



MCDC- AN UPDATE AND WHAT'S NEXT

JULY 21, 2015

Our Panel



Gregg Bienstock
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Lumesis, Inc.



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President and COO
Lumesis, Inc.

- Three Primary Questions:
 - Where are we in the MCDC process and what's next?
 - What have we learned from MCDC?
 - How this impacts underwriting policies, procedures and practices?

- Content
 - Overview of SEC Orders
 - Order Rule References
 - Rule 15c2-12 of the Securities Exchange Act of 1934
 - Section 17(a)(2) of the Securities Act of 1933
 - Materiality
 - The Role of The Independent Consultant
 - Solutions to Help

- SEC Orders instituted Administrative and Cease and Desist Proceedings pursuant to Section 8A of the Securities Act of 1933 and 15(b) of the Securities Exchange Act of 1934, Made Findings and Imposed Remedial Sections and a Cease-and-Desist order.
- 36 Orders to Date with Fines totaling \$9.3 million
 - SEC Charges 36 Firms for Fraudulent Municipal Bond Offerings
6/18/15, <http://www.sec.gov/news/pressrelease/2015-125.html>
- More to Come
 - Underwriter Wave II and beyond
 - Issuers

- SEC expounded on its prior releases concerning the due diligence responsibilities of underwriters.
- “The Commission believes that if the underwriter finds that the issuer or obligated person has on multiple occasions during the previous five years failed to provide on a timely basis continuing disclosure documents, including event notices and failure to file notices, as required in a continuing disclosure agreement for a prior offering, it would be very difficult for the underwriter to make a reasonable determination that the issuer or obligated person would provide such information under a continuing disclosure agreement in connection with a subsequent offering. In the Commission’s view, it also is doubtful that an underwriter could meet the reasonable belief standard without the underwriter affirmatively inquiring as to that filing history. The underwriter’s reasonable belief should be based on its independent judgment, not solely on representations of the issuer or obligated person as to the materiality of any failure to comply with any prior undertaking.” Exchange Act Release No. 34-62184A (May 26, 2010), 75 FR 33100 (June 10, 2010).

Rule 15c2-12 of the Securities Exchange Act

- Requires underwriters, in connection with an offering, to refrain from participation unless they have reasonably determined that the issuer and/or obligated persons has undertaken to provide an annual report containing financial information and operating data to the MSRB's EMMA system, a timely notice of certain events and timely notice of failure to submit the annual report on or before the date specified in the continuing disclosure agreement.
- Final OS must set forth instances in the previous 5 years where the issuer and/or obligated party failed to comply in all material respects with any previous disclosure undertakings. SEA Rule 15c2-12(f)(3).

Section 17(a)(2) of the Securities Act:

- “By participating in an offering, an underwriter makes an implied recommendation about the securities [that it] ... has a reasonable basis for belief in the truthfulness and *completeness* of the key representations made in any disclosure documents used in the offering.” Dolphin & Bradbury, Inc. v. SEC, 512 F.3d 634, 641 (D.C. Cir. 2008) (emphasis added) (quoting Municipal Securities Disclosure, Exchange Act Release No. 26100, 53 Fed. Reg. 37778, 37787 (Sept. 28, 1998) (“1988 Proposing Release”); City Securities Corp., Exchange Act Release No. 70056, 2013 WL 3874855, at *1-2 (July 29, 2013).
- Underwriters have a “heightened obligation” to take steps to ensure adequate disclosure. Dolphin & Bradbury, 513 F.3d. at 641 (quoting 1988 Proposing Release).
- A misrepresentation or omission is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Basic v. Levinson, 485 U.S. 224, 231-32 (1988). Emphasis supplied.
- Respondent (a broker-dealer) “conducted inadequate due diligence in certain offerings, and as a result, failed to form a reasonable basis for believing the truthfulness of certain material representations in official statements issued in connection with those offerings. This resulted in Respondent offering and selling of municipal securities on the basis of materially misleading disclosure documents. As a result of the conduct described herein, Respondent willfully violated Section 17(a)(2) of the Securities Act [of 1933].” From Summary Section of All MDCD-Related Orders Issued June 18, 2015 (“Order”).
- Negligence is sufficient to establish a violation of Section 17(a)(2). Aaron v. SEC, 446 U.S. 680, 696-97 (1980).

