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## SEC Fines BOK Financial Over Municipal Bond Scheme.

BOK Financial Corp. has agreed to pay $1.6 million to the Securities and Exchange Commission to settle charges it failed to exercise proper oversight over a series of fraudulent bond offerings by a Georgia businessman.

The SEC also filed a complaint against a former senior vice president at the bank, Marrien Neilson. The agency said Neilson failed to properly oversee bond offerings by an Atlanta-based businessman, Christopher F. Brogdon.

Brogdon has been charged separately with fraud and ordered to repay $85 million to investors in a scheme to buy and renovate senior-living centers.

The SEC said BOK failed in its gatekeeper role as indenture trustee and dissemination agent for Brogdon's bond offerings. Tulsa-based BOK Financial is parent to Bank of Oklahoma, the state's largest bank.

"BOKF was in a crucial gatekeeper position to stand up for bondholders and notify them about material problems with the bonds, but instead turned a blind eye and chose to protect Brogdon and the fees it collected from his deals," said Lara Shalov Mehraban, associate regional director in the SEC's New York office, in a news release Friday.

BOK did not admit or deny the SEC's findings. The bank agreed to pay disgorgement of more than $984,000 in fees it collected on the bond deals. BOK also will pay a penalty of $600,000 and interest of more than $83,500. "With today's settlement agreement, we can put this matter behind us and move forward," Scott Grauer, BOK's executive vice president, said in a statement. "Our company has built its solid reputation by being a good corporate citizen, serving the needs of clients and communities with integrity, and never sacrificing our values in the interest of short-term results.

"The actions of a former employee in this matter are completely contrary to our guiding principles. Our board of directors and audit committee have worked with the SEC to create policies and procedures to prevent this from happening again."

BOK took a $1.6 million charge to its first-quarter earnings for legal contingencies related to the case.

The SEC said the bank and Neilson were aware that Brogdon was withdrawing money from reserve funds for the bond offerings and didn't replenish the reserve accounts.

BOK and Neilson also were aware one of the nursing homes put up as collateral had been closed for years, the agency said.

The SEC said Brogdon, 67, amassed nearly $190 million from dozens of municipal bond and private placement offerings for nursing homes, assisted-living facilities and other retirement community projects. The agency said he commingled investor funds, diverting investor money to other business ventures and personal expenses.

According to its civil complaint against Neilson, the SEC said she brought Brogdon in as a client to BOK in 2000.

Neilson, 66, was a senior vice president in the bank's corporate trust department from 2007 until she was fired in July 2015.

Some employees at the bank's corporate trust department in Tulsa raised concerns with Neilson about the Brogdon bond offerings, the SEC said.

"They described the offerings to her as a 'house of cards' or that Brogdon was 'robbing Peter to pay Paul,' phrases they also heard used by brokers who called with questions about the status of the bonds," the SEC said in the complaint.

"Neilson herself received at least one complaint in 2012 that Brogdon was running a Ponzi scheme. Nevertheless, Neilson never escalated these complaints internally at BOKF and did not express concerns to others in Tulsa Corporate Trust about the offerings."

Neilson, a former Broken Arrow resident, has been living in Mexico since March, the SEC said in its complaint.

THE OKLAHOMAN

by Paul Monies

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