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\* **AMENDED AND RESTATED**  
\* **ORDER TO CEASE AND DESIST**  
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\* **AMENDED AND RESTATED**  
\* **NOTICE OF INTENT TO REVOKE**  
\* **REGISTRATION AS A BROKER-DEALER**  
\*  
\* **AMENDED AND RESTATED**  
\* **NOTICE OF INTENT TO REVOKE**  
\* **REGISTRATION AS**  
\* **A BROKER-DEALER AGENT**  
\*  
\* **AMENDED AND RESTATED**  
\* **NOTICE OF INTENT TO FINE**  
\*  
\* **AND**  
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\* **NOTICE OF RIGHT TO HEARING**  
\*  
\* **DOCKET NO. CFNR-14-8132-S**

**IN THE MATTER OF:**

**MEYERS ASSOCIATES, L.P.**  
**CRD No. 34171**

**BRUCE MEYERS**  
**CRD No. 1045447**

**(Collectively "Respondents")**

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**I. PRELIMINARY STATEMENT**

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and the regulations promulgated thereunder (Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies) (“Regulations”).
2. Pursuant to Sections 36b-26(a) and 36b-14(d) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, has conducted an investigation and examination involving Respondents to determine if Respondents have violated, are violating or are about to violate provisions of the Act or Regulations.
3. As a result of the investigation and examination, the Commissioner issued an Order to Cease and Desist, Notice of Intent to Revoke Registration as a Broker-dealer, Notice of Intent to Revoke Registration as a Broker-dealer Agent, Notice of Intent to Fine and Notice of Right to Hearing (the “Notice”) on February 10, 2014, which Notice is hereby amended and superseded.
4. Respondents through their attorney, Nathan P. Pereira, Esq., Henderson & Koplik LLP, requested a hearing concerning the allegations set forth in the Notice.

5. On April 1, 2014, the Commissioner issued a Notification of Hearing and Designation of Hearing Officer appointing Attorney Stacey Serrano as Hearing Officer.
6. Based on information the Division received after Notice was issued, the Division conducted a further investigation and examination of Respondents.
7. After several continuances, on December 17, 2014, the Hearing Officer determined that any amended notice would be issued no later than February 13, 2015, and continued the hearing to March 30, 2015, March 31, 2015 and April 1, 2015.
8. As a result of the investigations and examinations, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act and Regulations.
9. As a result of the further investigation and additional examinations conducted by the Division, the Commissioner finds that additional facts exist which warrant, pursuant to Section 36a-1-22 of the Regulations of Connecticut State Agencies, the issuance of this amended notice and order (the "Amended Notice"), pursuant to Section 36b-15(a) of the Act and Section 4-182(c) of the General Statutes of Connecticut, to revoke the registration of Meyers Associates, L.P. ("Meyers Associates") as a broker-dealer in Connecticut, revoke the registration of Bruce Meyers ("Meyers") as a broker-dealer agent in Connecticut, issue a cease and desist order against Respondents pursuant to Section 36b-27(a) of the Act, and to impose a fine upon Respondents pursuant to Section 36b-27(d) of the Act.

## **II. RESPONDENTS**

10. Meyers Associates is a New York limited partnership with its principal place of business at 45 Broadway, Second Floor, New York, New York 10006. From September 23, 1994 to the present, Meyers Associates has been registered in Connecticut as a broker-dealer under the Act. The General Partner of Meyers Associates is Meyers-Janssen Securities Corp. ("Meyers-Janssen"). Meyers Associates is not registered as an investment adviser under the Act.
11. Meyers is the Chief Executive Officer of Meyers Associates and the majority owner and control person of Meyers Associates because of Meyers' control of and majority ownership in Meyers-Janssen. Meyers has been registered as a broker-dealer agent of Meyers Associates under the Act since September 23, 1994.

## **III. STATEMENT OF FACTS**

### **A. Prior Matters Involving Respondents**

12. From April 8, 2008 through April 10, 2008, the Division conducted an examination ("2008

Exam”) of Meyers Associates pursuant to Section 36b-14(d) of the Act. Based on certain findings from the 2008 Exam, on November 23, 2010, the Commissioner, acting pursuant to Sections 36b-15 and 36b-27 of the Act, issued an Order to Cease and Desist, Notice of Intent to Revoke Registration as a Broker-dealer, Notice of Intent to Fine and Notice of Right to Hearing (Docket No. RCF-10-7817-S) (“2010 Notice”) against Meyers Associates, which 2010 Notice is incorporated by reference herein. The 2010 Notice alleged that Meyers Associates employed unregistered agents, offered and sold unregistered securities, engaged in fraud in connection with the offer and sale of a security, engaged in dishonest and unethical practices in connection with the offer and sale of a security, violated FINRA Conduct Rule 2210, and failed to enforce and maintain adequate supervisory procedures.

13. Meyers Associates requested a hearing on the matters alleged in the 2010 Notice. On June 14, 2011, Meyers Associates and the Commissioner entered into a Consent Order (Docket No. RCF-10-7817-S) (“Consent Order”) in order to resolve the matters alleged in the 2010 Notice without the need for further administrative proceedings. The Consent Order is incorporated by reference herein.
14. The Consent Order, *inter alia*, required Meyers Associates to remit to the Department of Banking twelve thousand five hundred dollars (\$12,500) as an administrative fine and to pay the cost of one or more examinations of Meyers Associates conducted by the Division within twelve months following the entry of the Consent Order.
15. From June 13, 2012 through June 15, 2012, the Division conducted an examination of Meyers Associates (“2012 Exam”) in accordance with the Consent Order. During the course of the 2012 Exam, the Division uncovered various deficiencies.
16. As a result of the 2012 Exam, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act and Regulations.

### **Failure to Supervise**

17. As the majority owner and control person of Meyers Associates, Meyers oversaw the compliance department at Meyers Associates and was responsible for ensuring that the firm complied with both state and federal securities statutes and rules.

