

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

VERTO CAPITAL MANAGEMENT LLC and
WILLIAM R. SCHANTZ III

Defendants

17 Civ. 3115 (RBK)

ECF CASE

**FINAL JUDGMENT AS TO DEFENDANTS WILLIAM R. SCHANTZ
AND VERTO CAPITAL MANAGEMENT LLC**

The Securities and Exchange Commission having filed a Complaint, and Defendants William R. Schantz and Verto Capital Management LLC having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); having executed the Consent attached hereto and incorporated herein; waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any

security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;

- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Schantz is permanently restrained and enjoined from selling any promissory notes, either directly or through any entity of which he has any ownership interest or control, or through any family member or associate.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that

Defendants are liable, jointly and severally, for disgorgement of \$3,433,666, prejudgment interest of \$124,851.11, and a civil penalty in the amount of \$600,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], for a total of \$4,158,517.11. Defendants shall satisfy this obligation by paying \$4,033,666 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph V below, after entry of this Final Judgment. All amounts due shall be deemed satisfied upon successful completion of payment plan set forth at paragraph V below.

Defendants may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; William R. Schantz and Verto Capital Management LLC as defendants in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendants shall certify, in writing, compliance with the payment obligations set forth above no later than seven (7) days from the date of the payment. Defendants shall simultaneously transmit photocopies of evidence of payment (e.g., copies of check and/or wire transfer information). Defendants shall submit the certification and supporting material to Steven G.

Rawlings *via* email. By making this payment, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendants.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) if any payments due pursuant to the schedule set forth below are not made in full and on time. Defendants shall pay pre-judgment and post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon, to be distributed, to harmed investors. A Fair Fund comprised of the funds held by the Commission is created pursuant to provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010. The Fair Fund will be distributed in the manner provided below.

Assuming the payments due pursuant to the schedule in paragraph V below are timely made, the Commission will distribute the Fair Fund. After receiving a payment pursuant to the schedule in Paragraph V below, the Commission shall, within 30 days, distribute the payment pro-rata to the investors who have not been repaid the amounts of principal and interest owed at the maturity of their note (hereinafter, the "Investors"). Attached hereto as Exhibit B is a list of the Investors (with names redacted), including the amounts of principal and interest owed to each Investor. Attached hereto as Exhibit C is a schedule of the amounts the Investors shall receive in the event that Defendants timely make full payments pursuant to the schedule set forth herein. The Commission may seek to modify the schedule of payments to investors, with the approval of the Court, in the event that Defendants are able to pay the amounts owed earlier than the schedule in Paragraph V contemplates or in the event that the Commission becomes aware that any information concerning the Investors or amounts owed to Investors requires modification.

Commission staff shall engage a tax administrator for the above payments to the investors as the Fair Fund constitutes a qualified settlement fund under section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through B-5. Taxes, if any, and related administrative expense shall be paid from the Fund.

The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund, or any portion thereof, will not be distributed, the Commission shall send any such funds paid pursuant to this Final Judgment to the United States Treasury.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment 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, Defendants shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendants' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendants 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 United States Treasury or to a Fair Fund, as the Commission directs. 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 Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendants by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

Defendants shall, jointly and severally, pay disgorgement of \$3,433,666 and a civil penalty in the amount of \$600,000, for a total of \$4,033,666. Payment shall be made in the following five installments:

- 1) Within 14 days of the entry of this Final Judgment, disgorgement of \$250,000;
- 2) Within 90 days of the entry of this Final Judgment, disgorgement of \$600,000;
- 3) Within 180 days of the entry of this Final Judgment, disgorgement of \$600,000;
- 4) Within 270 days of the entry of this Final Judgment, disgorgement of \$600,000;
- 5) Within 360 days of the entry of this Final Judgment, disgorgement of \$1,383,666, and penalty of \$600,000 (combined, \$1,983,666), plus post-judgment interest if necessary.

Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. 1961 on any unpaid amounts due after 14 days of the entry of Final Judgment. If William R. Schantz and/or Verto Capital Management fail 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 Final Judgment, including pre-judgment and post-judgment interest (minus any payments previously made) may become due and payable immediately at the discretion of the staff of the Commission without further application to the Court.

VI.

