

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING February 25, 2016

#### Successes for Week Ending February 25, 2016

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 973
  - Applications Approved: 974
  - Applications Denied/Withdrawn: 12
  
- Division of Consumer Finance
  - Applications Received: 276
  - Applications Approved: 285
  - Applications Denied/Withdrawn: 12
  
- Division of Financial Institutions
  - Applications Received: 3
  - Applications Approved: 2
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Sanctions

##### Final Order for \$25,000 Fine Against an Associated Person for Unregistered Activity

On February 23, 2016, the Division of Securities entered a final order against Glen Alan Bergard for engaging in unregistered investment advisory activities. A \$25,000 administrative fine was paid.

#### 3. Enforcement Actions

##### Pinellas Man Sentenced for Role in Investment Fraud

On February 16, 2016, Edward Bahl of Safety Harbor, pled guilty to one count of organized fraud related to the operation of his company, Global Petroleum Resources, LLC (GPR). Bahl was sentenced to two years in prison to be followed by 15 years of probation. He was also ordered to pay \$107,500 in restitution to victims and to permanently abstain from working anywhere in the investment or petroleum industries. Bahl's conviction follows his April 21, 2015, arrest on charges of organized fraud and grand theft. The OFR investigation found that from July 2011 through June 2014, Bahl, as President and Chief Executive Officer of GPR, defrauded four investors out of approximately \$108,000. Bahl issued agreements to investors titled "Loan Agreement and Promissory Note" to fund the acquisition of a purported oil blending facility. Bahl promised investors

that they would receive the return of their principal plus interest at a rate of 25-50 percent within 60 to 90 days. Bahl also represented that GPR would enter into a "royalty fee agreement" with investors, paying them \$0.10 a barrel for up to 250,000 barrels of GPR's monthly oil production. Among other misrepresentations made to investors, the OFR's investigation uncovered fraudulent press releases touting successful oil deals, Facebook pages announcing new GPR offices in the Bahamas and a trip to South Africa that resulted in a 10-year multi-million dollar oil and gas production contract. Contrary to these representations, the OFR's investigation found no evidence that Bahl traveled to these countries during the time that GPR was alleged to have been in operation. Moreover, a review of GPR's bank records did not reveal any transactions indicative of business revenue. Instead, the bank records revealed that investors' proceeds were appropriated by Bahl and used for his personal living expenses including rent, travel, dining and lodging. To date, investors have received no return on their investments. This investigation was developed solely by the OFR. The case was prosecuted by the Office of Statewide Prosecution in Tampa.

#### Sixth Defendant Arrested in Alleged \$1.2 Million Precious Metals Scam

On February 17, 2016, Robert S. Leier was arrested by the Margate Police Department on an outstanding warrant issued for his involvement in an alleged fraudulent precious metals investment scheme. Leier controlled Bowman & Poole, Inc., a purported precious metals firm believed to be involved in a \$1.2 million fraudulent investment and money laundering scheme. Investigative findings to date show that the scheme has victimized at least 17 people from around the country, causing them to lose their retirement savings. In addition to Leier, five other defendants involved in the scheme are facing similar charges filed by the Office of Statewide Prosecution. Charges against the defendants include racketeering, conspiracy to commit racketeering, grand theft, fraudulent securities transactions, money laundering and unlicensed telemarketing. If convicted, they face substantial prison time, fines and restitution. In October 2014, three defendants were arrested in Florida and two defendants were arrested in South Carolina. Leier had remained the lone fugitive until his arrest this week. The six defendants allegedly operated several shell companies to broker the buying and selling of precious metals as an investment option when, in reality, less than one percent of the money sent by victims to the defendants was used for these types of investments. The defendants are alleged to have assured their victims (the majority of whom were senior citizens) that the investments would turn a quick profit. The six defendants opened more than 30 bank accounts to which victims mailed checks or wired funds. The company shell names used by the defendants were Bowman & Poole, Inc., Cavallo Consulting Group, Inc., DMR & BMR Corp., DRBR Financial, Inc., JD&A Investment Services, Inc., JDC United Metals, Corp., Project Insider Development Investments, LLC and Project Insider, Inc. This investigation is being developed by the OFR in collaboration with the FDLE. The Office of the Statewide Prosecution in Broward County is prosecuting the case.

## **New Issues**

### **1. Communications and Outreach Activities**

On February 16-19, 2016, the Division of Consumer Finance Director Greg Oaks (NMLS Policy Committee Member) & Bureau Chief Jason Booth (Mortgage Testing & Education Board Member) attended the 2016 National Mortgage Licensing System (NMLS) User's Conference in Phoenix, Arizona. Conference sessions included a variety of topics covering consumer lending, mortgage brokering and lending, consumer debt collection and federal mortgage lending guidelines. The conference was attended by 683 attendees, including state and federal regulators and industry participants.