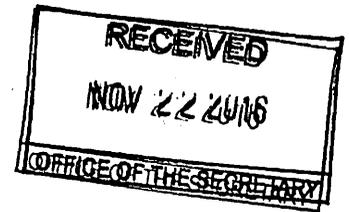


HARD COPY

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

**ADMINISTRATIVE PROCEEDING
File No. 3-17393**



**In the Matter of

CURTIS A. PETERSON

Respondent.**

**RESPONDENT, CURTIS A. PETERSON'S. RESPONSE IN OPPOSITION TO THE
DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION
AGAINST RESPONDENT, CURTIS A. PETERSON**

Respondent, Curtis A. Peterson ("Mr. Peterson") hereby submits this Response in Opposition to the Division of Enforcement's Motion for Summary Disposition Against Respondent, Curtis A. Peterson and in support thereof states as follows:

I. FACTUAL BACKGROUND

On August 23, 2016, the SEC ("the Commission") having accepted Mr. Peterson's Offer of Settlement issued its Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 15(b) and 21C of the Exchange Act, Make Findings, and Imposing Remedial Sanctions and a Cease And Desist Order and Notice of Hearing ("OIP", Exchange Act Release Number No. 78639). After Mr. Peterson made the requisite penalty payment of \$7,500.00 referenced in the OIP it was agreed that he would be entitled to argue against the disgorgement of the entirety of the gross amount of commissions he made from the sale of alleged investment contracts and any penalty of prejudgment interest. (OIP at 4) The completed Summary of Financial Disclosure Statement and all relevant tax returns, accountings, bank statements are attached hereto

as Exhibit "A". Consistent with the relevant provision in the OIP Respondent has submitted additional affidavits and documentary evidence already in the possession of the Commission (OIP at 4). The impetus for the current proceedings initiated against Mr. Peterson arises from the criminal actions of JSC Enterprises, Inc., T.B.T.I, Inc., and their respective principals Joseph Singnore and Paul L. Schumack, II ("the Criminal Defendants"). The Criminal Defendants established a highly sophisticated Ponzi scheme in order to raise approximately \$60 million from investors in Virtual Concierge Machines (the "VCM") in which the investors would purchase an individual VCM for \$3,500.00 and receive a promised return on the investment for commissions of \$300.00 a month. (OIP at ¶ 6). The VCM's were purchased with the use of a Virtual Concierge Placement Contract and License Agreement (the "VCM Contract") that would be presented to them by sales representatives who would receive a commission from the recruitment of the investor. (OIP at Summary, pg. 2) A sample VCM Contract shows that it would have to be approved by a representative of T.B.T.I, Inc. and it was not approved by the individual salesperson. A sample VCM Contract is attached hereto as Exhibit "B". In order to appear legitimate, the Criminal Defendants engaged in a thorough, complex, and highly convincing advertising campaign meant to deceive both the investors and the sales representative of the true nature of the Ponzi scheme. *See* Promotional Materials attached hereto as Exhibit "C". The Criminal Defendants would even stage elaborate presentations in which over one hundred and twenty five (125) investors were in attendance to learn about the VCM's and use the technology first-hand and broadcast television commercials promoting the VCM's. *See* Peterson Aff. ¶¶ 6, 10.

Mr. Peterson had a business relationship with Paul Schumack ("Schumack") for approximately fourteen years. *Id.* at ¶3. Mr. Peterson would purchase and service ATM's through T.B.T.I., Inc. *Id.* The purchase and returns received from the ATM's were legal and legitimate and

Mr. Peterson had no reason to question the business practices or character of Schumack. *Id.* at ¶ 8. In November 2011, Schumack approached Mr. Peterson with the option of purchasing the VCM's for \$3,000.00 each *Id.* After some contemplation, Mr. Peterson, his sister, and his mother collectively decided to purchase nine (9) VCM's *Id.* at ¶ 5. In January 2012 Mr. Peterson began to receive their investment returns of \$300.00 a month for each machine without interruption through February 2013. The consistency of the investment returns impressed Mr. Peterson and he began a regular communication with Schumack about purchasing more VCM's. Mr. Peterson continued to purchase the VCM's and had no reason to suspect that the investment returns he and his family were receiving from the VCM's were a result of a sophisticated Ponzi scheme. Based upon Mr. Peterson's communications with Schumack he was informed that the VCM business was rapidly expanding and was becoming increasingly profitable. *Id.* at 7.

