

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING APRIL 13, 2017

#### Successes for Week Ending April 13, 2017

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 950
  - Applications Approved: 922
  - Applications Denied/Withdrawn: 22
  
- Division of Consumer Finance
  - Applications Received: 545
  - Applications Approved: 595
  - Applications Denied/Withdrawn: 24
  
- Division of Financial Institutions
  - Applications Received: 2
  - Applications Approved: 0
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Actions

##### Final Order for \$6,000 Fine Against an Associated Person for Violations of Rules

On April 5, 2017, the Division of Securities entered a final order against Christopher Charles Sherman for violations of rules by failing to notify his employing broker dealer firm of a regulatory inquiry by the OFR in the manner required by the firm. A \$6,000 administrative fine was paid.

##### Final Order for \$7,000 Fine Against an Investment Adviser Firm for Violations of Rules

On April 5, 2017, the Division of Securities entered a final order against Financial Security Services, LLC for violations of rules by failing to maintain an accurate Form ADV, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, send itemized invoices and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$7,000 administrative fine was paid.

#### 3. Enforcement Actions

##### Punta Gorda Man to Receive Three Years in Prison for Investment Fraud

On April 6, 2017, defendant Phillip Jon-Luke St. John, founder and president of Capital Strategy Investments, Inc., entered a plea of no contest in Charlotte County Circuit Court to charges of securities fraud and grand theft for his role in an investment fraud scheme that victimized two out-of-state investors. St John agreed to a sentence of 36 months in prison to be followed by 120 months of probation. St. John will also be ordered to pay restitution as well as all associated court costs. St. John was arrested in August 2016, for defrauding investors with promises that he would triple their money in 34 business days through an exclusive trading platform. Following his arrest, St. John was interviewed in jail by OFR investigators and admitted that he was operating under an assumed name, and that his criminal record included convictions for robbery and tampering with witnesses; convictions for which he served prison sentences in the State of New Jersey. St. John also admitted to having taken investors' money and having used it for personal expenses. The investigation found that the two investors relied on St. John's representations that their money would be used to generate large returns on his exclusive platform. Bank records analysis, however, revealed that the investors' money was not used towards any investment, but was instead appropriated by St. John for his personal use. The OFR was the sole investigative agency in this criminal enforcement action. The Charlotte County Sheriff's Office & Punta Gorda Police Department are credited with effecting St. John's arrest. The case was prosecuted by the State Attorney's Office for the 20th Judicial Circuit of Florida in Charlotte County.

[Press Release: Punta Gorda Man to Receive Three-Year Prison Sentence for Investment Fraud](#)

#### Orlando Man Sentenced in Phony Medical Account Receivables Investment Fraud

On April 7, 2017, defendant Irwin Ager was sentenced to two years in prison after entering a plea of guilty to federal charges of conspiracy to commit mail and wire fraud. Ager was also sentenced to serve two years of probation following his prison term and was ordered to pay more than \$11 million in restitution. Eric Ager, Irwin's younger brother, pled guilty to the same charges on December 21, 2016, and is scheduled for sentencing on April 24, 2017. The two brothers, together with at least three other co-conspirators, were responsible for orchestrating the scheme that involved the sale of unregistered securities to mostly elderly Florida residents. The securities were said to be backed by purported medical receivables that the pair claimed to have purchased from medical services providers throughout the country. Both Agers marketed and sold the company's securities to hundreds, creating losses of more than \$17 million to investors, \$10.3 million of which was included in the US. Attorney's charges. The company remains under a court-appointed receivership following an OFR civil injunctive action. Evidence obtained to date revealed that very few receivables were purchased and the majority of the investors' money was used for the personal benefit of the Agers and other co-conspirators. Criminal enforcement action against other defendants is still pending. The criminal case was developed jointly with the United States Secret Service and prosecuted by

the United States Attorney's Office in Orlando. The OFR is responsible for the majority of the investigative work leading up to these criminal convictions. In the administrative portion of this case, on April 5, 2017, administrative complaints were issued against AJ Brent, Jr., William Gross, John Leo Parker, Elliot Seth Simon and John Denny Burns, charging them with a collective 226 counts of selling unregistered securities, 226 counts of the sale of securities by an unregistered dealer, associated person, or issuer and 119 counts of securities fraud.

## **New Issues**

No new issues to report this week.