What is “Material”

- Each Order cited up to three anonymous examples of improper disclosure
- OS cited were from between 2010 and 2014
- Majority of transactions cited were negotiated (>90%)
- Underwriter was the sole or senior manager in all deals cited
- All Orders cited Failure to File or Late Filing of Annual Financials and Failure to File Notice of Late Filing
 - Late Filings spanned from a few weeks to >1,000 days
 - 14-50 days late = 29 Late Filings
 - 51-100 days late = 15 Late Filings
 - 101-200 days late = 38 Late Filings
- Citation of Failure to File Annual Financials where financial information was in a subsequent OS but there was a failure to provide a cross-reference submission within EMMA.
- No Order cited failure by Issuer or Obligated Party to disclose noncompliance
- See Appendix for Detailed Chart courtesy of Nixon Peabody and the BDA.

The Role of The Independent Consultant

- Required to retain an Independent Consultant “not unacceptable to the Commission staff”
- Role of Independent Consultant:
 - To review policies and procedures as they relate to municipal securities underwriting due diligence
 - Within 180 days (calendar) of the “institution of these proceedings” the Independent Consultant will submit a written report of findings and recommendations for changes in or improvements to Respondent’s policies and procedures

The Role of The Independent Consultant

- Respondent must adopt all recommendations within 90 days of the date of the report.
- That is ...
 - Unless, within 30 days of the report, Respondent advises the Independent Consultant and Commission staff of any recommendations the Respondent considers to be unduly burdensome, impractical or inappropriate.
 - No need to adopt
 - Can propose an alternative to achieve the same objective or purpose
 - If no agreement with the IC, have 60 days from the date of the Report to reach a good faith agreement with the IC
 - Within 15 days of the conclusion of discussions with IC, IC informs the Respondent and the Commission staff of the IC's final determination of any recommendation the Respondent found to be unduly burdensome, impractical, or inappropriate.
 - Within 10 days of this written communication, Respondent may seek approval from the Commission staff to not adopt recommendations the Respondent can demonstrate to be unduly burdensome, impractical, or inappropriate.
 - If the Commission staff agrees, do not have to adopt.
 - Additional timing requirements

- Certify in writing compliance with all undertakings no later than the one year anniversary of these proceedings
 - Evidence of compliance in the form of a narrative and supported by exhibits to demonstrate compliance
 - Commission staff can ask for further evidence of compliance

What Firms Are Doing and Can Do

- Update Policies, Procedures and Practices
 - Identify important changes to make
 - Documentation
 - Consistent Application of Policies and Procedures
- Leverage Third Party Solutions

What Does DIVER *Underwriter* Offer?

1. Efficient, Consistent, “Reasonable” 15c2-12 Continuing Disclosure Due Diligence
2. Electronic Workflow and Storage of Underwriting Diligence and Files – Documentation, Supervision, Proof of Compliance
3. Aggregation and Presentation of Relevant Data to Better Understand Municipal Credit and Conduct Diligence

Ipreo Deal or Create Your Own Deal



Welcome Tim Stevens

Ipreo Calendar

Deal Files

Obligor Profile

Disclosures

Bitvore News

Administration

Ipreo Calendar

Week of: 07/20/2015



Competitive

Bond


-- All States--

Search

Sale Date	Sale Time	Amount	Issuer	State	Description	Ratings (M/S/F)	UW File
7/20/2015	10:00 AM CDST	\$53,735,000	City of Columbia	MO	Water and Electric System Refunding and Improvement R...	-/A+/-	
7/20/2015	10:00 AM CDST	\$17,585,000	City of Lakeville	MN	General Obligation Bonds, Series 2015A	-/-/-	
7/20/2015	10:30 AM CDST	\$6,490,000	City of Chaska	MN	General Obligation Improvement Bonds, Series 2015A	-/-/-	
7/20/2015	10:30 AM CDST	\$4,310,000	City of Sheboygan	WI	General Obligation Promissory Notes	Aa2/-/-	
7/20/2015	10:30 AM CDST	\$8,500,000	Italy Independent School Di...	TX	Unlimited Tax School Building Bonds, Series 2015	-/-/-	
7/20/2015	10:30 AM CDST	\$41,000,000	Madison Metropolitan Scho...	WI	General Obligation Promissory Notes	Aa1/-/-	
7/20/2015	10:30 AM CDST	\$11,720,000	Madison Metropolitan Scho...	WI	General Obligation Refunding Bonds	Aa1/-/-	
7/20/2015	10:30 AM CDST	\$4,950,000	Rice Consolidated Indepen...	TX	Unlimited Tax School Building Bonds, Series 2015A	-/-/-	
7/20/2015	11:00 AM CDST	\$3,000,000	Bremond Independent Scho...	TX	Unlimited Tax School Building Bonds, Series 2015	-/A/-	
7/20/2015	11:00 AM CDST	\$4,207,000	City of El Dorado	KS	General Obligation Refunding and Improvement Bonds, ...	-/AA/-	
7/20/2015	11:00 AM CDST	\$855,000	City of West Branch	IA	General Obligation Corporate Purpose Bonds, Series 2015	-/-/-	
7/20/2015	11:00 AM EDST	\$780,000	Elkton-Pigeon-Bay Port Lak...	MI	2015 School Technology and Bus Bonds Series A (Gener...	-/-/-	

