

Bond Case Briefs

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Ex-JPMorgan Bankers Settle SEC Municipal Bribery Charges.

(Reuters) - Two former JPMorgan Chase & Co bankers agreed to pay about \$326,000 to settle U.S. Securities and Exchange Commission charges that they paid millions of dollars to close friends of Jefferson County, Alabama commissioners in order to win \$5 billion of municipal bond and swap business.

Douglas MacFaddin and Charles LeCroy, who were JPMorgan managing directors, will pay a respective \$201,224 and \$125,149 to resolve the SEC civil fraud case, according to papers filed on Tuesday with the federal court in Birmingham, Alabama.

Neither defendant admitted wrongdoing. The settlement requires court approval. Lawyers for the defendants did not immediately respond on Wednesday to requests for comment.

MacFaddin and LeCroy were sued in November 2009, when New York-based JPMorgan agreed to pay more than \$722 million representing fees, a fine and assistance to residents to settle related SEC claims over its dealings with Jefferson County.

The county filed for Chapter 11 protection two years later, at the time the largest municipal bankruptcy in U.S. history.

MacFaddin and LeCroy were accused of having in 2002 and 2003 directed more than \$8.2 million of payments to friends of Jefferson County commissioners who owned or worked at local broker-dealers.

The SEC said they did this to ensure that county officials chose JPMorgan to arrange bond offerings and swap agreements, in which the broker-dealers had little or no role.

According to the SEC, the defendants knew the payments were shams by calling them "payoffs," "the price of doing business" and a means to keep commissioners "happy."

The SEC also said JPMorgan incorporated the cost of the payments into the bond and swap transactions, making them more costly for taxpayers.

The case is SEC v. LeCroy et al, U.S. District Court, Northern District of Alabama, No. 09-02238.

By REUTERS

DEC. 2, 2015, 10:19 A.M. E.S.T.

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