

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING May 12, 2016

Successes for Week Ending May 12, 2016

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,152
 - Applications Approved: 1,253
 - Applications Denied/Withdrawn: 16

- Division of Consumer Finance
 - Applications Received: 243
 - Applications Approved: 231
 - Applications Denied/Withdrawn: 13

- Division of Financial Institutions
 - Applications Received: 3
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 0

2. Regulatory Sanctions

Final Order for \$5,000 Fine Against an Associated Person for Prohibited Business Practices

On May 4, 2016, the Division of Securities entered a final order against Steven Lloyd Holland for engaging in prohibited business practices by disclosing confidential client information without approval or consent. A \$5,000 administrative fine was paid.

Final Order for \$28,000 Fine Against a Money Transmitter and Deferred Presentment Provider for Prohibited Business Practices

On May 4, 2016, the Division of Consumer Finance entered a final order against Ace Cash Express, Inc., for engaging in prohibited business practices by failing to maintain a complete electronic payment instrument log for checks cashed in excess of \$1,000, failing to properly endorse certain payment instruments accepted for cashing, failing to maintain legible copies of acceptable personal identification for checks cashed in excess of \$1,000, calling consumers outside the permissible times of 8:00 a.m. through 9:00 p.m. in violation of Chapter 559, F.S., failing to submit complete data to the OFR's deferred presentment provider

database and failing to timely file its annual financial audit report. An administrative fine of \$28,000 was paid.

Final Order Barring a Check Cashier from Licensure for Prohibited Business Practices

On May 4, 2016, the Division of Consumer Finance entered a final order against B H & D, LLC d/b/a 207 Express, Bunna Ung and Darren Lim for prohibited business practices by failing to maintain complete customer files on corporate checks cashed in excess of \$1,000, failing to maintain a copy of acceptable identification on checks cashed in excess of \$1,000, cashing payment instruments from persons other than the payee, failing to appropriately implement an effective anti-money laundering program, failing to timely file quarterly reports, failing to amend and update ownership and officer information on file with the OFR and failing to maintain complete copies of payment instruments cashed. Respondents agreed to not seek a license or act as an affiliated party of another money services business for a period of 20 years in lieu of an administrative fine.

Final Order for \$10,500 Fine Against a Check Cashier for Prohibited Business Practices

On May 4, 2016, the Division of Consumer Finance entered a final order against Caribbean Fuels, Inc., Bernardo Sanchez Moya, Pedro Sanchez Moya and Phyllis A. Sacco for engaging in prohibited business practices by failing to implement an effective anti-money laundering program, failing to properly endorse payment instruments accepted for cashing, failing to maintain copies of acceptable personal identification for checks cashed in excess of \$1,000, failing to maintain customer thumbprints on checks cashed in excess of \$1,000 and failing to maintain a complete electronic log for checks cashed in excess of \$1,000.

Final Order for \$8,350 Fine Against a Check Cashier for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Florida Currency Exchange Corp., and Lee Przywara for engaging in prohibited business practices by failing to endorse payment instruments accepted for cashing, failing to maintain a customer's thumbprint on the payment instrument cashed, failing to report changes to bank accounts used for check cashing activities, failing to report changes in officers to the OFR and failing to continuously post a clearly legible schedule of fees charged for check cashing in a conspicuous place.

Final Order Revoking a Mortgage Lender and Loan Originator License for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Newworld Financial Corp., and Blade Benjamin for engaging in prohibited business practices by submitting a 2013 financial audit report allegedly prepared by a licensed CPA in which the CPA stated in a sworn affidavit that he denied

preparing the financial audit report, and failing to file a 2014 financial audit report. The respondent's mortgage lender and loan originator licenses are revoked.

Final Order Barring a Check Cashier from Licensure for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Royal's Plaza, Inc., d/b/a Blue Heron Mart and Hassan Mahmoud for engaging in prohibited business practices by failing to endorse payment instruments accepted for cashing, failing to maintain thumbprints of customers cashing checks in excess of \$1,000 and failing to maintain daily cash reconciliations summarizing each day's check cashing activity. The respondents agreed to not seek a license or act as an affiliated party of another money services business for a period of 20 years in lieu of an administrative fine.

3. Enforcement Results

Two Defendants Arrested on Charges of Investment Fraud Related to a Purported Drug Rehabilitation Program

On May 9, 2016, David Sutton, Program Director of Keys 2 Recovery, Inc., a purported drug addiction rehabilitation services provider, was arrested on charges of securities fraud and selling unregistered securities. Sutton's business partner, Michael Garret was arrested on the same charges five days prior to Sutton's arrest. Both defendants are alleged to have sold unregistered securities in the form of promissory notes to at least 14 individuals who together invested approximately \$360,000. The investments were solicited based on the defendants' representations that the money would be used to fund and expand their 12-step addiction recovery program and each investor would receive an annualized return of nine percent on their investment. Investors were led to believe that the company was a provider of drug addiction rehabilitative services with endorsements from various courts throughout Florida and that its product, an online course entitled "Sober101," would be used by the courts to address first-time drug offenses at a cost of \$299 per offender. Contrary to representations, investigative findings suggest that the alleged drug court endorsements were false, along with the representations by defendants concerning their qualifications and experience. The defendants are also alleged to have failed to disclose the fact that much of the money collected from investors was used for personal expenses, in payment of refunds to earlier investors or spent on gambling. It is unknown if any of the money was used for the expansion of a rehab and recovery program. The OFR is the sole investigative agency in this matter, having committed more than 300 hours to the development of the case. The Sarasota County Sheriff's Office is recognized for their valuable assistance in executing these arrests. The case is being prosecuted by the Sarasota County State Attorney's Office.

New Issues

1. Communications and Outreach Activities

On May 5-6, 2016, two members of the OFR attended the Conference of State Bank Supervisors District III meeting in Nashville, Tennessee.