- Seamless Workflow Integration with Ipreo's Calendar
- Simply and Quickly Create Your Own New Deal File

Electronic Deal File & Repository



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Madison Metropolitan School District	WI	Sale Date 06/29/2015
Madison Metropolitan Sch Dist WI	\$41mm	Sale Time 9:30 AMCDST
General Obligation Promissory Notes	-/-/-	Pre-Bid Diligence


▼ Actions


History


Deal Admin 


Deal Details  


POS/OS Review 


CD Agreement 

CD Analysis 

Obligor Profile 

Bitvore News 

Deal Docs 

Deal Notes 

- Electronic Repository of Diligence and Deal Documents
- Modules Allow for a Consistent Workflow

POS/OS Review



by Lumesis

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Madison Metropolitan School District

Madison Metropolitan Sch Dist WI

General Obligation Promissory Notes

POS/OS Review

[POS/OS Review](#)
[POS/OS Sources](#)
[EMMA Submissions](#)

Search Financial Advisor Site: [Web Page Not Available](#)
 Search i-Deal Prospectus: www.i-dealprospectus.com
 Search MuniOS.com: www.munios.com

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[Complete](#)

[www.i-dealprospectus.com](#)

[www.i-dealprospectus.com/PDF/1_68158](#)

PRELIMINARY OFFICIAL STATEMENT DATED JULY 13, 2015
NEW ISSUES
 Non Bank Qualified
 Moody's Rated "Aa1"
 (See "RATING" herein)

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Securities is excludable from gross income and are not an item of tax preference for federal income tax purposes. The Securities are NOT designated as "qualified tax-exempt obligations". See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Securities. The interest on the Securities is not exempt from present Wisconsin income or franchise taxes.

MADISON METROPOLITAN SCHOOL DISTRICT
 Dane County, Wisconsin
\$41,000,000 General Obligation Promissory Notes
\$11,720,000* General Obligation Refunding Bonds
 Dated: August 10, 2015 Due: March 1 as shown herein

The \$41,000,000 General Obligation Promissory Notes (the "Notes") and the \$11,720,000* General Obligation Refunding Bonds (the "Bonds") collectively, the "Securities" will be dated August 10, 2015 and will be in the denomination of \$5,000 each or any multiple thereof. The Notes will mature serially on March 1 of the years 2016 through 2025 as shown herein. The Bonds will mature serially on March 1 of the years 2016 through 2025 as shown herein. Interest on the Securities shall be payable commencing on March 1, 2016 and semi-annually thereafter on September 1 and March 1 of each year. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas will serve as fiscal agent for the Securities and escrow agent for the Bonds.

The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Securities will be general obligations of the Madison Metropolitan School District, Wisconsin (the "District") for which its full faith and credit and unlimited powers are pledged which taxes may under current law be levied without limitation as to rate or amount. The proceeds from the sale of the Notes will be used for the public purpose of paying the cost of constructing school additions and improving learning environments, making the District's schools more accessible to students, families and community members, renovating school buildings and upgrading technology infrastructure (the "Project"). The proceeds from the sale of the Bonds will be used for the public purpose of advance refunding certain outstanding obligations of the District. (See "THE FINANCING PLAN" herein.)

The Securities maturing March 1, 2023 and thereafter are subject to call and prior redemption on March 1, 2023 or any date thereafter, in whole or in part, from maturities selected by the District and by lot within each maturity at par plus accrued interest to the date of redemption. All or a portion of the Securities may be issued as one or more term bonds, upon election by the successful bidder. (See "REDEMPTION PROVISIONS" herein.)

The Financial Advisor to the District is: **BAIRD**
 The Securities will be issued only as fully registered Securities and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Securities. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers of the Securities will not receive certificates representing their interest in the Securities purchased. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The District's Securities are offered when, as and if issued subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also act as Disclosure Counsel for the District. The anticipated settlement date for the Securities is on or about August 16, 2015.