In early 2013, Schumack approached Mr. Peterson about selling the VCM Contracts to potential investors *Id.* Mr. Peterson would be compensated to sign up potential investors for the sale of each VCM. As the business was expanding and Mr. Peterson had a previous fourteen year business relationship with Schumack he accepted the offer *Id.* Mr. Peterson would contact potential investors and inform them that he had known and worked with Schumack for a substantial length of time, but that he did not have any information as to the structure or method of the payments to the potential investors *Id.* at 8. He would simply advise the potential investor to review the promotional material and websites and make an independent decision about the purchase. Mr. Peterson was never provided any access to T.B.T.I, Inc.'s accounting, profits and losses, corporate records, or any other operational documentation *Id.* The closest he came to any operations was when he visited the JCS Enterprises, Inc. warehouse in Jupiter, Florida with his mother and sister to preview the machines and learn about how they operated *Id.* at ¶ 6. Mr. Peterson used the money

obtained by the commissions from the sale of the VCM's as a secondary income source and the sale of the VCM Contracts was never his primary occupation. Mr. Peterson has no background in the sale of securities and the duties he was asked to perform by Schumack were mostly administrative. *Id.* at ¶ 13.

Logistically, Mr. Peterson would forward any promotional materials or VCM Contracts to potential investors from Schumack and then forward the executed VCM Contract from the customer back to Schumack *Id.* at ¶ 9. Mr. Peterson never personally executed the VCM Contract on behalf of the Criminal Defendants and the investors were paid directly from T.B.T.I., Inc. *Id.* Because of the returns the investors were consistently receiving they continued to refer other individuals to Mr. Peterson without his active solicitation *Id.* Mr. Peterson would then add them to the email list for promotional materials and to receive the monthly newsletter from the company and would forward their executed VCM Contracts to T.B.T.I., Inc. Throughout the entirety of this time (January 2012-December 2013) Mr. Peterson, his mother, his sister, and other close family members and friends continued to invest each month in the VCM's believing that they were legitimate investment opportunities. Collectively, their immediate family purchased three hundred and ten (310) VCM's during the period of time they were involved with the Criminal Defendants until the Ponzi scheme was ultimately exposed *Id.* at ¶ 10.

Sometime in January and February 2014 Schumack began sending emails stating that the \$300.00 monthly returns the investors were regularly receiving would be delayed because of a change in the payment procedure. *Id.* at ¶ 11. Mr. Peterson would receive these emails and would forward them to concerned investors and listen to their anxieties and concerns. He would then convey these concerns to Schumack in order to assist the investors. *Id.* The attached documentary evidence and Affidavit are used not to contradict the factual assertions in the OIP but rather to

provide information into the nature of Mr. Peterson's unwitting connection to the Ponzi scheme in balancing the equities for the purpose of making any determination of a disgorgement or prejudgment interest penalty.

II. PROCEDURAL BACKGROUND

Mr. Peterson has been an extremely cooperative participant in providing any and all necessary information to the multiple investigations into this matter. In June 2014 he was served a subpoena from the counsel for the receivership in the case *SEC v. JCS Enterprises, Inc. et al.*, U.S. District Court for the Southern District of Florida (Case No.: 14-cv-80468-MIDDLEBROOKS). Mr. Peterson complied with the terms of the subpoena and provided the receiver with all relevant documentation and accounting regarding his investment with the Criminal Defendants. Many of the documentation and accounting information provided by Mr. Peterson is currently being used by the SEC in the present matter when Mr. Peterson also responded to its subpoena in March 2015.

In its Motion for Summary Disposition Against Respondent, Curtis A. Peterson ("the Motion") the Commission moves the Court for disgorgement in the amount of \$584,550.00 plus \$17,734.76 prejudgment interest for a total amount of \$602,284.76. (Motion at 3) It is Mr. Peterson's position that such an amount should be greatly reduced based upon his inability to pay such an exorbitant amount, his complete lack of knowledge that the VCM Contracts he was using to secure potential investors were in furtherance of a fraudulent scheme, his lack of committing any fraud, manipulation, or deceit, and the immense toll this ordeal has taken on him economically, psychologically, and personally. *See also* Respondent's Answer and Affirmative Defenses

III. LEGAL STANDARD FOR DISGORGEMENT

Disgorgement is not precisely restitution. Disgorgement wrests ill-gotten gains from the hands of a wrongdoer. *Commodities Futures Trading Comm'n v. American Metals Exchange Corp.*, 991 F.2d 71, 76 (3rd Cir.1993); *SEC v. Blatt, supra*. It is an equitable remedy meant to prevent the wrongdoer from enriching himself by his wrongs. Disgorgement does not aim to compensate the victims of the wrongful acts, as restitution does. *SEC v. Commonwealth Chemical Securities, Inc.*, 574 F.2d 90, 102 (2d Cir.1978). Thus, a disgorgement order might be for an amount more or less than that required to make the victims whole. It is not restitution. *SEC v. Huffman*, 996 F.2d 800, 802 (5th Cir. 1993).

