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Muni Bond Blowup Exposes Flaws in $600 Billion Corner of Market.

- **Sports complex went bust less than three years after debt sale**
- **Little vetting by agency with history of rubber-stamping deals**

The red flags were flying all around Randy Miller. He'd already had bouts with bankruptcy. He'd been accused — not once, but three times — of defrauding business associates. He pointed to a partnership with international soccer powerhouse Manchester United, even though the other ties to professional teams he cited were over three decades old.

But when the 68-year-old businessman and his son turned to Wall Street in 2020 and 2021 for money to build a sprawling youth-sports complex in the Sonoran Desert outside of Phoenix — after repeatedly failing to drum up enough financing on his own — it not only obliged, but lent him $280 million to do so.

All it took was an eight-page application to the Arizona Industrial Development Authority, which had never turned down any of the scores of borrowers that sought the state's imprimatur on their bond sales, an audit late last year showed. Dangling yields near 8% back when the Federal Reserve was pinning rates near zero, the debt was snapped up by big institutional money managers like the Vanguard Group Inc. and AllianceBernstein Holding LP.

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