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## **Bracewell & Giuliani: SEC Municipalities Continuing Disclosure Cooperation Initiative Targets Issuers and Underwriters with a “Prisoner’s Dilemma”**

On March 10, 2014, the Enforcement Division of the Securities and Exchange Commission (SEC) announced the Municipalities Continuing Disclosure Cooperation Initiative (MCDC) – an offer for municipal issuers and their underwriters to turn themselves (and others) in now for certain potential violations of the securities laws in exchange for lighter punishments, in contrast to harsh penalties threatened for those caught after the September 9, 2014 deadline. The offer extends only to potential violations of the antifraud rules made in an Official Statement regarding the issuer’s past compliance with continuing disclosure agreements and not to other violations of the antifraud provisions. The scope of transactions potentially covered by the MCDC is extensive and the terms provided in SEC materials raise many questions. The chief of the Enforcement Division’s Municipal Securities and Public Pensions Unit, LeeAnn Gaunt, and her deputy Mark Zehner provided additional insight into MCDC in response to questioning during recent panels chaired by Paul Maco, one of the authors of this Alert. That insight is incorporated into this Alert.

Read the full Alert [HERE](#).