GOVERNOR RICK SCOTT

ANNUAL AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

2015

2015 ACHIEVEMENTS

1. **Annual Statistics**

   Division of Securities

   - Total Applications Received: 58,369
     - Broker Dealer Firms: 176
     - Investment Adviser Firms: 780
     - Branch Offices: 1,476
     - Agents/Associated Persons: 55,937

   Division of Consumer Finance

   - Total Applications Received: 23,720
     - Commercial Collection Agency: 29
     - Consumer Collection Agency: 261
     - Consumer Finance Company: 102
     - Home Improvement Retail Installment Seller: 42
     - Home Improvement Retail Installment Seller Branch: 0
     - Loan Originator (NMLS): 5,424
     - Money Transmitters Part II: 55
     - Money Transmitters Part II-DPP: 14
     - Money Transmitters Part II-Locations: 13,770
     - Money Transmitters Part III: 117
     - Money Transmitters Part III-DPP: 22
     - Money Transmitters Part III-Locations: 102
     - Mortgage Broker (NMLS): 243
     - Mortgage Broker Branch (NMLS): 39
     - Mortgage Lender (NMLS): 79
     - Mortgage Lender (NMLS) Servicer: 62
     - Mortgage Lender Branch (NMLS): 496
     - Mortgage Lender Branch (NMLS) Servicer: 626
     - Motor Vehicle Retail Installment Seller: 1,238
     - Motor Vehicle Retail Installment Seller Branch: 36
     - Retail Installment Seller: 296
     - Retail Installment Seller Branch: 460
     - Sales Finance Company: 152
     - Sales Finance Company Branch: 49
     - Title Loan Lender: 6

Division of Financial Institutions

- Total Applications Received: 106
  - Backgrounds: 84
  - Branch: 4
  - Change of Control: 5
  - Conversion: 2
  - De Novo – International: 2
  - De Novo – Family Trust Company: 1
  - Merger: 6
  - Purchase and Assumption: 2

Bureau of Financial Investigations

- o Investigations Opened: 153
- o Investigations Closed: 137

2. Communications and Outreach Activities

On January 13, 2015, a column "Jumpstart the New Year with Healthy Financial Habits," by OFR Commissioner Drew J. Breakspear appeared in Sunshine State News.

On January 14, 2015, the OFR issued a press release announcing the second edition of OFR's Fast Facts.
Press Release: Office of Financial Regulation Releases 2014 Fast Facts

On January 14, 2015, the OFR issued a consumer alert on loan modification scams.
Consumer Alert: Loan Modification Scams

On January 16, 2015, members of the Division of Consumer Finance participated in the Florida Association of Mortgage Professionals (FAMP) Regulatory Symposium in Tampa. Topics discussed included expectations related to examinations, effects of statutory changes in renewals and reactivations and industry trends. Approximately 135 association members attended the event.

On January 20, 2015, the OFR issued an industry alert regarding retail installment license renewal.
Industry Alert: Retail Installment License Renewal

On January 29, 2015, a member of the Division of Financial Institutions participated on a regulator panel at the FBA Safety and Soundness Seminar in Miami. Approximately 20 people were in attendance.

On January 29, 2015, the OFR issued a consumer alert regarding real estate investment fraud.
Consumer Alert: Real Estate Investment Fraud

On January 30, 2015, a member of the Division of Financial Institutions participated on a regulator panel at the FBA Safety and Soundness Seminar in Tampa. Approximately 70 people were in attendance.

On February 16 - 19, 2015, members of the Division of Consumer Finance represented the OFR at the NNMLS (Nationwide Mortgage Licensing System) 2015 Annual Conference and Training in San Diego, California. The Division Director moderated a panel discussing the regulation of debt buyers. The Bureau Chief of Registrations moderated a panel discussing NMLS user notifications and document uploads. The conference attendees included state regulators and industry representatives from around the country. The feedback from the industry was extremely positive. Florida is recognized as a leader in efficiency and process improvements resulting in improved processing times. The conference also gave state regulators a great opportunity to discuss best practices and to continuously evaluate processes in an effort to yield further efficiencies. There were approximately 580 people attending the conference.

On February 19, 2015, the OFR issued a consumer alert with tips on preventing tax-refund fraud.
Consumer Alert: Preventing Tax-Refund Fraud

On February 23, 2015, the OFR issued a press release celebrating America Saves Week.
Press Release: The Florida Office of Financial Regulation Celebrates America Saves Week

On February 24, 2015, an article celebrating America Saves Week written by OFR Commissioner Drew J. Breakspear appeared in the Tampa Tribune.
Tampa Tribune: Drew Breakspear: Make saving money a priority

On February 27, 2015, OFR Commissioner Drew J. Breakspear presented at the Manatee Chamber of Commerce luncheon in Bradenton. Approximately 20 attendees listened as the Commissioner discussed the health of the financial services industry in Florida.

On March 9, 2015, an opinion editorial by OFR Commissioner Drew J. Breakspear on the importance of financial literacy in classrooms appeared in the Pensacola News-Journal.

On March 10, 2015, the OFR issued a press release announcing the charging of a company for assessing illegal loan fees.
Press Release: Company Charged with Assessing Illegal Loan Fees

On March 19, 2015, the OFR issued a consumer alert on foreign currency scams.
Consumer Alert: Foreign Currency Scams

On April 1, 2015, the OFR issued a press release celebrating Financial Literacy Month.
Press Release: Florida Celebrates Financial Literacy Month

On April 16, 2015, a member of the Division of Financial Institutions participated on a regulator panel at the National Association of Corporate Directors, Florida Chapter and American Association of Bank Directors workshop in Fort Lauderdale.

On April 16, 2015, the OFR issued a consumer alert on the top 5 financial literacy resources.
Consumer Alert: Top 5 Financial Literacy Resources

On April 24, 2015, a column by OFR Commissioner Drew J. Breakspear on financial literacy appeared in the Sunshine State News.
In Case You Missed It: Sunshine State News: Financial Literacy Begins with Basics

On April 24, 2015, OFR Commissioner Drew J. Breakspear issued a statement on the passage of agency legislation.
Commissioner Drew J, Breakspear's Statement on Agency Legislation

On April 27, 2015, the OFR issued a consumer alert on 5 common financial scams
Consumer Alert: 5 Common Financial Scams

On May 1, 2015, the OFR issued a press release recognizing May as Putting Investors First Month.
Press Release: Florida Office of Financial Regulation Recognizes Putting Investors First Month

On May 25 - 30, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS State Federal Supervisor Forum in San Francisco, California.

On May 28, 2015, member of the Division of Securities spoke at the 27th Annual Educational Conference of the Florida Association of Business Tax Officials Inc. The conference was held in Lake Buena Vista and attended by approximately 200 business tax professionals. The presentation included an overview of the OFR, the programs within each division and the registration requirements, and enforcement activities for the Division of Securities.

On June 1, 2015, the OFR issued a consumer alert on hurricane and disaster preparedness.
Consumer Alert: Hurricane and Disaster Preparedness

On June 2, 2015, the OFR issued a press release regarding a letter that Commissioner Drew J. Breakspear sent to CFPB Director Cordray urging the use of Florida's regulatory model for payday lending.
Press Release: Commissioner Drew J. Breakspear Urges Use of Florida's Regulatory Model for Payday Lending

On June 8, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the 2015 Florida Bankers Association Annual Meeting in Boca Raton.

On June 17, 2015, the OFR issued a consumer alert on identity theft.
Consumer Alert: Identity Theft

On June 17 - 19, 2015, the Division of Securities, in conjunction with the North American Securities Administrators Association (NASAA), held the 2015 Annual Broker Dealer Training Program in Ft. Lauderdale. OFR Commissioner Breakspear presented opening remarks and welcomed the attendees to Florida. The program was attended by over 240 state examiners, investigators, attorneys and speakers from across the country and Canada. The two track program focused on broker dealer sales practice examinations, registrations, investigations and administrative hearings.

On June 18, 2015, a member of the Division of Financial Institutions represented the OFR at the League of Southeastern Credit Unions Annual Meeting in Orlando.

On June 18 - 19, 2015, Commissioner Drew Breakspear and a member of the Division of Financial Institutions represented the OFR at the Conference of State Bank Supervisors Region III Interagency Conference.

On July 1, 2015, the OFR issued a press release announcing the restructure of the Office of Communications to include cabinet and legislative affairs.
Press Release: Commissioner Breakspear Announces New Office of Communications & Governmental Relations

On July 15, 2015, the OFR issued a press release on a national company charged with aiding and abetting in a check deposit scheme.
Press Release: National Company Charged with Aiding and Abetting in Check Deposit Scheme

On July 22, 2015, the OFR issued a consumer alert on cyber security safety tips.
Consumer Alert: Cyber Security Safety Tips

On August 6, 2015, the OFR issued a press release announcing arrests in a gold-mining investment scheme.
Press Release: Miami-Dade Duo Arrested in Alleged Investment Scheme

On August 9, 2015, an opinion editorial by Commissioner Drew J. Breakspear appeared in *American Banker*.
[Too Small to Comply: Florida 's Regulator on Dodd -Frank's Defects]

On August 24, 2015, the OFR issued a consumer alert on unlicensed payday lenders.
[Consumer Alert: Beware of Unlicensed Payday Lenders]

On August 20, 2015, a member of the Division of Securities contributed to a panel at the 2015 U.S. Securities and Exchange Commission (SEC) Southeastern Securities Conference in Miami. The topics discussed included trends, initiatives and priorities within the securities regulatory enforcement arena. Approximately 250 federal and state law enforcement, Department of Justice personnel and regulators attended the meeting.

On September 10 - 11, 2015, a member of the Division of Financial Institutions participated in a regulator panel at the Florida Bankers' Association's 30th Directors Forum in Naples.

On September 17, 2015, two members of the Division of Financial Institutions represented the OFR at the South Florida Interagency Meeting at the Federal Reserve Bank in Miami.

On September 18, 2015, an opinion editorial by OFR Commissioner Drew Breakspear was featured in the Pensacola News Journal.
[Viewpoint: Fight Financial Fraud]

On September 24, 2015, a member of the Division of Securities contributed to a panel at the 2015 Compliance Conference in Boca Raton, sponsored by Regulatory Compliance. The topics covered included securities enforcement trends and priorities. Approximately 50 conference attendees attended the meeting.

On September 30, 2015, the OFR issued a consumer alert on ATM skimmers.
[Consumer Alert: Beware of ATM skimmers]

On October 6, 2015, the OFR issued a press release announcing the new Deputy Commissioner of the OFR.
[Commissioner Breakspear Announces Deputy Commissioner Appointment]

On October 13 - 16, 2015, three members of the Division of Financial Institutions represented the OFR at the District III Interagency Meeting in Atlanta, Georgia.

On October 27, 2015, the OFR released a consumer alert on cybersecurity tips for small businesses.
Consumer Alert: Cybersecurity Tips for Small Businesses

During the week of October 26, 2015, a member of the Division of Financial Institutions met with institutions in the South Florida area.

On October 28, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the FBA Safety and Soundness Seminar in Miami.

On October 29, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS Emerging Risk Meeting in Washington, D.C.

On November 3, 2015, a member of the Division of Securities participated in a panel discussion at the U.S. Securities and Exchange Commission (SEC) at the Financial Planning Association (FPA) monthly meeting. The OFR team member discussed the mission of the OFR, the Division registration, examination process and common areas of concern found during examinations. Approximately 45 securities industry members attended.

On November 4, 2015, the OFR issued a press release on Operation Collection Protection.
Press Release: Florida Office of Financial Regulation Supports Operation Collection Protection

On November 16, 2015, the OFR issued a press release celebrating International Fraud Awareness Week.
Press Release: The Office of Financial Regulation Celebrates International Fraud Awareness Week

On November 16, 2015, the OFR provided an interview for an editorial for the Palm Beach Post.
Editorial: Debt collection underworld must be brought into the light

On November 16, 2015, the Division of Securities Senior Management met with the Financial Planning Association (FPA) of Florida. Topics discussed included an overview of the Division of Securities and current regulatory trends. Nine members of the FPA of Florida attended the meeting.

On November 16 - 17, 2015, the Division of Securities hosted a training program for the Bureau of Registration's staff. Presentations included crowdfunding, customer services, hot topics and investment products.

