

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10405 / August 23, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 81462 / August 23, 2017

INVESTMENT COMPANY ACT OF 1940
Release No. 32789 / August 23, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18131

In the Matter of

O'Connor & Company
Securities, Inc. and Anthony
Michael Wetherbee,

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTIONS 15(b),
15B(c) AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, AND SECTION
9(b) OF THE INVESTMENT COMPANY ACT
OF 1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

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 Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b), 15B(c) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against O’Connor & Company Securities, Inc. (“OCSI”) and Anthony Michael Wetherbee (“Wetherbee”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have 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 to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these

proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b), 15B(c) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds¹ that:

Summary

1. This matter involves violations of certain antifraud provisions of the federal securities laws by OCSI, a registered broker-dealer and municipal advisor, as well as Wetherbee, its co-founder and one of its primary investment bankers, in connection with OCSI’s underwriting of a series of bonds for the Beaumont Financing Authority (“BFA”), a municipal entity located in Southern California. Between March 2012 and April 2013, OCSI served as the sole underwriter for five bond offerings by the BFA. In connection with each of the offerings, OCSI disseminated official statements that contained false and misleading representations about the City of Beaumont Community Facilities District No. 93-1’s (the “District”) compliance with its prior Continuing Disclosure Agreements (“CDA”). Under those CDAs, the District had covenanted to provide continuing disclosures for the benefit of investors, including annual reports containing financial information and operating data related to bonds being offered. The BFA’s 2012 and 2013 official statements did not disclose several instances in which the District failed to comply with its past CDAs, including by filing annual reports late, filing annual reports that were missing required financial information and operating data, and failing to file annual reports in their entirety as of the time that an official statement was circulated to investors.

2. OCSI, through Wetherbee, failed to conduct adequate due diligence on the BFA’s 2012 and 2013 bond offerings, and as a result, failed to form a reasonable basis for believing the truthfulness of material statements in the official statements for the offerings regarding compliance with prior CDAs. OCSI and Wetherbee then recommended and sold the bonds to the firm’s customers and other broker-dealers. OCSI and Wetherbee did not check the repositories where annual reports were required to be provided, including the public Electronic Municipal Market Access (“EMMA”) website maintained by the Municipal Securities Rulemaking Board (“MSRB”),² to determine whether the District had actually complied with its prior CDAs as described in the official statements provided to investors. They also did not perform any other

¹ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

² In December 2008, Exchange Act Rule 15c2-12 was amended to designate the MSRB’s EMMA website as the central and sole repository for ongoing disclosures by municipal issuers and other obligated persons, effective July 1, 2009. Prior to 2009, municipal issuers and obligated persons made continuing disclosure filings to multiple electronic repositories called Nationally Recognized Municipal Securities Information Repositories and State Information Depositories.

investigative steps sufficient to reasonably assess the truthfulness and completeness of the compliance representations. If OCSI and Wetherbee had reviewed EMMA or the other designated repositories, they would have discovered multiple instances where the District's annual reports were late, incomplete, or entirely missing as of the time that the BFA issued an official statement representing that the District was in compliance with its CDA obligations.

3. In addition, OCSI and Wetherbee recommended the purchase and sale of municipal securities without the firm having implemented adequate policies and procedures relating to assessing the accuracy and completeness of key representations regarding compliance with prior CDAs contained within an issuer's official statement.

4. By recommending municipal securities to prospective investors without conducting adequate due diligence (*i.e.*, without conducting a reasonable investigation) on the key representations regarding compliance with prior CDAs contained in the securities' associated official statements, OCSI and Wetherbee violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, MSRB Rule G-17, and Section 15B(c)(1) of the Exchange Act. OCSI also failed reasonably to supervise its personnel and maintained inadequate policies and procedures related to municipal securities underwriting in violation of MSRB Rules G-27(a) and G-27(c).

Respondents

5. **O'Connor & Company Securities, Inc.**, a California corporation with its principal place of business in Costa Mesa, California, is a broker-dealer registered with the Commission since 2008. It is also registered as a municipal advisor with the Commission, a member of the Financial Industry Regulatory Authority, and registered as both a broker-dealer and municipal advisor with the MSRB. OCSI specializes in the underwriting of municipal securities issued by public entities located in California. From 2008 through 2013, OCSI served as the sole underwriter for nine bond offerings made by the BFA.

