

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10707 / September 27, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19544

In the Matter of

IQUANTIFI, INC. and
THOMAS F. WHITE,

Respondents.

ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933,
MAKING FINDINGS, AND IMPOSING A
CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against iQuantifi, Inc. (“iQuantifi”) and Thomas F. White (“White”) (collectively, the “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents each have submitted an Offer of Settlement (the “Offers”), 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Respondents

1. **iQuantifi** is a privately held, Delaware corporation with its principal place of business in Franklin, Tennessee. At all relevant times, iQuantifi has been controlled by White.
2. **White**, age 48, is a resident of Franklin, Tennessee. White founded iQuantifi and, at all relevant times, has been iQuantifi's majority shareholder, president, and chief executive officer.

Facts

3. iQuantifi is a financial technology company founded by White in 2009. iQuantifi has developed internet-based automated financial planning software that it offers for sale and/or licensing to financial institutions. Although iQuantifi has actively marketed its software for licensing and sale since 2014, it has not generated recurring revenues from operations.
4. Prior to October 2013, iQuantifi was self-funded by White through direct payments of expenses and transfers to iQuantifi from White and an entity owned by him. These payments and transfers, which continued after iQuantifi began selling notes convertible to equity in iQuantifi (the "Convertible Notes") in 2013, were treated by White and iQuantifi as interest-free loans, portions of which iQuantifi has repaid to White. The current outstanding balance of these interest-free loans is \$155,377.
5. Between October 29, 2013 and January 19, 2019, iQuantifi continuously raised capital for its business through the offering and sale of Convertible Notes to investors. During that period, iQuantifi sold \$3,455,000 in Convertible Notes to approximately 50 outside investors, residing in at least 4 different states. The Convertible Notes are securities.
6. The Convertible Notes bear simple annual interest of 6%, with payment deferred until certain conditions are met, and provide for automatic conversion to equity upon the securing by iQuantifi of additional equity financing. To date, iQuantifi has not made any payments under any of the Notes and none of the Notes have been converted to equity.
7. White bore sole responsibility for soliciting investors and offering and selling the Convertible Notes, and he directly participated in each note sale.
8. During the relevant period, iQuantifi and White offered and sold Convertible Notes to investors who White knew or should have known were not accredited investors, including former investment advisory clients of White, several of whom are retirees and widows with fixed incomes and/or limited assets. White and iQuantifi did not provide these unaccredited investors with any of the non-financial statement information or financial statement information described in Rule 502 of Regulation D.

9. During the relevant period, iQuantifi and White also engaged in activities that constitute general solicitation. White and iQuantifi did not take any reasonable steps to verify that investors in iQuantifi Convertible Notes qualified as accredited investors.

10. iQuantifi did not file or cause to be filed a registration statement with the Commission in connection with its offering and sale of Convertible Notes, and no exemption from registration was available.

Violations

11. As a result of the conduct described above, Respondents violated Section 5(a) of the Securities Act, which prohibits the sale of securities through interstate commerce or the mails unless a registration statement is in effect, and Section 5(c) of the Securities Act, which prohibits the offer to sell any security through interstate commerce or the mails, unless a registration statement has been filed as to such security with the Commission.

Undertakings

12. iQuantifi has undertaken to:

- a. notify each investor that purchased Convertible Notes from iQuantifi in writing of this Order and include with the written notice:
 - i. a copy of this Order;
 - ii. notice of the investor's potential claims under Section 12(a) of the Securities Act, including the right to sue "to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if [the purchaser] no longer owns the security";
- b. not assert any statute of limitation defense in connection with any Section 12(a) claims that are brought against it within one year from the date of the written notice with respect to its sale of any Convertible Note; and
- c. not exceed \$250,000 in total annual payments collectively to White and his immediate family members, including salary, loan repayments, and any other form of payment or transfer of funds, regardless of its nature, until all Convertible Note investors have been repaid or their interests have been converted to equity pursuant to the terms of their Convertible Notes.

13. White has undertaken to forgive \$75,000 of the balance remaining on his interest-free loans to iQuantifi.

14. In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that:

A. Respondents iQuantifi and White cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondent White shall pay a civil money penalty of \$25,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: (1) \$2,500 within 15 days of the entry of this order; and (2) 23 monthly payments of \$978.26, payable on the first day of each month, with the first payment due on the first day of the first month following the payment of the initial \$2,500 payment. Payments shall be applied first to post-order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent White shall contact the staff of the Commission for the amount due. If Respondent White fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

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 White 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 Justin C. Jeffries, Associate Regional Director, Division of Enforcement, Atlanta Regional Office, Securities and Exchange Commission, 950 East Paces Ferry Rd., NE, Suite 900, Atlanta, GA 30326.

C. 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.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent White, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent White under this 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 White 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).

By the Commission.

Vanessa A. Countryman
Secretary