

William Francis Galvin
Secretary of the Commonwealth
Securities Division, Enforcement Section
One Ashburton Place, Room 1701
Boston MA 02108

RE: Complaint - Risk Disclosure on Bond Offering By City of Brockton

We write as concerned citizens of Brockton, Massachusetts to request that your office investigate the risk disclosures contained in a July 30, 2014 \$7,338,000.00 bond issue-offering document with varying maturity dates relating to the merits of ongoing litigation. In June 2012, Brockton Power LLC, an entity seeking to build a gas fired power plant in Brockton filed a Federal Civil Rights case against the City of Brockton and its elected officials seeking \$68,000,000.00 in damages from the City and an injunction mandating that the City approve the power plant. The case has been pending and discovery and dispositive motion dates are presently set for this fall. The descriptions of the merits of this lawsuit are materially different in the bond issue from public statements recently made by Brockton's mayor and chief financial officer.

In the bond issue offer Litigation disclosure section, the City of Brockton states: "At present there are various cases pending in various courts throughout the Commonwealth where the City of Brockton is a defendant. In the opinion of the City Solicitor for the City of Brockton, none of the pending litigation is likely to result either individually or in the aggregate, in final judgments against the City that would materially affect its financial position."

However, in public comments to the Brockton Enterprise just a few days later, Mayor William Carpenter stated the opposite: "Our attorneys and experts say we have little chance to prevail," the mayor said. "We are placed in a position to put residents in liability of tens of millions of dollars." (Brockton Enterprise, August 2, 2014) He told the Boston Globe likewise that if the City loses the case, it could be forced to pay 'tens of millions' of dollars in damages and attorneys' fees and the plant will still go in. Mayor Carpenter further opined that the City Council was "taking a 'head -in-the-sand' approach when city attorneys say there is little chance of prevailing." The lawyers "recommend that we seek a settlement." (Boston Globe, South Regional, August 7, 2014.)

In his June 6, 2014 Budget Report to the City, John Condon, Chief Financial Officer stated: "Regardless of one's opinion of the merits of the suit, I do not believe it is baseless, in that the city is fighting its own ordinances. I believe we should consider attempting to come to terms with the proponents with the view of allowing construction and obtaining the economic benefits, rather than running the risk of an unaffordable judgment.... [If the City does not take unpopular steps [supporting the power plant opposed by the City Council and residents of Brockton] [a] slow, downward financial spiral will be even more unpopular in the end." (Budget Report at 12.)

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The City Officials public statements are directly at odds with the statement in the Bond issue offering document in which the City, in an attempt to reassure investors, downplays the likelihood of success of the power plant litigation. The Bond issue disclosure and the public statements cannot both be true. The contradictory statements create a serious substantial risk to the City of Brockton and its residents should an unhappy bond holder sue on the ground that the Bond issue disclosures were materially false and misleading.

Accordingly, we call on you to immediately investigate the Bond issue offer and help mitigate any potential liability to the residents of Brockton.

Thank you for your assistance.

