Bond Case Briefs

Municipal Finance Law Since 1971

RBC Capital Markets to Pay More than US$800K to Settle U.S. SEC Charges.

TORONTO — RBC Capital Markets LLC has agreed to pay more than US$800,000 to settle U.S. Securities and Exchange Commission charges over the way municipal bond offerings were allocated.

The U.S. regulator said Friday that over a nearly four-year period that RBC improperly allocated bonds intended for institutional customers and dealers.

The SEC says the bonds went to “flippers,” who then resold or “flipped” the bonds to other broker-dealers at a profit.

“We will continue to pursue those who undermine priority rules and crowd out legitimate retail or institutional customers,” said LeeAnn Gaunt, head of the SEC’s Public Finance Abuse Unit.

The SEC said that without admitting or denying the findings, RBC consented to a public administrative and cease-and-desist order that found it violated provisions around disclosure, fair dealing, and supervision and that it failed to supervise some of its registered representatives.

The bank on Friday said it had no comment on the case.

RBC was ordered to pay a US$150,000 penalty, disgorgement of US$552,440, plus prejudgment interest of US$160,886.

The SEC also settled charges against Kenneth Friedrich, RBC’s former head of municipal sales, trading and syndication, and Jaime Durando, the head of RBC’s municipal syndicate desk.

Friedrich agreed to a censure and to pay a civil penalty of US$30,000. Durando agreed to a censure and to pay a civil penalty of US$25,000.

The Canadian Press

This report by The Canadian Press was first published Sept. 17, 2021.

Copyright © 2021 Bond Case Briefs | bondcasebriefs.com