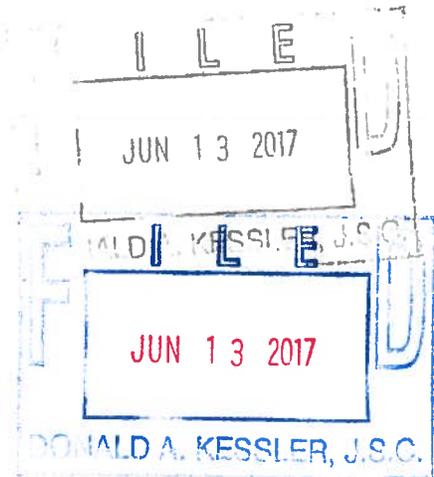


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(973) 648-3070



CHRISTOPHER S. PORRINO,
Attorney General of New Jersey,
on behalf of AMY G. KOPLETON,
Deputy Chief of the New Jersey Bureau of
Securities,

Plaintiff,

v.

CANTONE RESEARCH, INC.,
ANTHONY J. CANTONE,
CHRISTINE L. CANTONE, and
CANTONE OFFICE CENTER, LLC,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION: GEN. EQUITY
ESSEX COUNTY
DOCKET NO. ESX-C-252-15
HON. DONALD A. KESSLER, J.S.C.

**CONSENT ORDER AND
FINAL JUDGMENT**

THIS MATTER was brought before the Court by Christopher S. Porrino, Attorney General of New Jersey ("Attorney General"), on behalf of Amy G. Kopleton, Deputy Chief of the New Jersey Bureau of Securities ("Bureau Chief" or "Plaintiff")¹ alleging violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"). Plaintiff, through counsel (Joshua I. Sherman, Deputy Attorney General, appearing), and defendants Cantone Research Inc. ("CRI"), Anthony J. Cantone ("A. Cantone"), Christine L.

¹ Although this action was commenced on behalf of former Acting Attorney General John J. Hoffman and former Bureau Chief Laura H. Posner, the caption has been revised to reflect the current Attorney General and Deputy Bureau Chief in accordance with R. 4:34-4.

Cantone ("C. Cantone"), and Cantone Office Center LLC ("COC") (collectively, "Defendants") through counsel (A. Ross Pearlson, Esq. and Ryan P. O'Connor, Esq. of Chiesa, Shahinian & Giantomasi, P.C., appearing), have agreed to resolve the issues in controversy set forth in the Complaint filed in this matter on the terms set forth in this Consent Order and Final Judgment ("Consent Order"), which terms have, with the consent of Plaintiff and Defendants, been reviewed and approved by the Honorable Donald A. Kessler.

It is on this 13 day of June, 2017, ORDERED AND AGREED

THAT:

RESTITUTION

1. Defendants Cantone Research, Inc., Cantone Office Center LLC, Anthony J. Cantone and Christine L. Cantone are jointly and severally liable for the payment of \$1,800,000 in restitution ("Restitution Fund") to investors who purchased the 2005 Certificates of Participation ("COPs") and/or 2007 COPs. The Series A investors in the 2005 and 2007 COPs will be paid restitution in full from \$1,100,000 of the Restitution Fund. The Series B investors in the 2005 and 2007 COPs will be paid restitution on a pro rata basis from \$700,000 from the Restitution Fund.

2. Defendants shall fund the Restitution Fund in three installments as follows:

a. \$550,000 shall be placed in the attorney trust account of Christopher Flannery, Esq. within three (3) business days of the Defendants' undersigned counsel's receipt of this Consent Order entered by the Court ("First Installment Payment");

b. \$550,000 shall be placed in Christopher Flannery, Esq.'s attorney trust account within six (6) months from the date this Consent Order is entered by the Court ("Second Installment Payment"); and

c. \$700,000 shall be placed in Christopher Flannery, Esq.'s attorney trust account within eighteen (18) months from the date this Consent Order is entered by the Court ("Third Installment Payment").

3. Upon transferring each of the First Installment Payment, Second Installment Payment, and Third Installment Payment to Christopher Flannery, Esq.'s attorney trust account, Defendants relinquish all rights to such funds.

4. By executing this Consent Order, Christopher Flannery, Esq. is confirming that he agrees to be bound by the provisions in this Consent Order as they apply to him. Christopher Flannery, Esq. agrees to submit to the jurisdiction of this Court for purposes of enforcement of the Restitution Section of the Consent Order.

