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UNITED STTAES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17393

In the Matter Of

CURTIS A. PETERSON

Respondent.



## DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION AGAINST RESPONDENT, CURTIS A. PETERSON

The Division of Enforcement ("Division") submits the following Motion for Summary Disposition against Respondent, Curtis A. Peterson. This motion addresses the appropriate disgorgement for Respondent's violation of Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act"), as a result of which Respondent earned $584,550.00 in transaction-based compensation. For the reasons stated below, disgorgement should be awarded against the Respondent in this amount, plus prejudgment interest.[1]

## I. PROCEDURAL AND FACTUAL HISTORY

### A. Procedural History

On August 23, 2016, the Securities and Exchange Commission ("Commission"), having accepted Respondent's Offer of Settlement executed on April 20, 2016 ("Offer"), issued its Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Exchange Act, Making Findings, and Imposing Remedial Sanctions and a Cease-And Desist Order and Notice of Hearing ("OIP," Exchange Act Release No. 78639). In the OIP,

[1] As set forth below, the Respondent consented to, and has already paid, a civil penalty of $7,500.

the Commission: (a) found that Respondent violated Exchange Act Section 15(a)(1) – a finding Respondent neither admitted nor denied; (b) ordered Respondent to cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act; (c) barred Respondent from association with any broker, dealer, investment adviser, securities dealer, municipal advisor, transfer agent, and nationally recognized statistical rating organization, and from participating in any offering of penny stock; (d) ordered the payment of civil money penalty of $7,500 within 30 days of entry of the Order, and; (e) ordered that the hearing officer hold further proceedings to determine the appropriateness of the entry of disgorgement of ill-gotten gains, and if so the amount of disgorgement.[2]

In connection with the additional proceedings for the determination of disgorgement, the OIP provided:

(a) Respondent will be precluded from arguing he did not violate the federal securities laws described in the OIP;

(b) Respondent may not challenge the validity of his Offer or the OIP;

(c) Respondent earned $584,550.00 in transaction-based compensation;

(d) Solely for purposes of the disgorgement hearing, the findings made in the OIP shall be accepted as and deemed true by the hearing officer;

(e) The hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

On September 12, 2016, Respondent filed an Answer and Affirmative Defenses ("Answer"). In his Answer, Peterson consents to entry of the OIP, admitting to the

[2] If disgorgement is ordered, Respondent is to pay prejudgment interest thereon, calculated from March 19, 2013 through April 7, 2014.

Commission's jurisdiction over him, and the subject matter of the proceedings, with the exception of Section X of the OIP, which does not require any response. The gravamen of his affirmative defenses was that he was not aware of the underlying Ponzi scheme and that he does not have the ability to pay.

The Commission now moves the Court for summary disposition for disgorgement of $584,550.00 plus $17,734.76 prejudgment interest, for a total of $602,284.76. In support of this motion, the Commission attaches, Respondent Peterson's executed Offer (Exhibit 1), as well as the Commission's prejudgment interest calculations from April 1, 2013 through March 31, 2014 (Exhibit 2).

**B. The Allegations in the OIP**

From at least 2011, JCS Enterprises, Inc. ("JCS") and T.B.T.I., Inc. ("TBTI"), through their respective principals Joseph Signore ("Signore") and Paul L. Schumack, II ("Schumack"), fraudulently raised at least $60 million from the ongoing offer and sale of securities to investors nationwide. OIP at ¶ 6. Signore and Schumack falsely represented to hundreds of investors that their funds would be used to purchase ATM-like machines called Virtual Concierge Machines ("VCMs"). *Id.* at Summary, pg. 2. The VCMs purportedly would advertise products and services via touch screen and printable tickets and coupons. *Id.* Respondent, acting as an unregistered sales agent of JCS and T.B.T.I., offered and sold JCS's and T.B.T.I's investment contracts in JCS's Virtual Concierge program. *Id.*

Specifically, Signore and Schumack secured investors by promoting exorbitant returns, ranging from 80 to 120% annually, and up to 500% over the life of a three to four year contract, by guaranteeing a $300 monthly return over the life of the contract. *Id.* at ¶ 6. As the investors' participation in the Virtual Concierge Program was entirely passive, they were left to rely on JCS

and TBTI to place, locate, and manage their investments. *Id.* at ¶ 7. At no point were the risks associated with program, including the return of principal or payment of returns, disclosed to the investors. *Id.* Instead, JCS and TBTI, at all times material, advertised the product as a revolutionary and fail-safe investment. *Id.* at ¶ 8.