Civil penalties are intended to punish the individual wrongdoer and to deter him and others from future securities violations. *SEC v. Sargent*, 329 F.3d 34, 41 n. 2 (1st Cir.2003). Civil penalties are to be determined “in light of the facts and circumstances.” 15 U.S.C. §§ 77t(d); 78u(d)(3). General factors that courts look to in imposing those penalties include (1) the egregiousness of the violations at issue, (2) defendants' scienter, (3) the repeated nature of the violations, (4) defendants' failure to admit to their wrongdoing; (5) whether defendants' conduct created substantial losses or the risk of substantial losses to other persons; (6) defendants' lack of cooperation and honesty with authorities, if any; and (7) whether the penalty that would otherwise be appropriate should be reduced due to defendants' demonstrated current and future financial condition. *S.E.C. v. Lybrand*, 281 F. Supp. 2d 726, 730 (S.D.N.Y. 2003), aff'd sub nom. *S.E.C. v. Kern*, 425 F.3d 143 (2d Cir. 2005)

III. LEGAL ARGUMENT

The primary violation alleged by the SEC is that Mr. Peterson solicited the VCM Contracts from potential investors in the Criminal Defendants without registering as a broker or possessing

the necessary securities licenses (Motion at 4). As stated above and in the Affidavit of Curtis Peterson, Mr. Peterson was an innocent investor in the VCM's and was then recruited by Schumack in order to sell investment opportunities in the VCM's secured by the VCM Contract. There is no allegation that Mr. Peterson was a knowing participant in the underlying Ponzi scheme or that he acted with the intent to defraud any potential investors. Mr. Peterson simply acted as a conduit between Schumack and the potential investors in forwarding drafts of the VCM Contracts for execution. Mr. Peterson never executed any of the Investment Contracts. The OIP further states that Mr. Peterson acted willfully, however, it specifically clarifies that this willfulness relates to Mr. Peterson receiving commissions from the execution of the VCM Contracts, not that he had any knowledge that he was violating applicable securities laws by not possessing any licensure when securing potential investors through the use of the VCM Contracts. (OIP at 3 n. 1)

In a proceeding relating to an equitable remedy such a distinction should be taken into consideration in the determination of any disgorgement amount. This is evident in the case law cited in the Motion. Almost exclusively, the cases cited for which a disgorgement penalty was imposed against a respondent occurred when the respondents were owners or officers of companies that were explicitly and knowingly engaged in defrauding their investors. Even the cases cited in the Motion which pertain primarily to respondents in violation of solely Section 15(a)(1) in which disgorgement was ordered, *Kenneth C. Meissner*, AP file No.: 3-16175, 2015 WL 4624707, *12-13 (Aug. 4 2015), *SEC v. Rockwell Energy of Texas, LLC*, 2012 WL 360191, *6 (S.D. Tex. Feb 1, 2012), and *Ralph Calabro*, AP File No.: 3-15015, 2015 WL 3439152, *44-45, the actions of the respondents were far more egregious than anything alleged against Mr. Peterson and included actual fraud (Motion at 4-5). Tellingly, there is no decision cited in the Motion in which an alleged

violator of Section 15(a)(1) with no fraudulent intent was ordered to pay a maximum disgorgement or prejudgment interest amount.

As this case presents special facts concerning the nature of any involvement in Mr. Peterson's knowing violation of Section 15(a)(1) the application the relevant factors for the imposition Civil Penalties with respect to possible disgorgement and prejudgment interest should be considered as they are equitable remedies:

A. THE ACTIONS OF MR. PETERSON DO NOT AMOUNT TO EGREGIOUS CONDUCT.

Mr. Peterson's actions were not of an egregious nature and it should be noted that he was individually victimized by the Criminal Defendants resulting in economic damages, a loss of personal relationships, and lawsuits filed against his immediate family resulting in the necessary payment of attorneys fees. After being deceived by Schumack's representations that the Criminal Defendants were engaged in a legitimate business, Mr. Peterson was then recruited to assist in the sale of the VCM's using the VCM Contracts. It has not been alleged nor revealed in all of the documentary evidence in the possession of the Commission that Mr. Peterson knew he was assisting in any Ponzi scheme or fraudulent enterprise. Mr. Peterson was administratively involved in the communication of the VCM Contracts between the Criminal Defendants and potential investors. While he was not a registered broker he did not perceive that he was in the sale of securities and had no background in the sale of securities. Mr. Peterson has not been involved in any business soliciting investors in VCM's or any other product or service prior to his agreeing to work for Schumack. There are no prior administrative actions or lawsuits against Mr. Peterson because of his involvement with securities or failure to register as a broker. As the VCM Contract is for the licensing and placement of specific Virtual Concierge Machines, it was not an investment

in a stock or a more conventional security that would be readily apparent to an individual without a background in securities.

