

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10844 / September 18, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20022

In the Matter of

the Registration Statement of

Loyal Source Market Services, Inc.
13025 Klimovske Zilina, Slovakia,
01001

Respondent.

**ORDER FIXING TIME AND PLACE
OF PUBLIC HEARINGS AND
INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO
SECTION 8(d) OF THE SECURITIES
ACT OF 1933**

I.

The Commission's public official files disclose that:

On May 9, 2017, Loyal Source filed a Form S-1 registration statement seeking to register the offer and sale of 2,000,000 common shares in an \$80,000 public offering. Respondent filed amendments to its registration statement on June 19, 2017, July 5, 2017, August 16, 2017, October 20, 2017, November 30, 2017, January 5, 2018, February 2, 2018, February 13, 2018, March 13, 2018, and April 24, 2018 (together, the "Registration Statement"). Respondent's Registration Statement has not been declared effective by the Division of Corporation Finance.

II.

After an investigation and examination, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent is a Nevada corporation purportedly headquartered in Zilina, Slovakia.
2. Respondent purportedly engages in the distribution of home air purifiers to wholesale and retail customers in the United States. Respondent has nominal revenue and has never sold shares to the public.

B. FAILURE TO COOPERATE WITH SECTION 8(e) EXAMINATION

3. On May 22, 2018, Commission staff issued a document subpoena to Respondent. Staff served the subpoena at the address listed in Respondent's Registration Statement for its registered agent. The individual living at the address confirmed (a) he lived at that address at the time Respondent's Registration Statement and all of the amendments thereto were filed (b) he does not run a business from his home, and (c) he had never heard of Loyal Source. Respondent produced no documents in response to the subpoena.
4. As a result of the conduct described in paragraph three above, Respondent failed to cooperate with the staff's examination.

C. MATERIAL MISSTATEMENTS AND OMISSIONS

5. Respondent's registration statement falsely states that from inception (April 1, 2016) through January 31, 2017 it earned \$127,571 in total revenue. Bank records, including records from an account established by a nominee, show Respondent misrepresented at least \$11,005.17 it received as part of a roundtrip transaction as revenues in its Audited Statements of Operations and, therefore, Respondent misrepresented its revenues in its Registration Statement. Roundtrip transaction as used here refers to a sequence of individual debits from and payments to bank accounts of different entities that result in the initial debited funds making a "roundtrip" back to where they began after having passed through various other entities' accounts. Respondent used this roundtrip transaction to misrepresent the company's revenues.
6. Respondent's Registration Statement identifies a registered agent for the company that is fictitious.
7. Respondent's Registration Statement lists a telephone number for the company that is not a working number and an address for its principal executive office address that does not appear to have a structure that could serve as the company's offices.

III.

The Commission, having considered the aforesaid, deems it appropriate and in the public interest that public proceedings pursuant to Section 8(d) of the Securities Act be instituted with respect to the Registration Statement to determine whether the allegations of the Division of Enforcement are true; to afford the Respondent with an opportunity to establish any defenses to these allegations; and to determine whether a stop order should issue suspending the effectiveness of the Registration Statement referred to herein.

Accordingly, IT IS ORDERED that public proceedings be and hereby are instituted under Section 8(d) of the Securities Act, such hearing to be commenced at 11:00 a.m. on October 8, 2020 via remote means and/or in Hearing Room 1 at the Commission's offices at 100 F Street N.E., Washington, DC 20549, and to continue thereafter at such time and place as the hearing officer may determine.

IT IS FURTHER ORDERED that these proceedings shall be presided over by an Administrative Law Judge to be designated by further order, who is authorized to perform all the duties of an Administrative Law Judge as set forth in the Commission's Rules of Practice or as otherwise provided by law.

IT IS FURTHER ORDERED that the Respondent shall file an Answer to the allegations contained in this Order within ten (10) days after service of this Order, pursuant to Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220. If the Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against the Respondent upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§201.155(a), 201.220(f), 201.221(f) and 201.310. This Order shall be served forthwith upon the Respondent in accordance with Rule 141 of the Commission's Rules of Practice, 17 C.F.R. §201.141.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 120 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice.

Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Vanessa A. Countryman
Secretary