*Optional, subject to change.
SALE DATE: JULY 20, 2015 **SALE TIME: 10:30 A.M. CT**

- Easily Access and Store Offering Documents (POS) and Notes
- Automatic Feed and Record of All EMMA Primary Market Submissions

Continuing Disclosure Agreement Review

Welcome Tim Stevens

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Iprio Calendar Deal Files Obligor Profile Disclosures Bitvore News Administration

Madison Metropolitan School District	WI	Sale Date 06/29/2015
Madison Metropolitan Sch Dist WI	\$41mm	Sale Time 9:30 AMCDST
General Obligation Promissory Notes	-/-	Pre-Bid Diligence

Save Cancel Notes Complete

CD Agreement Review

Does CDA Section Exist in Offering Document? ☒ Yes ☐ No

Identify Continuing Disclosure Obligated Parties and Subjects [Show Suggestions](#) [Add CDOP](#)

In CDA	Continuing Disclosure Obligated Party	Subject of Disclosure Obligations
<input checked="" type="checkbox"/>	Madison Metropolitan Sch Dist WI	Madison Metropolitan Sch Dist WI

Representation Made in Offering Document by: Madison Metropolitan Sch Dist WI

Exception(s) to Compliance Disclosed in Offering Document (check all that apply):

Exceptions to Compliance ▼

- ☐ Missed Financial/Operating Filing
- ☒ Late Financial/Operating Filing
- ☐ Missed Material Event Filing
- ☒ Late Material Event Filing
- ☐ Other

Subject of Disclosure Obligations: Madison Metropolitan Sch Dist WI

Disclosure Obligations	
Financial/Operating	
Annual Financial Information Operating Data 15c212	<input checked="" type="checkbox"/>
Audited Financial Statements Or CAFR 15c212	<input checked="" type="checkbox"/>
Other Financial/Operating	<input type="checkbox"/>
Material Events	

- Easy Walk Thru to Review Continuing Disclosure Section in POS
- Confirm/Identify Relevant Parties, Reps Made and Ongoing Disclosure Obligations

Continuing Disclosure Analysis

Disclosures

MSRB Filings (since 06/01/2009)

[View More](#)

Posted	Category	Title
03/18/2015	Audited Financial Statements Or CAFR 15c212	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2014 Filing
03/18/2015	Annual Financial Information Operating Data 15c212	Annual Financial Information Operating Data 15c212: Year Ended - June 30, 2014 Filing
05/29/2014	Rating Change	Rating Change Filing
03/04/2014	Annual Financial Information Operating Data 15c212	Annual Financial Information Operating Data 15c212: Year Ended - June 30, 2013 Filing
03/04/2014	Audited Financial Statements Or CAFR 15c212	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2013 Filing

Disclosure Filings by Category

- + Annual Financial Information Operating Data 15c212
- + Audited Financial Statements Or CAFR 15c212
- + Bond Call
- + Defeasance
- + Rating Change

Audited Financial Statements Or CAFR 15c212

Posted	Title
03/18/2015	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2014 Filing
03/04/2014	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2013 Filing
03/19/2013	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2012 Filing
02/20/2012	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2011 Filing
03/11/2011	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2010 Filing
03/26/2010	Audited Financial Statements Or CAFR 15c212: Year Ended - June 30, 2009 Filing

Official Statements Associated with Relevant Bonds Outstanding During the Five Years Period Prior To:

07/16/2015

Issuer	Issue Description	Orig Issue Amount	Dated Date	Currently Outstanding	O/S
MADISON WIS MET SCH DIST	Tax and Revenue Anticipation Promissory Notes	\$74,500,000	10/06/2014	Yes	
MADISON WIS MET SCH DIST	General Obligation Promissory Notes	\$9,100,000	12/17/2012	Yes	
MADISON WIS MET SCH DIST	Taxable General Obligation Refunding	\$2,770,000	03/21/2012	Yes	
MADISON WIS MET SCH DIST	Taxable General Obligation Refunding	\$17,355,000	03/21/2012	Yes	
MADISON WIS MET SCH DIST	Taxable General Obligation Promissory Notes	\$1,080,000	12/29/2010	Yes	
MADISON WIS MET SCH DIST	Taxable General Obligation Refunding	\$28,495,000	03/25/2010	Yes	
MADISON WIS MET SCH DIST	General Obligation Refunding	\$17,490,000	10/23/2009	Yes	
MADISON WIS MET SCH DIST	General Obligation School Building & Refunding	\$30,365,000	03/15/2007	Yes	
MADISON WIS MET SCH DIST	Tax and Revenue Anticipation Promissory Notes	\$64,500,000	10/08/2013	No	
MADISON WIS MET SCH DIST	Tax & Revenue Anticipation Promissory Notes	\$53,000,000	10/02/2012	No	
MADISON WIS MET SCH DIST	Tax and Revenue Anticipation Promissory Notes	\$58,500,000	09/23/2011	No	

