

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 15-CV-80946-MIDDLEBROOKS/BRANNON

**JAMES D. SALLAH, ESQ., not
individually, but solely in his capacity as
Court-Appointed Receiver for JCS
Enterprises Inc., d/b/a JCS Enterprises
Services Inc., T.B.T.I. Inc., My Gee Bo,
Inc., JOLA Enterprise Inc., and PSCS
Holdings, LLC,**

Plaintiff,

-vs.-

**JOSEPH SIGNORE, individually, and
LAURA SIGNORE, individually,**

Defendants.

**THE RECEIVER'S STATEMENT OF UNDISPUTED FACTS IN SUPPORT OF
MOTION FOR SUMMARY JUDGMENT AND FOR DECLARATORY RELIEF**

Plaintiff JAMES D. SALLAH, ESQ., not individually, but solely in his capacity as Court-Appointed Receiver (“the Receiver”) for JCS Enterprises Inc., d/b/a JCS Enterprises Services Inc. (“JCS”), T.B.T.I. Inc. (“TBTI”), My Gee Bo, Inc. (“Gee Bo”), JOLA Enterprise, Inc. (“JOLA”), and PSCS Holdings, LLC (“PSCS”) (collectively “the Receivership Entities”), through undersigned counsel, and pursuant to Fed. R. Civ. P. 56 and 57 and 28 U.S.C. § 2201(a), respectfully submits this Statement of Undisputed Facts in Support of his Motion for Summary Judgment and for Declaratory Relief, against Defendant JOSEPH SIGNORE, individually, (“Defendant” or “Joseph Signore”) and states the following:

A. INTRODUCTION

1. On April 7, 2014, the United States Securities and Exchange Commission (the “SEC”) commenced an action against JCS, TBTI, and two individuals, Joseph Signore (“Joseph Signore”) and Paul L. Schumack, II (“Schumack”) in the case styled, *Securities and Exchange Commission v. JCS Enterprises, Inc., d/b/a JCS Enterprises Services, Inc., T.B.T.I. Inc., Joseph Signore, and Paul L. Schumack, II.*, Case No. 14-CV-80468-MIDDLEBROOKS/BRANNON

(S.D. Fla. Apr. 7, 2014) (“*JCS Enterprises*” or the “SEC Case;” references to docket entries in the SEC Case are referenced to herein as “SEC Case DE ____”). (Affidavit of James D. Sallah, Esq. (hereinafter referred to as the “Sallah Aff. at ¶2”), attached hereto as **Exhibit 1**.)

2. On April 7, 2014, the Honorable Donald M. Middlebrooks, United States District Court Judge, issued an Amended Receivership Order and appointed Mr. Sallah as Receiver over JCS and TBTI. (*Id.* at ¶3.)

3. On April 14, 2014, the Court expanded the Receivership over Gee Bo. (*Id.* at ¶4.)

4. On December 11, 2014, the Court expanded the Receivership over JOLA and PSCS. (*Id.* at ¶5.)

5. On December 12, 2014, the Court entered its Reappointment Order reappointing Mr. Sallah as Receiver. The Reappointment Order directed the Receiver to:

Investigate the manner in which the affairs of the Receivership Entities were conducted and institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Entities and their investors and other creditors, as the Receiver deems necessary against those individuals, corporations, partnerships, associations and/or unincorporated organizations, which the Receiver may claim have wrongfully, illegally or otherwise improperly misappropriated or transferred monies or other proceeds directly or indirectly traceable from investors in the Receivership Entities, including their officers, directors, employees, affiliates, subsidiaries, or any persons acting in concert or participation with them, or against any transfers of money or other proceeds directly or indirectly traceable from investors in the Receivership Entities; provided such actions may include, but not be limited to, seeking imposition of constructive trusts, disgorgement of profits, recovery and/or avoidance of fraudulent transfers under Florida Statute §726.101, *et seq.* or otherwise, rescission and restitution, the collection of debts, and such orders from this Court as may be necessary to enforce this Order.

(Sallah Aff. at ¶6.)

