GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

MARCH 2016

MARCH ACHIEVEMENTS

1. **Monthly Statistics**

- Division of Securities
  - Examinations Opened: 33
  - Examinations Closed: 28
  - Complaints Received: 10
  - Complaints Closed: 19
  - Applications Received: 4,100
  - Applications Approved: 4,021
  - Applications Denied/Withdrawn: 70

- Division of Consumer Finance
  - Examinations Opened: 59
  - Examinations Closed: 49
  - Complaints Received: 165
  - Complaints Closed: 179
  - Applications Received: 1,474
  - Applications Approved: 1,349
  - Applications Denied/Withdrawn: 79

- Division of Financial Institutions
  - Examinations Opened: 9
  - Examinations in Process at month end: 17
  - Examinations Closed: 8
  - Complaints Received: 62
  - Complaints Closed: 79
  - Applications Received: 6
  - Applications Approved: 2
  - Applications Withdrawn: 1

- Bureau of Financial Investigations
  - Investigations Opened: 18
  - Investigations Closed: 19

2. Substantial Sanctions and Fines

Final Order for $50,000 Fine Against a Broker Dealer Firm for Prohibited Business Practices

On February 25, 2016, the Division of Securities entered a final order against Voya Financial Advisors, Inc., for engaging in prohibited business practices by failing to enforce its written supervisory procedures in the supervision of variable annuity purchases. A $50,000 administrative fine was paid.

Final Order Suspending Investment Advisers Firm and Associated Persons Registration

On February 25, 2016, the Division of Securities entered a final order against Regent Investment Advisors, Inc., and Timothy C. Mingo suspending their registrations in Florida. The firm and Mingo are suspended until they pay the remaining $15,000 balance of the $20,000 administrative fine ordered on November 6, 2014.

Final Order for $7,500 Fine Against an Associated Person

On March 3, 2016, the Division of Securities entered a final order against John C. Berardinelli for failure to observe high standards of commercial honor and principals of trade by failing to follow his employing firm's procedures. These procedures required Berardinelli to review questionable data thoroughly on documentation provided to the firm relating to annuity sales. A $2,500 administrative fine was paid.

Final Order for $7,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On March 7, 2016, the Division of Securities entered a final order against Scepter Capital Management, LLC and William F. Kennedy, Jr., for engaging in prohibited business practices by failing to maintain a written advisory contract, maintain investment suitability documents, maintain an accurate Form ADV, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A $7,500 administrative fine was paid.

Permanent Bar and $25,000 Fine Against Unregistered Associated Person for Unregistered Activity and Fraud

On March 11, 2016, the Division of Securities entered a final order against Jason Foxe permanently barring him from submitting an application or notification for a license or registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Foxe offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A $25,000 administrative fine was assessed.

Permanent Bar and $25,000 Fine Against Unregistered Associated Person for Unregistered Activity and Fraud

On March 11, 2016, the Division of Securities entered a final order against E. Daryl Magette permanently barring him from submitting an application or notification for a license or registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Magette offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A $25,000 administrative fine was assessed.

Permanent Bar and $100,000 Fine Against Unregistered Firm and Associated Person for Fraud

On March 25, 2016, the Division of Securities entered a final order against Capital Asset Management Partners Inc., and Allen Mark Kneller, permanently barring them 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. Capital Asset Management Partners Inc., and Allen Mark Kneller 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 $100,000 administrative fine was assessed.

Fines Totaling $195,937.50 for Unregistered Activity

During the month of March 2016, the Division of Securities fined one firm and nine associated persons for engaging in unregistered investment advisory activities in the State of Florida. Fines totaling $195,937.50 were paid.

