

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement, Complainant, v. Bruce Meyers CRD No. 1045447, Respondent.

Disciplinary Proceeding
No. 2016048912703

Hearing Officer DW

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: January 31, 2019

INTRODUCTION

Disciplinary Proceeding No. 2016048912703 was filed on May 7, 2018, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant).

Respondent Bruce Meyers submitted an Offer of Settlement (Offer) to Complainant dated January 24, 2019. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. Meyers entered the securities industry in 1982 and associated with several FINRA members before founding Windsor Street in 1994. Meyers acted as the Firm's chief executive officer, performed investment banking work, and was registered as a General Securities Representative and General Securities Principal. FINRA revoked Meyers's registrations on May 9, 2016.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:¹

SUMMARY

2. This case involves the execution of two separate fraudulent schemes at Windsor Street Capital, L.P. ("Windsor Street" or the "Firm") during the period January 2013 through March 2016. This fraudulent activity was perpetrated by the Firm's associated persons and facilitated by the Firm's fundamental lack of commitment to protecting investors and to complying with applicable securities laws, regulations and FINRA rules. Specifically, the Firm and its principals allowed associated persons to fraudulently abuse Windsor Street's average price, riskless principal, and bond inventory accounts (collectively, the "Firm Accounts") in order to reap ill-gotten gains at the expense of Firm customers. As set forth in detail below, Respondent Arthur Tacopino, with the assistance of Respondent Edwin Rodriguez, used the Firm Accounts to fraudulently allocate profitable trades to himself and other favored employees, and unprofitable trades to the Firm's customers as well as the Firm itself. Moreover, the Firm, also with assistance from Rodriguez, used the Firm Accounts to systematically charge Firm customers hidden markups

¹ The findings herein are pursuant to Respondent Meyer's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

and markdowns totaling approximately \$318,109.16, many of which were fraudulently excessive. Collectively, this misconduct resulted in more than \$905,000 in harm to customers.

3. In the first fraudulent scheme, Tacopino, an employee in Windsor Street's operations department, fraudulently allocated profitable day trades to his personal account and other favored accounts at Windsor Street while steering unprofitable trades to the Firm's customers or to Windsor Street itself. Specifically, Tacopino directed Respondent Edwin Rodriguez and A K, who were Windsor Street's order entry clerks, to purchase securities in the Firm Accounts without first designating the account for which the trade had been placed. Tacopino then delayed the allocation of those trades until after he learned how they had performed. If the price of one of the securities purchased in those trades rose, Tacopino directed Rodriguez or A K to sell the position the same day. He then either allocated the profitable trade to his own account, or permitted it to be allocated to accounts controlled by other favored employees, including J R (one of the Firm's registered representatives) and A K. If the price of one of the securities purchased in the earlier trades declined, Tacopino directed Rodriguez or A K either to: (1) transfer the security to a customer or (2) leave the security in the Firm Accounts.

4. As a result of these fraudulent allocations, Tacopino profited on 98% of his day trades, giving him an annualized return of approximately 82%. In total, Tacopino reaped \$417,369 in illicit profits from the scheme, while Windsor Street customers suffered losses of at least \$515,000 because of trades fraudulently allocated to them.

5. In the second fraudulent scheme, Windsor Street imposed undisclosed and, in many instances, excessive markups and markdowns on customer trades. The Firm charged undisclosed markups and markdowns (collectively, "Undisclosed Markups") on 962 equity trades, resulting in secret profits for the Firm totaling \$318,109.16. Approximately 199 of those trades included Undisclosed Markups that, when added to the disclosed commission, markup, or markdown,

exceeded 5% of the Firm's contemporaneous cost. The Undisclosed Markups in the 199 trades totaled \$104,047.93.

6. Rodriguez knowingly or recklessly provided substantial assistance to Tacopino and Windsor Street in carrying out their fraudulent schemes.

7. These fraudulent schemes continued for years because Windsor Street and Meyers failed to establish, maintain and enforce supervisory systems, including written supervisory procedures, reasonably designed to prevent fraudulent, post-execution trade allocations and to prevent the imposition of undisclosed and excessive markups and markdowns. As a result, Meyers violated NASD Rules 3010(a) and (b), FINRA Rules 3110(a) and (b), and FINRA Rule 2010.

