

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING OCTOBER 6, 2016

Successes for Week Ending October 6, 2016

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,025
 - Applications Approved: 1,080
 - Applications Denied/Withdrawn: 7

- Division of Consumer Finance
 - Applications Received: 250
 - Applications Approved: 284
 - Applications Denied/Withdrawn: 10

- Division of Financial Institutions
 - Applications Received: 1
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 1

2. Regulatory Sanctions

Final Order for \$19,500 Fine Against an Investment Adviser Firm for Violations of Rules

On September 29, 2016, the Division of Securities entered a final order against Gulati Asset Management, LLC for violations of rules by failing to maintain an accurate Form ADV, maintain current written client advisory agreements, file audited financial statements, maintain written investment advisory client suitability information for all of its clients and comply with the safekeeping and custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$19,500 administrative fine was paid.

Final Order for \$8,500 Fine Against an Investment Adviser Firm and Associated Person for Violations of Rules

On August 5, 2016, the Division of Securities entered a final order against TSL Investment Management, LLC and Sean M. Leder for violations of rules by failing to advise the division that the firm had custody of its clients' assets, provide client itemized invoices, maintain an accurate Form ADV, maintain an accurate Form U4, file audited financial statements and comply with safekeeping and custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$8,500 administrative fine was paid.

3. Enforcement Results

Thirteen People Arrested for Alleged Investment Scam

On September 27-28, 2016, 13 individuals were arrested for their involvement in an alleged fraudulent penny stock investment scheme. The alleged boiler room operations, which were run from Miami Lakes and Marina Del Ray, California, are believed to have caused investor losses totaling approximately \$22.5 million and involved the sale of stock in Sanomedics International Holdings, Inc., and Fun Cool Free, Inc. Sanomedics was purportedly engaged in the business of manufacturing infrared thermometers for dogs and Fun Cool Free purportedly developed gaming applications for smartphones. Most of the individuals arrested were charged with mail fraud and conspiracy to commit mail fraud. Craig Sizer, Keith Houlihan, Miguel Mesa, Charles K. Topping, Anita Sgarro, Jack Willard Sini, Juan M. Perez Ortega, Charles David Smigrod, Matthew William Wheeler, Martin Miller, Jason David Hershberger, James Wayne Long and Shawna Leigh Lynch were arrested. Principals Sizer, Houlihan, Mesa, Topping, Sgarro, Sini, Ortega, Smigrod, Wheeler, Hershberger and Lynch are accused of using false and fraudulent claims to solicit investors throughout the United States from April 2009 to August 2015. Mesa and Sizer allegedly prepared scripts for sales agents and are believed to have orchestrated or encouraged the use of misrepresentations of celebrity endorsements, or claims of stock ownership, in order to facilitate the sales. Sales agents falsely claimed that television personalities such as Cesar “the Dog Whisperer” Millan and others were major investors or endorsed the companies’ products. On September 26, 2016, the SEC filed similar civil charges against Mesa and Sizer in federal district court in Miami. This investigation was developed jointly with the FBI, SEC and FINRA and is being prosecuted by the U.S. Attorney’s Office in Miami.

New Issues

No new issues to report this week.