ADMINISTRATIVE PROCEEDING
File No. 3-17813

SEC Settlement Limits Activities of Broker-Dealer that Engaged in Gatekeeper Failures

July 28, 2017 – The Securities and Exchange Commission today announced that Meyers Associates, L.P. ("Meyers Associates") (now known as Windsor Street Capital, L.P.) agreed to settle pending charges stemming from gatekeeper failures in the firm's penny stock liquidation business. The settlement precludes the firm from accepting deposits of certain low priced securities and requires the firm to retain an independent compliance consultant. The firm also agreed to pay a $200,000 civil penalty.

The SEC instituted proceedings against Meyers Associates and its former chief compliance officer and anti-money laundering (AML) officer John David Telfer on January 25, 2017. The Enforcement Division alleged that Meyers Associates failed to file Suspicious Activity Reports (SARs) for at least $24.8 million in suspicious transactions, in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-8 thereunder. The OIP also alleged that certain of these unregistered sales to the public violated Sections 5(a) and 5(c) of the Securities Act of 1933. The SEC previously settled charges against Telfer on June 12, 2017.

According to the SEC's order, issued today, Meyers Associates failed to file required SARs for dozens of potentially illegal stock sale transactions by its customers in its penny stock liquidation business. The order states that the information surrounding the transactions was riddled with red flags, and other red flags were brought to Meyers Associates' attention by its clearing firm. Despite these red flags, the firm failed to conduct a reasonable inquiry, as required by the federal securities laws. Also according to the order, Meyers Associates sold hundreds of millions of shares of stock issued by MedGen, Inc., Alternaturals, Inc., Manzo Pharmaceuticals, Inc., and Solpower, Inc. on behalf of two customers who represented that the sales were exempt from Section 5. Meyers Associates accepted the representations without conducting any inquiry whatsoever, and a reasonable inquiry would have, at the least, cast doubt on some of the customers' claims.

The SEC's order finds that Meyers Associates willfully violated Section 5(a) and 5(c) of the Securities Act of 1933 and Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-8 thereunder. Without admitting or denying the allegations, Meyers Associates agreed not to accept deposits of securities valued at less than $5.00 and to retain an independent compliance consultant to review and monitor its AML program. The firm also consented to a cease and desist order, a censure, and a $200,000 civil penalty.

The SEC's investigation leading to the administrative proceeding was conducted by Philip A. Fortino, Bennett Ellenbogen, Diego Brucculeri, Jordan Baker, Sandeep Satwalekar, and Charles D. Riely, and the case was supervised by Lara Shalov Mehraban, Associate Director for Enforcement in the New York office, and Joseph Sansone, Co-Chief of the Market Abuse Unit. The litigation was led by Jack Kaufman, Mr. Fortino, and Mr. Ellenbogen. The SEC's examination that led to the investigation was conducted by Steven C. Vitulano, Terrence P. Bohan, Stephen Bilezikjian, and Hermann A. Vargas of the New York office.

See also: [**Order – Windsor Street Capital**]