

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 14-CV-80468-MIDDLEBROOKS/BRANNON

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.

**RECEIVER'S MOTION TO DISPOSE OF COMPUTER
EQUIPMENT, ELECTRONICALLY STORED INFORMATION, AND
HARD COPY FILES PREVIOUSLY SECURED IN THE RECEIVERSHIP**

James D. Sallah, Esq., not individually, but solely in his capacity as the Court-appointed Receiver (the "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 (collectively, the "Receivership Entities" or "Receivership Estate"), through undersigned counsel, respectfully moves this Court for entry of the attached Order (Exhibit A) authorizing the Receiver to dispose of various items of computer equipment (including computers, servers, hard drives, and software), electronically stored information and hard copy files previously secured in the Receivership. In support, the Receiver states:

1. The Receiver has filed the Motion for Second (and Final) Distribution (DE 465), which the Court granted on April 19, 2021 (DE 466).
2. As of this filing, the Receiver has provided second/final distribution checks to the claimants entitled to receiving same.

3. The total amount of the second distribution was \$1,300,000 under the previously-approved rising tide distribution plan to the claimants with prior “allowed claims” and “late claims.”

4. Given the completion of the second/final distribution, the Receivership is winding down the Receivership and the Receiver will be filing in the coming weeks his final filings consisting of a Final Fee Application and a Motion to Close the Receivership and for Discharge.

5. However, before the Receiver closes the Receivership, he must liquidate or dispose of the pre-receivership physical hard copy files and computers, marketing materials, computer hardware, servers, or hard drives that contain electronic data.¹

6. The Receiver has continued to store the physical files and equipment in a receivership storage facility. The Receiver has also continued to store the electronic records and online accounts, including various company websites, advertising material and online storage sites containing company emails, files, databases, etc.

7. Given the limited remaining receivership tasks, the Receiver believes, using his business judgment, that it is unnecessary to continue paying the monthly payments for the storage facility in which the Receiver has stored computer equipment and records including physical documents and computer hardware.

8. Similarly, the Receiver believes, again using his business judgment, that it is unnecessary to continue paying monthly payments for the storage and maintenance of electronic records and online accounts, including various company websites, advertising material and online storage sites containing company emails, files, databases, etc.

¹ The Receiver recovered these items primarily from the prior offices of JCS Enterprises Inc., My Gee Bo, Inc., and T.B.T.I. Inc., as well as the prior homes of Messrs. Signore and Schumack that were ultimately liquidated by the Receiver.

9. The requested destruction of the various files, both physical and electronic, will eliminate continuing administrative expenses for the benefit of the Receivership Estate.

10. Similarly, the Receiver intends to shut down or cancel any and all electronic accounts, websites, data storage providers, etc. with various online service companies, and cancel online websites and accounts.

11. Many files, both physical and electronic (including physical electronic storage devices and related media such as computer hard drives, “thumb” drives, CDs/DVDs, etc.), contain personal and sensitive investor information² previously stored by the Receivership Entities. Therefore, the Receiver intends to hire a commercial shredding company(ies) to securely destroy the physical and electronic files and the original Receivership Entity computer storage devices.

12. The Receiver is requesting that the Court allow him to use his business judgment and discretion to either sell, donate, or scrap the remaining computer equipment after the electronic storage devices have been removed and the data within has been electronically shredded, depending on which course of action makes the most economic sense. The Receiver believes that the value of the particular equipment without storage devices included will likely be minimal.

13. The Court’s power to supervise an equity receivership and determine the appropriate action to be taken in the administration of the receivership is extremely broad. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. First City Fin. Corp.*, 890 F.2d 1215, 1230 (D.C. Cir. 1989). The Court’s wide discretion derives from the inherent powers of an equity court to fashion relief. *Elliott*, 953 F.2d at 1566 (citing *SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 372 (5th Cir. 1982)). Without question, the Court is empowered as a court of equity to grant the requested relief.

² The records include bank accounts, credit card information, social security numbers, birth dates, etc.

WHEREFORE, the Receiver respectfully requests that the Court grant this Motion, enter the attached proposed Order (Exhibit A) and grant any further relief that is just and proper.

LOCAL RULE 7.1(a)(3) CERTIFICATE

The undersigned for the Receiver has conferred with:

- 1) Anthony Natale, Esq., counsel for Paul L. Schumack, II, who has not provided his position as of this filing;
- 2) Alise Johnson, Esq., counsel for the U.S. Securities and Exchange Commission, which does not oppose this Motion; and
- 3) Assistant United States Attorney Marton Gyires, counsel for the United States of America, which does not oppose this Motion.

The undersigned counsel for the Receiver has been unable to confer with Non-Party Christine Schumack. In addition, the undersigned has been unable to confer with Defendant Joseph Signore and Non-Party Laura Grande, who are both incarcerated.

Dated: June 4, 2021

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on June 4, 2021, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or *pro se* parties and non-parties who may have an interest in the Motion identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties or non-parties who are not authorized to receive electronically Notices of Electronic Filing.

/s/Patrick J. Rengstl

SERVICE LIST

Securities and Exchange Commission v. JCS Enterprises, Inc. et al.
Case No. 14-80468-CIV-MIDDLEBROOKS

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EXHIBIT A

UNITED STATES DISTRICT COURT
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CASE NO. 14-CV-80468-MIDDLEBROOKS/BRANNON

SECURITIES AND EXCHANGE COMMISSION,

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ENTERPRISES SERVICES, INC., T.B.T.I., INC.,
JOSEPH SIGNORE, and PAUL L. SCHUMACK, II,

Defendants.

**ORDER GRANTING RECEIVER'S MOTION
TO DISPOSE OF COMPUTER EQUIPMENT,
ELECTRONICALLY STORED INFORMATION, AND HARD
COPY FILES PREVIOUSLY SECURED IN THE RECEIVERSHIP**

THIS CAUSE came before the Court upon the Receiver's Motion to Dispose of Computer Equipment, Electronically Stored Information, and Hard Copy Files Previously Secured in the Receivership (DE 467) (the "Motion"). Having reviewed the Motion and the record in this case, the Court finds granting the Motion is in the Estate's best interests. Accordingly, it is hereby

ORDERED AND ADJUDGED as follows:

1. The Motion is **GRANTED**.
2. The Receiver is authorized to destroy the physical and electronic receivership files, as well as the original receivership computer storage devices, using a commercial shredding company(ies) of his choice.
3. The Receiver is also authorized to shut down or cancel any and all electronic accounts, websites, data storage providers, and the like with various online service companies, and cancel online websites and accounts.

4. Finally, the Receiver is authorized to either sell, donate, or scrap the remaining computer equipment after the electronic storage devices have been removed and the data within has been electronically shredded, depending on which course of action makes the most economic sense based on the Receiver's business judgment.

DONE AND ORDERED in Chambers in West Palm Beach, Florida this _____ day of _____, 2021.

DONALD M. MIDDLEBROOKS
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record

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