B. MR. PETERSON WAS ACTING WITH THE LOWEST LEVEL OF SCIENTER IN RELATION TO THE SALE OF THE VCM CONTRACTS.

While Mr. Peterson was aware that he has soliciting and selling the VCM Contracts he was not acting with scienter in terms of knowingly making any fraudulent statements or attempting to deceive any potential investors. His awareness that he may have been required to be a registered broker to sell the VCM Contracts came only as a result of the investigation by the SEC. Had Mr. Peterson been made aware that in order to secure investors using the VCM Contracts that it required certain licensing requirements he would not have engaged in their sale. The sale of the VCM Contracts was a secondary business that Mr. Peterson did in order to supplement his income. At no time did he think of himself as a securities broker or engaged in the sale of security. This level of scienter differentiates Mr. Peterson from other respondents in the applicable case law and should be considered in the application of any equitable remedy.

C. MR. PETERSON SOLD THE VCM CONTRACTS FOR APPROXIMATELY EIGHT (8) MONTHS.

Mr. Peterson has never had a previous administrative case or lawsuit against him for securities violations. After being recruited by Schumack to assist in the sale of the VCM Contracts he worked part time for a period of eight (8) months and stopped immediately when it was discovered that the Criminal Defendants were engaged in a fraudulent scheme that had injured investors, among them his friends and family. Mr. Peterson's involvement with the sale of VCM Contracts or any other securities only occurred in that time period and there is nothing in the record to suggest that based on prior experience or previous violations that he was aware that he was selling securities. Unlike many of the respondents contained in the case law cited by the

Commission, Mr. Peterson had no background in securities and was not a repeat offender to warrant an exorbitant disgorgement penalty.

D. MR. PETERSON'S ACTIONS DID NOT RESULT IN THE LOSSES TO THE INVESTORS.

The responsibility of the losses to the investors—including Mr. Peterson and his family—was the direct result of the Criminal Defendants perpetrating an elaborate fraudulent scheme. Without knowledge that he was being used in a Ponzi scheme, Mr. Peterson's sale of the VCM Contracts and his assistance in communicating between Schumack and the potential investors was not a factor in their losses. Mr. Peterson never knowingly made any false representations or had any intent to deceive any investors. His lack of licensure with respect to the sale of the VCM Contracts cannot reasonably be considered to be on the same level of egregiousness with conduct of the Criminal Defendants or result in the tantamount injury to the potential investors.

E. MR. PETERSON HAS BEEN COOPERATIVE THROUGHOUT THIS ENTIRE PROCESS.

This matter has commenced since early 2014 after the discovery that the Criminal Defendants were engaged in a fraudulent scheme. Immediately and without hesitation, Mr. Peterson began cooperating with all necessary investigations in the actions of the Criminal Defendants. Prior to the commencement of this proceeding with the SEC, Mr. Peterson was subpoenaed by the counsel for the receivership entities. Mr. Peterson fully complied and provided all correspondence, accounting, financial statements, and all relevant requested information with the intent to resolve this matter. Upon the involvement of the SEC in February 2015, Mr. Peterson timely and comprehensively complied with the SEC's subpoena and request for information. Mr. Peterson then entered into the OIP and paid the necessary civil penalty in an attempt to have this matter resolved.

F. **TO THE EXTENT MR. PETERSON IS ABLE TO PAY THE REQUESTED DISGORGEMENT AMOUNT IT SHOULD BE CONSIDERABLE REDUCED**

Ability to pay is a factor to be considered in imposing a penalty. *SEC v. Monterosso*, 756 F. 3d 1326, 1338 citing *SEC v. Warren*, 534 F.3d 1368 at 1370 (11th Cir. 2008). In assessing the appropriate amount of penalties, courts consider whether the penalty should be reduced by the defendant's demonstrated current and future financial condition. *SEC v. Allen*, 2012 U.S. Dist. LEXIS 169135 (N.D. Tex. Nov. 28, 2012). The ability to pay must be established by a preponderance of the evidence. See *SEC v. Harris*, No.3:09-cv-1809-B, 2012 U.S. Dist. LEXIS 31394, 2012 WL 759885, at 5 (N.D. Tex. Mar. 7, 2012) (citing *SEC v. Huffman*, 996 F.2d 800, 803 (5th Cir. 1993)).

The Commission moves the Court for disgorgement in the amount of \$584,550.00 plus \$17,734.76 prejudgment interest for a total amount of \$602,284.76. Given the aforementioned mitigating factors regarding this case such amount seems punitive, particularly since the Commission is seeking the gross amount of profits. A disgorgement payment in the full gross amount of commissions received would be an excessive and punitive result. *McCarthy v. SEC*, 406 F.3d 179 (2d Cir. 2005). As disgorgement is not restitution but rather to prevent further wrongdoing seeking the collection of such an amount is excessive based upon Mr. Peterson's factual and financial circumstances.

