

# **Bond Case Briefs**

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## **SEC Says Muni Bond Firm in Boca Raton Committed Fraud.**

A Boca Raton company improperly diverted municipal bonds at the expense of retail investors, [the Securities and Exchange Commission said](#) Tuesday.

The SEC alleges that from 2009 to 2016, two agents of Core Performance Management LLC of Boca Raton lied about their identities to cut in line in bond allocations.

The SEC says Core Performance Management's representatives bought new-issue muni bonds by posing as retail investors to gain priority in bond allocations. The defendants then flipped the bonds to broker-dealers for a fee. The SEC also alleged a municipal underwriter took kickbacks from one of the flippers.

The SEC names as defendants James Scherr of Boca Raton, the owner of Core Performance Management, and Deborah Dora of Lighthouse Point and Sharlene Mesite of Port St. Lucie, who are accused of using phony identities.

Also named in the SEC's suit is James O'Neil of Jupiter, who's accused of acting as an unregistered broker.

"My clients cooperated fully with the SEC investigation, and they're happy to put this behind them without protracted litigation," said James Sallah, the defendants' attorney.

As part of the scheme, the defendants lied about their Zip codes, because investors who live in the jurisdiction issuing the bonds often can move to the front of the line. The defendants also used phony business names to disguise their true intentions, the SEC said.

"By improperly placing retail orders on behalf of broker-dealers, we allege the flippers prevented true retail investors from receiving priority in municipal bond offerings," said LeeAnn G. Gaunt, chief of the SEC Division of Enforcement's Public Finance Abuse Unit.

Core Performance Management ceased operations in 2016, the SEC said.

### **Palm Beach Post**

By Jeff Ostrowski

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