

Ex. 1



**U.S. Department of Justice**

*United States Attorney  
Southern District of New York*

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*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York New York 10007*

December 10, 2018

Douglas R. Jensen, Esq.  
Park Jensen Bennett LLP  
40 Wall Street  
New York, NY 10005

**Re: Central States Capital Markets – Deferred Prosecution Agreement**

Dear Mr. Jensen:

Pursuant to the understandings specified below, the Office of the United States Attorney for the Southern District of New York (the "Office") and the defendant Central States Capital Markets, LLC ("CSCM"), under authority granted by its two managing directors in the form of a director's resolution (a copy of which is attached as Exhibit A), hereby enter into this Deferred Prosecution Agreement (the "Agreement").

**The Criminal Information**

1. CSCM consents to the filing of a one-count Information (the "Information") in the United States District Court for the Southern District of New York (the "Court"), charging CSCM with willful failure to timely file a Suspicious Activity Report ("SAR"), in violation of Title 31, United States Code, Sections 5318 and 5322(a) and Title 31, Code of Federal Regulations, Section 1023.320. A copy of the Information is attached as Exhibit B. This Agreement shall take effect upon its execution by both parties.

**Acceptance of Responsibility**

2. CSCM stipulates that the facts set forth in the Statement of Facts, attached hereto as Exhibit C and incorporated herein, are true and accurate, and admits, accepts and acknowledges that it is responsible under United States law for the acts of its officers and employees as set forth in the Statement of Facts. Should the Office pursue the prosecution that is deferred by this Agreement, CSCM stipulates to the admissibility of the Statement of Facts in any proceeding including any trial and sentencing proceeding.

**Payment and Forfeiture Obligation**

3. As a result of the conduct described in the Information and the Statement of Facts, CSCM agrees to pay \$400,000 (the "Stipulated Forfeiture Amount") to the United States, pursuant to this Agreement.

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4. CSCM agrees that the Stipulated Forfeiture Amount represents a substitute *res* for funds processed by CSCM on behalf of Scott Tucker as a result of the conduct described in the Statement of Facts, and is subject to civil forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(A) and (C).

5. CSCM further agrees that this Agreement, the Information and the Statement of Facts may be attached and incorporated into a civil forfeiture complaint (the "Civil Forfeiture Complaint") that will be filed against the Stipulated Forfeiture Amount. By this agreement, CSCM expressly waives any challenge to that Civil Forfeiture Complaint and consents to the forfeiture of the Stipulated Forfeiture Amount to the United States. CSCM agrees that it will not file a claim with the Court or otherwise contest the civil forfeiture of the Stipulated Forfeiture Amount and will not assist a third party in asserting any claim to the Stipulated Forfeiture Amount. CSCM also waives all rights to service or notice of the Civil Forfeiture Complaint.

6. CSCM shall transfer the Stipulated Forfeiture Amount to the United States by no later than December 19, 2018 (or as otherwise directed by the Office following such date). Such payment shall be made by wire transfer to the United States Treasury, pursuant to wire instructions provided by the Office. If CSCM fails to timely make the payment required under this paragraph, interest (at the rate specified in Title 28, United States Code, Section 1961) shall accrue on the unpaid balance through the date of payment, unless the Office, in its sole discretion, chooses to reinstate prosecution pursuant to paragraphs 13 and 144 below. CSCM certifies that the funds used to pay the Stipulated Forfeiture Amount are not the subject of any lien, security agreement, or other encumbrance. Transferring encumbered funds or failing to pass clean title to these funds in any way will be considered a breach of this Agreement.

7. CSCM agrees that the Stipulated Forfeiture Amount shall be treated as a penalty paid to the United States government for all purposes, including all tax purposes. CSCM agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, local, or foreign tax for any portion of the \$400,000 that CSCM has agreed to pay to the United States pursuant to this Agreement.

#### **Obligation to Cooperate**

8. CSCM agrees to cooperate fully with the Office, the Internal Revenue Service ("IRS"), the Securities and Exchange Commission ("SEC") and any other governmental agency designated by the Office regarding any matter relating to the conduct described in the Information or Statement of Facts, or any matter relating to the payday lending scheme perpetrated by Tucker and the companies he owned and controlled.

