

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

JULY 2014

#### JULY ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 17
  - Examinations Closed: 11
  - Complaints Received: 25
  - Complaints Closed: 14
  - Applications Received: 3,803
  - Applications Approved: 3,521
  - Applications Denied/Withdrawn: 61
  
- Division of Consumer Finance
  - Examinations Opened: 32
  - Examinations Closed: 24
  - Complaints Received: 231
  - Complaints Closed: 192
  - Applications Received: 1,498
  - Applications Approved: 1,492
  - Applications Denied/Withdrawn: 72
  
- Division of Financial Institutions
  - Examinations Opened: 18
  - Examinations Closed: 9
  - Complaints Received: 83
  - Complaints Closed: 77
  - Applications Received: 27
  - Applications Approved: 12
  - Applications Denied/Withdrawn: 0
  
- Bureau of Financial Investigations
  - Investigations Opened: 9
  - Investigations Closed: 5

##### 2. Substantial Regulatory Actions

On June 27, 2014, First Florida Integrity Bank (formerly National Bank of the Gulf Coast) converted to a state charter. First Florida Integrity Bank is located in Naples, Florida, with an assets size of \$865 Million.

[Press Release: First National Bank of the Gulf Coast Changes Name, Becomes State-Chartered Institution](#)

On June 30, 2014, Old Florida Bank (formerly Old Florida National Bank) converted to a state charter. Old Florida Bank is located in Orlando, Florida, with an asset size of \$843 Million.

[Final Order for \\$3,000 Fine Against an Investment Adviser Firm and Associated Person for Failure to Disclose](#)

On June 30, 2014, the Division of Securities entered a Final Order against Oxford City Investments, LLC, and Thomas Anthony Guerriero for failure to disclose consumer-initiated arbitration claims filed against Mr. Guerriero. A \$3,000 administrative fine was paid.

[Final Order for \\$1,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices](#)

On June 30, 2014, the Division of Securities entered a Final Order against Intrust Advisors, Inc., and Jeffrey Jay Diercks for engaging in prohibited business practices by failing to maintain accurate Form ADV and for misrepresenting the qualifications of Jeffrey Jay Diercks. A \$1,500 administrative fine was paid.

[Permanent Bar and \\$65,000 Fine Against an Unregistered Associated Person for Fraud](#)

On July 3, 2014, the Division of Securities entered a Final Order against Christopher John Borgo, permanently barring Mr. Borgo from registration with the Office, after he failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged Christopher John Borgo offered and sold unregistered securities, engaged in securities transactions in Florida without being registered and conducted fraudulent securities transactions. An administrative fine of \$65,000 was assessed.

[Final Order for \\$6,000 Fine Against an Associated Person for Unregistered Activity](#)

On July 11, 2014, the Division of Securities entered a Final Order against Daniel Doyce Payne for engaging in unregistered investment advisory activities. A \$6,000 administrative fine was paid.

[Revocation and \\$53,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices](#)

On July 11, 2014, the Division of Securities entered a Final Order against Brick Investment Advisors, LLC, and Raul Matias Del Solar, revoking their registration with the Office, after they failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Brick Investment Advisors, LLC, and Raul Matias Del Solar engaged in prohibited business practices by failing to file audited financial statements, maintain an accurate Form ADV, maintain required net capital and send clients itemized invoices. An administrative fine of \$53,500 was assessed.

Final Order for \$6,004 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 11, 2014, the Division of Securities entered a Final Order against USA-LIVING.COM, Inc., and David Snellen for engaging in prohibited business practices by failing to timely file financial statement, failing to send clients itemized invoices and publishing advertisements containing misleading materials facts. A \$6,004 administrative fine was paid.

Permanent Bar Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 11, 2014, the Division of Securities entered a Final Order against BER Financial Group LLC, and Barry Rabinowitz for engaging in prohibited business practices by failing to maintain an accurate Form ADV and Form U-4, maintain books and records and have written supervisory procedures. BER Financial Group LLC, and Barry Rabinowitz were permanently barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S.

