GOVERNOR RICK SCOTT

ANNUAL AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

2012

2012 ACHIEVEMENTS

1. **New Additions, Departures and Recognitions**
   The week of February 12, 2012, the OFR was selected to participate as a member of the U.S. Department of Treasury, Financial Crimes Enforcement Network (FinCEN) Bank Secrecy Act Advisory Group (BSAAG).The BSAAG is comprised of state and federal law enforcement, regulatory and prosecutorial agencies, as well as members of the financial and non-financial industries subject to the U.S. Bank Secrecy Act and related provisions. This 52-member advisory panel provides FinCEN with insight into administration of the Bank Secrecy Act. The Bank Secrecy Act requires financial institutions in the United States to assist U.S. government agencies to detect and prevent money laundering. Specifically, the Bank Secrecy Act requires financial institutions to keep records of cash purchases of negotiable instruments, and file reports of cash purchases of these negotiable instruments of more than $10,000 and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities.

   On March 11, 2012, Commissioner Tom Grady resigned to assume the new role of Interim President of Citizens Property Insurance Corporation, effective Monday, March 12, 2012. Deputy Commissioner Greg Hila assumed daily Commissioner duties until an Interim or permanent Commissioner could be appointed.

   On March 20, 2012, Linda Charity was appointed by the Financial Services Commission as OFR Interim Commissioner until a permanent Commissioner could be appointed. Linda has served as Division Director of Financial Institutions for nine years, has been with the OFR for more than thirty years, and has previously served as Interim Commissioner.

   In June 2012, four teams and four individuals from the OFR received 2011-2012 Prudential Davis Productivity Awards. The awards were received for developing a methodology to reduce time spent conducting financial analysis; returning $300 Million to Auction Rate Securities Investors; developing a system to identify valid license applications; streamlining Chapter 520 non-renewal application business interactions; expanding an offsite surveillance program for state chartered financial institutions; embedding quality assurance into business processes; reducing licensing postage cost and work load; and streamlining the application file disbursement process.

On June 18, 2012, Linda Charity, Director for the Division of Financial Institutions was appointed to the National Association of State Credit Union Supervisors (NASCUS). NASCUS is the primary resource and voice of the 47 state governmental agencies that charter, regulate and examine the nation's state-chartered credit unions. Florida Regulator Linda Charity Appointed to NASCUS Board of Directors

On September 11, 2012, Bill Reilly, Division of Securities, was honored with an Outstanding Service Award by the North American Securities Administrators Association (NASAA). NASAA recognized Bill at its annual conference for his distinguished career and contributions to investor protection in Florida and throughout North America. NASAA acknowledged Bill's long leadership and contributions to the Broker Dealer Operations Project Group towards the betterment of the securities marketplace and for his commitment to the NASAA membership for providing the highest levels of professional training.

On October 9, 2012, Drew Breakspear was appointed by the Financial Services Commission as the new OFR Commissioner. Mr. Breakspear most recently served as Executive Vice President and General Auditor at State Street Corporation, joining the company in 1995. He assumed his role as OFR Commissioner November 5, 2012.
COMMISSIONER DREW BREAKSPEAR APPOINTED TO THE OFR

2. Annual Statistics

Division of Securities

- Total Applications Received: 56,993
  - Broker Dealer Firms: 226
  - Investment Adviser Firms: 921
  - Branch Offices: 1,465
  - Agents/Associated Persons: 54,381

Division of Consumer Finance

- Total Applications Received: 21,479
  - Commercial Collection Agency: 34
  - Consumer Collection Agency: 422
  - Consumer Finance Company: 41
  - Home Improvement Retail Installment Seller: 25
  - Home Improvement Retail Installment Seller Branch: 3
  - Loan Originator (NMLS): 4,766
  - Money Transmitters Part II: 64
  - Money Transmitters Part II-DPP: 12
  - Money Transmitters Part II-Locations: 12,658
  - Money Transmitters Part III: 282
  - Money Transmitters Part III-DPP: 37
  - Money Transmitters Part III-Locations: 245
  - Mortgage Broker (NMLS): 199

