

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING November 5, 2015

Successes for Week Ending November 5, 2015

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,120
 - Applications Approved: 1,083
 - Applications Denied/Withdrawn: 15

- Division of Consumer Finance
 - Applications Received: 1,095
 - Applications Approved: 1,010
 - Applications Denied/Withdrawn: 31

- Division of Financial Institutions
 - Applications Received: 3
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 0

2. Enforcement Results

Additional Defendant Sentenced in Multi-Million Dollar Mortgage Fraud Scheme

On October 28, 2015, Guerdin Lecorps of Miramar was sentenced to three years in federal prison to be followed by three years of supervised release for his role in this South Florida mortgage fraud scheme. The sentencing follows a guilty plea accepted by the court on August 28, 2015. In addition to the prison term, Lecorps was also ordered to pay \$3,467,024.30 in restitution to mortgage lenders victimized by the scheme. Lecorps was arrested in August 2015 on a charge of conspiracy to commit wire fraud for having participated, together with other defendants, in defrauding several financial institutions through straw borrower loans arranged by KMC Mortgage Corporation of Florida and its associated company, Mega Financial. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties throughout South Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders all across the country. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a

limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling \$3,500,000. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May of 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and \$24 million. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Augustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

Pompano Beach Man Pleads Guilty to Charges Related to Precious Metals Scam

On October 21, 2015, defendant Colin Anthony Smith pleaded guilty to multiple counts of securities fraud and grand theft for his role in JDC United Metals Corp., a company allegedly involved in a precious metals investment fraud scheme that operated from 2009 through 2014. Simultaneously, Smith also entered a guilty plea for his role in another alleged investment fraud scheme (Mercury Management Service Co.), which operated from 2008 to 2009. The investigation found that Smith, along with five other accomplices, solicited investors through a website as well as through phone and e-mail solicitations, offering them the opportunity to take advantage of high returns from rising precious metals prices. Contrary to representations, however, no metals were ever purchased. The investigation revealed that most of the investors' funds were instead used for the defendants' personal living expenses. In all, investors are believed to have lost more than \$1.2 million in the scheme. Additional defendants named in the 65-count indictment are Danny Mark Reynolds, Jr., (principal defendant), Allen Franks, John Anthony Cavallo, Jr., Robert Scott Leier and Cheryl Ann Woods. All are awaiting trial. Smith was given three one-year sentences of community control to be followed by 10 years' probation for each of the offenses for which he was found guilty. He was also ordered to pay approximately \$536,000 in restitution to victims and \$94,000 in investigative costs to the OFR. He is expected to testify in upcoming trials related to both schemes.

New Issues

1. Communications and Outreach Activities

During the Week of October 26, 2015, a member of the Division of Financial Institutions met with institutions in the South Florida area.

On October 28, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the FBA Safety and Soundness Seminar in Miami.

On October 29, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS Emerging Risk Meeting in Washington, D.C.

On November 4, 2015, the OFR issued a press release on Operation Collection Protection.

[Press Release: Florida Office of Financial Regulation Supports Operation Collection Protection](#)