To secure payment of the disgorgement and penalties against Defendants, ordered by the Final Judgment, Defendant Schantz and the co-owner will provide plaintiff Securities and Exchange Commission (“Commission”) with Mortgages with respect to the properties they own located at 1040 Riverton Road, Moorestown, NJ 08057 and 16 Crider Avenue, Moorestown, NJ 08057 (the “Properties”). Defendant Schantz and the co-owner consent to the Commission’s filing, at the expense of Defendant Schantz, the Mortgage, and taking any other steps necessary to perfect the Commission’s security interest in the Property, upon the Court’s entry of the Final Judgment. In the event Defendants fail to make any payment on schedule in paragraph V of this Final Judgment, the Commission may enforce the Mortgages against the Properties.

To further secure the payment of the disgorgement, prejudgment interest, civil penalty, and pre-judgment and post-judgment interest (if applicable), as ordered by the Final Judgment, Defendants have also provided the Commission with an unconditional guaranty (the “Unconditional Guaranty”) of payment from Mid Atlantic Financial LLC, Senior Settlements LLC, and Green Leaf Capital Management LLC (collectively the “Guarantors”). In the event Defendants fail to make any payment within the times set by paragraph V of this Final Judgment, the Commission may enforce the Unconditional Guaranty against the Guarantors. The Unconditional Guaranty provides that the Commission may enforce the Unconditional Guaranty against the Guarantors without the requirement that the Commission first proceed against the Defendants, and whether or not the Defendants, or any of them, are discharged from their obligations under the Final Judgment, in whole or in part. The Unconditional Guaranty further provides that any waiver, modification or extension of time for payment given by the

Commission to the Defendants shall not discharge or otherwise affect the obligations of the Guarantors.

To further secure payment of the disgorgement and penalties against Defendants, ordered by the Final Judgment, Defendants have also provided the Commission with a collateral assignment (the “Collateral Assignment”) of all of Defendants’ rights in the life insurance policies listed in Attachment A (collectively, the “Life Insurance Policies”). Defendants consent to the Commission’s filing of the Collateral Assignment for each policy, and taking any other steps necessary to perfect the Commission’s security interest in the Policies, upon the Court’s entry of the Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Final Judgment, the Commission may file with the carrier, take ownership over and possession of the Policies and sell the policies and use the proceeds for the Fair Fund, which proceeds will be credited against the total amount owed by the Defendants pursuant to the Final Judgment.

VII.

It Is Further Ordered, Adjudged, And Decreed that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein. Defendants further agree that, in the event of any proposed sale of any of the Life Insurance Policies, Defendants will provide notice to the staff of the Securities and Exchange Commission (the “Staff”), at least seven (7) calendar days prior to executing any agreement to transfer any of the Life Insurance Policies, including by providing the Staff the “Proposed Sale Documentation Package.” The Proposed Sale Documentation Package refers, at a minimum, to documents sufficient to demonstrate all terms

of the proposed sale, the proposed purchaser, the proposed sale price, the terms for payment of that sale price, and any contingencies or conditions precedent to the proposed sale. The Staff reserves the right to request additional information related to any proposed sale of any of the Life Insurance Policies.

Defendants agree that, in the event the Staff objects to any proposed sale of any of the Life Insurance Policies, the Staff and counsel for Defendants will meet and confer to discuss any issues that the Staff identifies with respect to the proposed sale. Defendants agree that if, after the meet and confer process, the Staff maintains an objection to the proposed sale, and Defendants nonetheless wish to proceed with the sale, Defendants must seek formal approval from the Court that enters this Consent Judgment before proceeding with any such sale. Defendants agree that any proceeds from the sale or from maturity of the Life Insurance Policies shall be sent to the Commission within seven (7) calendar days of receipt of the proceeds by Defendants or any other entity controlled by Defendant Schantz. Such proceeds will be credited against the total amount owed by Defendants under this Final Judgment, and will be deducted from the next payment due pursuant to the schedule of payments in paragraph V of this Final Judgment provided all prior payments have been made.

VIII.

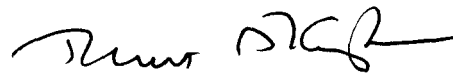
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendants, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement

entered in connection with this proceeding, is a debt for the violation by Defendants 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).

