

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING APRIL 6, 2017

Successes for Week Ending April 6, 2017

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,461
 - Applications Approved: 1,425
 - Applications Denied/Withdrawn: 22

- Division of Consumer Finance
 - Applications Received: 325
 - Applications Approved: 421
 - Applications Denied/Withdrawn: 21

- Division of Financial Institutions
 - Applications Received: 2
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 0

2. Regulatory Actions

Final Order Revoking and Barring a Check Casher from Licensure for 20 years for Prohibited Business Practices

On March 30, 2017, the Division of Consumer Finance entered a final order against Hermanos Nakleh, Corp., d/b/a Carolina Fashion Store, and Naser Nakleh for failure to deposit payment instruments into its own commercial account, file currency transaction reports as required, maintain customer files on customers who cash corporate or third-party payment instruments that exceed \$1,000, maintain a copy of the identification used to cash a check, maintain an electronic log that reports aggregate payment instruments for checks cashed in an amount exceeding \$1,000, enter all payment instruments cashed in an amount exceeding \$1,000 in the Statewide Check Cashing Database, maintain copies of payment instruments for checks cashed during the examination period, report a change of bank account information to the OFR within 30 days of the change, endorse each payment instrument cashed, maintain thumbprints of customer who cashed a payment instrument, maintain copies of bank statements for five years and keep and maintain daily cash reconciliations for five years.

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

On March 30, 2017, the Division of Consumer Finance entered a final order against A & K Gas & Food, Inc., d/b/a Chevron Food Mart, and Kaushikbhai Patel for failure to maintain an effective anti-money laundering program, failure to maintain copies of all payment instruments cashed and failure to provide each customer with the required contact information.

Final Order Against a Motor Vehicle Retail Installment Seller Ordering more than \$52,000 in Refunds to Customers

On March 30, 2017, the Division of Consumer Finance entered a final order against Perco Industries, LLC and Chaim Perl for assessing excess finance charges and assessing unlawful fees on a motor vehicle retail installment contract, as well as failure to include required notices to buyers and required payment details to buyers in the motor vehicle retail installment contract.

Permanent Bar Against an Investment Adviser Firm and Associated for Violations of Rules and Unregistered Activity

On March 31, 2017, the Division of Securities entered a final order against King Ridge Asset Management, LLC and Christine M. Blair permanently barring them from engaging in, affiliating or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes. King Ridge Asset Management, LLC and Christine M. Blair were found to have violated rules by failing to disclose all material information about Ms. Blair to clients, maintain an accurate Form ADV, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and maintain current investment advisory client suitability information. In addition, the firm and Ms. Blair misrepresented and published inaccurate information regarding Ms. Blair's qualifications in the firm's brochures and engaged in unregistered investment advisory activities.

3. Enforcement Actions

Guilty Plea in Investment Fraud Case

On March 28, 2017, defendant Michael Esposito pleaded guilty to one count of wire fraud in federal court in Newark, NJ. Esposito admitted to misusing more than \$550,000 in investor funds that he solicited to purchase and re-sell medical supplies and consumer products in bulk. Rather than using the investors' money to develop the business as represented, the investigation found that much of the money was appropriated by Esposito or paid out as Ponzi payments to other investors. In one example, a victim wired more than \$1 million to Esposito for purchases of medical supplies and consumer goods. Esposito is believed to have directed approximately \$517,000 of that money to be sent by wire to other victims of the scheme, falsely representing that these funds were the return of principal and profits from successful deals. The OFR investigation was initiated by a complaint received from a Florida resident who alleged that Radical Enterprise, LLC stole his investment money. Esposito is facing a maximum penalty of 20 years in prison and a \$250,000 fine. Esposito's sentencing is set for July 20,

2017. In a press release issued by the U.S. Department of Justice on March 28, 2017, the FBI thanked the OFR for its investigative assistance.

Former Flagler Beach Pastor Sentenced in Investment Fraud Case

On March 29, 2017, Wesley Alan Brown, a former associate church pastor in Flagler Beach, was sentenced to 7.5 years in prison to be followed by 22.5 years of probation for his role in an investment fraud scheme that victimized several members of his church. The sentence is the result of Brown's conviction by jury trial in January 2017, of multiple felony charges including the sale of unregistered securities, the sale of securities by an unregistered dealer and organized scheme to defraud. From December 2010 through June 2012, Brown solicited church members to invest in the stock of Maverick International, Inc. Brown told investors that Maverick was a diversified private company located in Delaware that invested in precious metals and commodities. He also told investors that he invested in the company himself and that the investment had no risk and high potential for growth. Brown did not make any other disclosures to the investors as required by law. In or around October 2012, Brown informed investors that their entire investment in Maverick was lost due to a collapse of a third-party commodities brokerage firm that held Maverick's investments. However, the investigation revealed that Maverick, which was operated by Brown's brother-in-law, invested in highly speculative commodities futures and suffered substantial losses as a result of unsuccessful trading. Additionally, it was determined that Brown deposited at least \$60,000 of investors' money directly into his personal account in the name of "Wesley Alan Brown DBA Maverick International," and purportedly used the funds for his personal expenses. Bank records also revealed that Maverick paid Brown's credit card bills totaling more than \$84,000. The investigation did not find evidence that Brown invested any of his own funds in Maverick as represented to investors. This investigation was conducted in conjunction with the Flagler County Sheriff's Office, the Flagler County State Attorney's Office and the Commodities Futures Trading Commission. The case was prosecuted by the State Attorney's Office, 7th Judicial Circuit, Flagler County. A final restitution hearing is still pending.

[Press Release: Former Flagler Beach Pastor Sentenced in Investment Fraud Case](#)

New Issues

1. Communications and Outreach Activities

On April 3, 2017, the OFR issued a press release celebrating Financial Literacy Month.

[Press Release: Florida Office of Financial Regulation Celebrates Financial Literacy Month](#)