The promised $300 per month was to be generated by "advertising revenue." *Id.* at ¶ 7. In actuality, however, the supposed advertising revenue, and resulting monthly income, was miniscule. *Id.* at ¶ 8. To disguise the scheme, Signore and Shumack paid returns to earlier investors, using the money they acquired through more recent investors; meanwhile, failing to locate, place, and manage the purported VCM's altogether. *Id.* at Summary, pg. 2. The majority of the investors stopped receiving monthly payments in January 2014, when the scheme eventually collapsed. *Id.* at ¶ 8.

From at least March 2013, through late 2013, Peterson received, individually and/or through a company under his control, approximately $584,550.00 as transaction-based compensation, from JCS and TBTI, in exchange for Peterson's solicitation of investors for the Virtual Concierge Program. *Id.* at ¶ 9. Peterson participated in the unregistered offer and sale of securities in the form of investment contracts, by actively seeking and securing multiple investors, on behalf of JCS and TBTI, by and through the use of telephone and/or email. *Id.* At no time during Peterson's involvement in the aforementioned transactions was Peterson registered as or associated with, a broker dealer, and also did not previously hold any securities licenses. *Id.* at ¶¶ 1,10. As a result, Peterson's involvement in the sale of unregistered offerings constitutes a violation of Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to use any means of interstate commerce to "effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security," unless the broker or dealer is

duly registered with the Commission in compliance with Section 15(b) of the Exchange Act. *Id.* at ¶ 10.

## II. MEMORANDUM OF LAW

### A. Disgorgement and Prejudgment Interest

Section 21C(e) of the Exchange Act proffers upon the Commission the authority to order disgorgement when deemed appropriate. 15 U.S.C. § 78u-3(e). The underlying purpose of disgorgement "is to make lawbreaking unprofitable for the lawbreaker." *Moshe Marc Cohen,* AP File No. 3-15790, 2016 WL 4727517, *15 (Sep. 9, 2016) (Commission Opinion) (quoting *SEC v. Contorinis*, 743 F.3d 296, 301 (2d Cir. 2014)). Disgorgement is an equitable remedy, distinguishable from damages; "it is a method of forcing a defendant to give up the amount by which he was unjustly enriched." *SEC v. Tome*, 833 F.2d 1086, 1096 (2d Cir. 1987).

The SEC is "entitled to disgorgement upon producing a reasonable approximation of a defendant's ill-gotten gain." *SEC v. Calvo*, 378 F.3d 1211, 1217 (11th Cir. 2004). The amount to be disgorged should include "all gains flowing from the illegal activities." *Moshe Marc Cohen,* 2016 WL at *15. Once the Commission has satisfied its burden of proof, the burden shifts to the respondent, who must then demonstrate that the Commission's estimate is not a reasonable approximation. *Calvo*, 378 F.3d. at 1217; *see also SEC v. First City Fin. Corp.*, 890 F.2d 1215, 1232 (D.C. Cir. 1989).

Disgorgement is appropriate in cases involving broker registration violations. *See Kenneth C. Meissner,* AP File No. 3-16175, 2015 WL 4624707, *12-13 (Aug. 4, 2015) (Initial Decision) (imposing disgorgement against defendant whose sole violation was Exchange Act Section 15(a)(1)); *cf. SEC v. Rockwell Energy of Texas, LLC,* 2012 WL 360191, *6 (S.D. Tex. Feb. 1, 2012) ("Disgorgement is appropriate not only in cases of fraud. . . but also where a

defendant violates the securities registration provision of the federal securities laws."). Commissions from unlawful sales can provide the reasonable approximation of respondent's ill-gotten gains. *Ralph Calabro,* AP File No. 3-15015, 2015 WL 3439152, *44-54 (May 29, 2015) (Commission Opinion).