- Mortgage Broker Branch (NMLS): 48
- Mortgage Lender (NMLS): 67
- Mortgage Lender (NMLS) Servicer: 66
- Mortgage Lender Branch (NMLS): 353
- Mortgage Lender Branch (NMLS) Servicer: 241
- Motor Vehicle Retail Installment Seller: 1,197
- Motor Vehicle Retail Installment Seller Branch: 50
- Retail Installment Seller: 330
- Retail Installment Seller Branch: 199
- Sales Finance Company: 126
- Sales Finance Company Branch: 14
- Title Loan Lender: 0

Bureau of Financial Investigations

- Investigations Completed: 146
- Investigations Resulting in Criminal Actions: 49
  *Victim losses in criminal actions exceeded $100 Million.
- Investigations Resulting in Administrative Actions: 6
- Defendants Convicted: 59
  *The 59 defendants were sentenced to 215 years in prison.

3. Outreach Programs

On January 13, February 10, March 9, April 5, April 16, June 8, July 13, August 10, and October 12, the Division of Consumer Finance conducted a first time home buyer’s seminar. The seminars were conducted in Fort Walton Beach and Pensacola and are part of an ongoing series of seminars conducted by the Division.

On February 2, April 5, July 10, October 4, and December 6, 2012, the Division of Consumer Finance conducted a home buying seminar geared to military personnel. The seminars were conducted at Eglin Air Force Base and are part of an ongoing series of seminars conducted by the Division.

On June 6 - 8, 2012, the Division of Securities, in conjunction with the North American Securities Administrators Association (“NASAA”), held the 27th Annual Broker Dealer Training Program in Ft. Lauderdale, FL. The program was attended by more than 200 state examiners, investigators, attorneys and speakers from across the country and Canada. The two track program focused on broker dealer sales practice examinations and administrative hearings.

On July 30, 2012, Division of Securities staff participated in the *Securities and White Collar Crime Roundtable* meeting, which was held in Miami with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Federal Bureau of Investigation, and the United States Attorney’s Office.

On October 12, 2012, the Interim Chief of the Bureau of Financial Investigations spoke at the U.S. Attorney's Investment Fraud Summit in Miami, along with representatives of the FBI, SEC and FINRA. The summit was sixth in a series across the nation geared towards investors. Topics presented at the summit included trends, enforcement actions and investor education.
INVESTOR FRAUD SUMMIT ACROSS THE COUNTRY ARM CONSUMERS WITH INFORMATION TO PROTECT RETIREMENT FUNDS AND LIFE SAVINGS

4. **Operational Successes**
   In April 2012, OFR's Bureau of Enforcement assumed responsibility for enforcing Chapter 560, Florida Statutes, which governs the activities of Florida's Money Services Businesses. Included among these businesses is Deferred Presentment Providers (DPP), also known as "pay-day lenders". Florida Law requires that these DPPs register each transaction in a common database (FLDPP), so that borrowers cannot have more than one loan outstanding at any time, as well as to impose a cooling-off period between loans. Each registration in the database costs the DPP $1, and the DPP must pay the accumulated charges weekly (or as soon thereafter as the total exceeds $100). Veritec Solutions, LLC maintains the FLDPP for OFR. Shortly after assuming responsibility for oversight of the FLDPP, the Bureau noted that many DPPs were in arrears in regards to settlement of fee invoices. As of April 15, 2012, there was a total outstanding invoice balance of $358,227, of which $246,937 was past due. The Bureau worked with Veritec to place an advisory message on the log-in screen for DPP users to see, reminding them of the requirement to pay invoices within 5 days, and advising that the OFR would be more closely monitoring compliance. In addition, several of the most egregious offenders were contacted and given verbal warnings. As a result, in a little more than 90 days, the value of past due invoices was down to $51,408, a reduction of $195,529.

   On September 16, 2012, the OFR unveiled a redesigned website. The website is more streamlined, user friendly, and easier to navigate. Additionally, the improvements to the website have translated into less staff time on the phone, as more information is readily available online. The OFR will continue to look for ways to improve the website and offer better services for consumers and the financial industry. It should be further noted, the agency leveraged an existing contract to complete the website redesign at no additional costto the agency or to taxpayers.