On November 20, 2015, the OFR issued an industry alert regarding the license renewal process for certain OFR licensees.
Industry Alert: OFR License Renewal Process Opens

On November 24, 2015, the OFR issued a consumer alert regarding Transfer on Death plans for active brokerage accounts.
Consumer Alert: Transfer on Death Plans for Active Brokerage Accounts

During 2015, the Division of Securities conducted an extensive review of the Florida Administrative Rules under Chapter 69W. The Division made amendments to its registration/notice-filing rules for entities required to be registered or notice-filed under Chapter 517, F.S. The Division identified 14 of these categories and endeavored to create separate rules for each (11 new rules and amendments to three existing rules). The changes improve organization and clarity and provide applicants with a single rule containing the requirements for the registration type for which they are applying. 12 rules in Chapter 69W, F.A.C., were repealed with the provisions of those rules appearing in the proposed new rules as applicable to each registration type. The revised administrative rules under Chapter 69W, F.A.C., are effective December 29, 2015.

On December 29, 2015, the OFR issued a consumer alert regarding tech support scams.
Consumer Alert: Tech Support Scams

3. Substantial Regulatory Actions

Motor Vehicle Retail Installment Seller License Revoked
On January 26, 2015, the Division of Consumer Finance entered a final order, revoking the motor vehicle retail installment license for Fantasy Imports Auto Sales, Inc., (Fantasy Auto) and Nasser Hasan. Fantasy Auto and Nasser Hasan failed to report that on February 17, 2014, the OFR revoked the check casher license of Nasser Hassan d/b/a Buy One Get One and imposed a fine for failing to maintain records.

Final Order and Fine for Unlicensed Money Transmission
On January 30, 2015, the Division of Consumer Finance entered a final order against AirBnB, Inc., for unlicensed money transmission activity. An administrative fine of $463,000 was paid and licensure was granted.

Loan Originator License Revoked
On February 5, 2015, the Division of Consumer Finance entered a final order, revoking the loan originator license for Michael Mangra. On January 3, 2013, Mangra was charged by indictment with conspiracy to commit bank fraud and making a false statement on a loan application. On February 14, 2014, Mangra pled guilty to conspiracy to commit bank fraud. Mangra failed to timely notify the OFR of the indictment and the subsequent guilty plea.

Permanent Bar Against an Investment Adviser Firm and Associated Person for Fraud
On February 19, 2015, the Division of Securities entered a final order against Sunrock Financial Group and Matthew Watson Shaw for failing to provide

information required on their registration forms, making misrepresentations or omissions of material facts and/or engaging in a practice which operated as a fraud and making false and misleading statements on the firm's website and advertisements. Mr. Shaw failed to submit or obtain approval from his employing firm to engage in outside business activities. Sunrock Financial Group failed to register two branch office locations. Sunrock Financial Group and Mr. Shaw are permanently barred from affiliating or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes.

<u>Permanent Bar and $45,000 Fine Against an Associated Person for Prohibited Business Practices</u>
On April 3, 2015, the Division of Securities entered a final order against Jamie D. Pope, permanently barring Mr. Pope from registration with the office, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Jamie D. Pope engaged in prohibited business practices by borrowing money from customers and engaging in private securities transactions without approval from his employing broker dealer firm. An administrative fine of $45,000 was assessed.

<u>Permanent Bar and $110,000 in Total Fines Against Unregistered Broker Dealers and Associated Person for Fraud</u>
On April 7, 2015, the Division of Securities entered a final order against Pinnacle Investments, LLC and Jose Anthony Valenzuela permanently barring them from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged Pinnacle Investments, LLC and Mr. Valenzuela offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $110,000 in administrative fines was assessed.

<u>Permanent Bar and $300,000 in Total Fines Against an Unregistered Issuer Dealer and Associated Persons for Fraud</u>
On April 20, 2015, the Division of Securities entered a final order against Allied Markets, LLC, Joshua Gilliland and Chawalit Wongkhiao permanently barring them from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged the firm and associated persons failed to provide prospectus to purchasers, offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $300,000 in administrative fines was assessed.

<u>Permanent Bar and $20,000 Fine Against Florida Companies and Principal for Fraud</u>
On June 2, 2015, the Division of Securities entered a final order against

Infinite Media Group, LLC, Infinite Entertainment Group, LLC, Gidget Film Partners, LLC, Love In Vain Film Partners, LLC, Hello Kitty Film Partners, LLC, and Steele Shannon, permanently barring the firms and Steele Shannon from registration with the office after they failed to request a hearing. The final order follows an administrative complaint, which alleged the firms and Steele Shannon conducted fraudulent securities transactions. A $20,000 administrative fine was assessed.

Twelve Year Bar and $32,000 Fine Against Unregistered Associated Person for Fraud

On June 10, 2015, the Division of Securities entered a final order against David Yaacov Grossman and Grossman & Stein, barring Mr. Grossman for 12 years from affiliating or seeking future registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. David Yaacov Grossman and the firm were found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered. In addition, Mr. Grossman was found to have obtained money by means of fraud. A $32,000 administrative fine was assessed against David Yaacov Grossman.

Permanent Bar Against Unregistered Associated Person for Fraud

On June 24, 2015, the Division of Securities entered a final order against Phil Donnahue Williamson for engaging in outside business activity, selling away, unregistered investment activity, selling unregistered securities, a Ponzi scheme and fraud. Mr. Williamson is permanently barred from engaging in, affiliating with or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S.

Permanent Bar and $40,000 Fine Against Unregistered Associated Person for Fraud

On July 17, 2015, the Division of Securities entered a final order against Chazon Stein permanently barring him from applying for registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Mr. Stein was found to have offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $40,000 administrative fine was assessed.

Permanent Bar and $330,000 in Total Fines Against an Unregistered Broker Dealer and Three Associated Person for Fraud

On July 22, 2015, the Division of Securities entered a final order against TangoPoint Partners, LLC, Eugene Cabrera, Richard Mahan and Deborah Ramirez permanently barring them from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged the TangoPoint Partners, LLC, Eugene Cabrera, Richard Mahan and Deborah Ramirez offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $330,000 in administrative fines was assessed.

Permanent Bar and $15,000 Fine Against Unregistered Firm Associated Person for Fraud

On July 24, 2015, the Division of Securities entered a final order against Chadbourn Partners, LLC and Daniel R. Murphy, permanently barring them from applying for registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. The firm and Daniel R. Murphy were found to have offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $15,000 administrative fine was assessed.

Permanent Bar and $77,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On August 20, 2015, the Division of Securities entered a final order against Akro Advisors Inc., permanently barring Akro Advisors Inc., from registration with the office, after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Akro Advisors Inc., engaged in prohibited business practices by failing to amend an inaccurate Form ADV, follow safekeeping requirements, file audited financial statements, maintain required net capital and timely notify the OFR of the firm's net capital deficiency. An administrative fine of $77,500 was assessed.

Final Order for $35,000 Fine Against a Broker Dealer Firm

On October 5, 2015, the Division of Securities, in conjunction with a multi-state settlement, entered a final order against Citigroup Global Markets Inc., for failing to establish, maintain, and enforce supervisory procedures, failing to enforce the firms written procedures and not properly registering sales assistants with the State of Florida. In accordance with the terms of the settlement, Citigroup Global Markets Inc., agrees to establish and maintain reasonable supervisory policies and procedures for the firm's sales assistants and to pay an administrative fine of $35,000 to the State of Florida.

Permanent Bar of an Investment Adviser and Associated Person

On October 27, 2015, the Division of Securities entered a final order against Sarris Financial Group, Inc., and Emanuel Louis Sarris, Sr., for failing to provide books and records after a written request by the OFR. Sarris Financial Group, Inc., agreed to terminate its registration as an investment adviser with the state of Florida. Pursuant to the final order, Sarris Financial Group, Inc., and Emanuel Louis Sarris, Sr., are permanently barred from affiliating or seeking future registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes.

Permanent Bar and $600,000 in Total Fines Against an Unregistered Broker Dealer and Associated Person for Fraud

On November 6, 2015, the Division of Securities entered a final order against Scurry Capital Consulting, LLC, and Stephen Andrew Comeau permanently barring the firm and him from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged Scurry Capital Consulting, LLC, and Mr. Comeau offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $600,000 in administrative fines was assessed.

Multi-State Settlement Agreement and Consent Order for Improper Fees

On November 18, 2015, a settlement agreement and consent order between 50 state mortgage regulators including the OFR was entered with Prospect Mortgage, LLC. A multistate examination conducted by eight states revealed a pattern of charging improperly disclosed and unsupported fees paid to the company's subsidiary. The order required Prospect Mortgage, LLC to pay restitution of $2.8 million plus interest from the date the improper fee was charged to consumers throughout the United States. There are 3,406 Florida consumers that are eligible to receive restitution from the settlement. The OFR will receive a $340,600 administrative fine for federal violations identified in the multistate examination.

Permanent Bar and $100,000 in Total Fines Against Unregistered Broker Dealer, Issuer Dealer and Associated Person for Unregistered Activity and Fraud

On December 1, 2015, the Division of Securities entered a final order against Leland Energy Inc., Leland Kentucky Holdings Inc., Stephen M. Thompson and Cumberland Revenue Drilling Fund, LLP permanently barring them from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S., after they failed to request a hearing. The final order follows an administrative complaint, which alleged the firms and Mr. Thompson offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $100,000 in administrative fines was assessed.

Fines Totaling $206,756 for Unregistered Activity

From January 1 to December 23, 2015, the Division of Securities fined 19 associated persons and two firms for engaging in unregistered investment advisory or securities activities in the State of Florida. A total of $206,756 in administrative fines were assessed.

Denial of Nine Associated Person Applications

From January 1 to December 31, 2015, the Division of Securities denied nine 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.

4. Significant Enforcement Actions

Civil Enforcement Complaint Filed Against Jacksonville Commodity Pool

On January 6, 2015, the Commodities Futures Trading Commission (CFTC) filed a civil complaint in the U.S. District Court for the Middle District of Florida charging defendants Allied Markets, LLC and its principals Joshua Gilliland and Chawalit Wongkhiao, all of Jacksonville, Florida with operating a fraudulent foreign currency (forex) commodity pool in violation of the Commodity Exchange Act (CEA) and CFTC Regulations. On January 7, 2015, an Emergency Order freezing and preserving assets under the defendants' control and prohibiting destruction of documents was issued by U.S. District Judge Marcia Morales. The action followed a joint OFR/CFTC investigation that determined since January 2012, the defendants fraudulently solicited more than $1 million from members of the public to trade forex in a commodity pool. Defendants Gilliland and Wongkhiao allegedly misappropriated funds to pay for personal expenses, including restaurants and entertainment, travel, hotels, rental cars and rent for their residence in Jacksonville Beach, Florida. Defendants also allegedly paid purported trading profits and principal to pool participants in the manner of a Ponzi scheme, according to the complaint. The investigation also determined the defendants solicited members of the public to send them money for forex trading by fraudulently guaranteeing specific trading returns and by making material misrepresentations regarding their trading expertise and results, including that the defendants' forex trading was generating large profits. OFR investigators assisted in the execution of the order, seizing computers and other evidence. A separate OFR administrative complaint was issued against Gilliland, Wongkhiao and Allied Markets, LLC on February 25, 2015, for violations of Chapter 517, F.S.

Defendant Enters Guilty Plea in Investment Fraud Case

On January 9, 2015, Christopher Anzalone, pled guilty in federal court to a charge of conspiracy to commit wire fraud. Earlier, on September 30, 2014, Anzalone was charged with conspiracy to commit mail and wire fraud. The charges were related to his involvement in an elaborate fraud scheme involving purported investments in precious metals and stocks. The investments were sold under various corporate names including Liberty International Holdings Corporation (LIHC), Liberty International Financial Services (LIFS), Allied Strategies, Inc., Allied Marketing, LLC and DBA Clearing, LLC. Anzalone's co-defendants in the case, Jeffrey Schuler, Jacob Bradshaw, David O. Boyce and Benjamin Williams were also charged with various offenses including mail fraud, wire fraud and conspiracy to commit mail and wire fraud. As of October 28, 2014, each of the co-defendants had been arrested and each are presently awaiting trial. The OFR's investigation focused on Allied Marketing, LLC and Allied Strategies, Inc. (Allied). Allied's bank records along with investors' sworn statements revealed that the defendants raised $3.3 million from 23 Allied investors between March 2013 and October 2013. Allied investors were led to believe that LIHC stock had value due to the company's holdings in real estate and/or precious metals, when in fact, LIHC had no holdings in real estate or

precious metals. The review of financial records revealed that the money raised by Allied from investors was never used for the purposes represented to the investors, but instead was used to pay sales commissions and for Anzalone's personal living expenses. All told, the money raised by the defendants through each of the various companies named in the criminal filings was more than $16 million. This investigation was developed jointly with the FBI. The U.S. Attorney's Office in Miami is prosecuting the case. Sentencing of Anzalone is set for March 27, 2015. Anzalone faces a term of imprisonment of up to 20 years and a fine of up to $250,000.
Press Release: California Resident Pleads Guilty For Leading A $16 Million Investment And Commodities Fraud Scheme

Futures Trader Arrested and Charged with Fraud
On January 12, 2015, Dante Giovannetti was arrested by the Royal Canadian Mounted Police in Vancouver Island, British Colombia. A criminal complaint against Giovannetti was filed on November 20, 2014, by the United States Attorney's Office and a warrant was issued for his arrest. Giovannetti, a NFA registered commodity trading advisor, has been charged with wire fraud for allegedly defrauding three investors out of approximately $700,000 in a scheme that promised high returns. Giovannetti purportedly promised investors, which he found mostly through word of mouth, returns of nearly 300 percent from profitable trades in the equity futures markets. However, an investigation found no evidence of such returns. Instead, it appears that Giovannetti produced false trading account statements to support of his claims. The false trading account statements allegedly produced by Giovannetti were used to induce at least three individuals to invest and showed tens of millions of dollars in fictitious profits from trading "E-mini" S&P 500 futures contracts and over $53 million in cash on deposit. Giovannetti, who has been deported from Canada and turned over to the U.S. Marshals Service, is currently being held in Washington state awaiting transport to Florida. This case is being developed jointly with the FBI based on information obtained from the National Futures Association and the Commodities Futures Trading Commission. The criminal case against Giovannetti is being prosecuted by the United States Attorney's Office in the Middle District of Florida.

