

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86267 / July 1, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19233

In the Matter of

JONATHAN E. SHOUCAIR,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Jonathan E. Shoucair (“Respondent” or “Shoucair”).

II.

After an investigation, the Division of Enforcement alleges that:

A. SUMMARY

1. This case concerns an unregistered and fraudulent offering of securities by Jersey Consulting LLC and its principal, convicted felon Marc Andrew Tager, effected through the use of paid and unregistered solicitors, including Respondent. From September 2014 through February 2018, Jersey and Tager, with the assistance of Respondent and the other solicitors, raised at least \$8 million from over 100 investors via the unregistered offer and sale of Jersey securities referred to as “Royalty Interests.” Jersey paid its solicitors transaction-based compensation, ranging from 10%-35% of investment proceeds, which Jersey and the solicitors, including Respondent, failed to disclose to investors.

B. RESPONDENT

1. From at least 2014 to 2018, Shoucair solicited investors for Jersey Consulting LLC securities. Shoucair was previously associated with FINRA member firms but has not been so since December 1992. Shoucair, 66 years-old, currently resides in California.

2. On April 2, 1998, a final judgment was entered by consent against Shoucair permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5. *SEC v. B.M.C. Enterprises, Inc., et al.*, 2:97cv4811 (C.D.Cal.).

3. On September 1, 2005, in connection with the same conduct underlying *SEC v. B.M.C. Enterprises, Inc.*, Shoucair pled guilty to, among other charges, conspiracy to commit wire fraud, mail fraud, and securities fraud and was sentenced to serve 63 months in federal prison and ordered to pay restitution in the amount of \$42,463,291. *U.S. v. Shoucair*, 3:01cr01415 (S.D. Cal.).

4. In February 2018, Shoucair and others were criminally indicted for their role with Jersey. *U.S. v. Tager, et al.*, 2:18cr97 (D. Utah). Shoucair pled guilty to conspiracy to commit wire and mail fraud and money laundering on September 27, 2018 and is awaiting sentencing.

C. OTHER RELEVANT ENTITIES AND INDIVIDUALS

1. **Jersey Consulting LLC (“Jersey”)** is a Nevada limited liability company organized on April 29, 2014, and which ostensibly engages in mining and/or ore processing activity. Jersey’s principal place of business is in West Jordan, Utah. Jersey is owned and controlled by Tager.

2. **Marc Andrew Tager**, 52 years-old, is the sole and managing member of Jersey and represents himself as Jersey’s Managing Director. On September 29, 2005, Tager, who pled guilty to conspiracy to commit mail fraud [18 U.S.C. § 371 (18 U.S.C. § 1341)] in connection with a scheme to illegally duplicate and sell Microsoft software, was sentenced to serve 24 months in federal prison and two years’ supervised release. Restitution to Microsoft was ordered in the amount of \$1,131,019.00 and, as of 2017, the vast majority of the ordered restitution was still unpaid. *U.S. v. Tager*, 3:04cr028-K (01) (N.D. Texas). On March 26, 2018, a judgment was entered by consent against Tager, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. *SEC v. Jersey Consulting LLC, et al.*, 2:18cv155 (D. Utah). Tager was criminally indicted in February 2018 for his role with Jersey. *U.S. v. Tager, et al.*, 2:18cr97 (D. Utah). Tager pled guilty to conspiracy to commit wire and mail fraud, money laundering, and felon in possession of a firearm on June 29, 2018. He is currently in federal custody awaiting sentencing.

D. ENTRY OF THE INJUNCTION

1. On February 20, 2018, the Commission filed a complaint in the United States District Court for District of Utah against Shoucair and others concerning the same conduct described below. *SEC v. Jersey Consulting LLC, et al.*, 2:18cv155 (D. Utah).

2. On December 21, 2018, a final judgment by default was entered against Shoucair, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.

