

# **Bond Case Briefs**

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## **SEC Charges Loop Capital Markets in First Action against Broker-Dealer for Violating Municipal Advisor Registration Rule.**

Washington D.C., Sept. 14, 2022 — The Securities and Exchange Commission today charged Chicago-based Loop Capital Markets, LLC for providing advice to a municipal entity without registering as a municipal advisor. The action marks the first time the SEC has charged a broker-dealer for violating the municipal advisor registration rule.

According to the SEC's order, between September 2017 and February 2019, Loop Capital advised a Midwestern city to purchase particular fixed income securities, which the city purchased using the proceeds of its own municipal bond issuances. In addition, the Commission's order found that Loop Capital did not maintain a system reasonably designed to supervise its municipal securities activities and had inadequate procedures, including insufficient methods to identify potential violations of the municipal advisor registration rules.

"The municipal advisor registration rules apply to all market participants and are intended to protect municipal entities from abuse," said LeeAnn Ghazil Gaunt, Chief of the Enforcement Division's Public Finance Abuse Unit. "Registered broker-dealers must either register as municipal advisors or refrain from engaging in municipal advisory activities."

Loop Capital agreed to settle with the SEC and consented, without admitting or denying any findings, to the entry of an SEC order finding that it violated the rules regarding municipal advisor registration and supervision requirements, censuring it, and ordering it to pay disgorgement and prejudgment interest of \$5,456.73 and a civil penalty of \$100,000.

The SEC's investigation was conducted by Sally Hewitt and Kristal P. Olson of the Public Finance Abuse Unit with assistance from Jonathan Wilcox and Eric Celauro. The investigation was supervised by Brian D. Fagel. The SEC examination that led to the investigation was conducted by Ben Kempton, Catherine Cotey, David Kinsella, Michael Wells, and John Brodersen of the Chicago Regional Office.