B. THE RECEIVERSHIP ENTITIES

6. JCS is a Delaware corporation, incorporated in 2010, with its principal place of business in Jupiter, Florida. Joseph Signore was the Chairman and President of JCS, and Laura Signore was its Vice Chairperson and Vice President. (*Id.* at ¶7.)

7. TBTI is a Florida corporation, incorporated in 2001, with its former principal place of business in Coconut Creek, Florida. Schumack was Vice President of TBTI, and Christine Schumack (“Christine Schumack”) was its President. (*Id.* at ¶8.)

8. Gee Bo is a Florida corporation, incorporated in 2013, with its former principal place of business in Jupiter, Florida. Joseph Signore was Gee Bo’s President and Laura Signore was its Treasurer and Secretary. (*Id.* at ¶9.)

9. JOLA was a Florida corporation, incorporated in 2013, with its former principal place of business in Jupiter, Florida. Joseph Signore was JOLA’s President and Laura Signore was its Treasurer and Secretary. (Sallah Aff. at ¶10.)

10. PSCS was a limited liability company organized under the laws of the State of Florida in 2013 with its former principal place of business in Highland Beach, Florida. Schumack and his wife, Christine Schumack, were PSCS’s member-managers. (*Id.* at ¶11.)

11. Signore ultimately controlled all financial accounts in the name of JCS, Gee Bo, and JOLA. (Transcript of Deposition Testimony of Joseph Signore dated July 19, 2016 (hereinafter referred to as the “Signore Transcript at __: __”) at 16:25 – 17:2, 136:14 – 138:23, 145:21 –148:16, 150:21 – 22, 151:6 – 151:25; 152:15-19, 153:23 – 155:14, 159:20 – 164:13, a copy of the relevant portion of, and exhibits to, the Signore Transcript is attached hereto as **Exhibit 2**; Signore Admission Nos. 7, 11, 24 (hereinafter referred to as “Signore Admission No. __”), attached hereto as **Exhibit 3** is the Requests for Admissions propounded on Joseph Signore)¹

C. DEFENDANT JOSEPH SIGNORE

12. On February 10, 2006, Joseph Signore was adjudicated guilty per a plea agreement to theft charges emanating from his failure to share proceeds from the sale of an automobile with a charity to which he was legally obligated in the case styled *New Jersey v. Signore*, Case No. 04114261-001 (N.J. Super. Cr. Law Div. February 10, 2006). (Signore Admission No. 153.)

13. On February 10, 2006, Joseph Signore was adjudicated guilty per a plea agreement to theft charges emanating from his unlawfully obtaining vehicles owned by Sears Roebuck &

¹ On June 7, 2016, the Receiver served Requests for Admission on Joseph Signore, but did not receive any response—even though he acknowledged receiving them. (Signore Transcript at 165:5-8); (Sallah Aff. at ¶12.) These requests should be deemed admitted pursuant to FED. R. CIV. P. 36.

Company, selling the vehicles, and retaining the proceeds in the case styled as *New Jersey v. Signore*, Case No. 0411272-001 (N.J. Super. Cr. Law Div. February 10, 2006). (Signore Admission No. 154.)

14. Signore had to pay \$11,475 in restitution to the National Multiple Sclerosis Society, as well as nominal amounts to other organizations, and fees. (Signore Admission No. 155.)

15. Joseph Signore was previously sentenced in New Jersey to four years' probation, restitution of \$47,850 and other nominal fines and fees. (Signore Admission No. 156.)

16. On December 7, 2015, Joseph Signore was found guilty of fourteen (14) counts of mail fraud, nine (9) counts of wire fraud, conspiracy to commit money laundering, promotional money laundering, three (3) counts of concealment money laundering, and three (3) counts of transactional money laundering in the case styled *United States v. Signore, et al.*, Case No. 14-80081-CR-DTKH (S.D. Fla. April 7, 2014) ("Criminal Case").

17. On March 14, 2016, the Receiver attended Joseph Signore's sentencing hearing in the Criminal Case, and then obtained a certified copy of the transcript proceedings before the Honorable Daniel T.K. Hurley, United States District Judge. (Sallah Aff. at ¶¶14-15).

