

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING MARCH 6, 2014

#### Successes for Week Ending March 6, 2014

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 1,173
  - Applications Approved: 1,059
  - Applications Denied/Withdrawn: 21
  
- Division of Consumer Finance
  - Applications Received: 618
  - Applications Approved: 602
  - Applications Denied/Withdrawn: 17
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 2
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Actions

##### Revocation of Broker Dealer Firm

On February 26, 2014, the Division of Securities entered a Final Order against Westor Capital Group, Inc., revoking the firm's registration as a broker dealer, after the firm failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Westor Capital Group, Inc., was the subject of a suspension by FINRA, a national securities association.

##### Permanent Bar and \$58,000 Fine Against an Investment Adviser for Prohibited Business Practices

On February 28, 2014, the Division of Securities entered a Final Order against Premier Financial Management, LLC, permanently barring the firm from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S., after they failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Premier Financial Management, LLC, engaged in prohibited business practices by failing to comply with the books and records, financial, custody, and registration requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$58,000 administrative fine was assessed.

### Suspension and \$60,000 Fine Against a Broker Dealer Agent for Prohibited Business Practices

On March 3, 2013, the Division of Securities entered a Final Order against George R. Hunt for engaging in prohibited business practices by borrowing money from his customers. Mr. Hunt was suspended for two years from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. An administrative fine of \$60,000 was assessed.

### **3. Enforcement Actions**

#### Ocwen Judgment Signed in Washington, D.C.

On February 26, 2014, Federal Judge Rosemary M. Collyer signed a consent judgment finalizing the [multistate settlement with Ocwen Loan Servicing, LLC](#), negotiated by the OFR in conjunction with Florida's Attorney General's Office.

#### Jury Finds Man Guilty of Fraud

On February 27, 2014, Arthur John Schlecht was found guilty of wire fraud and conspiracy to commit mail and wire fraud for his role in orchestrating an elaborate precious metals investment scheme resulting in over \$25 million in losses to investors. The verdict of guilt follows a four week federal trial and three days of jury deliberations. Schlecht was immediately taken into custody following the verdict. Schlecht, along with his associates Frederick Gomer, Carlos Rodriguez and Ricardo Padron were indicted on these charges on August 9, 2012. A fifth defendant, Robert Roca, was charged in a superseding indictment several months later. A joint OFR and federal investigation determined that the defendants operated an elaborate precious metals investment fraud through their companies, Global Bullion Trading Group, WJS Funding, Inc. d/b/a Capital Asset Management and Certified, Inc. The defendants ran a boiler room, which solicited investors to purchase precious metals using leveraged/margin accounts. Investors were led to believe they were purchasing physical metals and that their metals would be held in personalized accounts. Investors were also told they had the ability to take possession of the precious metals at any time, subject to handling fees, postage and insurance. The investigation found that the subjects did not purchase physical metals or maintain individual accounts on behalf of investors. Instead, the defendants appropriated \$5.7 million for their personal use and for the benefit of family members. Gomer, Rodriguez, Roca and Padron have each pled guilty to the charges in the indictment. Roca was sentenced to 36 months in prison for his role in the scheme on September 30, 2013. Rodriguez and Padron await sentencing in April 2014. Gomer passed away in January 2014. Schlecht is scheduled to be sentenced on May 28, 2014.

#### Sentencing of Principal Defendant in Massive Ponzi Scheme

On February 24th, 2014, Judge Kenneth A. Marra of the United States District Court of the Southern District of Florida (West Palm Beach) sentenced George Louis Theodule to 12.5 years in federal prison to be followed by 3 years probation for his role in orchestrating a massive Ponzi scheme targeting the

Haitian-American community. Theodule's actions resulted in \$30 million in losses to primarily Haitian-American investors throughout South Florida. Four months earlier, on October 28th, 2013, Theodule pleaded guilty to one count of mail fraud for his role in the scheme. Prior to that plea, Theodule had been indicted on 36 counts of wire fraud, one count of securities fraud, and three counts of money laundering, which led to his arrest on August 23, 2013. Theodule has been incarcerated since the date of his arrest. A joint OFR/FBI investigation determined that from July 2007 through December 2008, Theodule falsely represented to investors that he was an investment guru, capable of doubling their investments every 30 to 90 days. Theodule advertised the investment through churches, word of mouth, seminars and presentations to groups. He enticed others to form investment clubs from which investors pooled their monies and then turned it over to him. Consequently, investors formed more than 100 clubs in more than seven states. An OFR analysis of the bank and brokerage records revealed that Theodule opened a number bank accounts and brokerage trading accounts with online-brokerage firms to trade securities. Theodule lost all the money he invested in the trading accounts, all the while assuring investors that their monies were safe and guaranteed. Furthermore, Theodule was paying older investors with money from newer investors and used a significant amount of investors' money to fund his extravagant lifestyle, including renting two mansions in Georgia, paying for his wedding, large monetary gifts to his girlfriends, relatives, and trips abroad. On December 29, 2008, the Securities and Exchange Commission (SEC), with investigative assistance from the OFR, filed a complaint against Theodule and his various companies. In March 2010, the SEC obtained a Judgment of Permanent Injunction and Other Relief against Theodule and the court ordered Theodule to pay \$5,099,512 in disgorgement. The court appointed Jonathan E. Pearlman as the receiver in charge of preserving assets for the benefit of the investors. So far, the receiver has collected more than \$1,600,000 in assets for the benefit of the Receivership Estate.

## **New Issues**

No new issues to report this week.