

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

American Senior Benefits, LLC,
Respondent.

Docket No. **3 22 E 039**
KSC No. 2016-6368

Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) allege that American Senior Benefits, LLC (“ASB”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that ASB is subject to administrative sanctions and remedies under K.S.A. 17-12a604.
2. ASB and KSC Staff desire to settle the matters raised by KSC Staff relating to ASB’s alleged violations.

CONSENT TO JURISDICTION

3. ASB and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over ASB and this matter.
4. ASB and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

WAIVER AND EXCEPTION

5. ASB waives its right to a hearing with respect to these matters.
6. ASB waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

CONSENT TO THE COMMISSIONER'S ORDER

7. ASB and KSC Staff agree to the issuance of this Order without further proceedings in this matter and agree to be fully bound by the terms and conditions specified herein.
8. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, ASB agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely and only for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.
9. ASB agrees to not take any action nor to make or permit to be made any public statement creating the impression that this Order is without a factual basis. Nothing in this Order affects ASB's testimonial obligations or right to take legal or factual positions in defense or prosecution of litigation or other legal proceedings in which the Commissioner is not a party.

FINDINGS OF FACT

10. ASB is an Ohio limited liability company with its principal place of business in the State of Kansas. The address of ASB's principal office is 12722 S. Blackbob,

Olathe, KS 66062. ASB has been registered as a Kansas non-resident licensed insurance agency since December 3, 2001. At all times relevant hereto, ASB was not registered under the KUSA in any capacity.

11. At all times relevant, ASB's Owner and Managing Partner is James A. Sweeney ("Sweeney"). Sweeney's address is [REDACTED]. ASB is an Independent Marketing Organization that contracts with insurance carriers to distribute certain insurance products. The insurance products are then sold through agents that have a contractual agreement with ASB. The agents, as independent contractors, may sell any variety of insurance or other products. However, if ASB is contracted with a sponsoring insurance carrier to sell a product, an agent is required to sell the product only through a sponsoring insurance carrier. The insurance carriers pay a commission to ASB for each product sold, from which ASB retains an override before paying the remaining commission to downline individuals or entities, including the agent.
12. In 2017, Sweeney, on behalf of ASB, entered into a contract with Future Income Payments, LLC ("FIP") whereby ASB's agents were approved to sell Purchase Agreements issued by FIP.
13. From approximately December 2017 through April 2018, ASB acted as a broker-dealer for FIP in effecting the sale of Purchase Agreements for a product commonly referred to as "Structured Cash Flows" to four clients, for which ASB received commissions.

14. At the time of the sales, the Purchase Agreements were not registered as a security under the KUSA as required. Additionally, ASB was not registered under the KUSA as a broker-dealer to sell FIP as required.

FIP Investments

15. FIP is a Nevada limited liability company. From at least 2011 through April 2018, FIP's owner and president Scott A. Kohn ("Kohn") used the company to perpetrate a nationwide Ponzi scheme. When FIP ceased doing business in April 2018, FIP owed approximately \$300 million to over 2,600 investors nationwide.
16. FIP was in the business of making lump sum payments or loans to individuals entitled to monetary disbursements from pensions, lotteries, annuities, and other future income streams. In exchange for receiving these lump sum payments or loans, the recipients assigned all or a portion of their monetary disbursements from their future income streams to FIP. Individuals who assigned their future income streams to FIP in exchange for lump sum payments or loans were referred to as "original sellers."
17. To raise funds for the lump sum payments or loans, FIP entered into Purchase Agreements with investors whereby FIP sold its interests in the future income streams to investors as what was commonly referred to as "Structured Cash Flows."
18. Under the Purchase Agreements, FIP agreed to establish and maintain accounts to receive future income stream payments from the original sellers for distribution to

investors. FIP further agreed to maintain a “shortfall account” and a “reserve account” to protect investors in the event original sellers defaulted on their obligation to remit their future income streams to FIP.

19. FIP generally promised investors a return of 6.5 to 8 percent under the Purchase Agreements with monthly payments to be paid to investors over a term of five to ten years.
20. FIP used independent sales agents to solicit purchases of the Purchase Agreements, which agents were paid commissions for each sale.
21. During the scheme, Kohn used new investor funds to pay fictitious returns or profits to previous investors. Further, Kohn used investor funds to pay commissions to agents who sold the Purchase Agreements to investors.
22. On March 12, 2019, FIP and Kohn were indicted by a federal grand jury in the District of South Carolina. On April 19, 2019, the United States District Court for the District of South Carolina appointed a receiver to manage the assets and liabilities of FIP and Kohn. The FIP receivership is currently asserting legal and equitable claims against agents to recover commissions paid for the sale of the Structured Cash Flows.