Tampa Man Sentenced to 24 Months in Prison for Role in Investment Fraud
On January 14, 2015, Matthew Pasquale Ionno was sentenced to 24 months in federal prison, 36 months supervised release and restitution in the amount of $450,091.18 for his role in the operation of a fraudulent day trading company. On June 18, 2014, Matthew Ionno agreed to enter a plea of guilty to one count of conspiracy to commit wire fraud in violation of 18 U.S.C. § 371 for his role in the operation of Traders Café. Traders Café, located in downtown Tampa, offered a purported trading platform and 20 to 1 leverage to day traders identified through social media and internet web sites. Traders Café was established in July 2012, by Matthew Ionno and his business partner, Albert Scipione. Ionno and Scipione represented to traders that they had a proprietary trading platform, that Traders Café maintained a secured escrow account and designated trading accounts that

would be established for clients. Ionno and Scipione did not inform clients that their funds would be used to cover operating expenses as well as their own personal expenses. A total of $473,000 was transferred to a bank account in the name of Traders Café. The funds were not placed into a designated trading account, but rather used to cover operational expenses of the company and personal expenses of Ionno and Scipione. Traders Café, Ionno and Scipione were not registered with the SEC or the OFR in any capacity. Scipione is scheduled to be sentenced on February 22, 2015, in United States District Court, Middle District of Florida. This investigation was developed jointly between OFR and the FBI. The U.S. Attorney's Office in Tampa prosecuted the case.

Man Sentenced for Role in IRS Tax Refund Fraud
On January 26, 2015, Ernest Freeman, sole owner of Freeman & Freeman, Inc., of Fort Myers, was sentenced to 44 months in federal prison to be followed by 24 months of supervised release. On October 27, 2014, a jury found defendant Freeman guilty on all charges including 11 counts of Title 18 U.S. Code § 641 related to theft of government funds and 11 counts of Title 18 U.S. Code § 1028A related to aggravated identity theft. The OFR became involved in this case at the request of the U.S. Attorney's Office for the Middle District of Florida. The federal investigation revealed that Freeman had the sole signature authority for a bank account at Fifth Third Bank for Freeman & Freeman, Inc., a construction company specializing in stucco and concrete work operating in Immokalee. The bank records revealed that from May 2011 through June 2012, Freeman doing business as Freeman & Freeman, Inc., deposited and cashed 121 IRS tax refund checks totaling $677,127.91 that were fraudulently obtained by others. Freeman charged 10 – 15 percent of the face value of the check as a fee for his services. This case was prosecuted by the Assistant U.S. Attorney's Office.

FTC Obtains Injunction Against Entity Charging Advance Fees for Loans
On January 26, 2015, the Federal Trade Commission filed a complaint for permanent injunction and other equitable relief in U.S. District Court for the Southern District of Florida, halting Ivan Levy d/b/a Regency Financial Services, LLC from charging advance fees for auto loans that were not provided. The Court granted a temporary restraining order, an order freezing assets and an order for other equitable relief. During the course of the joint OFR/FTC/Boynton Beach Police Department investigation, evidence revealed that Levy operated under business names such as Regency Financial Services, Levy Fidelity Holdings and/or Fidelity Holdings from 2011 to the date of this action. It is alleged Levy collected more than $300,000 from a multitude of victims who were already under financial duress, falling behind in their car payments and fearful of having their vehicles repossessed. Victims sought to renegotiate or refinance their auto loans through Levy's websites, credit-yogi.com and carpaymenthelpcenter.com. Levy called victims saying he was a broker and falsely offered and guaranteed auto refinancing in exchange for an advance fee of $499, payable in cash. Once the payment was received, Levy would end all communication. None of the victims obtained any financing or a return of their advance fee and many had

their vehicles repossessed as a result of Levy's deceit. Levy conducted business from his home in Boynton Beach for the past three years and did not hold any licenses or registrations as a lender. The OFR opened this case in December 2013 and during the course of the investigation discovered that the FTC was also investigating Levy. All pertinent evidence obtained by the OFR, including affidavits from victims and bank records, was shared with the FTC in support of the civil action.

Brevard Ponzi Schemers Sentenced to 10 Years in Federal Prison

On January 30, 2015, Judge John Antoon, II, sentenced Donald Ray Babb of Merritt Island and Ralph Ruth of Melbourne each to 10 years in federal prison to be followed by three years of supervised release for their roles in operating a Ponzi scheme. Babb and Ruth each pled guilty in November 2014 to one count of conspiracy to commit wire fraud in violation of 18 U.S.C. § 1349. A joint OFR/FBI/ Brevard County Sheriff's Office investigation determined that from June 2006, through December 2013, Babb and Ruth bilked 181 investors out of nearly $19 million through their companies, First Merchant Capital, LLC, Capstar Industries, LLC and Southeast Mutual Insurance and Investment, LLC. The companies were located in Melbourne and Tampa. Ruth and Babb solicited investors through advertisements in local newspapers for Certificates of Deposit (CDs) with high rates of return. The companies were falsely represented as licensed financial institutions whose deposits were insured by the FDIC. Investor funds raised through the purported CD sales were not used to purchase CDs, but rather were used to pay returns to other investors in the form of interest payments, as well as to pay the personal expenses of Babb and Ruth. Babb and Ruth mailed quarterly statements falsely detailing investor account balances from purported CDs sold by First Merchant, LLC, Capstar Industries, LLC and/or Southeast Mutual Insurance and Investment, LLC. On December 4, 2014, a forfeiture money judgment and preliminary order of forfeiture in the amount of $18,731,125.58 was entered against Babb and Ruth in U.S. District Court. The forfeiture order included real estate in Merritt Island owned by both men. Previously, on November 27, 2013, the OFR obtained a court order imposing a temporary injunction and appointment of receiver against Babb, Ruth and their related companies. Michael Moecker & Associates was appointed as receiver. Investigators worked with the receiver to uncover assets and secure the office locations. In addition to taking over the company, the receiver froze multiple bank accounts and uncovered assets including three boats, three aircrafts and four properties which will be sold for the benefit of defrauded investors. This investigation was developed jointly with the OFR, the FBI and the Brevard County Sheriff's Office. The U.S. Attorney's Office prosecuted the case.
Press Release: Brevard County Men Sentenced to More Than 10 Years for Operating $18 Million Fraud Scheme

Convicted Mortgage Fraud Ring Leader Sentenced to Eight Years in Federal Prison

On February 2, 2015, United States Southern District of Florida Judge Robert N. Scola, Jr., sentenced Karl A. Oreste to eight years and four months in federal prison to be followed by five years of supervised release for his role in the KMC Mortgage fraud scheme. Oreste was also ordered to pay $8,215,197.28 in restitution to mortgage lenders. On July 16, 2014, Oreste pled guilty to one count of conspiracy to commit wire fraud in violation of Title 18, U.S.C. Section 1349. The government dismissed counts two through seven of the indictment in exchange for Oreste's plea. In an indictment issued in May 2014, Oreste and three other defendants (Marie Lucie Tondreau, Okechukwu Josiah Odunna and Kelly Augustin) were accused of wire fraud in connection with mortgage loans obtained through KMC. Oreste and co-defendant Tondreau, in particular, were accused of using radio advertisements to lure members of the Haitian-American community to take advantage of certain loan programs offered through KMC. Listeners who responded to the radio ads were recruited by both to become straw buyers of residential property throughout South Florida in exchange for compensation. The defendants told the prospective buyers that they would make the required mortgage payments on the loans and the buyers' names would be removed from the properties within a year. Once the defendants identified properties for purchase, KMC submitted fraudulent loan applications and other related documents to various lenders on behalf of straw buyers who were paid between $5,000 and $15,000 for the use of their credit. Tondreau, and at least one other defendant, used her business to provide false employment verifications for those buyers. The defendants also created multiple Form HUD-1 Settlement Statements in order to conceal the fact that the loans were for amounts greater than the seller's asking price, resulting in substantial cash proceeds being redirected to the defendants at closing. These additional proceeds were appropriated by the defendants without the lenders' knowledge or consent. The defendants made mortgage payments until they ran out of money, causing the lenders to foreclose on the properties and suffer losses of over $8.2 million. The majority of the outsized proceeds received from the fraudulent loan applications were used for the personal benefit of the defendants. On December 16, 2014, a federal jury in Miami found suspended North Miami mayor, Marie Lucie Tondreau, guilty of four counts of wire fraud against a financial institution and one count of conspiracy to commit wire fraud against a financial institution. Tondreau will be sentenced on March 20, 2015. This investigation was developed jointly by OFR and the FBI and was prosecuted by Assistant U.S. Attorney Lois Foster-Steers.
Press Release: Former North Miami Mayor's Co-Defendant Sentenced in Multi-Million Dollar Mortgage Fraud Scheme

Orlando Man Sentenced in "Sweetheart" Fraud Scheme

On Friday, February 13, 2015, Scott Campbell was sentenced to 20 years of imprisonment and 10 years of probation for his role in defrauding dozens of investors throughout Florida in a long-running investment fraud scheme. The sentence follows a weeklong trial in December 2014, where Campbell was found guilty of first degree grand theft. From approximately 2003 until his arrest in June

2013 and beyond, Campbell operated a “sweetheart” investment scheme targeting single women with whom he had become acquainted through online dating websites. Campbell enticed more than 30 victims into investing in his purported musical recording and talent search business with promises that each would receive two percent of his companys’ future profits. The OFR investigation revealed, however, that Campbell spent most of the $1 million in funds collected from investors on gambling and personal living expenses. Victims claim that Campbell solicited them for investments to develop a recording studio for BDO (Bank Deposits Only) Records. Although construction of a purported sound studio had begun in a friend’s backyard, the structure was not properly permitted by local authorities for a commercial business. The OFR was responsible for 100 percent of the investigative work on this case. The Office of Statewide Prosecution in Orlando prosecuted the case.
Press Release: Orlando Man Sentenced in “Sweetheart” Fraud Scheme

Palm Beach County Man Convicted in Investment Fraud Scheme
On Friday, February 13, 2015, Michael T. Hardman was convicted by a jury in Palm Beach County of two counts of grand theft for his role in defrauding more than 30 Florida victims in a fraudulent promissory note scheme. The joint OFR and Palm Beach County Sheriff’s Office investigation found that Hardman collected more than $1.75 million dollars from his victims, some of whom were elderly clients of his deceased father’s securities brokerage business. Other victims were members of his Alcoholics Anonymous group. Hardman formed a company called Tech Support Systems and issued vague promissory notes promising returns as high as 7.5 percent. He used his company as the note issuer but could never explain to any of his investors what this company actually did. The notes offered his personal guarantee, but most of the investors lost their life savings. The Palm Beach County State Attorney’s Office prosecuted the case. Hardman is scheduled to be sentenced on April 7, 2015.
Press Release: Palm Beach County Man Convicted in Investment Fraud Scheme

Tampa Man Sentenced to 30 Months in Prison for Role in Investment Fraud
On February 20, 2015, Albert Joseph Scipione was sentenced to 30 months in federal prison to be followed by 36 months supervised release for his role in the operation of a fraudulent day trading company. He was also ordered to pay restitution in the amount of $463,463.81. On November 18, 2014, Scipione agreed to enter a plea of guilty to one count of conspiracy to commit wire fraud in violation of 18 U.S.C. § 371 for his role in the operation of Traders Café. Traders Café, located in downtown Tampa, offered a purported trading platform and 20:1 leverage to day traders identified through social media and internet web sites. Traders Café was established in July 2012 by Scipione and his Business Partner, Matthew Ionno. Scipione and Ionno represented to traders that they had a proprietary trading platform, that Traders Café maintained a secured escrow account and designated trading accounts that would be established for clients. Scipione and Ionno did not inform clients that their funds would be used to cover operating expenses as well as their own personal expenses. A total of $473,000

was transferred to a bank account in the name of Traders Café. The funds were not placed into a designated trading account, but rather used to cover operational expenses of the Company and personal expenses of Scipione and Ionno. Traders Café, Scipione and Ionno were not registered with the SEC or the OFR in any capacity. Ionno was sentenced to 24 months in prison on January 14, 2015, in United States District Court, Middle District of Florida. This investigation was developed jointly by the OFR and the FBI. The U.S. Attorney's Office in Tampa prosecuted the case.