6. **Anthony Michael Wetherbee**, age 71, is a resident of Palm Springs, California. He co-founded OCSI in 2008, and from that time until July 2017 was a registered representative associated with the firm and served as one of its primary investment bankers.³ Wetherbee led OCSI's underwriting of the BFA's 2012 and 2013 bond offerings.

Other Relevant Entities

7. **Beaumont Financing Authority** is a joint exercise of powers authority organized and existing under the California Joint Exercise of Powers Act. Among other things, it issues bonds to provide funds for the acquisition of local obligations issued to finance public capital improvements. Between 2003 and 2013, the BFA made 24 bond offerings that raised approximately \$260 million for use on facilities, improvements, and services within the boundaries of the District, which essentially comprised the entire City of Beaumont, California.

³ On July 28, 2017, OCSI filed an amended Form U5, Uniform Termination Notice for Securities Industry Registration, regarding Wetherbee noting that Wetherbee's association with the firm terminated on July 5, 2017, and indicating "Retirement, Voluntary" as the "Termination Explanation."

8. **City of Beaumont Community Facilities District No. 93-1** is a community facilities district formed by the City of Beaumont in 1993 pursuant to the California Mello-Roos Community Facilities Act of 1982, and was the entity responsible for satisfying all CDA requirements related to the bonds issued by the BFA between 2003 and 2013.

The District Agreed to Provide Annual Disclosures in Connection with Various Municipal Bond Offerings

9. Exchange Act Rule 15c2-12 was adopted in an effort to improve the quality and timeliness of disclosures to investors in municipal securities. In recognition of the fact that the disclosure of sound financial information is critical to the integrity of not just the primary market, but also the secondary markets for municipal securities, Rule 15c2-12 requires an underwriter to obtain a written agreement, for the benefit of the holders of the securities, in which an issuer or other obligated person⁴ undertakes, among other things, to annually provide certain financial information and event notices to the MSRB. *See* 17 C.F.R. § 240.15c12(b)(5)(i); *see also* Municipal Securities Disclosure, Exchange Act Release No. 34961 (Nov. 10, 1994), 59 Fed. Reg. 59590, 59591-92 (Nov. 17, 1994). The written agreement to provide annual financial information and event notices is generally referred to as a CDA.

10. Exchange Act Rule 15c2-12(f)(3) requires that a final official statement include a description of the undertakings contained in a CDA and set forth any instances in the previous five years in which an issuer of municipal securities, or obligated person, failed to comply in all material respects with any previous CDAs. *See* 17 C.F.R. § 240.15c12(f)(3). It is important for investors and the market to know the scope of the undertakings contained in a CDA. By including a description of the undertakings in the final official statement, market participants will know the identity of the entities about which information will be provided, and the type of information to be provided. Municipal Securities Disclosure, Exchange Act Release No. 34961 (Nov. 10, 1994), 59 Fed. Reg. 59590, 59594 (Nov. 17, 1994).

11. Between 2003 and 2013, the BFA issued approximately \$260 million in municipal bonds in 24 separate offerings, repaid from and principally secured by revenues consisting of special taxes levied on real property within the boundaries of the District. In connection with each of those bond offerings, the District executed a CDA in which it agreed to publicly provide annual reports containing specified financial information and operating data, as well as notices of certain enumerated events pertaining to the bonds. Among other things, the CDAs required that the District annually provide: special tax delinquency data, a description of the status of facilities being constructed with bond proceeds, balances of various funds that could be tapped to pay bondholders in the event of insufficient special tax collections, and the City of Beaumont's audited financial statements. The CDAs also identified the filing deadlines for the annual reports and event notices. The District entered into the CDAs in its capacity as an obligated person with respect to the BFA's bonds.

⁴ An "obligated person" generally means any person or entity that is committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being offered. *See* 17 C.F.R. § 240.15c2-12(f)(10).

