

Bachus Statement on Jefferson County Municipal Securities Probe

Congressman Spencer Bachus (AL), the top Financial Services Committee, made the following statement in response to news reports that JP Morgan is subject to an SEC investigation of its dealings with Jefferson County Alabama:

"For 12 years I have been calling for greater disclosure and transparency in the municipal bond market. In 1997, I assisted in writing to then SEC Chairman Arthur Levitt expressing concern about a 'pay to play' scheme involving local sewer and water bonds. No action was taken by the SEC.

"In January 2007, I again urged an investigation of the Jefferson County municipal financing transactions by sending a volume of material to SEC Chairman Chris Cox. Protecting taxpayers and ratepayers remains a major concern, and will continue to guide my efforts moving forward.

"The revelation of a potential enforcement action is long overdue amid indications that investment advisors inflated fees above the already outrageous amounts charged. The innocent victims in this are the ratepayers and the citizens of the governments seeking to finance needed improvements.

"In the case of Jefferson County, I have asked the SEC to consider returning excessive fees to ratepayers as part of any penalties assessed to the Wall Street firms involved. It is not sufficient just to punish the guilty parties. Excess profits should be returned directly to taxpayers who are struggling with much higher utility bills and deserve relief.

"The point of my letters to the SEC was that these fees were unfair and unwarranted. It now appears they may have been corrupt also which makes the damage to Jefferson County's citizens even more troubling."

NOTE: Click [HERE](#) to view Bachus' letter to the SEC regarding possible 'pay to play' schemes involving the sale of Jefferson County water and sewer bonds. Also, click [HERE](#) to view a Bloomberg article entitled 'JPMorgan May Face SEC Charges Over Alabama Bond Deals.'