



# Department of Justice



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**FORMER FINANCIAL SERVICES BROKER SENTENCED TO SERVE  
18 MONTHS IN PRISON FOR ROLE IN CONSPIRACIES INVOLVING  
INVESTMENT CONTRACTS FOR THE PROCEEDS OF MUNICIPAL BONDS**

WASHINGTON – A former financial services broker was sentenced today in U.S. District Court for the Southern District of New York, for his participation in conspiracies related to bidding for contracts for the investment of municipal bond proceeds and other municipal finance contracts, the Department of Justice announced.

Adrian Scott-Jones, of Morriston, Fla., a former broker for Tradition N.A., was sentenced by District Court Judge Harold Baer Jr. for his role in the conspiracies. Scott-Jones was sentenced to serve 18 months in prison and to pay a \$12,500 criminal fine.

“From soliciting intentionally losing bids for investment agreements to paying out kickbacks to manipulate the competitive bidding process, the conspirators went to great lengths to defraud municipalities across the country,” said Scott D. Hammond, Deputy Assistant Attorney General for the Antitrust Division's criminal enforcement program. “Today's sentence sends a clear message that the division will continue to hold executives accountable for their anticompetitive conduct.”

On Sept. 8, 2010, Scott-Jones pleaded guilty to participating in multiple conspiracies with executives of General Electric Co. (GE) affiliates, from as early as 1999 until 2006. According to the charges, GE and other financial institutions and insurance companies (providers), offered a type of contract, known as an investment agreement, to state, county and local governments and agencies throughout the United States. The public entities hired brokers like Scott-Jones and Tradition to conduct bidding for contracts to invest money from a variety of sources, primarily the proceeds of municipal bonds issued to raise money for, among other things, public projects. Scott-Jones also participated in a conspiracy with representatives of a second provider located in New York City.

According to court documents, in each conspiracy, Scott-Jones gave co-conspirators information about the prices, price levels or conditions in competitors' bids, a practice known as a “last look,” which is explicitly prohibited by U.S. Treasury regulations. Scott-Jones also solicited and received intentionally losing bids for certain investment agreements and other municipal finance contracts. As a result of Scott-Jones' role in corrupting the bidding process for investment agreements, he and his co-conspirators deprived the municipalities of competitive

interest rates for the investment of tax-exempt bond proceeds used by municipalities for various public works projects, such as water pollution abatement projects and low-cost housing. The department said that the conspiracies cost municipalities around the country millions of dollars.

“Today's sentencing reaffirms the ongoing success of our efforts to weed out corruption in the municipal bond market,” said George Venizelos, Acting Director in Charge of the FBI in New York. “The FBI will continue to work closely with our partners from the Antitrust Division to protect the integrity of the competitive bidding process in public finance.”

“Individuals who manipulate the competitive bidding system to benefit themselves will be held accountable for their criminal activity,” said Richard Weber, Chief, Internal Revenue Service Criminal Investigation (IRS-CI). “Quite simply, Mr. Scott-Jones profited at the expense of the towns and cities that needed the money for important public works projects. IRS Criminal Investigation is committed to working with our law enforcement partners to uncover this kind of corruption and secure justice for American taxpayers.”

A total of 20 individuals have been charged as a result of the department's ongoing municipal bonds investigation, 19 of whom have been convicted at trial or pleaded guilty; one is currently awaiting trial. Additionally, one company has pleaded guilty.

The sentences announced today resulted from an ongoing investigation conducted by the Antitrust Division's New York Office, the FBI and IRS-CI. The division is coordinating its investigation with the U.S. Securities and Exchange Commission, the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.

Today's convictions are part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF), which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit [www.stopfraud.gov](http://www.stopfraud.gov).

Anyone with information concerning bid rigging and related offenses in any financial markets should contact the Antitrust Division's New York Field Office at 212-335-8000, the FBI at 212-384-5000 or IRS-CI at 212-436-1761, or visit [www.justice.gov/atr/contact/newcase.htm](http://www.justice.gov/atr/contact/newcase.htm).

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