- Quick Access to Only the Relevant Disclosure Filings and Historical OS Documents

Continuing Disclosure Analysis

Madison Metropolitan School District	WI	Sale Date 06/29/2015
Madison Metropolitan Sch Dist WI	\$41mm	Sale Time 9:30 AMCDST
General Obligation Promissory Notes	-/-/-	Pre-Bid Diligence

[Dashboard](#) [Edit](#) [Notes](#) [Complete](#)

CD Analysis

CD Obligated Party: Madison Metropolitan Sch Dist WI

Subject: Madison Metropolitan Sch Dist WI

Summary

Disclosure Filings

Historical OS Docs

Representations Made in Offering Document by: Madison Metropolitan Sch Dist WI

Exception(s) to Compliance Disclosed in Offering Document:

Exceptions To Compliance

Late Financial/Operating Filing

Late Material Event Filing

Summary Assessment of CD Analysis:

Assessment of Past Disclosure Compliance:

Assessment of Exception(s) to Past Compliance:

Overall Assessment of Representation Accuracy and Ability to Comply Prospectively:

Exceptions To Compliance

Late Financial/Operating Filing

Late Material Event Filing


Satisfactory

- Summary Disclosure Analysis with Your Notes Saved
- Leverage Prior Work Performed on Same Obligor


Other Deal File Features

- Obligor Profile Including O/S Debt, Ratings, Economic and Other Data
- Relevant News Articles for the Obligor Based on Search of 16,000 Sources
- Flexible Documentation Repository – Internal and External Reports, Wires...

Bitvore News



Most Relevant News Collapse ^

**Madison schools could be subject to takeover bill**
channel3000.com - Wednesday, May 20, 2015 04:57 PM
A sweeping proposal giving control of the lowest-performing schools in Milwaukee to a commissioner who could fire all the teachers and administrators might also apply to other large, racially diverse school districts in Wisconsin, including Madison. The Legislature's Joint Finance Committee, around 1:30 a.m. Wednesday, approved the overhaul plan for Milwaukee. The so-called Opportunity Schools and Partnership Program requires three criteria to be met, and Milwaukee is the only district that wou...

Wisconsin city material-event sector subsector

Approvals, Deal File Access and Alerts

The screenshot displays the DIVER system interface. At the top, a navigation bar includes the PRUDENT FINANCIAL logo and links for Ipreo Calendar, Deal Files, Obligor Profile, Disclosures, Bitvore News, and Administration. A user greeting 'Welcome Tim Stevens' is visible in the top right. Below the navigation bar, a summary section for 'Madison Metropolitan School District' provides key details: 'WI', 'Sale Date 06/29/2015', 'Madison Metropolitan Sch Dist WI', '\$41mm', 'Sale Time 9:30 AMCDST', and 'General Obligation Promissory Notes', '-/-', 'Pre-Bid Diligence'. A table below this summary has two tabs: 'Actions' (selected) and 'History'. The 'Actions' tab contains a dropdown menu with 'No Bid' and 'Review' options. Below the table, a grid of nine buttons represents various deal file components: 'Deal Admin', 'Deal Details', 'POS/OS Review', 'CD Agreement', 'CD Analysis', 'Obligor Profile', 'Bitvore News', 'Deal Docs', and 'Deal Notes'. Each button is accompanied by a green checkmark icon, indicating successful status or completion.

Madison Metropolitan School District		
Madison Metropolitan Sch Dist WI	WI	Sale Date 06/29/2015
General Obligation Promissory Notes	\$41mm	Sale Time 9:30 AMCDST
	-/-	Pre-Bid Diligence

		Actions	History
		No Bid	
		Review	

Deal Admin	Deal Details	POS/OS Review
CD Agreement	CD Analysis	Obligor Profile
Bitvore News	Deal Docs	Deal Notes

- Approval Workflow and Access to Electronic Deal Files Facilitates Supervision
- Alerts Provided when Important Data has Changed

- Three Primary Questions:
 - Where are we in the MCDC process and what's next?
 - 1st Round of Orders Issued
 - More to Come – per SEC call
 - What have we learned from MCDC?
 - May 2010 interpretative release and 2012 Risk Alert were for real
 - Materiality is perhaps a lower threshold than the market assumed
 - How should this impact underwriting policies and procedures?
 - Need a systematic way to due diligence continuing disclosure on every deal
 - Need a way to document that due diligence