Pursuant to 17 C.F.R. § 201.630(a)-(b) Mr. Peterson completed a Disclosure of Assets and Financial Information Form which contains private and confidential information including tax returns and financial statements and has also provided his assets, losses, liabilities, income and other funds to establish that the ability to pay a total disgorgement amount of \$602,284.76 would be financially unjustified. It is also worth considering that out of the commissions received from the sale of the VCM Contracts that Mr. Peterson paid approximately two hundred and fifty

thousand dollars (\$250,000.00) in taxes and the other expenses went primarily towards the treatment of his [REDACTED] and home repair. As noted in the financial affidavit, the majority of Mr. Peterson's assets are as a result of an inheritance and life insurance received in 2015 resulting from the death of his mother that were placed in an account held jointly with his wife. It should be noted that prior the death of his mother Mr. Peterson was seeking a settlement with both the receivership counsel and the Commission. The accounting of the expenditures of the received commissions is provided in the attached documentation and is not explicitly referenced herein as it is being filed under a protective order. The interest of the public would not be served with having Mr. Peterson have to pay the entire amount sought by the Commission. In the present case there have been no findings of any fraudulent, deceitful, manipulative, or deliberative conduct. *In the Matter of Thrastos Thomas Tommy Peterou*, Admin. Case No. 3-16217, 2015 WL 4939697 * 12 (Aug. 19, 2015). Mr. Peterson has already paid the established civil penalty of \$7,500.00 in accordance with the OIP which in comparison to the amounts of other civil penalties ordered in cases involving violations is greatly reduced and no doubt indicative of the equitable factors present in Mr. Peterson's case.¹ Mr. Peterson is requesting that any disgorgement amount be reduced based upon the submitted financial information and the failure of the Commission to take into account his personal expenses when pursuing the gross amount of the commissions he received.

G. THE COMMISSION SHOULD NOT BE AWARDED PREJUDGMENT FROM MR. PETERSON.

The decision whether to impose prejudgment interest is within the court's broad discretion.

S.E.C. v. First Jersey Sec., Inc., 101 F.3d 1450, 1476 (2d Cir. 1996) "In determining whether pre-

¹ In *Meissner* the Respondent found liable of violations of Section 15(a)(1) was order to pay \$15,000.00 in civil penalties. In *Calabro* the Respondent was ordered to pay. In *Calabro* the three Respondents were ordered to pay \$150,000.00, \$150,000.00, and \$130,000.00, respectively.

judgment interest is warranted, 'a court should consider (i) the need to fully compensate the wronged party for actual damages suffered, (ii) considerations of fairness and the relative equities of the award, (iii) the remedial purpose of the statute involved, and/or (iv) such other general principles as are deemed relevant by the court.' "*S.E.C. v. Simone*, No. 07-CV-3928 JG, 2013 WL 4495664, at *2 (E.D.N.Y. Aug. 19, 2013) (quoting *First Jersey Sec.*, 101 F.3d at 1476). Thus, where the wronged party will not receive the damages being collected, "the importance of awarding prejudgment interest is significantly diminished." *Enrenkrantz King Nussbaum*, 2013 WL 831181, at *4 cited by *U.S. S.E.C. v. Syndicated Food Serv. Int'l, Inc.*, No. 04-CV-1303 NGG VLS, 2014 WL 1311442, at *20 (E.D.N.Y. Mar. 28, 2014).

In the interest of fairness and in the Court's exercise of discretion in fashioning an equitable award, Mr. Peterson respectfully submits that this is not one of the egregious cases in which substantial prejudgment interest is appropriate. Mr. Peterson was not aware that the VCM Contracts could be considered securities and solicited potential investors without fraudulent intent and without the knowledge he was potentially acting in the capacity of a broker that required licensure. Mr. Peterson believed he was only selling ownership interests in VCM's and did so in the good faith belief that the potential investors were receiving legitimate returns. *Compare SEC v. Bass*, 2012 WL 5334743 (N.D.N.Y. 2012) (in which defendants had lied to investors about how their money was being used and had used investors' funds primarily to pay personal expenses). There is no evidence - or allegation by the SEC - that Mr. Peterson retained the commissions he received with the knowledge they were being obtained by a Ponzi scheme operated by third parties. In this regard, Mr. Peterson did not deceive vulnerable investors. Accordingly, it is respectfully submitted that awarding prejudgment interest under these circumstances would be futile and the SEC's request should be denied. *See Enrenkrantz*, 2013 WL 831181 at *4-5.

CONCLUSION

For the foregoing reasons, respondent, Curtis A. Peterson, respectfully requests that the Court either reduce or not impose disgorgement and pre-judgment interest.

