

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

JUNE ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 14
 - Examinations Closed: 32
 - Complaints Received: 15
 - Complaints Closed: 11
 - Applications Received: 4136
 - Applications Approved: 4124
 - Applications Denied/Withdrawn: 61

- Division of Consumer Finance
 - Examinations Opened: 12
 - Examinations Closed: 27
 - Complaints Received: 122
 - Complaints Closed: 97
 - Applications Received: 1112
 - Applications Approved: 1164
 - Applications Denied/Withdrawn: 90

- Division of Financial Institutions
 - Examinations Opened: 9
 - Examinations Closed: 22
 - Complaints Received: 8
 - Complaints Closed: 75
 - Applications Received: 69
 - Applications Approved: 6
 - Applications Denied/Withdrawn: 4

- Bureau of Financial Investigations
 - Investigations Opened: 9
 - Investigations Closed: 14

2. Substantial Sanctions and Fines:

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

On June 2, 2015, the Division of Securities entered a final order against Darrayl Lamar Miles for failure to disclose the July 2013 regulatory action taken against him by the Florida Department of Financial Services. A \$2,500 administrative fine was paid.

Final Order for \$6,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On June 2, 2015, the Division of Securities entered a final order against The Old River Company d/b/a Emerald Financial Management and Allen P. Auger for engaging in prohibited business practices by failing to timely file financial statements, prepare and/or maintain accurate and current financial statements and maintain an accurate Form ADV. A \$6,000 administrative fine was paid.

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

On June 2, 2015, the Division of Securities entered a final order against Sullivan Investments Group, LLC, and Craig H. Sullivan for engaging in prohibited business practices by failing to maintain accurate investment advisory agreements, send clients itemized invoices, timely file audited financial statements, maintain required net capital 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.

Permanent Bar and \$20,000 Fine Against Florida Companies and Principal for Fraud

On June 2, 2015, the Division of Securities entered a final order against Infinite Media Group, LLC, Infinite Entertainment Group, LLC, Gidget Film Partners, LLC, Love In Vain Film Partners, LLC, Hello Kitty Film Partners, LLC, and Steele Shannon, permanently barring the firms and Steele Shannon from registration with the office after they failed to request a hearing. The final order follows an administrative complaint, which alleged the firms and Steele Shannon conducted fraudulent securities transactions. A \$20,000 administrative fine was assessed.

Final Order for \$15,000 Fine Against a Broker-Dealer Firm for Prohibited Business Practices

On June 4, 2015, the Division of Securities entered a final order against J.P. Turner & Company, LLC, for engaging in prohibited business practices by failing to establish, maintain and enforce written procedures to properly review and supervise the activities of an associated person's mutual fund trading activities. A \$15,000 administrative fine was paid.

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

On June 4, 2015, the Division of Securities entered a final order against Lionsbridge Wealth Management, LLC, for engaging in prohibited business practices by failing to file audited financial statements, maintain required net capital and to comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$7,500 administrative fine was paid.

Final Order for \$8,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On June 5, 2015, the Division of Securities entered a final order against REAP in Wealth Management, LLC, and David Hamilton Morgan for engaging in prohibited business practices by failing to maintain an accurate Form U-4 for Mr. Morgan, maintain accurate company website, brochure and business cards and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. An \$8,000 administrative fine was paid.

Twelve Year Bar and \$32,000 Fine Against Unregistered Associated Person for Fraud

On June 10, 2015, the Division of Securities entered a final order against David Yaacov Grossman and Grossman & Stein, barring Mr. Grossman for 12 years 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. David Yaacov Grossman and the firm were found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered. In addition, Mr. Grossman was found to have obtained money by means of fraud. A \$32,000 administrative fine was assessed against David Yaacov Grossman.

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

On June 12, 2015, the Division of Securities entered a final order against Stephen James Myler for engaging in unregistered investment advisory activities. A \$5,000 administrative fine was paid.

Final Order for \$6,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On June 24, 2015, the Division of Securities entered a final order against Lake Advisory Group, Inc., and Daniel Joseph Doan for engaging in prohibited business practices by failing to send clients itemized invoices, timely file audited financial statements, maintain required net capital and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$6,000 administrative fine was paid.

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

On June 24, 2015, the Division of Securities entered a final order against Lanson Advisors, LLC, for engaging in prohibited business practices by failing to

prepare and maintain written supervisory procedures, send clients itemized invoices, timely file audited financial statements 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.

Permanent Bar Against Unregistered Associated Person for Fraud

On June 24, 2015, the Division of Securities entered a final order against Phil Donnahue Williamson for engaging in outside business activity, selling away, unregistered investment activity, selling unregistered securities, a Ponzi scheme and fraud. Mr. Williamson is permanently barred from engaging in, affiliating with or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S.

