

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 14-80468-MIDDLEBROOKS

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
JCS ENTERPRISES, INC., d/b/a JCS)
ENTERPRISES SERVICES, INC., T.B.T.I. INC.,)
JOSEPH SIGNORE, and PAUL L. SCHUMACK, II)
)
)
Defendants.)
)

**ORDER OF PRELIMINARY INJUNCTION AND OTHER RELIEF
AGAINST DEFENDANTS JOSEPH SIGNORE AND PAUL L. SCHUMACK II**

This cause comes before the Court on the Motion by Plaintiff Securities and Exchange Commission for an Order of Preliminary Injunction and Other Emergency Relief with respect to Defendants Joseph Signore and Paul L. Schumack II. [D.E. 4]. On April 7, 2014, the Commission filed a Complaint against Signore, Schumack, and their respective companies, JCS Enterprises Inc. (“JCS”) and T.B.T.I. Inc. (“T.B.T.I”) (collectively “Defendants”), alleging violations of the antifraud and registration provisions of the federal securities laws in connection with the Defendants’ ongoing fraudulent offering of investments in the form of virtual concierge machines. [D.E. 1]. The Commission also filed an Ex Parte Motion for Temporary Restraining Order and Other Emergency Relief (“TRO Motion”) against the Defendants, and a supporting Memorandum of Law with declarations and other exhibits. [D.E. 4, 5, 6]. The Court found that the Commission made a sufficient and proper showing in support of the relief it requested in the TRO Motion by (1) presenting a prima facie case of the Defendants’ securities laws violations,

and 2) showing a reasonable likelihood the Defendants will harm the investing public by continuing to violate the federal securities laws. [D.E. 16]. Accordingly, on April 7, 2014, the Court granted the Commission's motion for ex parte relief, and entered an Order Granting Motion for Temporary Restraining Order and Other Relief ("TRO Order"). [Id.]. Among other things, the TRO Order required the Defendants to appear before the Court on April 17, 2014, at 10:00 a.m., and show cause, if any, why the Court should not grant a Preliminary Injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure. [Id.]. Upon Motion by Schumack, with the agreement of Signore, and unopposed by the Commission, the Court reset the hearing to April 28, 2014. [D.E. 25, 27]. The Court also granted the Commission's emergency Motion for Appointment of a Receiver, and appointed James D. Sallah, Esq. Receiver over JCS and T.B.T.I. ("Amended Receivership Order"). [D.E. 19].

On April 14, 2014, the Receiver moved to expand the Receivership Order to include My Gee Bo, Inc. ("Gee Bo"). [D.E. 23]. The Court granted the Receiver's motion to expand the Receivership to include Gee Bo. [D.E. 26].

The Receiver has consented to entry of an Order of Preliminary Injunction and Other Relief as to JCS and T.B.T.I., [D.E. 28], and the Court has entered an Order of Preliminary Injunction and Other Relief as to JCS and T.B.T.I. [D.E. 29].

On April 28, 2014, the Court held a show cause hearing in this matter where Signore and Schumack had the opportunity to be present and be heard. The Court has considered the Commission's Complaint, the exhibits and declarations the Commission submitted in support of its TRO Motion, and argument at the hearing, and the Court hereby finds that:

(1) Signore and Schumack were duly served with process and all papers filed in this action pursuant to Rule 4 of the Federal Rules of Civil Procedure and this Court's TRO Order;

(2) the Receiver has been duly served with all papers filed in this action;

(3) this Court has personal jurisdiction over Signore and Schumack, and has subject matter jurisdiction over this matter;

(4) the Commission has established a prima facie case that Signore and Schumack have violated the securities laws as alleged in the Commission's Complaint, and Signore and Schumack have failed to rebut that evidence;

(5) there is a reasonable likelihood that, unless restrained and enjoined, Signore and Schumack will continue to violate the federal securities laws and continue to cause substantial harm to the investing public; and

(6) this Order is without prejudice for Signore and Schumack to seek reconsideration of this Order.

Accordingly, the Commission's motion for a preliminary injunction and other relief as to Signore and Schumack is **GRANTED**, and the Court orders as follows:

I. PRELIMINARY INJUNCTION

IT IS ORDERED AND ADJUDGED that, pending resolution of this case on the merits, Signore and Schumack, their directors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby restrained and enjoined from:

Section 5 of the Securities Act of 1933

A. directly or indirectly, (i) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities in the form of units, common stock, warrants or any other securities through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect with the Commission as to such securities; (ii) carrying securities, in the form of units, common stock, warrants or any other securities, or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; or (iii) 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 securities, in the form of units, common stock, warrants or any other securities unless a registration statement is filed with the Commission as to such securities, or while a registration statement filed with the Commission as to such security 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 of 1933 (“Securities Act”), 15 § U.S.C. 77h, in violation of Sections 5(a) and 5(c) of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§ 77e(a) and 77e(c) .

