

SEC Completes Municipal Underwriter “Enforcement Sweep”

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We have [previously reported](#) on the SEC's Municipalities Continuing Disclosure Cooperation (MCDC) Initiative, pursuant to which municipal securities issuers and underwriters could obtain favorable settlement terms if they self-reported any instances in which there had been inaccurate statements in a final official statement about continuing disclosure compliance. Last week, the SEC [announced](#) that it had completed the municipal underwriter "enforcement sweep" portion of that initiative with the filing of enforcement actions against another 14 underwriters. With the actions filed back in [June 2015](#) and [September 2015](#), this brings the total number of underwriting firms charged to 72, a number which represents, according to Andrew J. Ceresney, Director of the SEC's Enforcement Division, 96 percent market share for municipal underwritings. In the orders instituting cease and desist proceedings against this final group of underwriters, the SEC continued to make clear that it considers even relatively brief delinquencies to be material facts which need to be disclosed. Thus, in [one order](#), the SEC found that the failure to disclose the issuer had made a single late filing -- an annual report filed 33 days late -- was materially misleading. This most recent set of orders also answered any lingering question about whether the SEC considered the failure to file a material event notice to be actionable. Among the orders issued last week, [one](#) included the failure to file material event notices regarding the advance refunding and associated redemptions of certain bonds as matters which should have been disclosed. Now that the SEC is finished with the underwriters, it will be turning its attention to the issuers. Stay tuned for more MCDC orders coming out over the next 12 months.

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