was not intended to give one party the "benefits of finality while placing the other side at risk that future judicial decisions will deprive them of the benefit of their bargain." Dkt. 81 at *4. Conradt appealed that decision and continued his efforts to escape civil liability for his actions. Dkt. 85.

C. Despite his Agreement to Cooperate Conradt Attempted to Undermine the Commission's Case against Payton and Durant.

Conradt attended numerous proffer sessions led by the FBI, and engaged in telephonic interviews with the Commission staff. He also agreed to make certain admissions as part of his Consent and later signed a declaration which the Commission used in its motion for summary judgment against Weishaus. Subsequently, the Second Circuit issued its *Newman* decision. When Conradt was deposed in June 2015, after *Newman*, for the most part he testified

consistently with his prior on and off-the-record statements. He testified that he tipped the information that Martin gave him to Weishaus, Payton and Durant. Ex. 5 at 130:4-130:7, 149:2-150:9. He also testified that as he received additional updates from Martin, he continued to pass the information to Weishaus, Payton and Durant because he believed that they were trading on the basis of the information. *Id*. at 160:5-11, 165:15-166:13, 168:6-171:2.

However, during the February 2016 trial of Payton and Durant, Conradt ceased complying with his Cooperation Agreement and attempted to undermine the Commission's case by not providing truthful testimony and failing to cooperate with the Commission.

1. Conradt's Trial Testimony Was Not Truthful.

Conradt's trial testimony was not full and truthful. The Court, in fact, took note of Conradt's evasiveness and lack of recollection. During Conradt's first day of testimony, the Court examined Conradt outside of the presence of the jury in an attempt to discern whether he was testifying truthfully, later explaining that, "because it did seem to me, just as an observer, that Mr. Conradt was being, I think the legal term is 'cute,' in his answers. I was concerned with the purity of the process." Trial Tr., attached as Ex. 11, at 214:10-214:14. The Court further elaborated, stating:

> the answers Mr. Conradt had given to questions put by counsel prompted me, outside the hearing of the jury, to put some more direct questions to the witness because it appeared to me that he was not being totally candid and truthful or at least I was getting the strong vibrations. And nothing you can say about that will change my mind, I don't think.

Id. at 215:6-215:12.

In early 2013, Conradt proffered with the United States Attorney's Office, the FBI, and Commission, and provided critical information about the details that he tipped Payton and Durant. *See* FBI Forms 302 dated Feb. 19, 2013, March 24, 2013 and March 25, 2013, attached

as Ex. 12, 13, and 14. On July 17, 2015, Conradt testified at a deposition in a materially similar manner. In sum, prior to trial, he stated that on at least three occasions he told Payton and Durant that his roommate, Martin, had told him that IBM was going to acquire SPSS and that they should keep the information to themselves. Ex. 5 at 130:4-130:7, 149:2-150:9, 160:5-11, 165:15-166:13, 168:6-171:2; 172:20-173:7. Conradt's memory was clear, the testimony unwavering and he did not complain that the passage of time had diminished his recall. The Commission relied on these statements in opposition to summary judgment filed by Payton and Durant, and the importance of Conradt's testimony was apparent. Comm. Opposition to Defs.' Motion for Summary Judgment, attached as Ex. 15, at pp. 10-12, 15, 19, 22.

However, at trial Conradt's testimony materially differed on several key points. With respect to several important facts Conradt either claimed a lack of recollection or testified to completely contradictory facts. The Commission was forced to impeach Conradt with his deposition testimony where he had testified definitively about the key issues such as what Durant knew about Martin, the information he tipped to Durant and Payton, and whether he told Durant and Payton that Martin has instructed him to keep the information confidential. Ex. 11 at 237:19-241:15 (Conradt feigned lack of recollection and was impeached about the specific details Durant knew), 242:23-244:8 (Conradt feigned lack of recollection and was impeached about the specificity of the information he tipped to Payton), 256:15-257:13 (Conradt feigned lack of recollection and was impeached about Durant requesting additional updates), 272:14-274:11 (Conradt feigned lack of recollection and was impeached about telling defendants that Martin said not to tell anybody), 364:14-365:10 (Conradt feigned lack of recollection and was impeached about passing increasingly specific information from Martin to defendants). Having had a clear memory of these and other details at his deposition only seven months earlier,

Conradt's claimed of lack of recollection at trial is not credible and there is a sufficient basis to conclude he was seeking to frustrate the Commission's case at trial for his own self-interests.

Conradt's false or misleading testimony was most apparent with regard to two important issues – personal benefit and whether there was a specific quid pro quo. At his initial proffer, years before the Second Circuit's decision in *Newman*, Conradt said that Martin explicitly tied his tipping of the SPSS information to Conradt's assistance when Martin was arrested for an unrelated issue (a drunken dispute). According to the FBI 302, Conradt stated:

> Martin was very appreciative of Conradt's advice. After the buyout of SPSS by IBM, Martin told Conradt he wanted to get Conradt back for helping him (Martin) out with the arrest situation and that was part of the reason why Martin shared the information about SPSS with Conradt.

