

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING NOVEMBER 7, 2013

Successes for Week Ending November 7, 2013

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,073
 - Applications Approved: 989
 - Applications Denied/Withdrawn: 15

- Division of Consumer Finance
 - Applications Received: 327
 - Applications Approved: 358
 - Applications Denied/Withdrawn: 16

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 - Applications Denied/Withdrawn: 0

2. Regulatory Actions

Permanent Bar and \$107,500 Fine against an Unregistered Broker Dealer and Associated Person for Fraud

On October 30, 2013, the Division of Securities entered a Final Order against David L. Webb, Results Capital Group Inc., SeaAway Funding Inc. and Organic Labs Holding, Inc.; permanently barring Mr. Webb and his firms from registration with the Office, after they failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged David L. Webb, Results Capital Group Inc., SeaAway Funding Inc. and Organic labs Holding, Inc.; offered and sold unregistered securities; engaged in securities transactions in Florida without being registered and conducted fraudulent securities transactions. An administrative fine of \$107,500 was assessed.

On October 30, 2013, the Florida Office of Financial Regulation closed Bank of Jackson County, Graceville, Florida, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The FDIC entered into a purchase and assumption agreement with First Federal Bank of Florida, Lake City, Florida, which will assume all of the deposits of Bank of Jackson County, ensuring minimal disruption to depositors and customers. As of June 30, 2013, Bank of

Jackson County had approximately \$25.5 million in total assets and \$25.0 million in total deposits.

3. Enforcement Actions

Three Arrested for Roles in Precious Metals Fraud

On October 24, 2013, Colin A Smith, the last of four defendants in an alleged precious metals investment fraud operating as Mercury Management Service Company, was arrested on charges of grand theft and securities fraud. Another defendant, Sarah King, was arrested on October 17, 2013 and a third defendant Daniel Kannaly was arrested on October 19, 2013. Each was charged in Broward Circuit Court with one count of grand theft and one count of organized fraud. A fourth defendant and the main principal of Mercury Management Service Company, Daniel Brown, is presumed to be deceased. The OFR investigation revealed that from October 2008 through June 2010, Daniel Brown, Daniel Kannaly, Colin Smith and Sarah King were involved in an alleged precious metals scheme which took in over \$800,000 from 17 investors around the country. Investors were purportedly told that “they could make a lot of money investing in precious metals with little to no risk” and were promised high returns and quick profits. When investors contacted the company to check on the status of their financed precious metals accounts, they were told that their money was lost due to “a dip in the price of metals.” Some were told that due to a margin call, they needed to send in more money to keep their accounts active. An analysis of all bank accounts in this case revealed that there is no evidence that Brown or Kannaly purchased metals on behalf of the investors, but rather spent the investors’ money for their personal benefit. This case will be prosecuted by the Broward County State Attorney’s office. The charges filed against the defendants are only an accusation and the defendants are presumed innocent until proven guilty

New Issues

1. Outreach Activities

On October 31, 2013, the OFR held a continuing legal education class entitled, “Procurements and Bid Disputes.” Timothy Atkinson, Segundo Fernandez and Chris Bryant, all of the Oertel law firm presented and were well received. Approximately 25 OFR team members attended.