

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

IN THE MATTER OF:

**J. Christopher Dixon, and
Black Harbor Wealth Management,
LLC,**

Respondents.

**CONSENT ORDER
Matter No. 20183926**

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 J. Christopher Dixon (“Dixon”) and Black Harbor Wealth Management, LLC (“BHWM”) (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. Dixon was a resident of the State of South Carolina between February of 2016 and April of 2018 (the “Relevant Time Period”).

3. Dixon has never been registered with the Division as an investment adviser representative or a broker-dealer agent.

4. Dixon is registered with the South Carolina Department of Insurance as an insurance producer.

5. BHWM is a for-profit company with its principal place of business at 4 Leas Courtyard Drive, Seneca, South Carolina 29672.

6. Dixon is the sole owner and manager of BHWM.

7. BHWM has never been registered with the Division as an investment adviser or a broker-dealer.

IV. FINDINGS OF FACT

8. 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.

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

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

11. FIP sought out pensioners who were in need of additional income (the “Pensioners”). FIP would offer the 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.

12. 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”).

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

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

15. 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).

16. 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.

17. 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.”

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

19. On April 30, 2019, the United States District Court for the District of South Carolina appointed Mr. Beattie B. Ashmore, Esquire, to be the court appointed Receiver (the “Receiver”) responsible for the seizure, protection, and management of all assets owned or controlled by Scott Kohn, FIP, and a number of related entities.

20. After spending six months as a fugitive, Scott Kohn was captured by United States 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. Dixon, through BHWM, operated as a FIP Agent in South Carolina.

22. The Respondents sold the FIP Product to 57 different Investors during the Relevant Period. The Respondents’ FIP Product sales totaled \$10,324,081. FIP paid the Respondents \$374,256 in commissions for their sale of the FIP product.

23. Several Investors to whom the Respondents sold the FIP Product filed suit against the Respondents when the FIP Scheme collapsed. At the time of the collapse, the Investors to

¹ 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>

² 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.

whom the Respondents sold the FIP Product were exposed to losses in excess of \$1,000,000 related to their purchase of the FIP Product.

24.

V. CONCLUSIONS OF LAW

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

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

27. 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.

28. 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).

29. 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.

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

31. 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, constitutes a willful failure to comply with the Act, pursuant to S.C. Code Ann. § 35-1-412(d)(2).

32. The Respondents' 114 willful violations of the Act provide the basis for this order.

33. This Order is appropriate and in the public interest, pursuant to the Act.

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 \$400,000;
- c. The Respondents have disgorged certain of their commissions to to the Investors, through both the Receiver and the Investors' civil litigation. Because of the remedial efforts of the Respondents, the civil penalty ordered in paragraph b, *supra*, is hereby **SUSPENDED**;
- d. Dixon agrees to forfeit his insurance license for a period of three years from the date of approval of this Consent Order by the Securities Commissioner;
- e. Dixon agrees not to register with FINRA for a period of three years from the date of approval of this Consent Order by the Securities Commissioner;
- f. Dixon agrees to dissolve BHWM; and
- g. Dixon expressly consents and agrees that he is **PERMANENTLY BARRED** from participating in any aspect of the securities industry in or from the State of South Carolina.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text notes that without reliable records, it would be difficult to track the flow of funds and identify any irregularities.

2. The second part of the document outlines the various methods used to collect and analyze data. It describes the process of gathering information from different sources, such as interviews, surveys, and document reviews. The text also discusses the importance of ensuring the accuracy and reliability of the data collected, and the need to use appropriate statistical techniques to analyze the results.

3. The third part of the document focuses on the interpretation of the data and the drawing of conclusions. It explains how the collected information is used to identify patterns and trends, and how these findings are used to support the overall objectives of the study. The text also discusses the importance of being objective and unbiased in the interpretation of the data, and the need to consider alternative explanations for the observed results.

4. The fourth part of the document discusses the implications of the findings and the recommendations for future research. It highlights the key findings of the study and discusses their potential impact on the field. The text also provides recommendations for how the findings can be used to inform policy and practice, and suggests areas for further research that need to be explored.

5. The final part of the document is a conclusion that summarizes the main points of the study and reiterates the importance of the findings. It emphasizes that the study has provided valuable insights into the issues being investigated, and that the findings have important implications for the field. The text also expresses confidence in the results and the conclusions drawn, and hopes that the study will contribute to a better understanding of the issues being studied.

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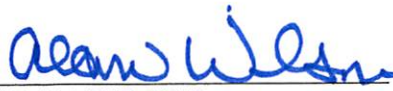
Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 20183926 as to the Respondents.

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 27 day of August, 2021.

ALAN WILSON
SECURITIES COMMISSIONER

By: 
ALAN WILSON
Securities Commissioner
State of South Carolina

Respondent:


J. Christopher Dixon

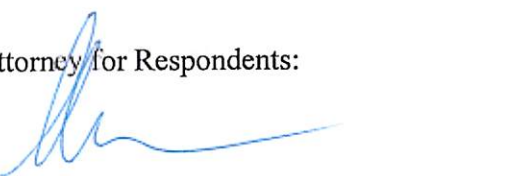
Date: 8/24/2021

Respondent Black Harbor Wealth Management:

By: 
J. Christopher Dixon


Date: 8/24/2021

Attorney for Respondents:


Andrew Mathias
Nexsen Pruet, LLC

Date: 8/23/21

South Carolina Attorney General's Office Securities Division:

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 8/24/21