Denial of Associated Person Applications

From June 1 to June 25, 2015, the Division of Securities denied two 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 Sentenced to Seven Years in Prison for Role in \$80 Million Ponzi Scheme

On May 26, 2015, defendant Craig Allen Hipp was sentenced to seven years in federal prison for his role in perpetuating an \$80 million Ponzi scheme that sold, but failed to deliver, Virtual Concierge Machines (VCMs) to over 1,800 investors nationwide. Hipp was the vice president of manufacturing and operations for JCS Enterprises and in charge of overseeing the design and manufacture of the machines. The VCMs were to be placed in ball parks and hotels and were offered to investors for \$2,500-\$3,500. Along with the promise that the VCMs would be manufactured and delivered, Hipp and three other defendants in this case, are alleged to have promised investors that they would each receive \$300 a month for three years for every machine purchased. While making these representations, Hipp was aware that the machines were not being built (only 200 were ever manufactured and approximately 24,000 were sold). On March 13, 2015, following the completion of a 10-day trial, a jury found Hipp guilty of wire fraud, mail fraud and conspiracy to commit mail and wire fraud. Investments in the VCMs were marketed to investors using YouTube videos, mass email solicitations and investor seminars. The defendants are alleged to have misrepresented to investors that their funds would be used to order new machines and these would generate revenue from businesses that would use them to advertise products and services. In typical Ponzi fashion, however, funds obtained from newer investors were used instead to pay returns to earlier investors or diverted for the personal use of the defendants. Indicted with Hipp in May 2014, were Laura and Joseph Signore and Paul Schumack. Trials for each of the defendants are expected to take place in fall 2015. This investigation was

developed jointly with the FBI and the SEC. The SEC filed a civil fraud complaint against the defendants in federal court and on Dec. 22, 2014, secured a court appointed receiver over the business. The U.S. Attorney's Office in West Palm Beach is prosecuting the case.

Two Arrested for Role in Mortgage Fraud Scheme

On June 5, 2015, defendants David Cevallos and Osbel Sanchez were arrested by Special Agents of the Federal Housing Finance Agency. On April 29, 2015, Cevallos and Sanchez were indicted in U.S. District Court for the Middle District of Florida. Cevallos was charged with one count of conspiracy to commit wire fraud and six individual counts of wire fraud, and Sanchez was charged with one count of conspiracy to commit wire fraud and three individual counts of wire fraud. The charges stem from their alleged roles in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Cevallos and Sanchez, in concert with others, bought or facilitated the sale of condominium units at highly inflated prices, funding the purchases through mortgage loans obtained from various financial institutions. 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 Cevallos and Osbel to act as borrowers in exchange for compensation. The inflated property assessments 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. The indictments allege that Cevallos and Sanchez conspired with others to falsify settlement statements and mortgage loan applications in order to receive substantial and undisclosed kickbacks from the sellers. Their activities alone are alleged to have resulted in \$4.2 million in losses. Further indictments are expected. This joint OFR/FBI/FHFA investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the OFR/FBI and the Federal Housing Finance Agency. The activities averred in the indictments are alleged to have occurred between 2007 and 2008.

Jacksonville Man Sentenced to 10 Years in Prison in \$3 Million Ponzi Scheme

On June 12, 2015, Anderson Scott Hall was sentenced by U.S. District Judge Timothy Corrigan to 10 years in prison during a hearing in federal court in Jacksonville. Hall was also ordered to pay \$3,068,116.20 in restitution to 48 victims. On January 28, 2013, Hall was arrested after being indicted on 10 counts of mail fraud and 10 counts of wire fraud in connection with his operation of a fraudulent investment scheme. According to the indictment, while working for a registered broker dealer, Hall operated a sham company (Abaco Securities International Ltd.), which he held out to be a legitimate international investment company. Hall was the mastermind behind a complex scheme to defraud numerous investors, including Duval County school teachers and administrators. Hall induced victim investors into transferring their retirement savings from legitimate life insurance companies and investment companies over to companies he controlled. Hall told the investors they would receive shares in a

unit investment trust that would pay 10 percent guaranteed interest. Instead of investing the victims' funds as promised, Hall used the funds for his own benefit, including purchasing high-value luxury items and commercial and residential real estate. On occasion, as part of the fraud scheme, Hall would use money taken from new investors to pay earlier investors. In total, Hall defrauded investors out of more than \$3 million. This case was initially developed by the Bureau of Financial Investigations. After analyzing the bank records and uncovering the fraud, this matter was brought to the attention of the FBI who joined the investigation in September 2012.

Sentencing of Money Services Business Owner Implicated in Tax-Refund Fraud Scheme

On June 15, 2015, Garaya Jackson was sentenced by the Circuit Court of Collier County to serve 76 months in state prison to be followed by 15 years of probation. She was also ordered to pay more than \$70,000 in restitution. The sentence is the result of a plea agreement through which Jackson pled guilty to violating the state's Racketeer Influenced and Corrupt Organizations Act (RICO) and to acting as an unlicensed money services business. The charges stem from Jackson's involvement in an illegal check cashing scheme related to fraudulently obtained U.S. Treasury tax-refund checks. Jackson was arrested on March 10, 2014, as a result of the OFR's investigation of that scheme. The OFR investigation revealed that from April 2012 through April 2013, Jackson cashed at least 234 fraudulently obtained third-party U.S. Treasury tax-refund checks through her business, Garaya's Fashions, a retail clothing boutique in Immokalee. The tax-refund checks were the result of fraudulent tax returns filed in the names of identity theft victims. Jackson was not licensed as a check casher or exempt from the requirements of licensure at the time that most of the checks were cashed. The fraudulently obtained checks totaled more than \$750,000. Jackson was remanded into custody immediately following the pronouncement of her sentence.