ASB and its Clients’ Structured Cash Flows

23. In 2017, Sweeney was introduced to FIP through John Kelley, an ASB agent who had been selling FIP Purchase Agreements prior to his association with ASB. Upon Kelley’s association with ASB, Sweeney, on behalf of ASB, entered into a

contract with FIP which authorized insurance agents associated with ASB to sell FIP Purchase Agreements.

24. From December 2017 through April 2018, five of ASB's insurance agents recommended and sold FIP Purchase Agreements to four clients outside of Kansas. The clients invested a cumulative total of \$1,084,916.10 in FIP Purchase Agreements.

ASB received a total of \$42,396.64 in commissions for the Purchase Agreements sold by ASB insurance agents. Of this amount, ASB paid the five insurance agents involved in the sales a cumulative total of \$39,684.36 in commissions, while ASB retained \$2,712.28 of the commissions as agency overrides for its role in effecting the sale of the FIP Purchase Agreements to ASB clients.

25. At no time was ASB registered as a broker-dealer under the KUSA.

ASB Payments to FIP Clients

26. After learning of the fraudulent nature of FIP's scheme, ASB entered into agreements with the four clients who purchased FIP Purchase Agreements through ASB agents to mitigate the clients' losses.
27. As recompense for these clients' losses from investing with FIP, two clients elected to receive lump sum cash payments from ASB. The remaining two clients elected to have ASB fund Indexed Universal Life Insurance Policies in their names in an amount equal to their investments with FIP. Under these agreements,

ASB has or will compensate these four clients in the cumulative amount of \$839,733.

CONCLUSIONS OF LAW

28. The Commissioner has jurisdiction over ASB and this matter.
29. The Purchase Agreements described herein are securities as that term is defined in K.S.A. 17-12a102(28).
30. The Purchase Agreements are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7) and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.
31. ASB violated K.S.A. 17-12a301 by offering and selling the Purchase Agreements.
32. In effecting the sale of the Purchase Agreements, ASB acted as a broker-dealer as that term is defined in K.S.A. 17-12a102(4) and was not exempt from registration under K.S.A. 17-12a401(b).
33. ASB violated K.S.A. 17-12a401 by transacting business in this state as a broker-dealer when ASB was neither registered under the KUSA nor exempt from registration.

ORDER

IT IS THEREFORE ORDERED that ASB shall pay a civil penalty in the amount of \$2,700. Payment shall be in the form of a cashier's check made payable to the "Office of the Kansas Securities Commissioner," and delivered to Jack Clayton Johnson, Assistant

General Counsel, at 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

This Order shall not disqualify ASB or Sweeney from any business that they are presently qualified, licensed, or permitted to perform under the KUSA, including rules, regulations, and orders issued thereunder, and any disqualifications from relying upon the KUSA's registration exemptions that would otherwise arise from this Order are hereby waived.

Upon any future application for registration under the KUSA by ASB or Sweeney, this Order shall not comprise the sole basis to deny such application, and any grounds to deny such application that would otherwise arise solely from this Order are hereby waived.

IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 27th day of October, 20 ,



A handwritten signature in blue ink, appearing to read "DKL", is written over a horizontal line.

Daniel J. Klucas
Kansas Securities Commissioner

CONSENTED TO BY:

Stephanie L. Ellis

Stephanie L. Ellis, Kansas Bar No. 28469
Staff Attorney

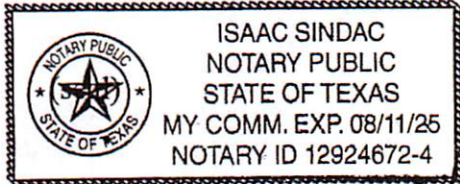
OFFICE OF THE KANSAS SECURITIES COMMISSIONER
Attorney for KSC Staff

J. A. Sweeney
James A. Sweeney, Managing General Partner
of American Senior Benefits
On Behalf of Respondent

STATE OF Texas)

COUNTY OF Williamson) ss:

This instrument was signed before me on this 25 day of October, 2021,
by James A. Sweeney.



[Signature]

Notary Public

My appointment expires: 8/11/25

NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.

- (2) This decision may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.