

**UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934  
RELEASE NO. 52942 / DECEMBER 12, 2005**

**ADMINISTRATIVE PROCEEDING  
FILE NO. 3-12123**

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<b>In The Matter Of</b>	:	
<b>CIBC WORLD MARKETS CORPORATION,</b>	:	<b>ORDER INSTITUTING</b>
<b>Respondent.</b>	:	<b>ADMINISTRATIVE AND</b>
	:	<b>CEASE-AND-DESIST PROCEEDINGS,</b>
	:	<b>MAKING FINDINGS AND IMPOSING A</b>
	:	<b>CEASE-AND-DESIST ORDER AND</b>
	:	<b>REMEDIAL SANCTIONS</b>
	:	<b>PURSUANT TO SECTIONS 15(b)</b>
	:	<b>AND 21C OF THE SECURITIES</b>
	:	<b>EXCHANGE ACT OF 1934</b>

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**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) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against CIBC World Markets Corporation (“CIBC” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, the Respondent has submitted an Offer of Settlement (“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, the Respondent, without admitting or denying the findings, except as to the Commission’s jurisdiction over Respondent and over the subject matter of these proceedings, consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order and Remedial Sanctions Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Order”).

### III.

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

1. **CIBC** is, and was during the period described below, registered with the Commission as a broker-dealer pursuant to Section 15(b)(1) of the Exchange Act and as a municipal securities dealer pursuant to Section 15B(a)(2) of the Exchange Act. CIBC is a wholly owned indirect subsidiary of the Canadian Imperial Bank of Commerce, a Canadian corporation whose common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange. CIBC's principal executive offices are located in New York, New York.

2. **Paul D. Rogers** ("Rogers"), age 47, resides in Eastchester, New York. During the relevant period and until his resignation in August 2004, Rogers was the President of CIBC and a Managing Director of its parent company for the U.S. region. As President, Rogers supervised CIBC's U.S. corporate and leveraged finance group, which included investment banking, and its U.S. real estate finance group. Rogers holds Series 7 and 24 licenses.

3. **Peter J. Crowley** ("Crowley"), age 46, resides in Rye, New York. Crowley is, and was during the relevant period, a Managing Director of CIBC and the head of its healthcare investment banking group. Crowley is a registered representative and holds Series 7, 24 and 63 licenses.

4. **Robert J. Dentice** ("Dentice"), age 39, resides in New York, New York. From 1999 through July 2002, Dentice was the Business Manager for CIBC's investment banking division. He was not a registered representative during that period. From August 2002 until his termination in July 2004, Dentice was an investment banking associate in CIBC's health care group. Dentice holds a Series 7 license.

5. As described below, CIBC made a \$10,000 contribution to the re-election campaign of former California Governor Gray Davis in February 2002. During the two-year period following the contribution, CIBC engaged in municipal securities business with the State of California and thereby violated Rule G-37(b) of the Municipal Securities Rulemaking Board ("MSRB") and Section 15B(c)(1) of the Exchange Act [15 U.S.C. § 78o-4(c)(1)].<sup>2</sup> The relevant facts are as follows:

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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.

<sup>2</sup> Section 15B(c)(1) of the Exchange Act prohibits a broker, dealer or municipal securities dealer from using the mails or any means or 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 rule of the MSRB. Subsection (b) of MSRB Rule G-37 provides that no broker, dealer or municipal securities dealer shall engage in municipal securities business with an

a. In February 2002, one of CIBC's investment banking clients solicited Crowley for a \$10,000 contribution from CIBC in connection with an event hosted by the client to raise funds for Governor Davis's re-election campaign. With the understanding and expectation that he would be reimbursed by CIBC, Crowley wrote a personal check on February 14, 2002 payable to the "Governor Gray Davis Committee" in the amount of \$10,000. CIBC reimbursed Crowley for the full amount on May 9, 2002.

b. Before issuing the check, Crowley enlisted Dentice's assistance in securing corporate funds for the contribution. On February 12, 2002, Crowley sent an email to Dentice in which he stated that the investment banking client had paid CIBC a substantial sum for prior work, and that Crowley's group hoped to receive significantly more business from the client that year. Crowley's email went on to state that the client "wants 10,000 for grey [sic] davis run for gov in cal" and asked "where do I get the money?" Dentice forwarded Crowley's email to a lawyer in CIBC's legal department that same day, asking whether CIBC had "a policy on political donations." Later that day, the lawyer responded to Dentice by email that, according to firm policy and "as a regulatory matter," CIBC was prohibited from making the contribution, but that Crowley himself could lawfully make a political donation in his "personal capacity." Crowley wrote the \$10,000 check two days later.

c. As described below, Rogers, Crowley and Dentice caused CIBC to reimburse Crowley for the \$10,000. After Crowley wrote the check, Crowley and Dentice exchanged emails discussing how to handle the reimbursement. In one of these emails, Crowley characterized, and suggested treating, the contribution as a "marketing expense." During this period, Dentice and Rogers discussed, at Dentice's initiative, the subject of reimbursing Crowley. Rogers understood from his discussion with Dentice that the \$10,000 payment was a political contribution to the Davis campaign, and that it was made at the behest of an investment banking client. Rogers and Dentice also discussed that having CIBC reimburse Crowley for a political contribution would have regulatory implications, and Rogers also understood that firm policy prohibited CIBC from making political contributions. Rogers nevertheless approved the reimbursement at Dentice's request as a purported marketing expense. After obtaining Rogers's approval, Dentice directed a CIBC administrative employee to process Crowley's reimbursement form and approve the request.

