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STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW  
OAL Docket No.: BOS 15402-2014 N

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IN THE MATTER OF:

Evan M. Kochav  
(CRD #4707447), and  
White Cedar Group LLC,

**ADMINISTRATIVE  
CONSENT ORDER**

Respondents.

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This matter was commenced on October 2, 2014, through the entry of a Summary Order by the Chief of the New Jersey Bureau of Securities, Laura H. Posner (“Bureau Chief”), against Respondents Evan M. Kochav (“Kochav”) and White Cedar Group LLC (“White Cedar”) (collectively, “Respondents”), setting forth numerous violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”), assessing civil monetary penalties jointly and severally against Respondents in the amount of \$2,000,000 for their violations of the Securities Law, revoking Kochav’s agent registration, denying Respondents all exemptions in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10 and 11 and subsection (b), and revoking Respondents’ exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g). In response to the Summary Order, Kochav

submitted a “Written Request for a Hearing,” dated November 11, 2014. The New Jersey Bureau of Securities (“Bureau”) transmitted this contested case to the Office of Administrative Law (“OAL”).

The Bureau Chief hereby finds that there is good cause, it is in the public interest, and it will preserve resources, to settle this matter. Respondents Kochav and White Cedar also desire to settle with the Bureau. Accordingly, the Bureau and Respondents hereby agree to settle this matter under the full terms of settlement in this Administrative Consent Order (“Consent Order”) pursuant to N.J.A.C. 1:1-19.1. Respondents consent to entry of this Consent Order, voluntarily waive an opportunity for a hearing after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2), and waive any rights to seek judicial review, or otherwise challenge or contest, the validity of this Consent Order.

The Bureau Chief makes the following findings of fact and conclusions of law, which Respondents admit.

### **FINDINGS OF FACT**

#### **Evan Kochav and White Cedar**

1. Kochav (CRD #4707447), residing in Jersey City, New Jersey, was registered with the Bureau as an agent from June 2007 to June 2013. He was most recently registered with the Bureau as an agent of World Equity Group, Inc. (CRD #29087) (“WEG”) from October 2012 to June 2013. Kochav was terminated by WEG on June 6, 2013, for violating WEG’s policies and engaging in prohibited activity. WEG has been registered with the Bureau as a broker-dealer since July 1992, and maintains a principal place of business in Arlington Heights, Illinois.

2. White Cedar was a New Jersey limited liability company founded by Kochav on or about June 23, 2013. Between June 2013 and February 2014, White Cedar maintained a registered business office address at 125 Half Mile Road, Red Bank, New Jersey.

3. White Cedar held itself out as an economic consulting firm that purported to have partnerships and relationships with a variety of investment groups and trusted business partners throughout the world and in various industries, including real estate, manufacturing, building development, oil drilling and mineral rights. White Cedar also provided investment advice to clients for compensation.

4. Kochav was the sole member, President and Chief Executive Officer of White Cedar. Kochav controlled all aspects of White Cedar including, but not limited to, White Cedar's finances. For instance, Kochav was the sole authorized signatory and debit card holder of White Cedar's bank accounts (the "White Cedar Accounts").

#### **Investors**

5. "White Cedar Investors" or "investors" include the eighteen (18) people – four individuals and seven couples – who made investments through Kochav and/or White Cedar, through Kochav.

6. Many of the investors were Kochav's former clients at WEG.

#### **Sale of Unregistered Securities**

7. From in or about June 2013 through in or about February 2014, Kochav and White Cedar, through Kochav, offered and sold securities in the form of interests in White Cedar ("White Cedar Interests") to at least twelve (12) White Cedar Investors.

8. Investors were told that the White Cedar Interests entitled them to, among other things, an ownership interest in White Cedar's assets that would generate investment returns, including dividend payments.

9. The White Cedar Interests were neither registered with the Bureau, "federally covered," nor exempt from registration.

10. Kochav and White Cedar, through Kochav, raised at least \$101,802.73 from the sale

of the White Cedar Interests to the twelve (12) White Cedar Investors, seven (7) of whom are from New Jersey.