Section 17(a)(1) of the Securities Act of 1933

B. Violating Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), 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 the use of the mails, directly or indirectly, to

employ any device, scheme, or artifice to defraud either orally or in writing, concerning (i) any investment strategy or investment in securities; (ii) the use of investor funds or proceeds; (iii) the background and history of the principals of any company involved in a securities offering; (iv) the business prospects, success level, or assets of any company involved in a securities offering; and (v) the risk involved in investing in a securities offering; and

Section 17(a)(2) of the Securities Act of 1933

C. violating Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), 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 the use of the mails, directly or indirectly, 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 the light of the circumstances under which they were made, not misleading either orally or in writing, concerning (i) any investment strategy or investment in securities; (ii) the use of investor funds or proceeds; (iii) the background and history of the principals of any company involved in a securities offering; (iv) the business prospects, success level, or assets of any company involved in a securities offering; and (v) the risk involved in investing in a securities offering; and

Section 17(a)(3) of the Securities Act of 1933

D. violating Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3), 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 the use of the mails, directly or indirectly, to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, concerning (i) any investment strategy or investment in

securities; (ii) the use of investor funds or proceeds; (iii) the background and history of the principals of any company involved in a securities offering; (iv) the business prospects, success level, or assets of any company involved in a securities offering; and (v) the risk involved in investing in a securities offering; and

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5(a) and (c)

E. violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c) promulgated thereunder, 17 C.F.R. § 240.10b-5(a) and (c), by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security: to employ any device, scheme, or artifice to defraud and either orally or in writing; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person concerning (i) any investment strategy or investment in securities, (ii) the use of investor funds or proceeds, (iii) the background and history of the principals of any company involved in a securities offering; (iv) the business prospects, success level, or assets of any company involved in a securities offering; and (v) the risk involved in investing in a securities offering; and

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5(b)

F. violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5(b) promulgated thereunder, 17 C.F.R. § 240.10b-5(b), by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security: to make any untrue statement of a material fact or any omission of a

material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, either orally or in writing, concerning (i) any investment strategy or investment in securities, (ii) the use of investor funds or proceeds, (iii) the background and history of the principals of any company involved in a securities offering; (iv) the business prospects, success level, or assets of any company involved in a securities offering; and (v) the risk involved in investing in a securities offering; and

II.

ASSET FREEZE

IT IS FURTHER ORDERED AND ADJUDGED that, pending resolution of this case on the merits, with the exception of the Court appointed Receiver who is not subject to this section of this Order, who may still act consistent with the rights and powers afforded to him under the Amended Receivership Order [D.E. 19], and the Order Granting Receiver's Emergency Motion to Expand Receivership to Include My Gee Bo Inc., [D.E. 26]:

A. Signore and Schumack, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of this order by personal service, mail, facsimile transmission or otherwise, be and hereby are, restrained from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property, including but not limited to cash, free credit balances, fully paid for securities, and/or property pledged or hypothecated as collateral for loans, or charging upon or drawing from any lines of credit, owned by, controlled by, or in the possession of:

1. Joseph Signore
2. JCS
3. Gee Bo
4. Paul Schumack
5. T.B.T.I.

B. Any financial or brokerage institution or other person or entity holding any such funds or other assets, in the name, for the benefit or under the control of the Signore, Schumack, JCS, Gee Bo, and T.B.T.I., directly or indirectly, held jointly or singly, and wherever located, and which receives actual notice of this order by personal service, facsimile, or otherwise, shall hold and retain within its control and prohibit the withdrawal, removal, transfer, disposition, pledge, encumbrance, assignment, set off, sale, liquidation, dissipation, concealment, or other disposal of any such funds or other assets, including, but not limited to, the following presently known bank accounts:

- 1) JCS Enterprises, Inc.
BB&T
Account number ending in 5654
- 2) JCS Enterprises, Inc.
TD Bank
Account number ending in 8571
- 3) JCS Enterprises, Inc.
TD Bank
Account number ending in 8109
- 4) JCS Enterprises, Inc.
TD Bank
Account number ending in 6688

- 5) JCS Enterprises, Inc.
TD Bank
Account number ending in 3894
- 6) Joseph Signore
TD Bank
Account number ending in 6993
- 7) Joseph Signore
TD Bank
Account number ending in 6742
- 8) Joseph Signore
TD Bank
Account number ending in 0719
- 9) Joseph Signore
TD Bank
Account number ending in 9325
- 10) Joseph Signore
TD Bank
Account number ending in 8715
- 11) Joseph Signore
TD Bank
Account number ending in 0092
- 12) JOLA Enterprises, Inc.,
TD Bank
Account number ending in 4115
- 13) JCS Enterprises, Inc.
Seacoast National Bank
Account number ending in 2141
- 14) JCS Enterprises, Inc.
Seacoast National Bank
Account number ending in 4001
- 15) JCS Enterprises, Inc.
Seacoast National Bank
Account number ending in 1921

