

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78603 / August 17, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17400

In the Matter of

DELANEY EQUITY
GROUP LLC

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C
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 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Delaney Equity Group LLC (“Delaney” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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 Administrative and Cease-And-Desist Proceedings Pursuant to Sections 15(b) and 21C 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 Respondent's Offer, the Commission finds¹ that:

Summary

These proceedings arise out of the failure of Delaney, a registered broker-dealer, to respond to the Commission's Division of Enforcement (the "Commission Staff")'s requests for information pursuant to Section 17 of the Exchange Act and Rule 17a-4(j) thereunder.

Respondent

1. Delaney, a Florida limited liability company with its principal place of business in Palm Beach Gardens, Florida, has been registered as a broker-dealer with the Commission since May 31, 2007. At all relevant times, Delaney has been subject to all provisions of the Exchange Act, including Section 17 and the rules thereunder.

Background

2. On April 9, 2015, the Commission Staff sent Delaney a letter request (the "Letter Request") pursuant to Rule 17a-4(j) of the Exchange Act in the course of an investigation. The Letter Request asked for documents related to, among other things, a former registered representative and Delaney's current and former policies and procedures. The Letter Request expressly stated that Delaney should produce responsive documents on or before April 23, 2015. After receipt of the Letter Request, Delaney provided it to its counsel. However, Delaney failed to respond by that date.

3. On April 28, 2015, five days after the response deadline in the Letter Request, an attorney for Delaney ("Delaney's counsel") emailed the Commission Staff and requested a two-week extension for Delaney to respond to the Letter Request. The Commission Staff agreed and set a new deadline of May 12, 2015.

4. On May 15, 2015, having received no documents by the May 12 deadline, the Commission Staff contacted Delaney's counsel to inquire as to the status of Delaney's production. Delaney's counsel responded that he expected production to begin on May 18, 2015.

5. On May 27, 2015, having still received no production, the Commission Staff emailed Delaney's counsel to request complete and immediate production in response to the Letter Request. On June 1, 2015, Delaney's counsel responded to the Commission Staff's May 27 email: "[Delaney's principal] went to the warehouse this weekend to look for documents. I

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.

will follow up with him this morning.” Delaney’s counsel indicated that Delaney had otherwise already reviewed “on site” files.

6. On June 15, 2015, having received no further response since June 1, the Commission Staff again sent an email to Delaney’s counsel inquiring about the status and asking for a telephone call on June 17 to discuss the matter. Delaney’s counsel did not respond to that email.

7. On June 29, 2015, having still received no production to the Letter Request, the Commission Staff served a subpoena on Delaney care of Delaney’s counsel by email and UPS (the “Subpoena”). The Subpoena requested virtually the same documents as the Letter Request. The Subpoena specified that the response thereto was due on or before July 13, 2015.

8. On July 15, 2015, having received no production or other response to the Letter Request or Subpoena, the Commission Staff requested that Delaney’s counsel immediately contact the Commission Staff. Delaney’s counsel responded by email: “I will interact with you and my client tomorrow as my top priority.”

9. On July 17, 2015, after receiving no contact from Delaney’s counsel on July 16 as promised, the Commission Staff requested full production pursuant to the Letter Request and Subpoena on or before July 22, 2015.

10. On July 23, 2015, having received no production by the extended July 22 deadline, the Commission Staff requested that Delaney’s counsel confirm whether Delaney’s response had been submitted. Delaney’s counsel responded: “I am writing it now.” The Commission Staff then asked for confirmation once the production was submitted.

11. On July 24, 2015, having not been informed of any submission, the Commission Staff requested that Delaney’s counsel immediately provide an estimated time for the submission of Delaney’s complete response to the Letter Request and Subpoena. Delaney’s counsel did not respond to that email.

12. On August 10, 2015, the Commission Staff sent a letter to Delaney’s counsel which set forth the above chronology of events, stated that Delaney was in violation of both the Letter Request and Subpoena and the books-and-records provisions of the Exchange Act, and requested full production by August 17, 2015. The Commission Staff received no response to the August 10 letter.

13. The documents Delaney failed to produce were records it was required to furnish to the Commission pursuant to Exchange Act Section 17(a)(1), Exchange Act Rule 17a-4(j), or both.

14. Due to Delaney’s failure to produce the documents requested by the Commission staff, on October 6, 2015, the Commission brought suit against Delaney in the United States District Court for the Southern District of Florida, seeking a temporary restraining order,

preliminary injunction, and permanent injunction, among other relief. On October 7, 2015, the District Judge entered an Order Granting in Part a Temporary Restraining Order against Delaney. Upon learning of the suit, Delaney retained other counsel and provided the documents requested by the Commission staff.

Violations

15. As a result of the conduct described above, Delaney willfully violated Section 17(a)(1) of the Exchange Act, which requires a registered broker-dealer to furnish copies of records that the Commission has through Exchange Act Rule 17a-4 prescribed as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

16. As a result of the conduct described above, Delaney willfully violated Exchange Act Rule 17a-4(j), which requires a registered broker-dealer to furnish promptly to a representative of the Commission legible, true, complete, and current copies of those records of Delaney that were required to be preserved under Rule 17a-4 or any other records of Delaney subject to examination under Exchange Act Section 17(b) that are requested by the representative of the Commission.

IV.

In view of the foregoing, the Commission deems it appropriate, and in the public interest, to impose the sanctions agreed to in Respondent Delaney's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

- A. Respondent Delaney is censured.
- B. Respondent Delaney cease and desist from committing or causing any violations and any future violations of Section 17(a)(1) of the Exchange Act, and Exchange Act Rule 17a-4(j).
- C. Respondent Delaney shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$20,000 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 Delaney 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 Ave., Suite 1800, Miami, FL 33131.

D. 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