**Fraudulent Conduct**

11. In connection with the offer and sale of White Cedar Interests, Kochav and White Cedar, through Kochav, made material misrepresentations through verbal and written communications, including White Cedar brochures, financial data, and account statements. For instance, Kochav and White Cedar, through Kochav, falsely stated that:

a. “White Cedar Group is a private economic consulting firm, which utilizes a variety of strategic business partnerships and relationships around the world;”

b. White Cedar had a lucrative partnership with an oil and gas company, and owned an interest in one of its oil-producing wells that would continue to see profits and bring in revenue for years;

c. White Cedar maintained an investment portfolio, valued at approximately \$13 million, that included equity holdings in Tesla Motors, Google, Apple, Twitter, and Facebook;

d. The White Cedar Interests entitled investors to an ownership interest in White Cedar’s approximately \$13 million in assets under management;

e. The White Cedar interests would generate investment returns, including dividend payments; and

f. White Cedar executed securities transactions for clients that were purportedly cleared through Options House and/or Apex Clearing Corporation (“Apex Clearing”).

12. Kochav and White Cedar, through Kochav, also omitted to disclose material information to investors including that investor funds would be used for Kochav's personal expenses. For instance, Kochav and White Cedar, through Kochav, misused investor funds deposited in White Cedar Accounts and/or Kochav's personal bank accounts by withdrawing funds through debit transactions and/or ATMs located at or near casinos in Costa Rica, Florida, New Jersey, and Pennsylvania. Kochav and White Cedar, through Kochav, also misused the investor funds to, among other things:

- a. pay for Kochav's personal expenses including shopping, dining, air travel, hotels at casino and other locations, and entertainment, including professional football tickets;
- b. transfer at least \$33,375 to Kochav's wife;
- c. pay at least two online poker websites;
- d. fund cash withdrawals; and
- e. pay other investors in a Ponzi-like scheme.

13. In furtherance of the fraud, Kochav and White Cedar created and distributed fabricated account documents.

14. For example, although investors were provided with account statements purporting to reflect their respective account's purported beginning and ending account values and account activity, including dividends and interest, Kochav and White Cedar did not establish or maintain investor accounts, but instead misused investor money as described in paragraph 12 above.

15. In addition, investors were provided with asset pie allocation charts that purported to represent the investors' percentage allocation of various holding types in their accounts (e.g., equities, options or private placements), even though White Cedar did not maintain or own the holding types as represented on the charts.

16. In one instance, on or about October 28, 2013, Kochav sent at least one investor a letter which attached a quarterly statement of White Cedar's purported holdings and included an oil and gas position, a money market fund, and shares in Tesla Motors, Google, and Apple, among others, with a total value of \$13,138,906.31. In truth, White Cedar did not own the holdings represented on the quarterly statement.

17. Kochav and White Cedar also failed to tell investors that:

a. the White Cedar Interests were not registered with the Bureau nor exempt from state or federal regulation; and

b. Kochav was not registered with the Bureau to sell securities.

**Kochav's and White Cedar's Fraudulent Investment Adviser Conduct**

18. From approximately October 2012 through February 2014, Kochav and/or White Cedar, through Kochav, fraudulently provided investment advice to at least three (3) White Cedar Investors for compensation.

19. Specifically, Kochav recommended specific strategies and securities to these investors that included liquidating existing investments and using cash advances from credit cards to generate returns through other investments, including White Cedar Interests.

20. In addition to providing these investors with investment advice for compensation, White Cedar and/or Kochav also received approximately \$171,128.00 from these investors to purchase recommended securities, including White Cedar Interests.

21. Despite recommending specific strategies and securities transactions to investors and receiving money to execute the strategies, Kochav misused the \$171,128.00 of investors' money as described in paragraph 12 above.

22. In furtherance of the fraud, these investors were provided fabricated trade confirmations that falsely described the details of purported trades, including made-up order numbers.

23. In some instances, the fabricated trade confirmations also falsely stated that Apex Clearing served as the clearing firm for White Cedar, even though the purported securities transactions were not executed and White Cedar did not maintain an account at Apex Clearing.