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

On July 21, 2014, the Division of Securities entered a Final Order against Candor Asset Management, LLC, and Carlos E. Alamo for engaging in prohibited business practices by failing to maintain an accurate Form ADV and prepare and maintain accurate and current financial statements and for entering into client advisory agreements that did not accurately disclose advisory rates. Fines totaling \$6,000 were paid.

### **3. Enforcement Actions**

Guilty Plea Entered in Investment Fraud Case

On June 18, 2014, Matthew Ionno agreed to enter a plea of guilty to one count of conspiracy to commit wire fraud for his role in the operation of Traders Café. Traders Café, located in downtown Tampa, offered a purported trading platform and a 20 to 1 leverage ratio to day traders identified through social media and internet websites. Traders Café was established in July 2012 by Matthew Ionno and his business partner. Ionno and his partner represented to traders that they had a proprietary trading platform, that Traders Café maintained a secured escrow account and designated trading accounts that would be established for clients. Ionno did not inform clients that funds would be used to cover costs of operations expenses and for personal enrichment. A total of \$473,000 was transferred to a bank account in the name of Traders Café. The funds were not placed into a designated trading account, but rather used to cover operational expenses of the Company and personal expenses of Ionno and his partner. Traders Café and Ionno were not registered with the OFR in any capacity. This investigation was developed jointly with the FBI. The U.S. Attorney's Office in Tampa is prosecuting the case.

### Investment Fraudsters Sentenced to a Combined 17.5 Years in Prison

On June 26, 2014, U.S. District Judge Richard W. Goldberg sentenced Arthur John Schlecht to 120 months in federal prison to be followed by three years of supervised release for his role in organizing an elaborate Ponzi scheme, which bilked investors out of \$48 million dollars. A day earlier, on June 25, 2014, Judge Goldberg sentenced each of the co-defendants Carlos Rodriguez and Ricardo Padron to 45 months in prison for their roles in the same scheme. The sentences follow a joint OFR and federal investigation, which found that the defendants, operating through their companies, Global Bullion Trading Group, WJS Funding, Inc. (d/b/a Capital Asset Management) and Certified, Inc., solicited investors to purchase precious metals using leveraged/margin accounts in what turned out to be nothing more than an elaborate Ponzi scheme. Investors were led to believe they were purchasing physical metals, and that their metals would be held in personalized accounts. Investors were also told they had the ability to take possession of the precious metals at any time, subject to handling fees, postage and insurance. Contrary to representations, the investigation found that the subjects did not purchase physical metals or maintain individual accounts on behalf of investors. Instead, the defendants appropriated \$5.7 million for their personal use and for the benefit of family members. On February 27, 2014, following a four week federal trial, defendant Schlecht was found guilty of wire fraud and conspiracy to commit mail and wire fraud for his role as orchestrator of the scheme. He and the other defendants were indicted on August 9, 2012. Rodriguez and Padron pled guilty to the charges in the indictment and averted trial. Two other defendants indicted in the case, Robert Roca and Frederick Gomer, pled guilty to the charges in the indictment as well. Roca was sentenced to 36 months in prison on September 30, 2013, and Gomer passed away in January 2014 prior to sentencing.

### Assistant Pastor Charged in Investment Fraud Scheme

On July 14, 2014, Wesley Alan Brown was arrested in North Carolina for his alleged role in a fraudulent investment scheme carried out in Flagler County, Florida. Brown is charged with sale of unregistered securities, securities fraud, grand theft and sale of securities by an unregistered dealer. This investigation, conducted by the OFR and the Flagler County Sheriff's Office, determined that from December 2010 through June 2012, Brown sold unregistered securities exceeding \$395,000 to at least six people. Brown, who at the time was an assistant pastor at a local church, purportedly misled investors and improperly used a portion of their funds for his own benefit. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty. The case is being prosecuted by the State Attorney's Office, 7th Judicial Circuit, Flagler County.

