BUREAU OF SECURITIES
P.O. BOX 47029
NEWARK, NEW JERSEY 07101

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| IN THE MATTER OF | : | |
| | : | Administrative Action |
| CLEARING SERVICES OF AMERICA, INC. | : | OAL DKT. NO. BOS 1796-02 |
| JEFFREY CAHN, | : | CONSENT ORDER AS TO WILLIAM SCHANTZ, GERARD SHERLOCK AND LOUIS B. MERCALDO |
| LOUIS B. MERCALDO | : | |
| WILLIAM SCHANTZ and | : | |
| GERARD SHERLOCK | : | |

WHEREAS, pursuant to the provisions of N.J.A.C. 1:1-19.1(c), Franklin L. Widmann, Chief of the New Jersey Bureau of Securities (the "Bureau"), by and through Joshua T. Rabinowitz, Deputy Attorney General, has agreed to resolve the above-captioned action with Respondents William Schantz ("Schantz"), Gerard Sherlock ("Sherlock") and Louis B. Mercaldo ("Mercaldo");

WHEREAS, the Bureau filed an administrative complaint against Schantz, Sherlock and others on December 11, 2001 and a first amended administrative complaint (the "Amended Complaint") against the same parties on August 29, 2002;

WHEREAS, the Amended Complaint alleged that certain promissory notes, which were allegedly guaranteed by insurance companies (the "Promissory Notes"), were sold in violation of N.J.S.A. 47:3-49 et seq. (the "Uniform Securities Law");

WHEREAS, the Amended Complaint alleged, and Schantz and Sherlock acknowledge, that Schantz and Sherlock were owners of Senior Financial Services, LLC ("Senior Financial") and that each

violated the following provisions of the Uniform Securities Law: (a) Section 60, by selling the Promissory Notes even though they were not registered with the Bureau and did not qualify for an exemption from registration; (b) Section 56, by selling the Promissory Notes through Senior Financial without Senior Financial being registered as a broker-dealer and without Schantz and Sherlock being registered as agents of Senior Financial; and (c) Section 52(b), by using promotional materials prepared by the issuer of the Promissory Notes that represented that the notes were "'Commercial Notes' under exempt security status" or omitting to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading;

WHEREAS, Section 60 and Section 56 are strict liability provisions and a violation of Section 52(b) does not require a finding that the alleged violator acted with the intent to deceive or "scienter;"

WHEREAS, Schantz and Sherlock represent that the companies that issued the Promissory Notes represented to them that the Promissory Notes did not have to be registered with the Bureau and concealed from them that the Promissory Notes were issued as part of a "Ponzi scheme;"

WHEREAS, Schantz and Sherlock represent that: (a) despite their good faith investigation of the companies that issued the

Promissory Notes, they did not know about the "Ponzi scheme"; and (b) they sold the Promissory Notes to friends, family members and long-standing clients in the belief that they were suitable investments;

WHEREAS, Schantz and Sherlock represent that at the time the Promissory Notes were sold, they believed that: (a) the Promissory Notes were commercial paper that was not required to be registered with the Bureau; (b) Senior Financial was not required to be registered as a broker-dealer; and (c) neither they nor any of their agents were required to be registered as agents of Senior Financial;

WHEREAS, Schantz and Sherlock represent that they believed that the marketing materials that were supplied to them by the companies that issued the Promissory Notes, which they passed on to the investors in the Promissory Notes, contained accurate information that was sufficient for the investors to make an investment decision;

WHEREAS, the Bureau sought partial summary decision against Schantz and Sherlock for violations of Section 60, Section 56 and Section 52(b);

WHEREAS, on March 16, 2004, the Office of Administrative Law ("OAL") granted the Bureau's motion for partial summary decision (the "Initial Decision");

WHEREAS, on June 16, 2004, the Bureau Chief issued a Final Decision and Order Adopting the OAL Partial Summary Decision With Amendments (the "Bureau Chief's Final Decision");

WHEREAS, neither the Initial Decision nor the Bureau Chief's Final Decision found that Schantz or Sherlock knew that the Promissory Notes had to be registered or acted with the intent to deceive or defraud investors;

WHEREAS, a hearing on what remedies should be imposed on Schantz and Sherlock for their violations of Section 60, Section 56 and Section 52(b) had been scheduled for November 4, 2005;

WHEREAS, the Bureau did not name Senior Financial as a defendant in the Amended Complaint and did not seek restitution from Schantz or Sherlock to each person who purchased a Promissory Note sold by one of Senior Financial's agents;

WHEREAS, Schantz and Sherlock represent that after the companies that issued the Promissory Notes defaulted and the guarantors failed to honor their obligations, Senior Financial, without being compelled by any court, made full payment of the principal of the Promissory Notes issued during the period from November 1998 to March 1999 (the "Period") to the investors set forth in Schedule A;

WHEREAS, Schantz and Sherlock represent that after the companies that issued the Promissory Notes defaulted and the guarantors failed to honor their obligations, Senior Financial,

without being compelled by any court, continued to make interest and/or principal payments on the Promissory Notes issued during the Period to the investors set forth in Schedule B;

WHEREAS, Schantz and Sherlock represent that from February 2000 until the present, Senior Financial has paid each investor set forth in Schedule B the amount of principal and interest set forth on Schedule B and that the interest payments were the same as each was entitled to receive on the nine month Promissory Note that he or she purchased;

WHEREAS, Schantz and Sherlock represent that the above market rate of return that Senior Financial has continued to pay the investors set forth in Schedule B who purchased Promissory Notes during the Period is greater than what the investors would have been entitled to receive as pre-judgment interest;