24. In addition, Kochav provided at least one of these White Cedar Investors with copies of eleven checks totaling \$127,747.83 issued from a White Cedar Account and payable to Apex Clearing.

25. Although the White Cedar Account on which they were written was not established until October 2013, the checks, which were signed by Kochav, were dated between July 1, 2013 and January 10, 2014.

26. In an email to this White Cedar Investor, Kochav falsely represented that these checks were sent to Apex Clearing to execute trades on behalf of the investor.

27. In truth, Kochav did not send the checks to Apex Clearing and, as stated above, White Cedar did not maintain an account at Apex Clearing.

#### **Kochav's Private Securities Transactions**

28. Bureau regulations prohibit agents of broker-dealers from effecting securities transactions not recorded on the regular books and records of the broker-dealer unless the transactions are authorized by the broker-dealer in writing prior to execution.

29. Further, WEG's Written Supervisory Procedures Manuals in effect between October 2012 and June 2013 state: "[n]o person associated with this firm shall participate, in any manner, in a private securities transaction without written permission of the Chief Compliance Officer."

30. Between approximately October 2012 and June 2013, while employed with WEG,

Kochav took approximately \$117,128.00 on at least sixteen separate occasions from five investors – one individual and two couples – who were WEG clients, to purchase securities away from WEG. All five of these WEG clients were New Jersey residents.

31. Although he told these WEG clients that he would execute securities transactions with their funds on their behalf and instructed clients to transfer their funds to him personally, Kochav never purchased the securities, but instead misused all \$117,128.00 of the WEG client funds he received as described in paragraph 12 above.

32. In addition, Kochav never received permission from WEG's Chief Compliance Officer to engage in these transactions and failed to notify WEG that he was accepting payments from WEG clients to his personal bank account(s).

#### **Kochav Controlled a Client's Brokerage Checking Account**

33. FINRA Conduct Rule 2010 requires that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

34. FINRA Conduct Rule 2150 prohibits an agent from making improper use of a client's funds.

35. Kochav signed a WEG Applicant Compliance Checklist on October 9, 2012, in which he certified his understanding that customer checks must be made payable to an appropriate company and he could not accept any cash or checks payable to himself. In addition, Kochav certified that he would not act as a personal custodian of money belonging to a client.

36. During his employment with WEG, Kochav controlled and obtained a client's checkbook that was tied to an account for which Kochav was the broker of record.

37. Between April 19, 2013 and May 21, 2013, Kochav wrote six checks on the account totaling \$35,237 paid to the order of Kochav or "Cash."

38. Kochav signed the name of the account owner on each check and endorsed, and

deposited each of these checks into his personal bank account(s).

**FINRA Bar from Association**

39. On August 23, 2013, the Financial Industry Regulatory Authority (“FINRA”) accepted a Letter of Acceptance, Waiver and Consent (“AWC”) against Kochav for violating FINRA Rules 8210 and 2010.

40. As part of the AWC, FINRA found that: (a) on June 10, 2013, FINRA’s Office of Fraud Detection and Market Intelligence requested information from Kochav, pursuant to FINRA Rule 8210, concerning the fact and circumstances of his relationship with a customer of WEG and his control of the customer’s brokerage account checkbook; (b) on June 20, 2013, FINRA’s Chicago District Office made an additional request for information from Kochav, pursuant to FINRA Rule 8210, regarding his termination from WEG and his control of the customer’s brokerage account checkbook; and (c) on July 22, 2013, Kochav responded, through counsel, that he would not respond to either request for information.

41. As a result of these violations, Kochav was barred from associating with any FINRA member in any and all capacities.

**Criminal Prosecution**

42. On March 23, 2015, the State of New Jersey’s Division of Criminal Justice charged Kochav criminally in a seven-count indictment based on the conduct above (the “Criminal Case”). The charges in the indictment are: (1) Theft by Deception (Second Degree); (2) Financial Facilitation of Criminal Activity (Second Degree); (3) Bad Checks (Third Degree); (4) Bad Checks (Third Degree); (5) Bad Checks (Third Degree); (6) Bad Checks (Third Degree); and (7) Misconduct By Corporate Official (Second Degree).

