

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING NOVEMBER 14, 2013

Successes for Week Ending November 14, 2013

1. Licensing and Registration

- Division of Securities
 - Applications Received: 977
 - Applications Approved: 1,012
 - Applications Denied/Withdrawn: 4

- Division of Consumer Finance
 - Applications Received: 328
 - Applications Approved: 379
 - Applications Denied/Withdrawn: 13

- Division of Financial Institutions
 - Applications Received: 3
 - Applications Approved: 1
 - Applications Denied/Withdrawn: 0

2. Enforcement Actions

Orlando Man Pleads Guilty to Investment Fraud

On November 6, 2013, Phillip Leon pled guilty in federal court to one count of conspiracy to commit mail fraud and one count of conspiracy to commit wire fraud. The charges and subsequent conviction stem from Leon's role in an elaborate investment fraud that bilked investors out of more than \$18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Leon and his partner, John Wilkins, raised over \$18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by Leon and Wilkins) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, Leon and Wilkins falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The men then used these false

reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. Leon is scheduled to be sentenced in late January 2014. On August 22, 2013, John Wilkins pled guilty in federal court to one count of conspiracy to commit mail fraud and wire fraud. Wilkins is scheduled to be sentenced in late November 2013.

New Issues

No new issues to report this week.