

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81898 / October 19, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18257

In the Matter of

LOOP CAPITAL MARKETS, LLC

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Loop Capital Markets, LLC (“Loop Capital” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Loop Capital has submitted an Offer of Settlement 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

Summary

These proceedings arise out of the failure of Loop Capital, a broker-dealer, to preserve certain communications relating to its business, in violation of Section 17(a) of the Exchange Act and Rule 17a-4 thereunder, by failing to preserve emails transmitted by a senior registered

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

representative (the “Registered Representative”). During 2011 and 2012, the Registered Representative used her personal email address to send communications relating to Loop Capital’s business with other employees and with third parties, including an issuer official and a registered broker-dealer.

Respondent

1. Loop Capital, a Delaware limited liability company with its principal offices in Chicago, Illinois, is a registered broker-dealer pursuant to Section 15(b) of the Exchange Act.

Facts

2. Loop Capital had in place certain policies and procedures with respect to document retention, which required its employees to retain copies of all correspondence and use Loop Capital email servers to communicate regarding Loop Capital business.

3. During 2011 and 2012, the Registered Representative used her personal email to conduct business of Loop Capital involving a finance transaction. Loop Capital’s policies required employees to use Loop Capital servers to communicate about Loop Capital business, and prohibited employees from using personal forms of electronic communication to communicate such business. The Registered Representative had access to a @loopcapital.com email account. However, the Registered Representative deliberately used her personal account to transmit emails in order to avoid review and surveillance by Loop Capital. The Registered Representative also did not provide copies of the emails to Loop Capital to preserve such communications.

4. Loop Capital relied on annual compliance attestations to monitor its employees’ adherence to its policies, including the firm’s policy prohibiting the use of unauthorized methods of electronic communication.

5. In 2011, at least one senior employee at Loop Capital was aware that the Registered Representative was not complying with the firm’s policy prohibiting use of personal email for work purposes. The Registered Representative sent several emails about the finance transaction to the Loop Capital employee using her personal AOL email account.

6. In October 2013, the staff of the Commission requested information from Loop Capital, including electronic communications relating to the aforementioned finance transaction. Because the Registered Representative did not provide certain communications that were sent using her personal email account to Loop Capital, Loop Capital was unable to produce those communications in response to the Commission’s request. Thereafter, the staff learned about the existence of additional emails transmitted through the Registered Representative’s personal email account responsive to the staff’s record request, but not produced by Loop Capital.

Violations of the Federal Securities Laws

7. As a result of the conduct described above, Loop Capital violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder. Sections 17(a) of the Exchange Act and Rule 17a-4 require that brokers or dealers make and keep current various records relating to its

business and preserve those records for specified periods of time. Rule 17a-4(b)(4) requires broker-dealers to preserve for three years originals of all communications received and copies of all communications sent relating to their business as such.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Loop Capital's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Loop Capital cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder.

B. Respondent Loop Capital shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$25,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent 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) Respondent 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 Loop Capital Markets, LLC 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 Glenn S. Gordon, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, FL 33131.

C. 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, Respondent agrees that in any Related Investor

Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's 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 it 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 Respondent 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.

By the Commission.

Brent J. Fields
Secretary