8. During the period April 2015 through May 2016, Meyers engaged in outside business activities involving a real estate and mergers and acquisitions advisory business without providing prior written notice to Windsor Street. As a result, Meyers violated FINRA Rules 3270 and 2010.

FACTS

The Fraudulent Allocation Scheme

Background— Windsor Street's Operations Department

9. In September 1998, Windsor Street hired Tacopino to work in the Firm's operations department in its principal branch office, located in New York, New York. Although Tacopino is an NRF, he acted at all relevant times as the *de facto* manager of the Firm's operations department.

10. Also in 1998, Windsor Street hired Rodriguez to work in the Firm's operations department in its principal branch office. From 2013 through at least March 2016, Rodriguez worked as an order entry clerk in the operations department and was the primary person in the

principal branch office who entered trades in the Firm's order entry system for customer accounts and employee accounts; he also entered proprietary trades on behalf of the Firm.

11. In or around May 2013, Windsor Street hired A K as a part-time order entry clerk to work with Tacopino and Rodriguez in the operations department. In or around October 2013, A K became a full-time employee. During her employment with Windsor Street, A K entered trades for customer accounts and employee accounts in the Firm's order entry system.²

12. Tacopino's, Rodriguez's, and A K's designated supervisors were Meyers and JT, one of Windsor Street's former Chief Compliance Officers ("CCOs") and AML Compliance Officers ("AMLCOs"). Meyers supervised Tacopino, Rodriguez and A K from January 2013 through October 2013; JT supervised Tacopino, Rodriguez and A K from November 2013 through September 2016.

13. Between January 2013 and January 2015, Windsor Street cleared through two clearing firms, Clearing Firm #1 and Clearing Firm #2. The Firm placed all of its direct market orders through the clearing firms' order management systems and processed all of its internal allocations and transfers between firm accounts and customer accounts through the clearing firms' back office systems. Although these were the clearing firms' systems, they provided the Firm with direct access via terminals in Windsor Street's operations department. Thus, Windsor Street's order entry clerks could directly enter and allocate trades.

14. From January 2013 through June 2015, Tacopino, Rodriguez and A K were the only persons at Windsor Street's principal office with passwords for the order entry systems. During this period, Rodriguez and A K, at Tacopino's direction, processed virtually all of the direct market

² On November 7, 2017, FINRA barred A K from associating with any FINRA member for refusing to appear for an on-the-record interview pursuant to FINRA Rule 8210.

transactions and trade allocations for Windsor Street's principal branch office. Tacopino processed trades if Rodriguez and AK were unavailable.

The Fraudulent Allocations

15. From January 2013 through June 2015, Tacopino caused the execution of hundreds of transactions in the Firm Accounts. At the time that these orders were placed, Tacopino failed to designate, on order tickets or elsewhere, whose accounts were the intended destinations for these transactions.

16. Tacopino then monitored the performance of these positions in the Firm Accounts. If the transaction was profitable, Tacopino typically instructed that the position be closed the same day, so that he, JR, or AK could lock in the profit. If the transaction was unprofitable, Tacopino frequently would leave the security in the Firm Accounts overnight or longer.

17. During this period, Tacopino allocated approximately 159 day trades made through a Firm Account to his personal account at Windsor Street. Of those 159 trades, 156 were profitable, resulting in net profits for Tacopino of \$417,369.

18. In order to conceal the scheme, Tacopino, Rodriguez and AK failed to prepare accurate order tickets in connection with Tacopino's trades. For many of Tacopino's trades, no order ticket at all was prepared. For the remaining trades, the order ticket failed to contain the time the order was received, entered, or executed.

19. Tacopino allocated virtually all of the unprofitable positions either to unsuspecting customers or to Windsor Street.

"Finding a Home" for Losing Trades

20. Tacopino often delayed the allocation of losing trades to customer accounts at least one day after the position had been acquired in the Firm Accounts. Tacopino, Rodriguez and AK

referred to this process as “finding a home” for the trade. In these instances, the unprofitable positions were allocated from the Firm Accounts to customer accounts.

21. Sometimes these allocations were done as “As Of” trades; other times they were done as principal trades. In either instance, the price to the customer was the price the Firm originally paid days before, despite that, in the interim, the position had become unprofitable.

