

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

DECEMBER 2012

DECEMBER ACHIEVEMENTS

1. Substantial Sanctions

Final Order for \$11,250 Fine against an Investment Adviser Agent for Unregistered Activity

On December 5, 2012, the Division of Securities entered a Final Order against Morton Hart Sachs for engaging in investment advisory business in Florida without being registered. An administrative fine of \$11,250 was paid.

Final Order for \$1,125,333 Fine against Unregistered Broker Dealer and Investment Adviser

On December 5, 2012, the Division of Securities, in conjunction with a multi-state settlement, entered a Final Order against Bankers Life and Casualty Company and BLC Financial Services, Inc. for engaging in brokerage and investment advisory business in Florida without being registered. In accordance with the terms of the settlement, an administrative fine of \$1,125,333.66 was paid to the State of Florida.

Final Order for \$16,875 Fine against an Investment Adviser Agent for Unregistered Activity

On December 6, 2012, the Division of Securities entered a Final Order against John Eston McCullough for engaging in investment advisory business in Florida without being registered. An administrative fine of \$16,875 was paid.

Final Order for \$15,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 10, 2012, the Division of Securities entered a Final Order against Dolores Ann Dixon for engaging in investment advisory business in Florida without being registered. An administrative fine of \$15,000 was paid.

Final Order for \$25,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 14, 2012, the Division of Securities entered a Final Order against Mateo de Sola for engaging in investment advisory business in Florida without being registered. An administrative fine of \$25,000 was paid.

Termination of Investment Adviser Firm and Two Associated Persons for Sale of Unregistered Securities

On December 14, 2012, the Division of Securities entered a Final Order against AmericaVest Financial LLC, Robert D. Damigella and Nelson A. Garcia for engaging in securities business in Florida without being registered and offering and selling unregistered securities. The firm, Damigella and Garcia were required to terminate their investment adviser registrations with the OFR and are prohibited from seeking future registrations for 180 days.

Final Orders for Fines Totaling \$565,400 and Permanent Bars of Three Unregistered Agents for Offering and Selling Unregistered Securities

On December 20, 2012, the Division of Securities entered Final Orders against Ross M. Dickson, Craig J. Goodie and Kyran Britt Murphy for engaging in securities business in Florida without being registered, and for offering and selling unregistered securities. The individuals were permanently barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Fines totaling \$565,400 were assessed.

Final Order for Fines Totaling \$146,250 and Permanent Bars of Unregistered Firm and Agent for Fraud

On December 20, 2012, the Division of Securities entered Final Orders against James L. Morgan and Prosidian, LLC for engaging in securities business in Florida without being registered, and for offering and selling unregistered securities, and for engaging in fraudulent transactions. Prosidian, LLC and James L. Morgan were permanently barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Fines totaling \$146,250 were assessed.

Final Order for \$5,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 20, 2012, the Division of Securities entered a Final Order against Barry Scott Yankelevitz for engaging in investment advisory business in Florida without being registered. An administrative fine of \$5,000 was paid.

Final Order for \$2,000 Fine against a Broker Dealer Firm and Agent

On December 20, 2012, the Division of Securities entered a Final Order against RSG Capital Corporation and Rafael Golan for failing to disclose to the Office of Financial Regulation that Mr. Golan had been the subject of an adverse administrative order by the Florida Department of Financial Services. An administrative fine of \$2,000 was paid.

Denial of Broker Dealer Agent

On December 21, 2012, the Division of Securities entered a Final Order against Daniel Silverstein, denying his application for registration as a broker dealer agent, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Mr. Silverstein in a disqualifying event.

Revocation and Permanent Bar against Investment Adviser Firm and Associated Person for Fraudulent Business Practices

On December 31, 2012, the Division of Securities entered a Final Order against David James Grasse and Grasse Capital Management, LLC for engaging in fraudulent transactions. All licenses and registrations issued to David Grasse and Grasse Capital Management, LLC were permanently revoked. In addition, David James Grasse and Grasse Capital Management, LLC were permanently barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S.

Final Orders for \$18,000 in Fines against Investment Adviser Firms for Failure to File Financial Statements

During the month of December 2012, the Division of Securities entered Final Orders against five (5) investment adviser firms for failing to file annual financial statements. A total of \$18,000 in administrative fines was assessed.