9. It is understood that CSCM shall (a) truthfully and completely disclose all information with respect to the activities of CSCM and its officers, agents, affiliates and employees concerning all matters about which the Office inquires of it, which information can be used for any purpose; (b) cooperate fully with the Office, IRS, the SEC and any other law enforcement agency designated by the Office; (c) attend all meetings at which the Office requests its presence and use its best efforts to secure the attendance and truthful statements or testimony of any past or current officers, agents, or employees of CSCM at any meeting or interview or before the grand jury or at



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trial or at any other court proceeding; (d) provide to the Office upon request any document, record, or other tangible evidence relating to matters about which the Office or any designated law enforcement agency inquires of it; (e) assemble, organize, and provide in a responsive and prompt fashion, and upon request, on an expedited schedule, all documents, records, information and other evidence in CSCM's possession, custody or control as may be requested by the Office, IRS, the SEC, or designated law enforcement agency; (f) volunteer and provide to the Office any information and documents that come to CSCM's attention that may be relevant to the Office's investigation of this matter, any issue related to the Statement of Facts, and any issue that would fall within the scope of the duties of the independent consultant (the "Consultant") referred to in paragraph 19; (g) provide testimony or information necessary to identify or establish the original location, authenticity, or other basis for admission into evidence of documents or physical evidence in any criminal or other proceeding as requested by the Office, IRS, the SEC or designated governmental agency, including but not limited to information and testimony concerning the conduct set forth in the Information and Statement of Facts; (h) bring to the Office's attention all criminal conduct by CSCM or any of its agents or employees acting within the scope of their employment related to violations of the federal laws of the United States, as to which CSCM's Board of Directors, senior management, or United States legal and compliance personnel are aware; (i) bring to the Office's attention any administrative, regulatory, civil or criminal proceeding or investigation of CSCM or any agents or employees acting within the scope of their employment; and (j) commit no crimes whatsoever under the federal laws of the United States subsequent to the execution of this Agreement.

10. CSCM agrees that its obligations pursuant to this Agreement, which shall commence upon the signing of this Agreement, will continue for two years from the date of the Court's acceptance of this Agreement, unless otherwise extended pursuant to paragraph 15 below. CSCM's obligation to cooperate is not intended to apply in the event that a prosecution against CSCM by this Office is pursued and not deferred.

#### **Deferral of Prosecution**

11. In consideration of CSCM's entry into this Agreement and its commitment to: (a) accept and acknowledge responsibility for its conduct, as described in the Statement of Facts and the Information; (b) cooperate with the Office, IRS, the SEC, and any other law enforcement agency designated by this Office; (c) make the payments specified in this Agreement; (d) comply with Federal criminal laws (as provided herein in paragraph 9); and (e) otherwise comply with all of the terms of this Agreement, the Office shall recommend to the Court that prosecution of CSCM on the Information be deferred for two years from the date of the signing of this Agreement. CSCM shall expressly waive indictment and all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the Southern District of New York for the period during which this Agreement is in effect.

12. It is understood that this Office cannot, and does not, agree not to prosecute CSCM for criminal tax violations. However, if CSCM fully complies with the terms of this Agreement, no testimony given or other information provided by CSCM (or any other information directly or indirectly derived therefrom) will be used against CSCM in any criminal tax prosecution.



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In addition, the Office agrees that, if CSCM is in compliance with all of its obligations under this Agreement, the Office will, within thirty (30) days after the expiration of the period of deferral (including any extensions thereof), seek dismissal with prejudice as to CSCM of the Information filed against CSCM pursuant to this Agreement. Except in the event of a violation by CSCM of any term of this Agreement or as otherwise provided in paragraph 13, the Office will bring no additional charges against CSCM, except for criminal tax violations, relating to its conduct as described in the admitted Statement of Facts. This Agreement does not provide any protection against prosecution for any crimes except as set forth above and does not apply to any individual or entity other than CSCM. CSCM and the Office understand that the Agreement to defer prosecution of CSCM can only operate as intended if the Court grants a waiver of the Speedy Trial Act pursuant to 18 U.S.C. § 3161(h)(2). Should the Court decline to do so, both the Office and CSCM are released from any obligation imposed upon them by this Agreement, and this Agreement shall be null and void, except for the tolling provision set forth in paragraph 13.