18. During the sentencing hearing, Judge Hurley referred to Joseph Signore's scheme as a Ponzi scheme. The Court subsequently sentenced Joseph Signore to a concurrent term of imprisonment of 240 months, three years of supervised release, special assessments, and to make restitution, jointly and severally with his co-defendants, in the amount of \$31,080,698.73. (Criminal Case DE 677 and DE 758; Sallah Aff. at ¶¶13, 16; Signore Admission Nos. 157-163.)

19. As part of the Criminal Case, the Honorable Daniel T.K. Hurley ordered restitution in the Criminal Case to be paid to the care of the Receiver until ordered otherwise. (Criminal Case DE 758; Sallah Aff. at ¶17.) In turn, the Receiver was ordered to advise the Clerk of Court in writing of the amount of any disbursements to victims in the Criminal Case. (*Id.*)

20. Signore was left a sum of money after his father passed away in or around 1995. (Signore Transcript at 98:22 – 98:24; 99:20-22.)

21. Signore has claimed that he made a \$350,000 no-interest loan to JCS, but has no documentation evidencing the \$350,000 no-interest loan he has claimed he made to JCS. (Signore Transcript at 98:24 – 99:19; 109:19-21; 101:9-13; 102:15 – 103:3.)

22. Joseph Signore has claimed that the source of the funds for the \$350,000 no-interest loan he made to JCS came from a sum of money he inherited when his father passed away in or around 1995. (Signore Transcript at 98:22 – 98:24; 99:20-22.)

23. Signore filed for bankruptcy on December 16, 2003. (*Id.* at 13:5 – 8; Signore Admission No. 152; SEC Case DE 6-20.)

24. When asked where Signore had held the funds used for the purported \$350,000 no-interest loan to JCS, Signore invoked his Fifth Amendment right against self-incrimination “because [he didn’t] want to reveal where the money is at.” (*Id.* at 101:3-13.)

D. THE JCS-TBTI PONZI SCHEME

25. JCS manufactured and marketed virtual concierge machines (“VCMs”), which are free-standing or wall-mounted, ATM-like machines that were promised to be placed at various locations to enable businesses to advertise their products and services via touch screen and printable tickets or coupons which were dispensed from the VCMs. (Expert Report of Melissa Davis dated September 3, 2015 at p. 3 (attached hereto as **Exhibit 4**, which is the Affidavit of Melissa Davis (the “Davis Affidavit”) with her Exhibits B and C, consisting of her Expert Reports dated January 21, 2015 (hereinafter referred to as the “Davis Report 1”), and September 3, 2015 (hereinafter referred to as the “Davis Report 2”); Sallah Aff. at ¶18.))

26. From at least as early as 2011 through April 7, 2014, Joseph Signore operated JCS. (Sallah Aff. at ¶19; Signore Admission No. 39; Davis Report 1 at p. 4; Signore Transcript at 15:17 – 17:2.)

27. From at least as early as 2011 through April 7, 2014, Schumack operated TBTI. (Sallah Aff. at ¶20; Davis Report 1 at p. 4).

28. Joseph Signore and Schumack, through JCS and TBTI, respectively, offered and sold investments in JCS’s VCMs, which would purportedly pay income to investors from advertising revenues generated by the VCMs. (Sallah Aff. at ¶21; Davis Report 2 at 7.)

29. JCS and TBTI, combined, raised approximately \$80.8 million from at least 1,800 investors nationwide by selling contracts for more than 22,500 VCMs. (Davis Report 2 at 7-9; Signore Admission No. 44.)

30. When asked to explain “what JCS’s Virtual Concierge Program was” and discuss JCS’s contracts, Joseph Signore invoked his Fifth Amendment right against self-incrimination. (Signore Transcript at 22:22 – 25:14.)

31. JCS delivered 90 VCMs. (Signore Transcript at 85:12-14.)

32. These sales to investors were documented through contracts with JCS and TBTI, and those contracts represented that advertising revenue would provide investors with a return of \$300 per month for thirty-six (36) to forty-eight (48) months, or a return of at least \$10,800 over a 36 month period. (Davis Report 2 at 7; Signore Transcript at 22:22 – 25:14.)

33. However, advertising revenues were insufficient to pay the promised returns to investors. (Davis Report 1 at 3; Signore Transcript at 45:16-19; Signore Admission No. 65.)

