UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90727 / December 18, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20177

ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the
public interest that public administrative and cease-and-desist proceedings be, and hereby are,
instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange
Act") against John G. Wright, Jr. ("Respondent").

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, which are admitted, and except as provided herein in Section V, Respondent consents
to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to
Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing
Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.
III.

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

**Summary**

This matter arises from unregistered activity as a broker by John G. Wright, Jr., who previously agreed to Commission Orders barring him from associating with a broker and participating in a penny stock offering.

**Respondent**

1. **John G. (“Jack”) Wright Jr.**, 73, resides in Sarasota, Florida. Wright participated in the issuance and sale of USA Exchange’s stock from 2015 to 2017 without registering with the Commission. He currently owns and operates a consulting company. On December 5, 2000, the Commission accepted offers of settlement from Wright in connection with a prior investigation and issued Orders barring him from association with any broker or dealer and barring him from participating in any offering of a penny stock.

**Other Relevant Entity**

2. **The USA Exchange, Inc.** (“USAX”) was a Florida corporation headquartered in Miramar Beach, Florida. USAX was in the business of developing a social network to enable companies to access grants and incentives in different American cities. Between 2015 and 2017, it sold shares through a private placement to accredited investors. In September 2020, Florida declared the corporation “inactive” for failure to file its annual report.

**Background**

3. On December 5, 2000, the Commission accepted offers of settlement from Wright in connection with a prior investigation and issued Orders barring him from association with any broker or dealer and barring him from participating in any offering of a penny stock.

4. In February 2015, Wright, through his consulting business, entered into a new consulting agreement with USAX to provide management consulting and advisory work to USAX, a new enterprise that sought to help companies take advantage of economic and tax incentives offered by different American jurisdictions.

5. Wright advised and raised capital for USAX and received commissions on stock sales in connection with USAX’s private placement.

6. From April 2015 to December 2017, with Wright’s assistance, USAX sold more than $2 million of shares (at 50 cents per share) of USAX stock to approximately 35 investors. This was about three-quarters of USAX’s entire placement.
7. During the relevant period, Wright solicited individuals who proceeded to invest in USAX; emailed potential investors the summaries, slides, and subscription agreements required to invest; spoke to more than half of the investors about the company and the procedural requirements for them to invest; and conducted half-hour-long investor "demos" discussing company slides with them.

8. By this conduct, Wright participated in an offering of USAX’s stock. The shares offered by USAX meet the statutory definition of “penny stock” because they are equity securities that do not fall within any of the exceptions provided in Exchange Act Section 3(a)(51) and Rule 3a51-1. Exchange Act Section 3(a)(51)(A) and Rule 3a51-1 provide that a “penny stock” is “any equity security” that does not fall within certain enumerated exceptions, such as securities registered on a national securities exchange, securities issued by a registered investment company, and securities with a minimum price of $5.00 (or meeting certain minimum asset or revenue figures).

9. Wright remains subject to the Commission’s Orders barring him from associating with any broker or dealer and participating in any offering of a penny stock. Wright never registered as a broker and did not seek the consent of the Commission to act as a broker, associate with a broker, or participate in a penny stock offering in connection with the offering of USAX’s stock.

**Violations**

10. As a result of the conduct described above, Wright violated Section 15(a)(1) of the Exchange Act, which provides that, absent an exception or exemption, it is unlawful for any broker or dealer “to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale, of any security . . . unless such broker or dealer is registered in accordance” with Section 15(b) of the Exchange Act.

11. As a result of the conduct described above, Wright willfully violated Section 15(b)(6)(B)(i) of the Exchange Act by becoming or being associated with a broker and participating in an offering of penny stock without the consent of the Commission in contravention of Commission Orders barring him from association with any broker or dealer and from participating in an offering of penny stock.

**IV.**

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) and 15(b)(6)(B)(i) of the Exchange Act.
B. 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;

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, 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 the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the 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.

D. Respondent shall pay civil penalties of $125,000, to the Securities and Exchange Commission. Payment shall be made in the following installments: 1) within 10 days of the entry of this Order, Respondent will pay $20,000; 2) within 125 days of the entry of this Order, Respondent will pay $35,000; 3) within 245 days of the entry of this Order, Respondent will pay $35,000; and 4) within 365 days of the entry of this Order, Respondent will pay the remainder due under Section D. 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 shall contact the staff of the Commission for the amount due. If Respondent 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
Payments by check or money order must be accompanied by a cover letter identifying John G. Wright, Jr. 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 Associate Director Melissa R. Hodgman, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. 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, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 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