

# CLIENT NEWS BRIEF

## Good for a Limited Time Only: MCDC Settlement Offers on the Way

On Wednesday, February 10, 2016, the Government Finance Officers Association (GFOA) issued an alert urging bond issuers to be on the lookout for calls from the Securities and Exchange Commission's Enforcement Division with settlement offers under the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. Based on the SEC's treatment of underwriters in recent rounds of settlement negotiations (in which underwriters were given as little as one week to agree to settlement terms), the GFOA cautions issuers to be prepared for a similarly short timeline to agree to the terms of settlement.

As we reported in 2014 ([see Client News Brief No. 45, July 2014](#)), the MCDC Initiative was launched in early 2014 by the SEC to allow bond issuers and underwriters to self-report potential violations of their disclosure obligations. The deadline for bond issuers to participate in the MCDC Initiative was December 1, 2014.

Careful consideration should be given by any bond issuer, in consultation with its legal experts, before entry into a settlement under the MCDC Initiative. As reported in the Wall Street Journal, Lozano Smith negotiated the nation's first settlement under the MCDC Initiative, on behalf of a California school district. [Read the article here](#) or [here](#). Our firm has assisted many school districts, community colleges, and other public agencies as bond counsel, disclosure counsel, and district counsel. If you have any questions about the MCDC Initiative, please contact one of our [nine offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#), or download our [Client News Brief App](#).

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Daniel Maruccia  
Partner and Co-Chair of Public Finance  
Sacramento Office  
dmaruccia@lozanosmith.com



Sean Mick  
Associate  
Sacramento Office  
smick@lozanosmith.com



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