Hillsborough County Man Arrested for Sale of Unregistered Securities
On February 26, 2015, Allan Michael Roth of Tampa, was arrested on 34 counts of selling unregistered securities and 34 counts of selling securities without being registered as a dealer, associated person or issuer. Roth allegedly represented to at least 20 investors that he was working for Jaco Financial, LLC, in Palm Harbor and was selling shares of stock in BizRocket.com (BZRT). Roth was licensed by the Financial Industry Regulatory Authority (FINRA) from January 1990 through September 2011 as a securities broker. From January through May, 2012, Roth solicited 20 investors by telephone and in-person, some of whom include former clients, to purchase stock in BZRT, a Nevada Company based in Coral Springs, Florida. BZRT was purportedly being marketed as the next "Facebook for kids," a social network with safeguards for children. Roth is alleged to have represented to investors that he was registered to sell securities and guaranteed a substantial return on investment in a short period of time. However, Roth was not registered to sell securities in 2012 and failed to disclose that BZRT was not a registered security. Roth collected $295,465.69 from investors for purchase of 29,330,000 shares of Bizrocket.com. Though not registered, BZRT shares were traded on the over-the-counter market until trading was suspended in September 2012, by the Securities and Exchange Commission. The trading suspension was based on the SEC's charge that the company was making unfounded representations in its press releases. Roth is being held on $340,000 bail. This case is being prosecuted by the Pinellas County State Attorney's Office. The OFR is the sole investigative agency on this case.
Press Release: Tampa Man Arrested in Penny Stock Scam

Tarpon Springs Man Arrested for Securities Fraud
On February 27, 2015, John Edward Simpson of Tarpon Springs, was arrested and charged with selling unregistered securities, selling securities without being registered as a broker, securities fraud and grand theft. Simpson is alleged to have represented to at least 20 investors across the country that his company, Defense Technology Corporation (DTC), had developed a security system to be manufactured and marketed to schools and universities in the United States. According to investors, Simpson represented DTC was going public soon and that their funds would be used to manufacture the security system and pay for legal fees incurred in taking DTC public. Simpson issued stock and promissory notes in DTC but never established any revenue or customers. Contrary to

representations, the majority of investors' funds were purportedly not used to further the business, but instead was used to pay Simpson's "salary" and personal living expenses. The OFR is responsible for all of the investigative work in this case. Simpson was arrested by the Tarpon Springs Police Department. The Pinellas County State Attorney's Office is prosecuting the case. Bond has been set at $250,000. The OFR's investigation is ongoing.
[Press Release: Tarpon Springs Man Arrested for Securities Fraud]

Ponzi Schemer to Serve Eight-Year Prison Term
On February 27, 2015, Miami-Dade Circuit Court Judge Robert Luck lifted a conditional stay on the sentencing of Marguerite Martial Jean, and remanded her into custody to begin serving an eight-year prison sentence according to the terms of a previously accepted plea agreement. In November 2014, Jean pled guilty to one count of grand theft and three counts of securities fraud in connection with a Ponzi scheme that defrauded investors out of $3.4 million. She was sentenced to eight years imprisonment with a stay placed on the sentence according to a provision in her plea agreement. Jean was required to pay at least $75,000 in restitution to the victims by February 27, 2015, in order to avoid being imprisoned. However, Jean failed to honor the agreement. Jean was initially charged and arrested on April 14, 2011, following an OFR investigation which found that from January 2007 through October 2010, Jean, through her companies, MMJ's Warehouse and VLM Enterprise, engaged in a Ponzi scheme that victimized 293 Haitian-American investors. Jean sold promissory notes to investors offering "guaranteed" returns of up to 22 percent per year. She promoted the investment offering to members of her church congregation and through word of mouth. The OFR investigation found that Jean falsely represented to investors that she bought and sold rice from India and used the profits from the resale to make payments to investors. A review of bank records revealed that new investor funds went to Jean's personal account, which she subsequently used to pay existing investors and to finance her lifestyle. In addition to the prison sentence, Jean was also ordered to pay $719,065.00 in restitution to the 15 victims named in the criminal filing.
[Press Release: Miami Woman Begins Eight-Year Prison Sentence for Securities Fraud]

Former Ocala Area Man Arrested for Role in Investment Fraud Scheme
On March 9, 2015, James Allen Hall was arrested in Pittsburg, Kansas by the Crawford County Sheriff's Office. A criminal information filing for Hall's arrest was entered in Orange County, Florida on March 6, 2015, charging Hall with one count of grand theft. After Hall is extradited to Florida, he will be held on a $10,000 bond. An OFR investigation revealed that from 2010 through 2013, Hall acted as a Third-Party Administrator (TPA) of 401(k) plans for several Florida and out-of-state companies. Hall contracted with ExpertPlan (EP) to use their third party administrator proprietary database, website and software for his administrative duties. Using his database access, Hall is alleged to have changed plan participants' email and residential addresses to his own email and

business address without the participants' knowledge or consent. By doing so, routine confirmations, account statements and other indicators of account activity ordinarily sent to the plan sponsor and/or participants were sent to Hall instead, effectively eliminating the participants' ability to timely note changes in their retirement accounts. Hall was able to use his TPA position for his own personal gain by allegedly generating fraudulent expenses in the EP database under the guise of various fees including "administrative, miscellaneous, annual and participant" fees. Hall is further alleged to have gained unauthorized access to plan participants' accounts to place sell orders on mutual fund holdings in order to fund his falsified expenses. As the TPA, Hall knew the funds were available, and as the designated plan sponsor, he was able to initiate a fee request that resulted in sell order transactions from the participants' mutual fund accounts. The funds' trustee was directed to issue checks payable to Hall. Hall is alleged to have received over $800,000 in illegally gotten gains that he used for his own personal benefit. The OFR was responsible for all of the investigative work in this case. The case is being prosecuted by the Office of Statewide Prosecution in Orlando.
Press Release: Former Ocala Area Man Arrested for Investment Fraud

Largo Man Pending Trial in Investment Fraud Case is Arrested Again in New Scheme

On March 5, 2015, Gary L. Gauthier, formerly of Largo, was arrested at his home in Michigan following a three-month OFR investigation into an alleged fraudulent business development scheme that resulted in $60,000 in losses to a Florida victim and his family. Gauthier is alleged to be the orchestrator of the scheme. Through his company, GB Marketing, LLC Gauthier is purported to have offered a Tampa area sports apparel business the opportunity to obtain marketing services that would enhance and grow the enterprise. According to the business owner and victim of this scheme, Gauthier offered him an opportunity to raise funds through a private placement offering in connection with the purchase of a shell company in exchange for an $85,000 investment. The victim raised the funds with help from family and friends, placing $25,000 of it in escrow and paying the rest directly to Gauthier. A review of the bank records related to Gauthier's company revealed that none of the $60,000 that was placed with Gauthier was used to promote the victim's business or to purchase a shell company. Instead, evidence suggests that the money was used by Gauthier for personal lifestyle expenses including retail purchases, travel and recreation expenses. Gauthier is the subject of another OFR investigation involving investments in what is alleged to be a fraudulent real estate offering. He was arrested in relation to that case in January 2014 and had since moved to Michigan while awaiting trial. While still in Florida, however, he is alleged to have promoted himself on the radio as an "investment banker" who could help develop a product or idea by raising private equity money, marketing the product and taking the company public. He is expected to be extradited to Florida to be arraigned in this case as soon as arrangements are finalized. This investigation was developed jointly between OFR and the Florida Department of Law Enforcement. The Office of Statewide Prosecution is prosecuting the case. [Press Release: Largo Man Arrested for Fake Business Development Scheme]

Hillsborough County Man Arrested for Organized Fraud

On March 12, 2015, Francis Joseph Balkum, III, was arrested on one count of organized fraud related to his role in an alleged fraudulent investment offering and loan scheme. Balkum, the CEO of RX Financial Corporation (RX) in Tampa, is alleged to have sold promissory notes to investors who believed their money would be used to fund loans to the healthcare industry. According to investors, Balkum claimed that the funds would be used by medical facilities for capital expenditures and their investments were guaranteed against loss. From April 2008 through March 2012, RX received approximately $290,000 from at least five Florida investors. Contrary to his representations, however, the OFR investigation revealed that none of the investors' funds were ever loaned to prospective borrowers as represented by Balkum. Simultaneous with the investment scheme, Balkum is also alleged to have been engaged in an advance fee for loan scheme targeting the same medical practitioners and facility administrators who were supposed to receive the investment funds. Balkum would allegedly prepare a "Proposal Letter" and charge the medical practitioner a "refundable proposal fee" ranging from $650 to $24,000 on the promise of securing a loan. From April 1, 2009 through January 31, 2014, Balkum received approximately $600,000 in proposal fees. The investigation found no evidence that Balkum closed or facilitated any loans to any of the prospective borrowers. Instead, the investigation revealed that, in addition to paying personal expenses and credit cards, the majority of the funds received by Balkum went towards payments of interest and principal to investors and refunds to prospective borrowers. The OFR is responsible for all of the investigative work in the case. Balkum was arrested by deputies of the Hillsborough County Sheriff's Office. The Office of Statewide Prosecution is prosecuting this case. Balkum is being held on $15,000 bond.

Defendant Found Guilty in $80 Million Ponzi Scheme

On March 13, 2015, following the completion of a 10-day trial, a jury found Craig Allen Hipp guilty of wire fraud, mail fraud and conspiracy to commit mail and wire fraud for his role in an $80 million Ponzi scheme involving virtual concierge machines (VCMs). Hipp, one of four defendants in this case, was the supposed head of manufacturing of the machines. Investments in the VCMs were marketed to investors using YouTube videos, mass e-mail solicitations and investor seminars. The defendants are alleged to have misrepresented to investors that their funds would be used to order new machines and these would generate revenue from businesses that would use them to advertise products and services. With a minimum $3,500 investment, investors were guaranteed a return of $300 per month per machine for three years. Approximately 1,800 investors fell victim to the scheme representing 24,000 units sold. However, only 200 machines were ever manufactured as the funds obtained from investors were used instead to pay returns to earlier investors or diverted for the personal use of the defendants. Trials for two other defendants, Laura and Joseph Signore and Paul Schumack are set for later this year. This investigation was developed jointly with the FBI and the SEC. Hipp is scheduled to be sentenced on May 26, 2015. He faces a minimum of 12.5 years in prison. The U.S. Attorney's Office in West Palm Beach is prosecuting the case.

