

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

**IN THE MATTER OF:**

**Lane Elliot Ginsberg (CRD No.  
1359972) and Freedom Capital  
Advisors, LLC (CRD No. 168451),**

**Respondents.**

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**CONSENT ORDER  
Matter No. 20161033 & 20201774**

**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 Lane Elliot Ginsberg (CRD No. 1359972) (“Ginsberg”) and his company, Freedom Capital Advisors, LLC (CRD No. 168451) (“Freedom Capital”) (collectively, the “Respondents”), and in connection with its investigation, the Division has determined that 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. RESPONDENTS**

2. Ginsberg was, between January of 2015 and December of 2017 (the “Relevant Period”), a resident of State of South Carolina. Ginsberg’s last known addresses were 9104 Glen Forest Drive, Greenville, SC 29607, and 14 Knoll Ridge Drive, Greer, South Carolina 29650. Ginsberg was, during the Relevant Period, registered with the Division as an investment adviser representative affiliated with Freedom Capital. Ginsberg was registered as an investment adviser representative with the Division between November of 2011 and January of 2021. Prior to that time, between 1991 and 2001, Ginsberg was registered with the Division as an agent affiliated with a number of broker-dealers.

3. Ginsberg is also registered with the South Carolina Department of Insurance as an insurance producer affiliated with Freedom Retirement Advisors (“Freedom Retirement”).

4. Freedom Capital was, during the Relevant Period, registered with the Division as an investment adviser. Freedom Capital’s last known principal place of business was located at 14 Knoll Ridge Drive, Greer, South Carolina 29650. Freedom Capital was registered as an investment adviser with the Division between August of 2013 and January of 2021.

5. Ginsberg was, during the Relevant Period, the sole owner, managing member, and chief compliance officer of Freedom Capital.

## **IV. FINDINGS OF FACT**

### **A. Woodbridge**

6. The Woodbridge Group of Companies, LLC (“Woodbridge”) was a California-based entity, which purported to be a commercial lender that made hard money loans, secured by mortgages on commercial property.

7. To help fund these purported hard money loans, Woodbridge raised money from investors throughout the country through the offer and sale of promissory notes (the “Woodbridge Notes”).

8. In order to effect the offer and sale of the Woodbridge Notes, Woodbridge used certain South Carolina-based independent agents, including the Respondents, who received transaction-based compensation in connection with the offer, recommendation, and sale of the Woodbridge Notes.

9. These agents were not registered with the Division as agents, as required by the Act.

10. The Woodbridge Notes were not registered with the Division, or exempt from such registration, as required by the Act.

11. In reality, Woodbridge operated a nationwide Ponzi scheme bolstered by slick marketing and commissions paid to the agents who sold the Woodbridge Notes. In total, Woodbridge bilked investors of between \$1.2 billion and \$1.3 billion nationwide.

12. The Woodbridge Notes themselves were illusory and were never secured by any real property.

13. The owner and CEO of Woodbridge, Robert H. Shapiro, pleaded guilty to wire fraud and tax evasion before the U.S. District Court for the Southern District of Florida on January

28, 2019. At his plea, Shapiro admitted to embezzling between \$25 million and \$95 million from over 7,000 investors nationwide. Shapiro pleaded guilty and was sentenced to 25 years in prison for running the fraud.<sup>1</sup>

14. After the Ponzi scheme came to light, the Division opened investigations into the sale of Woodbridge Notes to investors in South Carolina. The investigations focused on Woodbridge itself and on the agents selling the Woodbridge Notes. On August 5, 2019, the Securities Commissioner entered a Consent Order with regard to Woodbridge, wherein Woodbridge agreed to pay restitution to South Carolina investors through a liquidation trust established in a bankruptcy proceeding in the U.S. Bankruptcy Court for the District of Delaware.<sup>2</sup>

15. During the Relevant Period, the Respondents recommended, offered, and sold at least \$3,091,692 worth of the Woodbridge Notes to at least forty-six (46) different investors (the “Woodbridge Investors”), thirty five (35) of whom resided in South Carolina at the time of the sale.

