

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:**

**Robert Leroy Gardner (CRD No.  
2131726), and  
WSG Advisors, LLC (CRD No.  
148319);**

**Respondents.**

**CONSENT ORDER  
Matter No. 20183236**

**I. PRELIMINARY STATEMENT**

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.* (the “Act”), and delegated to the Securities Division of the Office of the Attorney General (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Robert Leroy Gardner (“Gardner”) and WSG Advisors, LLC (“WSG”) (collectively, the “Respondents”), and, in connection with its investigation, the Division has determined that the Respondents violated the Act.

Without admitting or denying the findings of fact and conclusions of law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel, expressly consent to the entry of this Consent Order, which resolves the allegations against them set forth herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

## **II. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

## **III. THE RESPONDENTS**

2. Gardner is a resident of the State of South Carolina.

3. Gardner has been registered with the Division as an investment adviser representative since approximately 2004. Gardner was registered with the Division as a broker dealer agent from 1992 to 2008.

4. Between April of 2016 and October of 2017 (the “Relevant Time Period”), Gardner was registered with the Division as an investment adviser representative affiliated with WSG.

5. Gardner is registered with the South Carolina Department of Insurance as an insurance producer.

6. WSG is a for-profit company with its principal place of business at 29 Plantation Park Drive, Ste. 115, Bluffton, South Carolina 29910.

7. WSG has been registered with the Division as an investment adviser since 2008. WSG was registered with the Division as an investment adviser during the Relevant Time Period.

8. Gardner is the sole owner, manager, and control person of WSG.

## **IV. FINDINGS OF FACT**

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

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

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 (7<sup>th</sup> 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 scheme, and the scheme collapsed. At that time, the Investors ceased receiving the income from the FIP Product.

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.<sup>1</sup>

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.<sup>2</sup> 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 the time of the collapse, the Investors to whom Respondents’ had sold FIP Products were exposed to approximately \$2,000,000 in losses related to their purchase of FIP Products.

---

<sup>1</sup> In the matter of Future Income Payments, LLC; FIP, LLC; 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>

<sup>2</sup> Brown, Kirk. “[U.S.] Marshals capture Scott Kohn, accused in Greenville of preying 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-sc-preying-veterans/2418273001/>. Accessed 1 July 2020.

## **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 **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301 and 35-1-402 thereof; and
- b. The Respondents shall jointly and severally pay a civil penalty in the amount of \$200,000 to the Division, which is due on or before August 31, 2022.
  - c. The Respondents have engaged in significant remedial efforts, which includes disgorgement of certain of their commissions to the Investors. Because of the Respondents' remedial efforts, \$150,000 of the civil penalty ordered in section b, *supra*, is hereby **SUSPENDED**.

Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 20183236 as to the Respondents.


As part of this Consent Order the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondents do not deny the allegations. If any Respondent breaches this agreement, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects a Respondent's: (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings.

This Consent Order should not be interpreted to waive any (i) criminal cause of action, (ii)

private cause of action that may have accrued to investors as a result of the activities detailed in the Order to Cease and Desist, or (iii) other causes of action that may result from activities of the Respondents not detailed in the Order to Cease and Desist.

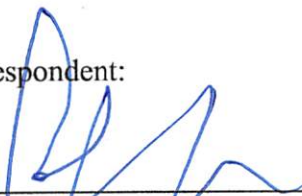
ENTERED, this the 1 day of September, 2022.

ALAN WILSON  
SECURITIES COMMISSIONER

By: 

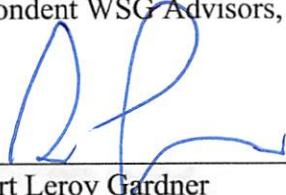
ALAN WILSON  
Securities Commissioner  
State of South Carolina

Respondent:

  
\_\_\_\_\_  
Robert Leroy Gardner


Date: 7/29/2022

Respondent WSG Advisors, LLC:

  
By: \_\_\_\_\_  
Robert Leroy Gardner  
Owner

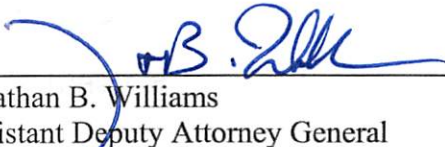
Date: 7/29/2022

Attorney for Respondents:

  
\_\_\_\_\_  
Andrew Mathias,  
Nexsen Pruet, LLC

Date: 8/24/22

South Carolina Attorney General's Office Securities Division:

By:   
Jonathan B. Williams  
Assistant Deputy Attorney General

Date: 8/25/22