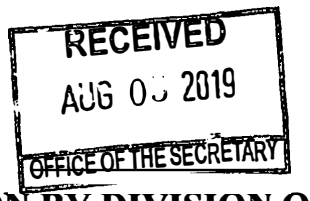
UNITED STATES OF AMERICA
Before the
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-18960



In the Matter of

JOHN SHERMAN JUMPER

Respondent.

MOTION BY DIVISION OF ENFORCEMENT FOR A FINDING THAT RESPONDENT IS IN DEFAULT AND FOR IMPOSITION OF REMEDIAL SANCTIONS

Pursuant to Commission Rules of Practice 154, 155(a)(2), and 220(f), the Division of Enforcement (the "Division") submits this Motion for a Finding that Respondent is in Default and for Imposition of Remedial Sanctions against Respondent John Sherman Jumper ("Jumper").

I. PROCEDURAL BACKGROUND

A. Federal District Court Action for Fraud Against Jumper

These proceedings result from a district court action the Commission previously filed against Jumper. On April 17, 2018, the Commission filed a complaint in the United States District Court for the Western District of Tennessee against Jumper alleging that between March 2015 and February 2016, Jumper committed securities fraud by forging documents that allowed him to

misappropriate approximately $5,700,000 from an employee pension plan. Securities and Exchange Commission v. John Sherman Jumper, et al., Case No. 2:18-CV-02259 –TLP-tmp (W.D. Tenn.) ("SEC v. Jumper"), Dkt. No. 1, ¶1. The complaint further alleged that Jumper used the funds for personal expenses, as well as providing capital to other businesses he owned or co-owned. Id., ¶2. Jumper failed to appear and defend the action despite being served, and a final judgment was entered against him by default. SEC v. Jumper, Dkt. No. 19. The judgment included permanent injunctions enjoining Jumper from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. Id.

B. Follow-On Administrative Proceedings Against Jumper

On December 26, 2018, the Securities and Exchange Commission issued an order instituting administrative proceedings ("OIP") against Jumper pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"). See John Sherman Jumper, Exchange Act Release No. 84969, 2018 WL 6804047 (Dec. 26, 2018). The OIP alleged as facts the final judgment and injunctions entered against Jumper in SEC v. Jumper, and instituted these proceedings to determine whether the allegations are true, and if so, to determine what remedial action against Jumper is appropriate.

On February 22, 2019, the Division of filed, pursuant to Rule 141(a)(2)(i), a Notice and Proof of Service of OIP, which states that service of the OIP was made on Jumper on February 14, 2019. Accordingly, Jumper's answer was required to be filed within 20 days of that time, or March 6, 2019. Jumper, 2018 WL 6804047, at *2; Rule 220(b). To date, Jumper has not filed a response to the OIP.

C. Show Cause Order Against Jumper Based on Failure to Respond

On June 14, 2019, the Commission issued an Order to Show Cause ("Show Cause Order"). John Sherman Jumper, Exchange Act Release No. 86116, 2019 WL 2490380 (Jun. 14, 2019). The Show Cause Order required Jumper, by June 28, 2019, to show cause why he should not be deemed to be in default, and why this proceeding should not be determined against him. 2019 WL 2490380 at *1. The Show Cause Order also ordered the Division, in the event Jumper did not file a response, to file a motion for default and other relief by July 26, 2019. Id.

Because Jumper has not responded to the Show Cause Order, the Division now moves for a finding that Jumper is in default, and for the imposition of remedial sanctions. The Division submits that Jumper should be barred from associating with a broker, dealer, investment advisor, transfer agent, nationally recognized statistical rating organization (NRSRO), or investment company, and be barred from participating in any offering of penny stock.

II. JUMPER'S FRAUDULENT CONDUCT

A. Jumper Arranges the Sale of Snow Shoe to Show Shoe Owner

In 2006, Jumper was hired to help sell Snow Shoe Refractories LLC ("Snow Shoe"), a privately-held business located in central Pennsylvania that makes high heat-resistant products. See August 2, 2019 Declaration of Peter J. Diskin ("Diskin Decl."), filed herewith, ¶6. Jumper marketed the business to an acquaintance residing in Sarasota, Florida, Brett C. Blair ("Blair"). Id.; see also April 13, 2017 Testimony of Brett Cameron Blair and Exhibits thereto ("Blair T."), attached to the Diskin Decl. as Exhibit A, pp. 8-9; 17-18. In February of 2007, Blair purchased Snow Shoe. Diskin Decl., ¶6; Blair T., pp 8; 13. Jumper was not given a job, any title, or any definite responsibilities with respect to Snow Shoe. Diskin Decl., ¶6; Blair T., pp 42; 46-49.