#### *Agent A*

18. On April 16, 2007, a broker-dealer agent of Meyers Associates (“Agent A”) was the subject of a customer complaint alleging trading losses and unauthorized trading. On December 15, 2007, Meyers Associates settled this customer complaint on behalf of Agent A for \$50,000 (CRD Occurrence Number 1352470).
19. On October 1, 2007, Meyers Associates placed Agent A on a heightened supervision plan

(“Plan”). The Plan provided that Meyers Associates would suspend Agent A if Agent A was the subject of any written complaint(s) and would terminate Agent A if any such complaint(s) could be verified. The Central Registration Depository (“CRD”) system reflects that, subsequent to the implementation of the Plan, Agent A was the subject of the following customer complaints:

- a. On November 6, 2007, Agent A was the subject of a customer complaint alleging the unauthorized use of margin and resulting trading losses in the amount of \$13,000. Meyers Associates closed the complaint without taking any action (CRD Occurrence Number 1377619);
- b. On May 14, 2008, Agent A was the subject of a customer complaint alleging an unauthorized trade and the failure to follow a client’s instructions. Meyers Associates denied this customer complaint on May 29, 2008 (CRD Occurrence Number 1406734); and
- c. On February 28, 2011, Agent A was the subject of a customer complaint alleging the unauthorized use of margin. Meyers Associates closed this complaint without taking any action due to the client’s death on March 25, 2011 (CRD Occurrence Number 1555356).

20. In approximately July 2012, Meyers Associates revised the Plan to, *inter alia*, require that a general securities principal preapprove all of Agent A’s transactions and require Agent A to immediately notify Agent A’s supervisor of any complaint or action filed against Agent A (“Revised Plan”). The Revised Plan also provided that any additional customer complaints could result in a fine, suspension or termination and that immediate termination might result in the event that Agent A did not follow the Revised Plan or if Agent A violated a Meyers Associates or regulatory policy or rule. According to CRD records, subsequent to the implementation of the Revised Plan, Agent A was the subject of the following customer complaints and regulatory actions:

- a. On September 4, 2013, Agent A settled a FINRA regulatory action for \$20,000 arising out of allegations of unauthorized transactions, excessive commissions/churning, unsuitability, fraudulent use of margin, and failure to follow instructions (CRD Occurrence Number 1617363 and FINRA Docket No. 12-02165); and
- b. On November 7, 2013, Agent A was the subject of a complaint filed with FINRA alleging churning and unsuitability (CRD Occurrence Number 1685811 and FINRA Docket No. 12 02433). This matter is currently pending with FINRA.
- c. On December 30, 2014, Agent A was the subject of a complaint filed with FINRA alleging excessive commissions (CRD Occurrence Number 1741148 and FINRA Docket No. 14-03593). This matter is currently pending with FINRA[.]

21. Meyers Associates has not taken any meaningful disciplinary action in response to Agent A’s pattern of customer complaints.

22. Despite the above disciplinary history, Meyers Associates continues to employ Agent A and maintain Agent A's broker-dealer agent registrations with Connecticut and other states.

*Agent B*

23. In approximately March 2010, Meyers Associates filed to register another of its agents ("Agent B") as a broker-dealer agent under the Act. On April 5, 2010, based on Agent B's disciplinary history, the Division sent a letter to Meyers Associates asking it to provide the Division with detailed information regarding how Meyers Associates planned to supervise Agent B and requiring Meyers Associates to immediately notify the Division if Agent B became the subject of any sanction imposed by a state securities regulator. On April 29, 2010, Meyers Associates provided the Division with the requested information regarding Agent B's supervision and agreed to immediately notify the Division if Agent B became the subject of a sanction imposed by a state regulator. Agent B became registered as a broker-dealer agent of Meyers Associates in Connecticut on May 3, 2010. Two days later, on May 5, 2010, Agent B entered into an "Order Imposing Terms, Conditions and Undertaking In Connection with Registration under the Vermont Uniform Securities Act" ("Vermont Order"). Meyers Associates never notified the Division of the Vermont Order even though the Division required, and Meyers Associates filed, a statement with the Division on April 29, 2010 agreeing to provide notice of any sanction imposed by a state securities regulator. The Division discovered the Vermont Order in June 2012 while preparing for the 2012 Exam.

*Employee A*

24. On October 17, 2011, FINRA implemented Rule 1230(b)(6) which established a new registration category and qualification examination ("Operations Professional Registration Category") for personnel who perform certain operations functions. FINRA Rule 1230(b)(6) delineates those operations functions that subject an employee to the Operations Professional Registration Category and require such personnel to complete and pass the Series 99 Test.
25. At various times between approximately October 17, 2011 and the present, Employee A has either been designated as the Director of Operations of Meyers Associates or has performed operations functions that would subject Employee A to the Operations Professional Registration Category. However, despite Employee A's obligation to complete and pass the Series 99 test, Meyers Associates has not required Employee A to do so.

### **Unregistered Securities**

26. On October 31, 2006 and at various times in 2012, Meyers Associates offered and/or sold securities in and/or from Connecticut to at least one investor, which securities were not registered in Connecticut under Section 36b-16 of the Act, nor were they exempt from registration under Section 36b-21 of the Act, nor were they the subject of a filed exemption claim or claim of covered security status.

