

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING March 31, 2016

#### Successes for Week Ending March 31, 2016

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 837
  - Applications Approved: 880
  - Applications Denied/Withdrawn: 15
  
- Division of Consumer Finance
  - Applications Received: 250
  - Applications Approved: 272
  - Applications Denied/Withdrawn: 17
  
- Division of Financial Institutions
  - Applications Received: 3
  - Applications Approved: 0
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Sanctions

##### Final Order for \$35,937.50 Fine Against an Investment Adviser Firm and Associated Person for Unregistered Activity

On March 24, 2016, the Division of Securities entered a final order against Harkins Investment Company and Harold L. Harkins, Jr., for engaging in unregistered investment advisory activities. A \$35,937.50 administrative fine was paid.

##### Permanent Bar and \$100,000 Fine Against Unregistered Firm and Associated Person for Fraud

On March 25, 2016, the Division of Securities entered a final order against Capital Asset Management Partners, Inc., and Allen Mark Kneller, permanently barring them from affiliating or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Capital Asset Management Partners, Inc., and Allen Mark Kneller were found to have offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A \$100,000 administrative fine was assessed.

#### 3. Enforcement Results

### Pembroke Pines Man Arrested for Mail Fraud Scheme

On March 22, 2016, Giovanni Vasquez, of Pembroke Pines, was arrested by the FBI after having been indicted on charges of mail fraud. The arrest stems from Vasquez's alleged involvement in an elaborate fraud scheme involving the purchase of life insurance policies from individuals with a diminished 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 is believed to have been in direct control of the business and its alleged fraudulent practices. The investigation revealed that GWC operated from 2008 through 2011, resulting in combined losses of approximately \$3.5 million to approximately 40 victims. As part of the scheme, Vasquez is believed to have 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 that the company supposedly generated from its investments. Contrary to these representations, investigators 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 investor funds were used for the benefit of Vasquez, who paid himself salary advances and bonuses or for personal or unrelated business expenses. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

### **New Issues**

No new issues to report this week.