Respectfully submitted,

SILVERBERG & WEISS, P.A.
Attorneys for Respondent
1290 Weston Road, Suite 218
Weston, Florida 33326
Tel. (954) 384-0998
Fax. (954) 384-5390

By: _____



Michael V. Miller
Florida Bar No. 0064005
Paul K. Silverberg, Esq.
Florida Bar No. 147877

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street. N.E., Washington, D.C. 20549-9309 via facsimile and that a true and correct copy of the foregoing has been served by Federal Express on this 21st day of November, 2016, of the following persons entitled to notice:

Honorable Jason S. Patil
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E. Room 2557
Washington, D.C. 20549
alj@sec.gov

Russell Koonin
DIVISION OF ENFORCEMENT
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Avenue, Suite 1800
Miami, FL 33131
kooninr@sec.gov



Michael V. Miller

EXHIBIT B



VIRTUAL CONCIERGE PLACEMENT CONTRACT AND LICENSE AGREEMENT

This Investor Business Agreement ("Agreement") is made effective the _____ of _____ 2011, by and between the individual/business reflected below ("Investor") and T.B.T.I. Inc., a Florida corporation ("Provider"), with regard to the following terms and conditions:

Purpose of the Business Agreement: To outline the parameters, duration, responsibilities and guaranteed profitability of the Virtual Concierge (VC) program. The Initial term of the contract is four (4) years. This contract has a auto-renewable status for additional one year periods at the end of the initial time period. If the contract is extended in addition to this initial term, then Investor's contract will be automatically renewed with TBTI Inc. for that time period.

NOW, THEREFORE, the following specifications, terms and conditions are agreed as follows:

- I. Concept of the Operation:** The cost of investment per VC is \$3000. This is a one time fee and the Investor owns the equipment outright. The return on investment (ROI) is \$300 monthly guaranteed payment for a period of 48 months. There are no monthly fees, expenses or costs for the Investor after their initial payment. Provider is responsible for those related fees, software updates and installation expenses. For whatever reason, the Investor can sell back the VC equipment at anytime for the price they paid. Provider requests that they are provided 30 days notice if equipment is going to be repurchased by them.
- II. Equipment:** The Virtual Concierge technology system is a patent pending product that will be placed in nationally known hotel franchisees, property management companies and brands. Provider is responsible for the maintenance of this unit to include the software upgrades and professional appearance of this unit. It operates on a standard electrical outlet and the hotel's Wi-Fi network. There are no operational fees assessed to the Provider or Investor to operate this unit. Investor's will be informed of where their unit is located and can inspect their equipment at anytime. Investor will also be provided a log in access password to monitor the activity of their VC online.
- III. Commissions:** Are calculated at \$300 monthly, every month for 48 months. The first commission check will be mailed to the Investor 30 days from the day that each VC is purchased. Commissions that are due to the hotel will be mailed out on the same day monthly. Provider will be responsible for all commissions and accounting responsibilities. Revenues are based on long term national advertising contracts as well as those supplemented by local businesses.
- IV. Governing Law:**

The failure of either party to enforce at any time any provision of this Agreement or to exercise any right herein provided shall not in any way be construed to be a waiver of such provision or right and shall not in any way affect the validity of this Agreement or any part hereof, or limit, prevent or impair the right of such party subsequently to enforce provision or exercise such right. This Agreement shall be construed in accordance with the laws of the state of Florida.
- V. Territory Development:** As with an ATM operation, there can be specific territories and development areas designated. With the VC program, this concept can be replicated as well. We are currently creating a program where Investors can be compensated for reselling the VC product line as well as contracting with different locations for placement and local advertising agencies for marketing commissions. Therefore, there may be four different avenues to receive commissions.
- VI. State Director Status:** There will be one Investor per state that will have this designation. There is a one time fee of \$3500 to have this distinction. All State Director's will receive \$25.00 per VC per month that are located in that particular geography regardless if they purchased them or not. Also, as locations become available in that state, they will be referred to that Director for first right of refusal. If a locations in a state are not fulfilled, they will be passed along to the remaining State Directors on a first come, first served basis. The State Dorector's responsibilities are minimal as we will ask them to assist in development, coordination of installs and serve as a general point of contact for the Provider.



VII. Execution: The signatures rendered below by both company's representatives below represent that they have read and agree with the terms set forth above and that these terms and conditions are to be adhered to and are legally binding.

SIGNED "PROVIDER": T.B.T.I., Inc, a Florida corporation:

Approved By: _____
Paul L. Schumack II
Print Name: Paul L. Schumack, II
Title: C.E.O.
Date: _____

SIGNED "INVESTOR": Signed By: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT C



PURCHASE
Food & Beverage
Tournament Tickets

GEE BO

Safe, Secure and Cashless
 Your Fast Pass for Purchases!



