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Be Aware of Fraud in the Muni Bond Market.

The municipal bond market is often seen as a safe-haven among investors. After all, the bonds are issued by governments and are often backed by taxpayer dollars. Investors may be aware of default risks in rare cases, but for the most part, they remain unaware of the rampant securities fraud taking place.

In recent years, it has become increasingly apparent that fraud is commonplace in the \$3.7 trillion muni bond market. The Securities and Exchange Commission (SEC) described the market as “too opaque” in a 2012 report and has taken action against large and small governments to curb the problem.

Let’s take a look at some common types of fraud in the muni bond market and how the proper due diligence can avoid it.

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Justin Kuepper

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