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CS NEWSFLASH: OVERSIGHT INTENSIFIES FOR MUNICIPAL DEBT ISSUERS

As the Securities and Exchange Commission ("SEC") continues to push for increased oversight in the management of municipal debt, Local Educational Agencies ("LEAs") across the State of Colorado ("State") may see heightened scrutiny in the coming months. With many of Colorado's LEAs currently out of compliance with their continuing disclosure obligations, LEAs who may have violated SEC Rule 15c2-12 ("Rule") should take note of the following:

» SEC Settlements:

Any LEAs who self-reported under the Municipalities Continuing Disclosure Cooperation Initiative ("MCDC Initiative") in 2014 should be prepared to be contacted by the SEC. As the SEC has recently completed its final wave of settlements with underwriters, the [Government Finance Officers Association has stated](#) that the SEC is beginning to propose settlement offers to issuers starting in the first quarter of 2016. The SEC is not expected to impose monetary fines on issuers who self-reported, but may take enforcement action on government officials found to be responsible for false statements within offering documents. This means future violations of the Rule may result in financial penalties for both LEAs and school officials. Further, the SEC is [requesting an increase in funding](#) to add to its enforcement staff which will most likely lead to a rise in issuer investigations.

» Misleading Statements in Bond Documents:

In addition to false statements regarding continuing disclosure compliance, the SEC is also looking closely at other statements made in offering documents of bond issuances. Recently, a [California water district and two \(2\) of its officials settled with the SEC](#) because misleading financial information was included in the official statement of a 2012 bond issuance. The total settlement was \$195,000 between the water district and two (2) officials for violating Section 17(a)(2) of the Securities Act of 1933.

Whether or not your LEA self-reported under the MCDC Initiative, now is a critical time to research whether your LEA has ever violated the Rule and establish new policies and procedures going forward. The only way to ensure compliance with the Rule is through continual diligence. For this reason, Dolinka Group created *DisclosureCompliance*[™]: an online software available in four (4) customized versions to aid LEAs in navigating their continuing disclosure reporting requirements. [Click here for more information.](#)



Key Features:

- ✓ Document Management System
- ✓ Books & Records Warehouse
 - ✓ Training & Support
- ✓ Monthly Compliance Surveys
- ✓ Easy Communication Tools

If you have any questions regarding debt transparency and disclosure, please contact us at 844.654.2421 or info@coopstrategies.com.

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