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: May 5, 2017



Honorable Robert B. Kugler
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

WILLIAM R. SCHANTZ III,
VERTO CAPITAL MANAGEMENT LLC,

Defendants,

[17 Civ. 3115 (RBK)]

ECF CASE

**CONSENT OF DEFENDANTS WILLIAM R. SCHANTZ AND VERTO
CAPITAL MANAGEMENT LLC**

1. Defendants William R. Schantz III and Verto Capital Management LLC, (“Defendants”) waive service of a summons and the complaint in this action, enter a general appearance, and admit the Court’s jurisdiction over Defendants and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which Defendants admit), Defendants hereby consent to the entry of the final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:

- a. permanently restrains and enjoins Defendants from violations of Section 5 of the Securities Act of 1933, as amended (the “Securities Act”) [15 U.S.C. § 77e], and Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)];

- b. permanently restrains and enjoins Defendant Schantz from selling any promissory notes, either directly or through any entity he has any ownership or control interest in, or through any family member or associate.
- c. orders Defendants, joint-and-severally, to pay disgorgement in the amount of \$3,433,666 and prejudgment interest in the amount of \$124, 851.11;¹
- d. orders Defendants, joint-and-severally, to pay a civil penalty in the amount of \$600,000 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; and
- e. orders that all amounts due by Defendants shall be deemed satisfied by their payment of \$4,033,666 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph 12 below.
- f. orders that all amounts ordered to be paid by this Final Judgment shall accrue post-judgment interest pursuant to 28 U.S.C. § 1961 until paid.

3. To secure payment of the disgorgement and penalties against Defendants, ordered by the Final Judgment, Defendant Schantz and the co-owner will provide plaintiff Securities and Exchange Commission (“Commission”) with Mortgages with respect to the properties they own located at 1040 Riverton Road, Moorestown, NJ 08057, and 16 Crider Avenue, Moorestown, NJ 08057 (the “Properties”). Defendant Schantz and the co-owner consent to the Commission’s filing at their expense of the Mortgages and taking any other steps necessary to perfect the Commission’s security interest in the Property, upon the Court’s entry of the Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Final Judgment, the Commission may enforce the Mortgages against the Properties.

¹ PJI amount is calculated as follows: total disgorgement of \$3,433,666 from date of last note 10/9/15 through 11/20/16.

4. To further secure payment of the disgorgement and penalties against Defendants, ordered by the Final Judgment, Defendants have also provided the Commission with an Unconditional Guaranty from Mid Atlantic Financial LLC, Senior Settlements LLC and Green Leaf Capital Management LLC (collectively, the “Guarantors”). In the event Defendants fail to make any payment on schedule as required by the Final Judgment, the Commission may enforce the Unconditional Guaranty against the Guarantors.

5. To further secure payment of the disgorgement and penalties against Defendants, ordered by the Final Judgment, Defendants have also provided the Commission with a collateral assignment (the “Collateral Assignment”) of all of Defendants’ rights in the life insurance policies listed in Attachment A (collectively, the “Life Insurance Policies”). Defendants consent to the Commission’s filing of the Collateral Assignment for each policy, and taking any other steps necessary to perfect the Commission’s security interest in the Policies, upon the Court’s entry of the Final Judgment. In the event Defendants fail to make any payment on schedule as required by the Final Judgment, the Commission may file with the carrier, take ownership over and possession of the Policies and sell the policies and use the proceeds for the Fair Fund, which proceeds will be credited against the total amount owed by the Defendants pursuant to the Final Judgment.

6. Defendants acknowledge that the disgorgement and civil penalty paid pursuant to the Final Judgment will be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010. The civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendants agree that they shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based

on Defendants' payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendants' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendants agree that they 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 United States Treasury or to a Fair Fund, as the Commission directs. 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 action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendants by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

7. Defendants agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amount that Defendants pay pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendants further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendants pay pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

8. Defendants further agree that, in the event of any proposed sale of any of the Life Insurance Policies, Defendants will provide notice to the staff of the Securities and Exchange Commission (the "Staff"), at least seven (7) calendar days prior to executing any agreement to

transfer any of the Life Insurance Policies, with the “Proposed Sale Documentation Package” which means, at a minimum, documents sufficient to demonstrate all terms of the proposed sale, the proposed purchaser, the proposed sale price, the terms for payment of that sale price and any contingencies or conditions precedent to the proposed sale. The Staff reserves the right to request additional information.

9. Defendants agree that in the event the Staff objects to the proposed sale, the Staff and counsel for Defendants will meet and confer to discuss any issues that the Staff identifies with respect to the proposed sale.

10. Defendants agree that if, after the meet and confer process, the Staff maintains an objection to the proposed sale and Defendants nonetheless wish to proceed with the sale, Defendants will be required to seek formal approval from the Court that enters this Consent Judgment before proceeding with any such sale.

11. Defendants agree that any proceeds from the sale or from maturity of the Life Insurance Policies listed in Exhibit A shall be sent to the Fair Fund within seven (7) calendar days of receipt of the proceeds by Defendants or any entity controlled by Defendant Schantz. Such proceeds will be credited against the total amount owed by Defendants, pursuant to the Final Judgment, and will be deducted from the next payment due pursuant to the schedule of payments listed in paragraph 12, below.