12. In December 2011, while reviewing a preliminary official statement for a 2011 bond offering by the BFA, a credit analyst at a large institutional investor requested that the District revise the terms of the draft CDA for those bonds. The revisions included changing the due date for the District's required annual reports to make them due sooner after the end of each fiscal year than before, and also required including information about various additional fund balances in the annual reports. The additional balances were for the cash flow management fund, residual fund, and special escrow fund, all of which served as sources of potential repayment of, and security for, the BFA's bonds. The credit analyst contacted Wetherbee to request the draft CDA revisions and additional financial disclosures. Wetherbee replied to the analyst that "[w]e should and will report the Cash Flow Management Fund, Residual Fund and Escrow Fund balances as requested." The District approved the revisions in late December 2011 in an email on which Wetherbee was copied. Additionally, the District included the revised annual report due date and similar additional fund balances in the CDAs that it entered into in connection with the BFA's 2012 and 2013 bond offerings.

13. A summary of the terms of each CDA entered into by the District was included in the official statement for the related bond offering by the BFA.

The District Failed to Comply with its CDAs

14. From the period of at least 2004 through April 2013, the District regularly failed to comply with its CDAs. The annual reports that it provided consistently omitted required financial information and operating data. Two required components of the annual reports were a description of the status of facilities being constructed with bond proceeds and the City of Beaumont's audited financial statements. The District, however, never included those items in any of its annual reports. The District also failed to include complete special tax delinquency data and reserve fund balances for multiple years. Additionally, several of its annual reports were missing required information about cash flow management, residual, and special escrow fund balances, despite the fact that an investor had specifically requested the provision of such information. Furthermore, the District frequently provided its annual reports late during this period, including by as many as 117 days.

15. In May 2013, the credit analyst who requested that additional fund balance information be included in the District's annual reports noticed that such information was missing. The analyst contacted Wetherbee to make him aware of the omission and requested that the disclosures be provided, explaining that information related to the cash flow management and special escrow funds is "very important to the market place." The analyst also highlighted that the cash flow management fund was "presented as an additional credit enhancement" in several of the BFA bonds' offering documents.

False Statements Regarding Prior Continuing Disclosure Compliance Contained in the BFA's Official Statements

16. The official statements for the BFA's five bond offerings underwritten by OCSI in 2012 and 2013 each falsely stated that, absent one instance several years ago, the District had "not otherwise failed to meet its continuing disclosure requirement under [Rule 15c2-12]." This representation was false and misleading. It concealed from investors the fact that the District had regularly failed to comply with its CDAs, including by omitting significant financial information and operating data from annual reports and regularly filing annual reports late.

17. The false statements contained in the BFA's official statements were material. The concealed information about the District's continuing disclosure failures would have been important to a reasonable investor. Among other things, such information cast doubt on the District's willingness and ability to timely provide investors with financial and operating data related to relevant bonds in the future. It also raised questions about the effectiveness of the District's and BFA's internal procedures. Additionally, the false statements contained in the BFA's official statements concealed the fact that the District had failed to provide investors with cash flow management, special escrow, and residual fund balances related to past bonds, information that was specifically requested by an investor.

OCSI and Wetherbee Failed to Conduct Adequate Due Diligence on the BFA's 2012 and 2013 Bond Offerings

18. OCSI served as the sole underwriter for the five bond offerings made by the BFA in 2012 and 2013. Each of those offerings was brought to market through negotiated underwritings where OCSI and Wetherbee, among other things, assisted in designing the plan of finance and bond structure; reviewed bond documents, including drafts of official statements; and conducted an investigation into the key representations contained in the official statements. As compensation for its underwriting services, OCSI bought the bonds at a discount to the price at which they were offered and sold to investors by the firm.

19. Wetherbee, and through his actions, OCSI, failed to conduct adequate due diligence and, as a result, failed to form a reasonable basis for believing in the truthfulness of the BFA's assertions that the District had complied with its prior CDAs contained in the BFA's 2012 and 2013 official statements. Wetherbee was the OCSI investment banker who worked on the underwritings at issue, and never checked EMMA or any of the other designated repositories to determine whether the offering documents' representations regarding past compliance were truthful and complete. He also did not take any other steps to adequately assess the accuracy of the compliance representations. Moreover, neither Wetherbee nor OCSI engaged any third parties to conduct such investigatory work on their behalf.

20. Had Wetherbee and OCSI reviewed EMMA's public website or any of the other designated repositories, they would have discovered that several of the District's annual reports

were untimely, missing, or incomplete, and learned that the continuing disclosure compliance representations contained in the official statements were misleading.

21. Furthermore, from at least 2008 to 2014, OCSI did not have any written policies or procedures reasonably designed to ensure the accuracy and completeness of key representations contained within an issuer's official statement regarding past compliance with any CDAs.