## **Production of Records**

27. Pursuant to the Division's investigation and examination, on June 18, 2014, Meyers Associates provided the Division with a copy of Meyers Associates' current written supervisory policies and procedures manual dated December 1, 2012 ("WSP").
28. Section 25.11 of the WSP, "Full and Fair Disclosure", provides that: "Employees are required to make, full, fair, accurate, timely and understandable disclosure in reports and documents that MA [Meyers Associates] files with, or submits to . . . government agencies."
29. On June 8, 2012, in anticipation of the 2012 Exam, the Division sent Meyers Associates a written request for documents and information ("Document Production Request"). The requested documents and information were to be prepared and produced to the Division when Division staff arrived to conduct the 2012 Exam. Although the Division is not required to make an advance request for documents when exercising its visitorial power to inspect a registrant's books and records, the Division gave Meyers Associates the Document Production Request to provide additional focus and to emphasize to the firm the importance of providing information in a timely manner. However, when the Division arrived at Meyers Associates on June 13, 2012 for the 2012 Exam, only one of the documents in the Document Production Request was ready to be produced. By the conclusion of the 2012 Exam, Meyers Associates still had not produced all the documents and information responsive to the Document Production Request. Subsequent to the 2012 Exam, the Division sent Meyers Associates additional e-mails requesting that Meyers Associates produce all of the documents and information in the Document Production Request, in addition to other documents the Division wanted to examine based on the 2012 Exam.
30. From approximately June 8, 2012 to the present, Respondents engaged in a pattern of dilatory tactics in responding to the Division's requests for books, records and information. It was necessary for the Division to make multiple and repeated requests to Respondents before Respondents produced documents and information, and even when documents and information were furnished, they were produced in a slow, incomplete and piecemeal fashion.

### *Historical Backdrop: Failure to Respond to FINRA Records Production Request*

31. On November 9, 2011, FINRA issued an Order Accepting Offer of Settlement ("FINRA Order") on behalf of Respondents (FINRA Disciplinary Proceeding No. 20090163324-01), in which Respondents were censured and fined \$35,000, jointly and severally, and Meyers was suspended from association with any FINRA member in any principal and supervisory capacity for four months. Without admitting or denying the allegations, Respondents consented to the entry of findings that Meyers Associates failed to completely and timely respond to FINRA requests for information and documents. The findings also stated that Meyers was ultimately responsible for supervision at Meyers Associates because the requests

were all addressed to Meyers, who delegated to others the task of responding and failed to ensure that the responses were complete and timely.

### **B. New Matters Involving Respondents**

32. Section 2.13.3 of the WSP (“Types of Discipline”) states, in part, that:

**Suspension of Employment:** An employee may be suspended for violations of applicable company policy, regulatory rules or regulations, or federal/state laws. Prior to Suspension of Employment, the employee will be informed of the violation, the expected behavior, and the terms of the suspension. While under suspension, employees may not:

- Have direct or indirect contact with customers
- Act as a registered representative
- Represent oneself as a registered representative
- Give investment advice or counsel
- Receive compensation
- Transact business in any securities account (other than a personal account)
- Have contact with company employees except the employee's supervisor or Compliance
- Enter into any company premises

A Suspension of Employment memorandum will be delivered to the employee. This document will specify the admitted or determined violation and the expected behavior. It will also specify the possible consequences of future violations similar in nature. The Suspension of Employment memorandum may require the recipient’s signature certifying his/her receipt of the memorandum and understanding of the matter. Suspensions will be reported by Compliance to the appropriate SRO(s).

33. “Agent C” is a registered representative of Meyers Associates. Meyers Associates failed to follow its WSP when it suspended Agent C and provided inconsistent responses to the Division regarding Agent C’s suspension. Specifically, prior to Agent C’s suspension, Meyers Associates failed to inform Agent C of the reason for his suspension, his expected behavior during his suspension and the terms of his suspension. The only notice provided to Agent C was an email indicating that effective immediately Agent C was suspended by Meyers Associates until further notice. The email also informed Agent C that his trading platform, emails, and telephone records would be shut down.
34. While Agent C was suspended, Agent C was in contact with a Connecticut client and followed the client’s instructions to close the account. Meyers Associates failed to supervise Agent C when it allowed him to engage in such activity while suspended.
35. Meyers Associates’ WSP required that the firm deliver a Suspension of Employment memorandum specifying the admitted or determined violation and the expected behavior along with possible consequences of future violations similar in nature. The email notification provided to Agent C failed to meet these requirements.

36. Meyers Associates WSP also stated that suspensions would be reported to the appropriate self-regulatory organizations (“SROs”). The only notification relating to Agent C’s suspension was made nearly two months later when Agent C was terminated and the following termination comment appeared on the Central Registration Depository (“CRD”) system:

As a result of an internal review, [Agent C] was placed on suspension by the firm. The firm recently became aware that while on suspension [Agent C] was present in the branch office, which violated the terms of this suspension.

37. On September 25, 2014, the Division asked Meyers Associates for certain information, including a copy of Agent C’s broker book. Agent C maintained two hard-copy broker books at Meyers Associates’ office located at 55 Broad Street, New York, New York. The broker books listed Agent C’s clients, the clients’ securities purchases and sales, as well as positions acquired by Agent C’s clients in each individual security. Agent C’s broker books included information regarding two Connecticut clients. Agent C’s broker books remained in Meyers Associates’ office located at 55 Broad Street, New York, New York following Agent C’s suspension on August 22, 2014. On October 3, 2014, in response to the September 25, 2014 request for information by the Division, Meyers Associates forwarded a copy of Agent C’s broker books, claiming that it produced all of Agent C’s broker books in its possession. Meyers Associates, however, failed to produce any pages of the broker books related to the two Connecticut clients, despite the fact that both of Agent C’s broker books were in the possession of Meyers’ Associates.
38. Meyers Associates provided varying statements relating to the reasons for Agent C’s suspension. Meyers Associates’ communications contained inconsistent or false statements and omitted material information that made the responses false or misleading.

#### *Unregistered Securities*

39. At various times during 2012, 2013 and 2014 Meyers Associates offered and/or sold securities in and/or from Connecticut to at least one investor, which securities were not registered in Connecticut under Section 36b-16 of the Act, nor were they exempt from registration under Section 36b-21 of the Act, nor were they the subject of a filed exemption claim or claim of covered security status.
40. On August 1, 2014, a compliance letter was sent to Meyers Associates, providing it with an opportunity to demonstrate why transactions in the accounts of its Connecticut customers in thirteen (13) different securities did not violate Section 36b-16 of the Act.
41. On August 22, 2014, Meyers Associates provided a response, with an attachment, stating that nine (9) of the thirteen securities relied upon the “Manual Exemption due to Mergent filing.” The attachment provided by Meyers Associates merely consisted of a 2012 Alphabetical Index of companies for Mergent listing the nine companies. Meyers Associates

indicated that it was doing additional research on the other four (4) securities to determine what additional exemptions might apply with regard to Blue Sky Filings.

