

# EXHIBIT 1

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 15-80946-CV-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.**

**AFFIDAVIT OF JAMES D. SALLAH, ESQ. AS RECEIVER IN SUPPORT OF MOTION  
FOR SUMMARY JUDGMENT AND FOR DECLARATORY RELIEF**

STATE OF FLORIDA        )  
  ) ss:  
PALM BEACH COUNTY    )

BEFORE ME, the undersigned authority, this date personally appeared, James D. Sallah, Esq., who, being by me first duly sworn, deposes and says:

1. My name is James D. Sallah, Esq., and I am over 21 and have personal knowledge of the matters set forth herein. I make this affidavit not individually, but solely in my capacity as the court-appointed Receiver over 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 “Receivership Entities,” “Receivership,” or “Estate”).

2. 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).

3. On April 7, 2014, the Honorable Donald M. Middlebrooks, United States District Court Judge, issued an Amended Receivership Order appointing me as Receiver over JCS and TBTI.

4. On April 14, 2014, the Court expanded the Receivership over Gee Bo.

5. On December 11, 2014, the Court expanded the Receivership over JOLA and PSCS.

6. On December 12, 2014, the Court entered its Reappointment Order reappointing me as Receiver. The Reappointment Order directs me 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.

7. 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.

8. 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.

9. 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.

10. JOLA was 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.

11. 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.

12. On June 7, 2016, I served and propounded Requests for Admission on Joseph Signore, but did not receive any response.

13. 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").

14. On March 14, 2016, I personally attended Joseph Signore's sentencing hearing in the Criminal Case. I also obtained a certified copy of the transcript proceedings before the Honorable Daniel T.K. Hurley, United States District Judge. Attached as Exhibit 1 is a true and correct copy of a portion of Joseph Signore's sentencing hearing transcript.

15. During the hearing, Judge Hurley found that Joseph Signore operated a Ponzi scheme, stating, in pertinent part:

If you have no advertising revenue, but have to keep the machine going, what you do is, you take the money from the new investors, and you start using that money to make good on your commitment to pay \$300 a month to other investors.

**And, Mr. Signore, that is a Ponzi scheme, and that is illegal.**

You were the president of this company, and you knew exactly what you were doing. You are not an unintelligent man, you knew exactly what you were doing.

Ex.1 at p.68 (Emphasis added).

16. During the same hearing, the Court 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.

17. As part of the Criminal Case, Judge Hurley ordered restitution in the Criminal Case to be paid to my care until ordered otherwise. In turn, I was ordered to advise the Clerk of Court in writing of the amount of any future disbursements to victims in the Criminal Case.

18. 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.

19. From at least as early as 2011 through April 7, 2014, Joseph Signore operated JCS.

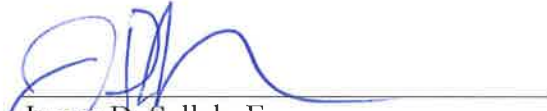
20. From at least as early as 2011 through April 7, 2014, Schumack operated TBTI.

21. 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.

22. 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.

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23. 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.

  
James D. Sallah, Esq.,  
Not individually, but solely in my  
capacity as Receiver of JCS, TBTI,  
Gee Bo, JOLA, and PSCS

STATE OF FLORIDA                    )  
  ) ss:  
PALM BEACH COUNTY                )

BEFORE ME, the undersigned authority, on the 12 day of September 2016, personally appeared James D. Sallah, Esq., who is personally known to me, and being duly sworn, on oath, deposes and says that the foregoing is true, correct, and complete to the best of his knowledge, and that he has read the foregoing and knows the contents of all documents and information provided.

SWORN TO AND SUBSCRIBED before me this 12 day of September, 2016.

  
NOTARY PUBLIC STATE OF FLORIDA



My Commission Expires:  
  
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# EXHIBIT 1

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION

CASE NO. 14-80081-HURLEY

**UNITED STATES OF AMERICA,** .  
Plaintiff, .  
vs. .  
**JOSEPH SIGNORE,** . West Palm Beach, FL  
Defendant. . March 14, 2016

TRANSCRIPT OF SENTENCING PROCEEDINGS  
BEFORE THE HONORABLE DANIEL T. K. HURLEY  
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE PLAINTIFF: **ELLEN L. COHEN**  
**STEPHEN CARLTON**  
United States Attorney's Office  
500 South Australian Avenue  
Suite 400  
West Palm Beach, FL 33401  
561-820-8711

FOR THE DEFENDANT: **MICHAEL SALNICK, ESQ.**  
**JACK K. FUCHS, ESQ.**  
1645 Palm Beach Lakes Boulevard  
Suite 1000  
West Palm Beach, FL 33401  
561-471-1000

COURT REPORTER: Pauline A. Stipes  
Official Federal Reporter  
HON. ROBIN L. ROSENBERG  
Fort Pierce/West Palm Beach  
772-467-2337



1 model, what happened was, they went on and sold machines left  
2 and right, and the bottom line is, they sold 22,500 units.

3 22,500 units at \$3,500, roughly, and they produced 84  
4 units. They produced 84 units, and they lied, and they lied to  
5 their investors about these units.

6 You know the classic, they would tell people, oh, they  
7 are up in Foxwoods, at the gaming casino in Foxwoods. We know  
8 now there were five up there, they were there for an extended  
9 period of time, they produced \$500, roughly, in total profit.

10 The lies went on and on and on, and that is what this  
11 case is all about. That is what this case is all about. The  
12 reality is they took in over \$80 million.

13 Now, they then tuned around and funneled some of this  
14 back.

15 If you have no advertising revenue, but have to keep  
16 the machine going, what you do is, you take the money from the  
17 new investors, and you start using that money to make good on  
18 your commitment to pay \$300 a month to the other investors.

19 And, Mr. Signore, that is a Ponzi scheme, and that is  
20 illegal.

21 You were the president of this company, and you knew  
22 exactly what you were doing. You are not an unintelligent man,  
23 you knew exactly what you were doing.

24 In all deference to you, the idea that you tell us you  
25 took out 2,000 a week and so on, you took out a million six at

1 condition and make appropriate judgments based on that and I  
2 will be happy to make the recommendation to the Federal  
3 correctional institution in Lexington, Kentucky, and hopefully  
4 they will accommodate us on that.

5 Anything further?

6 MR. CARLTON: No.

7 THE COURT: I will excuse the parties.

8 *(Thereupon, the hearing was concluded.)*

9 \* \* \*

10 I certify that the foregoing is a correct transcript  
11 from the record of proceedings in the above matter.

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13 Date: April 23, 2016

14 /s/ Pauline A. Stipes, Official Federal Reporter

15 Signature of Court Reporter

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