

Bond Case Briefs

Municipal Finance Law Since 1971

SEC Recommends No Action Against Former Babylon Town Finance Adviser.

Jacob assisted Babylon Town with annual bonding by acting as a “liaison between the town, the brokerage firms, and bond counsel,” according to a town spokesman.

The U.S. Securities and Exchange Commission has concluded its investigation into Babylon Town’s former municipal finance adviser and is taking no further action.

Sheldon Pollock, assistant regional director for the SEC’s Division of Enforcement, sent a letter to the town in November that stated the SEC had finished its investigation of Doug Jacob, a subcontractor for the town. “Based on the information we have as of this date, we do not intend to recommend any enforcement action by the Commission against the Town,” the letter stated.

However, according to SEC guidelines, the notice “must in no way be construed as indicating that the party has been exonerated or that no action may ultimately result from the staff’s investigation,” Pollock noted. An SEC spokeswoman declined to comment to Newsday.

On June 30, 2017, the SEC sent a letter to the town asking employees to preserve documents related to municipal bonding work by Jacob because the SEC believed the information was “relevant to an ongoing investigation.” For more than a decade, Jacob assisted the town with annual bonding by acting as a “liaison between the town, the brokerage firms, and bond counsel,” according to town spokesman Kevin Bonner.

The SEC’s letters did not detail the nature of the investigation but town Supervisor Rich Schaffer has said they were looking into whether Jacob’s dual roles as finance adviser and subcontractor with the town had violated the federal Dodd-Frank Act by not putting the municipality’s interests ahead of his own. Jacob did not respond to a request for comment.

Jacob owns Red Hill, a general services company founded in 2007 that provides more than two dozen nonunion workers for various departments through a contract the town has with Herbert L. Greene, a solid waste consultant who lives in Williamsburg, Virginia. In the town’s latest contract with Greene, which took effect in December, Greene earns \$85 per hour, while Jacob, listed as a subconsultant, earns \$93.50 per hour.

After the SEC announced the investigation, Jacob, who lives in Pelham in Westchester County, stepped down as finance adviser, in what the town called a temporary move pending the outcome of the investigation. Since 2017 the town has been using Capital Markets Advisors LLC of Great Neck for its annual bonding. Bonner said yesterday that the town will continue to use the company.

In a statement, Schaffer said the investigation result did not surprise him. “Doug Jacob always does what is best for the Town of Babylon,” he wrote. “He has spent the last three decades helping improve the town’s finances and is a big reason for our Triple-A bond rating.”

Newsday

By Denise M. Bonilla
denise.bonilla@newsday.com @denisebonilla

Updated January 29, 2019 9:59 PM

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com