

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF FLORIDA
TALLAHASSEE DIVISION

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION,
Plaintiff,

vs.

WILLIAM JAY RAMSEY,
Defendant.

Civil Action No. 4:99cv303-WS

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, United States Securities and Exchange Commission (the
"Commission"), alleges:

SUMMARY

1. This case involves undisclosed compensation to a public official in connection with the award of municipal securities business. William Jay Ramsey, while serving as Board Member, Board Vice-Chairman, and Professional Selection Subcommittee Chairman of the Florida Housing Finance Agency ("FHFA"), entered into an undisclosed financial arrangement with a consultant working for Stephens Inc., a Little Rock-based investment banking firm. Pursuant to the arrangement, Ramsey received at least \$1,500, at a time when he played an important role in selecting the remarketing agent for FHFA

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municipal securities offerings. On at least two occasions during 1995, after receiving money pursuant to the arrangement, Ramsey voted to select, and otherwise participated in the selection of, Stephens for FHFA municipal securities business, without disclosing his financial arrangement with the Stephens consultant or the benefits conferred thereunder to the issuer or purchasers of the affected FHFA bonds.

2. The arrangement and the benefits conferred thereunder caused an undisclosed conflict of interest and breach of Ramsey's fiduciary and similar duties of trust and confidence to the FHFA and Florida citizens. Ramsey had a duty to disclose the arrangement and the benefits he received thereunder to the FHFA and to investors in the FHFA's bonds. Ramsey's failure to disclose the arrangement, the benefits he received, and the actual and potential conflicts of interest created thereby, violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Ramsey, unless permanently enjoined by this Court, will likely continue to engage in such violations. The Commission accordingly seeks to enjoin Ramsey from committing future violations and seeks disgorgement of his ill-gotten gains and civil money penalties.

JURISDICTION

3. The Commission brings this action pursuant to its authority conferred by Sections 20(b) and (d) of the Securities Act [15 U.S.C. §§ 77t(b) and (d)], and Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)] to restrain and enjoin the defendant, for other equitable relief, and for civil money penalties.

4. The Court has subject matter jurisdiction over this action pursuant to Sections 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d)(1) and 77v(a)] and Sections 21(d)(3)(A), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3)(A), 78u(e), and 78aa].

5. Ramsey, directly or indirectly, has made use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the acts, practices and courses of business alleged herein, certain of which occurred within the Northern District of Florida.

THE DEFENDANT

6. Ramsey, age 63, a resident of Florida, was at all relevant times a Board Member, the Board Vice-Chairman, and the Professional Selection Subcommittee Chairman, of the FHFA.

OTHER RELEVANT ENTITIES

7. At all relevant times, the FHFA was a public body, established under Florida law, empowered, among other things, to issue revenue bonds to provide financing for mortgage loans to assist in alleviating the shortage in safe, sanitary, affordable housing for low-, middle-, and moderate-income persons or families. The FHFA was headed by a nine-member board of directors. Eight of the nine members were appointed by the Governor and confirmed by the state senate; the ninth member, the Secretary of the Department of Community Affairs, was an ex-officio, voting member of the board.

8. Stephens Inc. ("Stephens") is an Arkansas corporation with its principal place of business in Arkansas. At all relevant times, Stephens was a broker-dealer and municipal securities dealer, and was registered with the Commission pursuant to Sections 15(b) and 15B(a) of the Exchange Act.

Background

9. In 1988, Stephens was named to the FHFA's Approved List of Senior Managing Underwriters (the "Senior Manager Rotation") for the first time. Positions in the FHFA's Senior Manager Rotation were highly sought, not only because the FHFA was a major issuer of bonds, but also because the FHFA named the senior managing underwriters for its bond issues from among the firms on the Senior Manager Rotation. Stephens continued to hold a slot in the

Senior Manager Rotation until June 1991, at which time it was replaced. During its 1988-1991 stint in the Senior Manager Rotation, Stephens joined in underwriting at least seven FHFA bond issues, including two for which it served as senior managing underwriter.

10. When Stephens lost its position in the FHFA's Senior Manager Rotation in June 1991, persons within Stephens understood that Stephens' replacement was due principally to the opposition of Ramsey, then a FHFA Board Member.

11. For the next several years, Stephens was unable to obtain new business from the FHFA or to regain its former slot in the Senior Manager Rotation. Stephens bankers attributed Stephens' lack of success before the FHFA to Ramsey's disenchantment with the firm.

Stephens' Consultant Does a Favor for Ramsey

12. In or about early March 1993, a municipal securities business development consultant for Stephens (the "Consultant") favorably recommended Ramsey, which assisted him in obtaining a \$90,000-per-year post with an architecture firm that the Consultant represented. Shortly thereafter, the Consultant asked Ramsey to support Stephens' naming as remarketing agent for the bond issuance that became the \$6 million remarketing issue of the FHFA that closed on August 19, 1993 ("Remarketing issue"). Ramsey agreed to do so, and

reversed his prior opposition to Stephens' selection as remarketing agent. In June 1993, Stephens was selected as remarketing agent for the Remarketing issue, with Ramsey's support. Thereafter, Stephens paid the Consultant a \$10,000 success fee.

