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When Wall Street Flips Municipal Bonds, Towns and Schools Pay the Price.

A Journal analysis of trading data suggests new bonds often are underpriced, which means taxpayers will pay more in interest

When the West Contra Costa Unified School District in California needed money to repair and upgrade deteriorating classrooms, it hired Piper Jaffray Cos. to sell \$191 million of municipal bonds.

As far as school officials knew, the March 2016 sale went off flawlessly, enabling the district to refinance older debt and tackle tasks such as removing asbestos and upgrading science labs.

However, within a day of the initial sale, the original buyers sold, or “flipped,” \$35 million of the district’s bonds for a profit of \$306,000, a Wall Street Journal analysis of trading in the bonds found.

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The Wall Street Journal

By Tom McGinty and Heather Gillers

Sept. 12, 2019 11:41 am ET

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