Jacksonville Men Charged in Alleged Criminal Forex Scheme
On March 18, 2015, federal indictments against Joshua Carrol Gilliland and Chawalit Wongkhiao of Jacksonville were unsealed in U.S. District Court for the Middle District of Florida. The two men are charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering for their alleged roles in a foreign currency trading scam operating from March 2012 until July 2014. Wongkhiao was arrested by IRS and FBI agents on March 19, 2015. Gilliland's arrest is still pending. Gilliland and Wongkhiao, doing business as Allied Markets, LLC, are alleged to have solicited money from at least four investors for purported investments in foreign currency exchange (Forex) transactions. Based on promises of guaranteed returns of between 7 and 10 percent annually, investors purchased more than $1 million in investment contracts from the men. According to those investors, Gilliland and Wongkhia represented that investment returns would come from profits generated through forex trading. An investigation revealed, however, that the two men only invested about one-fifth of investors' funds in forex transactions. A large portion of the funds were used for personal expenses or withdrawn by the men in the form of cash. The two are also alleged to have used funds acquired from more recent investors to pay returns to earlier investors. This case was developed jointly with the FBI, IRS - Criminal Investigation, Jacksonville Beach Police Department and the U.S. Commodity Futures Trading Commission (which filed a Complaint for Injunctive Relief against Gilliland and Wongkhiao on January 12, 2015). The U.S. Attorney's Office in Jacksonville is prosecuting the case. A separate OFR Administrative Complaint was issued against Gilliland, Wongkhiao and Allied Markets on February 25, 2015 for violations of Chapter 517, Florida Statutes.
Press Release: Two Jacksonville Men Charges With Investment Fraud

Former Mayor of North Miami Sentenced in Multi-Million Dollar Mortgage Fraud Scheme
On March 24, 2015, U.S. District Judge Robert Scola, Jr., sentenced Marie Lucie Tondreau to 65 months in prison to be followed by three years of supervised release. The sentence follows a December 16, 2014, jury verdict which found Tondreau guilty of four counts of wire fraud against a financial institution and one count of conspiracy to commit wire fraud against a financial institution. In an indictment issued in May of 2014, Tondreau and three other defendants (Karl Oreste [president of KMC], Okechukwu Josiah Odunna and Kelly Augustin) were accused of wire fraud in connection with mortgage loans obtained through KMC. Tondreau in particular played an important role in helping KMC Mortgage and co-defendant Karl Oreste perpetuate the scheme by using her political, activist and

“celebrity” status to recruit Haitian-American strawbuyers through several radio talk shows that she hosted on behalf of KMC Mortgage. Listeners who responded to the radio ads were recruited by Oreste and Tondreau to become straw buyers of residential property throughout South Florida in exchange for compensation. The defendants told the prospective buyers that they would make the required mortgage payments on the loans and the buyers’ names would be removed from the properties within a year. Once the defendants identified properties for purchase, KMC submitted fraudulent loan applications and other related documents to various lenders on behalf of straw buyers who were paid between $5,000 and $15,000 for the use of their credit. Tondreau, and at least one other defendant, used her business to provide false employment verifications for those buyers. The defendants also created multiple Form HUD-1 Settlement Statements in order to conceal the fact that the loans were for amounts greater than the seller’s asking price, resulting in substantial cash proceeds being redirected to the defendants at closing. These additional proceeds were appropriated by the defendants without the lenders’ knowledge or consent. The defendants made mortgage payments until they ran out of money, causing the lenders to foreclose on the properties and suffer losses of over $17 million. The majority of the outsized proceeds received from the fraudulent loan applications were used for the personal benefit of the defendants. Tondreau’s co-defendant, Karl A Oreste, was previously sentenced to eight years and four months in federal prison to be followed by five years of supervised release for his role in the scheme. Oreste was also ordered to pay $8,215,197.28 in restitution to mortgage lenders. Marie Lucie Tondreau was elected mayor of the city of North Miami in June of 2013. She was suspended in May of 2014, following the unsealing of the indictment. Tondreau’s restitution hearing is scheduled for May 22, 2015. This investigation was developed jointly with the FBI and was prosecuted by the U.S. Attorney’s Office in Miami.

<u>Loan Broker Arrested in Alleged Advance Fee Fraud that Victimized Hundreds</u>
On March 30, 2015, Ivan Levy, CEO of Regency Financial Services, LLC was arrested by the Palm Beach County Sheriff’s office after having been charged with nine counts of collecting unlawful advance fees as a loan broker. Levy is alleged to have collected in excess of $300,000 from victims who were in financial duress, falling behind in their car payments and fearful of having their vehicles repossessed. Victims sought to renegotiate or refinance their auto loans through Levy’s websites, credit-yogi.com and carpaymenthelpcenter.com. Levy allegedly called victims saying he was a broker, falsely offering guaranteed auto refinancing in exchange for an advance fee of $499 payable in cash via bank deposits into his account. Victims were told to use Levy’s corporate name on the deposit making it difficult to determine who and how many victims gave cash to Levy. Once the payment was received, Levy would end all communication. No victim is known to have obtained financing or a refund of their advance fee payments. Levy is believed to have conducted business from his home in Boynton Beach for the past three years and is not licensed as a consumer finance company, lender, or retail installment sales contract provider. This case

was developed jointly with the Boynton Beach Police Department and is being prosecuted by the Palm Beach County State Attorney's Office. A trial date has not yet been set.
Press Release: Boynton Beach Man Arrested in Advance Fee Loan Scheme

South Florida Man Sentenced to Five Years in Prison for Role in Investment Fraud Scheme
On Tuesday, April 7, 2015, the Honorable Stephen A. Rapp, Circuit Judge, 15th Judicial Circuit, sentenced Michael Hardman to five years in prison for each of the two counts of grand theft. On Friday, February 13, 2015, Hardman was convicted by a jury in Palm Beach County of two counts of grand theft for his role in defrauding more than 30 Florida victims in a fraudulent promissory note scheme. The joint OFR and Palm Beach County Sheriff's Office investigation found that Hardman collected more than $1.75 million dollars from his victims, some of whom were elderly clients of his deceased father's securities brokerage business and others were members of his Alcoholics Anonymous group. Hardman formed a company called Tech Support Systems and issued vague promissory notes promising returns as high as 7.5 percent. He used his company as the note issuer but could never explain to any of his investors what this company actually did. The notes offered his personal guarantee, but most of the investors lost their life's savings. Hardman is a formerly licensed Investment Advisor whose license terminated in 2003. The activity at issue occurred between 2007 and 2010. This OFR investigation was developed jointly with the Palm Beach County Sheriff's Office. The Palm Beach County State Attorney's Office prosecuted the case.
Press Release: South Florida Man Sentenced for Investment Fraud

Fraud Charges Filed Against Boca Raton Based Boiler Room Operation
On April 9, 2015, as a result of a joint OFR/SEC investigation, the Securities and Exchange Commission (SEC) filed civil fraud charges against eCareer Holdings Inc., and its executives, alleging the online staffing company defrauded more than 400 investors out of $11 million by selling the company's unregistered securities and misrepresenting the company's profit potential. In addition to the fraud charges, the SEC initiated an asset freeze against company principal Joseph J. Azzata and three other operators of the company who had been barred from the securities industry by a previous SEC action. The SEC complaint alleged that investors, including several elderly unaccredited investors, were defrauded in cold calls placed to them through a boiler room (Viper Asset Management, LLC) comprised of several sales agents spearheaded by brokers Dean A. Esposito, Joseph DeVito and Frederick Birks. Investors were told their money would be used as working capital to develop eCareer's online staffing business, but approximately 30 percent of the investor proceeds were instead diverted to pay exorbitant fees to Esposito, Birks and DeVito. Out of the $11 million the defendants raised since August 2010, $3.5 million was paid out to Viper's brokers. Records also reveal that Azzata diverted $650,000 to pay personal expenses related to his motor sports hobby as well as to pay other

personal expenses including private school tuition and shopping expenses incurred by his wife. The SEC complaint further alleged that Viper brokers entered into agreements that effectively hid their compensation under “advisory fees” and “finder’s fees” so as not to be found to have violated the existing ban against selling securities. An OFR Investigator worked closely with the SEC to collect and present the evidence upon which this enforcement action was based. The OFR will continue to work closely with the FBI and the United States Attorney’s office to bring criminal enforcement action against the principals in this case if warranted.
SEC Press Release: SEC Halts Microcap Scheme in South Florida

Purported Futures Trader Pleads Guilty to Wire Fraud in $700,000 Investment Scam
On Tuesday, April 14, 2015, Dante Stephen Giovannetti entered a guilty plea in federal court to a charge of wire fraud for his role in defrauding three investors out of approximately $700,000. Giovannetti, a purported equity futures trader, lured investors with promises of returns of nearly 300 percent from profitable trades. A joint OFR/FBI investigation, however, found no evidence of such returns. Instead, investigation revealed that Giovannetti created false trading account statements to support his many misrepresentations to investors. The false account statements were used by Giovannetti to induce at least three individuals to invest and showed tens of millions of dollars in fictitious profits from trading “E-mini” S&P 500 futures contracts and over $53 million in cash on deposit. Late in 2014, investors realized that Giovannetti was not investing their funds, but was instead using them for his personal living expenses. Investors filed a complaint with the National Futures Association (NFA) where Giovannetti was previously registered as an Associated Person. The NFA conducted a site audit at Giovannetti’s residence in Orlando and discovered wrongdoing. This resulted in a referral of the matter to the Commodities Futures Trading Commission which filed a civil complaint in federal court seeking injunctive relief against Giovannetti. Giovannetti, however, fled the jurisdiction as the civil proceedings were in process. While the CFTC’s enforcement case was underway, the OFR and FBI continued their parallel criminal investigation of the allegations, resulting in Giovannetti’s indictment by the U.S. Attorney’s Office. The Honorable Paul G. Byron, United States District Judge, adjudicated Giovannetti guilty of wire fraud upon the entry of his plea. Giovannetti is scheduled to be sentenced on July 8, 2015. He remains in the custody of the United States Marshalls Service while awaiting sentencing.

Pinellas County Man Charged with Theft in Investment Fraud Case
On April 21, 2015, Edward Bahl of Safety Harbor, Florida, was arrested and charged with one count of organized fraud and three counts of grand theft related to the operation of his company, Global Petroleum Resources, LLC (GPR). The investigation revealed that from July 2011 through June 2014, Bahl, the President and Chief Executive Officer of GPR, is alleged to have defrauded four investors out of approximately $108,250. Bahl issued agreements to investors

titled “Loan Agreement and Promissory Note” to fund the acquisition of a purported oil blending facility. Bahl is alleged to have promised investors that they would receive the return of their principal plus interest at a rate of 25-50 percent within 60 to 90 days. Bahl purportedly represented that GPR would enter into a royalty fee agreement with investors, paying them $0.10 a barrel for up to 250,000 barrels a month for three months based on GPR’s production. An online search of the company’s name revealed numerous press releases representing that GPR had successfully negotiated oil deals. Bahl also maintained a Facebook social media page, which contained several apparent misrepresentations, including an announcement of new GPR offices in the Bahamas and a trip to South Africa that resulted in a ten-year multi-million dollar oil and gas production contract. Contrary to these representations, the investigation found no evidence that Bahl traveled to these countries during the time that GPR was alleged to have been in operation. Moreover, a review of GPR’s bank records did not reveal any transactions indicative of business revenue. Instead, the bank records revealed that investors’ proceeds were purportedly appropriated by Bahl and used for his personal expenses including rent, travel, dining and lodging. To date, investors have received no return of their investments. Neither Edward Bahl nor Global Petroleum Resources is licensed with the OFR pursuant to Chapter 517, Florida Statutes. The OFR is the sole investigative agency. The case is being prosecuted by the Office of Statewide Prosecution in Tampa.
Press Release: Safety Harbor Man Arrested for Investment Fraud

Check Casher Arrested for Alleged Involvement in Stolen Identity Tax-Refund Fraud Scheme

On April 30, 2015, Mr. Wysmy Petit-Do was arrested by detectives of the Fort Lauderdale Police Department. The arrest follows state charges that he violated certain provisions of Chapters 817 and 560, Florida Statutes, by engaging in the criminal use of another’s personal identifying information while acting as a licensed money services business. Petit-Do is the owner of Imperial Financial & Multi-Services, Inc., a licensed check-cashing business located in Lauderdale Lakes. While the business has been in operation since May 2010, Petit-Do has continually reported to the OFR that it has not engaged in check-cashing activities. Contrary to these representations, however, an analysis of Petit-Do’s Wells Fargo bank account revealed that he cashed over 912 tax-refund checks payable to persons believed to be victims of identity theft. These checks totaled approximately $2,371,783.11, and were cashed between January 2012 and September 2012. The account into which these checks were deposited was never reported to the OFR by Petit-Do. This investigation identified 12 victims who allege that their identities were compromised and their information was used to file fraudulent tax returns. All checks derived from the fraudulent tax returns were deposited to an account controlled solely by Petit-Do or his business. The signature endorsements on these checks are believed to have been forged. Petit-Do is alleged to have received over $1.8 million from his participation in this scheme. This investigation was developed jointly with the Ft. Lauderdale Police Department. The Broward County State Attorney’s Office is prosecuting the case.

The OFR has suspended Imperial Financial & Multi-Services, Inc.'s check cashing license.