d. No one at CIBC took any steps to prevent CIBC from engaging in municipal securities business with the State of California within two years after the contribution.

e. As a result of the contribution, MSRB Rule G-37(b) prohibited CIBC from engaging in any municipal securities business with the State of California for the next two years. Nevertheless, CIBC acted as co-underwriter for ten negotiated underwritings of municipal

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issuer within two years after any contribution to an official of such issuer. The governor is an "official of an issuer" within the meaning of MSRB Rule G-37(g)(vi), which includes anyone who is "directly or indirectly responsible for, or can influence the outcome of, the hiring of a broker, dealer or municipal securities dealer for municipal securities business" by the state or has authority to appoint the board members of the issuing authority.

securities issued by the State of California and related agencies during that period. CIBC received a total of \$379,852 in fees from the State of California and its agencies for underwriting these securities, which were sold for a total of more than \$26.6 billion.

6. As described below, CIBC also violated MSRB Rules G-8, G-9 and G-37(e) by failing to: (i) make and keep the requisite records of the political contribution discussed above and an additional five unreimbursed political contributions made by CIBC executives that were also within the scope of the foregoing rules; (ii) disclose these six political contributions in the quarterly reports it filed with the MSRB; and (iii) make and keep other required records relating to personnel covered by Rule G-37.<sup>3</sup> The relevant facts are as follows:

a. CIBC did not report its February 2002 contribution to the Gray Davis campaign in its quarterly report to the MSRB dated April 30, 2002 or in any subsequent report, and CIBC did not maintain an accurate record of that contribution. CIBC also failed to report to the MSRB, and had no record of, four political contributions made by Crowley from June 12, 2001 through August 27, 2002. Each of these contributions was made to an individual who was an “official of an issuer” of municipal securities within the meaning of MSRB Rule G-37(g)(vi). These four contributions totaled \$1,750. Crowley was a non-MFP executive officer within the meaning of MSRB Rule G-37(g)(v).

b. In addition, CIBC failed to report to the MSRB, and had no record of, a political contribution made by another senior official at CIBC who was a non-MFP executive officer within the meaning of MSRB Rule G-37(g)(v). This contribution was for \$500 and was made on May 15, 2001 to an individual who was an “official of an issuer” of municipal securities within the meaning of MSRB Rule G-37(g)(vi).

c. During the relevant period, CIBC did not make and keep an accurate list of its MFPs or its non-MFP executive officers.

7. As a result of the conduct described above, CIBC willfully<sup>4</sup> violated Section 15B(c)(1) of the Exchange Act and MSRB Rules G-37(b), G-37(e)(i)(A)(2), G-8 and G-9.

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<sup>3</sup> MSRB Rule G-37(e)(i)(A) requires broker-dealers and municipal securities dealers to file quarterly reports with the MSRB disclosing political contributions to any official of a municipal securities issuer made by the firm, its municipal finance professionals (“MFPs”) and non-MFP executive officers. MSRB Rules G-8(a)(xvi)(E) and (F) and G-9(a)(viii) require such firms to maintain accurate records of all such contributions, and Rules G-8(a)(xvi)(A) and (B) require the firms to make and keep accurate lists of their MFPs and non-MFP executive officers. MSRB Rule G-37(g)(v) defines non-MFP executive officers as including each “associated person in charge of a principal business unit, division or function.”

<sup>4</sup> “Willfully” as used in this Order means “intentionally committing the act which constitutes the violation. There is no requirement that the actor also be aware that he is violating one of the Rules or Acts.” *See Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965); *see also Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000).

8. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by CIBC and cooperation afforded the Commission staff.

#### IV.

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

Accordingly, pursuant to Sections 15(b), 21B and 21C of the Exchange Act, it is hereby ORDERED that:

1. CIBC cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rules G-37, G-8, and G-9.

2. Respondent shall, within 10 days of the issuance of the Order, disgorge a total of \$421,958 to the United States Treasury, consisting of \$379,852 in disgorgement and prejudgment interest thereon of \$42,106. Such payment shall be: (i) made by United States postal money order, certified check, bank cashier's check or bank money order; (ii) made payable to the Securities and Exchange Commission; (iii) and 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 (iv) submitted under cover letter that identifies CIBC 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 George N. Stepaniuk, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Three World Financial Center, Room 4300, New York, New York 10281.

3. CIBC shall, within 10 days of the issuance of this Order, pay a civil money penalty in the amount of \$75,000 to the United States Treasury. Such payment shall be: (i) made by United States postal money order, certified check, bank cashier's check or bank money order; (ii) made payable to the Securities and Exchange Commission; (iii) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22312; and (iv) submitted under cover letter that identifies CIBC 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 George N. Stepaniuk, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Three World Financial Center, Room 4300, New York, New York 10281.

By the Commission.

Jonathan G. Katz  
Secretary