Stephens Competes for Senior Manager Rotation Slot

13. In April 1994, the FHFA invited interested underwriting firms to seek positions on its Senior Manager Rotation by issuing a Request for Proposals (the "Rotation RFP"). Stephens submitted a proposal in response to the Rotation RFP. By June 1994, the selection process pursuant to the Rotation RFP was completed. Stephens was not among the sixteen firms ultimately selected; nor did Stephens make the FHFA's short list of firms invited for interviews. In connection with this candidacy, Stephens did not utilize the services of the Consultant.

Stephens is Named to the Senior Manager Rotation

14. By November 1994, one of the sixteen firms indicated it would resign, causing an opening in the rotation. Also by November 1994, Ramsey asked the Consultant to help him obtain supplemental income of \$1,500 per month.

15. On November 21, 1994, in Tampa, Florida, Ramsey met with the Consultant and two bankers from Stephens' Atlanta office. At that meeting, the

three Stephens representatives asked Ramsey to help Stephens fill the opening in the FHFA's Senior Manager Rotation. Either at that meeting or shortly thereafter, Ramsey agreed to help. Following the meeting, the Consultant told one of the Stephens bankers who had been present at the meeting (the "Atlanta Banker") that Ramsey would help Stephens, and that the Consultant would need to find a \$1,500 per month consulting contract for Ramsey.

16. By December 5, 1994, the Atlanta Banker enlisted the Consultant to assist with Stephens' naming as remarketing agent for certain FHFA securities offerings. The Consultant assisted by, among other things, advocating Stephens' selection to Ramsey.

17. On December 9, 1994—less than three weeks after the Tampa meeting—the FHFA's Professional Selection Committee and full board both met. Ramsey was present at both meetings. One item of business taken up at both meetings was Stephens' addition to the FHFA's Senior Manager Rotation to replace the resigning firm. Both the Professional Selection Committee and the full board voted unanimously, with Ramsey's support, to take this action.

18. Shortly after the FHFA meetings of December 9, 1994, Ramsey telephoned the Consultant and informed him that Stephens had been selected to the Senior Manager Rotation.

19. On December 21, 1994, the Consultant and Ramsey met in Tampa, Florida. At that meeting, the Consultant told Ramsey that the Consultant would set up a "consulting arrangement" for Ramsey which would "have to be indirect."

The Payment to Ramsey

20. By mid-January 1995, within six weeks of Stephens' addition to the Senior Manager Rotation, the Consultant had established the "consulting arrangement" discussed with Ramsey at the December 21, 1994 meeting, by securing the agreement of a friend to serve as the Consultant's conduit for the delivery of money to Ramsey.

21. By January 25, 1995, Ramsey received his first \$1,500 payment under the "indirect consulting arrangement" discussed at the December 21, 1994 meeting. This payment was made through the Consultant's friend who had agreed to serve as a conduit, under cover of a materially misleading "contract" for 12 months of "consulting" services at \$1,500 per month. Despite never having met, spoken to, or performed any consulting work for the conduit, Ramsey deposited the money on or about January 25, 1995.

22. On February 3, 1995, just over one week after Ramsey deposited the \$1,500, Ramsey voted to select Stephens as remarketing agent for a \$32 million FHFA remarketing issue—the same issue for which the Consultant had

advocated Stephens' selection to Ramsey in December. Ramsey made no disclosure to the FHFA Board of his financial arrangement with the Consultant, the payment he recently received, or the conflicts of interest created thereby.

23. After Ramsey and the Consultant became aware of the SEC's investigation regarding this matter, no additional monthly payments were made to Ramsey under the materially misleading "contract."

Ramsey Supports Stephens for Other Business

24. On October 13, 1995, Ramsey voted to select Stephens as remarketing agent for another FHFA issue: a \$23 million remarketing that closed in December 1995. Subsequently, solely as a result of its inclusion in the Senior Manager Rotation, Stephens was named a co-manager for a \$13.5 million FHFA bond issue dated March 1996.

25. Ramsey failed to disclose the payment arrangement with the Consultant and the resulting conflicts of interest created thereby during the process to select Stephens for FHFA business and during the process of offering and selling FHFA bonds.

26. By reason of the foregoing, Ramsey violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

Wherefore the Commission respectfully requests that this Court make findings that Ramsey violated the federal securities laws specified in this Complaint and grant relief against him as follows:

I.

Issue a Final Judgment of Permanent Injunction against Ramsey permanently enjoining him from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

Order Ramsey to disgorge \$1,500 in ill-gotten gains received as a result of the fraudulent conduct alleged here, plus prejudgment interest thereon.

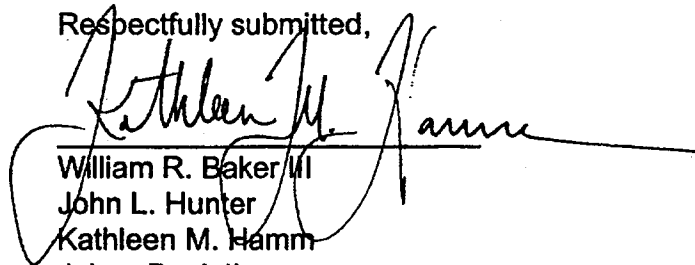
III.

Order Ramsey to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

IV.

Enter orders granting such other relief as the Court considers just and proper.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kathleen M. Hamm", is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William R. Baker III
John L. Hunter
Kathleen M. Hamm
J. Lee Buck II
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Dated: August 4, 1999
Washington, D.C.