

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING JANUARY 26, 2017

Successes for Week Ending January 26, 2017

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,284
 - Applications Approved: 1,210
 - Applications Denied/Withdrawn: 8

- Division of Consumer Finance
 - Applications Received: 675
 - Applications Approved: 817
 - Applications Denied/Withdrawn: 13

- Division of Financial Institutions
 - Applications Received: 1
 - Applications Approved: 1
 - Applications Denied/Withdrawn: 0

2. Regulatory Actions

Final Order for \$5,000 Fine Against an Investment Adviser Firm and Associated Person for Violations of Rules

On January 18, 2017, the Division of Securities entered a final order against Bhuta Wealth Management, LLC and Mahesh Bhuta for violations of rules by failing to send clients itemized invoices, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, file audited financial statements, maintain an accurate Form ADV and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$5,000 administrative fine was paid.

Final Order Barring a Consumer Collection Agency from Licensure for Unregistered Activity

On January 20, 2017, the Division of Consumer Finance entered a final order against United Financial, LLC and Josephine Frazier for acting as an unregistered consumer collection agency, making a material misstatement or omission of fact on an initial or amended application and failure to maintain appropriate debtor account records. Respondents voluntarily surrendered their license and agreed to not seek a license or act as an affiliated party of another

consumer collection agency for a period of ten years in lieu of an administrative fine.

Final Order for \$70,750 Fine Against a Check Casher for Unlicensed Activity

On January 20, 2017, the Division of Consumer Finance entered a final order against Tech Friends, Inc., for conducting business as a check casher without a license.

Final Order Barring a Check Casher from Licensure for Prohibited Business Practices

On January 13, 2017, the Division of Consumer Finance entered a final order against Pro Checks Online, LLC and Pedro Salazar for failure to maintain required customer files, thumbprints on payment instruments it cashed over \$1,000, and endorsements at the time of acceptance on payment instruments it cashed. Additionally, the respondents failed to timely update bank account information on file with the OFR, file currency transaction reports, timely file currency transaction reports, implement their anti-money laundering program, and to provide currency immediately for a payment instrument received and cashed. Respondents agreed to a revocation of their license and agreed to not seek a license or act as an affiliated party of another money services business for a period of fifteen years in lieu of an administrative fine.

Final Order for \$70,750 Fine Against a Check Casher for Prohibited Business Practices

On January 13, 2017, the Division of Consumer Finance entered a final order against Shreeji of Ocala, Inc., and Deep Patel for failure to provide annual anti-money laundering (AML) policy training and education and failure to have an annual independent audit review of the AML policy conducted. The respondent also failed to endorse payment instruments with their legal name, maintain copies of payment instruments cashed, maintain copies of the personal ID presented for cashing a payment instrument, maintain records of customer thumbprints, maintain an electronic log for payment instruments cashed over \$1,000 and maintain an active registration with the Financial Crimes Enforcement Network.

Final Order Barring a Mortgage Lender from Licensure for Prohibited Business Practices

On January 13, 2017, the Division of Consumer Finance entered a final order against Baralt Mortgage Company and Mary Baralt for submitting a financial audit report audited by an unlicensed certified public accountant. Respondents agreed to surrender their license and Mary Baralt shall not seek a license pursuant to Chapter 494, F.S., or act as a control person for any loan originator, mortgage broker or mortgage lender for a period of five years in lieu of an administrative fine.

Final Order Barring a Check Casher from Licensure for Prohibited Business Practices

On January 13, 2017, the Division of Consumer Finance entered a final order against Bharat Corporation, Bharat Patel, and Sangita Patel for failing to maintain copies of the personal ID presented for cashing a payment instrument, thumbprints on payment instruments it cashed over \$1,000, a complete electronic log on payment instruments it cashed over \$1,000 and for failing to timely update and amend their license application with accurate financial information and list of officers. Respondents voluntarily surrendered their license and agreed to not seek a license or act as an affiliated party of another money services business for a period of ten years in lieu of an administrative fine.

3. Enforcement Results

Pembroke Pines Viatical Settlements Provider Sentenced to Four Years in Federal Prison for Investment Fraud Scheme

On January 12, 2017, Giovanni Vasquez, of Pembroke Pines, was sentenced to 48 months in federal prison for his role in an elaborate investment fraud scheme involving the purchase of life insurance policies from individuals with a short life expectancy (a practice known as life or viatical settlements) using funds obtained from investors. Vasquez was the CEO of Global Wealth Creations, LLC (“GWC”) and was in direct control of the business and its fraudulent practices. The OFR’s investigation revealed that GWC operated from 2008 through 2011, resulting in combined losses of approximately \$4.2 million dollars to approximately 40 victims. As part of the scheme, Vasquez maintained an office in Miami from which he would recruit financial advisors to target seniors with substantial retirement savings. Vasquez is also believed to have sold viatical settlements in some cases directly to certain investors. Investors in GWC were led to believe that their investments were safe because the company invested only in life insurance policies that were “secured” by life insurance companies. Investors were falsely promised a 10 percent annual return on their investments over a five-year period and were given investment performance letters that grossly misrepresented the company’s financial condition, inflating the amount of profits the company supposedly generated from its investments. Contrary to these representations, the investigation found that GWC only purchased one life insurance contract and that contract never resulted in a benefit payout due to misrepresentations. Rather than using investor funds to purchase additional insurance contracts, the investigation revealed that investors’ funds were used for the benefit of Vasquez, who paid himself a salary and bonuses with the money, or used it for personal or unrelated business expenses. Vasquez is scheduled to begin his four-year prison sentence on February 9, 2017, after which he will serve three years of probation. Vasquez was further ordered to pay \$4,283,604.76 in restitution. This investigation was developed jointly with the FBI and was prosecuted by the U.S. Attorney’s Office in Miami.

New Issues

No new issues to report this week.