Additionally, prejudgment interest is imposed at the Commission's discretion to prevent securities law violators from accruing supplemental benefits from the use of the unlawful profits. *SEC v. Warde*, 151 F.3d 42, 50 (2d Cir. 1998); *SEC v. First Jersey Securities, Inc.*, 101 F.3d 1450, 1475 (2d Cir. 1996), *cert. denied*, 522 U.S. 812 (1997) (imposing the IRS underpayment rate); *SEC v. Hughes Capital Corp.*, 917 F. Supp. 1080, 1090 (D.N.J. 1996), *aff'd*, 124 F.3d 449 (3d Cir. 1997) ("It comports with the fundamental notions of fairness to award prejudgment interest."). The OIP orders that prejudgment interest be imposed on any disgorgement amount entered, and be calculated from April 01, 2013 through March 31, 2014, 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).

**B. Amount of Disgorgement and Prejudgment Interest**

As alleged in the OIP, Peterson was compensated by JCS and TBTI, in the amount of $584,550.00, in connection with his participation in the unregistered sale and offer of securities. OIP at ¶ 9. Peterson was compensated per each individual sale, thus resulting in the aforementioned figure. *Id.* As evidence by his Offer, Respondent has assented to the SEC's calculation of his ill-gotten gains. (Exhibit 1 at ¶ 9).

Given the Commission's proposed disgorgement adequately reflects a reasonable estimate of Peterson's fraudulent gains, Peterson carries the substantial burden of clearly demonstrating the unreasonableness of the aforementioned consented to amount. *SEC v. Calvo.*,

378 F.3d 1211, 1217 (11th Cir. 2004); *SEC v. First City Fin. Corp.*, 890 F.2d 1215, 1232 (D.C. Cir. 1989). In doing so, Peterson may not petition to have the disgorgement amount reduced to reflect his subsequent use of the ill-gotten funds, as the purposes for which the defendant appropriated the funds is wholly immaterial to a calculation of disgorgement. *In Re Moshe Marc Cohen,* 2016 WL at *15 (where entirety of sales commissions earned were ordered disgorged, inability to pay by virtue of having spent the ill-gotten gains or due to financial hardship irrelevant in defense to a motion for order of disgorgement); *SEC v. Universal Express, Inc.*, 2009 WL 2486057, at *7-11 (S.D.N.Y. Aug. 14, 2009) (concluding "it is irrelevant for disgorgement purposes how the defendant chose to dispose of the ill-gotten gains; subsequent investment of these funds, payments to charities, and/or payment to co-conspirators are not deductible from the gross profits subject to disgorgement"); *SEC v. Benson*, 657 F. Supp. 1122, 1134 (S.D.N.Y. 1987) ("The manner in which [the defendant] chose to spend his misappropriations is irrelevant as to his objection to disgorge."). Moreover, neither does a "respondent's claim of financial hardship provide a defense to a motion for an order of disgorgement." *Id.*; *see also SEC v. Warren*, 534 F.3d 1368, 1369 (11th Cir. 2008) ("nothing in the securities laws expressly prohibits a court from imposing penalties or disgorgement liability in excess of a violator's ability to pay").

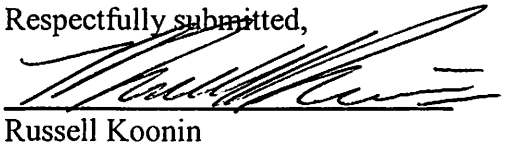
Consistent with the equitable principles of the remedy of disgorgement, Peterson should likewise be ordered to pay pre-judgment interest. *SEC v. Hughes Capital Corp.*, 917 F. Supp. 1080, 1090 (D.N.J. 1996), *aff'd*, 124 F.3d 449 (3d Cir. 1997). In the instant case, the OIP to which Peterson has consented to requires Peterson to pay prejudgment from March 19, 2013 through April 7, 2014 on any amount of disgorgement ordered. Applying the IRS rate over the stated period of time to the principal amount of $584,550.00 in ill-gotten gains results in a prejudgment

interest amount of $17,734.76, for a total disgorgement and prejudgment interest obligation of $602,284.76. (Exhibit 2).

