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SEC to Charter Schools: Use Registered Municipal Advisors - Orrick

The SEC is reminding charter schools to seek advice on municipal securities only from [registered municipal advisors](#).

A [bulletin](#) from the SEC's Office of Municipal Securities and Division of Enforcement's Public Finance Abuse Unit follows recent enforcement actions against unregistered municipal advisors in the charter school sector.

Advisors Must Register

The SEC aimed its bulletin at people who make financial decisions for charter schools.

- It warns about consultants, financial advisors, real estate developers and others who may offer financial advice to charter schools on topics that fall under the SEC's purview.
- Many of these individuals are not registered municipal advisors and do not serve as fiduciaries to their clients, the SEC says.

The law considers any group that advises a charter school on municipal securities to be a municipal advisor that must register with the SEC.

Protecting Borrowers

The SEC regulates municipal advisors to protect borrowers from abuses, including "undisclosed conflicts of interest, advice rendered without adequate training or qualifications, and placing their own interests ahead of their clients' interests."

Charter schools that receive inadequate or conflicted advice could experience costlier and less desirable financings.

[Check the SEC's list of registered municipal advisors](#)

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November 15, 2024