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SEC Probes Bankers From Barclays, Morgan Stanley on Puerto Rico Bond Sales.

(Reuters) - The U.S. Securities and Exchange Commission may take action against bankers from Barclays Plc and Morgan Stanley for their roles in Puerto Rico bond sales, according to filings with the Financial Industry Regulatory Authority (FINRA).

According to records filed with FINRA, the SEC's staff has recommended the agency file an enforcement action against Barclays' Luis Alfaro and James Henn for alleged violation of fair dealing rules for their roles in the island's debt sales.

The SEC staff suggested that Henn, who has worked at Barclays since 2008, and Alfaro, who worked at First Bank Puerto Rico Securities before moving to Barclays in 2013, allegedly violated securities and municipal bond rules on fraud, deception and misrepresentation during the sale of Puerto Rico bonds.

The SEC staff also suggested sanctioning Morgan Stanley's Charles Visconsi, the co-head of public finance, and his former colleague Jorge Irizarry, in connection with disclosures Puerto Rico made in documents circulated to investors, according to FINRA records.

Barclays, Morgan Stanley and the SEC were not immediately available for comment. Reuters could not obtain contact information for Alfaro, Henn and Visconsi.

Bloomberg earlier reported on the allegations on the bankers.

Puerto Rico's financial oversight board said on Wednesday that it was still in debt restructuring talks with creditors of the island's power utility, PREPA, a day after rejecting a proposed deal to restructure \$9 billion of the utility's bonds.

By REUTERS

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(Reporting by Parikshit Mishra in Bengaluru and Lisa Lambert in Washington; Additional reporting by Kanishka Singh in Bengaluru; Editing by Andrew Hay and Leslie Adler)