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Phoenix Investment Firm Probed on Muni-Bond Sales.

A financial regulatory group has accused a Phoenix investment company of securities fraud in connection with municipal bond sales to finance an Arizona charter school and two Alabama health-care facilities.

FINRA, or the Financial Industry Regulatory Authority, filed a complaint against Lawson Financial Corp. and Robert Lawson, the firm's president and CEO, alleging securities fraud over the sale of millions of dollars worth of municipal bonds. Lawson denied the allegations in an interview with The Arizona Republic.

FINRA also charged Robert Lawson along with Pamela Lawson, his wife and the company's chief operating officer, with self-dealing and misuse of customers funds by abusing their positions as co-trustees of a charitable-remainder trust. A statement released Thursday said they improperly used trust funds to prop up bonds issued for the charter school, Hillcrest Academy in Mesa, which is being opened as a campus of an unaffiliated company, the Leman Academy of Excellence.

The charter-school bonds were sold in a \$10.5 million offering that Lawson Financial underwrote in October 2014. According to FINRA, the bonds were sold to Lawson Financial's customers. Lawson Financial also sold muni bonds to raise financing for two assisted-living facilities in Alabama, the complaint said.

The complaint starts a formal proceeding by FINRA and doesn't represent a decision on the allegations. Companies or individuals named in a complaint can file a response and request a hearing. The complaint could result in a fine, censure, suspension or ban from the securities industry, as well as restitution or repayment of any gains that resulted from the alleged actions.

Robert Lawson said he believes FINRA's interpretation of the facts in the case and conclusions are incorrect. He said Lawson Financial will file a response and request a hearing.

"We've been in business in Phoenix for 32 years and always have tried to act in the best interest of our clients," Lawson told TheRepublic.

The complaint alleges that Lawson and the company were aware of financial difficulties faced by Hillcrest and the two Alabama facilities and fraudulently hid from bond buyers material facts that the school and health facilities were under financial stress.

The complaint alleges that Robert Lawson, with the knowledge of Pamela Lawson, improperly transferred millions of dollars from the account to assist the bond borrowers. FINRA said this came at a time the bond issuers weren't able to pay their operating expenses and, in some cases, were unable to make interest payments. Charitable-remainder trusts are vehicles that allow people to donate assets to a non-profit at death while receiving income from those assets while still alive.

Since 1988, Arizona charter schools have raised \$1.5 billion in more than 120 municipal-bond sales, according to a 2015 report by Charter School Advisors. Arizona ranks second only to Texas in this

regard, the report said.

Russ Wiles, The Republic | azcentral.com 5:50 p.m. MST May 19, 2016

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