Defendant Sentenced to Seven Years in Prison for Role in $80 Million Ponzi Scheme

On May 26, 2015, defendant Craig Allen Hipp was sentenced to seven years in federal prison for his role in perpetuating an $80 million Ponzi scheme that sold, but failed to deliver, Virtual Concierge Machines (VCMs) to over 1,800 investors nationwide. Hipp was the vice president of manufacturing and operations for JCS Enterprises and in charge of overseeing the design and manufacture of the machines. The VCMs were to be placed in ball parks and hotels and were offered to investors for $2,500-$3,500. Along with the promise that the VCMs would be manufactured and delivered, Hipp and three other defendants in this case, are alleged to have promised investors that they would each receive $300 a month for three years for every machine purchased. While making these representations, Hipp was aware that the machines were not being built (only 200 were ever manufactured and approximately 24,000 were sold). On March 13, 2015, following the completion of a 10-day trial, a jury found Hipp guilty of wire fraud, mail fraud and conspiracy to commit mail and wire fraud. Investments in the VCMs were marketed to investors using YouTube videos, mass email solicitations and investor seminars. The defendants are alleged to have misrepresented to investors that their funds would be used to order new machines and these would generate revenue from businesses that would use them to advertise products and services. In typical Ponzi fashion, however, funds obtained from newer investors were used instead to pay returns to earlier investors or diverted for the personal use of the defendants. Indicted with Hipp in May 2014, were Laura and Joseph Signore and Paul Schumack. Trials for each of the defendants are expected to take place in Fall 2015. This investigation was developed jointly with the FBI and the SEC. The SEC filed a civil fraud complaint against the defendants in federal court and on December 22, 2014, secured a court appointed receiver over the business. The U.S. Attorney's Office in West Palm Beach is prosecuting the case.

Remaining Defendants Sentenced for Roles in Investment Fraud Scheme

On May 27, 2015, co-defendants David O. Boyce, Jacob Bradshaw and Benjamin R. Williams were sentenced to 13 months, two years and four years imprisonment, respectively, following their convictions on federal charges of mail fraud, wire fraud and conspiracy to commit mail and wire fraud. The convictions were the result of plea agreements entered by the defendants for their roles in an elaborate investment fraud scheme involving purported investments in precious metals and stock. The scheme was orchestrated by lead defendant Christopher Anzalone. Anzalone was sentenced in March 2015, to serve 15 years in federal prison to be followed by three years of supervised release. The investigation revealed that the defendants sold fraudulent investments under various corporate names including Liberty International Holdings Corporation (LIHC), Liberty International Financial Services (LIFS), Allied Strategies Inc., Allied Marketing, LLC, and DBA Clearing, LLC. Through the allied entities alone, defendants raised approximately $3.3 million from 23 investors within a six month period (March 2013-October 2013). Investors were solicited to either purchase stock or positions in gold, silver and palladium. Those who purchased stock were told that a hedge fund was going to purchase those same shares at a later date, resulting in substantial profits. Investors who invested in the metals were told that Liberty held large quantities of precious metals stored in a Panamanian depository. The investigation found that all of these representations were false and analysis of financial records revealed that the money raised from investors was never used for the purposes represented, but instead was used to pay sales commissions and for the personal benefit of Anzalone and his co-defendants. All four defendants have been ordered to pay restitution. Combined, the restitution orders total more than $20 million. This investigation was developed jointly between OFR and the FBI. The U.S. Attorney's Office in Miami prosecuted the case.

Two Arrested for Role in Mortgage Fraud Scheme
On June 5, 2015, defendants David Cevallos and Osbel Sanchez were arrested by Special Agents of the Federal Housing Finance Agency. On April 29, 2015, Cevallos and Sanchez were indicted in U.S. District Court for the Middle District of Florida. Cevallos was charged with one count of conspiracy to commit wire fraud and six individual counts of wire fraud, and Sanchez was charged with one count of conspiracy to commit wire fraud and three individual counts of wire fraud. The charges stem from their alleged roles in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Cevallos and Sanchez, 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. The investigation revealed that these mortgage loans were made to credit-worthy straw buyers, who, without the lenders' knowledge or consent, had been recruited by Cevallos and Osbel to act as borrowers in exchange for compensation. The inflated property assessments allowed the sellers in the transactions, also co-conspirators in the scheme, to sell the homes for significantly more than market value. The proceeds from the sales would then be divided amongst the participants in the scheme. The indictments allege that Cevallos and Sanchez conspired with others to falsify settlement statements and mortgage loan applications in order to receive substantial and undisclosed kickbacks from the sellers. Their activities alone are alleged to have resulted in $4.2 million in losses. Further indictments are expected. This joint OFR/FBI/FHFA investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the OFR/FBI and the Federal Housing Finance Agency. The activities averred in the indictments are alleged to have occurred between 2007 and 2008.

Jacksonville Man Sentenced to 10 Years in Prison in $3 Million Ponzi Scheme
On June 12, 2015, Anderson Scott Hall was sentenced by U.S. District Judge Timothy Corrigan to 10 years in prison during a hearing in federal court in

Jacksonville. Hall was also ordered to pay $3,068,116.20 in restitution to 48 victims. On January 28, 2013, Hall was arrested after being indicted on 10 counts of mail fraud and 10 counts of wire fraud in connection with his operation of a fraudulent investment scheme. According to the indictment, while working for a registered broker dealer, Hall operated a sham company (Abaco Securities International Ltd.), which he held out to be a legitimate international investment company. Hall was the mastermind behind a complex scheme to defraud numerous investors, including Duval County school teachers and administrators. Hall induced victim investors into transferring their retirement savings from legitimate life insurance companies and investment companies over to companies he controlled. Hall told the investors they would receive shares in a unit investment trust that would pay 10 percent guaranteed interest. Instead of investing the victims' funds as promised, Hall used the funds for his own benefit, including purchasing high-value luxury items and commercial and residential real estate. On occasion, as part of the fraud scheme, Hall would use money taken from new investors to pay earlier investors. In total, Hall defrauded investors out of more than $3 million. This case was initially developed by the Bureau of Financial Investigations. After analyzing the bank records and uncovering the fraud, this matter was brought to the attention of the FBI who joined the investigation in September 2012.

Sentencing of Money Services Business Owner Implicated in Tax-Refund Fraud Scheme

On June 15, 2015, Garaya Jackson was sentenced by the Circuit Court of Collier County to serve 76 months in state prison to be followed by 15 years of probation. She was also ordered to pay more than $70,000 in restitution. The sentence is the result of a plea agreement through which Jackson pled guilty to violating the state's Racketeer Influenced and Corrupt Organizations Act (RICO) and to acting as an unlicensed money services business. The charges stem from Jackson's involvement in an illegal check cashing scheme related to fraudulently obtained U.S. Treasury tax-refund checks. Jackson was arrested on March 10, 2014, as a result of the OFR's investigation of that scheme. The OFR investigation revealed that from April 2012 through April 2013, Jackson cashed at least 234 fraudulently obtained third-party U.S. Treasury tax-refund checks through her business, Garaya's Fashions, a retail clothing boutique in Immokalee. The tax-refund checks were the result of fraudulent tax returns filed in the names of identity theft victims. Jackson was not licensed as a check casher or exempt from the requirements of licensure at the time that most of the checks were cashed. The fraudulently obtained checks totaled more than $750,000. Jackson was remanded into custody immediately following the pronouncement of her sentence.
Press Release: Garaya Jackson Sentenced to 6+ Years in Prison for Role in Tax-Refund Fraud Scheme

Consumer Collection Agency Principal Arrested in Alleged Scheme to Defraud Homeowners Associations

On June 15, 2015, Robert Dana Brown was arrested by the U.S. Marshals Service in Seattle, Washington, based on an open Florida warrant issued in July 2014. Brown, a formerly licensed debt collector, moved to Washington after having apparently abandoned his Florida consumer collections business. Through that business, Brown is alleged to have defrauded several Florida-based homeowners' associations (HOAs) with which he had contracts to provide debt collection services. In his role as president of Leading Association Solutions, Inc., Brown is accused of collecting and failing to remit at least $56,000 in delinquent dues owed to various HOAs in Lee County. Further investigation revealed that from 2008 to 2012, Leading Association Solutions collected more than $4 million from over 400 accounts to satisfy property liens held on behalf of different HOAs. In July 2014, Circuit Judge Keith Kyle of Lee County issued a search warrant for the seizure of more than $180,000 maintained by Brown at First Citizens Bank in Ft. Myers. All funds seized were shown to have been derived from Brown's consumer collection activities. These monies have since been frozen pending resolution of the criminal case. According to federal marshals, at the time of his arrest, Brown was working in sales for four different companies in the U.S. and Canada. The State Attorney's Office, 20th Judicial Circuit, is preparing Brown's extradition to Florida for an arraignment hearing. [Press Release: Consumer Collection Agency Principal Arrested for Defrauding Homeowners Associations]

Defendant Sentenced in Investment Fraud Case

On June 22, 2015, Frederick Glover was sentenced in Seminole County Circuit Court to time served, 459 days, and 10 years of probation after accepting a plea agreement. On March 11, 2015, Glover pled no contest to one count of securities fraud, one count of grand theft and one count of selling an unregistered security. A condition of the plea agreement and sentencing requires Glover to pay restitution in the amount of $309,500 and prosecution costs and investigative costs of approximately $28,000. On July 12, 2011, Frederick Glover and his wife, Mary Glover, were arrested in connection with their involvement in several fraudulent investment offerings associated with their business, T-1 Business Centers. A warrant was also issued for their business associate, Garold Gipson, who was arrested on July 14, 2011. Frederick Glover and his co-defendants defrauded multiple investors in a collateral leasing scheme whereby investors would place funds with Glover for the purpose of having Glover lease collateral such as bank guarantees or certificates of deposit. The collateral would then purportedly be used to obtain loans from financial institutions. Glover promised investors he would pay them returns, which in some cases were to exceed 600 percent, from the loan proceeds. Investors received no return on their investments. On September 13, 2012, Garold Gipson was adjudicated guilty on one count of grand theft pursuant to a plea agreement in Seminole County Circuit Court. Gipson received 10 years of probation and was ordered to pay restitution of $20,000 and investigative costs of $1,000. On November 2, 2012, Mary Glover was adjudicated guilty on two counts of selling unregistered securities pursuant to a plea agreement in Seminole County Circuit Court. Glover received five years of probation and was ordered to pay investigative costs of $1,000. The OFR was the sole investigative agency involved in the case but was assisted in the execution of the search warrant and subsequent arrests of the defendants by the Florida Department of Law Enforcement and the Altamonte Springs Police Department.

<u>Apopka Man Sentenced to Nine Years in Prison in $11,000,000 Ponzi Case</u>
On June 25, 2015, John C. Boschert of Apopka was sentenced to nine years in federal prison for his role in orchestrating a Ponzi scheme that defrauded over 100 victim investors, causing losses of more than $11 million. The purported investments were offered through Boschert's company, Assured Capital Consultants LLC, and were mostly sold between 2009 and 2010. Bosch pled guilty to and was convicted of wire fraud in October 2014, in relation to the scheme. According to court documents, Boschert and his two conspirators, Jenifer E. Hoffman and Bryan T. Zuzga, operated a Ponzi scheme disguised as a high yield investment opportunity. As part of their solicitations, the conspirators represented to investors that money would be placed in a Performing Private Placement Investment and that Boschert had connections to the trading program being used. Investors were told that their investments would be safe and that none of their money would leave the attorney escrow account that belonged to Zuzga, who was represented as being an attorney licensed in Florida. Investors were further advised that their funds would be used as collateral for a line of credit, which would then be used in trading. None of the representations were true. Zuzga was not an attorney licensed in Florida or any other state and the funds were not deposited into any escrow account controlled by him. Instead, much of the money from the scheme was used for the defendants' personal benefit, including purchasing residences for Hoffman and Zuzga. On June 18, 2015, Zuzga pleaded guilty to conspiracy to commit wire fraud. His sentencing date has not yet been set. Hoffman has been charged with one count of conspiracy, 11 counts of wire fraud and one count of making a false tax return. Her trial is pending. If convicted, she faces a maximum penalty of 20 years in federal prison for each count of conspiracy and wire fraud, and three years in federal prison for the false tax return. The OFR referred this case to the U.S. Attorney's Office, United States Secret Service and the Federal Bureau of Investigation in June of 2011.