Appendix: Bios & Contact Information

Gregg L. Bienstock Esq. CEO and Co-Founder Lumesis, Inc.: 203.276.6501, gbienstock@Lumesis.com

Gregg is the CEO and Co-Founder of Lumesis, Inc., home of the DIVER platform that delivers compliance and business efficiency solutions for the municipal bond market. He is a frequent speaker on municipal market compliance and has authored several articles on current regulatory issues impacting the municipal market. Before co-founding Lumesis, Gregg spent more than thirteen years with Ambac Financial Group where, most recently, he was responsible for Strategic Initiatives and previously served as Chief Administrative Officer and Employment Counsel. Prior to joining Ambac, he served as a Director of Human Resources for Bristol-Myers Squibb. From 1993 through February 1996, he was an associate in the Labor and Employment Law Department of Proskauer Rose, LLP and from 1992 through September 1993 he was an Assistant Deputy General Counsel for the Mayor's Office of Labor Relations for the City of New York.

Daniel M. Deaton, Public Finance Partner, Nixon Peabody: 213.629.6050, ddeaton@nixonpeabody.com

Daniel Deaton has a public finance practice in which he serves as bond counsel, disclosure counsel and underwriter's counsel. He represents governmental clients such as cities, counties and redevelopment agencies as disclosure counsel and bond counsel in lease revenue, enterprise fund, pension obligation bond, tax revenue anticipation, as well as Teeter, and tax increment financings. In addition, he has acted as bond counsel and underwriter's counsel in 501(c)(3) and private activity bond financings, including financings supporting electric power grid, waste management and water utility operations.

Pamela W. Peterson Esq. Independent Consultant: 201.388.2936, mcdc.consultant@Verizon.net

Pamela has worked in the legal departments of two major broker-dealers from October 1987 to April 2015, with one year in private practice as underwriters' counsel/derivatives contract negotiator. Since 1995, her practice has been concentrated in the area of municipal securities. She has an intimate knowledge of the challenges that face broker-dealers in complying with the rules of the Municipal Securities Rulemaking Board (as interpreted and enforced by FINRA) and SEC regulations that affect the underwriting and sales of municipal securities. She is also the past chair of the SIFMA Municipal Legal Advisory Committee. Summa cum laude graduate of Seton Hall University School of Law, 1999. Admitted in New York and New Jersey.

Timothy Stevens, CFA, President and COO, Lumesis, Inc.: 203.276.6502, tstevens@Lumesis.com

Prior to co-founding Lumesis, Tim spent over fourteen years with Ambac Financial Group where, most recently, he was a Senior Managing Director and led all Capital Markets activity. Previously, Tim ran individual business units including Ambac's Guaranteed Investment Contract Group, Global Secondary Markets Group, and Risk Transfer/Reinsurance. Formerly, he served in various roles in Ambac's Financial Control Department. Prior to 1995, he worked in the Audit Services division of Deloitte & Touche LLC. Tim holds a B.S. in Business and Economics from Lehigh University. He currently holds the Chartered Financial Analyst designation and was a licensed Certified Public Accountant during the years that he practiced accounting. He was also registered with FINRA as a General Securities Representative (Series 7) and a General Securities Principal (Series 24).

Appendix: Non-Compliance Cited in June 18, 2015 SEC MDCD Orders

REFERENCES TO NONCOMPLIANCE IN JUNE 18, 2015 SEC MDCD ORDERS PREPARED FOR BOND DEALERS OF AMERICA

Underwriter	Instances of Noncompliance									
	Filed Annual Financial Report ¹ Late	Failed to File Annual Financial Report ¹	Filed Audited Financial Statements ² Late	Failed to File Audited Financial Statements ²	Filed Other CD Info. ³ Late	Failed to File Other CD Info. ³	Filed Quarterly Report Late	Failed to File Quarterly Report	Failed to File Notice of Late Filing	No Statement Made
William Blair & Company, L.L.C.	X	X							X	
Wells Nelson & Associates, LLC	X	X							X	X
Stifel and Nicolaus & Company, Inc.		X	X	X	X				X	
Sterne and Agee & Leach, Inc.	X	X							X	
Stephens Inc.	X	X							X	
Smith Hayes Financial Services Corporation		X							X	
Siebert Brandford Shank & Co., LLC		X	X			X			X	
Robert W. Baird & Co. Incorporated	X								X	
RBC Capital Markets, LLC	X	X				X			X	
Raymond James & Associates, Inc.	X	X							X	
Piper Jaffray & Co.	X	X	X	X					X	
Oppenheimer & Co. Inc.		X							X	X
The Northern Trust Company		X							X	X
Morgan Stanley & Co. LLC	X						X		X	
Merrill Lynch, Pierce and Fenner & Smith, Incorporated	X ⁴	X							X	
Merchant Capital, L.L.C.	X	X							X	
Martin Nelson & Co., Inc.		X		X	X				X	
Loop Capital Markets LLC	X ⁵								X	
L.J. Hart & Company	X	X							X	