43. The Criminal Case is pending in the Superior Court of New Jersey, Criminal Division, docket no. 15-03-00035-S.

44. On December 16, 2015, Kochav entered a plea of guilty in the Criminal Case to Counts One (Theft by Deception - Second Degree) and Two (Financial Facilitation of Criminal Activity - Second Degree). The Plea Form is signed by Kochav, his attorney and the prosecutor. Paragraph 13 of the Plea Form describes the “sentence the prosecutor has agreed to recommend” as follows:

5 years NJSP on Count One.

3 years NJSP on Count Two – consecutive to the sentence on Count One; Defendant to be sentenced as 3<sup>rd</sup> degree crimes.

If Defendant deposits at least 20% of the agreed upon restitution amount before sentence date into counsel’s attorney trust account, Defendant may withdraw his guilty plea on Count Two and be sentenced to Count One only and receive a flat five years and the State will not object to an early application to the Intensive Supervision Program. Total Amount of Restitution remains to be determined; Defendant will be required to pay the agreed upon amount of restitution.

45. Kochav is scheduled to be sentenced in the Criminal Case on or about April 1, 2016.

At sentencing, Kochav will be ordered to pay over \$500,000 of restitution to investors.

#### **CONCLUSIONS OF LAW**

#### **KOCHAV AND WHITE CEDAR EMPLOYED A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD IN VIOLATION OF N.J.S.A. 49:3-52(a)**

46. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

47. Kochav and White Cedar employed a device, scheme, or artifice to defraud investors, in violation of N.J.S.A. 49:3-52(a) by, among other things:

a. Fabricating White Cedar Investor account statements, which created a false appearance regarding the use of investor funds;

b. Fabricating asset allocation pie charts to misrepresent the investment allocation of White Cedar Investor accounts;

c. Fabricating at least one quarterly statement to misrepresent the nature

of White Cedar's investments and value to White Cedar Investors;

d. Misusing the funds of White Cedar Investors; and

e. Making material misrepresentations and omitting material facts to investors.

48. Each violation of N.J.S.A. 49:3-52(a) by Kochav and White Cedar upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR MADE UNTRUE STATEMENTS OF MATERIAL FACT OR OMITTED TO STATE MATERIAL FACTS NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING IN VIOLATION OF N.J.S.A. 49:3-52(b)**

49. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

50. Kochav and White Cedar made materially false and misleading statements and/or omitted to state material facts necessary in order to make the statements made in light of the circumstances under which they were made, not misleading to investors in connection with the offer and sale of White Cedar Interests, as described in paragraphs 11-17 above.

51. Each omission and materially false or misleading statement was in violation of N.J.S.A. 49:3-52(b).

52. Each violation of N.J.S.A. 49:3-52(b) by Kochav and White Cedar is a separate violation of the Securities Law and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR ENGAGED IN AN ACT, PRACTICE, OR COURSE OF BUSINESS WHICH WOULD OPERATE AS A FRAUD OR DECEIT UPON ANY PERSON IN CONNECTION WITH THE OFFER, SALE OR PURCHASE OF SECURITIES IN VIOLATION OF N.J.S.A. 49:3-52(c)**

53. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

54. Kochav and White Cedar engaged in an act, practice, and course of business that operated as a fraud and/or deceit upon the investors.

55. Each violation of N.J.S.A. 49:3-52(c) by Kochav and White Cedar upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR EMPLOYED A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD IN VIOLATION OF N.J.S.A. 49:3-53(a)(1)**

56. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

57. Kochav and White Cedar directly and/or indirectly employed a device, scheme, or artifice to defraud investors in violation of N.J.S.A. 49:3-53(a)(1).

58. Each violation of N.J.S.A. 49:3-53(a)(1) by Kochav and White Cedar upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR ENGAGED IN AN ACT, PRACTICE, OR COURSE OF BUSINESS WHICH WOULD OPERATE AS A FRAUD OR DECEIT UPON ANOTHER PERSON IN VIOLATION OF N.J.S.A. 49:3-53(a)(2)**

59. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

60. Kochav and White Cedar engaged in an act, practice, and course of business that operated as a fraud and/or deceit upon the investors.

