

# Continuing Disclosure Alert- Recent SEC Enforcement Actions

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On August 24, 2016, the SEC Office of Municipal Securities announced enforcement actions against 71 municipal issuers for violations in municipal bond offerings from 2011 to 2014, as part of the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. The issuers settled without admitting or denying the findings and agreed to cease and desist from future violations. The SEC has not indicated if or when it will take similar actions with other issuers.

Close review of the Cease and Desist Orders reveals that nearly all of the enforcement actions related to late filings of financial information on EMMA. Some issuers failed to note the late filing in the official statements of subsequent bond issues. The named issuers missed filing deadlines by a little as 36 days to as much as several years. There were few examples of failures to report other material events.

This GFOA Continuing Disclosure Alert reminds issuers of the importance of making timely filings of financial information in accordance with each issuer's continuing disclosure agreement. GFOA's best practices including [Understanding Your Continuing Disclosure Responsibilities](#) and [Using the Comprehensive Annual Financial Report to Meet SEC Requirements for Periodic Disclosure](#) have long provided guidance on how to meet disclosure commitments. Recent [alerts](#) have assisted issuers in understanding recent SEC enforcement actions throughout the MCDC process.

The best practices and alerts highlight essential practices that are worth emphasizing:

1. Understand and discuss your organization's policies and procedures on disclosure
2. Know who is filing what, when and where
3. Be aware of what is posted on EMMA
4. Be aware of what your organization has promised to do in the continuing disclosure agreement
5. Recognize that each official statement must include a statement about whether the issuer failed to materially comply with previous commitments within the past five years

GFOA recommends that all issuers carefully review and confirm statements regarding past compliance in the preparation of offering documents. Additionally, GFOA urges issuers to seek legal counsel if missed deadlines or filing failures are discovered.