

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504 3600

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JENNIFER M. PEREZ, ESQ.
SUPERIOR COURT CLERK'S OFFICE

IN THE MATTER OF:

JAY ERIC CHANIN

CONSENT ORDER

CRD # 2655324

WHEREAS, the New Jersey Bureau of Securities (the "Bureau") served a Summary Order, dated July 26, 2005, on Jay Eric Chanin ("Chanin");

WHEREAS, the Summary Order alleged, and the Chief of the New Jersey Bureau of Securities (the "Bureau Chief") found, that:

1. During the period from 1998 through 2000, Chanin was registered with the New Jersey Bureau of Securities (the "Bureau") as an agent of Clearing Services of America, Inc. ("Clearing Services"), which was registered as a broker-dealer with the Bureau;

2. During the period from 1998 through 2000, Chanin was involved in the sale of twenty five (25) promissory notes from or within New Jersey for \$584,952.80 that were issued and guaranteed by one or more of the entities listed below:

<u>Issuer</u>	<u>Guarantor</u>	<u>No./Amount</u>
American Capital Corporation	Star Insurance Co.	3/\$58,000
Cafe Diva Group Limited	New England Surety International, Inc.	2/\$65,000
Corlogic Corporation	New England Surety International, Inc.	1/\$14,000
Digizap Technologies, Inc.	New England Surety International, Inc.	1/\$25,000

DJ 245268-09

Millenium 2000, Inc.	Global Insurance Company, Ltd.	4/\$96,000
Pacific Air Transport	New England Surety International, Inc.	8/\$177,000
Sun Broadcasting Systems, Inc.	Global Insurance Company, Ltd.	4/\$102,000
World Vision Entertainment, Inc.	Star Insurance Co.	2/47,952.80;

3. Chanin offered and sold 10 of the 25 Promissory Notes through his association with Senior Financial Services, LLC ("Senior Financial Services"), a limited liability company organized under the laws of the State of New Jersey with offices at Barclay Pavilion West, Suite 207, Route 70 East, Cherry Hill, New Jersey 08034;

4. Chanin received commissions from the issuers on his sales of the Promissory Notes through Senior Financial Services;

5. Chanin sold the remaining 15 Promissory Notes through a collaboration with Rachel Neufeld;

6. Chanin also received commissions from the issuers with respect to the sales of these Promissory Notes;

7. The Promissory Notes notes were not registered with the Bureau;

8. Chanin told the New Jersey investors that the Promissory Notes were not securities;

9. Chanin also did not disclose, did not sufficiently disclose or otherwise made material misstatements to New Jersey investors about: (a) the intended uses of the proceeds of the Promissory Notes; (b) the nature and extent of the risks associated with those uses; (c) the financial statements of the issuers of the Promissory Notes; (d) the ability of the issuers to pay interest and to repay the principal at maturity; and (e) the ability of the guarantors to pay interest or to repay principal in the event the issuers were to default;

10. The information in the previous paragraph that Chanin did not disclose, did not sufficiently disclose or otherwise made material misstatements about was material to an investor's decision to accept or reject an offer to sell the Promissory Notes; and

11. Although Chanin was a registered agent of Clearing Services at the times that he sold the Promissory Notes, he did not carry out the sales of the Promissory Notes to New Jersey through Clearing Services and did not receive permission from Clearing Services to sell the Promissory Notes.

WHEREAS, the Bureau Chief makes the following conclusions of law:

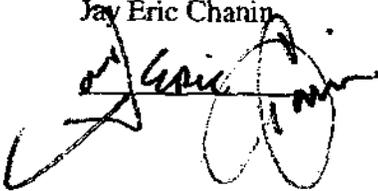
1. The Promissory Notes were securities that were not exempt from registration;
2. Chanin violated N.J.S.A. 49:3-60 by selling securities from or within New Jersey that were neither registered with the Bureau nor exempt from registration;
3. Chanin violated N.J.S.A. 49:3-52 by making untrue statements of material fact and omitting material facts that were necessary to make the statements he made not misleading in connection with the sale of securities;
4. Under the rules of NASD, Inc. ("NASD") an agent of a broker dealer is only permitted to be employed by or accept compensation for business activity from another entity when the agent has the prior written approval of the broker dealer;
5. Chanin violated NASD rules by selling the Promissory Notes without obtaining the prior written permission of Clearing Services; and
6. Chanin's sale of the Promissory Notes without the prior written permission of Clearing Services was an unethical practice under N.J.S.A. 49:3-58(a)(2)(vii).

