

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

OCTOBER 2012

OCTOBER ACHIEVEMENTS

1. Substantial Sanctions

Final Order for \$7,750 Fine against Investment Adviser Firm for Failure to File Financial Statements and Maintain Required Documentation

On October 2, 2012, the Division of Securities entered a Final Order against Erich Werner Investments, Inc. and Erich Werner, for failing to: file annual financial statements; maintain an accurate Form ADV; maintain required client documentation; and maintain required net capital. A \$7,750 administrative fine was paid.

Final Orders for \$41,000 in Fines against Investment Adviser Firms for Failure to File Financial Statements

During the month of October 2012, the Division of Securities entered Final Orders against fifteen (15) Investment Adviser firms for failing to file annual financial statements. Three (3) firms voluntarily terminated their registration in Florida and one firm's registration was suspended. A total of \$ 41,000 in administrative fines was assessed.

Final Order for \$18,000 Fine against Broker Dealer Agent for Prohibited Business Practices

On October 25, 2012, the Division of Securities entered a Final Order against Dean Thomas Nicholson for engaging in prohibited business practices by removing documents from a customer's file, being named as a 20 percent beneficiary of a client's account, and failing to submit required correspondence to his employing firm. Mr. Nicholson agreed to disgorge the \$5,200 he received as a beneficiary and to pay an \$18,000 administrative fine. Pursuant to the Final Order, Dean Thomas Nicholson will be registered as a broker dealer agent subject to a restrictive registration agreement.

Final Order for \$22,500 Fine against an Investment Adviser Agent for Unregistered Activity

On October 26, 2012, the Division of Securities entered a Final Order against Robert Joseph Wood, Sr., for engaging in investment advisory business in Florida without being registered. A \$22,500 administrative fine was paid.

2. Enforcement Actions

Investment Fraud Guilty Plea

On October 12, 2012, Keith Allen Mills pled guilty to one count of wire fraud in United States District Court, Southern District of Florida. Mills is scheduled to be sentenced on January 2, 2013. The joint OFR/FBI investigation found that from about January 2009 through October 2010, Mills and others solicited investors by falsely representing that BVN was a successful infomercial company that had \$10 million in revenues and was financially stable. They also represented that BVN was going to have a public stock offering in the near future and employed people experienced in the infomercial industry. The investigation determined BVN did not have \$10 million in revenue, was not financially stable, was not working on a public stock offering, and did not currently employ any of the people experienced in infomercials.

Based upon the false and fraudulent representations, over 90 people invested approximately \$1.9 million in BVN. Bank records revealed that investor money was not used to further BVN's business, but instead was used to maintain the lavish lifestyle of the Mills and the others associated with BVN.

Guilty Plea in Investment Fraud Case

On October 15, 2012, defendant James Roberts agreed to a plea agreement with the Miami Dade State Attorney's Office. Roberts entered into a plea of one count of organized scheme to defraud with adjudication withheld with special conditions. He was sentenced to two years of community control followed by 13 years of probation. He was ordered to pay restitution in the amount of \$84,000 to the victims. The full restitution must be paid through his community control and probationary period. If not, Roberts would violate his sentencing order. Roberts was also ordered not to be involved in any investment related activity.

Roberts solicited two local investors with an investment opportunity that promised a rate of return of 40 percent to 50 percent through his investment firm JR Capital Growth LLC. The firm would "day trade" the funds in stocks options. Roberts did not invest the funds as represented and instead, used most of the funds for his own personal use.

Ponzi Scheme Fugitive Arrested in Haiti

On October 19, 2012, Aiby Pierre-Louis was arrested at the United States Embassy in Port-au-Prince, Haiti and was turned over to the Haitian National Police after he reportedly visited the U.S. embassy to obtain a travel passport.

On June 15, 2010, four men, including Aiby Pierre-Louis, were indicted by a federal grand jury in Miami and charged with conspiracy to commit mail fraud and conspiracy to commit money laundering in connection with a multi-million dollar Ponzi scheme.

3. Outreach Programs

On October 12, 2012, the Interim Chief of the Bureau of Financial Investigations spoke at the U.S. Attorney's investment fraud summit in Miami along with representatives of the FBI, SEC and FINRA. The summit was geared towards investors. Topics presented at the summit included trends, enforcement actions and investor education.

On October 4, 2012, Financial Control Analyst, Ronn Hoover, conducted a First Time Home Buying Seminar, which was attended by 15 military personnel. The seminar was conducted at the Family Readiness Center at Eglin Air Force Base, Ft. Walton Beach, Fl.

On October 12, 2012, Financial Control Analyst, Ronn Hoover, conducted a First Time Home Buying Seminar in which 7 consumers attended. The seminar was conducted at the Consumer Credit Counseling Service's office located at 14 Palafax Place in Pensacola, Florida.

4. New Additions/Recognitions

On October 9, 2012, Drew Breakspear was appointed by the Financial Services Commission as the new OFR Commissioner. Breakspear most recently served as Executive Vice President and General Auditor at State Street Corporation, joining the company in 1995. Breakspear will assume his role November 5, 2012. [COMMISSIONER DREW BREAKSPEAR APPOINTED TO THE OFR](#)

5. Operational Efficiencies

The Division of Consumer Finance is going paperless as the annual license renewal period begins for certain licenses regulated by the OFR. The Division is in the process of informing license holders as to how they can renew or obtain a new license online at www.flofr.com. The renewal period begins November 1.

On October 4, 2012, Division staff met with representatives of the Certified Financial Planner Board of Standards, Inc. ("CFP Board"). Among the items discussed were information sharing of disciplinary actions, Division initiatives for legislation and rules, and possible enhancements to uniform industry forms.

6. Monthly Statistics

Division of Securities

- Examinations Opened: 21
- Examinations Closed: 38
- Complaints Received: 18
- Complaints Closed: 21
- Applications Received: 3,905
- Applications Approved: 3,828
- Applications Denied/Withdrawn: 45

Division of Consumer Finance

- Examinations Opened: 26
- Examinations Closed: 17
- Complaints Received: 223
- Complaints Closed: 268
- Applications Received: 2527
- Applications Approved: 2375
- Applications Denied/Withdrawn: 81