5. **Substantial Sanctions**
   Final Order for $1,100,000 fine against a Broker Dealer Firm for Distributing Inaccurate Securities Information to Investors
   On March 26, 2012, the Division of Securities entered a Final Order against Charles Schwab & Co., Inc. for violations of the Florida Securities and Investor Protection Act, Chapter 517, involving the distribution of inaccurate features and

descriptions of preferred equity securities, municipal bonds and corporate bonds to customers from 2008 to 2011. A $1,100,000 administrative fine was paid.

<u>Final Order for $690,000 Fine against a Broker Dealer and Investment Adviser Firm; and Permanent Bar of a Senior Portfolio Manager for Violations of the Florida Securities and Investor Protection Act, Chapter 517, involving Proprietary Bond Mutual Funds</u>

On April 17, 2012, The Division of Securities entered a Final Order against Morgan Asset Management Inc., Morgan Keegan & Company, Inc. and James C. Kelsoe, Jr. for violations of the Florida Securities and Investor Protection Act, Chapter 517, F.S., involving the management, marketing and sale of seven proprietary bond mutual funds largely invested in structured debt instruments. Mr. Kelsoe was permanently barred from seeking registration in the state of Florida. A $690,000 fine was paid to the State of Florida by Morgan Asset Management, Inc. and Morgan Keegan & Company, Inc.

<u>Final Order for $345,801 against a Broker Dealer Firm for Violations of the Florida Securities and Investor Protection Act, Chapter 517, Involving Auction Rate Securities</u>

On June 5, 2012, the Division of Securities entered a Final Order against E*TRADE Securities, LLC, for violations of the Florida Securities and Investor Protection Act, Chapter 517, F.S., involving the marketing and sale of Auction Rate Securities. A $345,801.38 administrative fine was paid to the State of Florida. The settlement required E*TRADE Securities, LLC to extend offers to repurchase auction rate securities from its retail customers nationwide.

<u>Final Order for $59,125 against a Broker Dealer Firm and Agent for Failure to Implement an Anti-Money Laundering Program and to Maintain Adequate Books and Records</u>

On June 15, 2012, the Division of Securities entered a Final Order against Westpark Capital, Inc. and William A. Morgan, for failing to: implement the firm's Anti Money Laundering compliance program; monitor and analyze suspicious transactions; and maintain adequate books and records. A $59,125 administrative fine was paid.

<u>Final Order for $100,000 Fine and Offer of Rescission to Florida Customers against an Unregistered Issuer Dealer and Agents for Offering and Selling Unregistered Securities</u>

On July 2, 2012, the Division of Securities entered a Final Order against LendingClub Corporation, Renaud Laplanche and Patrick Gannon for engaging in securities business in Florida without being registered to conduct securities business, and for offering and selling unregistered securities. From September 21, 2010 to January 8, 2012, LendingClub, Mr. Laplanche and Mr. Gannon offered and sold 849 member notes valued at initial issuance of $9,571,075 to Florida residents without being registered with the OFR. LendingClub has agreed to offer rescission to their Florida customers who purchased the unregistered member notes and to pay a $100,000 administrative fine to the OFR. Pursuant to the Final Order, LendingClub shall be registered as an Issuer Dealer and Mr. Laplanche shall be registered as an Issuer Dealer Agent.

Final Order for $697,250 Fine and Permanent Bar against a Fund Issuer and Manager for Fraud

On July 20, 2012, the Division of Securities entered a Final Order against Jose Salvador Rubio and Rubio Wealth Management, LLC, for the following: omissions and misrepresentations of material fact to investors regarding the Rubio Trading Group, LP Hedge Fund (RTG Hedge Fund); converting investors' monies in the RTG Hedge Fund to pay personal expenses; commingling investor funds with non-investor funds; and failing to provide investors with an audit of the RTG Hedge Fund. Administrative fines of $346,750 and $350,500 were assessed against Mr. Rubio and Rubio Wealth Management, LLC, respectively. Mr. Rubio and Rubio Wealth Management, LLC are permanently barred from submitting any application or notification for a license or registration with the OFR.

