

Bond Case Briefs

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SEC Charges Former Jefferies Registered Representative for Improper Retail Orders in Municipal Bond Offerings.

September 22, 2020 - The Securities and Exchange Commission today filed settled charges against Eliseo Sampayo, a former registered representative at Jefferies LLC, for his improper conduct involving the submission of retail orders in new issue municipal bond offerings.

According to the SEC's order, between October 2016 and August 2017, Sampayo, of Larchmont, New York, improperly placed retail orders for new issue municipal bonds on behalf of a registered broker-dealer that was attempting to buy bonds for its inventory. Municipal issuers typically require underwriters to give retail investor orders the highest priority when allocating new issue bonds, particularly retail investors within the municipal issuer's jurisdiction. The order finds that Sampayo improperly submitted the orders as retail customer orders when he knew or should have known that these did not qualify for retail priority. In addition, the order finds that Sampayo submitted inaccurate zip codes with some of these improper retail orders, which created the appearance that the orders were on behalf of an individual residing in the issuer's jurisdiction when, in fact, they were not, and had the effect of giving the orders priority that should have been reserved for retail customers.

On September 3, 2019, the SEC filed settled charges against the trader who submitted these orders to Sampayo, see [Administrative Summary 34-86848](#).

The SEC's order finds that Sampayo willfully violated the disclosure and fair dealing provisions of Rules G-11(k) and G-17 of the Municipal Securities Rulemaking Board, and imposes a 6-month industry suspension and penny stock bar and a \$20,000 civil penalty. Sampayo consented to the order without admitting or denying the SEC's findings.

The SEC's investigation was conducted by the Division of Enforcement's Public Finance Abuse Unit, including Joseph Chimienti, Laura Cunningham, Warren Greth, and Cori Shepherd, with assistance from Deputy Unit Chief Mark Zehner. The investigation was supervised by Ivonia K. Slade.

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