

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 51793 / June 7, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-11942

In the Matter of

PETER J. BURNS,

Respondent.

ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS,  
MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS  
AND A CEASE-AND-DESIST ORDER  
PURSUANT TO SECTIONS 15(b)  
AND 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease and desist proceedings be, and hereby are, instituted pursuant to Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Peter J. Burns ("Respondent").

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or in which the Commission is a party and prior to a hearing pursuant to the Commission's Rules of Practice, 17 C.F.R. 201.100 *et seq.*, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b)(6) and 21C of the Exchange Act ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Respondent**

1. Respondent, age 50, lives in Wilmette, Illinois. He has been a registered representative with various firms since 1987. From 1994 to April 2003, he was a registered representative associated with Raymond James. Throughout his career, Burns has worked as a government bond salesman specializing in fixed income securities.

#### **Background**

2. The Office of the City Treasurer ("Treasurer's Office") is responsible for overseeing the investment, through the purchase and sale of securities, of approximately \$2.5 billion in funds for the City of Chicago (the "City"). Investments by the Treasurer's Office are supposed to be allocated among various broker-dealer firms pursuant to a competitive bidding process. The process is designed to prevent favoritism and maximize the City's income from permissible investments. To that end, broker-dealers must be approved by the Treasurer's Office prior to engaging in investment business with the City. Interested broker-dealers must complete and return to the Treasurer's Office requests for proposals, which the Treasurer's Office reviews and either approves or denies. Approved broker-dealers are then permitted to do business with the City for the following year. During the period 1995 to September 1998, approximately 25 broker-dealers were approved by the Treasurer's Office, but, in practice, fewer than 10 broker-dealers handled most of the securities investments allocated by the Treasurer's Office. Respondent was a registered representative of one of those broker-dealers.

3. During the period 1995 to September 1998, Respondent made undisclosed cash payments to Miriam Santos, who was the City's Treasurer at that time, to maintain a share of the City's securities investment activity. In so doing, Respondent acted with scienter. Specifically, in or about March, 1998, Santos' first deputy contacted Respondent to request a cash contribution on Santos' behalf. Respondent gave Santos' first deputy an amount of cash. Another registered representative associated with a different broker-dealer was also separately solicited by Santos' first deputy for a cash payment on Santos' behalf, and that registered representative also made such a cash payment. The combined cash amount of \$7,500 was subsequently used to purchase office furniture for Santos' campaign headquarters.

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

4. In or about June 1998, Santos began pressuring approved City brokers to make contributions to the Democratic Party of Illinois ("DPI") by making them fear that, if they did not contribute, their business relationship with the City might be adversely affected. From July 2, 1998, until September 18, 1998, Santos cut off from City business certain approved broker-dealers that did not contribute to the DPI. Neither Respondent nor his employer, Raymond James, contributed to the DPI. During this period, Respondent continued to effect securities transactions allocated for the City by the Treasurer's Office, and Respondent earned \$38,143.26 in commissions from that City business.

5. As a result of a conduct described above, Respondent willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Burns' Offer.

Accordingly, it is hereby ORDERED:

A. Pursuant to Section 21C of the Exchange Act, that Respondent cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

B. Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Burns be, and hereby is barred from association with any broker or dealer with the right to reapply for association after one (1) year to the appropriate self-regulatory organization, or if there is none, to the Commission;

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order;

D. IT IS FURTHERED ORDERED that Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$38,143.26 and prejudgment interest of

\$18,137.82 for a total payment amount of \$56,281.08 to the United States Treasury. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Alexandria, Stop 0-3, VA 22312; and (D) submitted under cover letter that identifies Peter J. Burns as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Timothy C. Warren, Associate Director, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson, Suite 900, Chicago, IL 60604.

E. IT IS FURTHERED ORDERED that Respondent shall pay a civil money penalty of \$25,000.00 to the United States Treasury in four installments of \$6,250 with the first payment to be made within ten days of the entry of the Order, and the remaining installment payments made 120, 240 and 360 days after the date of the Order. Respondent agrees that if the full amount of any payment described above is not made within ten (10) days following the date the payment is required by the Order, the entire amount of the civil money penalty, \$25,000.00, plus post-judgment interest minus payments made, if any, is due and payable immediately without further application. Each installment payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Alexandria, Stop 0-3, VA 22312; and (D) submitted under cover letter that identifies Peter J. Burns as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Timothy C. Warren, Associate Director, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson, Suite 900, Chicago, IL 60604.

By the Commission.

Jonathan G. Katz  
Secretary