

Broker Charged With Giving Special Access to IPOs for Cash Kickbacks

Washington D.C., Dec. 19, 2017 —

The Securities and Exchange Commission today charged a Wall Street stockbroker with illegally accepting more than \$1 million in **undisclosed kickbacks** for giving certain customers **preferential** access to lucrative IPOs, enabling them to reap major trading profits in the secondary markets.

The SEC alleges that Brian Hirsch subverted allocation policies and procedures at two brokerage firms where he worked on the wealth syndicate desk, making long-running arrangements with certain customers to give them larger allocations of coveted public offerings being marketed by the firms. In most instances, the customers sold their stock into the market as soon as possible to turn a substantial profit at the expense of the firms' other brokerage customers and the issuers' interests in raising capital from long-term investors.



“Kickback schemes are pernicious and have no place in the securities markets,” said Sanjay Wadhwa, Senior Associate Director for Enforcement in the SEC’s New York Regional Office. “As alleged in our complaint, Hirsch lined his own pockets by secretly sharing in customer trading profits that he engineered in violation of his obligations to his employers.”

The SEC’s complaint also **charges Hirsch’s customer Joseph Spera**, who allegedly made approximately \$4 million in trading profits on the offering allocations he received from Hirsch. Spera allegedly paid Hirsch approximately \$1 million in cash.

The U.S. Attorney’s Office for the District of New Jersey has filed parallel criminal charges against Hirsch.

The SEC’s investigation, which is continuing, is being conducted by David Austin, Chevon Walker, Matthew Lambert, Stephen Johnson, and George Stepaniuk. The litigation is being led by Todd Brody, and the case is being supervised by Mr. Wadhwa. The SEC appreciates the assistance of the U.S. Attorney’s Office for the District of New Jersey and the Federal Bureau of Investigation.