61. Each violation of N.J.S.A. 49:3-53(a)(2) by Kochav and White Cedar upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR ENGAGED IN DISHONEST OR UNETHICAL  
BUSINESS PRACTICES IN VIOLATION OF N.J.S.A. 49:3-53(a)(3) and N.J.A.C. 13:47A-  
6.3(a)**

62. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

63. Kochav and White Cedar engaged in dishonest or unethical business practices.

64. Each violation of N.J.S.A. 49:3-53(a)(3) by Kochav and White Cedar is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV AND WHITE CEDAR SOLD UNREGISTERED SECURITIES  
IN VIOLATION OF N.J.S.A. 49:3-60**

65. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

66. Kochav and White Cedar offered and sold securities that were not registered with the Bureau.

67. The White Cedar Interests were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60.

68. Each offer and sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV ACTED AS AN AGENT WITHOUT REGISTRATION  
IN VIOLATION OF N.J.S.A. 49:3-56(a)**

69. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

70. Kochav acted as an agent, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in White Cedar Interests from and in New Jersey.

71. Kochav was not registered with the Bureau as an agent of White Cedar.

72. Kochav violated N.J.S.A. 49:3-56(a), which requires, among other things, that only persons registered with the Bureau may lawfully act as agents.

73. Each sale to investors constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**WHITE CEDAR EMPLOYED AN UNREGISTERED AGENT  
IN VIOLATION OF N.J.S.A. 49:3-56(h)**

74. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

75. White Cedar employed Kochav to act as an agent, as defined under N.J.S.A. 49:3-49(b), to effect or to attempt to effect transactions in securities from or in New Jersey.

76. Kochav acted as an agent, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in securities from and in New Jersey, without being registered as agents with the Bureau.

77. White Cedar's conduct constituted employing agents who were not registered with the Bureau in violation of N.J.S.A. 49:3-56(h).

78. Each violation of N.J.S.A. 49:3-56(h) is a separate violation and is cause for the imposition of a civil monetary penalty for each violation pursuant to N.J.S.A. 49:3-70.1.

**KOCHAV ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE  
SECURITIES BUSINESS**

**N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(vii), N.J.A.C. 13:47A-6.3(a)(28),  
N.J.A.C. 13:47A-6.3(a)(34), and N.J.A.C. 13:47A-6.3(a)(56)**

79. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

80. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business, as may be defined by the rule of the bureau chief.”

81. Pursuant to N.J.A.C. 13:47A-6.3(a): “‘Dishonest or unethical practices’ as used in N.J.S.A. 49:3-47 et seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (28.) ... [f]ailing to comply with any applicable provision of the Conduct Rules of FINRA...which relate to honesty and fair dealings and just and equitable principles of trade...(34.)...effecting securities transactions not recorded on the regular books and records of the broker-dealer which the agents represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction...(56.) engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative in contravention of Section 206(4) of the Investment Advisers Act of 1940 notwithstanding the fact that such investment adviser is not registered or required to be registered.”

82. Kochav engaged in dishonest or unethical practices in the securities business by obtaining a checkbook of a client’s account, preparing six checks worth \$35,237 to himself or “cash”, signing his client’s name to the checks, and depositing the checks into his personal account(s) in violation of FINRA Conduct Rules 2010 and 2150.

83. Further, Kochav engaged in dishonest or unethical practices in the securities business by engaging in securities transactions not recorded on the regular books and records of

WEG.

84. Additionally, Kochav engaged in dishonest or unethical practices in the securities business by fraudulently making investment advice.

85. The conduct described in the previous paragraphs is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke the registration of Kochav.

86. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke the registration of Kochav.

**KOCHAV IS THE SUBJECT OF AN ORDER BY A SELF-REGULATORY  
ORGANIZATION EXPELLING HIM FROM A NATIONAL SECURITIES  
ASSOCIATION**  
**N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vi)**

87. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

88. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vi) is the subject of an order of ... a self-regulatory organization ... expelling him from a ... national securities ... association registered under the ‘Securities Exchange Act of 1934’....”

