UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 106333 / September 11, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22715

In the Matter of HAYWOOD SECURITIES (USA) INC., Respondent.	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 15(b)(4) 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)(4) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Haywood Securities (USA) Inc. ("Haywood USA" 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 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)(4) 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 finds that

Summary

1. From at least May 2021 through January 2026 (the "Relevant Period"), Haywood USA, a Canada-based broker-dealer registered with the Commission, in non-compliance with its own written anti-money laundering ("AML") policies and procedures, failed to file certain Suspicious Activity Reports ("SARs") with the U.S. Treasury Department's Financial Crimes

Enforcement Network ("FinCEN") in violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. Haywood USA, as a registered broker-dealer, was required to file SARs on certain suspicious transactions conducted or attempted by, at, or through Haywood USA involving at least $5,000 that Haywood USA knew, suspected or had reason to suspect were suspicious as defined in 31 C.F.R § 1023.320 (the "SAR Rule") within 30 calendar days after the date of initial detection of facts that may have constituted a basis for filing a SAR.

2. During the Relevant Period, Haywood USA identified information during account opening, customer due diligence, and subsequent activity related to certain accounts that presented red flags for potentially suspicious activity. Despite information raising red flags for suspicious activity, Haywood USA failed to identify and/or did not adequately investigate the red flags to determine that a SAR filing was warranted.

3. As a result, Haywood USA failed to file SARs and willfully[1] violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

Respondent

4. **Haywood Securities (USA) Inc.** is incorporated in British Columbia, Canada and has been registered with the Commission as a broker-dealer since 1997. It is the wholly-owned subsidiary of Haywood Securities Inc. ("Haywood Canada"), an investment dealer registered in Canada and regulated by the Canadian Investment Regulatory Organization. Haywood USA's principal place of business is in Vancouver, British Columbia. Haywood USA's registered representatives and compliance personnel are also employed by Haywood Canada and are dually registered in Canada and with the Financial Industry Regulatory Authority ("FINRA") in the United States.

Background

5. The Bank Secrecy Act ("BSA") and its implementing regulations require that broker-dealers such as Haywood USA file a SAR with FinCEN to report, among other things, any transaction (or pattern of transactions of which the transaction is a part) conducted or attempted by, at, or through the broker-dealer involving or aggregating funds or other assets of at least $5,000 that the broker-dealer knows, suspects, or has reason to suspect that the transaction: (1) involves funds derived from illegal activity or is intended or conducted to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement; (2) is designed to evade any requirements of the BSA or its implementing regulations; (3) has no business or apparent lawful

[1] "Willfully," for purposes of imposing relief under Section 15(b)(4) of the Exchange Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Investment Advisers Act of 1940).

purpose or is not the sort in which the particular customer would normally be expected to engage, and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts; or (4) involves use of the broker-dealer to facilitate criminal activity. 31 C.F.R. § 1023.320(a)(2).

6. To be liable for failing to file a SAR, a broker-dealer must know, suspect, or have reason to suspect that a transaction falls into one of the four categories of suspicious activity in the SAR Rule. *Id.* FINRA and FinCEN have longstanding regulatory guidance highlighting red flags related to customer identity, securities transactions, and other suspicious indicia. *See, e.g.*, FinCEN's The SAR Activity Review Trends Tips & Issues, Issue 15, "In focus: The Securities and Futures Industry" (May 2009); FINRA's Anti-Money Laundering (AML) Template for Small Firms (updated Sept. 2020). In May 2019, FINRA issued Regulatory Notice 19-18, which included a compilation of previously identified red flags and provided additional examples of red flags potentially indicative of suspicious activity, including examples of manipulative trading of low-priced securities, law enforcement inquiries, and suspicious customer identity, interactions, or behaviors. FINRA Regulatory Notice 19-18 (May 6, 2019) ("FINRA Notice 19-18"). FINRA has cautioned member firms that its examples of red flags are not exhaustive and that other situations may arise that require further investigation. *Id.*; *see also* FINRA Regulatory Notice 21-03 (Feb. 10, 2021).