5. The parties have separately entered into a stipulation of restitution ("Stipulation of Restitution"), which is incorporated by reference and includes a spreadsheet listing the following information for each COP investor: (a) investor name; (b) investor address; and (c) the amounts of restitution to be paid to each investor following the First, Second, and Third Installment Payments, as set forth below.

6. Within fourteen (14) calendar days of receipt of the First Installment Payment, Christopher Flannery, Esq. shall issue Restitution Fund checks to the Series A COP investors totaling \$275,000 and to the Series B COP investors totaling \$275,000, as set forth in the Stipulation of Restitution, and send the checks to the Series A and Series B COP investors. Christopher Flannery, Esq. shall provide the Bureau with written proof that the checks were sent to investors and a copy of all communications to the investors regarding the checks, within thirty (30) calendar days of sending said checks. Within sixty (60) calendar days of sending checks to

the investors, Defendants shall advise the Bureau in writing if any checks were not deposited, cashed, or otherwise negotiated by investors.

7. Within fourteen (14) calendar days of receipt of the Second Installment Payment, Christopher Flannery, Esq. shall issue Restitution Fund checks to the Series A COP investors totaling \$275,000 and to the Series B COP investors totaling \$275,000, as set forth in the Stipulation of Restitution, and send the checks to the Series A and Series B COP investors. Christopher Flannery, Esq. shall provide written copies to the Bureau of the checks sent to investors within 30 days of sending said checks and provide a copy of all communications to the investors regarding the checks. Within 60 days of sending checks to the investors, Defendants shall advise the Bureau in writing if any checks were not deposited, cashed, or otherwise negotiated by investors.

8. Within fourteen (14) calendar days of receipt of the Third Installment Payment, Christopher Flannery, Esq. shall issue Restitution Fund checks to the Series A COP investors totaling \$550,000 and to the Series B COP investors totaling \$150,000, as set forth in the Stipulation of Restitution, and shall send the checks to the Series A and Series B COP investors. Christopher Flannery, Esq. shall provide written copies to the Bureau of the checks sent to investors within 30 days of sending said checks and provide a copy of all communications to the investors regarding the checks. Within 60 days of sending checks to the investors, Defendants shall advise the Bureau in writing if any checks were not deposited, cashed, or otherwise negotiated by investors.

9. Christopher Flannery, Esq. shall enclose with all restitution checks to COP investors a cover letter ("Cover Letter") the format of which must be approved by the Bureau in advance. The Cover Letter shall include the following: (1) a reference that this action was

brought by the Bureau against Defendants; (2) an explanation that the action was resolved by way of a Consent Order that was agreed upon by the parties and ordered by the Court; and (3) an indication that the enclosed check constitutes a restitution payment by Defendants to the investor pursuant to the Consent Order, a copy of which is available on the Bureau's website.

10. Defendants represent that all amounts, investor addresses and investor contact information in the Stipulation of Restitution are current, true and accurate. Defendants have a continuing obligation to update all information in the Stipulation of Restitution for Plaintiff as necessary to ensure that they remain accurate.

11. Christopher Flannery, Esq. shall notify the Bureau of receipt of each restitution payment received from Defendants within three (3) business days of his receipt of the funds. The notice shall be in writing sent by overnight mail to the Bureau Chief.

12. Default will be deemed to have occurred if Christopher Flannery, Esq. fails to receive the full amount of any restitution payment within five (5) business days of the payment due date after notice to Defendants. On the fourth business day, Christopher Flannery, Esq. shall notify the Bureau in writing by overnight mail of Defendants' default.

13. If default occurs, any restitution payments made by Defendants and held in Christopher Flannery, Esq.'s attorney trust account, shall be paid to investors from the Restitution Fund on a pro rata basis without regard to whether the investor purchased Series A or Series B COPS.

14. Within fourteen (14) days of Defendants' default, Christopher Flannery, Esq. shall deliver the entirety of the Restitution Funds remaining in his attorney trust account by check payable to the "State of New Jersey, Bureau of Securities" to the Bureau Chief for distribution to the investors consistent with the prior paragraph.

CIVIL MONETARY PENALTIES

15. For each violation of the Securities Law, Defendants 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.

16. Accordingly, and taking certain factors into account, including, but not limited to, Defendants' agreement to pay \$1,800,000 of restitution to investors, and the concurrent settlement of a related administrative action, In the Matter of Anthony J. Cantone (CRD #1066139), Christine L. Cantone (CRD #268718), Cantone Research, Inc. (CRD # 26314), and Cantone Office Center, LLC ("Administrative Action") through an Administrative Consent Order ("ACO") (as discussed below), all of which are material to Plaintiff, Defendants Cantone Research, Inc., Cantone Office Center LLC, Anthony J. Cantone and Christine L. Cantone are jointly and severally assessed civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, in the amount of \$600,000.00.