3. Enforcement Actions

Internet Auto Loan Broker Convicted in Advance Fee for Loan Fraud

On March 10, 2016, Ivan Levy, CEO of Regency Financial Services, LLC pleaded guilty to nine counts of collecting unlawful advance fees as a loan broker. Following the entry of the plea, Levy was sentenced to serve 120 days in jail to be followed by five years on probation. He was ordered to pay more than $76,000 in criminal restitution with $3,685 to be paid up front. Levy was arrested on March 30, 2015, and charged with collecting advance fees from victims who sought his services as a loan broker in order to avoid having their vehicles repossessed. Victims sought to renegotiate or refinance their auto loans through Levy's websites, "credit-yogi.com" and "carpaymenthelpcenter.com." Levy preyed on victims by claiming he was an auto loan 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 deposits, making it difficult to determine who and how many victims gave cash to Levy. Once the payments were received, Levy would end all communication with his victims. No victim is known to have obtained financing or a refund of their advance fee payments. As part of the court's order, Levy will repay nine victims identified by the OFR who had their vehicles repossessed as a direct result of his scam. Levy's plea agreement also bars him from violating a Federal Trade Commission (FTC) injunction filed against him in January 2015. That injunction permanently bans Levy from any telemarketing activity or from engaging in the offer or sale of any financial product or service. Levy agreed to a judgment of

$330,000 in the FTC's case, an amount believed to comprise the total dollar loss to victims resulting from his scheme. Levy conducted business from his home in Boynton Beach for the past three years and was not licensed as a consumer finance company, lender or retail installment sales contract provider. Levy began serving his jail sentence on March 21, 2016.

Defendant Sentenced to 6.5 Years in Prison for Role in $8 Million Ponzi Scheme
On March 14, 2016, Dorian A. Garcia was sentenced to serve 78 months in prison to be followed by 36 months of probation for his role in orchestrating a Ponzi scheme that victimized more than 100 investors, resulting in more than $8 million in losses. The sentence follows Garcia's conviction on a wire fraud charge to which he pled guilty in July 2015. Between February 2009 and April 2015, Garcia solicited and received at least $8.5 million from approximately 111 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 an investment 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. In addition to the prison sentence, Garcia was also ordered to forfeit $3.1 million along with various pieces of artwork obtained through the proceeds of his fraudulent scheme. An evidentiary hearing regarding restitution is set for May 16, 2016. On April 14th, 2015, Garcia was named as a respondent in a civil fraud complaint brought by the CFTC with assistance from the OFR. A final judgment in that case is still pending. The OFR Bureau of Financial Investigations partnered with the FBI in bringing the criminal complaint which led to the criminal enforcement action in this case.

Four Defendants Sentenced in $80 Million Investment Scam
On March 17, 2016, defendant Paul Schumack was sentenced to serve 12 years in federal prison and ordered to pay $31 million in restitution for his role in an elaborate Ponzi scheme that bilked investors out of approximately $80 million. The scheme centered on the sale of "virtual concierge machines" (VCMs), devices that Schumack and co-defendants Joseph Signore, Laura Grande-Signore and Craig Hipp claimed would be installed in sports stadiums and hotels to provide users information, as well as discount coupons and access to services, such as restaurant food delivery. The VCMs were offered to investors for $2,500-$3,500 each and were supposed to be strategically placed in areas with significant pedestrian traffic. Working through JCS Enterprises, Inc., of Jupiter and an associated company named TBTI, Inc., the four defendants sold the equivalent of 22,547 VCM kiosks to investors around the country. As part of the sales pitch,

investors were guaranteed $300 per month in returns for at least 36 months from advertising revenues alone. Despite these representations and the large quantity of VCMs sold, only 182 VCMs were ever manufactured and only 84 ever made it to operation. Advertising revenues from the VCMs in operation amounted to less than $22,000 over the course of two years and only a fraction of the money raised from investors was used to purchase components to manufacture the VCMs. Instead, the vast majority of investors' funds were used by the defendants to pay for personal living expenses or to make Ponzi-style payments to early investors. Defendant Joseph Signore was responsible for raising $10 million from 307 investors, 128 of whom resided in Florida. On December 7, 2015, following a six-week federal trial, the defendants were each found guilty of various charges to include, money-laundering, wire fraud and mail fraud. On March 14, 2016, defendant Signore was sentenced to serve 20 years in federal prison and ordered to pay $31 million in restitution. Two days later, on March 16, 2016, Laura Grande-Signore was sentenced to seven years in prison and ordered to pay $31 million in restitution for her role in the scheme (restitution orders were issued jointly, with each defendant responsible for the $31 million in total restitution ordered in the case). Earlier, in May 2015, defendant Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his own involvement in the scheme. The defendants received combined prison sentences totaling 46 years. This case was developed in cooperation with the SEC and the FBI. It was prosecuted by the United States Attorney's Office in West Palm Beach. Each of the defendants was remanded into custody following the pronouncement of their sentences.