89. In connection with the AWC accepted by FINRA, which bars Kochav’s association with any FINRA member in all capacities, Kochav is effectively expelled from a national securities association.

90. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(2)(vi), it is in the public interest to revoke the registration of Kochav.

**KOCHAV WILFULLY VIOLATED OR WILLFULLY FAILED TO COMPLY  
WITH A PROVISION OF THE LAW**  
**N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-56(a), and N.J.S.A. 49:3-58(a)(2)(ii)**

91. The preceding paragraphs are incorporated by reference as though set forth verbatim

herein.

92. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant... ii)...has willfully violated or willfully failed to comply with any provision of this act... or has willfully, materially aided others in such conduct.”

93. Kochav directly and/or indirectly employed a device, scheme or artifice to defraud investors, in violation of N.J.S.A. 49:3-52(a). As such, the Bureau has proper grounds to revoke the registration of Kochav pursuant to N.J.S.A. 49:3-58(a)(2)(ii).

94. Kochav made materially false and misleading statements and/or omitted to state material facts necessary in order to make the statements made in light of the circumstances under which they were made, not misleading to investors in connection with the offer and sale of the White Cedar Interests in violation of N.J.S.A. 49:3-52(b). As such, the Bureau has proper grounds to revoke the registration of Kochav pursuant to N.J.S.A. 49:3-58(a)(2)(ii).

95. Kochav engaged in an act, practice and course of business that operated as a fraud and/or deceit upon the investors, in violation of N.J.S.A. 49:3-52(c). As such, the Bureau has proper grounds to revoke the registration of Kochav pursuant to N.J.S.A. 49:3-58(a)(2)(ii).

96. Pursuant to N.J.S.A. 49:3-56(a): “It shall be unlawful for any person to act as a ... agent ... in this State unless that person is registered or exempt from registration under this act.”

97. Kochav represented White Cedar in effecting or attempting to effect transactions in securities from or in New Jersey and, thus, acted as an agent, as defined in N.J.S.A. 49:3-49(b) of the Securities Law, without being registered with the Bureau to sell the White Cedar Interests in violation of N.J.S.A. 49:3-56(a).

98. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke the registration of Kochav.

**THEREFORE**, it is on this 28<sup>th</sup> day of March 2016, hereby agreed and **ORDERED**:

99. Evan M. Kochav and White Cedar Group LLC shall cease and desist from violating the Securities Law or any regulation or order under the Securities Law;

100. Evan M. Kochav and White Cedar Group LLC shall cease and desist from engaging in the conduct described in the Bureau Chief's findings of fact and conclusions of law;

101. The agent registration of Evan M. Kochav is **REVOKED**;

102. Evan M. Kochav and White Cedar Group LLC are **DENIED** all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b);

103. The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to Evan M. Kochav and White Cedar Group LLC;

104. Evan M. Kochav is permanently barred, within the State of New Jersey, from acting as a broker-dealer, an agent of a broker-dealer, an investment adviser or an investment adviser representative, as defined by the Securities Law;

105. Evan M. Kochav agrees that he will not apply to the Bureau to become a registered broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative, as defined by the Securities Law;

106. Evan M. Kochav is permanently barred from the issuance for sale, sale, offer for sale, purchase, offer to purchase, solicitation, promotion, negotiation, advertisement, or distribution from or within the State of New Jersey of any security as that term is defined in the Securities Law, except that Kochav may buy or sell securities for his own account through a registered broker-dealer;

107. Evan M. Kochav and White Cedar Group LLC are jointly and severally assessed civil monetary penalties, pursuant to N.J.S.A. 49:3-70.1, for the violations of the Securities Law

stated above, in the amount of One Million Dollars (\$1,000,000), subject to the provisions below.

**PAYMENT OF CIVIL MONETARY PENALTIES**

108. For each violation of the Securities Law, Kochav and/or White Cedar could be assessed a civil monetary penalty of up to \$10,000 for the first violation and up to \$20,000 for each subsequent violation pursuant to N.J.S.A. 49:3-70.1.

