

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87802 / December 19, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19232

In the Matter of

KENNETH S. GROSS,

Respondent.

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

I.

On July 1, 2019, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings against Kenneth S. Gross (“Respondent”) pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”).

II.

After institution of these proceedings, Respondent 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.3. below, and consents to the entry of this *Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934* (“Order”), as set forth below.

III.

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

1. Respondent, age 74, is a resident of California. Respondent, during the relevant period, was not registered as or associated with a registered broker-dealer.

2. On August 14, 2018, the Commission filed an amended complaint in the United States District Court for District of Utah against Respondent and others. *SEC v. Jersey Consulting LLC, et al.*, 2:18cv155 (D. Utah). The Commission alleged, in summary, that, among other things:

a. Respondent and others represented to investors that:

i. Jersey Consulting LLC (“Jersey”) had developed a unique and proprietary “soil remediation” and precious metals ore extraction process, referred to as plasmification, that, supposedly, allowed Jersey to profitably extract precious metals from soil obtained from Jersey’s 80-acre Bureau of Land Management (“BLM”) claim located in or near the Arizona Strip and to do so at a rate that was in excess of current industry standards;

ii. funds raised by Jersey through the offer and sale of its “Royalty Interests” would be used “to fund [Jersey’s] operations, increase soil remediation and refining activities, expand marketing and sales efforts, and provide working capital for overall corporate operations”;

iii. Jersey’s Royalty Interest securities were secure and protected because they were backed by Jersey’s physical assets and current revenues; and,

iv. investors would “double” their money with a return of 100% or more in twelve months or less.

b. Respondent and others misrepresented to investors and/or omitted to disclose to investors that, among other things, Jersey was owned and operated by a convicted felon, Jersey had no BLM claim, Jersey’s technology was not commercially viable, Jersey had no material revenues, the value of Jersey’s physical assets was insufficient to secure Jersey investors, Jersey funds were dissipated through personal use by Jersey principals, and some Jersey investors were repaid with funds raised from subsequent Jersey investors (*i.e.*, a Ponzi scheme).

c. Respondent offered and sold Jersey securities in unregistered transactions and did so without registering with the Commission as a broker during the period of his solicitation of Jersey securities.

3. On January 2, 2019, an order of default judgment was entered against Respondent permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933; Sections 10(b), 15(a), and 15(b)(6)(B)(i) of the Exchange Act; and Exchange Act Rule 10b-5.

4. Between 2014 and 2017, Jersey paid, to or for the benefit of Respondent, at least \$132,937.00 in transaction-based compensation arising from investor purchases of Jersey securities.

5. In addition to the Commission action that resulted in the default judgment, Respondent was also criminally indicted in February 2018 (*U.S. v. Tager, et al.*, 2:18cr97 (D. Utah 2018)) in connection with the same conduct and pled guilty to misprision of securities fraud on September 5, 2019, with sentencing scheduled for December 10, 2019.

IV.

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

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

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent 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 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman
Secretary