16. The Respondents failed to perform reasonable due diligence to determine whether the Woodbridge Notes were legitimate investment vehicles.

17. In connection with the offer and sale of the Woodbridge Notes, the Respondents received transaction-based compensation from Woodbridge.

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<sup>1</sup> See, Securities and Exchange Commission, *Court Orders \$1 Billion Judgment Against Operators of Woodbridge Ponzi Scheme Targeting Retail Investors*, Press Release, Jan. 28, 2019, <https://www.sec.gov/news/press-release/2019-3>; Investment News, *Ex-Woodbridge Group CEO Robert Shapiro pleads guilty in \$1.3 billion Ponzi scheme*, Aug. 8, 2019, <https://www.investmentnews.com/ex-woodbridge-group-ceo-robert-shapiro-pleads-guilty-in-1-3-billion-ponzi-scheme-80778>; Miami Herald, *Judge gives 25-year max to Ponzi schemer who stole millions from Florida to California*, Oct. 15, 2019, <https://www.miamiherald.com/news/local/article236215238.html>.

<sup>2</sup> In the matter of Woodbridge Group of Companies, LLC – Consent Order (8/5/19), <http://www.scag.gov/2019-notices-and-orders#ixzz6NYdt80Iq>

18. The Respondents referred to this transaction-based compensation as a “simple commission-based referral program.”

19. The Respondents received at least \$27,888.87 in transaction based compensation for the sale of the Woodbridge Notes.

20. The Respondents acted as unregistered broker-dealers or unregistered agents in at least forty six (46) separate sales of an unregistered security.

21. The Respondents have repaid a total of \$225,000 to their clients who invested in Woodbridge Notes.

22. The Respondents voluntarily terminated their registration with the Division effective December 31, 2020.

23. During the Relevant Period, the Respondents were not registered with the Division as broker-dealers or agents or exempt from such registration.

24. Ginsberg, due to his experience, his registration with the Division as an investment adviser representative, and previous registration as an agent, either knew or should have known that it was not lawful to sell unregistered non-exempt securities in South Carolina.

25. Ginsberg, due to his experience, his registration with the Division as an investment adviser representative, and previous registration as an agent, either knew or should have known that it was not lawful to sell securities, registered or otherwise, for transaction based compensation in South Carolina without being registered as an agent.

### **B. Future Income Payments**

26. 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.

27. Scott Kohn was the sole owner and manager of FIP.
28. FIP's business model revolved around the sourcing and sale of retirees' recurring income from pension benefits.
29. 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.
30. 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 (individually a FIP Investor; collectively the "FIP Investors").
31. FIP was able to locate large numbers of FIP Investors through a network of insurance agents and investment adviser representatives (the "FIP Agents").
32. FIP compensated the FIP Agents with transaction-based compensation.
33. 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).
34. By April 2018, FIP could not sustain the scheme, and the scheme collapsed. The FIP Investors ceased receiving the income from the FIP Product.
35. 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 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.”

36. On April 4, 2019, the Division published an Order to Cease and Desist against Scott Kohn and FIP.<sup>3</sup>

37. 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>4</sup> He has been charged with conspiracy to commit wire fraud and mail fraud. He is currently awaiting trial.

38. During the Relevant Period, Ginsberg operated as a FIP Agent in South Carolina.

39. During the Relevant Period, Ginsberg sold a FIP Product to a South Carolina FIP Investor for \$50,000. Ginsberg received approximately \$2,500 in transaction based compensation.

40. The Respondents have repaid a total of \$32,500 to their FIP Investors. The Respondents are also assisting the Division in its investigation of other individuals involved in the FIP scheme.

41. Ginsberg acted as an unregistered agent in the sale of an unregistered security.

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<sup>3</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>4</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.

42. During the Relevant Period, Ginsberg was not registered with the Division as an agent or exempt from such registration.

43. Ginsberg, due to his experience, his registration with the Division as an investment adviser representative, and previous registration as an agent, either knew or should have known that it was not lawful to sell unregistered non-exempt securities in South Carolina.

