

GOVERNOR RICK SCOTT

WEEKLY EOG AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING JANUARY 31, 2013

Successes for Week Ending January 31, 2013

1. Licensing and Registration

- Division of Securities
 - Applications Received: 980
 - Applications Approved: 893
 - Applications Denied/Withdrawn: 10

- Division of Consumer Finance
 - Applications Received: 292
 - Applications Approved: 312
 - Applications Denied/Withdrawn: 9

2. Regulatory Sanctions

Denial of Broker Dealer Agent for Unauthorized Trading

On January 22, 2013, the Division of Securities entered a Final Order against Adam Michael Cohen, denying his application for registration as a broker dealer agent for engaging in unauthorized trading and exercising discretionary authority in a customer's account without written permission. Pursuant to the Final Order, Adam Michael Cohen agreed to not seek registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. for two years, and to pay a \$20,000 administrative fine when he reapplies for registration.

3. Enforcement Actions

Man Sentenced to Five Years for Mortgage Fraud

On January 24, 2013, Arthur Roy Seaborne was sentenced to five years in prison with three years of supervised release after pleading guilty to criminal information in federal court charging him with one count of conspiracy to defraud the United States. Seaborne was also ordered to pay restitution in an amount to be determined, but expected to be approximately \$6.8 million. On May 31, 2012, Arthur Seaborne was charged with 11 counts of bank fraud for his role in a mortgage fraud scheme involving his companies Southeast Capital Investors, Inc. (SCI), Southeast Capital Advisors, LLC, Southeast Capital Properties, LLC and Zip Line Properties, Inc. This investigation began in 2003 with a referral from the OFS's Division of Consumer Finance alleging that Seaborne was offering unregistered securities in the form of Real Estate Investment Trust Note

Agreements to 44 investors from the state of Florida. Seaborne used the investor money to advance funds to mortgage loan borrowers without being licensed, pursuant to sections 494.006 and 494.0077, F.S. Seaborne failed to disclose to the mortgage lenders that the down payment reported to the lender was actually a loan from SCI and Seaborne. The OFR entered into a Stipulation and Consent Agreement on August 15, 2008, in which Seaborne agreed to immediately cease and desist from any and all violations of Chapters 517 and 494, F.S. The Office of Financial Regulation teamed up with the FBI and U.S. Postal Inspection Service to investigate the financial activities of Seaborne. An Indictment was filed on May 31, 2012, alleging that Seaborne raised money through the sale of twelve-month promissory notes used to make down payments on residential properties. Seaborne purposefully failed to record the promissory notes so the notes would not appear on the clients' loan application or credit histories. The loss incurred by victim lenders in connection with 49 residential properties is \$6,817,821.55.

Jacksonville Man Arrested for \$4 Million Ponzi Scheme

On January 28, 2013, Jacksonville resident Anderson Scott Hall, 48, was arrested after being indicted on ten counts of mail fraud and ten counts of wire fraud in connection with his operation of a fraudulent investment scheme. According to the indictment, while working for a registered broker dealer, Hall operated a sham company (Abaco Securities International Ltd.), which he held out to be a legitimate international investment company. It is alleged that Hall was the mastermind behind a complex scheme to defraud numerous investors, including Duval County school teachers and administrators. Hall would allegedly induce victim investors into transferring their retirement savings from legitimate life insurance companies and investment companies over to companies he controlled. Hall purportedly told the investors they would receive shares in a unit investment trust that would pay 10 percent guaranteed interest. It is further alleged that instead of investing the victims' funds, as promised, Hall used the funds for his own benefit, including purchasing high value luxury items and commercial and residential real estate. Occasionally, as part of the fraud scheme, Hall used money taken from new investors to pay earlier investors. Collectively, Hall allegedly defrauded more than \$4 million from investors. This case was primarily developed by the Bureau of Financial Investigations. The FBI joined the investigation in September 2012.

New Issues

1. Outreach Activities

On January 25, 2013, members of the Division of Consumer Finance spoke at the Florida Association of Mortgage Professionals (FAMP) Symposium in Orlando. Topics discussed included an introduction of division management, recognition of the new OFR Commissioner, licensing and renewal statistics, guidance on what to expect during an examination, and the top issues in the

mortgage industry. Approximately 100 industry representatives attended the Symposium.

2. Recognitions

On January 25, 2013, the OFR was awarded the Governor's Savings Award for the renegotiation of the REAL contract. The result is a savings of more than \$3.9 million dollars over a four year period, which reflects more than 10 percent of the OFR's annual budget.

[Agency for Health Care Administration and Office of Financial Regulation Generate Nearly \\$20 Million in Savings](#)