Ex. 12 at p. 9.

At trial, on examination by defense counsel, Conradt flatly denied what he had previously told the FBI:

> Q: And [Martin] didn't tell you in that conversation that the reason he'd given you the SPSS information in any of your discussions was because of your help after Grand Central?
>
> A: No, it seemed like more of an afterthought, like kind of thanks for being a good guy about that situation.

Ex. 11 at 286:18-286:22.[4]

At his July 2015 deposition, when questioned about whether he passed an additional, more specific tip from Martin on to Durant and Payton, Conradt was unequivocal, saying "Yes." He went on to testify "I just relayed again what Trent had told me about IBM and that it was

[4] Notably, in responding to this question, and most of defense counsels' questions asking for his recollection of specific facts, Conradt did not claim a lack of memory. For example, when defense counsel questioned Conradt about what specific information he had revealed to Martin regarding a rent reduction he was negotiating in May to June of 2009, Conradt's recollections were clear and precise. *Id*. at 294:22-295:23.

happening soon." Ex. 5 at 165:15-165:24. This answer was consistent with his prior statements to the FBI. Ex. 13 at p. 6. At trial, however, when asked whether he "went to Daryl Payton and [] told him that IBM was buying SPSS and it was happening soon," Conradt instead testified "I can't say that with any certainty sitting here today." Ex. 11 at 364:14-364:17.

The minimization of his testimony on key issues such as this was clearly designed to assist the defendants with whom Conradt's interests were aligned.

2. Conradt Did Not Cooperate with the Commission.

Second, Conradt, through his counsel, refused to cooperate with the Commission. Conradt's testimony took place over two days. As described above, during the first day of testimony Conradt minimized key facts and/or claimed lack of recollection. After observing this inconsistent testimony, counsel for the Commission confronted Conradt's counsel regarding his testimony and asked, specifically, what questions (and communications) defense counsel had asked Conradt (directly and through his counsel). *Id*. at 208:18-209:10. In response, Conradt's counsel refused to share what defense counsel had said, claiming a "joint defense" and "common interest" privilege with Payton and Durant. *Id*. at 211:1-211:10.

Because of this failure to cooperate, the Commission was unable to assess why Conradt's trial testimony was fundamentally different than his deposition testimony and unable to prepare to deal with these issues. Payton's counsel later denied that any joint defense agreement existed with Conradt. *Id*. at 209:23-210:1. Indeed, it appears that Conradt's counsel claimed the existence of a joint defense privilege (when there was none) to frustrate the Commission's efforts to learn what the defense had asked Conradt and what Conradt had communicated to the defense. The next day, under questioning by the Court, Conradt's counsel was forced to admit that

Conradt had provided responses to questions from defense counsel including answers about "clarifications about the record." *Id*. at 212:3-212:24.

Under the terms of the Cooperation Agreement the Commission was entitled to know the questions defense counsel asked Conradt and Conradt's responses. As the Court recognized, none of this information was privileged. *Id.* at 211:24-212:2; 213:6-213:14. This refusal was a material violation of the terms of the Cooperation Agreement, requiring Conradt to respond "fully and truthfully to all inquiries, when requested to do so by the Division's staff."

3. Conradt Had a Strong Motive to Frustrate the Commission's Efforts.

It appears that Conradt's contradictory testimony and failure to cooperate with the Commission was driven by his own self-interest. In February 2015 Conradt first informed the court of his intent to attempt to vacate his settlement. *See* Feb. 25, 2015 Hearing Transcript Excerpt 13:19-14:1, attached as Ex. 16. At that time, the Court put Conradt on notice that the maximum penalty to be sought against him was approximately $3 million, noting that this result was "about a million percent higher" than the penalty he had previously negotiated. *Id.* at 16:1-16:7.

By the time Conradt testified at trial, he had lost his motion to vacate his settlement with the Commission. He appealed and then asked that the Court of Appeals stay the appeal until the resolution of the Commission's trial against Durant and Payton, arguing: "the outcome of the trial against Mssrs. Payton and Durant likely will confirm that . . . *Newman* sufficiently changed or clarified the law governing the SEC's insider trading charges against Appellants to warrant relief under Federal Rule of Civil Procedure 60(b)." *SEC v. Conradt, et al.*, No. 15-2887 (2d Cir. Dec. 3, 2015), Dkt. 49-2, attached as Ex. 17. His interests were then directly aligned with Durant and Payton as he would potentially benefit from a Commission loss at trial. In fact, his counsel

admitted as much when she claimed to have a joint defense or common interest privilege with Durant and Payton.