22. In many instances, the customer allocations effected by Tacopino, Rodriguez and A K were unauthorized trades.

23. Tacopino also directed allocations of unprofitable positions to Windsor Street itself. In some instances, Tacopino caused positions to be closed out from the Firm Accounts. In other cases, Tacopino caused the trade to be transferred to the Firm’s error account, notwithstanding the fact that no bona fide error had occurred. Tacopino and Rodriguez failed to complete the required cancel-rebill forms for many of these trades, failed to obtain written principal approval for trade cancellations as required by FINRA Rule 4515, and/or failed to disclose all relevant information about the trades to the reviewing principal.

24. Tacopino caused 159 trades to be allocated to himself during his fraudulent scheme.

25. Tacopino permitted profitable day trades to be allocated to his account, or accounts controlled by JR and A K, in thirteen securities that were profitably traded by Tacopino, JR, and A K, and unprofitably traded in accounts of Firm customers (the “Securities in Common”). The three Firm employees made \$173,938 in profits from fraudulently allocated trades in thirteen of the Securities in Common.

26. In addition, Tacopino caused trades to be fraudulently allocated to customers. 190 unprofitable trades were allocated to customers in the thirteen Securities in Common. Of these trades, 55 were cancelled and rebilled to different customers or to the Firm. Ultimately, the 190

unprofitable trades resulted in unrealized losses for Firm customers totaling \$570,226 at the time of allocation, and \$514,872 in realized and unrealized losses as of June 15, 2015.

Illicit Profits and Losses Caused by the Scheme

27. From January 2013 through March 2015, Tacopino allocated to himself 159 day trades placed through the Firm Accounts, of which 156 – or 98% – were profitable. During that time, Tacopino’s day trades through the Firm Accounts earned him a net profit of over \$417,369 and an annualized return of over 82%.

28. As noted above, JR and AK also received profitable trade allocations from Tacopino’s scheme.

29. As a result of the scheme, JR was able to achieve an extraordinary level of day-trading success in his personal account; from January 2013 through March 2015, 86% of JR’s day trades were profitable. During that period, JR’s total profits from such trades were \$578,092.

30. AK, who did not hold any securities licenses, nonetheless actively day-traded the account of her mother, LG, without any supervision or oversight from anyone at the Firm. As a result of the scheme, from January 2013 through March 2015, AK made a profit on 97% of her day trades. The day-trading profits from such trades were \$122,807.

31. During the same period, as a result of Tacopino’s fraudulent allocations in the thirteen Securities in Common, Firm customers lost approximately \$570,226 in immediate unrealized losses at the time of the allocations.

Windsor Street’s and Meyers’s Flawed Investigation of the Fraudulent Allocation Scheme

32. A cursory review of Tacopino’s day trading during 2013, 2014 and the first half of 2015 would have revealed numerous “red flags” concerning the fraudulent allocation scheme. Windsor Street and Meyers either ignored or failed to investigate those red flags.

33. Indeed, WE, the Firm's CCO until December 2013, testified that, even before 2013, he had learned of potential "cherry picking" in Tacopino's account. As WE understood it: "You had a customer ticket and you had Artie's ticket. All the losses went into the customer and all the good ones went into Artie's ticket."

34. WE stated: "I find it hard to believe in my own mind that it was - that they were innocent. They were too much of a coincidence, so I couldn't - there's no way."

35. Moreover, Clearing Firm #1 and Clearing Firm #2 repeatedly raised concerns with operations and management personnel at Windsor Street about trading anomalies in the Firm Accounts. These concerns were expressed in emails, letters, and in-person meetings. Both clearing firms raised concerns directly with Meyers, and frequently contacted Tacopino regarding transactions allocated to customer and employee accounts at prices away from the market.

36. In January 2015, Clearing Firm #2 requested an in-person meeting with Windsor Street to discuss the Firm's lack of responsiveness to inquiries pertaining to abuses of a Firm Account and other irregularities.

37. In March 2015, Clearing Firm #2's Deputy AML Officer contacted JT and provided him with a list of twelve transactions involving KITE, SD, and DGLY allocated to customers at prices that ranged from 4% to 82% above the prevailing market price. He advised JT that "many of those transactions bounced from account to account when they were not paid for" and requested that JT investigate these transactions and report to him. JT failed to respond.