<u>Orlando Man Sentenced to Over Five Years in Prison for Orchestrating a $700,000 Investment Fraud</u>
On July 8, 2015, Dante Stephen Giovanetti was sentenced in federal court to serve 63 months in prison to be followed by 36 months of probation. Giovanetti was ordered to pay restitution in the amount of $663,975.61. On Tuesday, April 14, 2015, Giovannetti entered a guilty plea to a charge of wire fraud for his role in defrauding three investors out of approximately $700,000. Giovannetti, a purported equity futures trader, lured investors with promises of returns of nearly 300 percent from profitable trades. A joint OFR/FBI investigation, however, found no evidence of such returns. Instead, the investigation revealed that Giovannetti

created false trading account statements to support his many misrepresentations to investors. The false account statements were used by Giovannetti to induce at least three individuals to invest and showed tens of millions of dollars in fictitious profits from trading E-mini S&P 500 futures contracts and over $53 million in cash on deposit. Late in 2014, investors realized that Giovannetti was not investing their funds, but was instead using them for his personal living expenses. Investors filed a complaint with the National Futures Association (NFA) where Giovannetti was previously registered as an associated person. The NFA conducted a site audit at Giovannetti's residence in Orlando and discovered wrongdoing. This resulted in a referral of the matter to the Commodities Futures Trading Commission, which filed a civil complaint in federal court seeking injunctive relief against Giovannetti. Giovannetti, however, fled the jurisdiction as the civil proceedings were in process. While the CFTC's enforcement case was underway, the OFR and FBI continued their parallel criminal investigation of the allegations, resulting in Giovannetti's indictment by the U.S. Attorney's Office. Giovannetti was remanded into custody immediately following the pronouncement of his sentence.

<u>Naples Man Pleads Guilty in $7 Million Investment Fraud Scheme</u>
On July 14, 2015, Dorian A. Garcia of Naples was adjudicated guilty of wire fraud for his role in promoting a fraudulent investment offering that resulted in losses to investors totaling more than $7 million. The conviction is the result of a plea agreement. Between February 2009 and April 2015, Garcia solicited and received at least $7,348,620 from approximately 96 victim investors throughout the United States. Of that amount, $3.9 million was returned to investors through Ponzi-style payments. Garcia, through a number of companies that he controlled, including DG Wealth Management, persuaded individuals to invest with him based on misrepresentations that he would place their funds in a pool and would guarantee their investment in addition to a specific rate of return. To lure investors into believing that their investments were secure, Garcia provided them with fake bank statements that reflected large balances. The true account balances were a fraction of the amounts claimed, and were insufficient to back his purported guarantees. Funds not used in making Ponzi payments to investors were spent on personal and business expenses including artwork, rent, luxury car payments, domestic help (including a personal chef), jewelry and dinner parties. Pursuant to the plea agreement, Garcia will forfeit five pieces of artwork that were purchased with proceeds from his fraud. In addition, he will also forfeit a $10,000 retainer that he paid to a law firm using investor monies. He will also be liable for a forfeiture money judgment in the amount of the proceeds he obtained from the offense. Garcia faces a maximum penalty of 20 years in federal prison and will be required to pay restitution in the amount of $3,108,734.52. On April 14, 2015, Garcia was also named as a respondent in a civil fraud complaint brought by the CFTC with assistance from the OFR. A verdict in that case is still pending. The Bureau of Financial Investigations assisted the FBI in bringing the criminal complaint in this case. Sentencing is set

for October 13, 2015. Garcia has been released on his own recognizance pending the sentencing hearing.

Pair Found Guilty of Mail and Wire Fraud in $6 Million Factoring Scheme

On July 20, 2015, a federal jury in Orlando found Brian Newton and Victoria Snow guilty of 25 counts of mail and wire fraud in relation to an investment fraud and receivables factoring scheme. The verdict follows the April 2014 arrest and indictment of the pair on charges that they defrauded investors and factoring companies out of approximately $6 million. Newton and Snow, while working for Dataforce International Inc., fraudulently factored invoices through Amerifactors Financial Group and Prestige Funding. From 2003 through August of 2009, Newton and Snow submitted a series of inflated invoices for factoring. Newton and Snow were also engaged in double factoring, which involved submitting the same Dataforce invoices for factoring to both Amerifactors and Prestige. Individuals who invested with Prestige received promissory notes in exchange for their investment funds. The notes detailed the amounts invested, the dates of investment and the maturity dates (typically one year maturities). Individuals were to receive quarterly interest ranging from 10 to 20 percent per year and a three to six percent bonus at maturity. None of the investors received returns on or of their investment. Newton was immediately remanded to the custody of the U.S. Marshals Service to be held pending sentencing, and Snow was released pending sentencing. Both are scheduled to be sentenced on October 9, 2015. This investigation was prosecuted by the U.S. Attorney’s Office for the Middle District of Florida and was developed jointly with the FBI.

Orchestrators of Alleged Gold Mining Investment Scam Arrested

On July 30, 2015, Odalys Cordero-Romero was arrested and jailed in Miami-Dade County on charges of organized fraud and grand theft. Cordero, along with her associate and convicted felon, Richard Steiner, are alleged to have orchestrated a fraudulent investment scheme involving purported investments in a gold mining operation in Colorado. Steiner was arrested on August 5, 1015. The investigation revealed that on or about July 2010, Cordero and Steiner solicited investment monies from at least one Florida resident to fund a purported gold mining operation in Delta County, Colorado. Steiner and Cordero are alleged to have presented the victim with offering materials including, documents showing Steiner’s mining rights, receipts from the U.S. Department of the Interior, land appraisals and an “executive summary” which contained the monetary valuation of the gold to be mined, the number of acres available to be mined and the names of scientists and companies Steiner had allegedly worked with for 10 years to develop the mining project. Steiner and Cordero convinced the victim to invest in the project on the promise of returning $1 million to him by September 2010. The victim wired his investment funds to a bank account controlled solely by Steiner. Upon receiving the funds, Steiner immediately wired a large portion of the funds to other bank accounts controlled by Cordero. Shortly after receiving the investment funds, Steiner and Cordero convinced the investor to send them an additional $30,000 to obtain what they described as a necessary letter of credit. Steiner and Cordero claimed they would use the letter of credit to lease mining extraction equipment for the project. Contrary to these representations, however, the investigation revealed that both Steiner and Cordero used the funds for personal expenses rather than for the development of a gold mining operation or for the leasing of any mining equipment. In 2005, Steiner was placed on 15 years' probation for defrauding an 82-year old man out of approximately $500,000 through various fraudulent investments including an aluminum company venture, a virtual reality gaming company and a gold mine. In that case, Steiner promised the victim $5 million per week to be generated from the gold mining venture alone. Steiner's criminal history was not disclosed to the victim in the present case. This case is being prosecuted by the Miami-Dade County State Attorney's Office. The Department of Financial Services and Division of Insurance Fraud provided assistance with the arrest of Cordero. The Palm Beach Shores and Delray Beach Police Departments provided assistance with Steiner's arrest.

<u>Recidivist Mortgage Fraud Conspirator Sentenced to Prison</u>
On July 31, 2015, Shastine Pavao was sentenced by the Circuit Court of Orange County to serve three years in prison to be followed by two years of community control and five years of probation. The sentence follows Pavao's May 2015 guilty plea to charges of having violated the terms of an existing probation order which precluded her from employment in the real estate industry. An OFR investigation determined that, along with continuing to be involved in the real estate industry, Pavao also violated the terms of her probation when she was found to have been involved in a separate scheme to defraud for which she was arrested by the Clermont Police Department in January of this year. On September 30, 2010, Pavao pled guilty to charges of racketeering and conspiracy to commit racketeering in connection with her role in a mortgage fraud scheme. Pavao was arrested in December 2008, following an OFR investigation which found that she victimized financially distressed homeowners by offering them personal loans and promising help with staving off foreclosure. The victims, including several elderly and disabled persons, claimed that Pavao and her father, John Pavao, swindled them into signing over their homes under the false pretense of completing loan applications. The investigation revealed that the Pavaos would then obtain mortgage loans against the properties based on material misrepresentations to lenders with the proceeds going towards their personal expenses. Shastine Pavao was sentenced to six years in prison to be followed by 12 years of probation. Her prison sentence was suspended contingent upon her successful completion of the 12 year probation period. Pavao's conditions of probation included a ban on work in any area involving real estate or mortgages. A date for a restitution hearing is still pending.

<u>Enforcement Action Taken Against Unlicensed Check Casher</u>
On August 7, 2015, a final order was entered against respondents Babul Hai, Sagor Akhikary and Masa Inc., of USA, for acting as an unlicensed money services business. Together the respondents were fined a total of $20,000 and

barred for 15 years from applying for any Chapter 560 license. The OFR investigation was predicated on information received from a confidential informant alleging that Masa Inc., of USA, a convenience store located in Orlando, was operating as an unlicensed check casher. The investigation revealed that from February 28, 2012, to January 17, 2013, Masa cashed at least 270 third-party checks totaling approximately $300,000. Many of these were U.S. Treasury checks believed to have been fraudulently obtained. The investigation further identified at least 45 checks cashed by Masa that exceeded the $2,000 threshold for potential exemption from licensure. Licensing records revealed that Masa is not and has never been licensed with the OFR as a check casher.

<u>Additional Defendant Charged in Multi-Million Dollar South Florida Mortgage Fraud Scheme</u>
On August 19, 2015, Guerdin Pierre Lecorps of Miramar was arrested on a charge of conspiracy to commit wire fraud for his role in an elaborate mortgage fraud scheme. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties through Mega Financial and KMC Corporation of Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders throughout the United States. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling $3,500,000 million. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and $24 million dollars. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Agustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the United States Attorney's Office in Miami. Guerdin is scheduled to be sentenced on October 28, 2015.

<u>Sarasota Man Arrested on Investment Fraud Related Theft Charges</u>

On August 20, 2015, Russell Haraburda turned himself in to the Sarasota County Sheriff's Office on an outstanding warrant for multiple counts of theft by fraud. Haraburda was charged by the Florida Attorney General's Office of Statewide Prosecution with one count of organized fraud and eight counts of theft for his role in a fraudulent investment offering related to his company, EnviraTrends, Inc. Haraburda is alleged to have raised in excess of $3 million from over 150 investors in and outside of Florida for "pre-IPO" shares in EnviraTrends. Investors allege that Haraburda told them that their funds would be used towards expenses associated with taking the company public. They claim that Haraburda and his company purported to possess technology that could turn the cremated ashes of pets into precious gemstones. Contrary to representations, however, investigation revealed that Haraburda used a majority of investors' funds to support his lavish personal lifestyle, and not towards IPO expenses. This investigation was conducted jointly with the U.S. Securities and Exchange Commission and was assisted by the Florida Department of Law Enforcement. The Attorney General's Office of Statewide Prosecution is prosecuting the case.

<u>Former Wellington Resident Found Guilty in $50 Million Investment Fraud Scheme</u>

On September 3, 2015, following a six-week federal jury trial, Joseph Paul Zada was found guilty of 15 counts of mail fraud for his role in orchestrating and perpetuating a Ponzi scheme that operated for more than 10 years before being discovered in 2009. Zada, who maintained residences in Michigan and Florida, initially preyed on wealthy equestrian sports enthusiasts. Zada purportedly told his victims that he was an expert in oil futures, that he 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 $50 million of promissory notes that purported to pay annual rates of return between seven and 12 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 used the money to support his lavish lifestyle and to pay returns to earlier investors. Zada faces up to 20 years in prison for each of the 15 counts for which he was found guilty. His sentencing is scheduled for November 20, 2015, before U.S. District Judge Kenneth A. Marra.