[Press Release: Former Pastor Arrested in Investment Fraud Scheme](#)

### Mortgage Lender Pleads Guilty in Multi-Million Dollar Mortgage Fraud Scheme

On July 16, 2014, Karl Oreste pled guilty to one count of conspiracy to commit wire fraud affecting a financial institution, in violation of Title 18, United States Code, Section 1349. According to documents filed with the court and statements made in court during the plea, Oreste, president of KMC Mortgage Corporation of

Florida (KMC), along with co-defendants, Okechukwu Josiah Odunna, Marie Lucie Tondreau and Kelly Augustin, operated a multi-million dollar mortgage fraud scheme in Miami-Dade and Broward Counties between December 2005 and May 2008. Oreste and Tondreau hosted several radio show programs, which catered to the South Florida Haitian community. During these programs, they advertised the services offered by KMC. Oreste and Tondreau recruited and paid some of the listeners who responded to those advertisements, as well as other individuals, to pose as borrowers to purchase properties identified by Oreste. Augustin, an employee of KMC, also recruited straw borrowers. According to statements made in court, Oreste, Odunna and other co-conspirators prepared or caused to be prepared loan applications on behalf of straw borrowers. These loan applications included false information relating to employment, wages, assets and intent to make the property being purchased a primary residence. The loan applications and documents were submitted by co-conspirators to various mortgage lenders throughout the United States. At closing, a portion of loan proceeds were disbursed to Oreste through his companies. Oreste disbursed some of the proceeds that he received to pay recruiters, such as Tondreau and Augustin, and straw borrowers. Oreste also transferred a substantial portion of the funds to the bank account of a company controlled by Tondreau who used the funds to make payments on the falsely and fraudulently obtained mortgages in order to maintain the loans, and to conceal and further the fraud. She also used a portion of the funds for her own personal use and benefit. Over the course of the conspiracy, the defendant fraudulently obtained loans on over 20 properties, for which the lenders have suffered losses in the amount exceeding \$11,000,000.

[Press Release: Mortgage Lender Pleads Guilty In Multi-Million Dollar Mortgage Fraud Scheme](#)

#### Miami Radio Personality Charged in Ponzi Scheme

On July 17, 2014, Phillipe Bourciquot was arrested and charged with racketeering, securities fraud, grand theft and money laundering in connection with an alleged active Ponzi scheme targeting the Haitian-American community in South Florida. From November 2012 through the present, Bourciquot is alleged to have used a daily radio broadcast to solicit more than \$3 million from approximately 600 investors residing in Miami-Dade, Broward and Palm Beach counties. Bourciquot is alleged to have encouraged listeners to “lend” him money to make investments in the currency markets in exchange for a fixed return of 8% per month. Bourciquot claimed he could achieve those returns based on his expertise in the foreign exchange market (“forex”) where he insisted that he routinely traded currencies from “18 different countries.” Listeners were told that their investments could not lose money and that they would be issued promissory notes in exchange for placing their funds with Bourciquot. However, contrary to his representations, the investigation alleges that much of the investors’ money was used to pay Bourciquot’s personal expenses and to make Ponzi payments to previous investors. Concurrent with his arrest, a search warrant was executed on Bourciquot’s home and office and his bank accounts were frozen. This case was developed jointly with FDLE and is being prosecuted by the Office of Statewide

Prosecution. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty.

[Press Release: Miami Radio Personality Arrested in Ponzi Scheme](#)

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

On July 3, 2014, an on camera interview between OFR Commissioner Drew J. Breakspear and Steven Scully of C-SPAN aired.

[C-SPAN: Washington Journal: Commissioner Drew J. Breakspear](#)

On July 22, 2014, the OFR issued a consumer alert on disaster-related financial scams.

[Consumer Alert: Disaster-Related Financial Scams](#)

On July 24, 2014, OFR Commissioner Drew J. Breakspear appeared on Florida Face to Face.

[Florida Face to Face: Commissioner Breakspear](#)