GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

MARCH 2013

MARCH ACHIEVEMENTS

1. **Monthly Statistics**
   - Division of Securities
     - Examinations Opened: 27
     - Examinations Closed: 31
     - Complaints Received: 23
     - Complaints Closed: 20
     - Applications Received: 3,411
     - Applications Approved: 3,451
     - Applications Denied/Withdrawn: 49
   - Division of Consumer Finance
     - Examinations Opened: 102
     - Examinations Closed: 74
     - Complaints Received: 223
     - Complaints Closed: 283
     - Applications Received: 1,373
     - Applications Approved: 1,287
     - Applications Denied/Withdrawn: 63
   - Division of Financial Institutions
     - Examinations Opened: 12
     - Examinations Closed: 12
     - Complaints Received: 53
     - Complaints Closed: 52
     - Applications Received: 16
     - Applications Approved: 17
     - Applications Denied/Withdrawn: 0
   - Bureau of Financial Investigations
     - Investigations Opened: 16
     - Investigations Closed: 13
     - Complaints Received: 23
     - Complaints Closed: 18

2. Substantial Sanctions

Final Order for $20,000 Fine against a Broker Dealer Firm for Failure to Disclose Postage and Handling Fees to Customers

On March 14, 2013, the Division of Securities entered a Final Order against Hunter Scott Financial, LLC. Hunter Scott raised the postage and handling fee it charged to clients and also charged a separate fee for commissions. Hunter Scott failed to disclose to its clients that the handling fee included expenses incurred by the firm in conducting its day-to-day business and, further, the handling charge was not directly related to the postage-related expenses incurred by the firm in processing a client's transaction. The firm consented to cease and desist from violations of Chapter 517, Florida Statutes and paid a $20,000 administrative fine.

Final Orders for $10,500 in Fines against Investment Adviser Firms for Failure to File Financial Statements

During March 2013 the Division of Securities entered Final Orders against three investment adviser firms for failing to file annual financial statements. Administrative fines totaling $ 10,500 were assessed.

3. Enforcement Actions

On March 1, 2013, Attorney General Pam Bondi's office obtained a temporary injunction and asset freeze against Vanderbilt & Associates, LLC, Buchanan Capital Management, LLC, and their owner for allegedly engaging in unlawful debt collection schemes. The Office of Financial Regulation and the Orlando Police Department assisted with the case involving allegations that the companies would call consumers and claim to be law enforcement officials, government agents, process servers or county clerk's office employees to intimidate or scare consumers into paying debts. In many cases, these alleged practices were targeted at debts that were non-existent, had already been paid, or for which the company had no legal rights to collect. These alleged practices are in violation of the Florida Unfair and Deceptive Trade Practices Act and the Florida Consumer Collection Practices Act.

Attorney General Bondi's Office Announces Temporary Injunction and Asset Freeze Against Debt Collection Companies

Ft Myers Man Sentenced to Six Years in Prison for Investment Fraud

On March 4, 2013, Robert Schnepp pled guilty to securities fraud and grand theft, both first degree felonies. Schnepp was sentenced to six years in prison to be followed by 24 years of probation. He was also ordered to pay $192,600 in restitution. The joint OFR/Lee County Sheriff's Office investigation revealed that from September 2008 to September 2011, Schnepp, a baseball coach at Cypress Lake High School located in Fort Myers, solicited and collected money from coaches, teachers, and parents representing that he was a registered investment advisor. He told his victims their money would be pooled and invested in the stock market. After taking money from the victims, Schnepp would mail them fictitious quarterly financial statements which showed their money was invested in stocks and that the investments he made were profitable. However, Schnepp was not registered as an investment adviser and the investigation showed he never invested the victims' money in the market. Instead, he engaged in a Ponzi scheme in which he used new investor funds to pay older investors. The analysis of the bank records also revealed Schnepp used investor funds for his own benefit including cash withdrawals, rent for his luxury apartment and other personal expenses.

Man Arrested a Second Time for Charging Advance Fees for Loans and Theft

On April 19th, 2011, Berthram B. Samuel, president of Ruxkira, Inc., was arrested and charged with six counts of grand theft, seven counts of unlawfully collecting advance fees and one count of organized fraud after an OFR investigation revealed that from December 2007 through April 2010, Samuel advertised short-term loans, letters of credit and investment loans of up to ten million dollars through his website. He is alleged to have charged potential borrowers advance fees of $295,000, but the loans he promised never materialized. On March 14, 2013, just eleven days prior to a scheduled trial date for the above alleged offenses, Samuel's bond was revoked and he was re-arrested and charged with one count of grand theft and one count of unlawfully collecting $5,000 in advance fees in violation of 687.141 F.S. The new charges stem from Samuel's alleged involvement in securing letters of credit on behalf of a prospective borrower. The letters of credit, which Samuel purported to be worth five million dollars, were offered through Tuoroell Corporation, another company he owned and controlled.