42. On August 29, 2014, the Division acknowledged receipt of Meyers Associates' August 22, 2014 response. The Division notified Meyers Associates that Meyers Associates' response provided insufficient evidence to support the firm's claim that the cited "manual" exemption was appropriately available for the securities transactions in question. A second opportunity was provided to Meyers Associates, allowing it to supply the Division with any additional documentation supporting its exemption claim, specifically evidence that the information published in the Mergent manual satisfied the criteria under Section 36b-21(b)(2)(C) of the Act.
43. On September 5, 2014, the Division received a second response from Meyers Associates, furnishing additional information in an effort to demonstrate its reliance on the "manual" exemption in compliance with Section 36b-21(b)(2)(C) of the Act in addition to the information on the four (4) outstanding securities. The response indicated that Meyers Associates was now relying on the "manual" exemption to excuse registration of two additional securities offerings.
44. Meyers Associates failed to sustain its burden of proving that the nonissuer transaction exemption in Section 36b-21(b)(2)(C) of the Act applied to the offerings cited by the Division.
45. In regard to the remaining two securities, Meyers Associates indicated that no trades were done in one of these two securities. However, at least two (2) trades were executed for a Connecticut client in such security and to date Meyers Associates has not claimed any exemption from registration for transactions in that security.
46. For the final security, Meyers Associates stated that it had relied on the exemption in Section 36b-21(b)(4) of the Act, claiming that the trades in that security were done on an unsolicited basis. Meyers Associates statements submitted to the Commissioner regarding the sale of these securities were false and misleading because eleven (11) of the twenty seven (27) transactions in such security were identified as solicited transactions in the firm's trading records - effectively negating any reliance on the exemption in Section 36b-21(b)(4) of the Act.

#### *Failure to Properly Maintain and Provide Accurate Records*

47. In connection with the Division's continuing investigation and examination, in 2014 and 2015 the Division made multiple requests to Meyers' Associates to produce certain books and records pursuant to Sections 36b-14(d) and 36b-26 of the Act.

#### *Historical Backdrop Involving Complaints*

48. Section 6.71 of the WSP (“Complaint Defined”) defines, in pertinent part, a complaint as “any grievance by a customer or any person authorized to act on behalf of the customer involving activities of [The Firm] in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer.” Section 6.71 of the WSP mirrors FINRA Rule 4513 which defines “customer complaint” for purposes of this FINRA rule governing written complaints.
49. On June 28, 2011, FINRA provided Meyers Associates with an Exhibit listing 51 e-mails received by Meyers Associates that were unreported to FINRA by Meyers Associates. FINRA staff designated these 51 e-mails as “complaints” that were required to be disclosed to FINRA. Meyers Associates indicated that the reason that 19 of the complaint e-mails were not reported was due to Meyers Associates’ compliance department not being made aware of those complaint e-mails at the time they were generated. Twenty two of the fifty one e-mails contained allegations of unauthorized trading.
50. On May 23, 2013, FINRA requested that Respondents provide a written response to the exceptions noted with regard to the 2012 FINRA cycle examination of Meyers Associates. The written response was required to contain an explanation of why the exceptions occurred, the corrective action to take to correct the exceptions, any updated policies and procedures ensuring that repeat deficiencies would not reoccur, and the identity of the individual responsible for implementing the corrective action and the updated policies and procedures. Among the exceptions noted by FINRA were the following: 1) the firm failed to maintain a separate file for identified complaints which included all required information for customer accounts or failed to maintain complete files (FINRA observed that this was a repeat violation from a 2010 FINRA examination); 2) the firm failed to report five (5) customer complaints and failed to timely report four (4) customer complaints, both of which were noted as repeat violations from both the 2010 and 2011 FINRA examinations; 3) the firm failed to establish written procedures for reporting to FINRA any conclusions that the firm or an associated person of the firm had violated any securities related laws, rules, regulations or standards of conduct in connection with customer complaints. Eleven (11) customer complaints filed with FINRA or 4530 summaries contained no information regarding any investigation and conclusion by the firm into the allegations; and 4) the firm failed to timely update Form U4 information relating to three (3) complaints and inaccurately reported a complaint as involving less than \$5,000, when in actuality a higher amount was involved (FINRA noted that both reporting deficiencies were repeat violations from both the 2010 and 2011 FINRA examinations). Meyers Associates acknowledged each the above noted 2012 exceptions and represented to FINRA that it had taken corrective action.

#### *Division Requests for Complaints*

51. On December 16, 2014, as part of the continuing investigation and examination, the Division requested from Meyers Associates, among other things, “a listing of the names of all persons who have submitted complaints to Meyers regarding the firm or any of its officers or personnel, during the calendar year of 2014.” On December 23, 2014, a response was received from Meyers Associates, listing eighteen (18) complaints.

52. Prior to an onsite examination of Meyers Associates conducted from January 14-16, 2015, the Division requested, through electronic mail transmission on January 12, 2015, that Meyers Associates gather for production: "Copies of all files produced for all complaints received by Meyers during the 2014 calendar year each with documents evidencing the disposition of each matter where applicable". Meyers Associates failed to provide the Division with all complaints it received during 2014.
53. Meyers Associates' responses to the December 16, 2014 and January 12, 2015 requests were incomplete and inaccurate. The list of complaints produced to the Division failed to contain at least one complaint. In addition, the complaint files maintained by Meyers Associates failed to contain any information on at least one complaint.
54. Specifically, Meyers Associates failed to produce an August 5, 2014 complaint letter from an attorney representing a Meyers Associates' client that was sent to Meyers Associates Chief Compliance Officer alleging three unauthorized trades transacted in the client's account, and requesting that Meyers Associates reverse these trades. Despite the Division's prior requests on December 16, 2014 and January 12, 2015, the Division only obtained information from Meyers Associates regarding the complaint when Division staff requested the Chief Compliance Officer search his e-mail around the date of the complaint. This written complaint was not maintained by Meyers Associates in a separate complaint file.