[Press Release: Garaya Jackson Sentenced to 6+ Years in Prison for Role in Tax-Refund Fraud Scheme](#)

Consumer Collection Agency Principal Arrested in Alleged Scheme to Defraud Homeowners Associations

On June 15, 2015, Robert Dana Brown was arrested by the U.S. Marshals Service in Seattle, Washington, based on an open Florida warrant issued in July 2014. Brown, a formerly licensed debt collector, moved to Washington after having apparently abandoned his Florida consumer collections business. Through that business, Brown is alleged to have defrauded several Florida-based homeowners' associations (HOAs) with which he had contracts to provide debt collection services. In his role as president of Leading Association Solutions, Inc., Brown is accused of collecting and failing to remit at least \$56,000 in delinquent dues owed to various HOAs in Lee County. Further investigation revealed that from 2008 to 2012, Leading Association Solutions collected more than \$4 million from over 400 accounts to satisfy property liens held on behalf of

different HOAs. In July 2014, Circuit Judge Keith Kyle of Lee County issued a search warrant for the seizure of more than \$180,000 maintained by Brown at First Citizens Bank in Ft. Myers. All funds seized were shown to have been derived from Brown's consumer collection activities. These monies have since been frozen pending resolution of the criminal case. According to federal marshals, at the time of his arrest, Brown was working in sales for four different companies in the U.S. and Canada. The State Attorney's Office, 20th Judicial Circuit, is preparing Brown's extradition to Florida for an arraignment hearing. [Press Release: Consumer Collection Agency Principal Arrested for Defrauding Homeowners Associations](#)

Defendant Sentenced in Investment Fraud Case

On June 22, 2015, Frederick Glover was sentenced in Seminole County Circuit Court to time served 459 days and 10 years of probation after accepting a plea agreement. On March 11, 2015, Glover pled no contest to one count of securities fraud, one count of grand theft and one count of selling an unregistered security. A condition of the plea agreement and sentencing requires Glover to pay restitution in the amount of \$309,500 and prosecution costs and investigative costs of approximately \$28,000. On July 12, 2011, Frederick Glover and his wife, Mary Glover, were arrested in connection with their involvement in several fraudulent investment offerings associated with their business, T-1 Business Centers. A warrant was also issued for their business associate, Garold Gipson, who was arrested on July 14, 2011. Frederick Glover and his co-defendants defrauded multiple investors in a collateral leasing scheme whereby investors would place funds with Glover for the purpose of having Glover lease collateral such as bank guarantees or certificates of deposit. The collateral would then purportedly be used to obtain loans from financial institutions. Glover promised investors he would pay them returns, which in some cases were to exceed 600 percent, from the loan proceeds. Investors received no return on their investments. On September 13, 2012, Garold Gipson was adjudicated guilty on one count of grand theft pursuant to a plea agreement in Seminole County Circuit Court. Gipson received 10 years of probation and was ordered to pay restitution of \$20,000 and investigative costs of \$1,000. On November 2, 2012, Mary Glover was adjudicated guilty on two counts of selling unregistered securities pursuant to a plea agreement in Seminole County Circuit Court. Glover received five years of probation and was ordered to pay investigative costs of \$1,000. The OFR was the sole investigative agency involved in the case but was assisted in the execution of the search warrant and subsequent arrests of the defendants by the Florida Department of Law Enforcement and the Altamonte Springs Police Department.

4. Communications and Outreach Activities

On May 25, 2015, through May 30, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS State Federal Supervisor Forum in San Francisco, California.

On June 1, 2015, the OFR issued a consumer alert on hurricane and disaster preparedness.

[Consumer Alert: Hurricane and Disaster Preparedness](#)

On June 2, 2015, the OFR issued a press release regarding a letter that Commissioner Drew J. Breakspear sent to CFPB Director Cordray urging the use of Florida's regulatory model for payday lending.

[Press Release: Commissioner Drew J. Breakspear Urges Use of Florida's Regulatory Model for Payday Lending](#)

On June 8, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the 2015 Florida Bankers Association Annual Meeting in Boca Raton.

On June 17, 2015, the OFR issued a consumer alert on identity theft.

[Consumer Alert: Identity Theft](#)

On June 18, 2015, a member of the Division of Financial Institutions represented the OFR at the League of Southeastern Credit Unions Annual Meeting in Orlando.

On June 18 - 19, 2015, Commissioner Drew Breakspear and a member of the Division of Financial Institutions represented the OFR at the Conference of State Bank Supervisors Region III Interagency Conference.