

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING JULY 11, 2013

Successes for Week Ending July 11, 2013

1. Licensing and Registration (Statistics cover two weeks)

- Division of Securities
 - Applications Received: 1,659
 - Applications Approved: 1,666
 - Applications Denied/Withdrawn: 17

- Division of Consumer Finance
 - Applications Received: 1,065
 - Applications Approved: 991
 - Applications Denied/Withdrawn: 41

- Division of Financial Institutions
 - Applications Received: 6
 - Applications Approved: 2
 - Applications Denied/Withdrawn: 0

2. Regulatory Sanctions

Final Order against an Investment Adviser Firm for Failure to File Financial Statements

On June 26, 2013, the Division of Securities entered a Final Order against Isis Investment Counsel, LLC, for failure to properly file financial statements. The firm agreed to terminate its registration as an investment adviser with the State of Florida and agreed not to seek registration as an investment adviser for three (3) years.

Final Order for \$20,000 Fine against an Investment Adviser Agent for Unregistered Activity

On June 26, 2013, the Division of Securities entered a Final Order against Christopher R. Coram for engaging in investment advisory business in Florida without being registered. An administrative fine of \$20,000 was paid.

Final Order for \$3,500 Fine against an Investment Adviser Firm for Failure to file Financial Statements and Maintain Required Documentation

On June 27, 2013, the Division of Securities entered a Final Order against The Harrison Group, Inc., for failing to: file annual financial statements; maintain an

accurate Form ADV; maintain required net capital; and send clients itemized invoices. A \$3,500 administrative fine was paid.

Final Order for \$22,500 Fine against an Investment Adviser Agent for Unregistered Activity

On July 3, 2013, the Division of Securities entered a Final Order against Barry Allen Schwartz for engaging in investment advisory business in Florida without being registered. An administrative fine of \$22,500 was paid.

Denial of Associated Person

On July 3, 2013, the Division of Securities entered a Final Order against Glenn McDowell, denying his application for registration as an associated person, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Mr. McDowell made a material misrepresentation or misstatement on his application for registration.

Final Order against an Investment Adviser Firm for Failure to File Financial Statements

On July 8, 2013, the Division of Securities entered a Final Order against Freedom Financial Management, Inc. for failure to properly file financial statements. The firm agreed to terminate its registration as an investment adviser with the State of Florida and agreed not to seek registration as an investment adviser for three (3) years.

Final Order for \$12,000 Fine against an Investment Adviser Firm for Failure to Maintain Required Documentation and Misrepresentation

On July 8, 2013, the Division of Securities entered a Final Order against Gateway Capital Management, LLC, for misrepresenting the qualifications of its owner Ryan Wolper; publishing advertisements which contained untrue statements of a material fact; and for failure to maintain accurate records and the Form ADV. A \$12,000 administrative fine was paid.

3. Enforcement Actions

Miami Man Convicted of Theft in Connection with taking Advance Fees for Loans

On June 28, 2013, a Miami-Dade County jury found Berthram B. Samuel of Miami guilty of five felonies including three counts of grand theft and two counts of unlawfully collecting advance fees for loans. As a result of a Florida Office of Financial Regulation investigation, Samuel was arrested in April 2011 for swindling prospective borrowers out of approximately \$500,000 in an "advance fee for loan" scam. The investigation found that from December 2007 through April 2011, Samuel offered to make short-term investment loans, issue letters of credit, and fund investment loans up to \$10 million at an annual interest rate of 8.5%. Samuel solicited victims through various means including his website, business conferences, newspapers, and through a loan broker located in Southern California. Samuel represented to prospective borrowers that his company specialized in financing big international projects as well as providing

financing for projects in the United States. Samuel also falsely represented to the victims that his company had \$120,000,000 in a bank in Germany. Samuel required borrowers to pay illegal advance fees to process the loans. The promised loans were never funded. A sentencing hearing is scheduled for August 2, 2013 before Miami-Dade County Circuit Judge Eric Hendon. The State Attorney's Office, 11th Judicial Circuit, Miami-Dade County, prosecuted the case.

New Issues

1. Outreach Activities

On June 26, 2013, the OFR participated in a meeting with the IRS Special Agent in Charge of the Tampa IRS field office. The Special Agent in Charge spoke to the OFR about participating in the existing "ID Theft Alliance" to be operated initially from IRS regional offices in Tampa and Orlando. The Alliance allows agencies to collaborate efforts to fight identity theft.

As of July 10, 2013, the OFR will begin participating in the weekly meetings at the Florida Fusion Center. The Florida Fusion Center is hosted by FDLE and brings together various state and federal agencies to share information with the goal of maximizing the ability to detect, prevent, apprehend and respond to criminal and terrorist activity utilizing an all crimes/all hazards approach.