Snow Shoe had a pension plan for its employees called the Snow Shoe Refractories LLC Pension Plan for Hourly Employees ("Pension Plan"). At the time, the Pension Plan assets totaled approximately $8,300,000. Diskin Decl., ¶7.

B. Jumper Forges Documents Purporting to Give Him Authority to Act as a Fiduciary for the Snow Show Pension Plan

On April 27, 2007, Jumper forged Blair's signature on a document that caused the Pension Plan assets to be transferred from their custodial bank to

broker-dealer Merrill Lynch. Diskin Decl., ¶8; Blair T., pp. 57-59 and Exhibit 3. On January 8, 2008, Jumper signed another forged form as the "V.P. of Finance" of Snow Shoe, and submitted it to the broker-dealer. Blair T., pp. 63-64 and Exhibit 5. Jumper forged similar forms again on October 26, 2012, March 20, 2014 and August 27, 2014. Diskin Decl., ¶9; Blair T., pp. 64-74, and Exhibits 6-8.

C. Jumper Fraudulently Transfers $3 Million from the Snow Shoe Pension Plan

In early 2015, a group of business associates of Jumper were in discussions to acquire an entity called American Tubing Arkansas, LLC ("ATA"). Diskin Decl., ¶10. At a late stage of the negotiations, however, Jumper's business associates realized that they did not have sufficient capital to acquire ATA. Diskin Decl., ¶11. When Jumper became aware of the shortfall, he offered to provide the funds to complete the acquisition. Id.

In March 2015, Jumper forged documents causing $3,000,000 of Pension Plan funds to be transferred to his business associates. Diskin Decl., ¶12 and Exhibit B; Blair T., pp. and Exhibit 15. Jumper himself received payments amounting to $540,000 from those funds. Diskin Decl., ¶12.

D. Jumper Fraudulently Transfers Another $2 Million from the Snow Shoe Pension Plan

On November 20, 2015, Jumper misappropriated an additional $2,000,000 from the Pension Plan. Diskin Decl., ¶13. Jumper submitted a letter on Snow Shoe letterhead, along with a phony board resolution containing the forged signature of Blair, to the Pension Plan custodian authorizing the transfer of $2,000,000 in Pension Plan funds to a trust controlled by Jumper. Diskin Decl., ¶14 and Exhibit C; Blair T., pp. 80- 82 and Exhibits 16-18. Jumper then transferred some of the $2,000,000 to his other businesses or personal bank accounts, where he used it for personal expenses. Diskin Decl., ¶15.

E. Jumper Misappropriates an Additional $700,000 from the Snow Shoe Pension Plan

On February 16, 2016, Blair was informed by an actuary to the Pension Plan that $5,000,000 had been transferred out of the Plan by Jumper between March and November 2015. Diskin Decl., ¶16; Blair T., pp. 22-24; 91-92. Blair contacted Jumper to inquire about the missing funds. Id. Jumper lied, saying that the funds were invested with a wealth management firm called American Holdings. Id. Two days later, Jumper again used forged documents to transfer an additional $700,000 from the Pension Plan. Diskin Decl., ¶17 and Exhibit D; Blair T., pp. 82-83 and Exhibits 19 and 20.

III. ARGUMENT

A. Jumper Should Be Deemed in Default

Rule 155(a) of the Commission's Rules of Practice states:

> A party to a proceeding may be deemed to be in default and the Commission or the hearing officer may determine the proceeding against the party upon consideration of the record, including the order instituting proceedings, the allegations of which may be deemed to be true, if that party fails: . . .
>
> (2) To answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding . . . .

17 C.F.R. § 201.155(a). Moreover, the OIP provides that "[i]f Respondent fails to file the directed answer . . . 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 . . . ." OIP ¶IV, citing Rules 155(a), 220(f), and 310.

Rule 141(a)(2)(i) sets forth permissible methods of service of the OIP upon individuals, which include "delivering a copy of the order instituting proceedings to the individual," and which defines "delivery" to include "handing a copy of the order to the individual . . . ." 17 C.F.R. § 201.141(a)(2)(i). Here, Jumper was personally served with the OIP, as reflected in the Division's Rule 141 Notice and Proof of Service of OIP.

The Division requests that Jumper be deemed to be in default for failing to timely respond to the OIP after having been served in compliance with Rule 141.

B. The Facts Alleged in the OIP Should Be Deemed True

As set forth above, failure to file an answer may result in the allegations of the OIP being deemed to be true. In this case, that includes the following:

1. Respondent was a registered representative associated with various broker-dealers for approximately 17 years. From September 2007 through February 2017, which includes the entire time in which he engaged in the conduct underlying the complaint described below, he was associated with Alluvion Securities, LLC, where he served as CEO and was a part owner of the firm. In addition, until February 2017, Jumper was President, an investment adviser representative, and co-owner of Alluvion Investments, LLC. Respondent, 52 years old, is a resident of Eads, Tennessee. OIP, ¶II.A.1.

2. On November 1, 2018, a final judgment was entered against Jumper, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. John Sherman Jumper, et al., Civil Action Number 2:18-CV-02259-TLP-tmp, in the United States District Court for the Western District of Tennessee. OIP, ¶II.B.2.

3. The Commission's complaint alleged that, between March 2015 and February 2016, Jumper misappropriated approximately $5,700,000 from an employee pension plan by forging documents that purported to give him authority over the plan's funds and their placement. Jumper used the funds for personal expenses and investments, as well as providing capital to other businesses he owned or co-owned. OIP, ¶II.B.3.

In addition, the Division has provided supplemental evidence pertinent to the Commission's assessment of whether the requested relief is appropriate and in the public interest. Together, the facts alleged in the OIP and the Division's additional evidence demonstrate that the sanctions requested against Jumper are appropriate and in the public interest.

C. The Appropriate Remedial Sanctions in this Case

The Commission has typically considered the Steadman factors when determining appropriate public-interest remedies. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Those factors are: (1) the egregiousness of the Respondents' actions; (2) the isolated or recurrent nature of the infractions; (3) the degree of scienter involved; (4) the sincerity of the Respondents' assurances against future violations; (5) the Respondents' recognition of the wrongful nature of their conduct; and (6) the likelihood that the Respondents' occupations will present opportunities for future violations. Id. The Commission also considers the age of the violation, the degree of harm to investors and the marketplace resulting from the violation, and the deterrent effect of administrative sanctions. Lonny S. Bernath, ID Release No. 993 at 4, 2016 WL 1319539 at *4 (April 4, 2016).

In this case, nearly all of the relevant factors suggest that a full collateral bar and a penny stock bar are appropriate and in the public interest. The conduct was

egregious and resulted in millions of dollars in losses. Jumper's actions were repeated and extended, taking place over several years and victimizing all the beneficiaries of the Pension Plan by stealing their life savings. By forging documents and misleading financial institutions and the Pension Plan, Jumper showed a very high degree of scienter. Jumper has not come forward to defend this lawsuit or otherwise make any assurances against future violations, and his age (approximately 53) will make it likely that he will have the opportunity to commit future violations. Moreover, the most egregious conduct at issue occurred recently, in 2015 and 2016, and these sanctions will send a strong message.

IV. CONCLUSION

For the foregoing reasons, Jumper should be deemed in default, and a full associational bar and a penny stock bar are appropriate and in the public interest.

Respectfully submitted this 2d day of August, 2019.

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CERTIFICATE OF SERVICE

I certify that on August 2, 2019, I caused the foregoing MOTION BY DIVISION OF ENFORCEMENT FOR A FINDING THAT RESPONDENT IS IN DEFAULT AND FOR IMPOSITION OF REMEDIAL SANCTIONS to be served on the following persons by the method of delivery indicated below:

By UPS, facsimile and email:

Secretary Vanessa Countryman
Securities and Exchange Commission
100 F Street N.E., Mail Stop 1090
Washington, DC 20549

By UPS:

Mr. John Sherman Jumper
[redacted]
Eads, TN [redacted]

/s/ W. Shawn Murnahan
W. Shawn Murnahan