FORWARDERS
 MANUFACTURER

ONLINE
 POINTS REGISTRATION

TOUCHSCREEN
 POINTS REGISTRATION



Why JCS Enterprises?

A virtual concierge manufacturing, sales and marketing company, JCS Enterprises is a leader in innovative technology and advertising. Using the latest hardware and software, we are able to manufacture, install, and support our customers with the best bundled suite of Virtual kiosk products in the industry today. From the customized, branded, hand built kiosks, to the state-of-the-art hardware and software packages, available across all the verticals in the industry, JCS presents a set of broad based solutions to meet the unique needs of each of our customers.

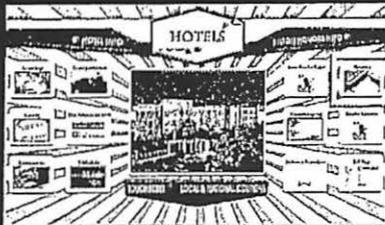
The evolving nature of technology makes it difficult for businesses to keep up with their customers' demands. We can help. Our Virtual Concierge is an electronic database that can be tailored to fit your individual needs. Each kiosk can be customized to provide your customers with an array of services right at their fingertips. In short, the virtual concierge eliminates the need for travel guide services and brochures and replaces them in one collaborative digital machine.



JCS ENTERPRISES

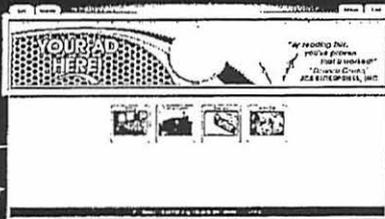
Specializing in Virtual Concierges
& GeeBo® Network

New Introductory Specials!!



Main Screen Package

- Front Page Button
- Unique 1 Page Ad 19" x 10"
- Changeable Printable Coupon



Platinum Header

- Banner Ad Featured on the Main Category Page
18" x 3.5"
- Changeable Printable Coupon



Premium Category Header

- Banner Ad Featured on the Sub Category Page
18" x 3.5"
- Changeable Printable Coupon



Gold Package

- Banner Ad will be 1 of 10 on Page 5.6" x 1.3"
- Changeable Printable Coupon



Curtis Peterson <curtisapeterson@gmail.com>

PRESS RELEASE and News Updates for end of the month

5 messages

paul@atmhospitality.com <paul@atmhospitality.com>
 To: paul@atmhospitality.com

Sat, Oct 26, 2013 at 3:53 PM

Hello Everyone,

JCS Enterprises has informed me that they won't be processing credit cards for VC purchases for the remainder of the month. This decision was made to the unusually high sales volume that won't have time to be properly batched by the end of the month. Therefore, even if the card is processed this month, credit and commission may not have cleared the financial processor to be paid out on time. Please forward all orders to our office at 2445 S. Ocean Boulevard, Highland Beach, Florida 33487. Priority mail or overnight is recommended to be counted by this month's deadline of October 31st at 12:00 PM EST. Funds can also be transferred, wired or deposited in our Bank of America commercial account.

The passive investor program will probably end as we know it on December 31st of this year. It may be reinstated for various time periods of 2014 dependent on corporate contracts that need to be filled which the Gee Bo program will not be able to satisfy. VC sales, the advertising program, (aggressive) and bill payment VC will continue within the framework of the Gee Bo Licensing contract.

I will have definitive pricing for the counties and states Monday so please contact me Monday as they will be disclosed (via email is the best). Pricing has been delayed as JCS wanted to make a major announcement about the star celebrity that has endorsed JCS and the Gee Bo and will appear in their national marketing campaign that will commence shortly. See the press release below which has been sent over major news wires and the internet. This high profile announcement has been a substantial achievement for JCS.

Barbara Corcoran Endorses, GeeBo®, the Latest App for Mobile Shopping

The Entrepreneur and "Shark" on ABC's Shark Tank, has teamed up with JCS Enterprises and GeeBo®.

Jupiter, Florida (PRWEB) October 25, 2013

- GeeBo® mobile application for consumers and business owners, allows cashless, secure shopping straight from their phone. GeeBo® is the only app you will ever need.
- Barbara's entry to the business world follows the true American dream. During her high school and college days she was a straight D student. At the age of 23, she took out a \$1000 loan and started The



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Corcoran Group, one of the most successful real estate businesses in the country. Since then, Barbara's vision and leadership has allowed her to invest in more than two dozen businesses. Her competitive spirit and shepherding abilities have led these businesses to excel well beyond what was expected. She plans for GeeBo® to be no different than the others and is excited to be a part of the GeeBo® team.



- Many consumers have little time to shop for the best deals or wait in line. GeeBo® provides them with the ability to shop from their phone, order food, see local business deals, coupons and even purchase tickets, allowing individuals to save time and money.

