

SEC Charges 71 Municipal Issuers in Muni Bond Disclosure Initiative

FOR IMMEDIATE RELEASE

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Washington D.C., Aug. 24, 2016— The Securities and Exchange Commission today announced enforcement actions against 71 municipal issuers and other obligated persons for violations in municipal bond offerings.

The actions were brought under the [Municipalities Continuing Disclosure Cooperation \(MCDC\) Initiative](#), a voluntary self-reporting program targeting material misstatements and omissions in municipal bond offering documents. The initiative offered favorable settlement terms to municipal bond underwriters, issuers, and obligated persons that self-reported certain violations of the federal securities laws. Obligated persons are typically nonprofit entities such as hospitals and colleges that borrow the proceeds of bond issuances and are obligated to pay principal and interest on the bonds.

The SEC found that from 2011 to 2014, the 71 issuers and obligated persons sold municipal bonds using offering documents that contained materially false statements or omissions about their compliance with continuing disclosure obligations. Continuing disclosure provides municipal bond investors with important information, including annual financial reports, on an ongoing basis. The [SEC's 2012 Municipal Market Report](#) identified issuers' failure to comply with their continuing disclosure obligations as a major challenge for investors seeking information about their municipal bond holdings.

“The diversity among the 71 entities in these actions demonstrates that continuing disclosure failures were a widespread and pervasive problem in the municipal bond market,” said Andrew Ceresney, Director of the SEC Enforcement Division. “The MCDC Initiative has brought attention to this important issue and resulted in increased compliance by municipal issuers and underwriters.”

The parties settled the actions without admitting or denying the findings and agreed to cease and desist from future violations. Pursuant to the terms of the initiative, they also agreed to undertake to establish appropriate policies, procedures, and training regarding continuing disclosure obligations; comply with existing continuing disclosure undertakings, including updating past delinquent filings, disclose the settlement in future offering documents, and cooperate with any subsequent investigations by the SEC.

“The terms of the settlements reflect the credit these issuers earned for their cooperation in self-reporting pursuant to the MCDC initiative,” said LeeAnn Ghazil Gaunt, Chief of the SEC Enforcement Division's Public Finance Abuse Unit. “Because the issuers also voluntarily agreed to take steps to prevent future violations, both they and their investors have benefited from the initiative.”

The SEC has now filed a total of 143 actions against 144 respondents as part of the MCDC Initiative. Today's actions are the first against municipal issuers since the first action under the initiative was announced in July 2014 against [a California school district](#). The SEC filed actions under the initiative against a total of 72 municipal underwriting firms, comprising 96 percent of the market share for municipal underwritings, in [June 2015](#), in [September 2015](#), and in [February 2016](#).

The MCDC Initiative is being led by Kevin Guerrero of the Enforcement Division's Public Finance Abuse Unit. The cases announced today were investigated by members of the unit, including Michael Adler, Joseph Chimienti, Kevin Currid, Susan Curtin, Peter Diskin, Brian Fagel, Natalie Garner, Warren Greth, Sally J. Hewitt, Jason Howard, Jason Lee, Robbie Mayer, Heidi Mitza, William Salzman, Cori Shepherd, Ivonia K. Slade, Steven Varholik, Jonathan Wilcox, Monique C. Winkler, and Deputy Chief Mark R. Zehner with assistance from Peter Moores and Ellen Moynihan of the Boston Regional Office, Howard Kaplan of the Enforcement Division's Center for Risk and Quantitative Analytics, and Rebecca Olsen, Hillary Phelps, and Adam Wendell of the Office of Municipal Securities.

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SEC orders:

Alabama

- [City of Vestavia Hills](#)
- [Board of Education of Madison County](#)

Alaska

- [Borough of North Slope](#)

Arkansas

- [Board of Trustees of Arkansas Tech University](#)

California

- [City of Alameda](#)

Colorado

- [Boulder County](#)
- [Thompson School District No. R2-J](#)
- [Colorado Department of Transportation](#)

Connecticut

- [Lawrence & Memorial Corp. and Lawrence & Memorial Hospital](#)
- [Town of Fairfield](#)

Delaware

- Delaware Transportation Authority

Georgia

- Fulton County

Hawaii

- State of Hawaii

Idaho

- Idaho Housing and Finance Association

Illinois

- Palatine Park District
- Community Unit School District Number 18 (Blue Ridge)
- Metropolitan Airport Authority of Peoria

Indiana

- City of Gary
- Sanitary District of the City of Gary
- City of South Bend

Iowa

- City of Cedar Rapids
- City of West Des Moines

Kansas

- Unified School District No. 418 (McPherson County)
- City of Andover

Kentucky

- Kentucky Housing Corporation
- Electric and Water Plant Board of the City of Frankfort

Louisiana

- [East Ouachita Parish School District](#)

Maine

- [Town of York](#)

Maryland

- [Montgomery College](#)
- [Montgomery College Foundation](#)

Massachusetts

- [City of Chelsea](#)

Michigan

- [Berrien County](#)

Minnesota

- [State of Minnesota](#)

Mississippi

- [Lauderdale County](#)

Missouri

- [Ascension Health Alliance](#)
- [Black Jack Fire Protection District of St. Louis County](#)
- [Blair Oaks R-II School District](#)

Montana

- [Montana Department of Transportation](#)

Nebraska

- [City of Alliance](#)

New Hampshire

- [Southern New Hampshire University](#)

New Jersey

- [Borough of Roselle Park](#)
- [Township of East Brunswick](#)

New Mexico

- [El Castillo Retirement Residences](#)

New York

- [Franklin County](#)
- [City of Ithaca](#)
- [Syracuse University](#)
- [Westchester County Health Care Corporation](#)

North Carolina

- [North Carolina Eastern Municipal Power Agency](#)

North Dakota

- [City of Devils Lake](#)

Ohio

- [The Ohio State University](#)

Oklahoma

- [City of Nichols Hills](#)
- [Oklahoma Housing Finance Agency](#)
- [Yukon Municipal Authority](#)

Pennsylvania

- [Adams County](#)

- Collegium Charter School
- Hazleton Area School District
- Municipal Authority of the City of McKeesport

South Carolina

- City of Columbia
- Town of Hilton Head Island

South Dakota

- Tea Area School District 41-5

Tennessee

- City of Memphis

Texas

- Pecos County

Utah

- Heber Light & Power Company

Vermont

- Casella Waste Systems

Virginia

- Carilion Clinic

Washington

- City of Bainbridge Island
- Public Utility District No. 1 of Whatcom County

West Virginia

- County Commission of Ohio County

Wisconsin

- [City of Oconomowoc](#)

Wyoming

- [Wyoming Community Development Authority](#)

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