

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

April 2016

#### APRIL ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 15
  - Examinations Closed: 22
  - Complaints Received: 17
  - Complaints Closed: 14
  - Applications Received: 4,162
  - Applications Approved: 4,030
  - Applications Denied/Withdrawn: 46
  
- Division of Consumer Finance
  - Examinations Opened: 58
  - Examinations Closed: 74
  - Complaints Received: 123
  - Complaints Closed: 140
  - Applications Received: 1,219
  - Applications Approved: 1,193
  - Applications Denied/Withdrawn: 89
  
- Division of Financial Institutions
  - Examinations Opened: 7
  - Examinations Closed: 11
  - Complaints Received: 46
  - Complaints Closed: 52
  - Applications Received: 1
  - Applications Approved: 2
  
- Bureau of Financial Investigations
  - Investigations Opened: 7
  - Investigations Closed: 4

##### 2. Substantial Sanctions and Fines

Final Order for \$13,000 Fine Against an Investment Adviser Firm Associated Person for Unregistered Activity

On March 29, 2016, the Division of Securities entered a final order against

Northstar Financial Companies, Inc., and Steven Girard for engaging in unregistered investment advisory activities. A \$13,000 administrative fine was paid.

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

On March 31, 2016, the Division of Securities entered a final order against Skybox Asset Management, LLC and Mark A. Manges for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, provide clear advisory contracts, send clients itemized invoices and statements and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$5,000 administrative fine was paid.

Final Order for \$5,000 Fine Against a Mortgage Lender for Prohibited Business Practices

On April 5, 2016, the Division of Consumer Finance entered a final order against SOFLO:AM, LLC d/b/a Dreams Investment Group and Herold Pierre for engaging in prohibited business practices by failing to file an annual audited financial statement for the OFR.

Final Order for \$2,500 Fine Against an Associated Person for Failure to Disclose Regulatory Sanctions

On April 6, 2016, the Division of Securities entered a final order against Paul Franklin Berlin for failing to timely report the surrender and restriction of his insurance license, by the Florida Department of Financial Services, in June 2015. Pursuant to the final order, Berlin agreed to pay a \$2,500 administrative fine and not to submit an application for registration prior to February 25, 2017.

Suspension of an Associated Person's Registration for FINRA Sanctions

On April 6, 2016, the Division of Securities entered a final order against RFO Wealth Advisors, LLC, RFO Investment Advisors, LLC and James C. Eastman, suspending Eastman's registration as an associated person with RFO Wealth Advisors, LLC and RFO Investment Advisors, LLC for six months. Eastman was the subject of a suspension and fine by FINRA, a national securities association.

Final Order for \$7,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On April 6, 2016, the Division of Securities entered a final order against Key Capital Advisors, Inc., and Andrew C. De Araujo for engaging in prohibited business practices by failing to maintain an accurate Form ADV, maintain a written advisory contract and timely file financial statements. A \$7,000 administrative fine was paid.

Final Order Revoking a Check Casher License for Failure to Pay an Administrative Fine and Examination Costs

On April 6, 2016, the Division of Consumer Finance entered a final order against Brother & Sister Corp., d/b/a Hernandez Cash Express and Luis Hernandez, Jr., revoking their check casher license for failure to comply with a previous final order and ordering the payment of an administrative fine and examination costs.

Final Order for \$12,000 Fine Against a Check Casher for Prohibited Business Practices

On April 6, 2016, the Division of Consumer Finance entered a final order against Check Cash & More, Inc., and Azucena Sanchez for engaging in prohibited business practices by failing to maintain customer files on customers who cash corporate checks exceeding \$1,000, properly maintain a payment instrument log for checks cashed in excess of \$1,000 and failure to file required currency transaction reports. An administrative fine of \$12,000 was ordered to be paid within 30 days of the final order.

Final Order for \$19,000 Fine Against a Check Casher for Prohibited Business Practices

On April 6, 2016, the Division of Consumer Finance entered a final order against El Mariachi Loco, Inc., Rosalia Holmlund and Kenneth Holmlund for engaging in prohibited business practices by failing to properly endorse payment instruments accepted, failing to affix a thumbprint of the conductor to each original payment instrument cashed in excess of \$1,000, failing to properly maintain an electronic payment instrument log of checks cashed in excess of \$1,000, failing to obtain a copy of acceptable personal identification bearing the photograph of a person cashing a check and failing to notify the OFR of the change in bank accounts used for check cashing activity. A \$19,000 administrative fine was paid.

Final Order for \$21,500 Fine Against a Money Transmitter for Prohibited Business Practices

On April 11, 2016, the Division of Consumer Finance entered a final order against Brazjet Express, Inc., and Jean Araujo for engaging in prohibited business practices by failing to maintain an adequate amount of surety bond, failing to notify the OFR that it had been served with a subpoena and a subsequent seizure of funds, failing to timely file currency transaction reports, and failing to timely update its banking information with the OFR. An administrative fine of \$21,500 was paid.