As a lawyer, who admitted he had read another witness' deposition and briefing filed with the Court in the case, Conradt was well aware of how to best undermine the Commission's case. In the successful opposition to defendants' motion for summary judgment in *SEC v. Payton*, the Commission relied on Conradt's deposition testimony regarding tipping Durant and Payton and Martin's statement that the SPSS tip was a "thank you" for Conradt's prior legal assistance. Commission's Opposition to Defendants' Motion for Summary Judgment, *SEC v. Payton, et al.*, No. 14-cv-4644 (JSR) (S.D.N.Y. Aug. 24, 2015), Dkt. 60. So it is not surprising that Conradt's testimony on these key issues and elements was contradictory or plagued by lack of recollection.

II. CONRADT'S EGGREGIOUS CONDUCT JUSTIFIES THE MAXIMUM PENALTY

The Court should impose a penalty of $2,940,687, or three times the illegal profits earned by Conradt and his tippees. The Court is authorized to impose a civil penalty up to "three times the profit gained" in an insider trading case. 15 U.S.C. § 78u-1(a)(2). These civil penalties "are designed to punish the individual violator and deter future violations of the securities laws." *SEC v. Haligiannis*, 470 F. Supp. 2d 373, 386 (S.D.N.Y. 2007). This penalty is warranted based on Conradt's outrageous conduct.

A. Conradt's Breach of the Cooperation Agreement Justifies a Maximum Penalty.

Had Conradt fulfilled his cooperation obligations the Commission would have been required to ask the Court to impose a penalty no greater than $2,533.[5] However, as demonstrated above, Conradt chose to willfully violate the Cooperation Agreement and his judgment, by providing false or misleading testimony and refusing to cooperate with the Commission. Conradt's actions not only invalidate the Commission's commitment to seek a limited penalty, but they also justify the substantial penalty the Commission now seeks.

While the Commission is not aware of any prior reported cases dealing with the breach of an SEC cooperation agreement, the analogous law in the criminal setting provides that "[a] material breach is one that deprives the non-breaching party of the benefit of its bargain." *United States v. Davis*, 393 F.3d 540, 546-47 (5th Cir. 2004). In determining whether a material breach has occurred, courts looks to the terms of the agreement and to the parties' anticipated benefits. *United States v. Hoffenberg*, 908 F. Supp. 1265, 1276 (S.D.N.Y. 1995). *See also United States v. Byrd*, 413 F.3d 249, 251 (2d Cir. 2005) (courts apply a preponderance of the evidence standard in evaluating a breach). A material breach occurs where a defendant promises to disclose truthfully all information about which the government inquires, but instead responds with any false statement, misleading statement or omission. *Id*. When a defendant breaches a plea agreement, the government is entitled to specific performance or to be relieved of its obligations under the agreement. *See Byrd*, 413 F.3d at 251; *United States v. Cimino*, 381 F.3d 124, 128 (2d Cir. 2004).

[5] Of course, the Judgment only limited what the Commission could request. It does not limit what the Court can impose in a situation like this where there is no agreed upon penalty. 15 U.S.C. § 78u-1(a)(2).

Conradt's untruthful testimony and feigned lack of recollection supports a maximum penalty. *See SEC v. Drucker*, 528 F. Supp. 2d 450, 452-54 (S.D.N.Y. 2007) (imposing a substantial penalty in an insider trading case, based in part, on defendant's perjury during trial); *SEC v. Anticevic*, No. 05 CV 6991, 2010 WL 2077196, at *8 (S.D.N.Y. May 14, 2010) (imposing a three-time penalty based, in part, on defendant's post-conduct behavior, including his violation of his conditions of supervised release and "flagrant disregard for the law").

Conradt materially breached the Cooperation Agreement and therefore he should not be entitled to the benefit he negotiated under the terms of his settlement. The Commission was deprived of its anticipated benefit, including truthful and fulsome trial testimony and responses to requests for information. Conradt provided neither.

B. Conradt's Tipping and Trading also Support a Maximum Penalty.

Conradt's conduct in taking the SPSS information from Martin and sharing it with his Europac "family" was the result of a calculated, organized, conspiracy. Conradt knew it was illegal to share this information and even had conversations about not going to "jail" like Martha Stewart for insider trading. *See* Ex. 6. Yet despite understanding the risks, Conradt repeatedly tipped his fellow brokers, reassured them the information was good, and ultimately participated in a lunch the day of the announcement and the clandestine meeting at the Morgan Hotel to help devise plans to evade detection. Conradt's conduct fully justifies the substantial penalty the Commission requests.