13. It is further understood that should the Office in its sole discretion determine that CSCM has: (a) knowingly given false, incomplete or misleading information either during the term of this Agreement or in connection with the Office's investigation of the conduct described in the Information and Statement of Facts, (b) committed any crime under the federal laws of the United States subsequent to the execution of this Agreement, or (c) otherwise violated any provision of this Agreement, CSCM shall, in the Office's sole discretion, thereafter be subject to prosecution for any federal criminal violation, or suit for any civil cause of action, of which the Office has knowledge, including but not limited to a prosecution or civil action based on the Information, the Statement of Facts, the conduct described therein, or perjury and obstruction of justice. Any such prosecution or civil action may be premised on any information provided by or on behalf of CSCM to the Office, IRS, or the SEC at any time. In any such prosecution or civil action, it is understood that: (a) no charge or claim would be time-barred provided that such prosecution or civil action is brought within the applicable statute of limitations period, excluding the period from the execution of this Agreement until its termination; (b) CSCM agrees to toll, and exclude from any calculation of time, the running of the applicable statute of limitations for the length of this Agreement starting from the date of the execution of this Agreement and including any extension of the period of deferral of prosecution pursuant to paragraph 15 below; and (c) CSCM waives any objection to venue with respect to any charges arising out of the conduct described in the Statement of Facts and consents to the filing of such charges in the Southern District of New York. By this Agreement, CSCM expressly intends to and hereby does waive its rights in the foregoing respects, including any right to make a claim premised on the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay. Such waivers are knowing, voluntary, and in express reliance on the advice of CSCM's counsel.

14. It is further agreed that in the event that the Office, in its sole discretion, determines that CSCM has violated any provision of this Agreement, including by failure to meet its obligations under this Agreement: (a) all statements made or acknowledged by or on behalf of CSCM to the Office, IRS or SEC, including but not limited to the Statement of Facts, or any testimony given by CSCM or by any agent of CSCM before a grand jury, or elsewhere, whether before or after the date of this Agreement, or any leads from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings hereinafter brought by the Office against



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CSCM; and (b) CSCM shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made or acknowledged by or on behalf of CSCM before or after the date of this Agreement, or any leads derived therefrom, should be suppressed or otherwise excluded from evidence. It is the intent of this Agreement to waive any and all rights in the foregoing respects.

15. CSCM agrees that, in the event that the Office determines during the period of deferral of prosecution described in paragraph 11 above (or any extensions thereof) that CSCM has violated any provision of this Agreement, an extension of the period of deferral of prosecution may be imposed in the sole discretion of the Office, up to an additional one year, but in no event shall the total term of the deferral-of-prosecution period of this Agreement exceed three (3) years. Any extension of the deferral-of-prosecution period extends all terms of this Agreement for an equivalent period.

16. CSCM, having truthfully admitted to the facts in the Statement of Facts, agrees that it shall not, through its attorneys, agents, or employees, make any statement, in litigation or otherwise, contradicting the Statement of Facts or its representations in this Agreement. Consistent with this provision, CSCM may raise defenses and/or assert affirmative claims and defenses in any proceedings brought by private and/or public parties as long as doing so does not contradict the Statement of Facts or such representations. Any such contradictory statement by CSCM, its present or future attorneys, agents, or employees shall constitute a violation of this Agreement and CSCM thereafter shall be subject to prosecution as specified in paragraphs 133 through 144, above, or the deferral-of-prosecution period shall be extended pursuant to paragraph 15, above. The decision as to whether any such contradictory statement will be imputed to CSCM for the purpose of determining whether CSCM has violated this Agreement shall be within the sole discretion of the Office. Upon the Office's notifying CSCM of any such contradictory statement, CSCM may avoid a finding of violation of this Agreement by repudiating such statement both to the recipient of such statement and to the Office within two business days after having been provided notice by the Office. CSCM consents to the public release by the Office, in its sole discretion, of any such repudiation. Nothing in this Agreement is meant to affect the obligation of CSCM or its officers, directors, agents or employees to testify truthfully to the best of their personal knowledge and belief in any proceeding.