#### *List of Employees*

55. On January 12, 2015, the Division further requested the preparation of a list of all persons who were employed at the Meyers' office located at 45 Broadway, New York NY. Meyers Associates produced/submitted a list of employees at the 45 Broadway office that was inaccurate in that it failed to include eleven individual employees identified by the CRD records as currently located at the 45 Broadway office upon the requested list of personnel. In addition, the list Meyers Associates submitted to the Division also included three individuals who at the time the list was presented, were no longer employed by Meyers Associates according to CRD. Meyers Associates has never filed an amendment correcting the inaccurate information provided to the Commissioner.

#### *Compensation Records*

56. 17 CFR 240.17a-3(a)(19)(i) of the Code of Federal Regulations provides, in part, that every broker-dealer shall make and keep current a record for "each associated person listing each purchase and sale of a security attributable, for compensation purposes, to that associated person. The record shall include the amount of compensation if monetary and a description of the compensation if non-monetary. In lieu of making this record, a member, broker or dealer may elect to produce the required information promptly upon request of a representative of a securities regulatory authority."

57. On January 15, 2015, the Division requested commission information for three Meyers Associates' registered representatives located at the 45 Broadway office for the year 2014. The Division staff's non-written request was made to both the Chief Compliance Officer and the Chief Financial Officer. On January 22, 2015, the Division followed up with a written request, sent via e-mail, advising Meyers Associates that it expected Meyers Associates to respond to the outstanding request as soon as possible. Meyers Associates ultimately produced the requested commission records to the Division on February 12, 2015.

### **Violations Related to the Conduct and Supervision of Agents D and E**

58. In October 2013, Meyers Associates hired Agent D (CRD # 2709288) as an agent. Agent D's CRD record contained disclosures of past regulatory actions, several arrests, and several customer complaints. In addition, Agent D's trading was restricted by his previous broker-dealers' clearing firm, preventing Agent D from effecting transactions through this clearing firm during his employment at Meyers Associates. This clearing firm was one of the two clearing firms utilized by Meyers Associates.

59. Meyers Associates developed a heightened supervision plan dated October 25, 2013, designed to supervise Agent D, which included placing certain requirements and restrictions on his trading activities.

60. Concurrently with the hiring of Agent D, Meyers Associates hired another broker dealer agent, who worked with Agent D at his previous broker-dealer ("Agent E"). Although Agent D and Agent E were essentially hired by Meyers Associates as a team, Agent E became registered in Connecticut on October 25, 2013, but Agent D did not become registered as an agent in Connecticut until January 7, 2014. In addition, while Agent E became registered in New York on October 24, 2013, Agent D did not become registered in New York until March 5, 2014. Agent D and Agent E shared office-space in New York. Agent D's client's from his former firm were transferred to Meyers Associates under Agent E's registered representative number and assigned solely to Agent E on Meyers Associates' records.

61. Section 4.2.5 of the WSP requires, in pertinent part, that agents "must be registered in the state from which they conduct business and may be required to be registered in other states where customers are domiciled", and Section 2.17.5 of the WSP prohibits sharing of commissions or compensation with non-registered persons.

62. From approximately October 2013 through January 2014, without being registered as a broker-dealer agent in any state and while he was on a heightened supervision plan, Agent D effected or attempted to effect securities transactions with at least one or more residents in Connecticut, New York and other states.

63. From approximately October 2013 to approximately July 2014, securities transactions

effected by Agent D were reflected on the firm's records as transactions belonging to Agent E. Meyers Associates, at least one of its officers and at least one of its supervisory personnel knew or should have known that Agent D was circumventing registration requirements by acting as an agent while he was not registered.

64. Meyers Associates' records indicate that no trades or commissions were attributed to Agent D until July 2014.
65. Agent D was being paid for the transactions attributed to Agent E through an off-the-books commission sharing arrangement with Agent E that has never been recorded in Meyers Associates' records. Meyers Associates and its personnel knew or should have known about Agents D and E's commission sharing arrangement.
66. Section 25 of the WSP "Code of Ethics", governing activities involving self-interest, gifts and entertainment, provides, in part:

Employees are prohibited from: . . . [s]oliciting or demanding anything of value from any person in conjunction with the performance of their duties to MA (other than normal compensation received from MA)...[a]ccepting personal fees, commissions, other compensation paid, or expenses paid or reimbursed from others, not in the usual course of MA's business, in connection with any business or transaction involving MA.

Employees are expressly prohibited from soliciting, demanding or accepting anything of value with the intent to be influenced or rewarded in connection with any business transaction or relationship involving MA.

67. At various times between October 2013 and July 2014, Agents D and E made cash payments to supervisory personnel and at least one officer of Meyers Associates that were not recorded in Meyers Associates' records.
68. Supervisory personnel and Bruce Meyers knew or should have known of the commission sharing arrangements and cash payments made to supervisory personnel, but did not take reasonable steps to ensure compliance with applicable securities rules and to adhere to Meyers Associates' Written Supervisory Procedures. Meyers Associates failed to enforce and maintain a system for supervising the activities of its agents and permitted the unregistered activity and sharing of commissions. Additionally, Meyers Associates' failed to properly document, maintain or provide information regarding these transactions. Meyers Associates failed to adequately adhere to the heightened supervision plan put in place regarding Agent D.

### **Unsuitable Recommendations**

69. Section 10.32 of the WSP outlines procedures for soliciting "complex products." Leveraged ETFs are considered complex products per the Written Supervisory Procedures. Section 10.32 states in part: "The complexity of products imposes additional obligations on RRs

[registered representatives] who sell such products, as well as on [Meyers Associates] to supervise their sale”.

