

SEC's Report and Order Regarding Harrisburg

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This edition of the Hawkins Advisory summarizes and analyzes the SEC's Report and Order regarding Harrisburg and the potential securities law liability for public officials for oral and written public statements, and provides suggested guidance.

On May 6, 2013, the Securities and Exchange Commission (the "SEC"), in an administrative proceeding,¹ accepted a settlement offer made by the City of Harrisburg, Pennsylvania (the "City") and entered a cease-and-desist order (the "Order") against the City. The SEC found that the City had acted in a reckless manner in violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 thereunder. In the Order, no action was taken against City officials. The proceeding was accompanied, however, by a report of investigation (the "Report") issued by the SEC pursuant to Section 21(a) of the Exchange Act in which the SEC addressed the obligations of public officials relating to their secondary market disclosures (i.e., disclosures made outside the context of an offering of municipal securities).

Practice

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