H. Chanin shall be summarily denied all exemptions contained in (a) N.J.S.A. 49.3-50(a), paragraphs 9, 10 and 11, (b) N.J.S.A. 49.3-50(b), and (c) N.J.S.A. 49.3-56(a) through (f).

By: Franklin L. Widmann
Franklin L. Widmann
Chief, Bureau of Securities
April 6, 2006

The undersigned has read this Consent Order, has been advised of his right to review it with counsel before signing it, understands it, and agrees to be bound by its terms.

Jay Eric Chanin



DATED: April 5, 2006

Consent as to the form and entry of this Order.

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for the New Jersey
Bureau of Securities

BY: Joshua T. Rabinowitz
Joshua T. Rabinowitz,
Deputy Attorney General

DATED: April 5, 2006

FLASTER GREENBERG
1810 Chapel Avenue West
Cherry Hill, New Jersey 08002
Attorney for Jay Eric Chanin

BY: Vincent J. Nolan III
Vincent J. Nolan, III, Esq.

DATED: April 5, 2006

WHEREAS, Chanin admits that he sold the Promissory Notes, but disputes the remainder of the Bureau Chief's findings of fact and conclusions of law and, among other things, asserts that:

1. He was not aware that the Promissory Notes were securities that needed to be registered with the Bureau;
2. The accounting firm for the guarantors of a significant percentage of the Promissory Notes represented to him that the guarantors had the ability to repay the principal and interest;
3. Despite his good investigation of the guarantors of the Promissory Notes, Chanin did not know that the Promissory Notes were issued as part of a "Ponzi Scheme;"
4. Chanin sold the Promissory Notes to, among others, friends, family members and long standing clients in the belief that they were suitable investments and adequately insured.

WHEREAS, several years ago, Chanin voluntarily did not renew his securities registration.

WHEREAS, while Chanin does not agree with all of the findings and conclusions in the Bureau's Summary Order, he has, in order to avoid the cost and inconvenience of further litigation, agreed to settle this matter pursuant to the terms of this Consent Order, which shall not be deemed to be an admission of liability.

The Bureau and Chanin agree to settle the allegations in the Summary Order according to the following terms:

- A. Chanin shall make a penalty payment of \$65,000 to the Bureau (the "Penalty Payment");
- B. The Penalty Payment shall be made in accordance with the following schedule: (i) Chanin shall make an initial payment of \$24,000 on or before April 1, 2006; and (ii) Chanin shall

make 36 monthly payments of \$1,138.89 with the first payment due on or before May 1, 2006, and each subsequent payment due on or before the 1st day of each subsequent month;

C. Each payment required by this Consent Order shall be by a check or money order made payable to the New Jersey Bureau of Securities and shall be mailed or delivered to the following address:

Franklin L. Widmann, Chief
State of New Jersey, Bureau of Securities
P.O. Box 47029
Newark, New Jersey 07101;

D. If Chanin fails to make a payment when it is due, he will be charged a late payment fee of \$500 for late payment of the amount due on April 1, 2006 and \$50 for late payment of any monthly payment;

E. If Chanin fails to make a payment when it is due and fails to make the payment the applicable late payment fee within one month of the date that the payment was originally due, then all payments due under this Consent Order shall become immediately due and payable;

and
KWS
JTR
JLW

F. This Consent Order shall resolve and constitute satisfaction of any and all claims, based on facts known to the Bureau as of the date it executes this Consent Order, which the Bureau could have asserted against Chanin, and, in the event of any default under this Consent Order, the Bureau shall be limited to enforcing the terms of this Consent Order; and

G. Chanin shall not apply to register with the Bureau as an agent of a broker dealer or in any other capacity for 36 months from the date of the Consent Order or the date on which he makes full payment of the Penalty Payment; which ever occurs last; and

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PLAINTIFF: Bureau of Securities

DEFENDANT: Jay Eric Chanin ^{VS}

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