

11. FIP's business model revolved around the sourcing and sale of retirees' recurring income from pension benefits.

12. FIP sought out pensioners who were in need of additional income (the "Pensioners"). FIP would offer Pensioners a lump sum of money or a loan for an assignment of all or a portion of their pensions for a set period of time.

13. In order to raise the money to purchase the pension streams, FIP offered the income from the pension streams (the "FIP Product") to investors seeking consistent returns for their investments (collectively the "Investors;" individually an "Investor").

14. FIP was able to locate large numbers of the Investors through a network of insurance agents and investment adviser representatives (the "FIP Agents").

15. FIP compensated the FIP Agents with transaction-based compensation.

16. Various consumer protection and regulatory agencies investigated and brought lawsuits against FIP in response to its scheme. *See, e.g., Commonwealth of Virginia Ex Rel. Mark R. Herring, Attorney General v. Future Income Payments, LLC, et al.*, Civil Action No. CL18000527-00 (Hampton County, March 6, 2018); *Illinois v. Future Income Payments, LLC*, No. 2018CH000142 (7th Judicial Circuit Sangamon County, April 18, 2018); *State of Minn. v. Future Income Payments, LLC et al.*, No. 27-CV-17-12579 (City. of Hennepin Dist. Ct., Sep. 26, 2017); and *In re Future Income Payments, LLC* (N.Y. Dept. Fin. Serv. Oct. 20, 2016).

17. By April 2018, FIP could not sustain the business. At that time, the Investors ceased receiving the income from

18. On March 12, 2019, Scott Kohn and FIP were indicted by a federal grand jury in the District of South Carolina. *United States v. Scott A. Kohn and Future Income Payments, LLC* (6:19-cr-000239-CRI, March 12, 2019). Among various charges, the indictment alleged that "[a]s

state regulators began prohibiting FIP from operating in various states and pensioners struggled under a usurious payment regime imposed on them, FIP diverted new investor funds flowing into the business to fund payments to earlier investors to keep the scheme and artifice operational. In this manner, the investment program operated by FIP was a ‘Ponzi scheme[,]’” and “[t]he operation of the scheme and artifice surrounding FIP allowed [Kohn] to live a lavish lifestyle.”

19. On April 4, 2019, the Division published an Order to Cease and Desist against Scott Kohn and FIP.¹

20. After spending six months as a fugitive, Scott Kohn was captured by U.S. Marshals on a San Diego, California, beach on September 21, 2019.² He has been charged with conspiracy to commit wire fraud and mail fraud. He is currently awaiting trial.

21. Gardner, through WSG, operated as a FIP Agent in South Carolina.

22. The Respondents sold FIP Products to 18 different investors during the Relevant Time Period. The Respondents’ FIP sales totaled \$2,943,348.43. FIP paid the Respondents \$176,535.20 in commissions for their sale of FIP Products.

23. Several Investors to whom Respondents sold FIP Products filed suit against Respondents when the FIP Scheme collapsed. At th

V. CONCLUSIONS OF LAW

24. The FIP Product is a security, pursuant to S.C. Code Ann. § 35-1-102(29).
25. The FIP Product was neither registered with the Division, nor was it exempt from registration, pursuant to S.C. Code Ann. § 35-1-201.
26. The Respondents offered and sold securities, which were neither registered with the Division, nor exempt from such registration, in violation of S.C. Code Ann. § 35-1-301.
27. Offering or selling a security that is neither registered with the Division nor exempt from such registration is a willful failure to comply with the Act, pursuant to S.C. Code Ann. § 35-1-412(d)(2).
28. The Respondents acted as agents, as defined by S.C. Code Ann. § 35-1-102(2), in connection with the offer and sale of securities in South Carolina.
29. Neither of the Respondents was registered as an agent with the Division, nor exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).
30. Acting as an agent in connection with the offer and sale of securities, without being registered with the Division as such or exempt from registration, is a willful failure to comply with the Act, pursuant to S.C. Code Ann. § 35-1-412(d)(2).
31. The Respondents' 36 willful violations of the Act provides the basis for this order.

VI. ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Each Respondent and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or

indirectly or directly controlled by, or on behalf of each of the Respondents

Nexsen Prust, LLC

By:

Assistant Deputy Attorney General

Date:

8/25/22