

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING JUNE 18, 2015

#### Successes for Week Ending June 18, 2015

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 1,066
  - Applications Approved: 1,053
  - Applications Denied/Withdrawn: 10
  
- Division of Consumer Finance
  - Applications Received: 321
  - Applications Approved: 364
  - Applications Denied/Withdrawn: 20
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 2

#### 2. Regulatory Sanctions

##### Twelve Year Bar and \$32,000 Fine Against Unregistered Associated Person for Fraud

On June 10, 2015, the Division of Securities entered a final order against David Yaacov Grossman and Grossman & Stein, barring Mr. Grossman for 12 years 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. David Yaacov Grossman and the firm were found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered. In addition, Mr. Grossman was found to have obtained money by means of fraud. A \$32,000 administrative fine was assessed against David Yaacov Grossman.

##### Final Order for \$5,000 Fine Against an Associated Person for Unregistered Activity

On June 12, 2015, the Division of Securities entered a final order against Stephen James Myler for engaging in unregistered investment advisory activities. A \$5,000 administrative fine was paid.

### **3. Enforcement Results**

#### Two Arrested for Role in Mortgage Fraud Scheme

On June 5, 2015, defendants David Cevallos and Osbel Sanchez were arrested by Special Agents of the Federal Housing Finance Agency. On April 29, 2015, Cevallos and Sanchez were indicted in U.S. District Court for the Middle District of Florida. Cevallos was charged with one count of conspiracy to commit wire fraud and six individual counts of wire fraud, and Sanchez was charged with one count of conspiracy to commit wire fraud and three individual counts of wire fraud. The charges stem from their alleged roles in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Cevallos and Sanchez, in concert with others, bought or facilitated the sale of condominium units at highly inflated prices, funding the purchases through mortgage loans obtained from various financial institutions. The investigation revealed that these mortgage loans were made to credit-worthy straw buyers, who, without the lenders' knowledge or consent, had been recruited by Cevallos and Osbel to act as borrowers in exchange for compensation. The inflated property valuations allowed the sellers in the transactions, also co-conspirators in the scheme, to sell the homes for significantly more than market value. The proceeds from the sales would then be divided amongst the participants in the scheme. The indictments allege that Cevallos and Sanchez conspired with others to falsify settlement statements and mortgage loan applications in order to receive substantial and undisclosed kickbacks from the sellers. Their activities alone are alleged to have resulted in \$4.2 million in losses. Further indictments are expected. This joint OFR/FBI/FHFA investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the OFR/FBI and the Federal Housing Finance Agency. The activities averred in the indictments are alleged to have occurred between 2007 and 2008.

#### Consumer Collection Agency Principal Arrested in Alleged Scheme to Defraud Homeowners Associations

On June 15, 2015, Robert Dana Brown was arrested by the U.S. Marshals Service in Seattle, Washington, based on an open Florida warrant issued in July 2014. Brown, a formerly licensed debt collector, moved to Washington after having apparently abandoned his Florida consumer collections business. Through that business, Brown is alleged to have defrauded several Florida based homeowners' associations (HOAs) with which he had contracts to provide debt collection services. In his role as the president of Leading Association Solutions, Inc., Brown is accused of collecting and failing to remit at least \$56,000 in delinquent dues owed to various HOAs in Lee County. Further investigation revealed that from 2008 to 2012, Leading Association Solutions collected more than \$4 million from over 400 accounts to satisfy property liens held on behalf of different HOAs. In July 2014, Circuit Judge Keith Kyle of Lee County issued a search warrant for the seizure of more than \$180,000 maintained by Brown at First Citizens Bank in Ft. Myers. All funds seized were shown to have been derived from Brown's consumer collection activities. These monies have since been frozen pending resolution of the criminal case. According to federal

marshals, at the time of his arrest, Brown was working in sales for four different companies in the U.S. and Canada. The State Attorney's Office, 20th Judicial Circuit, is preparing Brown's extradition to Florida for an arraignment hearing.

#### Jacksonville Man Sentenced to 10 Years in Prison in \$3 Million Ponzi Scheme

On June 12, 2015, Anderson Scott Hall was sentenced by U.S. District Judge Timothy Corrigan to 10 years in prison during a hearing in federal court in Jacksonville. Hall was also ordered to pay \$3,068,116.20 in restitution to 48 victims. On January 28, 2013, Hall was arrested after being indicted on 10 counts of mail fraud and 10 counts of wire fraud in connection with his operation of a fraudulent investment scheme. According to the indictment, while working for a registered broker dealer, Hall operated a sham company (Abaco Securities International Ltd.), which he held out to be a legitimate international investment company. Hall was the mastermind behind a complex scheme to defraud numerous investors, including Duval County school teachers and administrators. Hall induced victim investors into transferring their retirement savings from legitimate life insurance companies and investment companies over to companies he controlled. Hall told the investors they would receive shares in a unit investment trust that would pay 10 percent guaranteed interest. Instead of investing the victims' funds as promised, Hall used the funds for his own benefit, including purchasing high-value luxury items and commercial and residential real estate. On occasion, as part of the fraud scheme, Hall would use money taken from new investors to pay earlier investors. In total, Hall defrauded investors out of more than \$3 million. This case was initially developed by the Bureau of Financial Investigations. After analyzing the bank records and uncovering the fraud, this matter was brought to the attention of the FBI who joined the investigation in September 2012.

#### Sentencing of Money Services Business Owner Implicated in Tax-Refund Fraud Scheme

On June 15, 2015, Garaya Jackson was sentenced by the Circuit Court of Collier County to serve 76 months in state prison to be followed by 15 years of probation. She was also ordered to pay more than \$70,000 in restitution. The sentence is the result of a plea agreement through which Jackson pled guilty to violating the state's Racketeer Influenced and Corrupt Organizations Act (RICO) and to acting as an unlicensed money services business. The charges stem from Jackson's involvement in an illegal check cashing scheme related to fraudulently obtained U.S. Treasury tax refund checks. Jackson was arrested on March 10, 2014, as a result of the OFR's investigation of that scheme. The OFR investigation revealed that from April 2012 through April 2013, Jackson cashed at least 234 fraudulently obtained third-party U.S. Treasury tax-refund checks through her business, Garaya's Fashions, a retail clothing boutique in Immokalee. The tax-refund checks were the result of fraudulent tax returns filed in the names of identity theft victims. Jackson was not licensed as a check casher or exempt from the requirements of licensure at the time that most of the checks were cashed. The fraudulently obtained checks totaled more than

\$750,000. Jackson was remanded into custody immediately following the pronouncement of her sentence.

[Press Release: Garaya Jackson Sentenced to 6+ Years in Prison for Role in Tax-Refund Fraud Scheme](#)

## **New Issues**

### **1. Communications and Outreach Activities**

On June 8, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the 2015 Florida Bankers Association Annual Meeting in Boca Raton.

On June 17, 2015, the OFR issued a consumer alert on identity theft.

[Consumer Alert: Identity Theft](#)