

Former Head of SEC Fort Worth Enforcement Program Agrees to Settlement with Department of Justice for Violation of Federal Conflicts of Interest Statute

FOR IMMEDIATE RELEASE

January 13, 2012 - The United States Attorney for the Eastern District of Texas today announced a civil settlement reached with Spencer Barasch, the former Securities and Exchange Commission (SEC) official in charge of the Enforcement program at the SEC's Fort Worth Office from 1998 through 2005. The agreement alleges that Barasch violated 18 U.S.C. § 207, the federal statute prohibiting a former government official from making a communication or appearance before a federal agency concerning a particular matter in which the official participated personally and substantially while serving the government. As part of this agreement, Barasch will pay a \$50,000 civil fine, the maximum fine for a violation of this statute.

“Today’s action sends a strong message that former federal officials cannot abuse the public trust by attempting to profit personally from matters on which they worked as government servants before joining the private sector,” said H. David Kotz, SEC Inspector General. “This misconduct highlights the dangers of a ‘revolving door’ environment between the SEC and the private securities law bar.”

The settlement with Barasch stemmed from and is premised on facts uncovered during an investigation conducted by the SEC’s Office of Inspector General (OIG) into the SEC’s failure to bring an enforcement action against Robert Allen Stanford or his companies (Stanford) for several years after receipt of numerous complaints that Stanford was operating a Ponzi scheme. In its report of investigation issued on March 31, 2010, the OIG uncovered evidence that Barasch, who played a significant role in multiple decisions over a span of several years that quashed investigations of Stanford, nonetheless sought to represent Stanford on three separate occasions after he left the SEC to enter private practice. In fact, the evidence obtained by the OIG showed that Barasch actually represented Stanford for a brief period of time in 2006 and communicated with an SEC attorney about the matter before he was informed by the SEC Ethics Office that it was improper for him to represent Stanford. Subsequent to the issuance of its report of investigation, the OIG provided its full cooperation to the Department of Justice in support of the efforts that resulted in this settlement.

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