

IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION,  
Plaintiff,

vs.

LARRY K. O'DELL,  
Defendant.

Civil Action No.

98-948-CV-18-A

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff, United States Securities and Exchange Commission (the  
"Commission"), alleges:

**SUMMARY**

1. This case involves bribery of a public official in connection with the award of municipal securities business. Larry K. O'Dell, while serving as Director of Public Works for Osceola County, Florida, entered into an undisclosed, corrupt arrangement with a consultant working for Stephens Inc., a Little Rock-based investment banking firm. Pursuant to the arrangement, O'Dell was paid for helping to secure for Stephens a position in the selling group for the \$149,999,313 Osceola County, Florida, Transportation Improvement Bonds (Osceola Parkway Project), dated July 15,

1992 ("Osceola Parkway Bonds"). This arrangement caused an undisclosed conflict of interest and breach of O'Dell's fiduciary and similar duties to Osceola County and its citizens. As a result, Stephens gained an unfair advantage that led to its being named a selling group member for the Osceola Parkway Bonds. Following closing of the Osceola Parkway Bonds, the Stephens consultant gave cash and other items of value to O'Dell totaling \$1,755.82, pursuant to the arrangement. Neither the arrangement nor the payments made thereunder were disclosed to the issuer or purchasers of the Osceola Parkway Bonds.

2. O'Dell had a duty to disclose the arrangement and the benefits he received thereunder to Osceola County. Moreover, through his participation in Osceola County's working group, O'Dell was responsible for the omission of this material information from the Osceola Parkway Bonds' Official Statement furnished to investors. O'Dell's failure to disclose the arrangement, the payments, and the actual and potential conflicts of interest created by the arrangement, violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. O'Dell, unless permanently enjoined by this Court, will likely continue to engage in such violations. The Commission accordingly

seeks to enjoin O'Dell from committing future violations, disgorgement of his ill-gotten gains, and civil money penalties.

### **JURISDICTION**

3. The Commission brings this action pursuant to its authority conferred by Sections 20(b) and (d) of the Securities Act [15 U.S.C. §§ 77t(b) and (d)], and Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)] to restrain and enjoin the defendant, for other equitable relief, and for civil money penalties.

4. The Court has subject matter jurisdiction over this action pursuant to Sections 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d)(1) and 77v(a)] and Sections 21(d)(3)(A), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3)(A), 78u(e), and 78aa].

5. O'Dell, directly or indirectly, has made use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the acts, practices and courses of business alleged herein, certain of which occurred within the Middle District of Florida.

### **THE DEFENDANT**

6. O'Dell, age 61, a resident of Florida, was at all relevant times the Director of Public Works for Osceola County, Florida. With

respect to the Osceola Parkway Bonds, O'Dell was a member of the working group among which drafts of the bond documents were circulated.

#### **OTHER RELEVANT ENTITIES**

7. The Osceola County Board of Commissioners is the governing body of Osceola County, Florida. At all relevant times, the Osceola County Board of Commissioners consisted of five elected members, and was empowered to issue bonds and to select underwriters and selling group members in connection with such bond issuances. The authority to select selling group members was delegated to the Osceola County Manager.

8. Stephens Inc. ("Stephens") is an Arkansas corporation with its principal place of business in Arkansas. At all relevant times, Stephens was a broker-dealer and municipal securities dealer, and was registered with the Commission pursuant to Sections 15(b) and 15B(a) of the Exchange Act.

#### **Osceola County Selects Underwriters**

9. In the Spring of 1990, Osceola County selected underwriters for the bond issue that, over two years later, ultimately became the Osceola Parkway Bonds. Merrill Lynch and Citicorp were named co-lead underwriters; Merrill Lynch became the sole lead underwriter in August 1990, when Citicorp

exited the bond business. At the time, Stephens neither applied nor was chosen for participation in the underwriting syndicate.

#### **O'Dell Becomes Director of Public Works**

10. On June 3, 1991, O'Dell began work as Osceola County's Director of Public Works.

11. By June 1991, O'Dell had a longstanding friendship with a Stephens business development consultant ("the Consultant"), with whom he had shared office space during the 1980s. Both before and after becoming Osceola County's Director of Public Works, O'Dell often met and communicated with the Consultant.

#### **The Corrupt Agreement**

12. By the Spring of 1992, the Osceola Parkway Bonds were finally becoming ready to market. The two-year post-underwriter-selection delay in issuing the bonds flowed from engineering, construction and real estate matters.

13. As the Osceola Parkway Bonds neared issuance, the Consultant, acting in behalf of Stephens, asked O'Dell to help Stephens obtain a position in the selling group for those bonds. The Consultant asked for O'Dell's help with a selling group position, rather than an underwriting position, because the

underwriters already had been selected. At the time, Stephens had agreed to pay the Consultant a success fee.

14. O'Dell agreed with the Consultant that he (O'Dell) would help Stephens obtain a selling group position, and that, in return, the Consultant would share his compensation from Stephens with O'Dell. At the time, O'Dell knew that Stephens would compensate the Consultant if Stephens were selected.

#### **O'Dell Influences Stephens' Selection**

15. After entering into the agreement with the Consultant, O'Dell persuaded the Osceola County Manager to put Stephens in the selling group. O'Dell did not reveal to the County Manager, however, that he (O'Dell) had any economic interest in Stephens' selection. Based solely on O'Dell's request, the County Manager directed Merrill Lynch, the senior managing underwriter on the transaction, to add Stephens to the selling group. Merrill Lynch did so.

#### **Stephens Pays the Consultant, Who Pays O'Dell**

16. Following closing of the Osceola Parkway Bonds, Stephens paid the Consultant a success fee in excess of \$17,000. The Consultant, in turn, gave O'Dell money and other things of value totaling \$1,755.82, for helping Stephens obtain a selling group position in the transaction.

17. Neither during the selection of the selling group members, nor at the time of the sale of the Osceola Parkway Bonds from Osceola County to Stephens, nor in the Official Statements used in connection with the offer and sale of those bonds to investors, did O'Dell disclose his financial arrangement with the Consultant and the resulting conflicts of interest and breach of his fiduciary duty to Osceola County and its citizens.

18. By reason of the foregoing, O'Dell violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

#### **PRAYER FOR RELIEF**

Wherefore the Commission respectfully requests that this Court make findings that O'Dell violated the federal securities laws specified in this Complaint and grant relief against him as follows:

#### **I.**

Issue a Final Judgment of Permanent Injunction against O'Dell permanently enjoining him from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

Order O'Dell to disgorge \$1,755.82 in ill-gotten gains received as a result of the fraudulent conduct alleged here, plus prejudgment interest thereon.

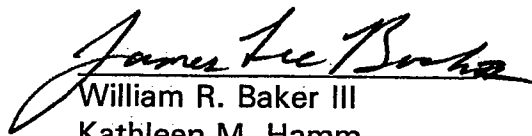
III.

Order O'Dell to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

IV.

Enter orders granting such other relief as the Court considers just and proper.

Respectfully submitted,



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Dated: August 21, 1998 Washington, D.C.