34. During the relevant time period from 2011 through April 7, 2014, JCS and TBTI, combined, earned a total of approximately \$21,000 or \$22,000 in advertising revenue from these machines. (Davis Report 2 at 7; Signore Transcript at 45:16-19; Signore Admission No. 64.)

35. To put things into perspective, the advertising revenue actually generated by VCMs would not even have supported the obligations for two (2) VCMs that were sold under the shorter, 36-month contracts. Moreover, based on a conservative calculation assuming that the payment stream would be limited to 36 months, JCS and TBTI would have been obligated to pay more than \$243.4 million to investors during the duration of these investment contracts, or \$6.75 million per month. (Davis Report 1 at 13.)

36. When asked for the source of the \$300 per month per machine that JCS paid to investors, Joseph Signore responded that he was invoking his Fifth Amendment right against self-incrimination. (Signore Transcript at 49:20-24, 51:19 – 52:5.)

37. Besides approximately \$21,000 or \$22,000 in advertising revenue, JCS and TBTI generated no other meaningful source of revenue or cash inflows from which to pay investors or any other creditors. (Davis Report 1 at 12; Signore Admission No. 66.)

38. In order to maintain the fiction that the investment was valid and make these payments to investors, Joseph Signore and Schumack caused JCS and TBTI, respectively, to use new investor funds to make so-called “returns” to earlier investors in the total amount of \$49.7 million. (Davis Report 1 at 12; Signore Admission Nos. 68, 69.)

39. While Joseph Signore operated JCS, he caused JCS to transfer monies, among other things: (1) as returns and/or redemptions to earlier investors; (2) for commissions paid to agents who perpetuated their scheme; and (3) for his and his (former) wife’s own use, including diverting funds to themselves or other companies they controlled. (Davis Report 1 at 13-14; Signore Admission Nos. 69-72.)

40. These transfers were made almost exclusively from: (1) principal money from new investors; (2) existing investors' principal investment money; and/or (3) additional principal investment money from existing investors. (Davis Report 2 at 7.)

41. All transfers that Signore wrongfully caused JCS to make as returns and/or redemptions to investors and as commissions paid to agents were made in furtherance of his scheme. (*Id.*)

42. As a result, Joseph Signore and Schumack operated JCS and TBTI, respectively, as part of a single, continuous Ponzi scheme. (Davis Report 2 at 6.)

E. TRANSFERS TO DEFENDANT JOSEPH SIGNORE

43. Based on the records reviewed by the Receiver, between 2011 and April 7, 2014, Joseph Signore caused JCS to transfer \$17,500 to Joseph Signore and Laura Signore, jointly, and \$605,236.25 to Joseph Signore, individually. (Attached as Exhibits D and E to the Davis Affidavit are schedules of the transfers made, by date and amount of each transfer, to Joseph Signore and Laura Signore, jointly, and to Joseph Signore, individually.)

F. TRANSFERS FOR JOSEPH SIGNORE'S BENEFIT

44. Between 2011 and April 7, 2014, Joseph Signore caused JCS and JOLA to make transfers of \$981,936.30 to third parties for Joseph Signore's benefit. (Attached as Exhibit G to the Davis Affidavit is the schedule, by date and amount of each transfer, as well as by payee, for transfers made for Joseph Signore's benefit.)

45. Joseph Signore testified that the transfers JCS made to Boca Tanning Club, Craft Master Pool, Disney, Gold Distributors, Inc., Hula Pools, Inc., Palms Pool Service, LLC, and Universal Orlando were made for his personal benefit. (Signore Transcript at 126:14 – 127:13, 131:13-17, 131:18-23, 132:22 – 133:1, 133:16-20, 135:5-15, 136:4-6.)

46. Joseph Signore also transferred over \$60,000 from JOLA to Mike Mieves to work on Joseph Signore's Rolls Royce. (Exhibit G to Davis Affidavit at 9; Signore Transcript at 94:3-19.)

G. TRANSFERS TO DEFENDANT LAURA SIGNORE

47. While in control of the JCS bank accounts, Joseph Signore caused JCS to transfer funds to Laura Signore as payroll or as commissions for selling VCMs. (Signore Transcript at 90:5-17, 91:1 – 10; 113:25 – 114:24.)

