

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING August 4, 2016

#### Successes for Week Ending August 4, 2016

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 1,115
  - Applications Approved: 1,043
  - Applications Denied/Withdrawn: 6
  
- Division of Consumer Finance
  - Applications Received: 333
  - Applications Approved: 228
  - Applications Denied/Withdrawn: 6
  
- Division of Financial Institutions
  - Applications Received: 0
  - Applications Approved: 0
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Sanctions

##### One-Year Bar Against an Associated Person for Prohibited Business Practices

On July 28, 2016, the Division of Securities entered a final order against Jack Edward Duncan for engaging in prohibited business practices by submitting false client financial information to his employing broker dealer firm. Pursuant to the final order Jack Edward Duncan is barred for one year from 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.

##### Final Order for \$2,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 28, 2016, the Division of Securities entered a final order against Ross Capital Investments, Inc., and Adam Jay Ross for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements and prepare and maintain client investment advisory contracts. In addition, the firm charged and received compensation based on performance from clients that did not meet the definition of qualified clients. A \$2,500 administrative fine was paid.

#### 3. Enforcement Results

### Sarasota Man Sentenced to Prison for Role in Investment Fraud

On July 22, 2016, 61 year-old Russell F. Haraburda, of Sarasota, was sentenced to eight years in prison to be followed by 22 years of probation and ordered to pay more than \$1.9 million in restitution to his victims. The sentence follows Haraburda's guilty plea to a charge of organized fraud in connection with the sale of fraudulent "pre-initial public offering shares" of his company, Enviratrends. Haraburda claimed that Enviratrends possessed technology that could turn the cremated ashes of pets into precious gemstones and assured investors that their funds would be used to pay expenses associated with taking the company public. Based on these representations, Haraburda was able to raise more than \$3 million from more than 150 investors in and outside of Florida. Contrary to those representations, however, the OFR's investigation revealed that Haraburda used a majority of investors' funds to support his lavish personal lifestyle, and not towards IPO expenses. The investigation found that more than \$1.7 million of investors' money was used by Haraburda for such things as an addition to a personal residence, the purchase of motorcycles and pleasure travel. Previously, on August 17, 2015, the U.S. Securities and Exchange Commission filed a civil injunctive action in the Middle District of Florida against Haraburda and Enviratrends. The action included a final judgment providing permanent injunctive relief, barring Haraburda from being associated with any offering of penny stock and disgorgement of ill-gotten gains. The final judgment also ordered Haraburda and Enviratrends to jointly pay more than \$2.3 million in disgorgement and prejudgment interest. The Florida Department of Law Enforcement assisted the OFR in the execution of a search warrant on the company in January 2015. This case was prosecuted by the Attorney General's Office of Statewide Prosecution.

### Tampa Women Arrested for Role in Affinity Fraud

On July 27, 2016, Defendant Shanteeka Bennifield (a/k/a Shanteeka Simmons) was arrested and charged with selling unregistered securities, securities fraud, organized fraud and grand theft for her alleged role in a fraudulent used automobile investment scheme that targeted at least eight Florida victims. Bennifield is currently on felony probation for fraudulent use of personal identifying information and is also awaiting sentencing for two counts of forgery, one count of fraudulent use of personal identifying information, one count of uttering a forged instrument, and two counts of grand theft in the third degree on unrelated cases. Bennifield allegedly operated an affinity fraud to obtain \$56,000 from eight Florida victims, whom she knew personally. Bennifield informed investors that she would use their money to purchase vehicles at auctions that would then be sold at Simmons Motor, LLC, a car dealership which she co-owns with her husband. Investors were told that they would receive between 10 – 50 percent in returns, depending on how much they invested. The investigation found that investors' money was not used to buy vehicles at auction as promised, but instead was used to keep the business from failing. After continued inquiries, five of the eight investors were paid a total of \$3,600 (supposed interest payments). This investigation was developed jointly with the City of Tampa Police

Department. The Hillsborough County State Attorney's Office is prosecuting the case. Bennifield is currently being held on \$50,000 bond.

### **New Issues**

No new issues to report this week.