GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

JANUARY 2014

JANUARY ACHIEVEMENTS

1. **Monthly Statistics**
   - Division of Securities
     - Examinations Opened: 23
     - Examinations Closed: 11
     - Complaints Received: 12
     - Complaints Closed: 16
     - Applications Received: 6,726
     - Applications Approved: 6,508
     - Applications Denied/Withdrawn: 62

   - Division of Consumer Finance
     - Examinations Opened: 25
     - Examinations Closed: 31
     - Complaints Received: 218
     - Complaints Closed: 213
     - Applications Received: 2,659
     - Applications Approved: 2,558
     - Applications Denied/Withdrawn: 79

   - Division of Financial Institutions
     - Examinations Opened: 10
     - Examinations Closed: 9
     - Complaints Received: 58
     - Complaints Closed: 62
     - Applications Received: 7
     - Applications Approved: 5
     - Applications Denied/Withdrawn: 1

   - Bureau of Financial Investigations
     - Investigations Opened: 12
     - Investigations Closed: 7

2. **Substantial Sanctions**

   On January 2, 2014, the OFR announced that Suncoast Credit Union converted from Suncoast Federal Credit Union and commenced business as a Florida state-chartered credit union. With $5.5 billion in assets, Suncoast Credit Union becomes the largest financial institution regulated by the State of Florida.

Suncoast Credit Union Becomes Florida Chartered Institution

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

On January 16, 2014, the Division of Securities entered Final Orders against Brent Fykes, RIA for failing to file annual financial statements. The firm voluntarily terminated their registration in Florida and agreed not to seek registration as an investment adviser for three years. On January 22, 2014, the Division of Securities entered a Final Order against Prime Capital Service, Inc., denying the firm's application for registration of a branch office located in Venice, FL, after the firm failed to request a hearing. The Final Order follows a Notice of Intent to Deny, which alleges Prime Capital Service, Inc. is the subject of a pending enforcement action and has demonstrated unworthiness to transact the business of a broker dealer in the state of Florida.

Denial of Associated Person

On January 22, 2014, the Division of Securities entered a Final Order against Kenneth Vincent Deciccio, denying his application for registration as an associated person, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny, which alleged Mr. Deciccio made a material misrepresentation or misstatement on his application for registration.

Suspension, $20,000 Fine and $10,000 Customer Restitution against an Investment Adviser

On January 22, 2014, the Division of Securities entered a Final Order against Wall Street Money Management Group, Inc. and Peter Bruno for failing to disclose a material conflict of interest, comply with financial statement and custody safekeeping requirements, and providing clients a pro rata refund of the quarterly fee when clients requested early termination their contracts; misrepresenting the qualifications of the firm; making unsuitable recommendations; and offering to sell unregistered securities, among other violations. Wall Street Money Management Group, Inc. and Peter Bruno agreed to pay $10,000 in restitution and a $20,000 administrative fine. Pursuant to the Final Order, Mr. Bruno's and the firm's registration was suspended for 15 days.

3. Enforcement Actions

Southwest Florida Man Sentenced to 15 years in Prison

On January 13, 2014, David Hernandez of Lehigh Acres was sentenced to 15 years in state prison to be followed by 15 years of probation for his role in a mortgage fraud scheme that victimized nine individuals and resulted in losses of more than $90,000. Hernandez was also ordered to pay $82,500 in restitution to his victims and was immediately remanded into custody. The sentencing follows a December 10, 2013 plea of no contest by Hernandez to all criminal charges filed against him including multiple counts of grand theft and one count of forgery. Hernandez had originally pled not guilty to the charges but changed his plea to "no contest" just moments before jury selection was to take place in his trial.

Investigators determined that from July 2009 to August 2010, Hernandez, a licensed mortgage broker at the time, took money from prospective homebuyers (including five from Florida) under the pretense that their monies would be put in an escrow account and used to obtain mortgages for the purchase of real estate in Lehigh Acres. No mortgages were ever funded and Hernandez used the victims' monies for personal expenses. The Lee County Sheriff's Office initiated this investigation and arrested Hernandez on March 8, 2012. Thereafter, The Office of The State Attorney requested that the OFR review, analyze and obtain additional pertinent documents and testify as to the findings in the Hernandez criminal trial. Since the trial did not proceed, an OFR investigator testified instead at Hernandez's sentencing hearing. Assistant State Attorney J.D. Miller noted the investigator's "…testimony to his evaluation of the banking records and the conversion of funds was crucial to the sentence."

