

Bond Case Briefs

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SEC Announces Deal With Two California-Based Municipal Advisory Firms.

SAN FRANCISCO (Legal Newswire) - The Securities and Exchange Commission (SEC) announced that School Business Consulting Inc. and Keygent LLC will settle allegations of using deceptive practices when soliciting business from five California school districts.

According to the SEC, these school districts were using School Business Consulting to advise them on their hiring process for financial professionals. While this was underway, Keygent allegedly retained School Business Consulting. Keygent purportedly sought the municipal advisory business of the same school districts. School Business Consulting allegedly shared confidential information about the districts with Keygent.

“This unauthorized exchange of confidential client information could have given Keygent an improper advantage over other municipal advisors that were candidates for the same business,” Andrew Ceresney, director of the SEC Enforcement Division, said. “The Dodd-Frank Act prohibits this type of deceptive behavior by advisors when dealing with municipal issuers.”

School Business Consulting was additionally charged with failing to register as a municipal adviser.

“These laws apply not only to municipal advisers, but also those who solicit business on behalf of municipal advisers,” LeeAnn Ghazil Gaunt, chief of the SEC Enforcement Division’s Public Finance Abuse Unit, said. “Municipal entities should be able to trust that their selection of a municipal adviser is untainted by any breach of fiduciary duty.”

School Business Consulting will pay \$30,000, while its president will pay a \$20,000 penalty. Keygent will pay \$100,000 while its principals will pay \$30,000 and \$20,000 respectively.

by Mark Iandolo

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