7. Exchange Act Rule 17a-8, which was promulgated under Section 17(a) of the Exchange Act, requires broker-dealers registered with the Commission to comply with the reporting, recordkeeping, and record retention requirements of the BSA. The failure to file SARs as required by the SAR Rule is a violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. *See SEC v. Alpine Sec. Corp.*, 308 F. Supp. 3d 775, 798–800 (S.D.N.Y. 2018), *aff'd*, 982 F.3d 68 (2d Cir. 2020), *cert. denied*, 211 L.Ed.2d 280 (2021).

Facts

8. Under Haywood USA's AML policies and procedures in place during the Relevant Period, the firm was responsible for reviewing for red flags of suspicious activity, making further investigation if red flags were detected, and determining whether a SAR filing was required due to potentially suspicious activity.

9. Haywood USA, however, failed to adequately implement its AML policies and procedures regarding how suspicious activity was identified, reviewed, and evaluated to comply with its BSA obligations. For example, Haywood USA failed to identify and/or did not adequately investigate red flags at account opening to determine whether a SAR filing was warranted, as required by its AML policies and procedures. In addition, while Haywood USA's AML policies and procedures required ongoing monitoring for certain high-risk accounts, Haywood USA failed to follow its policies and procedures and include certain high-risk accounts in heightened monitoring. In other cases, Haywood USA failed to monitor those accounts for suspicious activity. Finally, Haywood USA failed to train adequately its registered representatives regarding the SAR Rule, as required by the firm's AML policies and procedures. As a result, Haywood USA failed to file certain SARs, as detailed in the examples below.

10. In particular, Haywood USA failed to file SARs in connection with accounts that presented indicia of potential criminal activity or were associated with persons with a criminal history, accounts in which there was suspicious trading, and circumstances in which Haywood USA declined to open a customer account due to red flags associated with the potential account, as required by its AML policies and procedures.

11. For example, related to criminal activity or suspected criminal activity, Haywood USA failed to file any SARs with respect to activities involving Customer A, a limited liability company, despite multiple red flags indicating its connection to a publicly known, convicted criminal ("Criminal 1").

a. During the account opening process, Haywood USA was informed that Customer A was having difficulty opening an account in the U.S. at another broker-dealer.
b. During the account opening process, Haywood USA learned that Criminal 1 was an original member of Customer A and that one of Customer A's beneficial owners, a trust ("Trust 1"), was created and funded by Criminal 1.
c. At account opening, Haywood USA compliance personnel identified a news article reporting that one of the trustees had received a law enforcement subpoena prior to account opening concerning the trustee's work on behalf of Criminal 1.
d. Additionally, information publicly available at the time of account opening reflected additional relationships among Customer A, Trust 1, Criminal 1, and other persons associated with Criminal 1 that raised red flags that Customer A was a possible vehicle for routing or hiding Criminal 1's assets and Trust 1 was a possible conduit for illicit payments associated with Criminal 1. Those materials also reflected associations with another person who was subject to a related criminal proceeding.
e. Haywood USA also was aware that the purpose of opening the account was to deposit several hundred million dollars in shares of a single issuer and immediately liquidate the securities. Within a month of account opening, Customer A deposited a portion of the shares, liquidated all the deposited shares, and wired tens of millions of dollars in proceeds to Trust 1's bank account in the U.S., which compliance personnel knew had recently been opened for the purpose of accepting the proceeds.
f. Over a year later, Haywood USA received a criminal subpoena from the U.S. authorities pertaining to Customer A, Trust 1, Criminal 1, and other associated persons.

12. In another example related to suspected criminal activity, beginning in June 2022, Haywood USA failed to file any SARs with respect to activities involving Customer B, a British Virgin Islands company beneficially owned by a trust ("Trust 2") that had been established for the benefit of the minor children of a foreign national ("Individual 1").

a. During account opening, Haywood USA was aware that Individual 1 had resigned his position as head of a bank in his country. Individual 1 had his bank accounts frozen in connection with a fraud investigation by criminal authorities in his country. The investigation and account freeze was ongoing at the time of the account opening.

b. Haywood USA was also aware at account opening that Customer B and Trust 2 had been created in nine days, in connection with a series of transactions and property transfers from Individual 1 to a close relative and then from the relative to Trust 2 following Individual 1's resignation and amidst the freezing of his bank accounts.

c. Individual 1 communicated with Haywood USA regarding the account opening, and the securities transacted in the account were almost all microcap companies in which Individual 1 had been or was involved as co-founder, director, or affiliate.

d. Haywood USA included Customer B on its "special blotter" spreadsheet for high-risk accounts, but it failed to monitor Customer B for suspicious activity, as required by Haywood USA's AML policies and procedures. Within days after Customer B opened the account, Individual 1 was arrested.

