

GOVERNOR RICK SCOTT
MONTHLY AGENCY ACHIEVEMENT REPORT
OFFICE OF FINANCIAL REGULATION
APRIL 2015

APRIL ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 24
 - Examinations Closed: 22
 - Complaints Received: 07
 - Complaints Closed: 14
 - Applications Received: 4,093
 - Applications Approved: 3,968
 - Applications Denied/Withdrawn: 76

- Division of Consumer Finance
 - Examinations Opened: 24
 - Examinations Closed: 30
 - Complaints Received: 135
 - Complaints Closed: 221
 - Applications Received: 1,166
 - Applications Approved: 1,127
 - Applications Denied/Withdrawn: 35

- Division of Financial Institutions
 - Examinations Opened: 13
 - Examinations Closed: 14
 - Complaints Received: 92
 - Complaints Closed: 96
 - Applications Received: 5
 - Applications Approved: 7

- Bureau of Financial Investigations
 - Investigations Opened: 17
 - Investigations Closed: 14

2. Substantial Sanctions and Fines

Final Order for \$5,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On April 3, 2015, the Division of Securities entered a final order against Inspire Capital Management, LLC, and Michael McKee for engaging in prohibited business practices by failing to maintain an accurate Form ADV, send clients

itemized invoices, maintain an accurate advisory agreement and to comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$5,000 administrative fine was paid.

Permanent Bar and \$45,000 Fine Against an Associated Person for Prohibited Business Practices

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.

Permanent Bar and \$62,500 Fine Against an Associated Person

On April 7, 2015, the Division of Securities entered a final order against Kevin Luby permanently barring him from registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Luby engaged in prohibited business practices by failing to disclose and obtain approval from his employing broker dealer firm for his outside business activity. The activity included being appointed co-personal representative, co-successor and beneficiary of a customer's revocable trust. An administrative fine of \$62,500 was assessed.

Permanent Bar and \$110,000 in Total Fines Against Unregistered Broker Dealers and Associated Person for Fraud

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.

Final Order for \$11,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On April 14, 2015, the Division of Securities entered a final order against Anderson Investment Management, LLC, and Kurt Lewis Anderson for engaging in prohibited business practices by failing to file audited financial statements, maintain required net capital, maintain an accurate Form ADV, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. An \$11,000 administrative fine was paid.

Permanent Bar and \$300,000 in Total Fines Against an Unregistered Issuer Dealer and Associated Persons for Fraud

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.

Final Order for \$5,000 Fine Against an Associated Person for Unregistered Activity

On April 20, 2015, the Division of Securities entered a final order against Sherry Tucker Bremer for engaging in unregistered investment advisory activities. A \$5,000 administrative fine was paid.

Final Order for \$8,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On April 27, 2015, the Division of Securities entered a final order against Traver Financial Consulting Network, PA, and John Micheal Traver for engaging in prohibited business practices by failing to maintain accurate investment advisory agreements, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. An \$8,500 administrative fine was paid.

Denial of Associated Person Applications

From April 1 to April 27, 2015, the Division of Securities denied four applications for registration as an associated person. 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 as an associated person.

3. Enforcement Actions

Defendant in Precious Metals Scam Sentenced to 15 Years in Prison

On March 27, 2015, Christopher Anzalone was sentenced to 15 years in federal prison to be followed by three years of supervised release for his role in an elaborate investment fraud scheme involving purported investments in precious metals and stocks. Anzalone was also ordered to pay restitution to investors in the amount of \$16 million. The sentencing order follows Anzalone's January 9th guilty plea to a charge of conspiracy to commit wire fraud. Anzalone 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. The OFR's investigation, which focused exclusively on investments related or made through the Allied entities, revealed that Anzalone and certain co-defendants raised \$3.3 million from 23 investors within a six month period (March 2013-October 2013). Allied investors were led to believe that the company's holdings of LIHC stock increased the company's value due to LIHC's ownership of real estate and precious metals. In actual fact, however, LIHC had no holdings of real estate or precious metals. The investigation's analysis of financial records revealed that the money raised by Allied from investors was never used for the

purposes represented to its investors, but instead was used to pay sales commissions and for Anzalone's personal living expenses. The money raised by Anzalone and his associates through the various companies named in the criminal filings totaled more than \$16 million. Anzalone's co-defendants in the case, 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. Williams pled guilty and will be sentenced on April 29th. Boyce and Bradshaw pled guilty and will be sentenced on May 27th. This investigation was developed jointly with the FBI. The U.S. Attorney's Office in Miami prosecuted the case.

Loan Broker Arrested in Alleged Advance Fee Fraud that Victimized Hundreds

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 thirty 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.

[Press Release: Safety Harbor Man Arrested for Investment Fraud](#)

4. Communications and Outreach Activities

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, Florida.

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, the 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](#)