## III. CONCLUSION

The Commission respectfully requests the Division's Motion for Summary Disposition be granted and that Curtis Peterson be held liable for disgorgement of $584,550.00 and prejudgment interest of $17,734.76.

Respectfully submitted,

By: 

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Telephone: (305) 982-6300
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## CERTIFICATE OF SERVICE

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington D.C. 20549-9303, and that a true and correct copy of the foregoing has been served by Email and U.S. Mail on this 21st day of October, 2016, on the following persons entitled to notice:

The Honorable Jason S. Patil
Administrative Law Judge
Securities and Exchange Commission
100 F. Street, N.E.
Washington D.C. 20549

Michael V. Miller, Esq.
Silverberg & Weiss, P.A.
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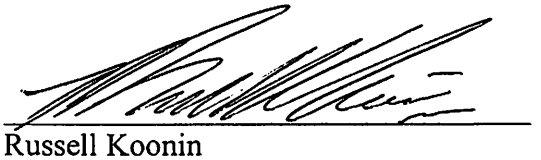
*Attorney for Respondent*



Russell Koonin

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No.

| | | |
|---|---|---|
| In the Matter of | : | |
| CURTIS A. PETERSON | : | OFFER OF SETTLEMENT OF CURTIS A. PETERSON |
| Respondent. | : | |

I.

Curtis A. Peterson ("Peterson" or "Respondent"), pursuant to Rule 240(a) of the Rules of Practice of the Securities and Exchange Commission ("Commission") [17 C.F.R. § 201.240(a)] submits this Offer of Settlement ("Offer") in anticipation of public administrative and cease-and-desist proceedings to be instituted against him by the Commission, pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act").

II.

This Offer is submitted solely for the purpose of settling these proceedings, with the express understanding that it will not be used in any way in these or any other proceedings, unless the Offer is accepted by the Commission. If the Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to Respondent and shall not become a part of the record in these or any other proceedings, except for the waiver expressed in Section V with respect to Rule 240(c)(5) of the Commission's Rules of Practice [17 C.F.R. § 201.240(c)(5)].

III.

On the basis of the foregoing, the Respondent hereby:

A. Admits the jurisdiction of the Commission over him and over the matters set forth in the Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Exchange Act Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order ("Order");

B. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission or in which the Commission is a party, and without admitting or denying the findings contained in the Order, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in

Section X, consents to the entry of an Order by the Commission containing the following findings set forth below:

## Summary

These proceedings arise out Respondent's participation as an unregistered broker-dealer in the offer and sale of securities by JCS Enterprises, Inc. and T.B.T.I., Inc. in interstate commerce. In April 2014, the Commission charged JCS Enterprises, Inc. d/b/a JCS Enterprises Services, Inc. ("JCS"), and T.B.T.I., Inc. ("T.B.T.I."), and their principals, with the ongoing offer and sale of securities nationwide to investors, operating a Ponzi scheme and defrauding investors in a related civil action alleging securities fraud in federal district court: *SEC v. JCS Enterprises, Inc., et al.*, Case No. 14-cv-80468-DMM (S. D. Fla). JCS and its principal, Joseph Signore, and T.B.T.I. and its principal, Paul L. Schumack, II, in offering the securities, falsely promised hundreds of investors nationwide that their funds would be used to purchase ATM-like machines called Virtual Concierge Machines ("VCMs") that businesses could use to advertise products and services via touch screen and printable tickets or coupons. However, Signore and Schumack and their companies, instead, paid returns to earlier investors using money from newer investors, and failed to locate, place and manage the purported VCMs. Respondent, acting as unregistered sales agents of JCS and T.B.T.I. offered and sold JCS's and T.B.T.I.'s investment contracts in JCS' Virtual Concierge program and earned transaction-based compensation from each sale.

## Respondent

1. Respondent, Curtis A. Peterson, 52, is a resident of Miami Springs, Florida. Respondent solicited and sold investment contracts in VCMs to multiple investors. Respondent does not hold any securities licenses, and has never been registered as or associated with a registered broker-dealer.

