

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 101424/ October 24, 2024**

**ADMINISTRATIVE PROCEEDING**

**File No.: 3-22274**

**In the Matter of**

**HAMLIN CAPITAL  
ADVISORS, LLC and  
MICHAEL FERRELL  
BRAUN**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT TO  
SECTIONS 15B(c) AND 21C, AND RULE  
15Bc4-1 OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15B(c) and 21C and Rule 15Bc4-1 of the Securities Exchange Act of 1934 (“Exchange Act”) against Hamlin Capital Advisors, LLC (“Hamlin Advisors”) and Michael Ferrell Braun (“Braun”) (together, “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V as to Braun, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15B(c) and 21C, and Rule 15Bc4-1 of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>1</sup> that:

#### Summary

1. This matter concerns failures to timely and fully disclose material conflicts of interest and related violations by Hamlin Advisors, a registered municipal advisor, and its associated person and Managing Director, Braun, including violations of various Municipal Securities Rulemaking Board ("MSRB") rules by each Respondent, and related breaches of fiduciary duty by Hamlin Advisors with respect to its disclosure violations.

2. From September 2017 to at least April 2022 (the "Relevant Period"), Hamlin Advisors and Braun provided advice to certain charter schools (directly or indirectly through related borrower entities) (collectively, the "Charter School Clients") on the issuance of municipal bond offerings totaling over \$500 million in aggregate principal amount. In each of these issuances, Hamlin Advisors's affiliate, a registered investment adviser ("Hamlin Affiliate"), purchased either all or a substantial portion of the offered bonds. In most instances, Hamlin Affiliate also acted as compensated bondholder representative. This affiliate relationship created a material conflict of interest which was not timely disclosed to the Charter School Clients until several days or sometimes weeks after Hamlin Advisors began advising on the structure, timing, and terms of the particular offerings at issue. Braun provided the advice to the Charter School Clients and was responsible for providing the conflicts disclosure and the agreements for municipal advisory services.

3. When Hamlin Advisors and Braun did disclose that a material conflict of interest existed because of Hamlin Advisors's affiliation with Hamlin Affiliate, the disclosure was inadequate because it only disclosed that the firms had certain common ownership and both firms could "receive fees." It did not disclose that Hamlin Advisors had a financial incentive that was opposed to the interests of the Charter School Clients, due to its affiliation with the Hamlin Affiliate. Further, Hamlin Advisors's disclosure was inadequate because it did not adequately describe the nature, implications, and potential consequences of the conflict, and did not disclose how it planned to manage and mitigate the conflict. In addition, in their advisory agreements with the Charter School Clients, Hamlin Advisors and Braun did not accurately describe the scope of Hamlin Advisors's municipal advisory services for the deals at issue.

4. Finally, Hamlin Advisors's written supervisory procedures were not reasonably designed to achieve compliance with the applicable securities laws and regulations, including the applicable MSRB rules.

5. As a result of the conduct described herein, Respondents violated Section 15B(c)(1) of the Exchange Act (prohibiting violations of MSRB Rules), and MSRB Rules G-17 and G-42 and Hamlin Advisors violated Section 15B(c)(1) of the Exchange Act (fiduciary

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

duty) and MSRB Rule G-44.

### **Respondents**

6. **Hamlin Advisors** is a Delaware limited liability company formed in 2012, located in Tampa, Florida. The firm has been registered with the Commission as a municipal advisor since 2014.

7. **Michael Ferrell Braun** of Dublin, Ohio, has been employed by Hamlin Advisors since 2014. Braun is a Series 50-qualified municipal advisor representative and a Managing Director of Hamlin Advisors.

### **Facts**

8. Hamlin Advisors is a registered municipal advisor that provides municipal advisory services to charter schools (either directly or indirectly through related 501(c)(3) borrower entities), senior living operators, and hospitals. Since 2014, Braun has been the sole Hamlin Advisors employee focused on Hamlin Advisors's charter school business, including the specific Charter School Clients during the Relevant Period.

9. In a typical financing, a third-party municipal entity, commonly referred to as a "conduit issuer," would issue municipal bonds for the benefit of the charter school and loan the bond proceeds to an affiliated entity of the charter school commonly referred to as a "conduit borrower." The conduit borrower utilized the bond proceeds to finance the acquisition, construction, or rehabilitation of facilities to house the charter school. The conduit borrower then leased the facility to the charter school. Payments under the lease, along with a deed of trust on the facility, were pledged as security to repay the bonds. The sole or primary source of funds used by the charter school to make the lease payments were "per pupil" payments made to the charter school by the state or county where the charter school was located pursuant to the school charter.

### **Hamlin Advisors Breached a Fiduciary Duty Owed to the Charter Schools**

10. The charter schools at issue were municipal entities as defined by Exchange Act Section 15B(e)(8) which provides that the term "municipal entity" means "any State, political subdivision of a State, or municipal corporate instrumentality of a State" including any agency, authority, or instrumentality of the State, political subdivision, or municipal corporate instrumentality. The Commission has stated that charter schools are "generally municipal entities, because they are public schools and derive their charter from a political subdivision of a state." See *Registration of Municipal Advisors*, Release No. 34-70462 (Sept. 20, 2013) 78 FR 67467 at 67486 (Nov. 12, 2013).

