

## ATTACHMENT 1

### **MCDC Initiative Standard Settlement Terms**

The MCDC Initiative states that upon accurate and complete self-reporting, the SEC staff will agree that it will recommend to the Commission a settlement of the case with a standard set of sanctions.

#### For Both Issuers and Underwriters

1. The entity will consent to a cease and desist ("C&D") proceeding under a negligence standard (Section 17(a)(2) of the Securities Act of 1933), and the entity will be able to neither admit nor deny the SEC's findings in the C&D proceeding.
2. The entity will cooperate with further investigations by the SEC staff, including those regarding the roles of individuals and other parties involved.
3. The entity will agree to certain undertakings regarding its compliance procedures, including providing a compliance certification to the SEC after one year.

#### For Issuers

1. In addition to the above steps, the Issuer must establish appropriate continuing disclosure policies, procedures and training, update its past delinquent continuing disclosure filings, and clearly disclose the C&D settlement terms in any future official statement for five years.
2. There will be no monetary penalty.

#### For Underwriters

1. The underwriter must retain an independent consultant to review its due diligence process and procedures and make recommendations within 180 days. The underwriter will implement these recommendations unless it can demonstrate they are unduly burdensome.
2. SEC staff will recommend a standard set of civil penalties, based on the par amount of bonds included in each offering which the underwriter self-reports as potentially containing a material misstatement:
  - a. For each offering of \$30 million or less, a penalty of \$20,000
  - b. For each offering over \$30 million, a penalty of \$60,000
  - c. An overall civil penalty cap of \$500,000 for all of the instances contained in the self-report.