

Bond Case Briefs

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Ex-Bank of America Executive Gets 26 Months in Prison for Muni Bond Scheme.

A former Bank of America Corp executive was sentenced to 2 years and two months in prison on Monday after pleading guilty to participating in a scheme to defraud cities and towns by rigging bids to invest municipal bond proceeds.

Phillip Murphy, 57, the former managing director of Bank of America's municipal derivatives products desk, was the last of 17 convicted defendants to be sentenced in a case spilling out of a broad bid-rigging investigation involving the \$3.7 trillion municipal bond market.

The investigation resulted in five banks agreeing to pay \$743 million to settle with federal and state authorities, including Bank of America, which reached a \$137.3 million deal in 2010.

The U.S. Justice Department said Murphy conspired with brokerage CDR Financial Products and others to increase the quantity and profitability of investment and other municipal finance contracts awarded to Bank of America.

Prosecutors said Murphy won investment contracts thanks to the Beverly Hills, California-based CDR's manipulation of the bidding process to obtain losing bids from other banks.

In exchange, Murphy submitted intentionally losing bids for investment contracts and occasionally enabled CDR to receive kickbacks, prosecutors said.

Murphy was indicted in July 2012. On the eve of trial, he pleaded guilty in February 2014 to two counts of conspiracy and one count of wire fraud.

CDR founder David Rubin, who cooperated with authorities, was sentenced in 2014 to two years of probation and ordered to pay up to \$5.65 million after pleading guilty to wire fraud and conspiracy.

The case is U.S. v. Murphy, U.S. District Court, Western District of North Carolina, No. 12-cr-00235. (Reporting by Nate Raymond in New York; Editing by Christian Plumb)

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BY NATE RAYMOND

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