17. CSCM agrees that it is within the Office's sole discretion to choose, in the event of a violation, the remedies contained in paragraphs 13 and 14 above, or instead to choose to extend the period of deferral of prosecution pursuant to paragraph 15, provided, however, that if CSCM's violation of this Agreement is limited to an untimely payment of the Stipulated Forfeiture Amount, the Office may elect instead to choose the additional financial penalties set forth in paragraph 6, above. CSCM understands and agrees that the exercise of the Office's discretion under this Agreement is unreviewable by any court. Should the Office determine that CSCM has violated this Agreement, the Office shall provide notice to CSCM of that determination and provide CSCM with an opportunity to make a presentation to the Office to demonstrate that no violation occurred, or, to the extent applicable, that the violation should not result in the exercise of those remedies or

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in an extension of the period of deferral of prosecution, including because the violation has been cured by CSCM.

#### **CSCM's BSA/AML Compliance Program**

18. CSCM shall implement and maintain an effective Bank Secrecy Act ("BSA")/anti-money-laundering compliance program in accordance with the BSA, its implementing regulations, and the directives and orders of any United States regulator of CSCM, including without limitation the SEC. It is understood that a violation of the BSA arising from conduct exclusively occurring prior to the date of execution of this Agreement will not constitute a breach of CSCM's obligations pursuant to this Agreement. However, there shall be no limitation on the ability of the Office to investigate or prosecute such violations and/or conduct in accordance with the applicable law and the other terms of this Agreement, including paragraph 12 hereof.

#### **Independent Consultant**

19. To address issues related to the Statement of Facts and Information, and to ensure that CSCM complies with the BSA and its implementing regulations, CSCM agrees to retain an independent consultant on the terms and conditions set by the SEC.

#### **Limits of this Agreement**

20. It is understood that this Agreement is binding on the Office but does not bind any other Federal agencies, any state or local law enforcement agencies, any licensing authorities, or any regulatory authorities. However, if requested by CSCM or its attorneys, the Office will bring to the attention of any such agencies, including but not limited to any regulators, as applicable, this Agreement, the cooperation of CSCM, and CSCM's compliance with its obligations under this Agreement.

#### **Sale or Merger of CSCM**

21. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, CSCM agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

#### **Public Filing**

22. CSCM and the Office agree that, upon the submission of this Agreement (including the Statement of Facts and other attachments) to the Court, this Agreement and its attachments shall be filed publicly in the proceedings in the United States District Court for the Southern District of New York.



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23. The parties understand that this Agreement reflects the unique facts of this case and is not intended as precedent for other cases.

**Execution in Counterparts**

24. This Agreement may be executed in one or more counterparts, each of which shall be considered effective as an original signature. Further, all facsimile and digital images of signatures shall be treated as originals for all purposes.

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**Integration Clause**

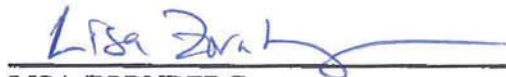
25. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between CSCM and the Office. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, CSCM's attorneys, and a duly authorized representative of CSCM.

GEOFFREY S. BERMAN  
United States Attorney  
Southern District of New York

By:

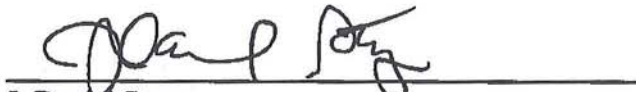


Andrew C. Adams  
Assistant United States Attorney



LISA ZORNBERG  
Chief, Criminal Division

Accepted and agreed to:

  
\_\_\_\_\_  
J. Daniel Stepp  
Central States Capital Markets, LLC  
\_\_\_\_\_  
Douglas R. Jensen, Esq.  
Attorney for Central States Capital Markets, LLC