70. Sales of leveraged ETFs were made to clients by agents of Meyers Associates, without the agents receiving any special training or supervision. In some instances, the trading strategies utilized by the agents, were in direct conflict with the investment objectives of the funds as described within the funds’ prospectus, thus rendering the strategy unsuitable for the client.

**Dishonest or Unethical Business Practices -  
Executing a Transaction Without Authority**

71. Meyers Associates caused the execution of at least one transaction on behalf of a customer without authority to do so and sent confirmation of such transaction in order to cause the customer to accept a transaction not authorized.
72. On January 25, 2013, August 1, 2014, August 29, 2014 and January 22, 2015, the Commissioner gave Respondents written notice pursuant to Section 4-182(c) of the General Statutes of Connecticut that Respondents may have engaged in conduct which, if proven, would constitute a basis for the suspension or revocation of Meyers Associates’ broker-dealer registration in Connecticut and Meyers broker-dealer agent registration, and gave Respondents the opportunity to show compliance with all lawful requirements for the retention of its registration as a broker-dealer in Connecticut. Respondents provided the Department with responses to the written notice. The responses, however, were not persuasive.

**IV. STATUTORY AND REGULATORY BASIS FOR  
ORDER TO CEASE AND DESIST,  
REVOCATION OF REGISTRATIONS AS A BROKER-DEALER  
AND A BROKER-DEALER AGENT  
AND ORDER IMPOSING FINE**

a. Failure by Meyers Associates to Enforce and  
Maintain Adequate Supervisory Procedures

73. Paragraphs 1 through 72, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
74. Meyers Associates’ failure to establish, enforce and maintain a system for supervising the activities of Meyers Associates’ agents and employees that was reasonably designed to achieve compliance with applicable securities laws and regulations, as more fully described in paragraphs 17 through 25, inclusive, 32 through 36, inclusive, 47 through 55, inclusive and 58 through 71, inclusive, constitutes a wilful violation of Section 36b-31-6f of the Regulations, which forms a basis for an order to cease and desist to be issued against Meyers Associates pursuant to Section 36b 27(a) of the Act, the revocation of Meyers Associates’ broker-dealer registration in Connecticut pursuant to Section 36b-15(a)(2)(B) of the Act, and

the imposition of a fine upon Meyers Associates pursuant to Section 36b-27(d) of the Act. In addition, Meyers Associates' failure to supervise its agents supports the initiation of revocation proceedings under Section 36b-15(a)(2)(K) of the Act.

b. Failure to Reasonably Supervise by Meyers

75. Paragraphs 1 through 74, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
76. As a person charged with exercising supervisory authority on behalf of a broker-dealer, Meyers' failure to reasonably supervise the broker-dealer agents of Meyers Associates, as more fully described in paragraphs 17 through 25, inclusive, 32 through 36, inclusive, 47 through 55, inclusive, and 58 through 71, inclusive, forms a basis for the revocation of Meyers' broker-dealer agent registration in Connecticut pursuant to Section 36b-15(a)(2)(K) of the Act. In addition, Meyers' role in materially aiding and/or causing Meyers Associates' supervisory violations would support the entry of an order to cease and desist against Meyers under Section 36b-27(a) of the Act, the imposition of a fine upon Meyers pursuant to Section 36b-27(d) of the Act and proceedings to revoke Meyers' broker-dealer agent registration in Connecticut pursuant to Section 36b-15(a)(2)(M) of the Act.

c. Violation of Section 36b-16 of the Act by Meyers Associates – Offer and Sale of Unregistered Securities

77. Paragraphs 1 through 76, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
78. Meyers Associates offered and sold securities in or from Connecticut to at least one investor, which securities were not registered in Connecticut under the Act, as more fully described in paragraph 26, and in paragraphs 39 through 46, inclusive. The offer and sale of such securities absent registration constitutes a wilful violation of Section 36b-16 of the Act, which forms a basis for an order to cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act and for the imposition of a fine upon Meyers Associates under Section 36b-27(d) of the Act. In addition, Meyers Associates' wilful violation of Section 36b-16 of the Act forms a basis for the revocation of Meyers Associates' broker-dealer registration in Connecticut under Section 36b-15(a)(2)(B) of the Act.

d. Wilful Violation of Section 36b-14(a) of the Act and Section 36b-31-14a of the Regulations by Meyers Associates – Failure to Maintain Books and Records

79. Paragraphs 1 through 78, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

80. Meyers Associates' failure to maintain complete and accurate books and records and make such records available to the Commissioner, as more fully described in paragraphs 47 through 55, inclusive, constitutes a wilful violation of Section 36b-14(a) of the Act and Section 36b-31-14a of the Regulations. Such wilful violation forms a basis for an order to cease and desist to be issued against Meyers Associates pursuant to Section 36b-27(a) of the Act, the revocation of the registration in Connecticut of Meyers Associates pursuant to Section 36b-15(a) of the Act, and the imposition of a fine against Meyers Associates pursuant to Section 36b-27(d) of the Act.

e. Wilful Violation of Section 36b-14(d) of the Act and  
Section 36b-31-14f of the Regulations by Meyers Associates –  
Failure to Provide Copies of and Make Required  
Books and Records Available When Requested

81. Paragraphs 1 through 80, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

82. Meyers Associates' failure to provide copies of and make its required books and records available to the Commissioner when so requested, as more fully described in paragraphs 27 through 30, inclusive, paragraph 37, paragraphs 51 through 54, inclusive, and 56 through 57, inclusive, constitutes a wilful violation of Section 36b-14(d) of the Act and Section 36b-31-14f of the Regulations. Such wilful violations form a basis for an order to cease and desist to be issued against Meyers Associates pursuant to Section 36b-27(a) of the Act, the revocation of Meyers Associates' broker-dealer registration in Connecticut pursuant to Sections 36b-15(a)(2)(B) and 36b-15(a)(2)(L) of the Act, and the imposition of a fine upon Meyers Associates pursuant to Section 36b-27(d) of the Act.