109. Based on the Findings of Fact above, pursuant to N.J.S.A. 49:3-70.1, the Bureau Chief assessed One Million Dollars (\$1,000,000) in civil monetary penalties against Kochav and White Cedar.

110. However, in light of Kochav's lack of finances, as disclosed to the Bureau, and his restitution obligations in the Criminal Case, the Bureau Chief has agreed to suspend Nine Hundred Thousand Dollars (\$900,000) of the One Million Dollars (\$1,000,000) in civil monetary penalties assessed.

111. Accordingly, Kochav and White Cedar shall pay the penalties to the Bureau as follows:

- a. \$25,000 on or before June 30, 2019;
- b. \$25,000 on or before September 30, 2019;
- c. \$25,000 on or before December 30, 2019;
- d. \$25,000 on or before March 30, 2020.

112. If Kochav pays the full amount of restitution in the Criminal Case by March 30, 2019, the Bureau Chief will suspend an additional Fifty Thousand Dollars (\$50,000) of the civil monetary penalties assessed herein and Kochav and White Cedar shall pay penalties to the Bureau as follows:

- a. \$12,500 on or before June 30, 2019;
- b. \$12,500 on or before September 30, 2019;

c. \$12,500 on or before December 30, 2019;

d. \$12,500 on or before March 30, 2020.

113. Kochav shall provide the Bureau with copies of all restitution payments that he makes in the Criminal Case within ten days of each such payment. In the event that Kochav has not paid full restitution by March 30, 2019, Kochav may write to the Bureau requesting an extension of the date(s) on which his penalty obligations to the Bureau become due. The Bureau Chief will determine, in her sole discretion, whether or not to grant any such request for an extension.

114. Kochav and White Cedar Group shall make all penalty payments by certified check, bank check, attorney trust fund account check, or other guaranteed funds, payable to the "New Jersey Bureau of Securities," and deliver them to the attention of the Bureau Chief at the following address: New Jersey Bureau of Securities, P.O. Box 47029, Newark, New Jersey 07101.

115. If the Bureau fails to timely receive any civil monetary penalty payment on or before the applicable deadline, the Bureau Chief may enter a summary order fully or partially reinstating the One Million Dollar (\$1,000,000) civil monetary penalty (with a credit given for any penalty payments having already been made by Respondents) or take any other action permitted by law. In that event:

- a. Respondents' "Written Request for a Hearing," dated November 11, 2014 is deemed withdrawn, and
- b. Respondents' right(s) to answer, oppose, contest, move to vacate, assert defenses, seek judicial review, appeal, request a hearing or otherwise challenge such action by the Bureau Chief are deemed waived.

116. All civil monetary penalty payments made by Kochav and/or White Cedar shall be deposited into the Securities Enforcement Fund pursuant to N.J.S.A. 49:3-66.1.

### ADDITIONAL PROVISIONS

117. This Consent Order shall supersede the Summary Order as to Kochav and White Cedar.

118. Although Kochav may buy or sell securities for his own account through a registered broker-dealer, Kochav and White Cedar represent they will neither effect nor attempt to effect any other types of securities transactions from or within New Jersey, or otherwise violate the Securities Law. The Bureau Chief has entered into this Consent Order in reliance on this representation by Kochav and White Cedar. In the event Kochav or White Cedar acts in contravention to this representation, the Bureau Chief may:

- a. enter a summary order fully or partially reinstating the One Million Dollar (\$1,000,000) civil monetary penalty, with a credit given for any penalty payments having already been made by Respondents; and/or
- b. take any other action permitted by law.

119. The Bureau is entering into this Consent Order with Respondents based upon Kochav's statements, disclosures and representations about his personal finances. If the Bureau determines at any time that any such information provided by Kochav, whether sworn or unsworn, was untrue, incomplete, inaccurate, false and/or misleading, the Bureau Chief may enter a summary order fully or partially reinstating the One Million Dollar (\$1,000,000) civil monetary penalty (with a credit given for any penalty payments having already been made by Respondents).