Legal Discussion

22. Section 17(a)(2) of the Securities Act makes it unlawful "in the offer or sale of any securities ... directly or indirectly ... to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." 15 U.S.C. § 77q(a)(2). Section 17(a)(3) of the Securities Act makes it unlawful "in the offer or sale of any securities ... directly or indirectly ... to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser." 15 U.S.C. § 77q(a)(3). Negligence is sufficient to establish violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act. *See Aaron v. SEC*, 446 U.S. 680, 696-97 (1980). A misrepresentation or omission is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. *See Basic Inc. v. Levinson*, 485 U.S. 224, 231-32 (1988).

23. An underwriter may violate the antifraud provisions of the federal securities laws if it does not have a reasonable basis for believing in the truthfulness and completeness of key representations contained in the offering documents used in connection with a securities offering, as a result of inadequate due diligence. *See Dolphin & Bradbury, Inc. v. SEC*, 512 F.3d 634, 641 (D.C. Cir. 2008). "By participating in an offering, an underwriter makes an implied recommendation about the securities [that it] ... has a reasonable basis for belief in the truthfulness and completeness of the key representations made in any disclosure documents used in the offerings." *Id.* at 641 (quoting Municipal Securities Disclosure, Exchange Act Release No. 26100, 53 Fed. Reg. 37778, 37787 (Sept. 28, 1988) ("1988 Proposing Release")).

24. "An underwriter 'occupies a vital position' in a securities offering because investors rely on its reputation, integrity, independence, and expertise." *See id.* (quoting 1988 Proposing Release, 53 Fed. Reg. at 37787). While broker-dealers must have a reasonable basis for recommending securities to customers, underwriters have a "heightened obligation" to take steps to ensure adequate disclosure. *Id.* (quoting 1988 Proposing Release, 53 Fed. Reg. at 37787 n.74).

25. Representations contained in a municipal security's official statement regarding an issuer's or obligated person's commitment to provide secondary market disclosure and its compliance with its prior CDAs are key representations that an underwriter must adequately investigate such that it has a reasonable basis for believing in the truthfulness and completeness of the representations. *See Municipal Securities Disclosure, Exchange Act Release No. 34961* (Nov. 10, 1994), 59 Fed. Reg. 59590, 59592, 59594-95 (Nov. 17, 1994) (stating that "critical to any evaluation of a covenant [to provide continuing disclosures] is the likelihood that the issuer or obligated person will abide by the undertaking," and further noting that information about an

issuer's or obligated person's failure "to comply in all material respects with any previous informational undertakings ... is important to the market" and will ensure that underwriters and others "are able to assess the reliability of disclosure representations").

26. MSRB Rule G-17, the fair dealing rule, provides that in "the conduct of its municipal securities or municipal advisory activities, each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice."

27. MSRB Rule G-27(a) requires that a broker, dealer, or municipal securities dealer supervise its municipal securities activities as well as the activities of its associated persons "to ensure compliance with [MSRB] rules and the applicable provisions of the [Exchange] Act and rules thereunder." Additionally, MSRB Rule G-27(c) provides that each broker, dealer, or municipal securities dealer "shall adopt, maintain and enforce written supervisory procedures reasonably designed to ensure that the conduct of the municipal securities activities of [it] and its associated persons are in compliance as required by" MSRB Rule G-27(a).

28. Section 15B(c)(1) of the Exchange Act prohibits a broker, dealer, or municipal securities dealer from using the mails or any instrumentality of interstate commerce "to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any municipal security ... in contravention of any" MSRB rule.

29. As a result of the conduct described above, OCSI willfully⁵ violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 15B(c)(1) of the Exchange Act, and MSRB Rules G-17, G-27(a), and G-27(c).

30. As a result of the conduct described above, Wetherbee willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act and MSRB Rule G-17, and caused OCSI's violations of Section 15B(c)(1) of the Exchange Act.

Undertakings

Respondent OCSI has undertaken to:

31. Retain an independent consultant (the "Independent Consultant"), not unacceptable to the Commission staff, to conduct a review of OCSI's policies and procedures as they relate to the investigation of the truthfulness and completeness of key representations contained in municipal securities offering documents. The Independent Consultant shall not have provided consulting, legal, auditing or other professional services to, or had any affiliation with, OCSI during the two years prior to the institution of these proceedings. OCSI shall cooperate fully with

⁵ A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

the Independent Consultant and the Independent Consultant's compensation and expenses shall be borne by OCSI.