12. Defendants agree to the following schedule of payment for the Final Judgment:
- a. Defendants have made a payment of \$250,000 into an escrow account which will be sent to the Commission within 14 days of the entry of the Final Judgment;

- b. within ninety (90) calendar days from the entry of the Final Judgment (“Order Date”), Defendants shall make an additional payment of \$600,000 to the Commission;
- c. within one hundred eighty (180) days from the entry of the Final Judgment, Defendants shall make an additional payment of \$600,000 to the Commission;
- d. within two hundred seventy (270) calendar days from the entry of the Final Judgment, Defendants shall make an additional payment of \$600,000 to the Commission; and
- e. within three hundred sixty (360) calendar days from the entry of the Final Judgment, Defendants shall make an additional payment of \$1,983,666 to the Commission, representing \$1,383,666 in disgorgement and \$600,000 penalty.
- f. Defendants agree that upon their failure to make full payment of any one of these scheduled amounts on the specified date the Commission may declare the full amount of the Final Judgment immediately due and payable.
- g. In the event that all payments above are timely made, the pre-judgment interest component of the Final Judgment and any post-judgment interest accruing on the Final Judgment shall be deemed satisfied, but if any of such payments are not timely made, the pre-judgment interest and all post-judgment interest shall immediately become due and payable.

13. Defendants shall certify, in writing, compliance with the payment obligations set forth above no later than seven (7) days from the date of the payment. Defendants shall simultaneously transmit photocopies of evidence of payment (e.g., copies of check and/or wire

transfer information). Defendants shall submit the certification and supporting material to Steven G. Rawlings *via* email.

14. Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure. Defendants waive the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

15. Defendants enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendants to enter into this Consent.

16. Defendants agree that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

17. Defendants will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waive any objection based thereon.

18. Defendants waive service of the Final Judgment and agree that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendants of its terms and conditions. Defendants further agree to provide counsel for the Commission, within thirty (30) days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendants have received and read a copy of the Final Judgment.

19. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendants in this civil proceeding. Defendants acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or

representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendants waive any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendants further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendants understand that they shall not be permitted to contest the factual allegations of the complaint in this action.

20. Defendants understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendants' agreement to comply with the terms of Section 202.5(e), Defendants: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendants do not admit the allegations of the complaint, or that this Consent

contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendants hereby withdraw any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulate solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendants 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). If Defendants breach this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendants: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

21. Defendants hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendants to defend against this action. For these purposes, Defendants agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.

22. Defendants agree that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

23. Defendants agree that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 5/3/17 [Signature]
William R. Schantz III

On MAY 3, 2017, WILLIAM SCHANTZ, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

[Signature]
Notary Public
Commission Expires: _____
GERARD SHERLOCK
ID # 2170965
NOTARY PUBLIC
STATE OF NEW JERSEY
VERTO CAPITAL MANAGEMENT LLC

Dated: 5/3/17
By: [Signature]
William R. Schantz III
President & Chief Executive Officer
Verto Capital Management LLC
1000 S. Lenola Road, Building 1, Suite 202
Maple Shade, NJ 08052

On _____, 2017, _____, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of _____ as its _____.

Notary Public
Commission expires: _____

Approved as to form:
[Signature]
David M. Laigait
John W. Pauciulo
Attorney for Defendants
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Two Liberty Place, 50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

EXHIBITS TO CONSENT**EXHIBIT A - Life Insurance Policies**

1. Life insurance policy issued by Union Security Insurance Company, as successor to St. Paul Life Insurance Company, which insures the life of Burton Hermann, also identified as Policy Number 7982450 (the "Hermann Policy")
2. Life insurance policy issued by United of Omaha Life Insurance Company, which insures the life of Michael Godfrey, also identified as Policy Number BU1398100 (the "Godfrey Policy")

EXHIBIT B - List of Investors

There are 41 separate promissory notes outstanding that were issued to 36 investors.