Administrative Complaint Filed against Addvent Funding, LLC

On October 25, 2012, the Office filed an Administrative Complaint against Addvent Funding, LLC and its principals. The action charges Addvent with marketing a sham “Principal Reduction Program” (PRP) touted to provide relief to homeowners whose mortgage loans were current, but the property was worth less than the loan value. Addvent's principals, Ronald Scott Britton, Clyde Snodgrass, Nicole Doreen Snodgrass, and Walter DeVenne are named as additional respondents in the complaint. Collectively, Addvent, its principals, and their marketing representatives lured more than 300 Florida and non-Florida homeowners to pay an advance fee of between $1,500 and $2,245 to become a part of the PRP. Addvent guaranteed homeowners either success in obtaining the principal reduction through a new loan, or the refund of their advance fee after one year. The OFR found no evidence that any homeowners received a principal reduction, or that any of the $850,000 to $1,000,000 in collected fees were retained to make refunds. When final, the action will order Addvent to Cease and Desist, refund all fees collected from homeowners, and pay an administrative fine.

Stipulation and Consent Order Signed

On November 15, 2012, Medchoice Credit Corp and Phillip Hall returned a signed stipulation and Consent Order to the Division of Consumer Finance, thereby agreeing to pay a $25,000 administrative fine, payback all refunds and upfront fees, along with a revocation of license. The Division of Consumer Finance issued the stipulation and Consent Order to Medchoice Credit Corp and Phillip Hall for violating Chapter 516, F.S. by executing loans in the name of the licensed entity in excess of the $25,000 limit, charging a credit investigation 2 fee/prepaid finance charge in excess of the $25 limit, failing to fund the loan amount, and charging an amount greater than $20 for a dishonored instrument.

Final Order for $40,000 in a Fine for Prohibited Business Practices
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.

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.

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 $158,500 in Fines against Investment Adviser Firms for Failure to File Financial Statements
From January to December 2012, the Division of Securities entered Final Orders against 65 Investment Adviser firms for failure to file annual financial statements. Twenty (20) firms voluntarily terminated their registration in Florida. A total of $158,500 in administrative fines was assessed.

6. Significant Enforcement Actions

On January 4, 2012, after a two day trial, a federal jury found Todd Britton-Harr guilty of providing false statements to a financial institution insured by the Federal Deposit Insurance Corporation. Britton-Harr was convicted based on the allegations that he aided his step-mother in purchasing a condominium by executing an application to Wells Fargo Bank that contained numerous false statements. Britton-Harr also aided his step-mother in purchasing two other condominiums with another lender. All three units eventually went into foreclosure. Evidence also revealed Britton-Harr was involved in more than twelve sales transactions at the same condominium complex during a nine month period.

On January 6, 2012, James DeAngelis was sentenced in federal court to 57 months in prison after pleading guilty to conspiracy to commit mail and wire fraud in connection with illegal activity occurring in New York and in Florida. An OFR investigation of James DeAngelis concluded that he committed $400,000 in investment fraud in New York before he and his girlfriend relocated to Florida. They soon opened Golden Silver Opportunities, LLC, which purported to sell precious metals investments. DeAngelis proceeded to solicit $368,404 from investors. Instead of purchasing precious metals, DeAngelis appropriated the investors' funds for his own benefit. To further the scheme, the defendant provided the victims with bogus account statements detailing precious metals purchases that never took place.

On January 12, 2012 Mitchell Chapman pled guilty to charges of communication fraud and charging advance fees for loans. Chapman, a resident of Weston, Florida, was sentenced to five years of probation and ordered to pay monthly restitution to the victims. Beginning in October 2008, Chapman and his company, National Business Finance, solicited victims via the internet and magazine advertisements that claimed he could provide financing from banks to small business owners with "no collateral needed." From October 2008 through June 2009, advance fees totaling $270,000 were paid by people needing financing to maintain or begin new business ventures. None of the applicants interviewed by the OFR received funding from Chapman.

On January 17, 2012, Anthony Cutaia was sentenced to 51 months in prison, to be followed by 3 years of supervised release. The investigation concluded that from March 2003 through December 2006, Cutaia raised $5 million by selling contract participation agreements to investors. These contracts stated that investor monies would be used solely to purchase real estate contracts in Palm Beach and Broward Counties and that Cutaia would not collect commissions or fees until the properties were sold and a profit was made. Contrary to representations, however, Cutaia invested little of the investors' money in real estate and instead used the investors' money to make payments to pre-existing investors and to pay his own business and personal expenses.

