

# **U.S. SECURITIES AND EXCHANGE COMMISSION**

## **SECURITIES EXCHANGE ACT OF 1934**

**RELEASE NO. 54112 / July 7, 2006**

### **ADMINISTRATIVE PROCEEDING**

**File No. 3-12359**

#### **In The Matter of Anthony C. Snell and Charles E. LeCroy**

The United States Securities and Exchange Commission (Commission) announced that it has instituted administrative and cease-and-desist proceedings pursuant to Sections 15(b)(6), 15B(c)(4) and 21C of the Securities Exchange Act of 1934 (Exchange Act) against Anthony C. Snell (Snell) and Charles E. LeCroy (LeCroy), formerly associated with J.P. Morgan Securities, Inc.

The Division of Enforcement (Division) alleges in the Order Instituting Proceedings (Order) that in April 2003, in an effort to circumvent the requirements of Rule G-38 of the Municipal Securities Rulemaking Board (MSRB), Snell and LeCroy submitted a fictitious invoice to their former employer, J.P. Morgan, for the payment of \$50,000 for legal services to Ronald A. White (White), an influential attorney with close ties to senior city officials in the City of Philadelphia (City), when they knew that such legal services had not been provided. At the time of this payment, Rule G-38 required, among other things, that municipal securities dealers disclose in writing to issuers and the MSRB their relationships and agreements with consultants. A "consultant" for purposes of Rule G-38 was defined as any person used by a broker, dealer, or municipal securities dealer to obtain or retain municipal securities business where the communication is undertaken in exchange for payment from the broker, dealer, or municipal securities dealer or any other person. Although LeCroy and Snell knew that White had declined to enter into a Rule G-38 consulting agreement with J.P. Morgan, they devised a plan to compensate White by instructing him to prepare a fictitious invoice so that it appeared to be for legal services performed in connection with a bond issue on which White had not actually worked. Snell and LeCroy submitted the invoice to J.P. Morgan for payment, despite knowing that White had not provided any legal services on the bond issue. J.P. Morgan honored the request and paid White \$50,000.

In June 2004, the United States Attorney's Office for the Eastern District of Pennsylvania indicted Snell and LeCroy and charged each with two counts of wire fraud stemming from the fictitious invoice. Snell and LeCroy pleaded guilty to both counts of wire fraud in January 2005. In July 2005, LeCroy was sentenced to 3 months incarceration on each count, and Snell was sentenced to probation. In addition, LeCroy and Snell were ordered to pay restitution to J.P. Morgan in the amount of \$50,000.

The Division alleges that Snell and LeCroy willfully violated Section 15B(c)(1) of the Exchange Act and MSRB Rule G-38. The Division also alleges the criminal convictions as a basis for seeking remedial relief. A hearing will be scheduled before an

administrative law judge to determine whether the allegations contained in the Order are true, to provide Snell and LeCroy an opportunity to dispute the allegations, to determine what, if any, remedial action is appropriate and in the public interest, and whether Snell and LeCroy should be ordered to cease and desist from committing or causing violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rule G-38. The Order requires the Administrative Law Judge to issue an initial decision no later than 300 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.