16) JCS Enterprises, Inc.
Seacoast National Bank
Account number ending in 2061

17) JCS Enterprises, Inc.
SunTrust
Account number ending in 3602

18) Joseph Signore
SunTrust
Account number ending in 3594

19) JOLA Enterprises, Inc.,
SunTrust
Account number ending in 3628

20) My Gee Bo Inc.,
SunTrust
Account number ending in 3636

21) JCS Enterprises Inc.
SunTrust
Account number ending in 3610

22) JCS Enterprises, Inc.
Scottrade
Account number ending in 6374

23) My Gee Bo Inc.,
Scottrade
Account number ending in 3916

24) Joseph Signore
Scottrade
Account number ending in 0583

25) Joseph Signore
Scottrade
Account number ending in 0584

26) JOLA Enterprises,
Regions Bank
Account number ending in 0546

- 27) JOLA Enterprises,
Regions Bank
Account number ending in 0589
- 28) T.B.T.I. Inc.
TD Bank
Account number ending in 4901
- 29) T.B.T.I. Inc.
Bank of America
Account number ending in 2038
- 30) T.B.T.I. Inc.
Bank of America
Account number ending in 4820
- 31) T.B.T.I. Inc.
Bank of America
Account number ending in 74783
- 32) T.B.T.I. Inc.
Bank of America
Account number ending in 3029
- 33) T.B.T.I. Inc.
Bank of America
Account number ending in 3144
- 34) T.B.T.I. Inc.
Bank of America
Account number ending in 3243
- 35) T.B.T.I. Inc.
Bank of America
Account number ending in 5593
- 36) T.B.T.I. Inc.
Bank of America
Account number ending in 54873
- 37) T.B.T.I. Inc.
Bank of America
Account number ending in 5086

38) T.B.T.I. Inc.
Bank of America
Account number ending in 5840

39) T.B.T.I. Inc.
Bank of America
Account number ending in 9361

40) T.B.T.I. Inc.
Bank of America
Account number ending in 1592

41) T.B.T.I. Inc.
Bank of America
Account number ending in 6924

42) T.B.T.I. Inc.
Bank of America
Account number ending in 3546

43) T.B.T.I. Inc.
Bank of America
Account number ending in 8979

44) T.B.T.I. Inc.
Bank of America
Account number ending in 5327

45) T.B.T.I. Inc.
Bank of America
Account number ending in 9493

46) T.B.T.I. Inc.
Bank of America
Account number ending in 6426

47) T.B.T.I. Inc.
Bank of America
Account number ending in 6743

48) T.B.T.I. Inc.
Bank of America
Account number ending in 3152

- 49) T.B.T.I. Inc.
Bank of America
Account number ending in 5158

III.

ACCOUNTINGS

IT IS HEREBY FURTHER ORDERED that, if Signore and Schumack have not already done so, they shall within five (5) business days of the issuance of this Order:

(a) make a sworn accounting to this Court and the Commission of all funds, whether in the form of compensation, commissions, income (including payments for assets, shares or property of any kind), and other benefits (including the provision of services of a personal or mixed business and personal nature) received by Signore and Schumack directly or indirectly from each other, and from JCS, Gee Bo and T.B.T.I.

(b) make a sworn accounting to this Court and the Commission of all assets, funds, or other properties held by Signore and Schumack, individually, or jointly with another entity or individual, or for their direct or indirect beneficial interest, or over which they maintain control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property; and

(c) provide to the Court and the Commission a sworn identification of all accounts (including, but not limited to, bank accounts, savings accounts, securities accounts and deposits of any kind) in which Signore and Schumack (whether solely or jointly), directly or indirectly (including through a corporation, partnership, relative, friend or nominee), either have an interest or over which they have the power or right to exercise control.

IV.

RECORDS PRESERVATION

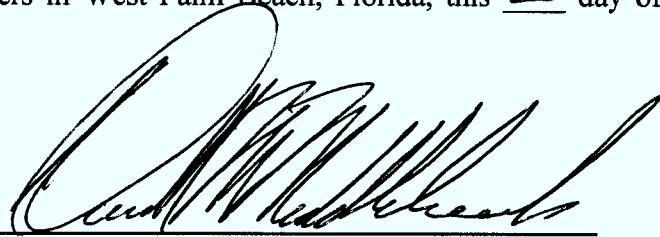
IT IS FURTHER ORDERED AND ADJUDGED that, pending resolution of this case on the merits, Signore and Schumack, their, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to Signore, Schumack, JCS, Gee Bo, or T.B.T.I. wherever located and in whatever form, electronic or otherwise, until further Order of this Court.

V.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this matter and Signore and Schumack in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED in Chambers in West Palm Beach, Florida, this 28 day of
April, 2014.

A handwritten signature in black ink, appearing to read 'Donald M. Middlebrooks', written over a horizontal line.

DONALD M. MIDDLEBROOKS
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record
Joseph Signore, *pro se*
Paul L. Schumack II, *pro se*