GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING July 23, 2015

Successes for Week Ending July 23, 2015

1. **Licensing and Registration**
   - Division of Securities
     - Applications Received: 1058
     - Applications Approved: 970
     - Applications Denied/Withdrawn: 10

   - Division of Consumer Finance
     - Applications Received: 164
     - Applications Approved: 176
     - Applications Denied/Withdrawn: 15

   - Division of Financial Institutions
     - Applications Received: 0
     - Applications Approved: 0

2. **Regulatory Sanctions**

   <u>Permanent Bar and $40,000 Fine Against Unregistered Associated Person for Fraud</u>
   On July 17, 2015, the Division of Securities entered a final order against Chazon Stein permanently barring him from applying for registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Mr. Stein was found to have offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $40,000 administrative fine was assessed.

   <u>Final Order for $5,000 Fine Against an Associated Person for Unregistered Activity</u>
   On July 17, 2015, the Division of Securities entered a final order against Matthew A. Lapides for engaging in unregistered investment advisory activities. A $5,000 administrative fine was paid.

   <u>Denial of Associated Person</u>
   On July 17, 2015, the Division of Securities entered a final order against Eric Robert LaHaie, denying his application for registration as an associated person for making a material misrepresentation or misstatement on his application for

registration.

3. Enforcement Results

Pair Found Guilty of Mail and Wire Fraud in $6 Million Factoring Scheme

On July 20, 2015, a federal jury in Orlando found Brian Newton and Victoria Snow guilty of 25 counts of mail and wire fraud in relation to an investment fraud and receivables factoring scheme. The verdict follows the April 2014 arrest and indictment of the pair on charges that they defrauded investors and factoring companies out of approximately $6 million. Newton and Snow, while working for Dataforce International Inc., fraudulently factored invoices through Amerifactors Financial Group and Prestige Funding. From 2003 through August of 2009, Newton and Snow submitted a series of inflated invoices for factoring. Newton and Snow were also engaged in double factoring, which involved submitting the same Dataforce invoices for factoring to both Amerifactors and Prestige. Individuals who invested with Prestige received promissory notes in exchange for their investment funds. The notes detailed the amounts invested, the dates of investment and the maturity dates (typically one year maturities). Individuals were to receive quarterly interest ranging from 10 to 20 percent per year and a three to six percent bonus at maturity. None of the investors received returns on or of their investment. Newton was immediately remanded to the custody of the U.S. Marshals Service to be held pending sentencing, and Snow was released pending sentencing. Both are scheduled to be sentenced on October 9, 2015. This investigation was prosecuted by the U.S. Attorney’s Office for the Middle District of Florida and was developed jointly with the FBI.

Naples Man Pleads Guilty in $7 Million Investment Fraud Scheme

On July, 14, 2015, Dorian A. Garcia of Naples was adjudicated guilty of wire fraud for his role in promoting a fraudulent investment offering that resulted in losses to investors totaling more than $7 million. The conviction is the result of a plea agreement. Between February 2009 and April 2015, Garcia solicited and received at least $7,348,620 from approximately 96 victim investors throughout the United States. Of that amount, $3.9 million was returned to investors through Ponzi-style payments. Garcia, through a number of companies that he controlled, including DG Wealth Management, persuaded individuals to invest with him based on misrepresentations that he would place their funds in a pool and would guarantee their investment in addition to a specific rate of return. To lure investors into believing that their investments were secure, Garcia provided them with fake bank statements that reflected large balances. The true account balances were a fraction of the amounts claimed, and were insufficient to back his purported guarantees. Funds not used in making Ponzi payments to investors were spent on personal and business expenses including artwork, rent, luxury car payments, domestic help (including a personal chef), jewelry and dinner parties. Pursuant to the plea agreement, Garcia will forfeit five pieces of artwork that were purchased with proceeds from his fraud. In addition, he will also forfeit a $10,000 retainer that he paid to a law firm using investor monies. He will also be liable for a forfeiture money judgment in the amount of the proceeds he obtained from the offense. Garcia faces a maximum penalty of 20 years in federal prison and will be required to pay restitution in the amount of $3,108,734.52. On April 14, 2015, Garcia was also named as a respondent in a civil fraud complaint brought by the CFTC with assistance from the OFR. A verdict in that case is still pending. The Bureau of Financial Investigations assisted the FBI in bringing the criminal complaint in this case. Sentencing is set for October 13, 2015. Garcia has been released on his own recognizance pending the sentencing hearing.