<u>Two Tampa Men Indicted in Investment Fraud Case</u>

On September 9, 2015, a federal grand jury indictment was unsealed in the U.S. District Court in Tampa, against Timothy M. Roberts and Terrance F. Taylor. The indictment charges Roberts and Taylor with one count each of conspiracy to commit wire fraud and five counts of wire fraud. The charges stem from their role in the operation of Savtira Corporation Inc., a supposed internet technology firm which operated from 2010 until 2012. Roberts was the CEO and Chairman of the Board of Savtira and Taylor was the Executive Vice President of Finance. The company purported to offer a centralized, cloud-based shopping cart platform for online and traditional retailers to sell goods. Roberts and Taylor are alleged to

have sold stocks in Savtira to victim investors by making false claims upon which those investors relied. The alleged bogus claims included misrepresentations about the company's profitability, the company's supposed contracts with nationally recognized technology firms, the company's ownership of certain patents and the overall valuation of the company. Roberts and Taylor are also alleged to have failed to disclose to investors that Roberts was a party to a settlement agreement with the Securities and Exchange Commission in 2008 that required him to pay a fine and banned him from selling unregistered securities. The joint OFR/FBI investigation revealed that the stock certificates that Roberts and Taylor sold to investors were essentially worthless and that the proceeds from those sales were used by both men for personal expenses and cash withdrawals that investors knew nothing about. Contrary to the defendants' alleged representations, Savtira did not own any patents or a working product. Instead, in order to give the appearance of a thriving business, Roberts and Taylor are alleged to have generated bogus invoices and receivables, leading investors to believe that Savtira had millions in revenue and falsely bolstering the company's value and ability to factor invoices for cash. In all, Roberts and Taylor raised approximately $5.3 million from investors nationwide and from factoring bogus invoices. The two have been released on bond and are set for arraignment before U.S. Magistrate Judge Mark Pizzo in Tampa on September 23, 2015. Simultaneous with the unsealing of the indictment, the SEC filed a separate, civil enforcement action against the defendants, charging them with securities fraud.
Press Release: Two Ybor City Men Indicted in $5.3 Million Investment Fraud

Jacksonville Man Pleads Guilty in Foreign Currency Trading Scam
On September 25, 2015, Joshua Carrol Gilliland entered a plea of guilty to one count of conspiracy to commit wire fraud in United States District Court for the Middle District of Florida. In March 2015, federal indictments against Gilliland and Chawalit Wongkhiao were filed by the United States Attorney's Office in Jacksonville. The two men were charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering for their alleged roles in a foreign currency trading scam, operating from March 2012 until July 2014. Wongkhiao pleaded guilty to one count of conspiracy to commit wire fraud on August 25, 2015. Gilliland and Wongkhiao, doing business as Allied Markets, LLC are alleged to have solicited money from at least four investors for purported investments in foreign currency exchange (Forex) transactions. Based on promises of guaranteed returns of between seven and 10 percent annually, investors purchased more than $1 million in investment contracts from the men. According to those investors, Gilliland and Wongkhiao represented that investment returns would come from profits generated through Forex trading. The investigation revealed, however, that the two men only invested about one-fifth of investors' funds in Forex transactions. A large portion of the funds was used for personal expenses or withdrawn by the men in the form of cash. The two are also alleged to have used funds acquired from more recent investors to pay returns to earlier investors in typical Ponzi fashion. The guilty plea carries

a maximum penalty of up to 20 years in prison and fines of up to twice the loss resulting from the offense. This case was developed jointly with the FBI, IRS- Criminal Investigation, Jacksonville Beach Police Department and the U.S. Commodity Futures Trading Commission. The U.S. Attorney's Office in Jacksonville is prosecuting the case. A separate OFR administrative complaint was issued against Gilliland, Wongkhiao and Allied Markets on February 25, 2015, for violations of Chapter 517, F.S. Both Gilliland and Wongkhiao are scheduled to be sentenced on January 11, 2016.

<u>Naples Man Sentenced to Four Years' Imprisonment in Advance Fee for Loan Fraud</u>
On October 13, 2015, defendant James Spillers entered a plea of guilty in Collier County Circuit Court to one count of grand theft and 13 counts of taking advance fees as a loan broker in violation of Chapter 687, Florida Statutes. Spillers was sentenced to a four-year prison term to be followed by 10 years' probation. Spillers was also ordered to pay $114,100 in restitution to victims along with nearly $10,000 in investigative, prosecutorial and court costs. On September 12, 2014, Spillers was arrested in connection with an elaborate advance fee for loan fraud through which more than $185,000 in advance fees was collected from prospective borrowers on the promise of obtaining commercial loans. Evidence obtained during the course of the investigation estimated the loss to prospective borrowers both within and outside the state at greater than $900,000. Simultaneous to the arrest, and with assistance from the Collier County Sheriff's Office, a search warrant was executed at Spillers' home in Naples. Evidence obtained from the search was used in support of all charges. From December 2012 through March 2014, Spillers and his co-defendant, Douglas Carter, are alleged to have used websites such as "lendinguniverse.com" to offer loans to prospective borrowers via the internet. They are believed to have victimized over 100 prospective borrowers throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. The OFR is the lead investigative agency in this case, teaming principally with the Volusia County Sherriff's Office and Collier County Sherriff's Office. The Office of Statewide Prosecution is prosecuting the case. Co-defendant Douglas Carter's trial is scheduled for November 30, 2015.

<u>South Florida Man Sentenced in Multi-Million Dollar Mortgage Fraud Scheme</u>
On October 28, 2015, Guerdin Lecorps of Miramar was sentenced to three years in federal prison to be followed by three years of supervised release for his role in this South Florida mortgage fraud scheme. The sentencing follows a guilty plea accepted by the court on August 28, 2015. In addition to the prison term, Lecorps was also ordered to pay $3,467,024.30 in restitution to mortgage lenders victimized by the scheme. Lecorps was arrested in August 2015 on a charge of conspiracy to commit wire fraud for having participated, together with other defendants, in defrauding several financial institutions through straw borrower loans arranged by KMC Mortgage Corporation of Florida and its associated company, Mega Financial. Between May 2006 and January 2007, Lecorps and

his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties throughout South Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders all across the country. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling $3.5 million. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May of 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and $24 million. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Agustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

<u>Naples Men Sentenced to 10 Years in Prison for Advance Fee Scam</u>
On November 5, 2015, defendant Douglas Lee Carter entered a plea of guilty in Collier County Circuit Court to one count of communications fraud (scheme to defraud) and 13 counts of taking advance fees as a loan broker in violation of Chapter 687, Florida Statutes. Carter was sentenced to a 10-year prison term to be followed by 10 years of probation. Carter was also ordered to pay $114,100 in restitution to victims along with nearly $10,000 in investigative, prosecutorial and court costs. Previously, on October 13, 2015, Carter's co-conspirator in the scheme, James Spillers, pled guilty to one count of grand theft and 13 counts of taking advance fees as a loan broker for his role in the fraud. Spillers was sentenced to a four-year prison term to be followed by 10 years of probation. Both Carter and Spillers were arrested in September 2014, on charges that they were operating a sophisticated fraudulent loan scheme, through which more than $185,000 in illegal advance fees was collected from prospective borrowers. Borrowers paid the advance fees on the promise of obtaining residential and commercial loans. The men used websites such as "lendinguniverse.com" to lure prospective borrowers and are believed to have victimized over 100 individuals throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. Evidence obtained during the course of

the investigation indicated that the actual loss to prospective borrowers both within and outside the state was estimated to be greater than $900,000. The OFR was the lead investigative agency in this case, teaming principally with the Volusia County Sherriff's Office and the Collier County Sherriff's Office. The Attorney General's Office of Statewide Prosecution prosecuted the case.
Press Release: Naples Men Sentenced in Advance Fee for Loan Scam

Central Florida Pair Sentenced to Combined 20+ Year Prison Term in Fraudulent Factoring Scheme

On November 5, 2015, Brian Newton and Victoria Snow were sentenced in federal court in Orlando for their role in defrauding more than 60 victims out of more than $7.2 million. Newton was sentenced to 15 years and eight months, and Snow was sentenced to four years and nine months. They were both ordered to pay more than $7.2 million in restitution. Newton and Snow were convicted following a July 2015 jury trial in which each defendant was found guilty of 25 counts of mail and wire fraud, in relation to an investment fraud and receivables factoring scheme. The verdict followed an April 2014 arrest and indictment of the pair on charges that they had defrauded investors and factoring companies out of approximately $6 million. Newton and Snow took money from investors based on misrepresentations that their funds would be used to expand the operations of Prestige Funding Group, a company that they claimed purchased and held millions in uncollected receivables from various businesses. Victims who invested with Prestige received promissory notes in exchange for their money. They were to receive quarterly interest ranging from 10-20 percent per year and a 3-6 percent bonus at maturity. However, Newton diverted more than $3 million into his personal account. This case was prosecuted by the U.S. Attorney's Office for the Middle District of Florida and was developed jointly with the FBI.
Press Release: Duo Sentenced for Investment Fraud Scheme

Orlando Man Arrested in Alleged Ponzi Scheme Targeting Central Florida Church Organizations

On November 20, 2015, defendant Christopher Maguire of Orlando was arrested by U.S. Marshals in New Hampshire based on a sealed criminal indictment which was filed against him earlier this year on September 22, 2015, in federal court in Tampa. The indictment resulted from a collaborative investigative effort between the OFR, IRS Criminal Investigation and the United States Secret Service in response to allegations that Maguire had orchestrated and was perpetuating a Ponzi scheme targeting churches and individual church members throughout Central Florida. Maguire is charged with 16 counts of wire fraud, four counts of money laundering (illegal monetary transactions) and one count of interstate transportation of stolen property for his role in the alleged Ponzi scheme. Maguire is alleged to have operated the fraudulent scheme through his company, Vivid Funding, from at least 2012 until 2014. The investigation found that during that time, Maguire received over $10 million dollars from more than 150 investors whom he is alleged to have solicited through his various church affiliations.

Investors claim that Maguire told them that their money would be used in a “proof of funds business” to facilitate hard money loans for other businesses. Purportedly, the funds would be made available to these businesses on a short term basis for a fee, and investors were to earn returns from those fees. The investigation revealed, however, that rather than using new investor funds to secure loans, Maguire used the funds to pay returns to existing investors and misappropriated over $4 million dollars on personal and other expenses. No evidence was found to support any of Maguire’s representations to investors concerning the “proof of funds business.” Maguire was released after a first appearance in federal court in New Hampshire and ordered to appear in Tampa on December 10, 2015, to answer to the charges in the indictment.

South Florida Man Arrested in Alleged Gold and Diamonds Investment Scam
On November 23, 2015, Lawyer Stanley, Jr., of Hollywood was arrested following an investigation by the OFR, which found that Stanley orchestrated an investment scheme through which he is alleged to have defrauded investors out of at least $2.1 million dollars. Stanley was charged with one count of organized scheme to defraud, one count of first degree grand theft and one count of third degree grand theft for his role in the scheme. The OFR’s investigation revealed that from approximately September 2006 through September 2013, while employed as a letter carrier for the United States Postal Service, Stanley solicited potential investors for a gold and diamonds investment opportunity in Africa. Stanley is alleged to have solicited investments primarily from residents of his mail route but also from co-workers and acquaintances. According to investor victims, Stanley represented that he traveled to Africa to personally visit gold and diamond mines as part of the process of selecting the “best stones” for import to the United States and subsequent sale in New York City. Stanley allegedly promised some investors that he would double their investments and guaranteed certain investors millions of dollars in returns. In addition to the gold and diamond ventures, Stanley also persuaded investors to invest in large scale infrastructure projects for which he claimed to have exclusive contracts with governments in Africa. These included port construction projects in Cameroon and power grid development projects in Equatorial Guinea. To secure the investments, Stanley allegedly flaunted bank records to his potential investors showing that he had approximately $17 million dollars on deposit in a West African bank. The investigation, however, could not confirm the existence of any government contracts, infrastructure development projects, or bank accounts in Africa. Instead the majority of investor funds are believed to have been spent by Stanley on personal living expenses or taken as cash withdrawals. Stanley was booked into the Broward County Jail where he is currently being held on a $50,000 bond. The OFR Bureau of Financial Investigations was assisted in the arrest by the Hallandale Beach Police Department. The case is being prosecuted by the Miami-Dade County State Attorney’s Office.
Press Release: South Florida Mail Man Arrested in Alleged Investment Scam

Jury Finds Defendants Guilty of Fraud in Elaborate South Florida Ponzi Scheme

On December 7, 2015, following a six-week federal trial, defendants Joseph Signore, Laura Grande-Signore and Paul Schumack were each found guilty of various charges including money-laundering, wire fraud and mail fraud. The convictions stem from their role in an $80 million Ponzi scheme involving the purported sale of virtual concierge machines (VCMs) to investors throughout the United States. Working through JCS Enterprises Inc., of Jupiter and TBTI Inc., an associated company, the defendants were found to have sold the equivalent of 22,547 VCM kiosks to investors, yet only 182 were ever manufactured and only 84 ever made it into operation. All told, less than 0.1 percent of total the money raised from investors was used to purchase components to manufacture the VCMs. Signore alone was responsible for raising $10 million from 307 investors, 128 of whom resided in Florida. Investors were told that the machines would be placed at hotels and other venues to provide people with information, discount coupons and access to services such as restaurant food delivery. Investors were "assigned" one electronic kiosk for each $3,000 invested and were told that their kiosk placement would be expanded to include other venues such as baseball stadiums, casinos and other public areas. As part of the sales pitch, investors were guaranteed $300 a month in returns for at least 36 months from advertising revenue alone. The investigation revealed, however, that only $21,000 in advertising revenue was generated by all of the VCMs in operation over two years. In May 2015, another defendant in the case, Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his role in the fraud. The Signores and Schumack each face up to 20 years of imprisonment for their roles. A sentencing date for these individuals has not been set. This case was prosecuted by the United States Attorney's Office in West Palm Beach.