f. Material Assistance and Wilful Aiding and  
Abetting by Meyers in Meyers Associates'  
Wilful Violation of Section 36b-14(d) of the Act  
and Section 36b-31-14f of the Regulations –  
Failure to Provide Copies of and Make Required Books  
and Records Available When Requested

83. Paragraphs 1 through 82, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

84. The conduct of Meyers, as more fully described in paragraphs 27 through 30, inclusive, paragraph 37, paragraphs 51 through 54, inclusive, and 56 through 57, inclusive, is conduct that materially assisted and willfully aided and abetted Meyers Associates' violation of Section 36b-14(d) of the Act and Section 36b-31-14f of the Regulations and therefore forms a basis for an order to cease and desist to be issued against Meyers under Section 36b-27(a) of the Act, the revocation of Meyers' broker-dealer agent registration in Connecticut pursuant to Section 36b-15(a)(2)(M) of the Act, and for the imposition of a fine upon Meyers

under Section 36b-27(d) of the Act.

g. Dishonest and Unethical Business Practices Within  
the Meaning of Section 36b-31-15a(a)(5) of the Regulations  
by Meyers Associates

85. Paragraphs 1 through 84, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
86. The conduct of Meyers Associates, as more fully described in paragraph 71, constitutes a dishonest or unethical practice in the securities business within the meaning of Section 36b-31-15a(a)(5) of the Regulations, which forms a basis for an order to cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act and the revocation of Meyers Associates' broker-dealer registration in Connecticut pursuant to Section 36b-15(a)(2)(H) of the Act.

h. Dishonest or Unethical Practices in the Securities Business –  
Failure to Halt Improper Commission Splitting

87. Paragraphs 1 through 86, inclusive, are incorporated and made a part hereof as if set forth herein.
88. The splitting of commissions by a Meyers Associates' agent with another Meyers Associates employee who was not registered under the Act, as described more fully in paragraph 58-68, inclusive, constitutes a dishonest or unethical practice in the securities business, as defined in Section 36b-31-15b(a)(5) of the Regulations, by that agent.
89. Meyers Associates' acquiescence to, and failure to halt such a practice, constitutes a dishonest or unethical practice in the securities business, as defined in Section 36b-31-15a(a) of the Regulations, by Meyers Associates and constitutes a basis for the revocation of Meyers Associates' registration as a broker-dealer pursuant to Section 36b-15(a)(2)(H) of the Act.

i. Dishonest and Unethical Business Practices  
Within the Meaning of Section 36b-31-15a(a)(2)  
of the Regulations by Meyers Associates

90. Paragraphs 1 through 89, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
91. The conduct of Meyers Associates, as more fully described in paragraphs 69 through 70, inclusive, constitutes a dishonest or unethical practice in the securities business within the meaning of Section 36b-31-15a(a)(2) of the Regulations, which forms a basis for an order to

cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act and the revocation of Meyers Associates' broker-dealer registration in Connecticut pursuant to Section 36b-15(a)(2)(H) of the Act.

j. Dishonest or Unethical Business Practices Within the Meaning of Section 36b-31-15a(a)(14) of the Regulations by Meyers Associates

92. Paragraphs 1 through 91, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
93. The conduct of Meyers Associates, as more fully described in paragraphs 58 through 71, inclusive, constitutes a dishonest or unethical practice in the securities business within the meaning of Section 36b-31-15a(a)(14) of the Regulations, which forms a basis for an order to cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act and the revocation of Meyers Associates' broker-dealer registration in Connecticut pursuant to Section 36b-15(a)(2)(H) of the Act.

k. Respondents Subject to FINRA Sanctions

94. Paragraphs 1 through 93, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
95. The FINRA sanctions censuring and fining the Respondents and suspending Meyers, as more fully described in paragraph 31, form a basis for the revocation of Meyers Associates' broker-dealer registration in Connecticut and Meyers' broker-dealer agent registration in Connecticut pursuant to Section 36b-15(a)(2)(F)(iii) of the Act.

l. Violation of Section 36b-23 of the Act by Meyers Associates - False or Misleading Statements or Omissions

96. Paragraphs 1 through 95, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
97. During the course of the examination and investigation, Meyers Associates' responses and documents provided to the Division by its personnel, as more fully described in paragraphs 37, 38 and 51 through 55, inclusive, were inaccurate, false or misleading or omitted information necessary to make the statements made, in light of the circumstances under which they were made, not false or misleading. Such conduct constitutes a wilful violation of Section 36b-23 of the Act. Such wilful violation forms a basis for an order to cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act, the revocation of the registration in Connecticut of Meyers Associates under Section 36b-15(a)(2)(B) of the Act, and the imposition of a fine against Meyers Associates under Section

36b-27(d) of the Act.

m. Wilful Violation of Section 36b-6(b) of the Act –  
Employment of Unregistered Agents by a Broker-Dealer

98. Paragraphs 1 through 97, inclusive, are incorporated and made a part hereof as if more fully set forth herein.
99. Meyers Associates' employment of at least one unregistered agent, as more fully described in paragraph 58 through 68, inclusive, constitutes a wilful violation of Section 36b-6(b) of the Act, which forms a basis for an order to cease and desist to be issued against Meyers Associates under Section 36b-27(a) of the Act, the revocation of Meyers Associates' registration as a broker-dealer pursuant to Section 36b-15(a)(2)(B) of the Act, and for the imposition of a fine against Meyers Associates under Section 36b-27(d) of the Act.