Orlando Man Sentenced to Over Five Years in Prison for Orchestrating a $700,000 Investment Fraud
On July 8, 2015, Dante Stephen Giovanetti was sentenced in federal court to serve 63 months in prison to be followed by 36 months of probation. Giovanetti was ordered to pay restitution in the amount of $663,975.61. On Tuesday, April 14, 2015, Giovannetti entered a guilty plea to a charge of wire fraud for his role in defrauding three investors out of approximately $700,000. Giovannetti, a purported equity futures trader, lured investors with promises of returns of nearly 300 percent from profitable trades. A joint OFR/FBI investigation, however, found no evidence of such returns. Instead, the investigation revealed that Giovannetti created false trading account statements to support his many misrepresentations to investors. The false account statements were used by Giovannetti to induce at least three individuals to invest and showed tens of millions of dollars in fictitious profits from trading E-mini S&P 500 futures contracts and over $53 million in cash on deposit. Late in 2014, investors realized that Giovannetti was not investing their funds, but was instead using them for his personal living expenses. Investors filed a complaint with the National Futures Association (NFA) where Giovannetti was previously registered as an associated person. The NFA conducted a site audit at Giovannetti's residence in Orlando and discovered wrongdoing. This resulted in a referral of the matter to the Commodities Futures Trading Commission, which filed a civil complaint in federal court seeking injunctive relief against Giovannetti. Giovannetti, however, fled the jurisdiction as the civil proceedings were in process. While the CFTC's enforcement case was underway, the OFR and FBI continued their parallel criminal investigation of the allegations, resulting in Giovannetti's indictment by the U.S. Attorney's Office. Giovannetti was remanded into custody immediately following the pronouncement of his sentence.

Apopka Man Sentenced to Nine Years in Prison in $11,000,000 Ponzi Case
On June 25, 2015, John C. Boschert of Apopka was sentenced to nine years in federal prison for his role in orchestrating a Ponzi scheme that defrauded over 100 victim investors, causing losses of more than $11 million. The purported investments were offered through Boschert's company, Assured Capital Consultants LLC, and were mostly sold between 2009 and 2010. Bosch pled guilty to and was convicted of wire fraud in October 2014, in relation to the scheme. According to court documents, Boschert and his two conspirators, Jenifer E. Hoffman and Bryan T. Zuzga, operated a Ponzi scheme disguised as a

high yield investment opportunity. As part of their solicitations, the conspirators represented to investors that money would be placed in a Performing Private Placement Investment and that Boschert had connections to the trading program being used. Investors were told that their investments would be safe and that none of their money would leave the attorney escrow account that belonged to Zuzga, who was represented as being an attorney licensed in Florida. Investors were further advised that their funds would be used as collateral for a line of credit, which would then be used in trading. None of the representations were true. Zuzga was not an attorney licensed in Florida or any other state and the funds were not deposited into any escrow account controlled by him. Instead, much of the money from the scheme was used for the defendants' personal benefit, including purchasing residences for Hoffman and Zuzga. On June 18, 2015, Zuzga pleaded guilty to conspiracy to commit wire fraud. His sentencing date has not yet been set. Hoffman has been charged with one count of conspiracy, 11 counts of wire fraud and one count of making a false tax return. Her trial is pending. If convicted, she faces a maximum penalty of 20 years in federal prison for each count of conspiracy and wire fraud, and three years in federal prison for the false tax return. The OFR referred this case to the U.S. Attorney's Office, United States Secret Service and the Federal Bureau of Investigation in June of 2011.

New Issues

1. **Communications and Outreach Activities**
   On July 22, 2015, the OFR issued a consumer alert on cyber security safety tips.
   Consumer Alert: Cyber Security Safety Tips