38. In March 2015, Clearing Firm #2 temporarily suspended trading in one of the Firm Accounts because Windsor Street's personnel were continuing to improperly engage in apparent proprietary trading in a Firm Account. Meyers was copied on the email notifying the Firm of this action.

39. Windsor Street and Meyers did not initiate an investigation into Tacopino's trading until approximately March 2015. At the time, JT was the Firm's CCO and AMLCO; he also was the direct supervisor of the operations department. As the Firm's CCO, he was the designated individual to lead internal investigations pursuant to Section 2.7 of the Firm's written supervisory procedures ("WSPs"). Despite these facts, Meyers did not place JT in charge of the investigation into the fraudulent allocations. Instead, Meyers assigned the investigation to IK.

40. IK discovered evidence of what he called "cross trading" between the Firm Accounts and employee accounts, and identified that this activity had generated substantial profits in Tacopino's, JR's and AK's accounts, as well as losses to the Firm.

41. IK reported his findings to Meyers, who decided to cancel dozens of profitable trades executed in AK's and JR's accounts. Meyers also forced Tacopino to disgorge \$17,000 in trading profits to the Firm.

42. Meyers, however, did not take any reasonable disciplinary action against Tacopino or Rodriguez. Instead, he terminated AK's employment.

43. Meyers also did not request that IK or anyone else determine the amount of customer losses caused by the scheme.

44. To date, Windsor Street has not reimbursed any of the customers victimized by the fraudulent allocation scheme for any of their losses.

45. As of the filing of this Complaint, Tacopino and Rodriguez remained employed in Windsor Street's operations department.

The Fraudulent Markup Scheme

46. During the period from January 2013 through March 2016, Rodriguez, acting at the direction of others, caused Windsor Street to charge Undisclosed Markups in 962 securities

transactions with customers, ranging from \$50 to as high as \$7,089.38. Those Undisclosed Markups resulted in secret profits for the Firm totaling \$318,109.16.

47. In 199 of those transactions, the Undisclosed Markup, when added to the disclosed markup, markdown, or commission resulted in a charge to the customer exceeding 5% of the Firm's contemporaneous cost. In forty of those transactions, the Firm charged its customers Undisclosed Markups that, when added to the disclosed markup or commission, exceeded 10% of the Firm's contemporaneous cost. In the 199 transactions where the total charge to the customer exceeded 5%, Windsor Street charged customers \$104,047.93 in Undisclosed Markups, an average of \$528.16 per trade.

48. In order to charge the Undisclosed Markups, Rodriguez, on behalf of the Firm, placed customer trades through Firm Accounts. He then added the Undisclosed Markups during the order allocation process. He concealed the Undisclosed Markups on Windsor Street's trade confirmations to customers by mischaracterizing the capacity in which Windsor Street executed the customer trades.

49. Using this strategy, Windsor Street was able to manipulate the price at which a security was sold to or purchased from the customer, resulting in the Undisclosed Markups and secret profits.

50. Windsor Street further misled customers by charging a disclosed markup, commission or "postage" fee in addition to the Undisclosed Markup, leading customers to believe that the disclosed charge was the entirety of the Firm's remuneration when, in fact, it represented only a portion of Windsor Street's profit on the transaction.

51. For example, of the 962 trades with Undisclosed Markups, 42 were trades where the registered representative charged the customer a disclosed commission of one dollar, while Windsor Street charged Undisclosed Markups totaling \$10,017.88, an average of \$238.52 per

trade. And on 34 trades, the registered representative charged the customer no disclosed markup or commission at all. On those trades, Windsor Street charged Undisclosed Markups totaling \$38,062.73, an average of \$1,119.49 per trade.

52. Rodriguez was aware that he was charging Undisclosed Markups in order to generate secret profits for the Firm. He not only determined the amount of the Undisclosed Markup, he knew or recklessly disregarded the fact that by entering the fictitious price in the reported price field, the difference between the Firm's actual cost and the artificial reported price would not be disclosed to customers. He also knew or recklessly disregarded that the Undisclosed Markups caused the total amount charged to customers to exceed 5% of the Firm's cost of the trade.