48. When asked whether JCS would have written checks to Laura Signore for any reason other than as payroll or for commissions, Joseph Signore responded: “No.” (Signore Transcript at 114:24 – 115:2.)

49. From January 2011 through April 7, 2014, Joseph Signore caused JCS to pay Laura Signore at least \$819,723.42. (Attached as Exhibit F to the Davis Affidavit is the schedule of the transfers made to Laura Signore by date and amount of each transfer; Signore Admission No. 79.)

H. TRANSFERS FOR THE PURCHASE OF REAL PROPERTY

50. Defendants purchased real property located at 14161 64th Drive North, Palm Beach Gardens, Florida 33418-7212 (the “Signore Residence”) in September 2013 for \$555,000. (Davis Aff. at ¶¶22-23 and Exhibit I to the Davis Affidavit.)

51. Of the \$555,000 purchase price, \$535,119.27 of the funds for the purchase of the Signore Residence are traceable to investor funds derived from the JCS Ponzi scheme, as follows:

- a. \$200,000.00 from JCS;
- b. \$225,000.00 from Laura Signore; and
- c. \$110,119.27 from JOLA.

(Davis Aff. at ¶25 and Exhibit K to the Davis Affidavit.)

52. Specifically, the overwhelming majority of funds that were available to make the \$200,000.00 payment from JCS for the purchase of the Signore Residence were investor funds. (Davis Aff. at ¶¶10-11 and 27.)

53. Similarly, the \$225,000.00 transferred by Laura Signore for the purchase of the Signore Residence was derived from JCS, because the account that funded the \$225,000 transfer was insufficiently capitalized with funds from sources other than the Receivership to have made the transfer for the purchase of the Signore Residence. (*Id.* at ¶¶29-30 and Exhibit N to the Davis Affidavit.)

54. The JOLA transfer of \$110,119.27 was also derived from funds belonging to the Receivership Entities. (Davis Aff. at ¶¶31-32 and Exhibit P to the Davis Affidavit.)

55. Investor funds were also used for the purchase of a vacant parcel of land located at 77th Trail North in Palm Beach County, Florida. (*Id.* at ¶¶33-36 and Exhibits Q and R to the Davis Affidavit; Signore Admission No. 108.)

56. JCS did not receive reasonably equivalent value for the transfer of funds it made for the purchase of any real estate on behalf of Joseph Signore. (Sallah Aff. at ¶22; Signore Admission No. 103.)

57. JOLA did not receive reasonably equivalent value for the transfer of funds it made for the purchase of any real estate on behalf of Joseph Signore. (Sallah Aff. at ¶23; Signore Admission No. 104.)

58. The Receivership Entities have no records of a \$350,000 loan to any of them from Joseph Signore (Davis Aff. at ¶37).

Dated: September 12, 2016

Respectfully submitted,

SALLAH ASTARITA & COX, LLC

Counsel for James D. Sallah, Esq., not individually, but solely in his capacity as Receiver

One Boca Place
2255 Glades Road, Ste. 300E
Boca Raton, FL 33431
Tel.: (561) 989-9080
Fax: (561) 989-9020

/s/Joshua A. Katz

Joshua A. Katz, Esq.

Fla. Bar No. 0848301

Email: jak@sallahlaw.com

Jeffrey L. Cox, Esq.

Fla. Bar No. 0173479

Email: jlc@sallahlaw.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 12, 2016 I caused the foregoing to be delivered to the following persons via U.S. Mail, postage prepaid:

JOSEPH SIGNORE, *Pro Se* Defendant
Register Number 05081-104
FMC Lexington
Federal Medical Center
3301 Leestown Road
Lexington, KY 40511

JOSEPH P. GRANDE,
as Power of Attorney for Joseph Signore
1837 SE Van Kleff Ave.
Port St. Lucie, FL 34952

LAURA GRANDE-SIGNORE
Pro Se Defendant
Register Number 05259-104
FCI Coleman Medium
Federal Correctional Center
P.O. Box 1032
Coleman, FL 33521

/s/Joshua A. Katz
Joshua A. Katz, Esq.