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Chicago BD to Pay Over \$105K for Failing to Register as Muni Advisor.

What You Need to Know

- Loop Capital Markets is the first broker-dealer to be charged for violating the municipal advisor registration rule.
- The SEC ordered the firm to pay disgorgement and prejudgment interest of \$5,457 and a civil penalty of \$100,000.
- The SEC also recently filed a litigated action against Oppenheimer & Co. and reached settlements with BNY Mellon Capital Markets, TD Securities and Jefferies for failing to comply with municipal bond offering disclosure requirements.

A Chicago-based broker-dealer has agreed to pay more than \$105,000 for violating the municipal advisor registration rule, The Securities and Exchange Commission said Wednesday.

Loop Capital Markets earned the dubious distinction of being the first BD to be charged for violating that rule, according to the SEC.

According to an SEC order filed Wednesday, between September 2017 and February 2019, Loop Capital advised a Midwestern city to buy particular fixed income securities, which the city purchased using the proceeds of its own municipal bond issuances.

The firm has been registered with the SEC as a BD since 1997. Loop Capital was temporarily registered as a municipal advisor before July 1, 2014, but has not been registered with the SEC as a municipal advisor since then, according to the SEC order.

The SEC also found that Loop Capital didn't maintain a system reasonably designed to supervise its municipal securities activities and had inadequate procedures that included 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," according to LeeAnn Ghazil Gaunt, chief of the SEC Enforcement Division's Public Finance Abuse Unit.

"Registered broker-dealers must either register as municipal advisors or refrain from engaging in municipal advisory activities," she said in a statement.

Without admitting or denying the SEC's findings, Loop Capital agreed to settle with the SEC and consented to the entry of an SEC order finding it violated the rules regarding municipal advisor registration and supervision requirements.

The SEC also ordered the firm to pay disgorgement and prejudgment interest of \$5,457 and a civil penalty of \$100,000. The firm also agreed to be censured.

Loop Capital didn't immediately respond to a request for comment on Thursday.

The SEC said Tuesday it filed a litigated action against Oppenheimer & Co. Inc. and had reached settlements with BNY Mellon Capital Markets LLC, TD Securities LLC and Jefferies LLC for failing to comply with municipal bond offering disclosure requirements.

ThinkAdvisor

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