

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING February 18, 2016

Successes for Week Ending February 18, 2016

1. Licensing and Registration

- Division of Securities
 - Applications Received: 974
 - Applications Approved: 927
 - Applications Denied/Withdrawn: 8

- Division of Consumer Finance
 - Applications Received: 365
 - Applications Approved: 378
 - Applications Denied/Withdrawn: 27

- Division of Financial Institutions
 - Applications Received: 5
 - Applications Approved: 4
 - Applications Denied/Withdrawn: 0

2. Enforcement Actions

Wellington Man Arrested in Connection with Investment Fraud Scheme

On February 12, 2016, Henry Paul Regan of Wellington, was arrested on charges of organized fraud, securities fraud and grand theft in connection with an elaborate investment fraud scheme, involving the alleged sale of fraudulent promissory notes to at least four investors through a company called Millennium Absolute Return Fund, LP (Millennium). The OFR's investigation revealed that this alleged fraud scheme operated between January 2013 and December 2013, causing investor losses of approximately \$270,000. As part of the alleged scheme, Regan maintained a virtual office on Brickell Avenue (in Miami's financial district), from which he is believed to have solicited investors through correspondence containing material misrepresentations. Investors in Millennium were led to believe that their investments were safe because the company invested in "asset-based lending companies" that secured loans through collateralizing borrower assets. Investors were falsely promised 15 percent annual returns on their investments which they were assured were secured by a Bank of America bond in the amount of \$5 million dollars. Investors were also provided quarterly performance letters that grossly misrepresented the company's financial condition, inflating the amount of interest that the company purportedly generated from its investments. Contrary to these representations,

the investigation revealed that Millennium never used investors' funds to invest in any asset-based lending companies and the purported Bank of America Bond was non-existent. Investor funds were instead used for the benefit of Regan who allegedly paid himself commissions with the money or used it for personal or unrelated business expenses. Neither the promissory notes nor Regan himself were registered with the OFR pursuant to Chapter 517, F.S. In a 2004 enforcement action, FINRA barred Regan from acting as a broker or otherwise associating with firms that sell securities to the public, a fact which was not disclosed to investors in Millennium. Detectives with the DFS Division of Insurance Fraud provided assistance with Regan's arrest in Palm Beach County. This investigation was developed solely by the OFR.

New Issues

No new issues to report this week.