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WHY ARE DISCLOSURE POLICIES IMPORTANT?

PLACING DISCLOSURE POLICIES
WITHIN THE CONTEXT OF TRENDS
IN SEC ENFORCEMENT ACTIVITY

PETER K.M. CHAN, MORGAN, LEWIS & BOCKIUS LLP



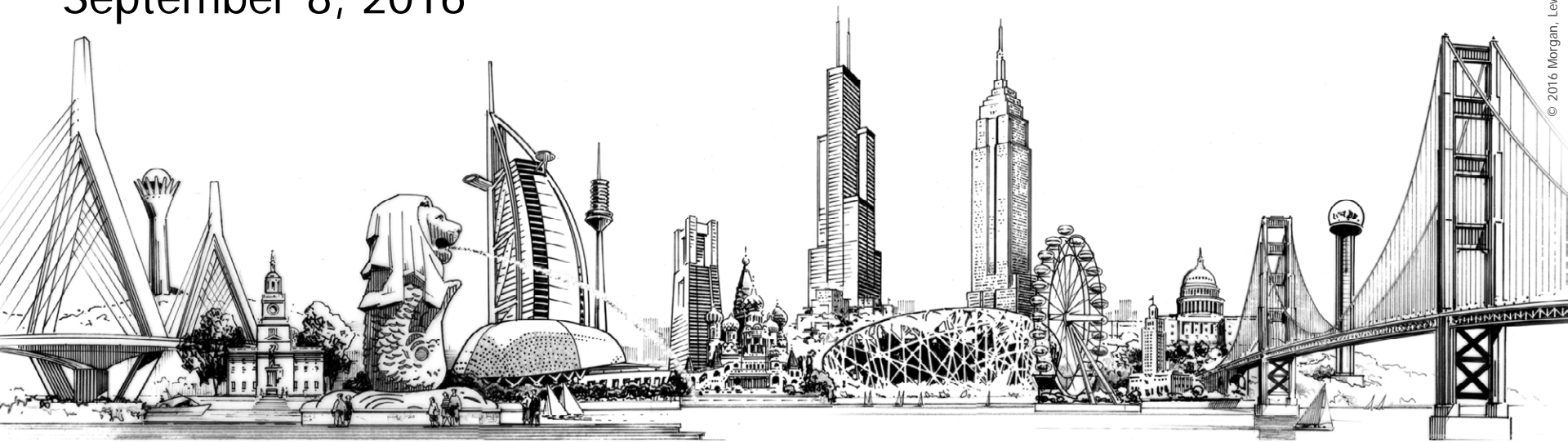
SEPTEMBER 8, 2016

Morgan Lewis

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Peter K.M. Chan
September 8, 2016



Overview

- The SEC's Public Finance Abuse Unit
- The PFA Unit's application of the "negligent fraud" theory
- The PFA Unit's application of "Control Person" liability theory against senior municipal officials
- Types of SEC cases involving municipalities
- Actions against individuals
- Actions against gatekeepers
- How robust disclosure procedures can help reduce the risk of SEC enforcement scrutiny.

2016 RELEVANT CASES

- SEC Charges 71 Municipal Issuers in Muni Bond Disclosure Initiative
August 24, 2016
<https://www.sec.gov/news/pressrelease/2016-166.html>
- Former CEO of Chicago Charter School Operator Settles Muni-Bond Fraud Charges
June 21, 2016
<https://www.sec.gov/news/pressrelease/2016-125.html>
- SEC: Muni Advisors Acted Deceptively with California School Districts
June 13, 2016
<https://www.sec.gov/news/pressrelease/2016-118.html>

2016 RELEVANT CASES CONT.

- Mayor in Illinois Settles Muni Bond Fraud Charges
May 19, 2016
<https://www.sec.gov/news/pressrelease/2016-93.html>
- SEC: Town Officials in New York Hid Financial Troubles from Bond Investors
April 14, 2016
<https://www.sec.gov/news/pressrelease/2016-68.html>
- Municipal Advisor Charged for Failing to Disclose Conflict
March 15, 2016
<https://www.sec.gov/news/pressrelease/2016-54.html>

2016 RELEVANT CASES CONT.

- California Water District to Pay Penalty for Misleading Investors
March 9, 2016
<https://www.sec.gov/news/pressrelease/2016-43.html>
- SEC Charges Rhode Island Agency and Wells Fargo with Fraud in 38 Studios Bond Offering
March 7, 2016
<https://www.sec.gov/news/pressrelease/2016-37.html>
- SEC Completes Muni-Underwriter Enforcement Sweep
February 2, 2016
<https://www.sec.gov/news/pressrelease/2016-18.html>
- SEC Charges State Street for Pay-to-Play Scheme
January 14, 2016
<https://www.sec.gov/news/pressrelease/2016-8.html>

QUESTIONS?

Biography



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Morgan Lewis partner Peter K.M. Chan brings two decades of experience at the US Securities and Exchange Commission (SEC) to his litigation and counseling work. He represents public companies, financial services firms, and other organizations in litigation, investigations, and regulatory actions by federal agencies. Former head of the SEC Chicago office's Municipal Securities and Public Pensions Unit, Peter also advises clients on compliance and regulatory matters impacting the municipal securities markets and investments by public pensions and other institutions. His tenure at the SEC, as well as a stint as Special Assistant US Attorney in the Northern District of Illinois, have given Peter significant experience with both civil and criminal matters.

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