Final Order Barring a Check Casher From Licensure for Prohibited Business Practices

On April 11, 2016, the Division of Consumer Finance entered a final order against S. Bandeali Enterprises, LLC and Mohammed Bandeali for prohibited business practices by failing to properly maintain an electronic log for checks cashed in excess of \$1,000, failing to timely file quarterly reports, failing to maintain, review and update an anti-money laundering program, and failure to report changes in bank accounts to the OFR within 30 days. Respondents agreed to a not seek a

license or act as an affiliate party of another money services business for a period of 10 years in lieu of an administrative fine.

Final Order Barring a Check Cashier From Licensure for Prohibited Business Practices

On April 18, 2016, the Division of Consumer Finance entered a final order against AS Business Associates, Inc., Abdul Qulam, Manoj Shewa, and Kazi Nahar for engaging in prohibited business by failing to properly maintain an electronic log for checks cashed in excess of \$1,000, failing to affix a thumbprint of the conductor to each payment instrument cashed in excess of \$1,000, failing to obtain a copy of acceptable personal identification bearing the photograph of the person cashing a check, failing to endorse payments instruments at the time accepted using its legal name, and failing to notify the OFR of changes in its application or renewal information within 30 days. Respondents agreed to not seek a license or act as an affiliate party of another money services business for a period of 10 years in lieu of an administrative fine.

Final Order for \$142,750 Fine Against a Check Cashier for Unlicensed Activity

On April 22, 2016, the Division of Consumer Finance entered a final order against Akshar, Inc., of Live Oak, D/B/A JK Food Mart, Rajendraku Patel and Kalpen Patel for conducting business as a check cashier without a license. The first payment of the administrative fine has been paid.

Final Order for \$9,710 Fine and Restitution of \$661 Against a Motor Vehicle Retail Installment Seller for Prohibited Business Practices

On April 22, 2016, the Division of Consumer Finance entered a final order against Bay to Bay Auto Mall, Inc., and Samuel Lewis for engaging in prohibited business practices by conducting unlicensed activity, failing to include certain disclosures on a retail installment contract and failing to maintain documentation of a refund or credit to a buyer for charging excessive official fees or authorized charges in the amount of \$661.

Final Order Barring a Check Cashier from Licensure for Prohibited Business Practices

On April 22, 2016, the Division of Consumer Finance entered a final order against Cashing Solutions, LLC and Estela P. Dewar for engaging in prohibited business practices by failing to maintain legible copies of acceptable identification presented by the customer cashing a payment instrument, failing to maintain a complete electronic log of checks cashed in excess of \$1,000, failing to secure and maintain a customer thumbprint on each payment instrument cashed in excess of \$1,000 and failing to provide customers with the OFR's consumer contact information as required by law. Respondents agreed to voluntarily surrender their check cashier license and be barred from licensure for a period of 10 years from the date of the final order.

Final Order for \$30,900 Fine Against a Consumer Collection Agency for Prohibited Business Practices

On April 22, 2016, the Division of Consumer Finance entered a final order against Investigative Recovering, Inc., Michael Jagroo and Taverre Johnson for prohibited business practices by failing to respond to the OFR's request for a response regarding a consumer complaint. Respondents are ordered to pay the administrative fine of \$30,900 within 30 days of the final order.

Final Order for \$36,000 Fine Against a Consumer Collection Agency for Prohibited Business Practices

On April 22, 2016, the Division of Consumer Finance entered a final order against UPG, LLC and David Carr for prohibited business practices by failing to respond to the OFR's request for a response regarding a consumer complaint. Respondents are ordered to pay the administrative fine of \$36,000 within 30 days of the final order.

Final Order for \$3,500 Fine Against a Consumer Collection Agency for Prohibited Business Practices

On April 22, 2016, the Division of Consumer Finance entered a final order against Maitland Capital Funding, LLC and Chris Rivera for prohibited business practices by failing to maintain required records for a period of three years. Respondents are ordered to pay the administrative fine of \$3,500 within 30 days of the final order.

Final Order for \$10,000 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On April 25, 2016, the Division of Securities entered a final order against Barrow Asset Management, Inc., for engaging in prohibited business practices by failing to file audited financial statements, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$10,000 administrative fine was paid.

Denial of an Investment Adviser Firm and Associated Person

On April 25, 2016, the Division of Securities entered a final order against DayRoll, Inc., and Frederick Beacham, denying their applications for registration as an investment adviser firm and associated person after they failed to request a hearing. The final order follows a notice of intent to deny, which alleged DayRoll, Inc., and Fredrick Beacham made a material misrepresentation or misstatement on their applications for registration as an investment adviser firm and associated person.