44. Ginsberg, due to his experience, his registration with the Division as an investment adviser representative, and previous registration as an agent, either knew or should have known that it was not lawful to sell securities, registered or otherwise, for transaction based compensation in South Carolina without being registered as an agent.

#### **V. CONCLUSIONS OF LAW**

45. The Woodbridge Notes and the FIP Product are securities, pursuant to S.C. Code Ann. § 35-1-102(29).

46. The Woodbridge Notes and the FIP Product were neither registered with the Division, nor exempt from registration, pursuant to S.C. Code Ann. § 35-1-201.

47. 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.

48. 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).

49. The Respondents acted as broker-dealers or agents in connection with the offer and sale of securities in South Carolina, as defined by S.C. Code Ann. §§ 35-1-102(2) and 35-1-102(4).



50. The Respondents were neither registered as broker-dealers or agents with the Division, nor exempt from such registration in violation of S.C. Code Ann. §§ 35-1-401(a) and 35-1-402(a).

51. Acting as a broker-dealer or an agent in connection with the offer and sale of securities, without being registered with the Division as such or exempt from registration, constitutes a willful failure to comply with the Act, pursuant to S.C. Code Ann. § 35-1-412(d)(2).

52. The Respondents acted as unregistered broker-dealers or agents in the sale of at least forty six (46) Woodbridge Notes and one (1) FIP Product.

53. The Respondents sold at least forty six (46) unregistered Woodbridge Notes and sold one (1) unregistered FIP Product.

54. The Respondents' 94 violations of the Act provides the basis for this order.

55. 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. Each of the Respondents 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, shall **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;;

- b. The Respondents shall jointly and severally pay a civil penalty in the amount of eighty thousand dollars (\$80,000.00);
- c. Because of the Respondents' remedial efforts and efforts to assist the Division in its other investigations, sixty thousand dollars (\$60,000) of the civil penalty ordered in paragraph b, *supra*, is hereby **SUSPENDED**;
- d. Lane Elliott Ginsberg is **PERMANENTLY BARRED** from registering as a broker-dealer agent or investment adviser representative; and
- e. Freedom Capital Advisers, LLC is **PERMANENTLY BARRED** from registering as a broker-dealer or investment adviser.

Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 20183926 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 the Respondents breach this agreement, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects the Respondents': (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

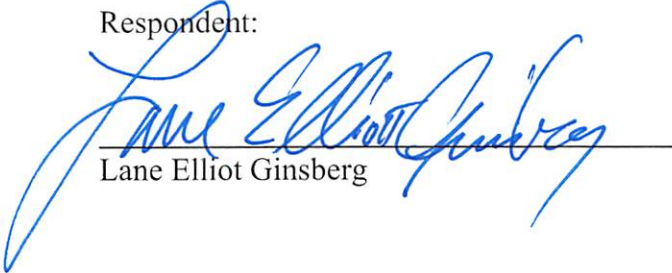
herein, or (iii) other causes of action that may result from activities of the Respondents not detailed in this Consent Order.

ENTERED, this the 21 day of September, 2021.

ALAN WILSON  
SECURITIES COMMISSIONER

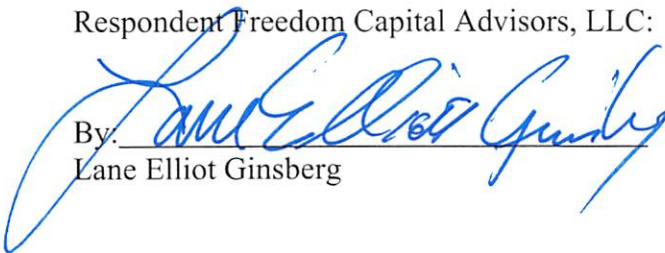
By:   
ALAN WILSON  
Securities Commissioner  
State of South Carolina

Respondent:

  
Lane Elliot Ginsberg


Date: 9/21/21

Respondent Freedom Capital Advisors, LLC:

By:   
Lane Elliot Ginsberg

Date: 9/21/21

South Carolina Attorney General's Office Securities Division:

By:   
Jonathan B. Williams  
Assistant Deputy Attorney General

Date: 9/24/21