Courts look to a number of factors to determine an appropriate civil penalty, including "(1) the egregiousness of the defendant's conduct; (2) the degree of the defendant's scienter; (3) whether the defendant's conduct created substantial losses or the risk of substantial losses to other persons; (4) whether the defendant's conduct was isolated or recurrent; and (5) whether the

penalty should be reduced due to the defendant's demonstrated current and future financial condition." *SEC. v. Gupta*, No. 11 Civ. 7566, 2013 WL 3784138, at *3-4 (S.D.N.Y. July 17, 2013); *see also SEC v. Rajaratnam*, 822 F. Supp. 2d 432, 433 (S.D.N.Y. 2011); *Haligiannis*, 470 F. Supp. 2d at 386. These factors all weigh in favor of a maximum penalty.

Conradt's conduct was egregious. The record is clear that Conradt, a trained lawyer and licensed stockbroker, intentionally traded and tipped at least three of his friends and fellow stockbrokers. As Conradt said in instant messages with Weishaus, he was "setting this deal up for everyone" and wanted to keep the information "in the family." Ex. 6 & 7. Moreover, he did not simply engage in a single incident of misconduct. Instead, in keeping with his goal of "makin [sic] everyone rich" Conradt continually updated Weishaus, Payton, and Durant concerning the additional inside information he received so that his tippees could profit. *See* Ex. 7; *SEC v. Contorinis*, No. 09 Civ. 1043, 2012 WL 512626, at *4 (S.D.N.Y. Feb. 3, 2012), *aff'd* 743 F.3d 296, 301 (2d Cir. 2014), *cert. den*. 136 S. Ct. 531 (2015) (holding that multiple trades in one company over a series of weeks weighs in favor of injunctive relief).

Throughout his appeal in this action and his testimony in the trial of *SEC v. Payton*, Conradt has contested the notion that his conduct violated the law. As such, there is no basis to conclude that his conduct will be isolated to this violation. Additionally, Conradt is a licensed attorney and is only 38 years old, so there is no demonstration of a future financial condition that would prevent him from paying his penalty.

Conradt's illegal trading and tipping also caused both the risk of loss, and actual losses, to others in the market at the time of the trades where counterparties traded without the benefit of the inside information. Such financial losses were additional to the harm caused by insider trading in general, which damages investor confidence in the fairness and integrity of the

markets, resulting in the loss of investor participation in those markets. *See United States v. O'Hagan*, 521 U.S. 642, 658 (1997). Indeed, based on Conradt's standing as a licensed market-professional, and an attorney, his misconduct was particularly egregious and threatening to the markets.

The Court has broad authority to impose a penalty based on the illegal profits gained by Conradt's tippees. "A tippee's gains are attributable to the tipper, regardless whether benefit accrues to the tipper." *SEC v. Warde*, 151 F.3d 42, 49 (2d Cir. 1998). Pursuant to Section 21A of the Exchange Act, any person who commits insider trading, whether by trading or by tipping, is subject to a civil penalty in an amount up to "three times the profit gained or loss avoided as a result of such unlawful purchase, sale, or communication." 15 U.S.C. § 78u-1(a)(2). *See also SEC v. Gupta*, 569 Fed. Appx. 45, 48-49 (2d Cir. 2014) (affirming imposition of treble penalties for insider trading and noting that a tippee's gains are attributable to the tipper); *SEC v. Sekhri*, No. 98 Civ. 2320, 2002 WL 31100823 (S.D.N.Y. July 22, 2002) (imposing the maximum civil penalty against tipper based on tippee's profits).

Under these circumstances, imposition of a significant penalty is necessary to effectuate Congress's purpose of making insider trading a "money losing proposition" for Conradt and for any others who would consider it. *Cf. Gupta*, 2013 WL 3784138, at *2 (imposing three-times penalties and rejecting claim that criminal penalties were sufficient), *Rajaratnam*, 822 F. Supp. 2d at 434. Indeed, penalties are designed not only to punish the wrongdoer, but also to "*deter future violations of the securities laws*." *Haligiannis*, 470 F. Supp. at 386 (emphasis added). Thus, the impact of this civil penalty on Conradt is not the end of the inquiry. Even to the extent that Conradt does not have the financial means to currently pay the penalty, a significant civil penalty against Conradt is important as it will deter future potential violators of the securities

laws. This is especially true here where Conradt's egregious conduct did not end with his insider trading. Even after violating the law, and then conspiring to cover up his wrongdoing, he went on to enter into a Cooperation Agreement with law enforcement that he willfully breached. This continued disregard for his obligations under the law – by a licensed broker and attorney, no less –should be appropriately punished so that others know that they will be held accountable for their actions should they consider the same path as Conradt.

III. CONCLUSION

For the reasons herein, the Commission respectfully requests that the Court impose a penalty three-times $980,229, which is equal to $2,940,687.

Dated: March 18, 2016

Respectfully Submitted,

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