**3. Enforcement Actions**

South Florida Attorney Pleads Guilty in \$8 Million Mortgage Fraud Scheme

On March 30, 2016, Angel Garcia-Oliver, a Coral Gables attorney, entered a guilty plea to charges of conspiracy to commit bank and wire fraud in connection with a multi-million dollar mortgage fraud scheme. The plea was entered in U.S. District Court for the Middle District of Florida. Garcia-Oliver was the principal of Garcia-

Oliver & Mainieri, P.A., a law firm which acted as the closing agent for fraudulently obtained mortgage loans, alleged to have been issued to straw buyers working with Tribute Residential, LLC. Garcia-Oliver, or employees working at his direction, served as settlement agents and conducted dozens of real estate closings for condominium units owned by Tribute, including Cypress Pointe in Orlando and the Villas at Lakeside in Oviedo. The investigation revealed that Garcia-Oliver knowingly facilitated the closing of condominium sales at falsely inflated prices using mortgage loan proceeds obtained from financial institutions based on misrepresentations. 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 other defendants in the scheme to act as borrowers in exchange for compensation. The inflated property valuations 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. Losses suffered by mortgage lenders as direct result of Garcia-Oliver's conduct exceed \$8.25 million. This investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the FBI and the Federal Housing Finance Agency. Additional defendants in this case are pending indictment or trial.

#### North Port Accountant Arrested in Advance Fee for Loan Scheme

On April 8, 2016, certified public accountant Mark J. Klingel was arrested by Sarasota County Sheriff's Deputies on a charge of communications fraud, a first degree felony. Klingel's arrest results from his alleged involvement in an elaborate advance fee for loan fraud that operated from his accounting firm (Mark J. Klingel CPA, LLC) in North Port. On March 24, 2016, co-defendant in the case, Stephen Eugene Hummell, was arrested by Cobb County Sheriff's Deputies at his home in Marietta, Georgia. Hummell was charged in Florida with communications fraud and eight counts of loan broker fraud. Hummell's arrest warrant included an order to extradite him from anywhere in the United States. Hummell has been held in the Cobb County jail without bond pending extradition to Sarasota County. Hummell and Klingel are accused of assessing and collecting more than \$1.2 million in advance fees from prospective borrowers on the promise of obtaining business loans. Evidence obtained during the course of the investigation suggests that the loss to prospective borrowers both within and outside of the state is likely greater than \$2 million. From October 2009 through June 2014, Hummell and Klingel are alleged to have used a website, [www.capitalfirstinvestorsgroup.com](http://www.capitalfirstinvestorsgroup.com), to offer loans to prospective borrowers via the internet. This website is no longer operational, but previously listed Hummell as the "Managing Director" and Klingel as the "Government Contracts/Financial Consultant" for the business. Hummell maintained an office at Klingel's CPA firm in North Port. They are believed to have victimized more than 50 prospective borrowers throughout the U.S., 10 of whom are believed to be Florida residents. No business loans or refunds have ever materialized. The OFR Bureau of Financial Investigations was the sole investigative agency in this case with valuable assistance from the OFR Division

of Consumer Finance. Sarasota County (FL) and Cobb County (GA) Sheriff's Deputies performed the arrests and the case is being prosecuted by the Sarasota County State Attorney's Office.

[Press Release: North Port Accountant Arrested in Advance Fee for Loan Scheme](#)

#### **4. Communications and Outreach Activities**

On April 1, 2016, Jason Booth, Bureau Chief of Registration for the Division of Consumer Finance, was re-appointed for a two-year term on the Mortgage Testing & Education Board (MTEB). The MTEB is responsible for the oversight of mortgage loan originator required testing, pre-licensing and continuing education and related procedures. The MTEB also acts in an advisory capacity regarding the policies and procedures by which the Nationwide Multistate Licensing System (NMLS) meets the S.A.F.E. Act testing and education requirements on a national level. In his first term on the MTEB, Jason was involved in investigating incidents where test taker or education rules may have been violated, implementing policies concerning test expiration, test score invalidations and revising Administrative Action Procedures for S.A.F.E. Testing and Education investigations.

On April 19, 2016, an opinion editorial by Commissioner Drew J. Breakspear appeared in the Pensacola News Journal.

[Viewpoint: Empower Our Youth](#)

On April 20 and 21, 2016, members of the Division of Financial Institutions Miami team visited with Florida International University to speak to a Commercial Bank Management Class and International Banking Class about the OFR and our role as regulators in the banking industry.

On April 25, 2016, the OFR released a consumer alert on five common financial myths.

[Consumer Alert: 5 Common Financial Myths](#)