

GOVERNOR RICK SCOTT

WEEKLY EOG AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING NOVEMBER 21, 2012

Successes for Week Ending November 21, 2012

1. Licensing and Registration

- Division of Securities
 - Applications Received: 892
 - Applications Approved: 838
 - Applications Denied/Withdrawn: 6

- Division of Consumer Finance
 - Applications Received: 176
 - Applications Approved: 195
 - Applications Denied/Withdrawn: 28

2. Regulatory Sanctions

On November 16, 2012, the Division of Consumer Finance issued a final order against Kam Financials, Inc., E & M and Associates, Inc. d/b/a Rite Coast Financials, Inc., Five M. Financial, Inc. d/b/a Levine & Cohen and Associates, Merrill Miller, Mendenhall & Associates, Inc., and Richard Pugh (each collectively referred to as "Respondents"). The final order adopts a stipulation and consent agreement whereby Respondents agree to cease engaging in prohibited business practices by attempting to enforce illegitimate debt or nonexistent legal rights, utilizing communication simulating a legal or judicial process, giving the false impression of attorney affiliation, and failure to provide adequate identification as a debt collector to consumers. Respondents agreed to implement corrective actions and were assessed an administrative fine in the amount of \$40,000.

3. Enforcement Results

Riverwalk

On November 13, 2012, Jay S. Fulton was sentenced to 12 months in prison and three years of supervised release on mail fraud and conspiracy charges for his involvement in a mortgage fraud scheme relating to a 265 lot residential development known as Riverwalk in Walton County, Florida. Steven F. Reagan was sentenced to five years of probation on September 25, 2012 for his involvement in the scheme. The defendants were also ordered to pay \$4.1 million in restitution. OFR and IRS Investigators found the defendants made false statements to lenders in connection with their purchase of unimproved lots in the Riverwalk development. The defendants also solicited borrowers to purchase

Riverwalk properties and were involved in multiple fraudulent financial transactions including the receipt of undisclosed compensation following the closings of each of the lots purchased by the borrowers they solicited.

Gateway Lending

On November 16, 2012, Jacinto Puentes was sentenced to 60 months in prison after pleading guilty to one count of conspiracy to commit mail fraud. Four other defendants in this case are expected to be sentenced in the coming weeks. On February 15, 2012, Puentes and four other defendants were charged for their roles in a \$3 million mortgage fraud scheme. The joint OFR/DFS/FBI investigation revealed Puentes and his wife prepared fraudulent loan applications, which included false verifications of deposit prepared by an employee of Wachovia Bank. Also involved in this scheme was attorney Theodore Tarone, who created dual settlement statements at property closings. The closing statement sent to the lenders reflected a higher, fictitious purchase price, while the sellers of the property received a settlement statement that reflected the true purchase price and the proceeds due to them. The loss to the lenders exceeded \$3 million dollars.

New Issues

No new issues to report this week.