

ADMINISTRATIVE PROCEEDING
File No. 3-17813

SEC Settlement Bars Former Anti-Money Laundering Officer for Gatekeeper Failures

June 12, 2017 – The Securities and Exchange Commission today announced that John David Telfer, the former chief compliance officer and anti-money laundering (AML) officer of a registered broker-dealer, agreed to a securities industry bar to settle charges in a pending administrative and cease-and-desist proceeding related to gatekeeper failures.

The SEC instituted proceedings against Telfer and his former employer Meyers Associates, L.P. (now known as Windsor Street Capital, L.P.) on January 25, 2017. According to the SEC's settled order as to Telfer, Meyers Associates failed to file Suspicious Activity Reports (SARs) for approximately \$24.8 million in suspicious transactions. Collectively, these transactions were marked by numerous red flags suggesting that certain Meyers Associates' customers may be involved in fraudulent "pump and dump" schemes, including:

- past securities fraud convictions or settlements by the customer or a related party;
- inconsistencies between the customers' representations and documentation submitted to the firm;
- customers acquiring shares at very large discounts; signs that documents submitted were not authentic;
- recent changes in the issuers' business model, including new business ventures relating to illegal industries, such as marijuana production and distribution;
- promotional activity;
- trading into sudden spikes in price and volume; and
- coordinated deposit and trading between one or more customers' accounts.

As the firm's AML officer, Telfer was personally responsible for ensuring the firm's compliance with SAR reporting requirements, but he failed to fulfill these responsibilities, even though certain red flags were brought directly to his attention through, for example, notifications from Meyers Associates' clearing firm.

The SEC's order finds that Telfer aided and abetted and caused Meyers Associates' violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. Without admitting or denying the findings in the SEC's order, Telfer consented to an associational, industry, and penny stock bar and to pay a civil monetary penalty of \$10,000.

The matter pertaining to Meyers Associates has been scheduled for a public hearing before an administrative law judge on June 26, 2017, who will prepare an initial decision stating what, if any, remedial actions are appropriate.

The SEC's investigation was conducted by Phil 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 continuing litigation will be 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](#) – John David Telfer