

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING OCTOBER 3, 2013

Successes for Week Ending October 3, 2013

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,139
 - Applications Approved: 970
 - Applications Denied/Withdrawn: 6

- Division of Consumer Finance
 - Applications Received: 1,085
 - Applications Approved: 1,098
 - Applications Denied/Withdrawn: 18

- Division of Financial Institutions
 - Applications Received: 19
 - Applications Approved: 2
 - Applications Denied/Withdrawn: 0

2. Regulatory Sanctions

Final Order for \$10,000 Fine against an Investment Adviser Associated Person for Unregistered Activity

On September 30, 2013, the Division of Securities entered a Final Order against John J. Beachy for engaging in investment advisory business in Florida without being registered. An administrative fine of \$10,000 was paid.

On September 25, 2013, the Division of Consumer Finance entered a Final Order against Swanson Services Corporation for unlicensed activity. A \$25,000 administrative fine was paid and licensure was granted.

3. Enforcement Actions

South Florida Man Sentenced for Role in Elaborate Precious Metals Fraud

On September 30, 2013, Judge Federico Moreno sentenced Robert Roca to 36 months in federal prison to be followed by three years of supervised release. Roca was also ordered to pay \$1.9 million in restitution to victims. Roca had previously pled guilty to one count of conspiracy to commit mail and wire fraud. A joint state/federal investigation determined that multiple subjects allegedly operated an elaborate precious metals investment fraud through Global Bullion Trading Group (GBTG), WJS Funding, Inc. d/b/a Capital Asset Management and

Certified, Inc. Robert Roca was a leading sales agent for the companies and earned over \$788,000 in commissions. The subjects ran a boiler room which solicited investors to purchase precious metals using leveraged/margin accounts. Investors were led to believe they were purchasing physical metals and that their metals would be held in personalized accounts. Investors were also told they had the ability to take possession of the precious metals at any time, subject to handling fees, postage and insurance. The telemarketing operation brought in over \$48 million from investors. The investigation alleged the subjects did not purchase physical metals or maintain individual accounts on behalf of investors. It also appears that they diverted \$5.7 million to their benefit or for the benefit of family members. On August 9, 2012, the United States District Court, Southern District of Florida unsealed a federal grand jury indictment charging Arthur John Schlecht, Frederick Gomer, Carlos Rodriguez and Ricardo Padron for their roles in the alleged scheme. On February 19, 2013, a superseding indictment was issued charging Roca for his role in the purported scheme. Gomer, Rodriguez, and Padron have also pled guilty and are awaiting sentencing. Schlecht is scheduled for trial in January 2014.

New Issues

1. Operating Efficiencies

The OFR will begin participating in the weekly meetings at the Florida Fusion Center. The Florida Fusion Center is hosted by FDLE and brings together various state and federal agencies to share information with the goal of maximizing the ability to detect, prevent, apprehend and respond to criminal and terrorist activity utilizing an all crimes/all hazards approach.

A meeting was held in Tallahassee with the IRS Special Agent in Charge of the Tampa IRS field office. The Special Agent in Charge spoke to the OFR about participating in the existing "ID Theft Alliance" to be operated initially from IRS regional offices in Tampa and Orlando. The Alliance allows agencies to collaborate efforts to fight identity theft.

2. Outreach Activities

On September 23rd through 26th, 2013, members of the Division of Consumer Finance attended the annual Money Transmitter Regulatory Association in New Orleans, LA. The conference focused on issues currently impacting the money services business industry and issues expected to come to the forefront in the future. Some of the topics discussed were information technology examinations, FinCen updates, future trends, dealing with terminated agents/vendors, the expansion of the NMLS for MSB's, regulatory updates, virtual currency, and mobile payments. Participants included state representatives from multiple States, as well as representatives from the Federal Reserve System, Internal Revenue Service, FinCen, University of Miami (FL), Conference of State Bank Supervisors, Consumer Financial Protection Bureau, and representatives from the MSB industry.

On September 25, 2013, members of the Division of Financial Institutions presented and took part in a regulatory discussion panel at the Volunteer Leadership Institute East Conference. The conference took place in Amelia Island, Florida. There were approximately 75 attendees made up of credit union directors and management. DFI's presentation provided the audience with updates regarding credit union regulation.