On January 27, 2012, Lovetti D. Bateman of Orlando was sentenced in state court to 30 months imprisonment to be followed by 10 years of probation. The sentence followed Bateman's plea of guilty to defrauding six Florida residents out of $280,000 in an investment offering. Bateman's scheme involved the sale of securities issued by his company, I Sure Financial Group, through the use of misrepresentations about the company's real estate investment returns. Investors purchased investment contracts offered by I Sure Financial Group with promises of 10 percent monthly returns. The investigation revealed that Bateman, who was not registered in any capacity, used investor funds to pay for personal expenses and not for the purchase of real estate as represented.

On February 23, 2012, Michael Mansueto was convicted in Broward County Circuit Court on one count of investment fraud and one count of first degree grand theft. Mansueto was sentenced to five years in Florida state prison to run concurrent with a fifty year prison sentence on an unrelated conviction of child exploitation. The investigation revealed that Mansueto sold 750 shares of non-existent stock from Yamato Equity Partners, Inc. to an investor for $135,000. At the time that the shares were issued to the investor, Mansueto had no ownership of such stock, nor did the stock actually exist for him to sell. The investors' funds were used to pay Mansueto's personal expenditures.

On March 2, 2012, Joseph Guaracino was sentenced to 43 months imprisonment, 3 years of supervised release, and was ordered to pay $2,969,439.00 in mandatory restitution to financial institutions. In conjunction with the U.S. Attorney Southern District, the U.S. Postal Inspection Service, FDLE and the OFR, Joseph Guaracino, pled guilty in a scheme to defraud mortgage lending institutions by falsifying mortgage loan documents. Many of the homes were flipped for profit, but a substantial number went into foreclosure.

On March 16, 2012, Heberto Ramon Espinosa, owner of Financial Exchange Network, Inc., was arrested on charges of two counts of unlicensed money transmission and three counts of money laundering in Broward County. The OFR conducted an examination and concluded that financial transactions were conducted without a proper license. Espinosa conducted transactions, some of which exceeded $100,000, and knowingly concealed or disguised the nature, location or origination of the funds. These transactions took place between March 2007 and March 2009.

On April 4, 2012, Michelle Austin-Wilks, 38, of Parkland, Florida, pled guilty to conspiracy to commit wire fraud, for her participation in two separate mortgage fraud schemes as a result of a joint investigation by the OFR, the U.S. Attorney, the FBI, and the U.S. Secret Service. Austin-Wilks was sentenced on June 15, 2012 to 63 months in prison and ordered to pay $6.3 million in restitution. The first case also involved Ghaith Al Nahar who pled guilty and was sentenced on January 27, 2012, to 63 months imprisonment, 3 years of supervised release, and ordered to pay $1,863,109.30 in restitution. Romy Defay, 28, of West Palm Beach, also an employee at Al Nahar's office, also pled guilty and was sentenced to 33 months imprisonment, 3 years of supervised release, and was ordered to pay $441,747 in restitution. The straw buyers, Jeffery Gilbert and Philip Jay Newman, pled guilty. Gilbert was sentenced to 3 years probation and ordered to pay $441,747 in restitution. Newman was sentenced to 21 months imprisonment, 3 years of supervised release, and ordered to pay $662,051.42 in restitution. In a second case in Broward County, from June to October 2007, through Direct Title & Escrow Services, Inc., Austin-Wilks and others engaged in a scheme to enrich themselves by fraudulently buying and selling residential real estate property through straw buyers. The lenders wired a total of approximately $3 million in mortgage loan proceeds into a bank account controlled by Austin-Wilks. Thereafter, Austin-Wilks made numerous wire transfers to a mortgage broker and a straw buyer for their assistance in the mortgage fraud scheme. The mortgage broker, Jinnie Mathurin, pled guilty to one count of wire fraud and was sentenced on March 7, 2012, to one year and one day of imprisonment, three years of supervised release, and ordered to pay $1.17 million in restitution. The straw buyer, Guhier Florvilus, also pled guilty to one count of wire fraud and is scheduled to be sentenced on May 17, 2012. In addition to these wire transactions, Austin-Wilks was also convicted of two additional wire fraud transactions for two wires sent by national mortgage lenders.

On April 16, 2012, the U.S. Department of Housing and Urban Development (HUD) announced the indefinite debarment of three mortgage loan officers in South Florida, and a Pittsburgh title agent following criminal convictions for defrauding elderly borrowers, mortgage lenders and the Federal Housing Administration (FHA). The OFR provided investigative assistance in conjunction with the Internal Revenue Service Criminal Investigation, and the U.S. Postal Inspection Service. Marcos Echevarria, Louis Gendason, John Incandela and Kimberly Mackey pled guilty to charges of conspiracy to commit wire fraud and all four individuals are currently serving prison terms. The scheme involved real estate appraisals, which fraudulently represented equity in the properties and fake short sales, consequently defrauding lenders who held the first mortgages. Kimberly Mackey, a licensed title agent and proprietor of Real Estate One Land Services, Inc., in Pittsburgh, PA, fraudulently closed loans and prepared false settlement documents, which reflected existing mortgages had been paid off although she failed to pay off the existing mortgages.

On April 20, 2012, Scott Smith of New York, his wife Paula Smith, and Jonathon “David” Sanders of Santa Rosa Beach, Florida were convicted by a federal jury on multiple counts relating to bank fraud, mail fraud, conspiracy, and money laundering as part of a complex mortgage fraud scheme. Evidence presented during the one week trial demonstrated how the defendants obtained mortgage loans in excess of $3.5 million to purchase five properties. The defendants provided false information to lenders and concealed material facts regarding the properties in order to obtain the mortgage loans. The defendants also failed to utilize the mortgage loan proceeds in accordance with the lending institutions’ instructions.

On April 23, 2012, Maxo Francois was sentenced in federal court to 52 months of imprisonment, followed by 3 years of supervised release. Maguy Nereus was sentenced to 24 months of imprisonment, followed by 3 years of supervised release. Francois and Nereus were indicted on June 15, 2010, by a federal grand jury for perpetrating a multi-million dollar Ponzi scheme that targeted the South Florida Haitian community. Subsequent to their indictments, Nereus pleaded guilty to conspiracy to commit mail fraud and Francois pleaded guilty to mail fraud on February 8, 2012.

On April 23, 2012, Linda Irene Rovetto, 69, of Lake County, pled guilty in connection with her participation in a bank fraud conspiracy scheme. She pled guilty to converting and misdirecting more than $3.5 million of real estate escrow funds and on August 21, 2012 was sentenced to 42 months in prison. Rovetto and three others were indicted on December 9, 2010 on bank fraud, conspiracy, and related mortgage fraud charges. According to the charges, Rovetto, through her company Florida Lakes Title & Closing, LLC, along with various co-defendants, were diverting escrowed mortgaged funds from real estate closings and diverted more than $3.5 million in mortgage loans to Raviworld New Homes, Inc., a company managed by codefendant Bhaardwaj Seecharan. Seecharan pled guilty on April 2, 2012 to the same charges as Rovetto and on September 25, 2012 was sentenced to 60 months in prison to be followed by five years of supervised release. This was a joint investigation by the OFR and the FBI. United States Attorney for the Southern District of Florida prosecuted the case.

On May 10, 2012, Guilfort Dieuvil, president of Nationwide Investment Firm (NIF) Corporation, was arrested and charged with 13 counts of first degree grand theft, 4 counts of grand theft by obtaining property by false representation, and 17 counts of mortgage fraud, as a result of a joint investigation by the OFR in conjunction with the Boca Raton Police Department and the Boynton Beach Police Department. The investigation concluded that Dieuvil solicited homeowners to transfer their homes - which were in the process of being foreclosed by their financial institutions - to him, with the promise that his company would pay off the delinquent amount. Dieuvil advertised on numerous radio stations, including Haitian and Spanish language stations, as well as YouTube. The alleged victims transferred their properties through either a quit claim deed or warranty deed to Dieuvil, who did not pay off the delinquent mortgages and retained ownership of the properties for his own use. A total of 17 properties were transferred with an aggregate market value of $2,550,822.

On July 23, 2012, Defendant Julio Mercado, a resident of Wellington, Fla., was sentenced to five years in prison after he pled guilty to grand theft and organized scheme to defraud. From 2009 through 2010, Mercado solicited investors to purchase precious metals and individual stocks by masquerading as a representative of Lexington Financial Group, a Massachusetts based investment firm with the same name. The investigation revealed Mercado never purchased metals or stocks. Instead, he misappropriated the investors’ funds for his personal benefit.

On August 7, 2012, Erich Heckler pled no contest to five counts of obtaining a mortgage by false representation. Heckler was sentenced to 3 years imprisonment, followed by 100 months of probation. He was also ordered to pay $56,198 in restitution. Heckler was at the center of a $3.8 million scheme, paying kickbacks to creditworthy borrowers who applied for mortgages as straw applicants for people with poor credit.

On August 20, 2012, eight defendants were sentenced in federal court in connection with a $10.2 million mortgage fraud scheme. Kerry Sookhoo, the lead defendant, was sentenced to 78 months in prison. Andy Deosaran, a straw buyer, was sentenced to 26 months imprisonment. Leroy Satchell, a straw buyer, was sentenced to 26 months imprisonment. Michael Francis, a straw buyer, was sentenced to 33 months imprisonment. Indira Deosaran, a straw buyer, was sentenced to 32 months imprisonment. Sharon Deosaran, a loan processor, was sentenced to 36 monthsimprisonment. Clayton Chen, a straw buyer, was sentenced to 33 months imprisonment. Michelle Isaac, the bank employee, received a 42 month sentence.

On September 5, 2012, five defendants were sentenced in U.S. District Court, Northern District of Florida, for their roles in a multimillion dollar mortgage fraud scheme targeting properties in Bay County, Florida. Four of the defendants pled guilty. The fifth defendant, Avinie M. Bates III was convicted following a jury trial. Bates was sentenced to 147 months in prison; Jill B. Newman-Zuravel (an attorney) received 48 months; Meredith L. King (a title agent) received 30 months; and, Alan J. Nathan and Joann V. Walter, both previously licensed mortgage brokers, were sentenced to 32 months and 20 months imprisonment, respectively.

On September 7, 2012, Juan Carlos Rodriguez was sentenced to 84 months in federal prison, followed by 3 years of supervised release. On June 21, 2012, Rodriguez pled guilty to one count of wire fraud for defrauding mostly Florida investors out of more than $4 million in connection with an elaborate Ponzi scheme.

On September 20, 2012, Lydia I. Cladek was sentenced to 30 years in prison for masterminding a $113 million Ponzi scheme. On January 26, 2012, she was convicted by a jury of 14 counts of wire and mail fraud and conspiracy. Cladek's scheme involved the sale of promissory notes allegedly secured by high interest rate automobile loans.

On October 1, 2012, Fritz Roosevelt Cherizard was sentenced in Hillsborough County Circuit Court to 130 months in prison for his role in a mortgage fraud scheme that resulted in a loss of $1,377,000. Cherizard previously pled guilty to 14 counts that included mortgage fraud, identity theft, and organized scheme to defraud.

On October 15, 2012, defendant James Roberts agreed to a plea agreement with the Miami Dade State Attorney's Office. Roberts entered into a plea of one count of organized scheme to defraud with adjudication withheld with special conditions. He was sentenced to 2 years of community control, followed by 13 years of probation. He was ordered to pay restitution in the amount of $84,000 to the victims. The full restitution must be paid through his community control and probationary period. If not, Roberts would violate his sentencing order.

Steven F. Reagan and Jay S. Fulton were sentenced on mail fraud and conspiracy charges for their involvement in a mortgage fraud scheme relating to a 265 lot residential development known as Riverwalk in Walton County, Florida. Reagan was sentenced to five years of probation on September 25, 2012. On November 13, 2012, Fulton was sentenced to 12 months in prison and 3 years supervised release. The defendants were also ordered to pay $4.1 million in restitution.

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 in connection with a $3 million mortgage fraud scheme involving Puentes and four other defendants.

On December 21, 2012, Raul R. Salabarria Jr. was sentenced to 16 months in prison after pleading guilty to 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 Salabarria and four other defendants were charged for their roles in a $3 million mortgage fraud scheme. All of the properties in this mortgage scheme went into foreclosure. Loss to the lenders exceeded $3 million dollars.

7. De Novo Financial Institution

On April 2, 2012, Chilton Trust Company, LLC opened for business in Palm Beach, and is owned by Chilton Private Clients Holding Company, LLC, Stamford, Connecticut. Officers of the trust company are Richard L. Chilton, Jr., Chairman; Garrison D. Lickle, President and Chief Executive Officer; and John C. Rau, Trust Officer.