2. Enforcement Actions

Sale of Unregistered Securities

On December 12, 2012, Bartholomew Francis Caso, Jr. (Caso) was arrested on a state warrant for violations of Chapter 517, Florida Statutes, based on joint probable cause affidavits filed by the Palm Beach Police Department and the Bureau of Financial Investigations. The investigation alleged Caso offered or sold investments in Preferred Spectrum Investment, LLC and Corporate Associates, Inc. to at least five residents of Palm Beach County, Florida. None of the securities were registered with the OFR and Caso has never been licensed with the OFR to sell securities. Collectively, the probable cause affidavits allege five counts of sales of securities by unregistered broker, dealer or associated person and one count of sale of unregistered securities.

Securities Fraud

On December 12, 2012, Michael C. Rogers was arrested and charged with organized fraud, securities fraud and grand theft. Jonathan Hirsch, a co-conspirator, was also charged with organized fraud and grand theft. It is alleged that Rogers solicited eight investors to purchase shares of common stock in Facebook and ARCIS Resources. Rogers allegedly told prospective investors that his company, QFC Consulting, Inc., was a private equity firm that had early access to pre-IPO shares of Facebook. He purportedly assured investors that they would make a great deal of money once Facebook went public. Once investors sent in their money, they received stock purchase agreements but no shares of stock. The investigation revealed that neither Rogers nor Hirsch possessed any shares of Facebook or ARCIS Resources. An analysis of the bank records revealed investor money was not used to purchase stock. Instead, the funds were used for the benefit of Rogers and Hirsch.

Securities Fraud

On December 20, 2012, Robert Schnepf was arrested and charged with unregistered sales of securities, fraud and theft. According to the arrest affidavit, from September 2008 to September 2011, Schnepf, a baseball coach at Cypress Lake High School located in Fort Myers, Florida, solicited and collected money from coaches, teachers, and parents representing that he was a registered investment advisor. He purportedly assured victims that their money would be pooled and invested in the stock market. However, the investigation alleges Schnepf never invested the funds. Instead, he used investor money to pay older investors with new investors' money, made numerous cash withdrawals and generally converted the funds to his own benefit.

Mortgage Fraud

On December 21, 2012, Raul R. Salabarría Jr. was sentenced to 16 months in prison after pleading guilty to a criminal information in federal court charging him with one count of conspiracy to commit mail fraud. Two other defendants on this case will be sentenced in the coming weeks.

On February 15, 2012, Raul Salabarría and four other defendants were charged for their roles in a \$3 million mortgage fraud scheme. This investigation began after the OFR received information that the principal of Gateway Lending, a West Palm Beach mortgage brokerage company, was utilizing his family and friends to commit mortgage fraud. The joint OFR/DFS/FBI investigation revealed Raul Salabarría, a licensed real estate associate, with the assistance of defendant Jacinto Puentes, located the properties used in this mortgage fraud. Acting in concert, they recruited family and friends to purchase these properties, sometimes as "straw buyers." Jacinto and others prepared fraudulent loan applications, which included false verifications of deposit prepared by an officer of Wachovia Bank.

Also involved in this scheme was closing attorney Theodore Tarone, who created dual settlement statements at property closings. The closing statements sent to the lenders reflected the higher fictitious purchase price, while the sellers of the property received actual settlement statements that reflected the true purchase price and the proceeds due them. In this manner, the defendants benefited from the difference between the lender's proceeds and the seller's proceeds. All of the properties in this mortgage scheme went into foreclosure. Loss to the lenders exceeded \$3 million dollars.

3. Monthly Statistics

- Division of Securities
 - Examinations Opened: 5
 - Examinations Closed: 25
 - Complaints Received: 21
 - Complaints Closed: 12
 - Applications Received: 2,478

- Applications Approved: 2,256
- Applications Denied/Withdrawn: 27
- Division of Consumer Finance
 - Examinations Opened: 5
 - Examinations Closed: 14
 - Complaints Received: 221
 - Complaints Closed: 212
 - Applications Received: 872
 - Applications Approved: 615
 - Applications Denied/Withdrawn: 59