53. Meyers and JT recklessly disregarded information that the Firm was charging excessive and Undisclosed Markups, including multiple inquiries from Clearing Firm #2 concerning Undisclosed Markups.

54. In December 2015, Clearing Firm #2's Chief Legal Officer emailed Meyers to advise him that his firm's AML analysts had repeatedly emailed Firm employees, including JT and personnel in the operations department, with "important AML inquiries" pertaining primarily to undisclosed markups. He wrote: "But after multiple attempts on some of these requests, the first of which was made in June 2015, we have yet to receive the required information more than five months later." He requested Meyers's immediate assistance in resolving these inquiries. Meyers ignored this request.

55. On February 12, 2016, Clearing Firm #2's Chief Legal Officer demanded that the Firm respond to the pending inquiries, and advised that "[w]e are deeply concerned by [Windsor Street's] repeated failures to abide by its AML and [Clearing Agreement] obligations" such that further noncompliance could result in the termination of the clearing agreement.

56. Nevertheless, between February 13, 2016 and April 13, 2016, Windsor Street charged customers Undisclosed Markups on 93 trades, totaling \$23,290.47 in Undisclosed Markups.

57. On April 14, 2016, Clearing Firm #2's corporate counsel again emailed Meyers and JT requesting an explanation for "potential undisclosed markups and commissions being charged by [the Firm]." Clearing Firm #2 attached to the email a letter that detailed Undisclosed Markups in at least 24 accounts. Clearing Firm #2's Corporate Counsel wrote: "[a]bsent an adequate explanation from your firm, all appearances to [Clearing Firm #2] is that [the Firm] and/or its brokers are charging customers undisclosed markups and/or commissions, which is a reportable regulatory event." After Windsor Street received this warning from Clearing Firm #2, the Firm ended the Fraudulent Markup Scheme.

Windsor Street's and Meyers's Supervisory Failures

58. Both the fraudulent allocation scheme and the fraudulent markup scheme were enabled by Windsor Street's and Meyers's abdication of their supervisory responsibilities with respect to trading in employee and employee-related accounts, Windsor Street's Firm Accounts, the operations department, and confirmation disclosures.

Failure to Supervise Employee and Employee-Related Accounts

59. During the period January 2013 through June 2015, Section 2.4 of Windsor Street's WSPs required that transactions in employee and employee-related accounts be reviewed daily, that their account statements be reviewed monthly, and that employees be contacted about transactions that were potentially contrary to the federal securities laws and FINRA rules.

60. Meyers claims to have delegated supervisory responsibility for the supervision of employee and employee-related accounts to the Firm's CCOs.

61. Nevertheless, from January 2013 through June 2015, the Firm's CCOs failed to review employee or employee-related trades at Windsor Street done by Tacopino and AK.

62. Indeed, WE, the Firm's CCO until December 2013, was not informed that Meyers had delegated this responsibility to him.

63. JT, the Firm's CCO after December 2013, did not begin to review trades for Tacopino and AK's accounts until July 2015.

64. Meyers, for his part, made no effort to ensure that the CCOs were properly performing the reviews of Tacopino and AK's accounts.

65. As a result, from January 2013 through June 2015, no Firm principal supervised the trading in Tacopino and AK's accounts.

Failure to Supervise Windsor Street's Firm Accounts

66. During the period January 2013 through at least March 2016, Windsor Street and Meyers also failed to establish or enforce a supervisory system concerning its Firm Accounts, *i.e.*, its average price and riskless principal accounts.

67. As a threshold matter, throughout the period at issue, Meyers failed to delegate responsibility for supervising the Firm Accounts to any qualified principal.

68. Both of the Firm's CCOs during the relevant period – WE and JT – had no involvement with the Firm Accounts. Indeed, neither of them knew who was responsible for supervising the Firm Accounts.

69. Moreover, Windsor Street lacked WSPs that addressed the use of the Firm's average price and riskless principal accounts and failed to implement a supervisory system reasonably designed to detect and prevent potential sales practice abuses within those accounts.

70. Windsor Street's WSPs delegated supervisory responsibility for pricing on principal or riskless principal transactions to unspecified "traders."

71. Windsor Street's WSPs also provided that "[a] trader may not permit the charging of a markup or markdown in addition to a commission on any transaction."