Barbara Corcoran Endorses GeeBo®, the latest in Mobile Shopping

“As an entrepreneur and consumer, I save both time and money with my GeeBo mobile app. I can't stand waiting in line and now shopping securely with just my phone makes me wonder why someone didn't think of it sooner.”
Jupiter, Florida (PRWEB) October 25, 2013

GeeBo® mobile application for consumers and business owners, allows cashless, secure shopping straight from their phone. GeeBo® is the only app you will ever need.

Barbara's entry to the business world follows the true American dream. During her high school and college days she was a straight D student. At the age of 23, she took out a \$1000 loan and started The Corcoran Group, one of the most successful real estate businesses in the country. Since then, Barbara's vision and leadership has allowed her to invest in more than two dozen businesses. Her competitive spirit and shepherding abilities have led these businesses to excel well beyond what was expected. She plans for GeeBo® to be no different than the others and is excited to be a part of the GeeBo® team.

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To learn about, GeeBo®, visit <http://www.mygeebo.com>.



JCS Enterprises is continuing to prioritize the appointment of Area Directors for Gee Bo, our national, mobile, ecommerce purchasing directory

Paul L. Schumack II, CEO
2445 S Ocean Boulevard
Highland Beach, FL. 33487
561.865.5456 Office
561.865.7159 Fax
561.929.2745 Cell

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Tammy

From: Paul L. Schumack, II. C.E.O. [paul@atmhospitality.com]
Sent: Sunday, November 27, 2011 2:19 PM
To: chad@atmhospitality.com
Subject: Guaranteed ROI - Virtual Concierge Technology
Attachments: VCWallUnit.pdf; VCFloorUnit.jpg; VCHotelAdvantages.doc

Hello Everyone, Happy Thanksgiving-

This opportunity represents a guaranteed, monthly \$300 residual income for the next 4 years. Please let us know if you are interested as locations are being filled now.

The Virtual Concierge technology is available for both lobby and in room use for hotels. This amenity is now ready for mass dissemination across the country in nationally recognized hotel brands. We are currently looking for investors to participate similar to our ATM program as locations are immediately available. The details of this program are delineated below:

- The cost of the kiosk is \$3000. You own the equipment outright. The return on investment is a guaranteed amount of \$300 monthly. Therefore ROI is calculated at 10 months. This residual payment will continue while 4 year contract is current. Contracts are written as auto renewable.
- We locate properties that will utilize our service. We are responsible for all costs associated with installation, maintenance, software upgrades and commission payments. You have no involvement with this operation.
- For whatever reason, we can purchase the equipment back from you at anytime.
- Revenues that are commissioned to you and the hotel are derived from large national and local advertisers that have paid for advertising space that appear on the VC.
- Although similar to your ATM residual; you do not have to maintain, service or reload. Your check is sent at the end of every calendar month.
- This may be a great way for you to diversify your business with something similar to ATMs but have no active involvement.
- You can sign up as your state's representative for \$3500 which entitles you to receive compensation for all VC's in that state.
- Our standard marketing piece that is sent to hotels is delineated below:

Our company has recently started marketing the Virtual Concierge technology system. These units are designed to be wall mounted in the rooms of the guests. They provide access to all services and events inside the hotel as well as business' and activities in the local community. The program is similar to our ATM service where there is no cost to participate. We only need an electrical outlet to operate. The internet connection is made through the hotel's Wi-Fi system. In addition to the capabilities and benefits listed in the attachment, the salient points of their value are delineated below:

- The Virtual Concierge (VC) is the latest hospitality technology that provides immediate service to your guests through our touch screen access. Room service can be accessed and ordered through the kiosk. Wake up calls can be scheduled, maid and valet service requested at the touch of their fingertips.

2/11/2014

- Guests have all information about your in house products and services within the hotel. Hotel scheduled activities, spa and dinner reservations can be made from our device. Golf Tee times can be scheduled as well.
- Hotel and Local Area restaurants can be promoted and coupon printed. Airline reservations and ticketing can be performed at the kiosk also. The VC can be used as a telephone and has skype capabilities available. It is the only in- room VC in the industry today that has printing capabilities.
- The VC has in a built in keyboard so guests can purchase your products and services online. Gift cards can be sold with this kiosk and guests enrolled in your loyalty programs. Guest demographic data can be gathered and analyzed. They can schedule future reservations and provide information to you in the form of a survey.
- All Credit card transactions fees and charges are retained by the hotel.
- Our kiosks are customizable and can be branded.
- The wood encasement can be stained to match your décor.
- All content can be updated remotely within a few hours.
- Floor models for the lobby are also available.
- The antiquated brochure rack can now be replaced with our high tech personal solution.

Please let me know if this new product may interest you. If you have any questions, please contact me at your convenience. Thanks, Paul

Paul L. Schumack II, C.E.O.
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