Notes	Last Name	First Name	Effective Date	Principal	Forbearance (Principal Owed)	Interest
1.	██████	██████	2/17/2015	\$35,750.00	\$85,000.00	\$7,650.00
2.	██████	██████	6/1/2015	\$139,100.00	\$89,100.00	\$20,155.59
3.	██████	██████	9/10/2015	\$20,000.00	\$20,000.00	\$2,898.00
4.	██████	██████	9/30/2015	\$53,500.00	\$53,500.00	\$7,752.15
5.	██████	██████	8/27/2015	\$51,400.00	\$51,400.00	\$7,447.86
6.	██████	██████	7/27/2015	\$80,143.00	\$80,143.00	\$11,612.72
7.	██████	██████	8/28/16	\$46,750.00	\$46,750.00	\$3,272.50
8.	██████	██████	6/12/2015	\$52,397.90	\$52,397.90	\$7,592.45
9.	██████	██████	9/15/2015	\$50,000.00	\$50,000.00	\$7,245.00
10.	██████	██████	8/26/2015	\$275,000.00	\$260,000.00	\$38,797.50
11.	██████	██████	7/12/15	\$117,700.00	\$117,700.00	\$8,815.73
12.	██████	██████	7/15/15	\$114,400.00	\$114,400.00	\$8,568.56
13.	██████	██████	3/24/2015	\$144,000.00	\$144,000.00	\$32,406.19
14.	██████	██████	6/18/2015	\$25,000.00	\$23,250.00	\$3,500.00
15.	██████	██████	5/21/16	\$107,000.00	\$107,000.00	\$4,992.62
16.	██████	██████	6/29/2015	\$90,783.00	\$90,783.00	\$13,097.21
17.	██████	██████	8/17/2015	\$50,000.00	\$50,000.00	\$7,245.00
18.	██████	██████	6/10/2015	\$41,000.00	\$41,000.00	\$5,940.90
19.	██████	██████	9/22/2015	\$42,000.00	\$42,000.00	\$6,085.80
20.	██████	██████	7/1/2015	\$58,850.00	\$58,850.00	\$8,526.83
21.	██████	██████	7/22/2015	\$176,000.00	\$106,000.00	\$33,802.40
22.	██████	██████	9/18/2015	\$114,490.00	\$114,490.00	\$19,039.36
23.	██████	██████	9/18/2015	\$123,535.00	\$123,535.00	\$20,535.38

24.	██████	██████	7/15/2015	\$160,500.00	\$160,500.00	\$23,256.40
25.	██████	██████	7/21/2015	\$160,500.00	\$160,500.00	\$23,256.45
26.	██████	██████	9/30/2015	\$107,000.00	\$107,000.00	\$11,932.21
27.	██████	██████	5/28/2015	\$22,000.00	\$22,000.00	\$3,091.50
28.	██████	██████	3/5/2015	\$60,000.00	\$40,000.00	\$10,604.58
29.	██████	██████	8/2/16	\$53,500.00	\$53,500.00	\$3,745.00
30.	██████	██████	6/13/2015	\$37,200.00	\$34,200.00	\$5,180.28
31.	██████	██████	8/13/2015	\$70,000.00	\$70,000.00	\$10,143.00
32.	██████	██████	8/5/16	\$81,320.00	\$81,320.00	\$5,692.40
33.	██████	██████	3/22/2015	\$20,000.00	\$20,000.00	\$4,500.86
34.	██████	██████	3/24/2015	\$193,368.00	\$193,368.00	\$43,516.11
35.	██████	██████	9/6/2015	\$98,400.00	\$98,400.00	\$14,258.16
36.	██████	██████	9/26/2015	\$30,000.00	\$30,000.00	\$4,347.00
37.	██████	██████	9/18/2015	\$31,500.00	\$31,500.00	\$4,564.35
38.	██████	██████	9/26/2015	\$54,500.00	\$54,500.00	\$7,897.05
39.	██████	██████	9/28/2015	\$70,000.00	\$30,000.00	\$7,343.00
40.	██████	██████	6/10/2015	\$73,000.00	\$73,000.00	\$10,577.70
41.	██████	██████	4/2/2015	\$277,600.00	\$277,600.00	\$62,472.13
	TOTALS			\$3,630,586.90	\$3,458,686.90	\$543,357.93

EXHIBIT C – Schedule of Payment

<u>Pmnt #</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Unallocated</u>	<u>Total</u>
1	250,000	250,000	\$ -	-	250,000
2	600,000	600,000	-	-	600,000
3	600,000	600,000	-	-	600,000
4	600,000	600,000	-	-	600,000
5	<u>1,983,666</u>	<u>1,408,687</u>	<u>543,358</u>	<u>31,621</u>	<u>1,983,666</u>
	<u>\$ 4,033,666</u>	<u>3,458,687</u>	<u>\$ 543,358</u>	<u>\$ 31,621</u>	<u>\$ 4,033,666</u>