In that event:

- a. Respondents' "Written Request for a Hearing," dated November 11, 2014 is deemed withdrawn;
- b. Respondents' right(s) to answer, oppose, contest, move to vacate, assert defenses, seek judicial review, appeal, request a hearing or otherwise challenge

the summary order are deemed waived, except that Kochav may assert defenses addressing the truthfulness, completeness, accuracy and/or falsity of his statements, disclosures and/or representations concerning his finances.

120. Kochav and White Cedar agree to cooperate fully with the Bureau and the Office of the Attorney General in any other current or future investigation, litigation, bankruptcy or other proceeding relating to the Findings of Fact.

121. Kochav's and White Cedar's cooperation described in the preceding paragraph is material to the Bureau. Kochav and White Cedar will provide such cooperation at their own expense and without a subpoena. Kochav's and White Cedar's cooperation shall include but, is not limited to, the following:

- a. testifying truthfully and completely at any trial, deposition or other proceeding at which the Bureau has requested his testimony;
- b. fully attending and participating in any meeting requested by the Bureau including, but not limited to, interviews and witness preparation sessions; and
- a. promptly producing any documents or other materials requested by the Bureau.

122. If the Bureau Chief determines at any time that Kochav or White Cedar has failed to cooperate in accordance with the preceding paragraphs, the Bureau Chief may: (a) enter a summary order fully or partially reinstating the One Million Dollar (\$1,000,000) civil monetary penalty, with a credit given for any penalty payments having already been made by Respondents; and/or (b) take any other action permitted by law.

123. Nothing in this Consent Order shall limit or affect the rights of any persons, other than the Bureau as it pertains to the findings of fact and conclusions of law, who may have a claim against Respondents or any individual or entity involved in underlying facts of this matter.

124. Respondents agree that for purposes of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

125. New Jersey law shall govern this Consent Order and enforcement thereof.

126. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau or any other governmental agency may take in any future or pending action not specifically encompassed herein.

127. This Consent Order shall not bind any person not a party hereto, except as provided herein.

128. Respondents acknowledge that they have read this Consent Order, understand it, and agree to be bound by its terms.

129. This Consent Order may be modified or amended only by a written instrument signed by Kochav and the Bureau Chief and/or their respective counsel.

130. This Consent Order is fully integrated and contains the entire settlement terms between Respondents and the Bureau. No employee, attorney, official or representative of the Bureau or the State of New Jersey has made any additional promise or representation to Respondents regarding this Consent Order.

131. Pursuant to N.J.A.C. 1:1-19.1(d), this Consent Order shall be deemed the final decision as to Respondents.

132. Respondents consent to the entry of this Consent Order and voluntarily waive an opportunity for a hearing after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2). Kochav and White Cedar also voluntarily waive any right to assert any defenses or to raise any challenge that they otherwise may have had to this Consent Order.

133. Kochav and White Cedar acknowledge that they have the right and were given the opportunity to obtain the advice or opinion of an attorney regarding this Consent Order.

134. This Consent Order may be signed in counterparts and/or by facsimile, each of which shall be deemed an original.

135. The Bureau may at its option docket this Consent Order pursuant to the New Jersey Court Rules.

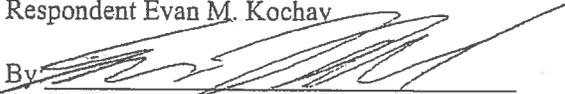
136. This Consent Order is to be filed with the Clerk of the Office of Administrative Law, as required by N.J.A.C. 1:1-19.1(c)(2), as soon as practicable after it is executed.

NEW JERSEY BUREAU OF SECURITIES

  
LAURA H. POSNER  
BUREAU CHIEF

Consent to the Form, Content and Entry  
of this Administrative Consent Order

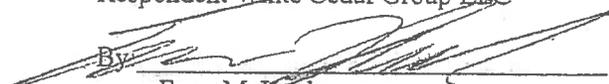
Respondent Evan M. Kochav

By: 

Evan M. Kochav

Dated: 3/20/16

Respondent White Cedar Group LLC

By: 

Evan M. Kochav

Dated: 3/20/16

ROBERT LOUGY  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: 

Joshua I. Sherman  
Deputy Attorney General  
Attorney ID No. 023432004

Dated: 3/24/16