Boca Raton Area Man Charged with Theft in Connection with Investment Scheme

On January 17, 2014, Victor Bauza, 49, was arrested by the Palm Beach County Sheriff's Office. Bauza was charged by the Florida Office of Statewide Prosecution with securities violations, grand theft and organized scheme to defraud. The defendant allegedly solicited more than $800,000 from 20 investors to purchase shares of Medical Informatics Xchange (MIX). The arrest was a result of a joint investigation by the OFR and the Boca Raton Police Department. The investigation determined that from February 2010 through November of 2011, the defendant sold shares of MIX for between $1 and $1.50 a share and allegedly told investors that MIX would be conducting an initial public offering in the near future. Bauza purportedly told investors that the price of the shares would rise between $4 and $6 a share once they began trading on public exchanges. The investigation revealed, however, that a substantial portion of the money raised from investors was used to pay commissions and for the personal benefit of the defendant. None of the victims received shares of the company and MIX never conducted an initial public offering of its shares. The principals of MIX are not believed to have participated in the alleged fraudulent scheme. Contrary to the defendant's representations, MIX principals claimed that the company was never involved in preparing an initial public offering of its stock. This case was developed jointly with the Boca Raton Police Department and is being prosecuted by the Office of Statewide Prosecution in Miami. The charges filed against Bauza are only accusations and the defendant is presumed innocent until proven guilty.
Boca Raton Area Man Charged with Theft in Investment Scheme Resulting in $800,000 Loss to Investors

Seminole man arrested in $6 million Ponzi scheme

On January 23rd, Gary Gauthier of Seminole, FL was arrested by FDLE agents after being charged with multiple counts of Securities Fraud, Sale of Unregistered Securities, Sale of a Security by an Unregistered Dealer, Organized Fraud and Racketeering. Gauthier, who evaded capture for seven days following the issuance of a warrant for his arrest, is alleged to have orchestrated the elaborate fraud with his co-defendant in the case, David George Dreslin. Dreslin

surrendered to the Pinellas County Sheriff's Office on January 16th after being charged with similar offenses. The joint OFR-FDLE investigation revealed that Gauthier and Dreslin were engaged in an apparent Ponzi-type scheme, soliciting investors for various real estate projects. Dreslin, a CPA, would convince clients to purchase shares or units in a variety of real estate development projects promising large returns in a short period of time. Gauthier too, acted as a promoter for the investments, appearing on Christian radio programs entitled "It's God's Money" and "It's all about Florida Real Estate." The broadcasts aired in the Tampa Bay area on Saturday mornings. Analysis of bank records revealed that Dreslin and Gauthier raised in excess of $6,000,000 from Florida investors. It is alleged that investor funds were used to make interest payments to other investors as well as to make payments to themselves and their individual business organizations. These payments were purportedly made without the investors' knowledge. No evidence was found to suggest that Gauthier and Dreslin ever used their own money to further the supposed real estate projects as represented to certain investors. None of the real estate projects appeared to have realized a profit. The charges filed against Dreslin and Gauthier are only accusations and the defendants are presumed innocent until proven guilty. This OFR Investigation was conducted jointly with the Florida Department of Law Enforcement.
Seminole Man Arrested in $6 Million Ponzi Scheme

Orlando Area Men Sentenced to 9 Years for Roles in Investment Fraud Scheme
On January 23, 2014, Phillip Leon and John Wilkins were sentenced to 9 years of federal prison, were ordered to pay $17 million in restitution, and to forfeit over $4 million in artwork and monies being held in various banks and trading accounts. The charges and subsequent conviction stem from Leon and Wilkins' role in an elaborate investment fraud that bilked investors out of more than $18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Leon and his partner, John Wilkins, raised over $18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by Leon and Wilkins) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, Leon and Wilkins falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The men then used these false reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. The National Futures Association had previously taken an emergency enforcement action against the Matterhorn Fund's parent company, Altamont Global Partners LLC, and its principal, John Wilkins, based on its determination that investor funds had been misappropriated.