

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 34-80908 / June 12, 2017**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 82675**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17813**

**In the Matter of**

**WINDSOR STREET  
CAPITAL, L.P.  
(f/k/a MEYERS  
ASSOCIATES, L.P.) and  
JOHN DAVID TELFER,**

**Respondents.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS AND  
A CEASE-AND-DESIST ORDER  
PURSUANT TO SECTIONS 15(b) AND  
21C OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 9(b) OF  
THE INVESTMENT COMPANY ACT OF  
1940 AS TO JOHN DAVID TELFER**

**I.**

On January 25, 2017, The Securities and Exchange Commission (“Commission”) initiated these proceedings pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against John David Telfer (“Respondent”).

**II.**

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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b) and 21C of the

Securities Exchange Act of 1934 and Section 9(b) of the Investment Company Act of 1940 as to John David Telfer (“Order”), as set forth below.

### **III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

These proceedings arise out of Respondent’s failure to perform his responsibilities as the anti-money laundering (“AML”) officer of a registered broker-dealer, resulting in the broker-dealer failing to file suspicious activity reports (“SARs”) required by statute and Commission rules.

#### **Respondent**

1. Telfer, age 56, resides in Franklin Square, New York. Telfer associated with Meyers Associates, L.P. (“Meyers Associates”), a registered broker-dealer, in September 2013 and served as its chief compliance officer and AML officer from November 2013 until his separation from the firm in September 2016.

#### **Other Relevant Entities**

2. Meyers Associates is a New York limited partnership registered with the Commission as a broker-dealer since July 1993. Meyers Associates is headquartered in New York, New York and has active branch offices elsewhere in New York, and in Florida, Virginia, Pennsylvania, and Arizona.

#### **Background**

3. From at least November 2013 to September 2016, Meyers Associates repeatedly violated Exchange Act Section 17(a) and Rule 17a-8 thereunder, by failing to file SARs with the United States Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”), as required by the Bank Secrecy Act of 1970 (“BSA”) and its implementing regulations. Meyers Associates failed to file required SARs for approximately \$24.8 million in suspicious transactions (the “Suspicious Transactions”).

4. Respondent Telfer was Meyers Associates’ AML officer and, thus, was personally responsible for ensuring the firm’s compliance with SAR reporting requirements.

5. The violations at issue all related to Meyers Associates’ penny stock liquidation business, in which the firm routinely accepted physical deposits of large blocks of penny stock shares and liquidated them, followed by the customers transferring out sale proceeds.

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<sup>1</sup> 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.

6. The firm's written AML program identified this very pattern as a "red flag" that could trigger additional investigation as to whether a SAR filing would be necessary. Nonetheless, Telfer performed no investigation relating to any of the Suspicious Transactions.

7. Collectively, the Suspicious Transactions were marked by numerous other red flags indicating that the customer may be involved in a pump-and-dump fraud scheme, including: (i) past securities fraud convictions or settlements by the customer or a related party; (ii) inconsistencies between the customers' representations and documentation submitted to the firm; (iii) customers acquiring shares at very large discounts; (iv) signs that documents submitted were not authentic; (v) recent changes in the issuers' business model, including new business ventures relating to illegal industries, such as marijuana production and distribution; (iv) promotional activity; (v) trading into sudden spikes in price and volume; and (vi) coordinated deposit and trading between one or more customers' accounts.

8. Even in cases where one or more of these red flags was brought directly to Telfer's attention—for example, through notification from Meyer Associates' clearing firm—Telfer knowingly or recklessly failed to file the required SARs.

9. As a result of the conduct described above, Telfer willfully aided and abetted and caused Meyers Associates' violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, which require broker-dealers to file the reports required by the Bank Secrecy Act, including SARs.

### **Undertakings**

Respondent has undertaken to:

10. In connection with any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondent will (i) appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; and (ii) accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff.

### **IV.**

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Telfer shall 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 Telfer be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall pay civil penalties of \$10,000.00 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). In imposing this penalty, the Commission considered the Respondent's financial condition. Payment shall be made in the following installments: (i) one payment of \$278.05 due on the first day of the first month beginning 90 days after this Order is entered; and (ii) a monthly payment of \$277.77 due on the first day of each of the next thirty-five months. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

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 Telfer 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 Lara S. Mehraban, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, NY 10281-1022.

E. 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, he shall not argue that he is entitled to, nor shall he 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 he 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.

## V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other

amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary