GOVERNOR RICK SCOTT

ANNUAL AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

2013

2013 ACHIEVEMENTS

1. **New Additions and 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.
   Agency for Health Care Administration and Office of Financial Regulation Generate Nearly $20 Million in Savings

   On February 25, 2013, Tiffany Vause assumed the Director of Communications position at the OFR. Ms. Vause has a wealth of communications and marketing experience, having worked in state government, with a non-profit organization, and most recently in the private sector.

   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

   On May 31, 2013, Robert Hayes was promoted to Director of Financial Institutions. Mr. Hayes began serving as Interim Director of Financial Institutions in January 2013 while continuing in his role as Bureau Chief of Bank Regulation District 1. Mr. Hayes brings a wealth of experience to the position. When he joined the OFR in March 1993, Mr. Hayes brought with him over 20 years of prior banking experience. He graduated from the Graduate School of Banking of the South at Louisiana State University, the Florida State University, and earned the Basic, General, and Standard Certificates from the American Institute of Banking.

   On June 3, 2013, Colin Roopnarine joined the OFR as General Counsel. Mr. Roopnarine received his Juris Doctor from the Florida State University and is Board Certified in State and Federal Government and Administrative Practice. Mr. Roopnarine previously served as the Deputy General Counsel for the Florida Department of Business and Professional Regulation, where he was the chief legal counsel for program enforcement activities. His extensive law experience includes working as a Hearing Officer for the Public Employees Relations Commission and as Assistant General Counsel for the Florida Department of Financial Services as well as the Florida Department of Community Affairs.

On August 1, 2013, Investigator Neptime Dieujuste, was recognized by Commissioner Breakspear as the OFR's Employee of the Year. Mr. Dieujuste received the award for his significant contributions to the investigation and prosecution of financial crimes perpetrated by offenders targeting the Haitian American community.

On August 19, 2013, Jo Morris joined the OFR as Director of Legislative and Cabinet Affairs. Ms. Morris previously served as a Governmental Analyst for the Florida Department of Health where she lobbied the Legislature on issues related to public health. She has also worked for the Office of Policy and Budget as well as the H. Lee Moffitt Cancer Center and Research Institute. Ms. Morris received her Bachelor's and Master's degrees in Political Science from The Florida State University.

On October 7, 2013, the OFR was awarded the Governor's Savings Award for the renegotiation of the deferred presentment provider transaction database contract. The result is a savings of more than $1 million dollars over a three year period.
Governor Scott Awards Agencies Saving Taxpayer Dollars

2. Annual Statistics

Division of Securities

- Total Applications Received: 53,555
  - Broker Dealer Firms: 174
  - Investment Adviser Firms: 654
  - Branch Offices: 1,446
  - Agents/Associated Persons: 51,281

Division of Consumer Finance

- Total Applications Received: 26,333
  - Commercial Collection Agency: 27
  - Consumer Collection Agency: 366
  - Consumer Finance Company: 89
  - Home Improvement Retail Installment Seller: 16
  - Home Improvement Retail Installment Seller Branch: 0
  - Loan Originator (NMLS): 5,405
  - Money Transmitters Part II: 53
  - Money Transmitters Part II-DPP: 3
  - Money Transmitters Part II-Locations: 16,870
  - Money Transmitters Part III: 190
  - Money Transmitters Part III-DPP: 33
  - Money Transmitters Part III-Locations: 114
  - Mortgage Broker (NMLS): 194
  - Mortgage Broker Branch (NMLS): 40
  - Mortgage Lender (NMLS): 101
  - Mortgage Lender (NMLS) Servicer: 59

- Mortgage Lender Branch (NMLS): 461
  - Mortgage Lender Branch (NMLS) Servicer: 344
  - Motor Vehicle Retail Installment Seller: 1,113
  - Motor Vehicle Retail Installment Seller Branch: 47
  - Retail Installment Seller: 239
  - Retail Installment Seller Branch: 417
  - Sales Finance Company: 128
  - Sales Finance Company Branch: 21
  - Title Loan Lender: 3

Division of Financial Institutions

- Total Applications Received: 103
  - Acquisitions: 5
  - Backgrounds: 78
  - Branch: 3
  - Change of Control: 2
  - Conversion: 3
  - De Novo – International: 2
  - De Novo – Trust: 1
  - Merger: 6
  - Main Office Relocation: 1
  - Purchase and Assumption: 2

Bureau of Financial Investigations

- Investigations Completed: 201
- Investigations Resulting in Criminal Actions: 29
- Investigations Resulting in Administrative Actions: 16
- Defendants Convicted: 38

  *The 38 defendants were sentenced to 101 years in prison, 225 years of probation and ordered to pay Restitution in excess of $62.6 million to victims.

3. Outreach Activities

On January 16, 2013, Commissioner Breakspear and members of the Division of Securities spoke at the Florida Securities Dealers Association (FSDA) Annual Summit in Tallahassee. Topics discussed included an overview of the OFR, proposed legislation, an overview of Division of Securities initiatives and current registration statistics. Approximately 30 members of the securities industry attended the summit.

On February 5, 2013, representatives of the Division of Financial Institutions spoke at the National Association of State Credit Union Supervisors (NASCUS) Directors Conference in Lake Mary, Florida. Approximately 50 participants attended this event.

On February 8, 2013, Commissioner Breakspear and members of the Division of Securities met with the Securities Industry and Financial Markets Association (SIFMA) in Tallahassee. Topics discussed included an overview of OFR, proposed legislation, an overview of Division of Securities initiatives and current registration statistics. Approximately 30 members of the securities industry attended the meeting.

On February 14, 2013, members of the Division of Financial Institutions, Miami Regional Office, participated in the "Meet the U.S. Regulators" panel for Florida International Bankers Association's 2013 AML Compliance Conference. The conference was a two day event (February 13-14, 2013) held at the Hotel InterContinental in Miami, Florida. The OFR's presentation focused on recent changes in Florida Statutes related to transactions with Iran, specifically Section 655.968, F. S. More than 1,000 participants from all over the globe attended this conference.

On March 5, 2013, members of the Division of Securities spoke at the Association of Registration Management (ARM) Conference in Jacksonville as part of the North American Securities Administrators Association (NASAA) Regulator Panel. Topics discussed included common registration issues, tips for detecting unregistered activity and rules initiatives by Florida and other State Securities Regulators. Approximately 150 members of the securities industry attended the conference.

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 about 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 18, 2013, Commissioner Breakspear and members of the Division of Securities met with Financial Planning Association of Florida members in

Tallahassee. Topics discussed included an overview of OFR, proposed legislation, an overview of Division of Securities initiatives and current registration statistics. Approximately 15 members of the securities industry attended the meeting.

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

On April 11, 2013, a member of the Division of Financial Institutions (represented the OFR on a regulatory panel at the Bank Director Workshop sponsored by the National Association of Corporate Directors (NACD), in Fort Lauderdale. The representative participated in a round table discussion regarding bank regulation.

On April 17, 2013 a member of the Division of Financial Institutions represented the OFR on a regulatory panel at the Miami Airport Hilton Hotel for the South Florida Bankers Institute's event regarding the importance of complying with the Bank Secrecy Act, Anti Money Laundering and Office of Foreign Assets Control laws and regulations. There were 100 participants who included Senior Management, Risk Officers, BSA/Compliance Officers, Auditors, and Lawyers that came to the event to hear regulators speak regarding the important topics of BSA, AML and OFAC compliance.

On April 24 & 25, 2013, members of the Division of Financial Institutions and the Commissioner of the Office of Financial Regulation, Drew J. Breakspear, attended an Interagency Meeting in Atlanta, Georgia. The Interagency Meeting focused on issues currently impacting the financial industry and issues expected to come to the forefront in the future. Some of the topics discussed were interest rate risk, commercial real estate conditions, lending activities, economic trends, and strategic planning. Participants included state banking representatives from multiple states in the southeast region of the United States, as well as representatives from the Federal Deposit Insurance Corporation, Federal Reserve Bank, and the Office of the Comptroller of the Currency.

On May 8, 2013, Commissioner Drew J. Breakspear met with Director Richard Cordray and Acting Deputy Director and Assistant Director for Supervision, Steve Antonakes of the Consumer Financial Protection Bureau (CFPB) in Miami. Topics discussed included the trends, regulations and oversight involving several of the industries the OFR regulates including pay day loans, check cashing businesses, consumer collection agencies and motor vehicle financing.

Commissioner Breakspear also participated in a community roundtable on mortgage loans and a field hearing on student loans.

On May 8, 2013, Deputy Commissioner Gregory Hila participated in the Bank Secrecy Act Advisory Group meeting, hosted by the Financial Crimes Enforcement Network (FinCEN), in Washington, DC. Topics discussed included best practices for regulators and financial industry partners in their quest to fight financial crime in the United States.

On May 16, 2013, members of the Division of Financial Institutions represented the OFR at an Interagency Meeting in Miami, Florida. The Interagency Meeting focused on current and emerging issues impacting the financial industry. Some of the topics discussed were the phase out period of TruPS (Trust Preferred Security), requests from Bank Holding Companies to redeem TARP (some at sizeable discounts), growth in commercial & industrial lending, competition with large/regional banks in loan growth, lengthening of securities duration, vendor management, DDoS attacks, offsite exams and BSA. Participants also included representatives from the Federal Deposit Insurance Corporation, Federal Reserve Bank and the Office of the Comptroller of the Currency.

On May 22, 2013, members of the Division of Financial Institutions participated in and presented at a Director and Senior Management Workshop. The workshop was sponsored by the Shutts & Bowen Law Firm and was held in Miami, Florida. Topics of the workshop included upcoming regulatory changes and the impact on the industry. Approximately 50 people attended the workshop.

On May 24, 2013, Commissioner Drew J. Breakspear participated in a Meet and Greet interview with Jean Gruss, Editor of the Lee/Collier Region of the Gulf Coast Business Observer. Topics discussed included OFR successes, operational efficiencies and vision.
Light on the dark side

On May 31, 2013, the OFR issued a press release to encourage Floridians to disaster proof family finances for hurricane season.
FLORIDA OFFICE OF FINANCIAL REGULATION ENCOURAGES FLORIDA CITIZENS TO PREPARE FAMILY FINANCES FOR HURRICANE SEASON

On June 7, 2013, Commissioner Breakspear participated in an editorial board meeting with Margie Manning, Quality and Content Editor, and Chris Wilkerson, Deputy Editor of the Tampa Bay Business Journal. Topics discussed included OFR successes, new appointees, operational efficiencies and vision.
OFR leader views risk management as ‘critical’ (video)
Commissioner uses metrics to improve
New law creates database to cut workers’ comp fraud
Florida Office of Financial Regulation fills two key posts

On June 20 through 21, 2013 the Division of Securities hosted a training forum for its managers within the Bureau of Enforcement. During the meeting, the staff discussed topics including examination planning and efficiency, leadership and recruiting and selection. Commissioner Drew J. Breakspear attended on Friday, June 21, 2013.

During the month of August 2013, Division of Securities' staff participated in six *Be Scam Smart* workshops, which were offered throughout the state of Florida to seniors, their family and caregivers to help inform, empower, and protect Florida's seniors from financial scams and fraud. These free workshops were part of CFO Jeff Atwater's On Guard for Seniors initiative *Operation S.A.F.E. (Stop Adult Financial Exploitation)*

On August 5, 2013, the OFR, along with the Florida Attorney General and Florida Chief Financial Officer, issued a consumer alert warning Floridians of the potential dangers of selling or buying settlement income or pension streams. Florida Attorney General, Chief Financial Officer and Office of Financial Regulation Warn Floridians to be Wary of Buying or Selling Pensions

On August 15 and 16, 2013, a member of the Division of Financial Institutions participated as part of a regulatory panel, representing the OFR at the 28th Annual Florida Bank Director's Forum. The Forum is a two day conference held in Palm Coast, Florida, which provides bank directors and executive officers with pertinent and timely information dedicated to helping them gain a better understanding of the duties, responsibilities and liabilities involved in a banking leadership role. Commissioner Drew J. Breakspear gave the keynote address at the Forum.

On September 10, 2013, Commissioner Drew J. Breakspear was the keynote speaker for the monthly meeting of the Ft. Myers Real Estate Investment Society. The Commissioner spoke on the state of the banking and mortgage industry in Florida to an audience of approximately 100 bankers, mortgage brokers, real estate agents, journalists, state representatives and others.

On September 12, 2013 the OFR issued a statement on a settlement agreement reached with Banco Industrial de Venezuela.
OFR Statement Regarding the Settlement Agreement with the Banco Industrial de Venezuela

On October 18, 2013, a member of the Division of Financial Institutions represented the OFR as part of the Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) Regulatory Panel (other regulators included the Federal Deposit Insurance Corporation, Federal Reserve Bank, and Office of the Comptroller of the Currency) at the Florida Bankers Association 9th Annual BSA/AML School. The event was held in Orlando, Florida, with approximately

125 attendees, consisting of BSA staff and officers representing banks throughout Florida. Topics of discussion included BSA/AML compliance risk, advancements in BSA/AML compliance technology, emerging trends, and best practices for future compliance.

On October 21, 2013, members of the Division of Financial Institutions and Commissioner Drew J. Breakspear represented the OFR at the Conference of State Bank Supervisors (CSBS) Interagency Meeting. The meeting was held over a two day period in Atlanta, Georgia, with approximately 70 attendees. Attendees at the meeting included financial regulatory representatives from other states (Alabama, Georgia, Arkansas, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia), the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Reserve Bank, and CSBS. Topics of discussion included banking and micro and macro-economic emerging trends, regulatory best practices, capital market trends, and implementation of regulatory and accounting policies of the Dodd-Frank Act.

On October 25, 2013, Division of Securities staff participated in the Securities and White Collar Crime Roundtable meeting held by the U.S. Securities and Exchange Commission in Miami. Other participants included the Financial Industry Regulatory Authority, the Federal Bureau of Investigation, the United States Attorney's Office, and other State and Federal regulatory and law enforcement agencies. The meeting was held to discuss updates, from participating agencies, on new and/or significant trends or concerns in securities and/or investment fraud matters. Other issues discussed included suggestions for better collaborative investigations and parallel criminal prosecutions.

November 12-14, 2013 the Division of Securities held its annual training program in Orlando, FL. All enforcement exam staff and management were in attendance as well as personnel from the Securities registration bureau and legal section and the OFR Bureau of Financial Investigations. Commissioner Drew J. Breakspear and Deputy Commissioner Gregory Hila attended and made presentations to the group. The training focused on enforcement trends, procedures, Chapter 517, Florida Statutes, and Chapter 69W, Florida Administrative Code. The attendees were exposed to the examination, registration, investigative and legal aspects of our enforcement program.

On November 13, 2013, a member of the Division of Financial Institutions represented the OFR as part of a Federal Reserve Bank (FRB) of Atlanta panel to discuss Opportunities and Challenges in Low- to Moderate-Income Communities. The event was held in Atlanta, Georgia, with approximately 50 attendees. Topics of discussion focused on Housing Finance, Financial Services, and Small Business Lending.

4. Operational Successes

On April 30, 2013, the Florida Legislature passed HB 217, Governor Scott then signed this legislation into law on June 7, 2013. HB 217 requires check cashers to log any checks cashed in excess of $1,000 into a statewide database designed to prevent fraudulent activity. In addition to the check amount, each business is required to submit traceable information such as payor, payee, fee charged, type of identification presented and payee's workers' compensation insurance policy number, if the check was made out to a business. The bill also provides that multiple checks accepted from any one person in one day, which total $1,000 or more, must be aggregated and reported in the database. The check cashing database created by this legislation will have the capability to interface with the Secretary of State's database for purposes of verifying corporate registration and articles of incorporation. The database will also have the capability to interface with the DFS database for purposes of determining proof of coverage for workers' compensation.
Florida Office of Financial Regulation Applauds the Passage of House Bill 217

On April 30, 2013, the Florida Legislature passed SB 644 and HB 665. This legislation assists the OFR in making it more efficient for Floridians to obtain and maintain licenses within the mortgage, securities and money service business industries. Previously, the OFR was required to deny or revoke a mortgage broker's or mortgage lender's license when their license has been revoked in another state even if the action would not have led to a denial or revocation in Florida. This law does not preclude the OFR from imposing fines and penalties based on another state's revocation as it deems necessary. The bill also requires live-scan fingerprinting for those persons in the Florida securities and money service business industries. Previous law requires criminal background checks to be completed via paper "fingerprint cards," which must be physically mailed to the OFR before being scanned and submitted to the Florida Department of Law Enforcement (FDLE) and Federal Bureau of Investigation. This legislation allows fingerprints to be submitted at approved FDLE live-scan locations and generally provide OFR with the results within 24-to-48 hours. This technology will better allow the OFR to further protect Floridians from potential fraudulent schemes and enhance the integrity of the industry.
Florida Office of Financial Regulation Commends the Passage of Licensure Legislation Creating Greater Opportunities for Businesses

In August 2013, the Bureau of Financial Investigations acquired new technology in an effort to streamline time-consuming and labor-intensive tasks associated with financial records analysis. The technology consists of a sophisticated software package entitled Financial Investigative Software from Actionable Intelligence Technologies, Inc. Since placing the new technology into operation in September, the Bureau, through its Criminal Intelligence Technician, has analyzed over 126,000 transactions from financial records obtained pursuant to official investigations. The implementation of the software has allowed the Bureau to recognize gains in productivity for this activity estimated at 1,200 percent; resulting, on average, in 12.4 hours of investigator time saved for every hour spent using the software. In the four months since the software has been implemented, the Bureau has been able to recapture 1,450 productive investigative hours which would otherwise have been spent on data entry.

Several administrative rules were amended to reflect statutory changes that went into effect October 1, 2013. The rule amendments updated procedures in the processing of applications to include the use of electronic live-scan fingerprinting rather than paper-based fingerprint cards. Additionally, the amendments updated procedures for certain branch offices conducting securities transactions to reflect that the branch offices shall notice file rather than register with the OFR. The disciplinary guidelines for Chapter 517, Florida Statutes, were updated to specify sanctions for branch offices that fail to notice file with the OFR. The sanctions for a first or subsequent occurrence provide for a fine up to $10,000, summary suspension of the branch office, and/or revocation.

The OFR began 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.

On August 1, 2013, the OFR unveiled a new logo. The new logo reflects the strength of the Florida government by highlighting our state seal within a green shield which represents our protective role for the financial interests of the citizens of Florida. In addition, the OFR unveiled a new mission to take into account the OFR priorities. The OFR mission: To protect the citizens of Florida, promote a safe and sound financial marketplace, and contribute to the growth of Florida's economy with smart, efficient and effective regulation of the financial services industry.

5. Substantial Regulatory Actions

Final Order for $70,000 Fine and $100,000 Damages to Investors against a Broker Dealer, Investment Adviser and Agents for Violations of the Florida Securities and Investor Protection Act, Chapter 517, involving Variable Annuity Contracts

On January 30, 2013, the Division of Securities entered a Final Order against Prime Capital Services, Inc., Asset & Financial Planning, Ltd., Scott Aabel, Antonio Gomes and Richard Caparelli for violations of the Florida Securities and

Investor Protection Act, Chapter 517, F. S. The violations involved the failure to disclose that the deduction of management fees associated with certain variable annuity contracts would negatively impact one of the annuity contract's riders. Pursuant to the terms of the agreement, the firms and individuals paid $70,000 in administrative fines, $100,000 in rescission to impacted investors and $26,175 in costs to the Division.

Permanent Bar and $90,000 Fine of Broker Dealer Agent for Fraud

On February 7, 2013, the Division of Securities entered a Final Order against Brent Deviney for engaging in fraudulent securities transactions. Brent Deviney was permanently barred from seeking future licensure and/or registration with the OFR. A $90,000 administrative fine was assessed.

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.

Permanent Bar and $78,750 Fine of Unregistered Firm for Fraud

On April 26, 2013, the Division of Securities entered a Final Order against Prosidian Medical Malpractice Insurance Corporation for engaging in securities business in Florida without being registered, offering and selling unregistered securities, and engaging in fraudulent transactions. Prosidian Medical Malpractice Insurance Corporation was 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.   A $78,750 administrative fine was assessed.

Final Order for $90,000 Fine against an Unregistered Agent for Fraudulent Transactions

On May 30, 2013, the Division of Securities entered a Final Order against Devon C. McLean for the following: sale of unregistered securities, omissions and misrepresentations of material facts to investors, and failing to provide written notice to his employing broker dealer firms of his participation in private securities transactions and outside business activity. A $90,000 administrative fine was assessed.

Final Order Assessing Fines Totaling $320,000 for Failure to Supervise

On June 7, 2013, the Division of Securities entered a Final Order against BrokersXpress, LLC, Phillip Hoeh, Barry Metzger and Anthony Cesta for violations of NASD Rules and the Florida Administrative Code. BrokersXpress failed to establish and maintain an adequate supervisory system, failed to have adequate written supervisory procedures and failed to implement said supervisory system and procedures with regard to the supervision and review of activities in the customer accounts assigned to Kevin Moyer. Mr. Hoeh, Mr. Metzger, and Mr. Cesta were each found to have failed to inspect Mr. Moyer's branch office timely. In settlement of the violations, the Respondents agreed to pay fines totaling $320,000. Additionally, the OFR accepted BrokersXpress, LLC request to terminate its registration as a broker dealer with the state of Florida. Phillip Hoeh and Barry Metzger agreed not to seek registration in the state of Florida for one year.
FLORIDA OFFICE OF FINANCIAL REGULATION COLLECTS $320,000 IN ADMINISTRATIVE FINES FROM BROKERSXPRESS, LLC

Permanent Bar and $470,000 Fine against a Broker Dealer Associated Person for Fraud

On August 13, 2013, The Division of Securities entered a Final Order against Kevin Leslie Moyer permanently barring him from future registration with the OFR. The Final Order follows an Administrative Complaint, which alleged Mr. Moyer engaged in fraudulent securities transactions. Kevin Leslie Moyer was permanently barred from licensure and/or registration with the OFR. A $470,000 administrative fine was assessed.

Permanent Bar and $160,000 Fine against a Broker Dealer Associated Person for Fraud

On August 27, 2013, The Division of Securities entered a Final Order against Charles Ellis Williams permanently barring him from future registration with the Office. The Final Order follows an Administrative Complaint, which alleged Mr. Williams engaged in fraudulent securities transactions. Charles Ellis Williams was permanently barred from licensure and/or registration with the OFR. A $160,000 administrative fine was assessed.

Resolution of Regulatory Matter

On September 12, 2013, the OFR resolved a long standing regulatory matter with Banco Industrial de Venezuela. The settlement allows Banco Industrial de Venezuela to continue to operate in Florida. Terms of the settlement included;

- The bank must pledge $25 million to protect customers of its Miami offices.
- The bank must submit annual financial statements for its Florida operations. The financial statements must be audited under U.S. GAAP by an internationally recognized accounting firm, the firm will be approved by the OFR.
- The bank must pay $400,000 to cover the OFR's expenses.

- The previous administrative case against Banco Industrial de Venezuela will be dismissed and a final order will be issued.
- The OFR will lift the previous cease and desist order.

Statement from Commissioner Drew J. Breakspear Regarding the Settlement Agreement with the Banco Industrial de Venezuela

Permanent Bar and $105,000 Fine against an Unregistered Broker Dealer and Associated Person for Unregistered Securities Business

On September 23, 2013, the Division of Securities entered a Final Order against Maverick International, Inc. and Wesley Alan Brown for engaging in securities business in Florida without being registered, offering and selling unregistered securities and for failing to provide the purchasers of securities with a proper prospectus. Maverick International, Inc. and Wesley Alan Brown were permanently barred from engaging in securities related business in Florida and from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. A $105,000 administrative fine was assessed.

Permanent Bar and $249,250 Fine against a Broker Dealer Associated Person for Fraud

On October 15, 2013, the Division of Securities entered a Final Order against Joseph Brandon Westphal permanently barring him from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. The Final Order follows an Administrative Complaint, which alleged Mr. Westphal engaged in fraudulent securities transactions. A $249,250 administrative fine was assessed.

Permanent Bar and $1,410,000 in Total Fines against an Unregistered Broker Dealer and Associated Person for Fraud

On October 18, 2013, the Division of Securities entered a Final Order against Michael Charles Heimbach and Bryn Advisory Group, LLC permanently barring him and the firm from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. The Final Order follows an Administrative Complaint, which alleged Mr. Heimbach and Bryn Advisory Group, LLC offered and sold unregistered securities; engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $1,410,000 in administrative fines was assessed.

Financial Institution Closed

On October 30, 2013, the OFR closed Bank of Jackson County, Graceville, Florida, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The FDIC entered into a purchase and assumption agreement with First Federal Bank of Florida, Lake City, Florida, which will assume all of the deposits of Bank of Jackson County, ensuring minimal disruption to depositors and customers. As of June 30, 2013, Bank of Jackson County had approximately $25.5 million in total assets and $25.0 million in total deposits.

Permanent Bar and $107,500 Fine against an Unregistered Broker Dealer and Associated Person for Fraud

On October 30, 2013, the Division of Securities entered a Final Order against David L. Webb, Results Capital Group Inc., SeaAway Funding Inc. and Organic Labs Holding, Inc., permanently barring Mr. Webb and his firms from registration with the OFR, after they failed to timely request a hearing. The Final Order follows an Administrative Complaint which alleged David L. Webb, Results Capital Group Inc., SeaAway Funding Inc. and Organic labs Holding, Inc. offered and sold unregistered securities, engaged in securities transactions in Florida without being registered, and conducted fraudulent securities transactions. An administrative fine of $107,500 was assessed*.*

Denial, Three Year Bar and $25,000 Fine against a Broker Dealer Associated Person for Fraud

On November 22, 2013, the Division of Securities entered a Final Order against Shawn Paul Sapp for failure to disclose a criminal event and an outside business activity and for using client funds in a manner which operated as fraud or deceit. Mr. Sapp's application for registration as an associated person was denied and he was 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. for three (3) years. An administrative fine of $25,000 was assessed.

Denial of Loan Originator Application

On December 5, 2013, the Division of Consumer Finance entered a Final Order, denying the loan originator application for Stacey James Blake. In 2005 the Security and Exchange Commission barred Mr. Blake from association with any broker dealer and ordered him to pay a fine of $275,594 and an additional $50,000 penalty for selling unregistered securities.

Final Orders for $52,100 in Fines against Investment Adviser Firms for Failure to File Financial Statements

From January to December 2013, the Division of Securities entered Final Orders against eighteen (18) Investment Adviser firms for failure to file annual financial statements. Five (5) firms voluntarily terminated their registrations in Florida and a total of $52,100 in administrative fines was assessed.

Denial of Associated Person Applications

From January to December 2013, the Division of Securities denied twelve (12) applications for associated person registration. The Notices of Intent to Deny, in each case, alleged that the associated person made a material misrepresentation or misstatement on their application for registration.

6. Significant Enforcement Actions

On February 8, 2013, as a result of a joint criminal investigation by the OFR and the FBI, Robert DiCarlo was sentenced in federal court to 41 months in prison and Robert Martin Valdes was sentenced to 24 months in prison. DiCarlo and Valdes were originally indicted on July 18, 2012 by a federal grand jury in the Southern District of Florida for perpetrating a multi-million dollar investment scheme that targeted investors nationwide. The joint OFR/FBI investigation revealed that from August 2009 through June 2011, DiCarlo and Valdes operated a boiler room in Ft. Lauderdale that took in $2,200,000 from 120 investors to purportedly purchase stock in Elite Global Capital Management (EGCM). EGCM, a legitimate company, was unaware of the purported sales and was not affiliated with the defendants. An analysis of the bank records revealed investors' funds were misappropriated for the personal benefit of DiCarlo and Valdes.

On February 20, 2013, Stephen T. Muench was sentenced to three years in prison followed by seven years of probation after pleading guilty to two counts of sale of unregistered securities, two counts of sale of security by an unregistered dealer, and one count of organized fraud - a first degree felony. Muench was also ordered to pay $1.3 million in restitution to victims. On December 8, 2011, Stephen Muench was charged for his role in the sale of unregistered securities issued by Trans Continental Airlines, which turned out to be a $300 million Ponzi scheme run by Lou Pearlman. In 2008, Pearlman was sentenced to 25 years in federal prison after pleading guilty to charges of conspiracy, money laundering, and making false statements. Muench sold unregistered securities in the Trans Continental Airlines Employee Investment Savings Account (EISA) Program to 73 Florida Investors who invested more than $8 million. Muench was paid more than $500,000 in commissions on these transactions.

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 OFR 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

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, 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.
Former Lee County High School Baseball Coach Arrested for Scamming Hundreds of Thousands of Dollars from Coaches, Teachers and Parents in Ponzi 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 Bureau of Financial Investigations 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 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 promote Haitian-American enterprise, create jobs and improve the community. Pierre-Louis had fled the United States and 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.

On 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. 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's 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 fifteen year prison sentence for his involvement in the scheme. Additional defendants Jeffrey Duke, Joseph Vitale, Master Mays and Brandon Rodriquez each pled no contest to similar charges and were placed on probation with adjudication withheld. Defendant Braun has paid $100,000 to date in restitution to victims pursuant to a plea agreement.

On March 27, 2013 fugitive defendant Daniel Morris was arrested by the Miami-Dade County Police Department on charges of organized scheme to defraud and grand theft. Morris had been a fugitive since a warrant for his arrest was issued in November 2007. He is believed to have been living in Belize. Morris is alleged to have promised investors a 3 percent per month return on investments by participating in his “product diversion” or “grey market” business. This type of business involves the sale of new products through distribution channels other than those originally intended by the products’ manufacturers (the business model allows distributors and manufacturers to sell products in foreign markets at lower prices, capitalizing from fluctuations in currency exchange rates and lower advertising costs). OFR’s investigation revealed that Morris did not operate a product diversion or grey market business, nor earn a 3 percent per month return as represented to investors. Instead, evidence in the case indicates that Morris put most of the investors’ funds to personal use through ATM cash withdrawals, purchases at bars, restaurants and retail stores, and in acquiring services such as dental work and fitness center memberships. Daniel Morris was a convicted felon prior to engaging in this alleged fraud. In August 1996, Morris, along with numerous other defendants, was indicted by a federal grand jury on multiple counts of Conspiracy, Wire Fraud, Money Laundering, Illegal Structuring of Transactions, and Tax Perjury. Morris subsequently pled guilty to three counts of the indictment and was sentenced to 96 months in federal prison. A purported “product diversion business” was also at the center of the federal case. The Martin County State Attorney’s Office is prosecuting the case. The charges against the defendant are only an accusation and defendant is presumed innocent until proven guilty.

On April 12, 2013, the Division of Consumer Finance issued an Emergency Order to Cease and Desist and Suspend the License for two money transmitter businesses in South Florida, InterTransfers, Inc. and Global Money Remittance, Inc. The OFR investigated allegations that these companies have, in several instances, failed to provide money to an intended recipient within 10 business days after receipt. It is unknown how many Florida consumers have been impacted. The Emergency Order requires 23 locations, across the state, to stop accepting funds for transfer.
Florida Office of Financial Regulation Issues Emergency Order to Cease and Desist and Suspend the License for Two Money Transmitters

On April 12, 2013, U.S. District Judge John Antoon, II sentenced Dustin Michael Letourneau to four years in federal prison for mail fraud and wire fraud. Letourneau was also ordered to serve a 3-year term of supervised release following his imprisonment, and to pay $240,481 in restitution to his victims. On January 17, 2013, Letourneau pleaded guilty to one count of mail fraud and one count of wire fraud in connection with the operation of precious metals boiler rooms. Letourneau, the principal of Letourneau Holdings, Inc., opened and operated the company as a boiler room in Palm Beach Gardens, Florida in April 2010 and later relocated it to Mt. Dora, Florida. Letourneau learned the precious metals investment business when he worked for Jamie Campany and Global Bullion Exchange. Campany is currently serving 12 ½ years in federal prison for his precious metals investment fraud. It is estimated that through telemarketing, Letourneau took in approximately $240,481 in a little over a year by claiming to offer investors an opportunity to invest in precious metals which would be held for them in a depository facility. Bank records revealed that there were no precious metals purchased and Letourneau spent investors' monies on personal expenditures. A cooperating defendant in an ongoing joint OFR-Federal investigation recorded Letourneau admitting that he did not purchase precious metals.

On April 24, 2013, defendants Roslyn Wolff and Uri Yudewitz, both formerly licensed mortgage brokers, were sentenced to federal prison for a term of thirteen months and six months, respectively. The defendants had previously entered guilty pleas to charges of making false statements on mortgage loan applications in violation of Title 18 United States Code, Section 1014. The investigation revealed that Wolff and Yudewitz, working in concert, completed and processed two bogus loan files through Presidential Lending Group, a formerly licensed mortgage brokerage business located in Boca Raton (where Yudewitz worked). The loan files were found to contain false information including misrepresentations of borrowers' employment, income, earnest money, and intent to occupy properties. Although the defendants were only charged with making false statements in two loans, the investigation revealed that the pair had processed over twenty bogus loans from 2004 through 2007, using family and friends as straw borrowers.

On May 7, 2013, Lee County resident Michael Burns pled guilty to selling securities by an unregistered broker-dealer and one count of organized scheme to defraud. Burns was sentenced to 10 years of probation and ordered to pay $90,000 to his victims. Burns had to pay $30,000 at sentencing per the plea agreement. On March 21, 2011, Burns was arrested in Lee County on eight counts of selling securities by unregistered broker-dealer and one count of organized scheme to defraud as a result of an investigation conducted by the OFR. The investigation determined that Burns falsely told investors he was a licensed investment advisor and was authorized to sell securities in Florida. Burns solicited money from investors by telling them he would invest their money in low risk business ventures and pay the investors annual rates of return from 15 to 18 percent. Contrary to his representations, the investigation revealed Burns was not registered and utilized the investors' funds for his personal gain. Lee County Economic Crimes Prosecutor James Miller prosecuted the case.

On May 8, 2013, as a result of a joint OFR/ Delray Beach Police Department investigation, Leonard Ansill was arrested in Palm Beach County on charges of organized scheme to defraud and grand theft. The joint investigation alleged that from October 2009 through August 2011, Ansill solicited $1,120,000 from six investors for collateral assignments of mortgages he owned. The victims were purportedly told they would receive returns between 10 and 24 percent. The investigation revealed that the property owners had never heard of Ansill and he did not hold the mortgages to their properties. An analysis of the bank records revealed an apparent Ponzi scheme in which new investor money was used to make interest and principal payments to current investors. Ansill also diverted investor money for his own benefit. The Palm Beach County State Attorney's Office is prosecuting the case.

On May 13, 2013, Marcus O'Neal Thomas, owner of Take Me Home Bail Bonds, was arrested in Jacksonville, Florida, for violations of Florida State Statutes 817.568, Criminal Use of Personal Identification, 812.014, Grand Theft and 817.034, Schemes to Defraud. This is related to the cashing of U.S. Treasury checks obtained from fraudulent income tax filings with the Internal Revenue Service without being licensed as a money service business by the OFR. This joint investigation was conducted by the staffs of the U.S. Secret Service, Consumer Finance's Bureau of Enforcement, and the Bureau of Financial Investigations.

On May 14, 2013, Sean Morrison was arrested on a warrant in Palm Beach County after being charged with nine counts of taking advance fees on the promise of securing loans and one count of Organized Scheme to Defraud over $50,000. Morrison a former mortgage broker ran Accelerated Lending Group, Inc., a company that claimed to be able to get businesses loans in a market where commercial credit was scarce. The investigation revealed that from August 2009 through July 2011, Morrison took in over $380,350 in advance fees from prospective borrowers who were seeking capital for business expansions or acquisitions. Morrison is alleged to have promised these prospective borrowers millions in loans that never materialized. The investigation revealed that before Morrison would begin work on a borrower's funding request, he would require an advance fee ranging from $7,400 to $100,000. Morrison's Letter of Intent, which was signed by his unsuspecting victims, stated that this "due diligence fee" would be "refundable if funds were not secured due to nonperformance by Accelerated Lending Group, Inc." Morrison would tell his victims that he had an investor network of more than fifty lenders and assured them that he could get them a loan on favorable terms. The investigation revealed, however, that Morrison never got a loan for anyone and never refunded anyone's due diligence/advance fees. Instead, Morrison stopped taking phone calls and failed to deliver on what he promised, spending the majority of his victims' money on personal expenses.

On June 4, 2013, Michael C. Rogers was arrested in Broward County and charged with one count of grand theft. The OFR investigation alleges Rogers, through his company SSME Consulting, Inc., misappropriated $227,000 from six investors between January 2011 and October 2011. Rogers purportedly made cold-calls to victims and promised they would make substantial profits by investing in various penny stocks. The investigation showed that Rogers controlled the bank account to which investor money was deposited and Rogers used the investors' funds for his own benefit. Neither Rogers nor his company is registered to sell securities. Rogers is also pending trial in connection with a December 12, 2012 arrest for organized fraud, securities fraud and grand theft for soliciting eight investors to buy fictitious shares of pre-IPO Facebook. That case was also investigated by the OFR. Additionally, on April 4, 2013, the OFR took administrative action against Rogers, filing a Final Order and Notice of Rights against him and his company, QFC Consulting, Inc.

On June 5, 2013, Scott Campbell was arrested by Flagler County Sheriff's Deputies on an Osceola County warrant. Campbell was charged with one count of grand theft over $100,000. Campbell was alleged to have obtained in excess of $1,000,000 from his victims. The investigation revealed that since 2003, Campbell had been approaching women, mostly through the use of online dating sites, and offering them investment opportunities in his businesses: BDO Records, Inc. and Give Me A Chance Talent Agency, Inc. Campbell allegedly would show interest in building personal relationships with his victims, but quickly introduced them to his businesses and sought their investments instead. Campbell represented himself and his businesses as being successful and stated that the investments would be used for recordings and upcoming tours. In contrast to his promises, Campbell put the investors' funds to personal use; to include large amounts spent on gambling.
ORLANDO MAN ARRESTED FOR USING AN INTERNET DATING AND MUSIC INDUSTRY GUISE TO STEAL MORE THAN A HUNDRED THOUSAND DOLLARS FROM FLORIDA WOMEN

On June 14, 2013, Manuel Frade was arrested by the Florida Department of Financial Services, Division of Insurance Fraud. Angel Quinones surrendered on June 13, 2013. Both men are accused of operating a boiler room to solicit investments in precious metals. They are further accused of selling fictitious investments totaling more than $2 million to investors across the country, many of whom are senior citizens. Both men have been charged with one count of organized fraud, one count of grand theft and two counts of securities fraud in connection with this scheme. Frade and Quinones are alleged to have solicited investors through their company, Integrated Market Capital Investments, doing business as Midas Asset Exchange. After making the investment with Midas Asset Exchange, investors typically received account statements showing the

alleged purchase of metals. Investors claimed that Frade and Quinones led them to believe that the metals listed on the account statements would be stored for them in a vault or other safe place until such time as they desired to sell. The investigation revealed that only a small portion of investor money was used to purchase rights to precious metal inventory, and none of it was used to purchase or store the physical metals. Instead, the majority of the money obtained from investors is alleged to have been used to pay business expenses and for the personal benefit of Frade and Quinones. The arrests are the result of a multi-month investigation by the OFR. The Broward County State Attorney's Office is prosecuting the case.
TWO ARRESTED FOR SCAMMING MORE THAN $2 MILLION IN PRECIOUS METALS INVESTMENT SCHEME

On July 25, 2013, Clyde M. Thornburg was arrested in Hillsborough County and charged with theft from persons 65 years of age or older and uttering a forged check. The OFR investigation revealed that in early 2012, Thornburg allegedly defrauded three Sarasota County, Florida citizens out of $22,948 by representing that their funds would be used for various investments including life insurance products, investments in purported building projects and in a fictitious entity called United Lending Trust IV. Instead of investing the money, Thornburg purportedly cashed the victims' checks and used the money for his own benefit. The investigation also uncovered that Thornburg attempted to cash a counterfeit check at a local check cashing store. Thornburg was previously the victims' financial advisor and insurance agent. In October 2012, Thornburg was permanently barred from the securities industry by FINRA for engaging in a pattern of unsuitable trading in the accounts of elderly investors and forging signatures on mutual fund disclosure forms. Assistant State Attorney Erika Quartermaine, 12th Judicial Circuit, Sarasota County, is prosecuting this case. The OFR was the sole investigative agency in this case.

On August 15, 2013, Gurudeo Persaud, owner of White Elephant Trading Company (WETCO), located in Orlando, Fla. was sentenced to three years in federal prison to be followed by two years of supervised release. Persaud was also ordered to pay $948,340 in restitution. Persaud had previously pled guilty to one count of mail fraud. The joint FBI/OFR investigation revealed that from July 2007 to January 2010, Persaud, through WETCO, raised over $1,000,000 from 14 investors through fraudulent pretenses and representations. Persaud promised investors risk free returns of 6%-18% annually. Persaud, however, failed to disclose that his trading strategy was based on lunar cycles and the gravitational pull between the moon and the earth. The investigation further determined that Persaud engaged in a Ponzi scheme and misappropriated approximately $415,000 of investor funds for his personal use. Persaud's activity came to light In June 2012 when the SEC filed a civil suit against Persaud and WETCO. The Bureau of Financial Investigations teamed with the FBI after receiving notice of the complaint filed by the SEC. The case was prosecuted by

the United States Attorney's Office.
[Securities Broker Sentenced To Three Years In Prison For Investment Fraud]

On August 22, 2013, defendant John Wilkins pled guilty in federal court to one count of conspiracy to commit mail fraud and one count of conspiracy to commit wire fraud. The charges and subsequent conviction stem from Wilkins' role in an elaborate investment fraud that bilked investors out of more than $18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Wilkins and his partner, Phillip Leon, raised over $18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by the defendants) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, the defendants falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The defendants then used these false reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. Wilkins is scheduled to be sentenced in January 2014. The National Futures Association had previously taken an emergency enforcement action against the Matterhorn Fund's parent company, Altamont Global Partners LLC, and its principal, John Wilkins, based on its determination that investor funds had been misappropriated.

On August 26, 2013, Miami-Dade Circuit Judge Eric Hendon sentenced Berthram B. Samuel of Miami-Dade County to seven years in state prison to be followed by seven years of supervised release. On June 28, 2013, a jury found Samuel guilty of one count of grand theft in the first degree, two counts of grand theft in the second degree, two counts of grand theft in the third degree and two counts of unlawfully collecting advance fees in violation of 687.141, F.S. As a result of an OFR 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 percent. Samuel solicited victims through various means including Ruxkira's website, business conferences, newspapers, and through a loan broker located in Southern California. Samuel represented to prospective borrowers that Ruxkira 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 Ruxkira 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. The State Attorney's Office, 11th Judicial Circuit, Miami-Dade County, prosecuted the case.

On September 4, 2013, Joseph Paul Zada was indicted by a federal grand jury and charged with 27 counts of mail fraud, wire fraud, interstate transportation of stolen property and money laundering. Zada, who has residences in Michigan and Florida, ran an apparent investment scheme that initially preyed on wealthy horse owners. Zada purportedly told his victims that he was an expert in oil futures, sat on the board of directors of a major oil company and was the financial manager for Russian ice hockey players. The joint FBI/IRS/OFR investigation determined that from 1998 through 2009, Zada sold $27 million of promissory notes that paid annual rates of return between seven and twelve percent. The investors were led to believe Zada would use their money to invest in oil ventures. An analysis of the bank records revealed that instead of using the investors' money to invest in oil ventures, Zada purportedly used the money to support his lavish lifestyle and to pay returns to earlier investors. On or about November 10, 2010, the United States Securities and Exchange Commission filed an action against Zada and his company Zada Enterprises, LLC charging Zada with securities fraud. The SEC was granted a summary judgment in its case on July 31, 2013. This case is being prosecuted by Assistant U.S. Attorney Rolando Garcia.
Former Wellington Resident Charged in Investment Fraud Scheme

On September 5, 2013, Circuit Judge Miguel De La O issued warrants for the arrests of Anthony St Prix, his wife, Wanda Morales, Guerdin Lecorps, and Charles Y. Angrand. The defendants have been charged with one count of racketeering, one count of conspiracy to commit racketeering, one count of grand theft in the first degree, and one count organized scheme to defraud as a result of an investigation by the OFR, Bureau of Financial Investigations. Angrand was arrested by the Florida Division of Insurance Fraud, Lecorps was arrested by Pembroke Pines Police Department, and St Prix and Morales were taken into custody by the New York Police Department. The OFR investigation alleged that from July 2005 through March 2010, the defendants defrauded more than 140 victims in the Southwest Florida and South Florida Haitian communities through various schemes involving land sales and foreign currency options trading. St Prix and his co-conspirators advertised on the internet and made sales presentations at churches in Naples and Fort Myers offering one-acre tracts of land for sale in Punta Gorda and Sebring. St Prix falsely represented to investors that he owned the land. St Prix entered into contracts to sell the land to the victims while his co-conspirators conducted sham closings at a church in Naples. As part of the closing, the victims were provided with fictitious warranty and quitclaim deeds. Soon after the closing, the victims received a "certificate of ownership" as proof that they owned the land. The victims then made monthly mortgage payments to companies controlled by the defendants. St Prix also lured victims into investing in foreign currency exchange options by telling them he would pay them monthly interest and refund 100 percent of their principal when the land development project was completed. St Prix opened a foreign currency trading account, but he soon lost all the money. A review of the bank records revealed an apparent Ponzi scheme. There were no trading or investment profits and established investors were paid with funds from new investors. The investigation also determined that the defendants received funds from the victims in excess of $4,000,000, of which approximately $1,700,000 was used for their personal benefit. The Florida Attorney General's press release can be found here.

On September 30, 2013, Judge Federico Moreno sentenced Robert Roca to 36 months in federal prison to be followed by three years of supervised release. Roca was also ordered to pay $1.9 million in restitution to victims. Roca had previously pled guilty to one count of conspiracy to commit mail and wire fraud. A joint state/federal investigation determined that multiple subjects allegedly operated an elaborate precious metal investment fraud through Global Bullion Trading Group (GBTG), WJS Funding, Inc. d/b/a Capital Asset Management and Certified, Inc. Robert Roca was a leading sales agent for the companies and earned over $788,000 in commissions. The subjects ran a boiler room which solicited investors to purchase precious metals using leveraged/margin accounts. Investors were led to believe they were purchasing physical metals and that their metals would be held in personalized accounts. Investors were also told they had the ability to take possession of the precious metals at any time, subject to handling fees, postage and insurance. The telemarketing operation brought in over $48 million from investors. The investigation alleged the subjects did not purchase physical metals or maintain individual accounts on behalf of investors. It also appears that they diverted $5.7 million to their benefit or for the benefit of family members. On August 9, 2012, the United States District Court, Southern District of Florida unsealed a federal grand jury indictment charging Arthur John Schlecht, Frederick Gomer, Carlos Rodriguez and Ricardo Padron for their roles in the alleged scheme. On February 19, 2013, a superseding indictment was issued charging Roca for his role in the purported scheme. Gomer, Rodriguez, and Padron have also pled guilty and are awaiting sentencing. Schlecht is scheduled for trial in January 2014. Investigators from the OFR, Bureau of Financial Investigations, the FBI and the U.S. Postal Inspection Service participated in the investigation. Staff from the Securities and Exchange Commission, the Federal Trade Commission, the Financial Services Authority, the National Futures Association, the Commodity Futures Trading Commission and the United States Probation Office also assisted with the case. This matter is being prosecuted by Assistant US Attorneys Caroline Miller and Michael Sherwin.

On October 22, 2013, Eduardo Cuervo voluntarily surrendered to the Palm Beach County Sheriff's Office following the issuance of a warrant for his arrest on charges of grand theft. Cuervo, the principal of Crow Commodities, a precious metals investment company that operated in West Palm Beach, is alleged to have misrepresented to investors that he was a successful trader in gold and other precious metals and also bought and sold gold coins. Cuervo convinced his investors that he would make them a lot of money and from October 2008 through May 2009, investors sent over $72,404 to Crow Commodities and Crow Precious Metals. Cuervo allegedly bragged to investors that their gold and silver investments were up 30 percent, but despite investors' requests for account statements, none of the investors received confirmation of their investments. When the investors asked Cuervo to send them their gold coins, or return their investment funds, Cuervo told them that an offshore firm he was working with had disappeared with their funds. When questioned about this off-shore firm, Cuervo could not produce any evidence supporting his claims. Bank records analyzed in the course of the investigation revealed that Cuervo used some of the investors' funds to trade in gold futures contracts and U.S. treasury bonds through an account at R. J. O'Brien Associates, resulting in substantial losses. Cuervo also used the investors' funds to purchase gold coins through an account at American Precious Metals Exchange and eBay. Cuervo resold the gold coins through a bidding auction on eBay. In October 2009, eBay and PayPal suspended Crow Precious Metals Investment's account due to "suspicious activity." None of the investors received any of the proceeds from the sale of the gold coins. Cuervo used the remaining investors' funds to pay for his mother's attorney fees, a small amount for salaries, and the remainder for his own personal expenses.

On October 24, 2013, Colin A Smith, the last of four defendants in an alleged precious metals investment fraud operating as Mercury Management Service Company, was arrested on charges of grand theft and securities fraud. Another defendant, Sarah King, was arrested on October 17, 2013 and a third defendant Daniel Kannaly was arrested on October 19, 2013. Each was charged in Broward Circuit Court with one count of grand theft and one count of organized fraud. A fourth defendant and the main principal of Mercury Management Service Company, Daniel Brown, is presumed to be deceased. The OFR investigation revealed that from October 2008 through June 2010, Daniel Brown, Daniel Kannaly, Colin Smith and Sarah King were involved in an alleged precious metals scheme which took in over $800,000 from 17 investors around the country. Investors were purportedly told that "they could make a lot of money investing in precious metals with little to no risk" and were promised high returns and quick profits. When investors contacted the company to check on the status of their financed precious metals accounts, they were told that their money was lost due to "a dip in the price of metals." Some were told that due to a margin call, they needed to send in more money to keep their accounts active. An analysis of all bank accounts in this case revealed that there is no evidence that Brown or Kannaly purchased metals on behalf of the investors, but rather spent the investors' money for their personal benefit.

On October 28, 2013, George Louis Theodule pled guilty to one count of mail fraud in violation of Title 18, United States Code. In exchange for his plea, the

United States will dismiss the remaining counts of the indictment. Theodule faces a statutory maximum of 20 years' imprisonment, to be followed by five years of supervised release. Theodule was indicted on 36 counts of wire fraud, one count of securities fraud, and three counts of money laundering on July 2, 2013 and was arrested on August 23, 2013. From July 2007 through December 2008, Theodule engaged in a massive Ponzi scheme from which he collected more than $30 million primarily from Haitian-Americans living in the South Florida region. Theodule falsely represented to investors that he was an investment guru, capable of doubling their investments every 30 to 90 days. Theodule advertised the investment through churches, word of mouth, seminars and individual presentations to groups. He enticed others to form investment clubs from which investors pooled their money and then turned it over to him. Consequently, investors formed more than 100 clubs in more than seven states. Theodule opened a number of trading accounts with online-brokerage firms to trade investors' money. Theodule lost all the money he invested in the trading accounts, all the while assuring investors that their monies were safe and guaranteed. Furthermore, Theodule was paying earlier investors with money from newer investors and used a significant amount of investors' money to fund his extravagant lifestyle, including renting two mansions in Georgia, paying for his wedding, giving large monetary gifts to his girlfriends and relatives, and taking trips abroad. Theodule will be sentenced on February 24, 2014 at the federal courthouse in West Palm Beach, Florida. On December 29, 2008, the Securities and Exchange Commission (SEC) filed a complaint against Theodule and his various companies. In March 2010, the SEC obtained a Judgment of Permanent Injunction and Other Relief against Theodule and the court ordered Theodule to pay $5,099,512 in disgorgement. In 2008, the court appointed a receiver whom thus far has collected over $1,000,000 in assets for the benefit of the Receivership Estate. This case is a joint investigation between the FBI (West Palm Beach Office) and the OFR.

On November 6, 2013, Phillip Leon pled guilty in federal court to one count of conspiracy to commit mail fraud and one count of conspiracy to commit wire fraud. The charges and subsequent conviction stem from Leon's role in an elaborate investment fraud that bilked investors out of more than $18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Leon and his partner, John Wilkins, raised over $18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by Leon and Wilkins) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, Leon and Wilkins falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The men then used these false reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. Leon is scheduled to be sentenced in late January 2014. On August 22, 2013, John Wilkins pled guilty in federal court to one count of conspiracy to commit mail fraud and wire fraud. Wilkins is also scheduled to be sentenced in January 2014. The case is being prosecuted by the United States Attorney's Office. The National Futures Association had previously taken an emergency enforcement action against the Matterhorn Fund's parent company, Altamont Global Partners LLC, and its principal, John Wilkins, based on its determination that investor funds had been misappropriated.

On November 26th, defendant Daniel Paez pled guilty in federal court to one count of securities fraud for his role in a fraudulent investment scheme. Paez was the President of Fly High Investments, Inc., an investment fund purportedly operating from Miami-Dade County. From September 2010, through April 2012, Paez obtained more than $500,000 in funds from investors via telephone solicitations and through the internet. Paez told investors that Fly High Investments was a hedge fund that managed more than $50 million and promised investors that their money would be invested in safe and secure investments. Instead, Paez spent the bulk of the money raised from investors at casinos and in making large cash withdrawals for his personal benefit. Paez invested certain monies in stocks and other securities, but often in high risk investments or penny stocks that were not aligned with the investment objectives communicated to investors. There were approximately seventeen victim investors who were located in Florida and other states, including California, South Dakota, New Jersey and Minnesota. None of these investors received any return on or of their investments. Paez faces statutory maximums of twenty years in prison and $250,000 in fines. Sentencing has been set for February 4, 2014. The United States Attorney's Office (USAO) for the Southern District of Florida is prosecuting the case.
[Former Miami Securities Professional Pleads Guilty to Securities Fraud in Connection with Multi-State Investment Scheme]

On November 27, 2013, an Order Imposing Temporary Injunction, Appointment of a Receiver, and Other Statutory and Ancillary Relief against First Merchant Capital, Donald Ray Babb, Ralph V. Ruth, Catherine Ruth and related entities was signed by a Circuit Judge in Brevard County. First Merchant Capital, Capstar Industries and Southeast Mutual Insurance and Investment, Inc. sold certificate of deposits (CD's) to at least 30 investors from offices located in Tampa, Rockledge and Merritt Island Florida. Investors responded to advertisements in various Florida newspapers for FDIC Insured CD's at rates above prevailing bank CD rates. In many cases, investors invested their entire life savings into what they believed to be FDIC Insured CD's. A review of bank records indicated that investor funds were not used to purchase FDIC insured

CD's, but were used to pay back other investors and for personal expenses. On November 27, 2013 three banks were served with the order to freeze any accounts related to the above named entities and the accounts of the principals of the Company. On December 2, 2013 an additional bank account was uncovered through a new investor complaint and that account was also frozen. Additional related accounts are still being sought. Michael E. Moecker has been appointed Receiver of all assets and properties of First Merchant Capital and related entities. The offices of First Merchant Capital, Capstar Industries and Southeast Mutual Insurance and Investment have been secured by the Receiver. The number of victims and amount of money taken in for FDIC insured CD's has yet to be determined. Interviews with investors indicate the companies may have been taking in money since as early as 2002. Approximately 30 investors with investments in excess of $4,000,000 have been identified to date.
Judge Issues Temporary Injunction Against Companies Claiming to sell CDs

On December 4, 2013, defendant Avi Levy pled guilty in federal court to one count of conspiracy to commit wire fraud for his role in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Levy, in concert with others, bought or facilitated the sale of condominium units at highly inflated prices, funding the purchases through mortgage loans obtained from various financial institutions. These mortgage loans were made to credit-worthy straw buyers, who, without the lenders' knowledge or consent, had been recruited by Levy to act as borrowers in exchange for compensation. The inflated property valuations allowed for the sellers in the transactions, also co-conspirators in the scheme, to obtain the loan proceeds that would then be divided among the scheme's participants. Levy conspired with others to falsify settlement statements and mortgage loan applications and received substantial kickbacks from the sellers that were disguised as "marketing fees." Levy's activities alone resulted in greater than $3.6 million in losses. Further indictments are expected. Levy's sentencing date has not been set. This investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the FBI and the Federal Housing Finance Agency.

Between December 10 and 13, 2013, seven defendants were charged and arrested for their involvement in a telemarketing, unregistered securities scheme run by FMN Holdings, LLC. The defendants are Eddy Ubaldo Marin, Kenneth Jason Saluk, Roberto Alford, Farrell Jeanty, Peter Lanceaul and Andrew Waldman. A detainer was filed against Christopher Fardella, who is currently incarcerated on another securities case. Further arrests are anticipated in connection with this case for others working in this boiler room to include Steven Shine, Christopher Ryan Fardella a/k/a Chris Ryan, Joseph William Fete, Edward George Ozimkowski, Peter Nicholas Tagliaferro, Christopher Scott Acosta and Joseph Soto III. These individuals have been charged with multiple felony counts, including violations of the Florida Racketeer Influenced and Corrupt Organizations Act (RICO Act) and the Florida Securities and Investor Protection Act. This investigation started from a complaint received in September 2009 in

the Fort Lauderdale Regional Office from an 81 year old resident of Nebraska, who alleged he was the victim of an investment fraud. The complainant said that he was cold called and talked into investing $350,000 for stock and he did not receive any stock certificates. This investigation revealed FMN Holdings, LLC was never licensed to sell securities in the state of Florida and the defendants are accused of making unauthorized sales of stock in various companies, taking in more than $3 million from 130 investors. This investigation found that from April through September 2009, FMN Holdings, LLC allegedly offered and sold stock in two companies, Helix Wind, Inc. and Green LED Technology, LLC. Helix Wind, Inc. was allegedly a seller of wind turbines based in Poway, California and Green LED Technology, LLC was allegedly a seller of LED lighting based in Dania, Florida. Neither stock was registered, or exempt from registration, under Florida law. FMN Holdings, LLC, and the defendants were not licensed with the state of Florida to engage in the sale or promotion of securities. The investigation revealed that FMN Holdings, LLC never disbursed any funds to Helix Wind, Inc. or to Green LED Technology, LLC for the sale of their stock. Instead, after receiving the money from the investors, the defendants allegedly used it for their own personal benefit.
Six Charged in Investment Fraud Resulting in $3 Million in Losses to Investors

On December 19, 2013, the OFR and the Florida Attorney General's Office announced a $2.1 billion State-Federal settlement with Ocwen Financial Corporation and its subsidiary, Ocwen Loan Servicing. The settlement resolves allegations of mortgage servicing misconduct by Ocwen and two companies later acquired by Ocwen.
Attorney General Bondi and OFR Commissioner Breakspear Announce $2.1 Billion State-Federal Settlement with Ocwen Mortgage

On December 23, 2013, the OFR with the Florida Attorney General's Office filed suit against online consumer finance companies Western Sky Financial, CashCall, related companies and their owner John Paul Reddam. The suit alleges that the companies charged interest rates ranging from 95 percent to 169 percent and annual percentage rates from 139.13 percent to 331.38 percent to more than 6,000 Florida borrowers.
Attorney General Bondi and OFR Commissioner Breakspear Sue Consumer Finance Companies for Illegal Interest and Annual Percentage Rates