

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

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I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the

IV. FINDINGS OF FACT

4. Future Income Payments, LLC ("FIP") was a Delaware limited liability company with a registered agent, Agents and Corporation, Inc., located at 1201 Orange Street, Suite 600, One Commerce Center, Wilmington, Delaware 19801.

5. Scott Kohn was the sole owner and manager of FIP.

6. FIP's business model revolved around purchasing and sale of retirees' recurring income from pension benefits.

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

8.

12. By April 2018, FIP could not sustain the scheme, and the scheme collapsed. The FIP Investors ceased receiving the income from the FIP Product.

13. On March 12, 2019, 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 airtight operational. In this manner, the investment program operated by FIP was a ‘Ponzi scheme[,]’” and “[t]he operation of the scheme and the facts surrounding FIP allowed [Kohn] to live a lavish lifestyle.”

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

15. 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. He has been charged with conspiracy to commit wire fraud and mail fraud. He is currently awaiting trial.

16. During the Relevant Period, the Respondent operated as a FIP Agent in South Carolina.

17. During the Relevant Period, the Respondent offered and sold the FIP Product to seven South Carolina FIP Investors. These seven South Carolina FIP Investors invested \$959,532

¹ In the matter of Future Income Payments, LLC; FIP; and Scott A. Kohn – Order to Cease and Desist (4/4/2019), <http://2hsvz0l74ah31vgcm16peuy12tz.wpengine.netdna-cdn.com/wp-content/uploads/2019/04/Order-to-Cease-and-Desist-4.5-01935944xD2C78.pdf>

² Brown, Kirk. “[U.S.] Marshals capture Scott Kohn, accused in Greenville of defying on veterans and investors.” The Greenville News 23 Sept. 2019. <https://www.greenvilleonline.com/story/news/local/2019/09/23/marshals-capture-scott-kohn-accused-seizing-veterans/2418273001> Accessed 1 July 2020.

in the FIP Product. Respondent received approximately \$38,381 in transaction based compensation in connection with his sale of FIP Product to the seven South Carolina FIP Investors.

18. During the Relevant Period, Respondent was registered with the Division as an agent or exempt from such registration.

V. CONCLUSIONS OF LAW

19. The FIP Product is a security, pursuant to S.C. Code Ann. § 35-1-102(29).

20. The FIP Product was neither registered with the Division, nor exempt from registration, pursuant to S.C. Code Ann. § 35-1-201.

21. The Respondent offered and sold a security, which was neither registered with the Division, nor exempt from such registration, at least seven times in violation of S.C. Code Ann. § 35-1-301.

22. Offering or selling a security that is neither registered with the Division nor exempt from such registration constitutes a willful failure to comply with the Act pursuant to S.C. Code Ann. § 35-1-412(d)(2).

23. The Respondent acted as an agent at least seven times in connection with the offer and sale of a security in South Carolina as defined by S.C. Code Ann. § 35-1-102(2).

24. The Respondent was neither registered as an agent with the Division, nor exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).

25. Acting as an agent in connection with the offer and sale of a security, without being registered with the Division, in violation of S.C. Code Ann. § 35-1-402(a).

27. This order is in the public interest.

VI. ORDER

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

- a. The Respondent and every successor, affiliate, control person, agent, servant, and employee of the Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondent, shall CEASE AND DESIST from transacting securities business in this State in violation of the Act; and
- b. The Respondent shall pay a civil penalty in the amount of forty thousand dollars (\$40,000.00).
- c. The Respondent has disgorged a significant proportion of his commissions to the seven South Carolina FIP Investors. Because of the Respondent's remedial efforts, thirty-five thousand dollars (\$35,000) of the civil penalty ordered in section (b) supra is hereby SUSPENDED.
- d. The Respondent expressly consents and agrees that he will not participate in any aspect of the securities industry in the State of South Carolina.

Upon execution by the Securities Commissioner, this Consent Order resolves Matter

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 11/8/19