72. However, during the period January 2013 through March 2016, Windsor Street did not employ a qualified equities trader in its New York branch office. Nor did it assign to anyone supervisory responsibility concerning the pricing of principal or riskless principal transactions when determining markups and markdowns.

73. Consequently, from January 2013 through March 2016, no Firm principal supervised this activity.

Failure to Supervise the Operations Department

74. Meyers was responsible for supervising the Firm's operations and order entry personnel – Tacopino, Rodriguez and AK – from January 2013 through November 2013. JT was responsible for supervising these individuals from December 2013 through March 2016. Meyers and JT both failed to discharge this responsibility. Indeed, JT erroneously believed that the functions of Tacopino, Rodriguez and AK were solely ministerial, and thus that they did not require any significant supervisory oversight.

75. Tacopino was permitted to manage the day-to-day correspondence with the clearing firms as well as the cancel/rebill process for erroneous trades without any supervision by a registered principal.

76. No registered principal supervised Rodriguez's and AK's daily activities, including their use of Firm Accounts, their interactions with Tacopino and the Firm's registered representatives, and their allocations of trades between accounts. Indeed, Meyers and others at the Firm instructed Rodriguez to engage in proprietary trading on the Firm's behalf in Firm Accounts notwithstanding that he was not licensed to do so and that no registered principal was monitoring this trading.

77. In June 2015, Clearing Firm #2 suspended Rodriguez's access to the trading platform for 60 days as a result of "a large volume of proprietary equity trading taking place" in one of the Firm Accounts. Clearing Firm #2 noted that this account had generated trading losses until three trades were transacted against client accounts at month end, which, as a result of undisclosed markups, resulted in "large profits for the firm account and losses to the clients."

78. Rodriguez ignored this suspension by utilizing the log-in credentials of AK and Tacopino. Meyers and Tacopino were aware of Rodriguez's suspension and nonetheless permitted him to continue performing his daily responsibilities by utilizing the log-in credentials of other employees.

79. Meyers and others at the Firm instructed Rodriguez to assess an undisclosed "inventory fee" on customer transactions by charging a markup or markdown in the Firm Accounts. No registered principal supervised Rodriguez's assessment of these markups and markdowns.

Failure to Supervise Confirmation Disclosures

80. During the period January 2013 through March 2016, Section 5.20.6 of Windsor Street's WSPs contained the Firm's policies concerning disclosure on customer confirmations in accordance with SEC Rule 10b-10 and FINRA Rule 2232.

81. Section 5.20.6 provided that Windsor Street's "CEO and Head Trader" were responsible for establishing and enforcing procedures concerning required disclosures on customer confirmations in accordance with SEC Rule 10b-10 and FINRA Rule 2232. Section 5.20.6.4 provided that, for riskless principal transactions where the Firm was not a market maker, the confirmation must disclose the net price to the customer and the markup/markdown or similar remuneration.

82. From January 2013 through March 2016, Windsor Street did not employ a qualified equities trader, let alone a “Head Trader.” Indeed, the Firm and Meyers failed to delegate supervisory responsibility for confirmation disclosure to anyone.

83. Consequently, from January 2013 through March 2016, no Firm principal supervised this activity.

Meyers’s Failure to Disclose Outside Business Activities

84. In early April 2015, Meyers began providing services to a real estate and mergers and acquisitions advisory business that ultimately became Arcis Capital Partners, LLC (“Arcis”). Arcis was formed by a friend and business associate of Meyers and IK, AT.

85. Between April 1, 2015 and April 23, 2015, Meyers assisted AT in launching Arcis by advising AT regarding the formation of the company; helping to prepare the company’s pitch deck to be provided to potential investors, customers, and partners; advising AT in choosing a law firm, an accountant and a banking relationship; and introducing Arcis and AT to real estate developers with whom Arcis could partner in various projects.

86. Meyers became a partner or member of Arcis effective April 23, 2015. As compensation for the services he provided, he was granted a 5% interest in Arcis.

87. Pursuant to Arcis’s Operating Agreement, Meyers was entitled to receive a distribution of any profits earned by Arcis.

