

Bond Case Briefs

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NABL: SEC Charges Municipal Advisor for Failing to Disclose Conflict.

The U.S. Securities and Exchange Commission (SEC) has charged Central States Capital Markets, its CEO and two employees for breaching their fiduciary duty by not disclosing a conflict of interest to a municipal client. This is the SEC's first case in enforcing the fiduciary duty for municipal advisors since the implementation of the 2010 Dodd-Frank Act. According to the order, while Central States served as a municipal advisor to a client on municipal bond offerings in 2011, two of its employees, in consultation with the CEO, arranged for the offerings to be underwritten by a broker-dealer where all three worked as registered representatives. Central States CEO John Stepp and employees Mark Detter and David Malone did not inform the client of their relationship to the underwriter or the financial benefit in serving multiple roles.

[Click here](#) to read the press release.

[Click here](#) to read the SEC order.