

Bond Case Briefs

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SEC Probes Cyberattack of Detroit Suburb's \$30 Million Bond Sale.

- **Probe will determine potential violation of securities law**
- **White Lake Township makes disclosure in bond supplement**

The US Securities and Exchange Commission is investigating a [municipal-bond sale by a Detroit suburb](#) that was hacked last year by cyber criminals, resulting in the theft of about \$30 million of proceeds.

The SEC is probing whether the bond issue, which was supposed to close in November, violated securities law, according to a March 11 bond-offering supplement. The community of 32,000 plans to sell \$29 million of bonds after the cyberattack forced it to cancel last year's issue to finance the construction of a civic center.

On the day of the initial sale's closing in November, criminals impersonated a township official after gaining access to the municipality's email, according to an offering document for the upcoming sale. The hackers then directed Robert W. Baird & Co., the investment bank that bought the bonds, to wire the purchase price to an account they set up.

Read more: [Add Cyberattacks to the List of Municipal Bond Credit Risks](#)

About \$23.6 million of the funds have been recovered and returned to Baird, according to the bond supplement. The investigation by federal authorities and the White Lake Township Police Department is ongoing.

"The Township is cooperating with all investigations and does not believe such investigations will impact the Township's ability to issue or repay the bonds," the bond-offering supplement said.

White Lake's supervisor, Rik Kowall, didn't immediately respond to a phone call seeking comment.

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