This is your Release #4 (August 2015)

The Securities Law of Public Finance

Third Edition

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This release expands and updates your book with the author’s expert treatment of the following subjects, among others:

Distinguishing the securities law of public finance from the securities law of corporate finance: Chapter 1 is substantially expanded with new discussion of the SEC’s power to regulate governance standards.

The Private Securities Litigation Reform Act, the Sarbanes-Oxley Act, and the Dodd-Frank Act, the author notes, “introduce[d] the concept of policies and procedures, as well as internal controls, as core themes of the federal securities laws. . . . [F]or purposes of the 1934 Act, the fundamental antifraud statutory policy of ‘no material misstatements in the light of the circumstances’ has been supplemented in the twenty-first century with a fundamental new theme: to prevent fraud prospectively by the implementation of policies and procedures by reporting company issuers of corporate securities and entities regulated by the SEC.”

And that new theme will likely apply when the SEC brings enforcement actions against municipalities. The author focuses on the SEC’s action against Allen Park, Michigan, and its mayor and city administrator, emphasizing remedies that imposed governance obligations on the city; effective barring of the two individuals from working for the city; and the use of “control person” secondary liability to implicate the mayor—the first time the SEC has charged a municipal official as a control person. See new §§ 1:7.7[A]–[D].

The release also looks at the SEC’s agenda for regulation of the municipal securities market, including the recommendations for Congressional action contained in the SEC’s 2012 Report on the Municipal Securities Market and corresponding recent developments involving MSRB and FINRA. See new §§ 1:7.9[A], [B].

(continued on reverse)
Disclosure issues: Chapter 8 revisions include new sections on these topics:

- The false and misleading statements of projected financial performance that led to the liability of the Greater Wenatchee Regional Events Center Public Facilities District, formed by nine cities and counties in Washington State. See new § 8:3.4[D].
- How industry groups have promoted voluntary disclosure of interim financial information, either on issuer websites or on the MSRB’s EMMA. See new § 8:4.6.
- How Kansas became, in 2014, the third state subject to SEC cease-and-desist orders in connection with the SEC’s nationwide investigation into misleading statements in offering document disclosures related to pension funding liability. See new § 8:5.5[C].
- Discussion of whether material terms of existing bank loans taken out by a municipality require disclosure at the time an official statement is delivered in connection with a primary offering of municipal securities. See new § 8:7.

Continuing disclosure: Chapter 9 is expanded and rewritten to provide more information on continuing disclosure issues. In addition to new discussion of the effect of Sarbanes-Oxley on 1934 Act reporting (see new § 9:2.1) and the SEC’s proposal for conduit borrowers to be reporting companies (see new § 9:2.2), the chapter now includes the following topics:

§ 9:5.6 The Consequences of an Issuer’s Misrepresentation of Its Continuing Disclosure Undertakings
§ 9:5.7 The Five-Year Look-Back Rule: Issuers and Obligated Persons
§ 9:5.8 The SEC’s MCDC Initiative: Issuers, Obligated Persons, and Underwriters
§ 9:5.9 Underwriters’ Due Diligence on Past Compliance
§ 9:5.10 Amending Continuing Disclosure Agreements

Investment adviser regulation: The updates to chapter 12 expand and revise the discussion of the overlapping regulation of broker-dealers, investment advisers, and municipal advisors, and the chapter also includes these new sections:

- Key issues under the section 206(4)-5 pay-to-play rule, as illuminated in the SEC’s findings in a 2014 settled administrative action against TL Ventures Inc. See new § 12:4.5.
- SEC v. MayfieldGentry Realty Advisors, LLC, an action in a Michigan federal district court that charged the defendant, a registered investment adviser to Detroit’s Police and Fire Retirement System, with misappropriation of assets of the system. See new § 12:7.2[A][2].

The Table of Authorities and the Index have also been updated.
FILING INSTRUCTIONS

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REMOVE OLD PAGES NUMBERED:

VOLUME 1
☐ Title page to 1-106
☐ 8-1 to 9-119

VOLUME 2
☐ Title page to xlv
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☐ T-1 to I-101

INSERT NEW PAGES NUMBERED:

VOLUME 1
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☐ 8-1 to 9-145

VOLUME 2
☐ Title page to xlvi
☐ 12-1 to 12-94
☐ T-1 to I-114