11. Under Exchange Act Section 15B(c)(1) and MSRB Rule G-42(a)(ii), Hamlin Advisors owed a fiduciary duty to the charter schools. Exchange Act Section 15B(c)(1) provides that a municipal advisor shall be deemed to have a fiduciary duty to any "municipal entity" for whom such municipal advisor acts as a municipal advisor. MSRB Rule G-42(a)(ii) provides that a municipal advisor to a "municipal entity" client shall, in the conduct of all

municipal advisory activities for that client, be subject to a fiduciary duty that includes a duty of loyalty and a duty of care.

**Respondents Failed to Timely and Fully Disclose,  
Manage and Mitigate Material Conflicts of Interest**

12. Hamlin Advisors and Braun advised the Charter School Clients regarding the issuance of municipal bonds (for the benefit of the charter schools by the conduit issuer) to the Hamlin Affiliate and, in most cases, appointed Hamlin Affiliate as the compensated bondholder representative. This advice presented a material conflict of interest. Hamlin Advisors and Hamlin Affiliate have majority overlapping, common ownership. As a result, Hamlin Advisors also had a financial interest in Hamlin Affiliate's purchase of the bonds and in Hamlin Affiliate's receipt of a bondholder representative fee. That financial interest conflicted with the Charter School Clients' financial interest. For example, Hamlin Advisors had a financial interest in Hamlin Affiliate's receipt of a higher interest rate on the bonds, while the Charter School Clients had an interest in paying a lower interest rate on the municipal bonds. Similarly, Hamlin Advisors had an interest in Hamlin Affiliate receiving a bondholder representative fee (or a higher fee) while the Charter School Clients had an interest in paying no fee (or a lower fee).

13. Hamlin Advisors and Braun failed to provide the Charter School Clients with full and fair disclosure in writing of all material conflicts of interest. Disclosure is required to be made in writing prior to or upon engaging in municipal advisory activities. See MSRB Rule G-42(b). Additionally, the disclosure must be sufficiently detailed to inform the client of the nature, implications, and potential consequences of each conflict and include an explanation of how Hamlin Advisors and Braun addresses or intends to manage or mitigate each conflict. See MSRB Rule G-42, Supplementary Material, .05 *Conflicts of Interest*. Hamlin Advisors and Braun did not meet these requirements.

14. For most of the offerings to the Charter School Clients during the Relevant Period, Hamlin Advisors and Braun did not make any disclosure of the material conflict of interest prior to providing municipal advisory services. Generally, Hamlin Advisors and Braun first contacted the Charter Schools and provided advice by sending an email which included potential structure, timing, or terms specific to each Charter School, such as type of financing (always municipal bonds), interest rate terms (including fixed or variable) and timing (term of bonds). Sometimes a written term sheet was attached or was sent later by Hamlin Advisors and Braun. In some of the proposals, the term sheet provided that Hamlin Affiliate would also serve in the role of bondholder representative on behalf of its investor clients. Although this advice presented a material conflict of interest, these communications did not include any disclosure of the conflict.

15. In most cases, Hamlin Advisors and Braun did not disclose Hamlin Advisors's conflict of interest with Hamlin Affiliate to the Charter School Clients until several days, weeks, or in a small number of cases, months later, when the Respondents provided a written advisory agreement which contained disclosure of the conflict. For example, in February 2020, Braun contacted Client 1 and provided advice on issuing municipal bonds to refund outstanding municipal bond debt and finance additional charter school facilities. However,

Braun did not send a written advisory agreement until 182 days after first contacting Client 1 and providing advice on the issuance of municipal bonds. The written advisory agreement provided to Client 1 did disclose that Hamlin Advisors and Hamlin Affiliate had common ownership, that Hamlin Advisors could propose a financing structure to Client 1 that could result in Hamlin Affiliate purchasing securities issued for the benefit of Client 1, and both Hamlin Advisors and Hamlin Affiliate could receive fees. However, it did not disclose that Hamlin Advisors has a financial incentive that was opposed to the interests of Client 1 due to its majority common ownership with the Hamlin Affiliate and it did not disclose how Hamlin Advisors would manage and mitigate that conflict.

### **Respondents Inaccurately Described the Scope of Their Advisory Relationships with the Charter Schools**

16. In addition to disclosure failures regarding material conflicts of interest, Hamlin Advisors’s advisory agreements inaccurately described Hamlin Advisors’s role related to the financing. For example, although a January 2018 advisory agreement with Client 2 stated that the advisory services “commenced as of January 4, 2018”, Hamlin Advisors had actually provided advisory services 120 days prior to that date. The advisory agreement also stated that Client 2 “considered various financing structures and elected to proceed with the financing structure associated with the Bonds without the assistance of [Hamlin Advisors] and accordingly [Hamlin Advisors] does not provide any assurances regarding the merits of such structure.” This, and similar statements in the advisory agreements with the other Charter School Clients, were inaccurate because Hamlin Advisors and Braun did, in fact, provide advice on the financing structure.