Prepared by Nixon Peabody; Courtesy of Nixon Peabody and the Bond Dealers of America

Appendix: Non-Compliance Cited in June 18, 2015 SEC MCDC Orders

BOND DEALERS OF AMERICA (Continued)

Underwriter	Instances of Noncompliance									
	Filed Annual Financial Report ¹ Late	Failed to File Annual Financial Report ¹	Filed Audited Financial Statements ² Late	Failed to File Audited Financial Statements ²	Filed Other CD Info. ³ Late	Failed to File Other CD Info. ³	Filed Quarterly Report Late	Failed to File Quarterly Report	Failed to File Notice of Late Filing	No Statement Made
J.P. Morgan Securities LLC	X	X							X	X
Hutchinson, Shockey and Erley & Co.	X	X							X	
Goldman and Sachs & Co.	X	X							X	X
George K. Baum & Company		X				X			X	X
First National Capital Markets, Inc.		X							X	
Dougherty & Company LLC	X	X				X			X	X
Davenport & Company LLC		X							X	
City Securities Corporation	X	X ⁶							X	
Citigroup Global Markets Inc.	X	X		X					X	
Central States Capital Markets, LLC		X							X	
BOSC, Inc.	X	X							X	
BNY Mellon Capital Markets, LLC	X	X			X	X			X	
BMO Capital Markets GKST Inc.	X ⁷								X	
Bernardi Securities, Inc.		X							X	
Benchmark Securities, LLC		X	X						X	X
B.C. Ziegler and Company	X	X				X	X	X	X	X
The Baker Group, LP	X	X							X	
Total Percentage	67% ⁸	89% ⁹	11% ¹⁰	11% ¹¹	8% ¹²	17% ¹³	6% ¹⁴	3% ¹⁵	100% ¹⁶	25% ¹⁷

¹ Includes references to annual financial reports, filings previously undertaken, annual financial statement with required operating data, annual financial information and operating data, annual reports, audited financial statements and operating data, annual financial information and annual financial and operating data.

² Includes references to audited financial statements and audited annual financial statements.

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Appendix: Non-Compliance Cited in June 18, 2015 SEC MCDC Orders

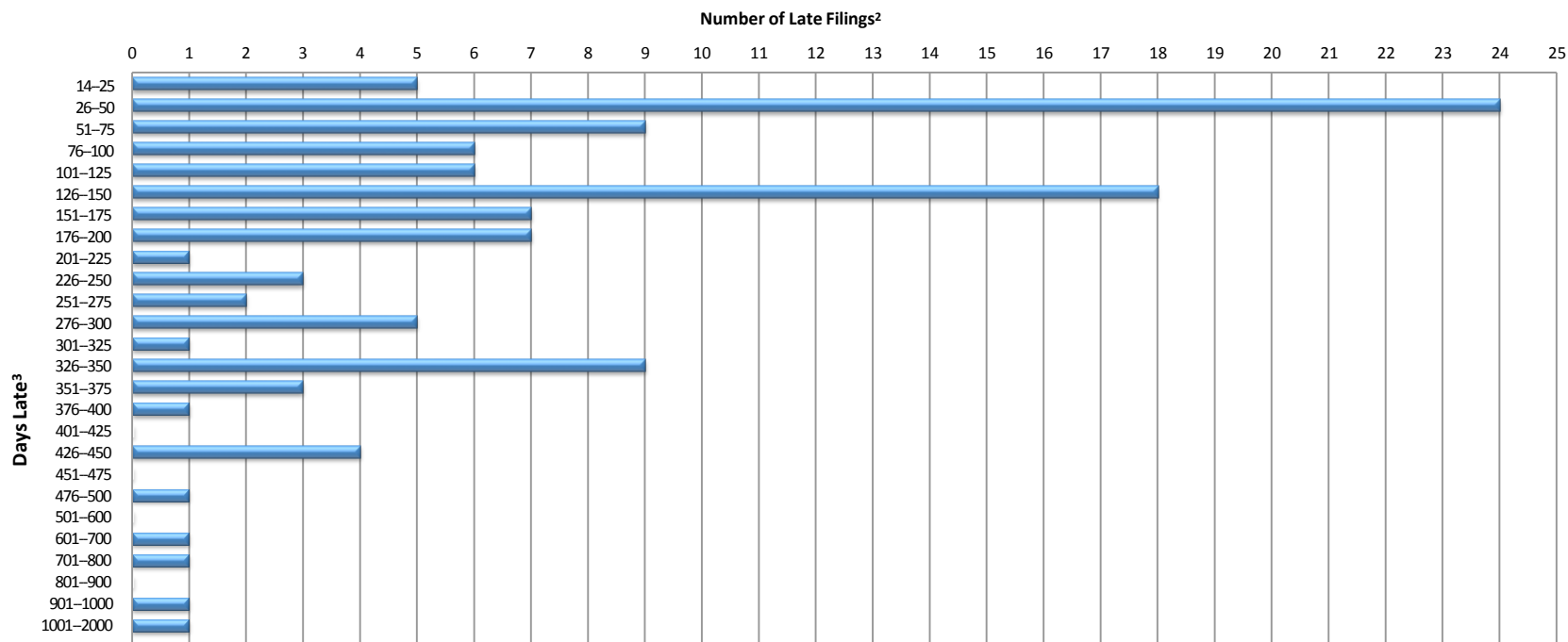
BOND DEALERS OF AMERICA (Continued)