Pembroke Pines Viatical Settlements Provider Arrested for Alleged Investment Fraud Scheme

On March 22, 2016, Giovanny Vasquez, of Pembroke Pines, was arrested by the FBI after having been indicted on charges of mail fraud. The arrest stems from Vasquez's alleged involvement in an elaborate fraud scheme involving the purchase of life insurance policies from individuals with a diminished life expectancy (a practice known as life, or viatical settlements) using funds obtained from investors. Vasquez was the CEO of Global Wealth Creations, LLC (GWC) and is believed to have been in direct control of the business and its alleged fraudulent practices. The investigation revealed that GWC operated from 2008 through 2011, resulting in combined losses of approximately $3.5 million to approximately 40 victims. As part of the scheme, Vasquez is believed to have maintained an office in Miami from which he would recruit financial advisors to target seniors with substantial retirement savings. Vasquez is also believed to have sold viatical settlements, in some cases directly, to certain investors. Investors in GWC were led to believe that their investments were safe because the company invested only in life insurance policies that were "secured" by life insurance companies. Investors were falsely promised a 10 percent annual return on their investments over a five-year period and were given investment performance letters that grossly misrepresented the company's financial condition, inflating the amount of profits that the company supposedly generated from its investments. Contrary to these representations, investigators found that GWC only purchased one life insurance contract and that contract never resulted in a benefit payout due to misrepresentations. Rather than using investor funds to purchase additional insurance contracts, the investigation revealed that investor funds were instead used for the benefit of Vasquez who paid himself salary advances and bonuses with the money or used it for personal or unrelated business expenses. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

Lake Worth Check Casher Arrested in Unlicensed Activity Scheme

On March 23, 2016, defendant Samuel Enamorado, Sr., was arrested by the DFS Division of Insurance Fraud on an outstanding warrant issued for one count of acting as an unlicensed money services business. The OFR investigation revealed that from December 2013 to May 2014, Emerald Realty of Palm Beach, Inc., cashed at least 144 third party checks whose value, in aggregate, exceeded $717,337.04. Most of the checks were from construction companies and were believed to have been negotiated as part of a workers' compensation insurance premium avoidance scheme. Chapter 560, F.S., requires any person cashing payment instruments that have an aggregate face value of $2,000 or more, per person, per day to be licensed by the OFR. Licensing records revealed that Emerald Realty of Palm Beach, Inc., and Samuel Enamorado, Sr., are not and have never been licensed by the OFR as a check casher. The OFR opened this investigation based on information obtained from a confidential source that alleged Emerald Realty of Palm Beach, Inc., was operating as an unlicensed check casher. As the investigation revealed evidence of potential workers' compensation fraud, information obtained by the OFR was shared with the Division of Insurance Fraud for criminal prosecution. The Office of the State Attorney in Palm Beach County is prosecuting the case.

4. Communications and Outreach Activities

On February 25, 2016, an opinion editorial by OFR Commissioner Drew J. Breakspear appeared in the Pensacola News Journal.
Viewpoint: Military Saves Week

On February 29, 2016, a letter to the editor by OFR Commissioner Drew J. Breakspear appeared in the Tampa Bay Times.
Tampa Bay Times: Sunday's Letters: Beware of Refund Fraud

On March 7, 2016, the OFR issued a press release recognizing Consumer Protection Week.
The Office of Financial Regulation Recognizes Consumer Protection Week

On March 9, 2016, a member of the Division of Financial Institutions participated in a regulator panel at the Florida International Bankers Association Anti-Money Laundering Conference in Miami.

On March 14, 2016, the OFR issued a consumer alert regarding scams that may target senior citizens.
Consumer Alert: Scams Targeting Senior Citizens

On March 23, 2016, an opinion editorial by OFR Commissioner Drew J. Breakspear appeared in Context Florida.
Context Florida: Good Credit is the Keystone of Financial Literacy

On March 24, 2016, the OFR issued a press release announcing an arrest in an unlicensed check cashing scheme.
Press Release: Palm Beach Man Arrested in Unlicensed Check Cashing Scheme