

Answers in the matter of Administrative Proceeding for James Doug Scott

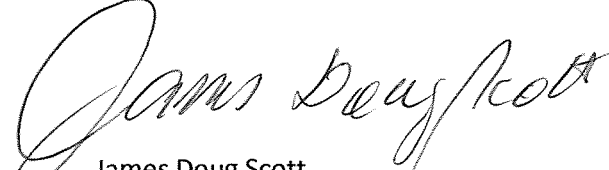
File No. 3-~~4175~~ 3-16/75

1. I can neither agree or deny. I have no knowledge of any monies raised by Mr. Snisky other than those raised by Messer's Meissner, Tomich and Sparkman. I have no knowledge of how Mr. Snisky handled the amount of money he received except for the amount he paid to Cromarty Group.
2. Denied. I never sold or solicited any investor to participate in Mr. Snisky's program. I never communicated with any investor. I did initiate a conversation with Mr. Tomich regarding Mr. Snisky, while working at Summit Trust. I provided an introduction to Mr. Snisky via a phone call. Mr. Snisky insisted that anyone interested in this program come to Longmont, CO and spent two days learning about the program. Mr. Meissner and Mr. Sparkman called me and asked me if I could introduce them to Mr. Snisky; which I did. To the best of my knowledge, I did not know if either man held any securities licenses. Mr. Snisky insisted that there was none required to discuss his program with Accredited Investors and that this program was a "fixed investment". At no time did I think that the program Mr. Snisky offered was in any way a "security".
3. I can neither agree nor deny since I have no direct knowledge of Mr. Meissner's prior history with investments.
4. I agree with the statements about my personal history. I disagree with the expression "funnel money" to salespeople. I was simply dispersing the "value" Mr. Snisky agreed to with each agent. I agree that I never held any securities licenses. I disagree with the inference of two actions by the PA Securities Commission against me. The two actions were both in connection with one issue which began in 1999, (when I voluntarily contacted the PA Securities Commission regarding the promissory notes I had been selling) and finally completed in 2005. Again, I had no knowledge that Mr. Snisky's program would be considered a "security" or I would have had nothing to do with it.
5. I cannot agree or deny the statements regarding Mr. Tomich's history.
6. I do not have sufficient information on Mr. Snisky's activity or history to agree or deny.
7. I do not have sufficient information on Mr. Snisky's activity or history to agree or deny.
8. My knowledge of Mr. Snisky's activities is limited to only the programs he introduced to me. I do not know of the level of control, if any, he held over these programs.
9. I am only aware of three agents that Mr. Snisky worked with. I do not know if the accounts he showed were fraudulent or not. He did show screen shots of Bloomberg to these agents, myself and to Mr. Kevin Brown, President of Summit Trust Company.
10. I can confirm that Mr. Snisky referenced "banking sweeps" on several occasions. I cannot be certain he referred to himself as an "institutional trader" but he may have implied that. I did not hear him say that a 10% bonus could or should be marketed as a way to offset early withdrawal penalties from annuities. I have no direct knowledge of any money Mr. Snisky raised from any other agents.

11. I cannot confirm or deny whether or not Mr. Snisky purchased any bonds or engaged in “overnight sweeps”. I have no knowledge of any monies paid to any other salespeople except for those paid to the agents I introduced to Mr. Snisky.
12. Salespeople were instructed by Mr. Snisky to explain the Arete platform as one of several “fixed investments” that existed in the marketplace. If an Accredited Investor wanted specific information on the Arete program, he had to sign a form requesting such information. Mr. Snisky instructed the salespeople not to recommend Arete specifically, but since these were Accredited Investors, to allow the investor to decide if Arete was appropriate for a percentage of their investments. The salespeople were paid a “value” based on the amount invested.
13. Denied. I was introduced to Mr. Snisky via a phone call from someone I knew in Colorado. Summit Trust Company administered Charitable Trusts and Mr. Snisky thought that his program might be valuable to trusts that used fixed investments to generate income. I referred him to Mr. Kevin Brown, President of Summit Trust. Mr. Brown is also President of Brown Investment Advisors, a Pennsylvania registered advisory firm. Mr. Snisky asked me if I knew advisers who worked with Accredited Investors. I knew of several and agreed to introduce them to him. There was no formal agreement to recruit any agents; rather to introduce them to Mr. Snisky. I did forward documents to these agents that Mr. Snisky said were required to permit Accredited Investors to participate in his program. Mr. Tomich was already familiar with Summit Trust’s Self-Directed custodial role. I did explain how that functioned to Mr. Meissner. I have never referred anyone to an insurance agent for investment advice.
14. To the best of my knowledge, this is factual.
15. I have no direct knowledge of the specific strategies Mr. Tomich used in his business or any seminar system he may have used to attract new clients. Otherwise, agreed.
16. I can neither agree nor deny. As stated earlier, Mr. Meissner and Mr. Tomich were to educate Accredited Investors to the various fixed investments that were available in the marketplace. If the investor wanted to learn about the specifics of the program he had to sign a form requesting such information. The investor was to reach his own conclusion regarding the appropriateness of Arete after comparing the various “fixed” alternatives. The agent would then provide the paperwork and once completed, forward it to Summit Trust.
17. Denied. At no time did I believe that the Arete platform was a “security” or that I was acting as a broker. Furthermore, since Mr. Kevin Brown, President of Summit Trust and also President of Brown Investment Advisors, was aware of the platform. He should have known if the program was a “security”. After listening to Mr. Snisky explain the program on two separate occasions, he never indicated that the Arete platform was in any way a “security”. He certainly knew that I did not hold any securities license. The “value” paid to the agents and to me was almost identical to the compensation that is paid on the sale of fixed or indexed annuities, for which no “security” license is required. I did forward documents to these agents and directed questions to Mr. Snisky and his associate Mr. Greott.
18. I can only agree that I was not registered with the Commission, as a broker, or associated with a registered broker-dealer.
19. I was not aware of the details of Section 15(a) nor was I at any time aware that I was in violation of such section of the Exchange Act.

20. Denied. Again, I was completely unaware that I was in violation of any section of the Exchange Act and therefore not willfully in violation.

Respectfully,


James Doug Scott
November 14, 2014