WHEREAS, Schantz and Sherlock represent that the investors set forth in Schedule C are investors who purchased Promissory Notes during the Period and have not received any principal or interest payments to date;

WHEREAS, Schantz and Sherlock represent that the principal and interest payments that Senior Financial has paid, and agrees to pay under the terms of this Consent Order, to each investor listed in Schedules B and C substantially exceeds the commissions that Schantz or Sherlock received as a result of the sale of the Promissory Notes;

WHEREAS, based on the foregoing, the Bureau has not found that either Schantz or Sherlock poses a threat to the investing public;

WHEREAS, Schantz and Sherlock do not agree with all of the findings in the Bureau Chief's Final Decision but have agreed to forego their right to appeal that final decision in order to settle this matter and to avoid the cost and inconvenience of further litigation;

WHEREAS, the Bureau has, without agreeing to vacate the Bureau Chief's Final Decision, agreed to settle this matter to avoid the cost and inconvenience of further litigation;

WHEREAS, the Bureau, Senior Financial, Schantz and Sherlock want to enter into a settlement that is fair to the investors who purchased Promissory Notes from Senior Financial's agents during the Period:

NOW, THEREFORE, on this 17th day of January 2006, the parties agree to the form and content of the following order:

1. Schantz shall disgorge the commissions he received in connection with his sale of the Promissory Notes in the amount of $7,000;

2. Sherlock shall disgorge the commissions he received in connection with his sale of the Promissory Notes in the amount of $25,000;

3. Senior Financial shall pay the Bureau $30,000 to defray the costs the Bureau incurred to investigate and prosecute this action;

4. One-half of the payments required by paragraph 1, paragraph 2 and paragraph 3 shall be made to the Bureau on the later of February 6, 2006 or one week after notice that the Consent Order has been signed by the Bureau Chief and the remaining one-half of the payments required by paragraph 1, paragraph 2 and paragraph 3 shall be made to the Bureau by April 24, 2006;

5. Schantz and Sherlock are enjoined from future violations of the Uniform Securities Law.

6. In light of the absence of any finding of an intent to deceive investors and the steps taken by Schantz and Sherlock to make the investors whole, no civil monetary penalty or suspension was imposed against Schantz, Sherlock and Mercaldo.

7. In consideration of the benefits that this settlement provides to Senior Financial, Senior Financial shall offer each investor set forth in Schedules B and C the payment options set forth in paragraph 9 for each Promissory Note he or she purchased (the "Settlement Offer") in exchange for releasing Schantz, Sherlock, Senior Financial and all of its officers, employees and agents, from any liability in connection with the sale of that Promissory Note;

8. In consideration for the benefits that this settlement provides to Schantz, Schantz shall guarantee the payments to each investor who accepts the Settlement Offer by consenting to the entry of judgment on the remaining unpaid balance due in New Jersey Superior Court in the event that Senior Financial fails to satisfy its payment obligations.

9. It is further agreed that: (a) Schedules A, B and C identify all of the Promissory Notes sold by Senior Financial's agents during the Period; (b) the Settlement Offer allows Senior Financial to reduce the principal due on each Promissory Note listed on Schedule B by the difference between the amount of interest it paid on the Promissory Note after the Promissory Note matured, and the amount the holder of the Promissory Note would have been entitled to receive through December 20, 2005 as pre-judgment interest in an action for default and, as a result, to establish a new principal amount due for the Promissory Note; (c) the Settlement Offer requires Senior Financial to offer to repay each investor listed on Schedule B the new principal amount of his or her Promissory Note within five (5) years of the date that each investor accepts the Settlement Offer; (d) the Settlement Offer requires Senior Financial to offer to repay each investor listed on Schedule C the principal amount of his or her Promissory Note within five (5) years of the date that each investor accepts the Settlement Offer, where the new principal amount is the amount owed

at the maturity of the Promissory Note plus interest at the statutory rate for pre-judgment interest from the maturity date to the date of this Consent Order through December 20, 2005; (e) Schedule D identifies, consistent with the provisions of this paragraph, the new principal amounts of the Promissory Notes purchased by each investor set forth in Schedules B and C as of December 20, 2005; and (f) Senior Financial shall offer to pay each investor interest on the new principal amount at the statutory rate for pre-judgment interest and shall make a minimal annual payment to each investor of the interest, if any, due on each anniversary of the date that the investor accepts the Settlement Offer.

10. If there is a discrepancy between the information on a schedule attached hereto and the facts the schedule was intended to convey, the facts the schedule was intended to convey shall control.

11. It is further agreed that pursuant to N.J.A.C. 1:1-19(d) that this Consent Order shall be deemed the final decision as to Schantz, Sherlock and Mercaldo.

12. This Consent Order shall not bind any person not a party thereto.

Franklin L. Widmann

Franklin L. Widmann
Chief, Bureau of Securities

Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.

Senior Financial Services, Inc.

BY: _____ DATED: JAN 10, ~~2005~~ 2006
William R. Schantz, III

Gerard Sherlock

_____ DATED: JANUARY 10, 2006

William R. Schantz III

_____ DATED: JAN 10, ~~2005~~ 2006

Consent as to the form and entry of this Order.

PETER C. HARVEY
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 Rabinowitz DATED: January 17, 2006
Joshua Rabinowitz,
Deputy Attorney General

White & Williams, LLP
Liberty View
457 Haddonfield Road
Suite 400
Cherry Hill, New Jersey 08002-2200
Attorney for Respondents Gerard Sherlock and
William Schantz and Senior Financial Services, Inc..

BY: DATED: 1/10, 2006
Michael N. Onufrak, Esq.