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- ³ Includes references to certain required financial information, other required continuing disclosure information, operating data, complete annual financial reports, certain required financial and operating information, certain operating information, certain required financial and operating information, other required financial information, certain required information, budgets and other financial information.
- ⁴ Issuer failed to provide within EMMA a cross-reference to those official statements that included the annual financial report in some of these cases.
- ⁵ Issuer filed an official statement that included the required annual financial information 44 days after the deadline but did not provide a cross-reference for existing bondholders.
- ⁶ Issuer failed to disclose that remedial filings were made on NRMSIR, not on EMMA.
- ⁷ In one of these cases, the issuer included some of the required information in subsequent official statements but did not provide a cross-reference within EMMA.
- ⁸ 67% of the Underwriters had violations related to filing annual financial reports late.
- ⁹ 89% of the Underwriters had violations related to failing to file annual financial reports.
- ¹⁰ 11% of the Underwriters had violations related to filing audited financial statements late.
- ¹¹ 11% of the Underwriters had violations related to failing to file audited financial statements.
- ¹² 8% of the Underwriters had violations related to filing other continuing disclosure information late.
- ¹³ 17% of the Underwriters had violations related to failing to file other continuing disclosure information.
- ¹⁴ 6% of the Underwriters had violations related to filing quarterly reports late.
- ¹⁵ 3% of the Underwriters had violations related to failing to file quarterly reports.
- ¹⁶ 100% of the Underwriters had violations related to failing to file notice of late filings.
- ¹⁷ In 25% of the SEC's orders, the SEC noted that in the offering document, the issuer made no statement regarding its prior compliance.

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Appendix: Non-Compliance Cited in June 18, 2015 SEC MCDC Orders

**Bond Dealers of America¹
Municipal Continuing Disclosure Cooperation Initiative
Late Filings Reporting Chart**



¹ Majority of the violations discussed in the Settlement Orders related to an issuer's failure to disclose that it did not file a financial report or its failure to disclose that it filed a financial report late. Generally, when the Settlement Order contained a violation for a late financial report it disclosed how many reports were filed late and by how many days the reports were late; however, if the Settlement Order disclosed that there was a violation for a late filing but did not disclose how many days late the report was then that late filing was not included in this graph.

² This number represents the number of late financial report or other filings disclosed in the Settlement Orders.

³ When the SEC listed the number of days late a financial report was it listed it in terms of a range of days, such as, "...issuer failed to disclose that it filed two annual financial reports between 67 – 153 days late." In order to graph the information, we used the first number listed in the range as the number of days late the report was. We assumed 30 day months.

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DIVER *Underwriter*: A Post-MCDC Diligence Platform

- Consistent “Reasonable Diligence” Process
- Obligated Party Material Information Aggregation
- Configurable Workflow Consistent with your Policies and Procedures
- Integration with Ipreo Deal Calendar
- Electronic Deal File Storage
- Evidence of Compliance