88. In the Operating Agreements, Meyers also agreed to provide services to Arcis, including: (i) broker dealer, securities, capital markets and investment banking expertise; (ii) actively developing and nurturing institutional and individual client relationships in the United States to lead to Arcis projects, deals and investments; (iii) actively participating in all major project discussions, negotiations and transactions; (iv) actively identifying and developing

investment banking and other advisory transactions for Arcis; and (v) seeking to secure and provide a revolving line of credit to support Arcis and selected affiliates.

89. From April 23, 2015 through at least May 2016, Meyers provided services in connection with (i) the formation of Arcis, providing advice concerning securities and investment banking; (ii) developing prospective client relationships; (iii) seeking to identify investment banking and other advisory transactions for Arcis; and (iv) seeking to secure lines of credit for Arcis.

90. Meyers failed to provide the Firm with written notice of their outside business activities concerning Arcis, prior to becoming partners or members of Arcis, and before providing services to Arcis.

91. Moreover, in December 2015, Meyers falsely represented to Windsor Street's compliance department in an Other Business Activities Disclosure Form that he had no outside business activities to report.

EIGHTH CAUSE OF ACTION

FAILURE TO SUPERVISE

(Violations of NASD Rule 3010 and FINRA Rules 3110 and 2010)

92. NASD Conduct Rule 3010(a) (applicable to conduct prior to December 1, 2014) and FINRA Rule 3110(a) (effective on December 1, 2014) require member firms to establish maintain and enforce a system to supervise the activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules, and designate appropriately registered principals to carry out the supervision of each of the member's lines of business.

93. NASD Conduct Rule 3010(b) and FINRA Rule 3110(b) require member firms to establish maintain and enforce written procedures to supervise the types of business in which they

engage and to supervise the activities of registered representatives, registered principals, and other associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules.

94. As the CEO of Windsor Street through May 8, 2016, Meyers was responsible for the Firm's compliance with applicable securities laws, regulations and FINRA Rules and designating qualified, registered principals to supervise Windsor Street's business.

95. As alleged more fully above, Meyers failed to adequately supervise:

- a. trading in employee-related accounts, and excessive Undisclosed Markups and markdowns charged to customers, and failed to establish, maintain and enforce a system, including written procedures, reasonably designed to achieve compliance with the federal securities laws and FINRA Rules;
- b. trading in the Firm Accounts and pricing on principal or riskless principal trades for the purpose of calculating markups and markdowns markups, and failed to establish, maintain and enforce a system, including written procedures, reasonably designed to achieve compliance with NASD Rule 2440, NASD IM-2440-1 and FINRA Rule 2121;
- c. the charging of a markup or markdown in addition to a commission on any transaction;
- d. the personnel in the Firm's operation department (Tacopino, Rodriguez and AK), who were permitted to, among other things, cancel and rebill trades, allocate trades from Firm Accounts, engage in proprietary trading, and assess undisclosed markups and markdowns; and
- e. confirmation disclosures to ensure accurate disclosure of the net price to the customer and the markup/markdown or similar remuneration, and failed to

establish, maintain and enforce a system, including written procedures, reasonably designed to achieve compliance with compliance with SEC Rule 10b-10 and FINRA Rule 2232.

96. By reason of the foregoing, Meyers violated NASD Rule 3010 and FINRA Rules 3110 and 2010.

THIRTEENTH CAUSE OF ACTION

FAILURE TO DISCLOSE OUTSIDE BUSINESS ACTIVITIES (Violations of FINRA Rules 3720 and 2010)

97. FINRA Rule 3270 prohibits registered representatives from becoming an “employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.”

98. As alleged more fully above, effective April 23, 2015, Meyers became a partner or member of Arcis, a real estate and mergers and acquisitions advisory business. In addition, prior to and after becoming partners or members of Arcis, Meyers provided advisory and business services to Arcis for which he was compensated, or had a reasonable expectation of compensation by, Arcis.

99. Meyers failed to provide the Firm with written notice of their outside business activities concerning Arcis, prior to engaging in such activities.

100. By reason of the foregoing, Meyers violated FINRA Rules 3270 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future

misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

- Barred from associating with any FINRA member firm in a principal capacity;
- Suspended from associating with any FINRA member firm in any and all capacities for six (6) months; and
- Fined in the amount of \$20,000.

The fine shall be due and payable either immediately upon re-association with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. The sanctions herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA



Signed on behalf of the
Director of ODA, by delegated authority
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