13. In an example of suspicious trading, beginning in December 2024, Haywood USA failed to file SARs related to the activities of Customer C, a limited liability company, despite the account activity raising multiple red flags that were identified in the firm's AML policies and procedures.

a. At account opening, Customer C informed Haywood USA that it was opening the account for the sole purpose of selling shares of Company Z, after which it would close the account. Haywood USA was also aware that Customer C had sold a large portion of Company Z's shares through another broker-dealer but had not been allowed to sell the remaining shares.

b. The circumstances of Customer C's acquisition of Company Z's shares, which suggested it was not a bona fide transaction, were known to Haywood USA. Additionally, the transaction did not have any relation to Customer C's stated business purpose of selling properties internationally.

c. Customer C also lacked indicia of being an operating business because it was newly created, it initially did not provide Haywood USA reliable or verifiable contact information, and it did not have any internet presence.

d. Finally, once Company Z's shares were deposited into Customer C's account, they were immediately sold, the proceeds were wired out of the account into a newly opened external brokerage account within seven days, and the Haywood USA account was closed four days later.

14. In an example of suspicious trading, in May 2024, Customer D, opened an account at Haywood USA using an unverifiable tax identification number. During the account opening process, Haywood USA compliance personnel received information indicating that Customer D was contracted to provide promotional services for Company Y, the issuer of a low-priced security, and that Customer D planned to deposit shares of Company Y into its new account. During the promotional campaign, Customer D deposited over 800,000 shares of

Company Y. Four days later, Customer D sold all its shares of Company Y and immediately wired out the proceeds. The sale of shares represented over 80% of the daily trading volume in Company Y. Despite Haywood USA knowing, among other red flags, that Customer D was engaged in promotional activities for Company Y, Haywood USA did not file a SAR regarding Customer D's transactions.

15. In numerous instances during its account opening review, Haywood USA identified information that raised red flags and as a result declined to open those accounts. In those instances, however, Haywood USA failed to file SARs, as required by its AML policies and procedures. Examples of this include:

a. In June 2024, Customer E attempted to open an account at Haywood USA, but because Haywood USA would not accommodate its request, Customer E withdrew its application. As Haywood USA knew, Customer E's plan for the account was to deposit and liquidate over 60 million shares of Company X, a low-priced security of an issuer of which Customer E owned nearly half of the issued and outstanding shares. Company X had changed its name twice between 2019 and 2022. The amount of shares Customer E held far exceeded Company X's average daily trading volume in 2024. Haywood USA did not file a SAR, despite knowing that the account was planning to engage in deposit-sale-withdrawal activity during a short timeframe and to sell a large portion of the float of a security and in excess of its typical daily trading volume.

b. In January 2026, Customer F, an individual, attempted to open an account at Haywood USA with a plan to deposit and liquidate tens of thousands of dollars in shares of a low-priced security but the firm declined to do so for several reasons. First, Customer F, a former registered representative, was the subject of a FINRA action for recommending transactions not approved by the appropriate firm principal resulting in a loss to the customer, and a prior customer complaint resulting in a monetary award. Second, although Customer F had provided U.S. addresses and his U.S. passport, Haywood USA detected that he was not located in the United States and instead appeared to be located in a foreign jurisdiction. Finally, Haywood USA noted that Customer F had "involvement with [an] individual convicted of running an investment fraud scheme." Despite Haywood USA compliance personnel identifying these red flags, Haywood USA did not file a SAR regarding Customer F.

Violations

16. As a result of the conduct described above, Haywood USA willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

Haywood USA's Remedial Efforts

17. In determining to accept the Offer, the Commission considered Haywood USA's remedial acts, including its revisions to its AML policies and procedures. Haywood USA also

increased its AML compliance staffing, retained a third-party consultant to enhance annual reviews and testing of the firm's AML compliance program, and implemented new supervision and review protocols.

IV.

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

Accordingly, pursuant to Sections 15(b)(4) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Haywood USA cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

B. Respondent Haywood USA is censured.

C. Respondent Haywood USA shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $750,000 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 Haywood USA 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 Michael Brennan, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

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.

Vanessa A. Countryman
Secretary