## Other Relevant Entities

2. JCS is a Delaware corporation, incorporated in 2011, with its principal place of business in Jupiter, Florida. JCS is currently a defendant in *SEC v. JCS Enterprises, Inc., et al.*, Case No. 14-cv-80468-DMM.

3. T.B.T.I. is a Florida corporation, incorporated in 2001, with its principal place of business in Highland Beach and/or Boca Raton, Florida. T.B.T.I. is currently a defendant in *SEC v. JCS Enterprises, Inc., et al.*, Case No. 14-cv-80468-DMM.

## Other Relevant Individuals

4. Joseph Signore, 51, was Chairman and President of JCS. He resides in West Palm Beach, Florida. Signore is currently a defendant in both *SEC v. JCS Enterprises, Inc. et al.*, Case No. 14-cv-80468-DMM, and *United States v. Signore et al.*, 14-cr-80081-DTKH.

5. Paul L. Schumack, II, 58, was President of T.B.T.I., and resides in Pompano Beach, Florida. Schumack is currently a defendant in both *SEC v. JCS Enterprises, Inc., et al.*, Case No. 14-cv-80468-DMM, and *United States v. Signore et al.*, 14-cr-80081-DTKH.

## Facts

6. From at least 2011, JCS and T.B.T.I. through and at the direction of their respective principals Signore and Schumack fraudulently raised at least $60 million from sales of securities to hundreds of investors nationwide. Signore and Schumack fraudulently guaranteed exorbitant returns, ranging from 80 to 120% annually and up to 500% over the life of a three- or four-year investment contract, by guaranteeing a $300 monthly return for the life of the contract.

7. Signore and Schumack represented to investors their money would be invested in the Virtual Concierge program through JCS and T.B.T.I. Investors' participation in the Virtual Concierge program was entirely passive. Investors relied on the companies to place, locate and manage their investments. None of these investors were told about any risks associated with the program including the return of principal or payment of returns. JCS and T.B.T.I. promised to pay investors $300 a month per VCM. These returns were purportedly to be generated by "advertising revenue." The companies did not require investors to pay additional fees, expenses or costs, and would purportedly inform investors about the location of their VCMs and provide account updates.

8. JCS and T.B.T.I., through their principals, touted the VCMs as a revolutionary product and a fail-safe passive investment. In reality, however, they operated a Ponzi scheme, where, through numerous misrepresentations and omissions, they used new investor funds to make payments to earlier investors. The purported source of income, advertising revenue, was actually miniscule. The majority of investors stopped receiving their monthly payments in January 2014 when the scheme collapsed.

9. Respondent, from approximately March 2013 through December 2013, received $584,550 in transaction-based compensation from JCS and T.B.T.I. in exchange for soliciting and securing investors through the use of telephone and/or email.

10. While regularly participating in these securities transactions and receiving transaction-based compensation from JCS and T.B.T.I., Respondent was not registered or associated with a registered broker-dealer. As a result of the conduct described above, Respondent committed violations of Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to use the mails or any other means of interstate commerce to "effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security" unless that broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act.

## IV.

On the basis of the foregoing, Respondent hereby consents to the entry of an Order by the Commission imposing the following sanctions pursuant to Sections 15(b) and 21C of the Exchange Act:

A. Respondent Curtis A. Peterson cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act.

B. Respondent Curtis A. Peterson be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, nationally recognized statistical rating organization, and is barred 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.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent agrees to additional proceedings in this proceeding to determine whether it is appropriate to order disgorgement of ill-gotten gains pursuant to Sections 21B and 21C of the Exchange Act, and, if so, the amount of the disgorgement. If disgorgement is ordered, Respondents shall pay prejudgment interest thereon, calculated from March 19, 2013 through April 7, 2014, 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). In connection with such additional proceedings, Respondent agrees: (a) he will be precluded from arguing he did not violate the federal securities laws described in this Order; (b) he may not challenge the validity of his Offer or this Order; (c) solely for the purposes of such additional proceedings, the findings made in this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

E. Respondent shall, within 30 days of the entry of the Order, pay a civil money penalty in the amount of $7,500.00 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

F. Pursuant to the Order, Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Curtis A. Peterson as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Russell Koonin, US Securities and Exchange Commission, 801 Brickell Avenue, Miami, FL, 33131.

G. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraphs IV.D and IV.E, above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

H. All funds paid by Respondent pursuant to this Order shall be transferred to the Receiver appointed in *SEC v. JCS Enterprises, Inc., et al.*, 14-80468-CV-DMM (Southern

District of Florida) to be distributed for the benefit of investor victims according to a distribution plan to be approved by the court in that litigation. In the event the receivership has been terminated and the payments due under paragraphs IV.D and E have not been made in full, then the remaining payments made by Respondent to the Commission shall be transmitted to the U.S. Treasury.

V.

By submitting this Offer, Respondent hereby acknowledges his waiver, subject to the acceptance of the offer by the Commission, the administrative hearing process and right to claim prejudgment based on the Commission's review of the Offer, specified in Rules 240(c)(4) and (5) [17 C.F.R. §201.240(c)(4) and (5)] of the Commission's Rules of Practice. Respondent also hereby waives service of the Order.

VI.

Respondent understands and agrees to comply with the terms of 17 C.F.R § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Respondent's agreement to comply with the terms of Section 202.5(e), Respondent: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any finding in the Order or creating the impression that the Order is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Respondent does not admit the findings of the Order, or that the Offer contains no admission of the findings, without also stating that the Respondent does not deny the findings; and (iii) upon the filing of this Offer of Settlement, Respondent hereby withdraws any papers previously filed in this proceeding to the extent that they deny, directly or indirectly, any finding in the Order. If Respondent breaches this agreement, the Division of Enforcement may petition the Commission to vacate the Order and restore this proceeding to its active docket. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

VII.

Consistent with the provisions of 17 C.F.R. § 202.5(f), Respondent waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein.

VIII.

Respondent hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek

from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Respondent to defend against this action. For these purposes, Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.

## IX.

Respondent agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source including, but not limited to, payment made pursuant to any insurance policy, with regard to any penalty amounts that Respondent shall pay pursuant to this Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Respondent further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state or local tax for any penalty amounts that Respondent shall pay pursuant to this Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

## X.

Respondent stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S. C. §523, that the findings in the Order are true, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under the Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

## XI.

Respondent states that he has read and understands the foregoing Offer, that this Offer is made voluntarily, and that no promises, offers, threats, or inducements of any kind or nature whatsoever have been made by the Commission or any member, officer, employee, agent, or representative of the Commission in consideration of this Offer or otherwise to induce him to submit to this Offer.

20 Day of April

Curtis A. Peterson

STATE OF Florida }
} SS:
COUNTY OF Miami-Dade }

The foregoing instrument was acknowledged before me this 20 day of April, 2016, by CURTIS A. PETERSON, who ___is personally known to me or ___who has produced a _____ driver's license as identification and who did take an oath.

Notary Public
State of Florida
Commission Number
Commission Expiration

PATRICIA-ANN M SHERRY
Notary Public - State of Florida
My Comm. Expires Nov 19, 2016
Commission # EE 834952
Bonded Through National Notary Assn.

# U.S. Securities and Exchange Commission

## Division of Enforcement

## Prejudgment Interest Report

| Quarter Range | Annual Rate | Period Rate | Quarter Interest | Principal+Interest |
|---|---|---|---|---|
| Violation Amount | | | | $584,550.00 |
| 04/01/2013-06/30/2013 | 3% | 0.75% | $4,372.11 | $588,922.11 |
| 07/01/2013-09/30/2013 | 3% | 0.76% | $4,453.22 | $593,375.33 |
| 10/01/2013-12/31/2013 | 3% | 0.76% | $4,486.89 | $597,862.22 |
| 01/01/2014-03/31/2014 | 3% | 0.74% | $4,422.54 | $602,284.76 |

| Prejudgment Violation Range | Quarter Interest Total | Prejudgment Total |
|---|---|---|
| 04/01/2013-03/31/2014 | $17,734.76 | $602,284.76 |

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