**V. AMENDED AND RESTATED ORDER TO CEASE AND DESIST,  
AMENDED AND RESTATED NOTICE OF INTENT  
TO REVOKE REGISTRATIONS AS A BROKER-DEALER  
AND AS A BROKER-DEALER AGENT,  
AMENDED AND RESTATED NOTICE OF INTENT TO FINE  
AND NOTICE OF RIGHT TO HEARING**

**WHEREAS**, as a result of the investigation and examination, the Commissioner finds that, with respect to the activity described herein, Meyers Associates has committed at least one violation of Section 36b-6(b) of the Act, at least one violation of Section 36b-14(a) of the Act, at least one violation of Section 36b-16 of the Act, at least one violation of Section 36b-14(d) of the Act, at least one violation of Section 36b-23 of the Act, at least one violation of Section 36b-31-6f of the Regulations, at least one violation of Section 36b-31-14a of the Regulations, at least one violation of Section 36b-31-14f of the Regulations, at least one violation of Section 36b-31-15a(a) of the Regulations, at least one violation of Section 36b-31-15a(a)(2) of the Regulations, at least one violation of Section 36b-31-15a(a)(5) of the Regulations and at least one violation of Section 36b-31-15a(a)(14) of the Regulations, and has engaged in conduct that constitutes a dishonest or unethical practice in the securities business within the meaning of Section 36b-31-15a(b) of the Regulations;

**WHEREAS**, as a result of the investigation and examination, the Commissioner finds that, with respect to the activity described herein, Meyers has materially assisted Meyers Associates in at least one violation of Section 36b-14(d) of the Act, in at least one violation of Section 36b-31-6f of the Regulations, at least one violation of Section 36b-31-14f of the Regulations, at least one violation of Section 36b-31-15a(a) of the

Regulations and at least one violation of Section 36b-31-15a(a)(14) of the Regulations, and has wilfully aided and abetted Meyers Associates in at least one violation of Section 36b-14(d) of the Act, in at least one violation of Section 36b-31-6f of the Regulations, at least one violation of Section 36b-31-14f of the Regulations, at least one violation of Section 36b-31-15a(a) of the Regulations and at least one violation of Section 36b-31-15a(a)(14) of the Regulations;

**WHEREAS**, the Commissioner also has reason to believe that grounds exist for revoking Meyers Associates' registration as a broker-dealer in Connecticut pursuant to Sections 36b-15(a)(2)(B), 36b-15(a)(2)(K), 36b-15(a)(2)(H), 36b-15(a)(2)(L) and 36b-15(a)(2)(F)(iii) of the Act;

**WHEREAS**, the Commissioner has reason to believe that grounds exist for revoking Meyers' registration as a broker-dealer agent in Connecticut, pursuant to Sections 36b-15(a)(2)(K), 36b-15(a)(2)(F)(iii) and 36b-15(a)(2)(M) of the Act;

**WHEREAS**, Section 36b-15(f) of the Act provides, in pertinent part, that "[n]o order may be entered under this section except as provided in subsection (c) of this section without (1) appropriate prior notice to the . . . registrant and to the employer . . . if such . . . registrant is an agent . . . (2) opportunity for hearing, and (3) written findings of fact and conclusions of law";

**WHEREAS**, notice is hereby given to Respondents that their respective registrations in Connecticut shall be revoked, subject to each Respondents' right to request a hearing on the allegations set forth above;

**WHEREAS**, notice is hereby given to Respondents that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation;

**WHEREAS**, the Commissioner further finds that the issuance of this Order to Cease and Desist against Respondents, the issuance of an order revoking the registrations of Respondents in Connecticut, and the imposition of a fine upon Respondents is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act;

**WHEREAS**, the Commissioner **ORDERS** that **MEYERS ASSOCIATES L.P. CEASE AND DESIST** from directly or indirectly violating the provisions of the Act and Regulations, including without limitation, (1) failing to enforce and maintain adequate supervisory procedures that are reasonably designed

to achieve compliance with applicable securities laws and regulations, (2) offering or selling unregistered securities in Connecticut, (3) failing to provide copies of and make its required books and records available to the Commissioner when so requested, (4) failing to maintain required books and records, (5) employing an unregistered agent, (5) making or causing to be made false or misleading statements or omissions to the Commissioner and (6) engaging in dishonest and unethical business practices in the securities business;

**WHEREAS**, the Commissioner **FURTHER ORDERS** that **BRUCE MEYERS CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, (1) materially aiding in and/or causing a violation of Section 36b-31-6f of the Regulations, (2) materially aiding in and/or causing a violation of Section 36b-14(d) of the Act and Section 36b-31-14f of the Regulations, (3) Section 36b-31-15a(a) of the Regulations and (4) Section 36b-31-15a(a)(14) of the Regulations;

A hearing is currently scheduled for March 30, 31 and April 1, 2015, at 10 a.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut. The hearing will be held in accordance with the provisions of Chapter 54 of the General Statutes of Connecticut. At such hearing, each Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

This Order to Cease and Desist shall remain in effect and become permanent against any Respondent that fails to appear at the requested hearing.

The Commissioner shall issue an order revoking Meyers Associates' registration as a broker-dealer in Connecticut if Meyers Associates' fails to appear at the requested hearing.

The Commissioner shall issue an order revoking Meyers' registration as a broker-dealer agent in Connecticut if Meyers fails to appear at the requested hearing.

The Commissioner may order that the maximum fine be imposed upon any Respondent that fails to appear at the requested hearing.

Dated at Hartford, Connecticut, \_\_\_\_\_/s/\_\_\_\_\_  
this 13th day of February 2015. Bruce Adams  
Acting Banking Commissioner

## **CERTIFICATION**

I hereby certify that on this 13th day of February 2015, I caused the foregoing Amended and Restated Order to Cease and Desist, Amended and Restated Notice of Intent to Revoke Registration as a Broker-dealer, Amended and Restated Notice of Intent to Revoke Registration as a Broker-dealer Agent, Amended and Restated Notice of Intent to Fine and Notice of Right to Hearing to be hand-delivered to Stacey Serrano, Hearing Officer, State of Connecticut, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut; to be sent by certified mail, return receipt requested, to Nathan P. Pereira, Esq., Henderson & Koplik LLP, 420 Lexington Avenue, Suite 2831, New York, New York 10170, certified mail no. 7014 0150 0001 5924 6430; and to be sent by e-mail to Nathan P. Pereira, 'npereira at kopliklaw dot com'.

\_\_\_\_\_/s/\_\_\_\_\_  
Paul A. Bobruff  
Prosecuting Attorney