17. The civil monetary penalties shall be paid by the Defendants in two (2) installments. Defendants shall make an initial payment of \$300,000 toward the \$600,000 civil monetary penalties by the later of (a) July 5, 2017 or (b) within three (3) business days of the Defendants' undersigned counsel's receipt of this Consent Order entered by the Court. The balance of \$300,000 shall be paid to the Bureau within eighteen (18) months from the date this Consent Order is entered by the Court.

18. The second payment of the \$300,000 due for civil monetary penalties will be suspended and not collected by the Bureau provided that Defendants (a) timely pay \$300,000 of civil monetary penalties in accordance with the preceding paragraph, (b) timely make each

installment payment to the Restitution Fund, and (c) do not otherwise violate or default under this Consent Order or the ACO as referenced below.

19. All payments for the civil monetary penalties shall be made by certified check, bank check, attorney trust account check or other guaranteed funds, payable to the "State of New Jersey, Bureau of Securities," and delivered to the attention of the Bureau Chief, at the following address: New Jersey Bureau of Securities, 6th Floor, Newark, New Jersey 07102.

20. Any civil monetary penalty payments made by Defendants shall be deposited into the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

21. The Bureau may deposit the initial \$300,000 toward the civil monetary penalties upon receipt.

22. Default will be deemed to have occurred if the Bureau does not receive the civil monetary penalty payments within three (3) days of the applicable payment due date.

FINAL JUDGMENT

23. Final judgment is entered against Defendant Cantone Research, Inc. in the amount of \$2,400,000, constituting \$600,000 of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, and \$1,800,000 of restitution.

24. Final judgment is entered against Defendant Cantone Office Center LLC in the amount of \$2,400,000, constituting \$600,000 of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, and \$1,800,000 of restitution.

25. Final judgment is entered against Defendant Anthony Cantone in the amount of \$2,400,000, constituting \$600,000 of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, and \$1,800,000 of restitution.

26. Final judgment is entered against Defendant Christine L. Cantone in the amount of \$2,400,000, constituting \$600,000 of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, and \$1,800,000 of restitution.

ADDITIONAL PROVISIONS

27. In a related Administrative Action, the Bureau Chief entered a Summary Revocation Order on November 20, 2015 ("Revocation Order") revoking A. Cantone's agent and investment adviser representative registrations, and the agent registration of C. Cantone with the Bureau. A. Cantone and C. Cantone submitted an answer to the Revocation Order. The Bureau subsequently transmitted the matter to the Office of Administrative Law as a contested case, and it was docketed, In the Matter of Anthony J. Cantone (CRD #1066139) and Christine L. Cantone (CRD #268718), Office of Administrative Law, Docket No. BOS 20083-2015 N. The Administrative Action is being settled concurrently with the instant action by way of the ACO, which is incorporated by reference. Defendants agree that any violation of or event of default under the ACO will constitute a violation of and an event of default under this Consent Order.

28. Upon the entry of this Consent Order by the Court and the execution of the ACO by all parties, the Consent Order and the ACO shall supersede the handwritten Settlement Term Sheet ("Term Sheet") that was signed by the parties at mediation on February 27, 2017.

29. Defendants shall not represent or imply that any act or practice hereinafter used or engaged in by Defendants has been required or approved, in whole or part, by the State of New Jersey, the Attorney General of New Jersey, the Division of Law, the Bureau or any New Jersey agencies, agents, employees or subdivisions.

30. Nothing in this Consent Order or the ACO is to be construed as an admission of liability by Defendants.

31. Nothing in this Consent Order shall in any manner be construed to limit or affect the rights of any persons not a party hereto including, but not limited to, any person who may have a claim against Defendants in connection with the 2005 COPs, the 2007 COPs, or any other allegations that refer or relate in any way to the allegations in the Bureau's Complaint. However, Defendants are not prevented from raising the defense of setoff against anyone receiving restitution pursuant to this Consent Order.

32. Defendants waive any right they may have to appeal this Consent Order.

33. This Consent Order and the ACO constitute the entire agreement between Defendants and the Bureau Chief. 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. This Consent Order shall bind Defendants and their agents, partners, employees, associates, successors, assigns, executors and/or administrators.

34. Upon any Triggering Event defined below, the Bureau and/or Bureau Chief may:

- a. declare to Defendants that the unpaid portion of the Defendants' Final Judgment is immediately due and payable and take action to enforce payment thereof; and/or
- b. take any action permitted by law and this Consent Order.

