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**UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

Case No. 2:10-cv-00574

ANTHONY C. ZUFELT, JOSEPH A. NELSON, :
DAVID M. DECKER, JR., CACHE D. DECKER, :
ZUFELT BUSINESS SERVICES, INC. :
(d/b/a ZUFELT, INC.), SILVER LEAF :
INVESTMENTS, INC., JCN, INC., JCN :
CAPITAL, LLC, and JCN INTERNATIONAL, :
LLC, :

Judge Dee Benson

Defendants, :

and :

JENNIFER M. ZUFELT, SHAE L. MORGAN, :
GARTH W. JARMAN, JR., ERIC R. NELSON, :
and KEVIN J. WILCOX, :

Relief Defendants. :

FINAL JUDGMENT AS TO DEFENDANTS
JOSEPH A. NELSON, JCN, INC., JCN CAPITAL, LLC,
AND JCN INTERNATIONAL, LLC

THIS CAUSE comes before the Court on consideration of Plaintiff Securities and Exchange Commission's Motion for Monetary Remedies as to Joseph A. Nelson ("Nelson") and JCN, Inc. ("JCN"), JCN Capital, LLC, ("JCN Capital") and JCN International, LLC ("JCN International") (collectively, the "Nelson Companies"), in which motion the Commission asked the Court to order disgorgement plus prejudgment interest, jointly and severally against Nelson and the Nelson Companies (collectively with Nelson, the "Nelson Defendants"), and a third-tier civil penalty against each of the Nelson Defendants.

PROCEDURAL HISTORY

The SEC filed the Complaint in this matter on June 23, 2010. Doc. 1. On July 3, 2015, after agreeing to a bifurcated settlement with Defendants, the Commission filed consents to entry of judgment fully executed by Nelson and the Nelson Companies, and proposed judgments as to each defendant. *See* Consent of Defendant Joseph A. Nelson, dated June 17, 2015, Doc. 187 ("Nelson Consent"); Consent of JCN, JCN Capital, and JCN International, dated March 24, 2015, Doc. 188 ("Nelson Companies Consent").

On July 22, 2015, this Court entered judgment against the Nelson Defendants, barring each of them from further violation of the following registration and antifraud provisions of the federal securities laws:

- Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and (c)], which prohibit the sale of securities using any means or instruments of transportation or communication in interstate commerce or of the mails unless a registration statement has been filed;
- Section 17(a) of the Securities Act [15 U.S.C. § 77q], which prohibits employing any device, scheme, or artifice to defraud; obtaining money or property by means of untrue statements of material facts or omissions of material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser in connection with the offer or sale of securities; and

- Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], which prohibit, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, knowingly or recklessly employing any device, scheme, or artifice to defraud; making untrue statements of material fact or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

and permanently restrained and enjoined Defendants from “participating directly or indirectly in the issuance, offer, or sale of any securities, including but not limited to securities involving promissory notes, income streams, and merchant services businesses or portfolios.” *See* Judgment As To Defendant Joseph A. Nelson, dated July 20, 2015, Doc. 193 (“Nelson Judgment”); Judgment As To Defendants JCN, JCN Capital, and JCN International, dated July 20, 2015, Doc. 194 (“Nelson Companies Judgment”).

The Nelson Judgment also barred Nelson from further violation of Section 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)], which prohibits acting as a broker or dealer and making use of the mails or any other means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security, without being registered with the Commission as a broker or dealer or an associated person of a broker-dealer; and permanently restrained and enjoined Nelson from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)]. *See* Doc. 193.

The Nelson Judgment and Nelson Companies Judgment also provided that the Court would determine the amounts of the disgorgement and civil penalty upon motion of the

Commission after related criminal proceedings were concluded, and that prejudgment interest would be calculated from January 15, 2010, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). *See* Docs. 193 & 194.

Related Proceedings

In related criminal proceedings, Defendant Nelson pled guilty to violations of Wire Fraud (18 U.S.C. §1343) and Securities Fraud (15 U.S.C. §§77q(a) and 77x), based on certain of the same conduct alleged in the Complaint. *USA v. Joseph A. Nelson*, Case No. 2:15-cr-00045-DN (D. Utah) (“Nelson Criminal Case”), Doc. 30. On November 7, 2016, Nelson was sentenced to a term of imprisonment of 36 months, to be followed by a term of supervised release of 36 months, and was ordered to pay restitution of \$4,797,166. Nelson Criminal Case, Doc. 41.

Nelson also recently filed for bankruptcy protection in California. *In re Joseph A. Nelson, et al.*, Case No. 17-40002 (Bankr. N.D. Cal.), Doc. 1.

After a careful review of the record and the Court being otherwise fully advised:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Final Judgment is hereby ENTERED in favor of Plaintiff Securities and Exchange Commission and against Defendants Nelson, JCN, JCN Capital, and JCN International.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Nelson Defendants are jointly and severally liable for and shall pay disgorgement of ill-gotten gains of 7,961,586.41, plus prejudgment interest thereon of 2,007,079.04, and that Nelson’s individual obligation to pay disgorgement and prejudgment interest shall be deemed satisfied to the extent of restitution payments made in *USA v. Joseph A. Nelson*, Case No. 2:15-cr-00045-DN (D. Utah)

and, with regard to investor victim Kevin Croft, to the extent of payment of the civil judgment obtained by Croft in Kevin Croft v. Joseph A. Nelson, et al, Third Judicial District Court, Salt Lake County, Case No. 110917616.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Nelson shall pay a third-tier civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] in the amount of \$520,000.00; Defendant JCN shall pay a third-tier civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] in the amount of \$1,950,000.00; Defendant JCN Capital shall pay a third-tier civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] in the amount of \$1,950,000.00; and Defendant JCN International shall pay a third-tier civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] in the amount of \$1,950,000.00.

IV.

Defendants shall satisfy the foregoing disgorgement, prejudgment interest and civil penalty obligations by making payment to the Securities and Exchange Commission within 14 days after entry of this Final Judgment. Defendants may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; identification of the Defendant as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment. Defendants shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making payment, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendants. The Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury. The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

VI.

There being no just reason for delay, pursuant to Rules 54(b), 55(b)(2), and 58 of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: 11th day of July, 2017.



UNITED STATES DISTRICT JUDGE