

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

FEBRUARY 2014

#### FEBRUARY ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 30
  - Examinations Closed: 16
  - Complaints Received: 25
  - Complaints Closed: 17
  - Applications Received: 3,184
  - Applications Approved: 3,167
  - Applications Denied/Withdrawn: 50
  
- Division of Consumer Finance
  - Examinations Opened: 12
  - Examinations Closed: 23
  - Complaints Received: 364
  - Complaints Closed: 338
  - Applications Received: 1,736
  - Applications Approved: 1,556
  - Applications Denied/Withdrawn: 61
  
- Division of Financial Institutions
  - Examinations Opened: 8
  - Examinations Closed: 14
  - Complaints Received: 90
  - Complaints Closed: 82
  - Applications Received: 9
  - Applications Approved: 11
  - Applications Denied/Withdrawn: 0
  
- Bureau of Financial Investigations
  - Investigations Opened: 22
  - Investigations Closed: 6

##### 2. Substantial Sanctions

###### Final Order for Fines Totaling \$51,675 against an Investment Adviser Firm and Agents for Unregistered Activity

On January 28, 2014, the Division of Securities entered a Final Order against AllianceBernstein L.P., Evan C. Deoul, Matthew Daren Miller and Craig Scott

Storch for engaging in investment advisory business in Florida without being registered. A total of \$51,675 in administrative fines were paid.

#### Final Order for \$114,986 Fine against a Broker Dealer

On January 28, 2014, the Division of Securities entered a Final Order against UBS Financial Services, Inc. for failing to establish an adequate system to monitor the registration status of client services associates and maintain all books and records; and for engaging in the sale of securities in the state of Florida through unregistered client service associates. The Final Order follows an investigation into the registration of UBS's client service associates and supervisory system by the North American Securities Administrators Association (NASAA) Multi-State Working Group. A \$114,986 administrative fine was paid.

#### Permanent Bar and Fines Totaling \$95,000 against a Broker Dealer and Agents

On January 31, 2014, the Division of Securities entered a Final Order against Prime Capital Services, Inc., Rose Rudden, Carleton G. McBride and Richard Caparelli for failing to enforce their written supervisory procedures. Pursuant to the Final Order, Ms. Rudden is permanently barred from registration with the Office in any supervisory capacity; Mr. Caparelli and Mr. McBride are barred from registration with the Office in any supervisory capacity for 18 months and six months, respectively. Administrative fines of \$20,000, \$25,000 and \$50,000 were paid, respectively, by Ms. Rudden, Mr. Caparelli and the firm.

#### Final Order for Fines Totaling \$295,750 against an Investment Adviser Firm and Twelve Associated Persons for Unregistered Investment Advisory Business

On February 6, 2014, the Division of Securities entered a Final Order against Morgan Stanley Smith Barney LLC, Albert E. Gibbons, Jr., Arnold Murry Peskin, Arthur Irvin Sherman, David Paul Sobocinski, Franklin Joseph Saunders, Howard Stewart Harrow, Joseph Marcus Siegman, Linda Schick Hull, Robert William Price, Roberta A. Bary, Stephen Dana Peet and Steven Gregory Chapman for engaging in an investment advisory business in Florida without being registered. Fines totaling \$295,750 were paid.

#### Denial of Associated Person

On February 13, 2014, the Division of Securities entered a Final Order against Solomon Evan James, 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. Solomon made a material misrepresentation or misstatement on his application for registration.

#### Suspension of Associated Person

On February 13, 2014, the Division of Securities entered a Final Order against Barry Rabinowitz, suspending his application for registration as an associated person, after he failed to request a hearing. The Final Order follows a Notice of Intent to Suspend, which alleged Mr. Rabinowitz was arrested and charged with criminal conduct that involves moral turpitude.

#### Denial of Investment Adviser Firm

On February 17, 2014, the Division of Securities entered a Final Order against Gordon, Gelley & Co, PLLC, denying the firm's application for registration as an investment adviser, after the firm failed to request a hearing. The Final Order follows a Notice of Intent to Deny, which alleged Gordon, Gelley & Co, PLLC, engaged in unregistered investment advisory activities, misrepresented the qualifications of the investment adviser firm and misrepresented the qualifications of an employee of the investment adviser.

Administrative Fine of \$210,000 against an Unregistered Associated Person for Fraud

On February 19, 2014, the Division of Securities entered a Final Order against Henry Dyer Wiggins, Jr., after he failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Mr. Wiggins committed fraud by using investor funds for personal use. A \$210,000 administrative fine was assessed.

**3. Enforcement Actions**

South Florida Man Sentenced to 37 Months in Prison for Securities Fraud

On February 21, 2014, Daniel Paez was sentenced to 37 months in federal prison and three years of probation after pleading guilty to one count of securities fraud for his role in a fraudulent investment scheme. A joint FBI/OFR investigation determined that from September 2010 through April 2012, Paez and his company, Fly High Investments, Inc., obtained approximately \$500,000 from 17 investors across the United States. Paez told the investors that Fly High Investments, Inc., was a hedge fund that managed more than \$50 million in assets. He further promised investors that their money would be invested in safe investments. A review of bank and brokerage records revealed that the \$50 million hedge fund did not exist. The records also showed that although Paez invested a small portion of the investors' funds in high-risk investments, the vast majority of the investors' money was misappropriated by Paez. The United States Attorney's Office for the Southern District of Florida prosecuted this case. [FORMER MIAMI SECURITIES PROFESSIONAL SENTENCED TO 37 MONTHS FOR SECURITIES FRAUD IN CONNECTION WITH MULTI-STATE INVESTMENT SCHEME](#)

**4. Outreach Activities**

On January 30, 2014, a member of the Division of Financial Institutions represented the OFR on a regulatory panel at the Florida Bankers Association's "Safety & Soundness in 2014" seminars held in Miami, Florida. There were approximately 30 bankers in attendance.

On January 31, 2014, a member of the Division of Financial Institutions represented the OFR on a regulatory panel at the Florida Bankers Association's "Safety & Soundness in 2014" seminars held in Tampa, Florida. There were approximately 40 bankers in attendance.

On February 4, 2014, a member of the Division of Financial Institutions represented the OFR on a regulatory panel at the Sarasota-Manatee Chapter of

the Risk Management Association meeting held in Sarasota, Florida. The presentation was on *Bank Trends and Common Regulatory Violations*. There were approximately 50 people in attendance.

On February 21, 2014, two members of the Division of Financial Institutions represented the OFR on a regulatory panel at the Florida International Bankers Anti-Money Laundering Compliance held in Miami, Florida. There were approximately 75 people in attendance.

On February 18-21, 2014, members of the Division of Consumer Finance represented the OFR at the NMLS (Nationwide Mortgage Licensing System) 2014 Annual Conference and Training in Miami, Florida. The Director of Consumer Finance spoke on a panel discussing Legal vs. Illegal Payday Lending. The Bureau Chief for Registrations in Consumer Finance spoke on a panel discussing how to determine financial responsibility for mortgage loan originators. There were approximately 600 people attending the conference. Commissioner Drew J. Breakspear provided the opening remarks to the conference.