35. A "Triggering Event" is defined to include any of the following circumstances:

- a. A violation or breach of this Consent Order, directly or indirectly, by any or all of the Defendants;
- b. A violation or breach of the ACO, directly or indirectly, by A. Cantone and/or C. Cantone; or
- c. An event of default occurring under this Consent Order and/or the ACO.

36. Nothing in this Consent Order shall be construed to limit or affect any position or action that the Bureau and/or Bureau Chief may take in any future or pending investigation or action not specifically encompassed herein.

37. Defendants Cantone Research, Inc. and Cantone Office Center LLC represent that an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and this person has done so with authority to legally bind each entity.

38. Defendants represent that they have had a full and complete opportunity to consult with counsel before signing this Consent Order.

39. Defendants consent to the jurisdiction of the Bureau.

40. Defendants shall not assert any defenses or otherwise raise any challenge to this Consent Order.

41. The terms and conditions of this Consent Order may only be modified by written consent of the parties or by order of this Court.

42. Plaintiff may, at its option, docket the final judgment against Defendants and may take such other steps in any jurisdiction to enforce this Consent Order.

43. If any portion of this Consent Order is held invalid or unenforceable by operation of law or court order, the remaining terms of this Consent Order shall remain in full force and effect.

44. The parties acknowledge that for purposes of enforcement of this Consent Order, New Jersey law shall govern the terms and provisions herein.

45. The Court retains jurisdiction to enforce, modify or otherwise hear any application arising from the terms of this Consent Order.

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



HONORABLE DONALD A. KESSLER, J.S.C.

Consent to the Form, Content
and Entry of this Consent Order and Final Judgment:

DEFENDANT CANTONE RESEARCH, INC.
766 Shrewsbury Ave.
Tinton Falls, New Jersey 07724

By: 
Anthony J. Cantone
President and Chief Executive Officer

Dated: 6/9/2017

DEFENDANT CANTONE OFFICE CENTER LLC
766 Shrewsbury Ave.
Tinton Falls, New Jersey 07724

By: 
Anthony J. Cantone
Managing Member

Dated: 6/9/2017

DEFENDANT ANTHONY J. CANTONE
766 Shrewsbury Ave.
Tinton Falls, New Jersey 07724

By: 
Defendant Anthony J. Cantone

Dated: 6/9/2017

DEFENDANT CHRISTINE L. CANTONE
766 Shrewsbury Ave.
Tinton Falls, New Jersey 07724

By: Christine L. Cantone
Defendant Christine L. Cantone

Dated: June 9, 2017

CHIESA, SHAHINIAN & GIANTOMASI, P.C.
One Boland Drive
West Orange, New Jersey 07052

*Counsel to Defendants Anthony J. Cantone,
Christine L. Cantone, Cantone Research, Inc. and
Cantone Office Center, LLC*

By: A. Ross Pearlson
A. Ross Pearlson, Esq.
(Attorney Id. # 041851994)

Dated: June 8, 2017

CHRISTOPHER P. FLANNERY, ESQ., P.C.

*Counsel to Defendants Anthony J. Cantone,
Christine L. Cantone, Cantone Research, Inc. and
Cantone Office Center, LLC*

By: _____ . Esq.
(Attorney Id. # _____)

Dated:

DEFENDANT CHRISTINE L. CANTONE
766 Shrewsbury Ave.
Tinton Falls, New Jersey 07724

By: _____
Defendant Christine L. Cantone

Dated:

CHIESA, SHAHINIAN & GLANTOMASI, P.C.
One Boland Drive
West Orange, New Jersey 07052

*Counsel to Defendants Anthony J. Cantone,
Christine L. Cantone, Cantone Research, Inc. and
Cantone Office Center, LLC*

By: A. Ross Pearlson
A. Ross Pearlson, Esq.
(Attorney Id. # 041851994)

Dated: June 8, 2017

CHRISTOPHER P. FLANNERY, ESQ.

*Counsel to Defendants Anthony J. Cantone,
Christine L. Cantone, Cantone Research, Inc. and
Cantone Office Center, LLC*

By: Christopher P. Flannery
Christopher P. Flannery, Esq.
(Attorney Id. # 75426) (PA)

Dated: June 8, 2017

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124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, New Jersey 07101

Counsel for Plaintiff

By:



Joshua I. Sherman
(Attorney Id. # 023432004)
Deputy Attorney General

Dated:

6/13/17