32. Require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with OCSI, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with OCSI, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement. The agreement will also provide that, within 180 days of the institution of these proceedings, the Independent Consultant shall submit a written report of its findings to OCSI, which shall include the Independent Consultant's recommendations for changes in or improvements to OCSI's policies and procedures.

33. Adopt all recommendations contained in the Independent Consultant's report within 90 days of the date of that report, provided, however, that within 30 days of the report, OCSI shall advise in writing the Independent Consultant and the Commission staff of any recommendations that OCSI considers to be unduly burdensome, impractical or inappropriate. With respect to any such recommendation, OCSI need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedures or system designed to achieve the same objective or purpose. As to any recommendation on which OCSI and the Independent Consultant do not agree, OCSI and the Independent Consultant shall attempt in good faith to reach an agreement within 60 days after the date of the report. Within 15 days after the conclusion of the discussion and evaluation by OCSI and the Independent Consultant, OCSI shall require that the Independent Consultant inform OCSI and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation that OCSI considers to be unduly burdensome, impractical, or inappropriate. Within 10 days of this written communication from the Independent Consultant, OCSI may seek approval from the Commission staff to not adopt recommendations that OCSI can demonstrate to be unduly burdensome, impractical, or inappropriate. Should the Commission staff agree that any proposed recommendations are unduly burdensome, impractical, or inappropriate, OCSI shall not be required to abide by, adopt, or implement those recommendations.

34. Certify, in writing, compliance with the undertakings set forth above in paragraphs 31-33. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and OCSI agrees to provide such evidence. The certification and supporting material shall be submitted to LeeAnn G. Gaunt, Chief, Public Finance Abuse Unit, with a copy

to the Office of Chief Counsel of the Division of Enforcement, no later than sixty (60) days from the date of the completion of the undertakings.

35. For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b), 15B(c) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent OCSI cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 15B(c)(1) of the Exchange Act, and MSRB Rules G-17, G-27(a), and G-27(c).

B. Respondent OCSI is censured.

C. Respondent OCSI shall pay a civil money penalty in the amount of \$150,000 to the Securities and Exchange Commission, of which \$23,863 shall be transferred to the Municipal Securities Rulemaking Board in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining \$126,137 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment shall be made in the following installments: (i) \$37,500 within 14 days of the entry of this Order; (ii) \$37,500 within 120 days of the entry of this Order; (iii) \$37,500 within 180 days of the entry of this Order; and (iv) the remaining \$37,500 within 360 days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) OCSI may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) OCSI may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) OCSI may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying O'Connor & Company Securities, Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to LeeAnn G. Gaunt, Chief, Public Finance Abuse Unit, Securities and Exchange Commission, 33 Arch Street, 23rd Floor, Boston, MA 02110-1424.

D. Respondent OCSI shall comply with the undertakings enumerated in paragraphs 31 to 34 above.

E. Respondent Wetherbee shall cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, MSRB Rule G-17, and Section 15B(c)(1) of the Exchange Act.

F. Respondent Wetherbee be, and hereby is:

i. suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization for a period of six (6) months, effective on the second Monday following the entry of this Order;

ii. prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter for a period of six (6) months, effective on the second Monday following the entry of this Order; and

iii. suspended from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock for a period of six (6) months, effective on the second Monday following the entry of this Order.

G. Respondent Wetherbee shall provide to the Commission, within 30 days after the end of the 6-month suspension and prohibition period described above, an affidavit that he has complied fully with the suspensions and prohibition.

H. Respondent Wetherbee shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$15,000 to the Securities and Exchange Commission, of

which \$1,875 shall be transferred to the Municipal Securities Rulemaking Board in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining \$13,125 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Wetherbee may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Wetherbee may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Wetherbee may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Anthony M. Wetherbee as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to LeeAnn G. Gaunt, Chief, Public Finance Abuse Unit, Securities and Exchange Commission, 33 Arch Street, 23rd Floor, Boston, MA 02110-1424.

I. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Wetherbee, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Wetherbee under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Wetherbee of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields
Secretary