3. The allegations in the Commission's Complaint covered the same conduct as the allegations contained herein. Shoucair failed to respond to the Commission's complaint and has not acknowledged any wrongdoing or offered any assurances against future violations of the securities laws.

E. SHOUCAIR ACTED AS AN UNREGISTERED BROKER

1. Jersey purports to be in the business of using a propriety "green" method of ore processing to produce gold, silver, platinum, and palladium, including through the use of nano-technology. Jersey claims that it has a mining claim from the BLM and leases land from the BLM.

2. Jersey and Tager hired third-party telephone solicitors, including Shoucair, to make the initial offer and solicit investments from individuals across the United States. Shoucair contacted prospective investors via telephone and solicited them to invest with Jersey.

3. In an effort to hide his prior criminal conviction and permanent injunction from violating the federal securities laws, Shoucair presented himself to investors and other solicitors as "Jason Vitolo," an individual that Shoucair had met while incarcerated. Tager was aware of Shoucair's real identity.

4. Shoucair coordinated the work of the solicitors for Jersey, including holding monthly conference calls, providing materials for solicitors to disseminate to prospective investors, providing information for the solicitors to give to inquiring investors, and arranging the payment of commissions.

5. During their phone conversations with prospective investors, Shoucair and other solicitors would provide information about Jersey's business and discussed the high returns on an investment with Jersey.

6. Potential investors were told by Shoucair and other solicitors that they could "double" their money in twelve months or less. Shoucair and other solicitors provided investors with written newsletters that reaffirmed investors "can double [their] money in 12 months or less."

7. Shoucair and other solicitors assured potential investors that investments with Jersey were "no risk" or risk-free. Shoucair and other solicitors further told investors that there would be a lot of money to pay investors because Jersey had a lot of land with all of the minerals contained "in the dirt."

8. Shoucair and other solicitors told potential investors that Jersey was able to extract precious metals from soil obtained from Jersey's mineral rights on BLM land on the Utah-Arizona border. In fact, Jersey possessed no such mining claims.

9. After initiating contact with a prospective investor over the phone, Shoucair and other solicitors would send investors a Royalty Interest Purchase Agreement and a Royalty Interest Payment Agreement ("Royalty Interest Agreements"). Shoucair drafted the Royalty Interest Agreements and created the naming convention in an attempt to evade the federal securities laws.

10. When payment came due under the Royalty Interest Agreements, Jersey was unable to make the promised payment. Shoucair and other solicitors told investors they were being offered a 120-day extension agreement whereby they would be paid a "monthly extension fee." Alternatively, Shoucair and other solicitors offered some investors significantly higher returns – up to five times their investment – to make additional investments with Jersey.

11. Jersey raised over \$8 million from more than one hundred of investors throughout the United States and Canada as a result of the solicitations by Shoucair and other solicitors.

12. Jersey never registered its Royalty Interest Agreement offerings with the Commission.

13. While Shoucair and other solicitors engaged in these solicitations, they were neither registered with the Commission as brokers or dealers nor associated with a broker or dealer registered with the Commission.

14. Using the investment funds it received through the sale of its securities, Jersey paid Shoucair transaction-based compensation ranging from 20% to 30% of the total investment proceeds. Shoucair arranged for these commissions to be paid to his wife, Christine Shoucair, so as to disguise the true nature of the payments.

15. Between September 2010 and January 2012, Shoucair induced unsuspecting investors to purchase at least \$650,000 of Royalty Interests in Jersey. Shoucair earned commissions of at least \$326,250 on these sales.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and,

C. Whether, pursuant to Section 15(b) of the Exchange Act, it is appropriate and in the public interest to suspend or bar Respondent from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock; or inducing or attempting to induce the purchase or sale of any penny stock.

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent by any means permitted by the Commission's Rules of Practice.

Attention is called to Rule 151(b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed with the Office of the Secretary and all motions, objections, or applications will be decided by the Commission. The Commission requests that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format. Any exhibits should be sent as separate attachments, not a combined PDF.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Vanessa A. Countryman
Secretary