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Systemic Risk in U.S. Law Enforcement: Unpacking the Financial Market Implications of Police Accountability and Public Trust Erosion

– Police accountability failures are reshaping municipal bond markets, driving credit downgrades and rising insurance liabilities as cities like Phoenix and Minneapolis face fiscal strain from reform costs.

– Racial disparities in credit ratings highlight systemic biases, with cities having larger Black populations often rated lower despite comparable economic performance, merging social justice with financial risk.

– Third-party litigation financing inflates settlement costs by 27%, pressuring insurers and municipalities as prolonged legal battles increase borrowing costs and regulatory scrutiny intensifies.

– Investors must balance high-yield litigation finance opportunities with governance risks, prioritizing cities with transparent reforms and diversified revenue to mitigate systemic instability.

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by Henry Rivers

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