### **Hamlin Advisors’s Written Supervisory Procedures**

17. Hamlin Advisors’s written supervisory procedures were not reasonably designed because they provided that Hamlin Advisors’s clients “will be primarily 501(c)(3) organizations, which are obligated persons” and not municipal entities, including when the procedures discussed charter schools. As described above, the charter schools were municipal entities. This distinction is important because municipal advisors only owe a statutory fiduciary duty under Exchange Act Section 15B(c)(1) to municipal entities for whom they act as a municipal advisor. In addition, the MSRB Rule G-42(a)(ii) fiduciary duty requirement only applies when a municipal advisor provides municipal advisory services to a municipal entity client.

18. Hamlin Advisors’s written supervisory procedures also contemplated that Hamlin Advisors would not make any recommendation on the issuance of municipal securities and would instead enter into “Limited Advisory Arrangements” which contemplated that the client would have already selected a financial product prior to engaging Hamlin Advisors. As a result, none of Hamlin Advisors’s advisory agreements with the Charter School Clients included the full scope of the municipal advisory activities performed.

## Violations

19. As a result of the conduct described above, Hamlin Advisors willfully<sup>2</sup> violated Section 15B(c)(1) of the Exchange Act, which provides that a municipal advisor shall be deemed to have a fiduciary duty to any municipal entity for whom such municipal advisor acts as a municipal advisor and makes it unlawful for such municipal advisor to, among other things, “engage in any act, practice, or course of business which is not consistent” with that fiduciary duty.

20. As a result of the conduct described above, Hamlin Advisors willfully violated MSRB Rule G-42(a)(ii), which provides that any municipal advisor to a municipal entity client shall, in the conduct of all municipal advisory activities for that client, be subject to, a fiduciary duty that includes a duty of loyalty and a duty of care.

21. As a result of the conduct described above, Respondents willfully violated MSRB Rule G-42(b), which provides that a municipal advisor must, prior to or upon engaging in municipal advisory activities, provide to its municipal entity or obligated person client full and fair disclosure in writing of all material conflicts of interest. Additionally, the disclosure must be sufficiently detailed to inform the client of the nature, implications, and potential consequences of each conflict and include an explanation of how the municipal advisor addresses or intends to manage or mitigate each conflict. See MSRB Rule G-42, Supplementary Material, .05 *Conflicts of Interest*. Hamlin Advisors and Braun failed to meet these requirements.

22. As a result of the conduct described above, Respondents willfully violated MSRB Rule G-42(c), which provides that a municipal advisor must evidence each of its municipal advisory relationships by a writing or writings created and delivered to the municipal entity or obligated person client prior to, upon or promptly after the establishment of the municipal advisory relationship and must include, at a minimum, among other things, the scope of the municipal advisory activities to be performed and any limitations on the scope of the engagement.

23. As a result of the conduct described above, Respondents willfully violated MSRB Rule G-17, which requires any municipal advisor, in the conduct of its municipal advisory activities, to “deal fairly with all persons” and makes it unlawful to “engage in any deceptive, dishonest, or unfair practice.”

24. As a result of the conduct described above, Hamlin Advisors willfully violated MSRB Rule G-44, which provides in relevant part that each municipal advisor shall establish, implement, and maintain a system to supervise the municipal advisory activities of the municipal advisor and its associated persons that is reasonably designed to achieve compliance with applicable securities laws and regulations, including applicable MSRB rules.

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<sup>2</sup> “Willfully,” for purposes of imposing relief under Section 15B of the Exchange Act “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

25. In addition, Respondents willfully violated the provision of Section 15B(c)(1) of the Exchange Act that makes it unlawful for any municipal advisor to “engage in any act, practice, or course of business . . . that is in contravention of any rule” of the MSRB.

#### IV.

On the basis of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, pursuant to Sections 15B(c) and 21C, and Rule 15Bc4-1 of the Exchange Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act, MSRB Rule G-17, MSRB Rule G-42(b) and MSRB Rule G-42(c), and Hamlin Advisors cease and desist from committing or causing any violations and any future violations of MSRB Rule G-42(a)(ii) and MSRB Rule G-44.

B. Respondents are censured.

C. Hamlin Advisors shall pay a civil money penalty in the amount of \$200,000, and Braun shall pay a civil money penalty of \$75,000 both within 10 days of the entry of this Order, to the Securities and Exchange Commission, of which a total of \$85,000 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

D. Payments must be made in one of the following ways:

- (1) Respondents may transmit payments electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying

Hamlin Advisors or Braun, respectively, as a Respondent in these proceedings and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to LeeAnn Ghazil Gaunt, Chief, Public Finance Abuse Unit, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 24<sup>th</sup> Floor, Boston, MA 02110.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalties referenced in paragraphs C. and D. above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, Respondents shall not argue that they are entitled to, nor shall Respondents benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against either or both Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

## V.

It is further ORDERED that, solely for the purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Braun, and further, any debt for civil penalty or other amounts due by Respondent Braun under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Braun of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary