

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 80026 / February 13, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17842**

**In the Matter of**

**JOSEPH A. NELSON,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTIONS**

**I.**

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

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Nelson, during at least 2006 through 2010, owned and controlled JCN, Inc. ("JCN"), JCN Capital, LLC ("JCN Capital"), and JCN International, LLC ("JCN International"), entities located in Clearfield, Utah and organized under the laws of Utah. Nelson was the President and Chief Executive Officer of JCN, founder of JCN Capital, and President of JCN International. Nelson was also President of Zufelt, Inc. from approximately June 2005 through June 2006.

2. On July 20, 2015, judgment was entered by consent against Nelson, permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Exchange Act Sections 10(b) and 15(a) and Exchange Act Rule 10b-5, and aiding and abetting violations of Exchange Act Section 10(b) and Rule 10b-5, in the civil action entitled SEC v. Zufelt, et al., Civil Action No. 2:10-cv-00574, in the United States District Court for the District of Utah.

3. The Commission's Complaint alleged that Nelson made materially false and misleading statements to investors during 2005 and 2006 in connection with a Ponzi scheme orchestrated by Anthony Zufelt that raised \$3.7 million from investors in Zufelt, Inc. and Silver Leaf Investments, Inc. The Complaint also alleged that from approximately June 2005 through June 2010, Nelson operated a separate Ponzi scheme that raised at least \$12 million from more than 100 persons to invest in promissory notes Nelson offered through his companies JCN, JCN Capital, and JCN International. The Complaint alleged that Nelson falsely told investors, among other things, that: (i) he is engaged in the business of purchasing merchant portfolios, holding them for a certain period of time, and then selling them for a profit to financial institutions; (ii) his business earns money from "residual income" generated by the merchant portfolios while they are in his possession, as well as from profits generated when the portfolios are sold; and (iii) investors can earn extraordinary rates of return – up to 200% – in a very short amount of time. The Complaint alleges that Nelson never bought or sold a merchant portfolio and, instead, used invested funds to make monthly Ponzi payments to investors, pay his personal expenses, and pay his employees and associates. The Complaint alleged that Nelson acted as an unregistered broker dealer and sold unregistered securities.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Nelson's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Nelson be, and hereby is barred from association with any broker, dealer, investment adviser municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act that Respondent Nelson be, and hereby is barred from participating in any offering of a 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.

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.

By the Commission.

Brent J. Fields  
Secretary