Defendant Pleads Guilty in Connection with Affinity Fraud Investment Scheme

On March 12, 2013, Aiby Pierre-Louis, of Focus Development Center, Inc., pled guilty to one count of conspiracy to commit mail fraud for his involvement in an affinity investment scheme resulting in losses of approximately six million dollars to investors, primarily from the Haitian community in South Florida. Pierre-Louis was indicted on the mail fraud charge in June of 2010 as a result of a joint OFR and U.S Postal Inspection Service investigation. The investigation revealed that Pierre-Louis and his co-defendants raised approximately eight million dollars from more than 770 investors. The investors purchased 12-month notes and were guaranteed annual returns in excess of 15% interest. The defendants made presentations in churches and on local radio stations to convince prospective investors to participate in the investment program. During these presentations, the defendants falsely claimed that Focus Development owned and operated successful businesses and that the monies they raised would be used to create Haitian-American businesses, jobs, and improve the Haitian-American community. The defendants also told investors that their principal was secure and fully refundable and that the annual returns would be paid from business profits. Investors relied upon these misrepresentations and placed their funds with Pierre-Louis and the other defendants not knowing that the funds would actually be used for the defendants' personal expenditures. Pierre-Louis had been residing in Haiti since he was indicted. He was arrested at the United

States Embassy in Port-au-Prince and brought back to Miami in October 2012 to face prosecution. Previously, two defendants in this case, Maxo Francois and Maguy Nereus, were sentenced to prison for 52 months and 24 months respectively, for their roles in this scheme. A fourth defendant, Jean Fritz Montinard is still a fugitive, and he is believed to be living in Haiti. As a result of the defendants' fraudulent actions, investors suffered an unreimbursed loss of approximately 6 million dollars.

10 Year Prison Sentence in $32.5 million Ponzi scheme

On March 12, 2013, Gary D. Martin of St. Augustine was sentenced to ten years in prison to be followed by two years of supervised release. He was also ordered to pay $31 million in restitution to his victims. This sentence comes approximately one year after Martin pleaded guilty to one count of money laundering in federal court in North Carolina for his involvement in a precious metals/foreign currency trading scheme known as the "Queen Shoals Ponzi scheme." From 2007 through about 2009, Martin and his Queen Shoals Consultants (QSC) raised approximately $28.5 million from investors through a series of false statements and misrepresentations. The investigation found that Martin engaged in money laundering transactions by utilizing referral fees from Sidney Hanson- the scheme's mastermind who is currently serving a 22-year federal sentence- to pay himself and his consultants over $1.9 million in commissions. These payments caused QSC consultants to induce additional victims to invest, thereby perpetuating the scheme. This case was worked jointly with the CFTC, the U.S. Attorney's Office for the Western District of North Carolina, and the North Carolina Secretary of State. The OFR Division of Securities also provided invaluable assistance with this case and was successful in bringing administrative enforcement actions against several QSC consultants residing in Florida.

Guilty Pleas in South Florida Boiler Room Fraud Scheme

On Friday March 22, 2013, defendant Michelle Braun was sentenced in Broward County circuit court to one year of house arrest and four years of probation for her participation in a fraudulent investment scheme. Braun had previously been charged with one felony count each of organized fraud, selling a security based on falsification of facts, unlawful operation of a boiler room and sale of unregistered securities. Defendant Braun has paid $100,000 to date in restitution to victims pursuant to a plea agreement. Braun, as Vice President of Sterling Capital Trust, Inc., along with others charged in the case, was alleged to have knowingly and willingly participated in the sale of fraudulent, unauthorized shares of Agro Energy USA, Inc. The OFR investigation revealed that Sterling Capital and its officers never had Agro Energy USA shares to sell nor did Agro Energy USA receive any money from Sterling's clients. Sterling's bank records revealed that over $233,000 of investors' funds were spent by Braun and her co-defendants personally. All other investor funds were used to pay commissions and for business expenses. Another defendant in this case, Brian Dunlevy, was earlier charged with the same four felony violations and on January 30, 2013 received a 15 year prison sentence for his involvement in the scheme. Additional defendants Jeffrey Duke, Master Mays and Brandon Rodriquez each pled no contest to similar charges and were placed on probation with adjudication withheld. The last defendant in the case, Joseph Vitale, is scheduled to enter a plea on April 5, 2013.

4. Outreach Activities

On March 11-13, 2013, OFR Commissioner Breakspear attended the Conference of State Bank Supervisor's (CSBS) Board Meeting in Washington, D.C. Regulators from 37 states discussed concerns in increasing regulation over the approximately 7,000 community banks in the US. The conference attendees met with ranking Financial Services Committee members including Senator Elizabeth Warren, member of the Senate Committee on Banking, Housing and Urban Affairs, and Congressman Jeb Hensarling, Chairman of the Financial Services Committee. They also met with Ben Bernanke, Chairman of the Federal Reserve Board and five governors. Commissioner Breakspear also met with staff members for Senator Bill Nelson, Senator Marco Rubio, Congressman Bill Posey, Congressman Patrick Murphy and Congressman Dennis Ross, senior leaders at the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve, and the Consumer Financial Protection Bureau.

On March 14, 2013, the OFR issued a consumer alert as part of a multi-state effort to let consumers know about a potential fraudulent activity.
Florida Office of Financial Regulation Warns Florida Investors About Possible Fraud with Online, Overseas Investments

On March 20, 2013, members of the Division of Financial Institutions met with the League of Southeastern Credit Unions (LESCU), in Tallahassee, Florida, at the Government Affairs Committee function at the Governor's Club. The event was a round table discussion regarding Credit Unions.

On March 21, 2013, the OFR issued a press release encouraging check cashers and Floridians to be wary of tax refund fraud.
Florida Office of Financial Regulation Encourages Check Cashers and Floridians to Be Wary of Tax Refund Fraud

5. Recognitions

On March 5, 2013, Investigator Robert Tamras was commended by James D. Miller, Assistant State Attorney for the 20th Judicial Circuit for his work on the Robert Schnepp investment fraud case. Mr. Miller stated "…It was as thorough an investigation as I have seen, and because of this only 2 months after the defendant was arrested he chose to enter a plea. Today, Robert Schnepp pled and was sentenced to 6 years in Florida State Prison…"

On March 28, 2013, the OFR won seven Prudential-Davis Productivity Awards, two agency awards and five team awards.
Florida Office of Financial Regulation Wins Seven Prudential-Davis Productivity Awards