

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

July 2016

JULY ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 20
 - Examinations Closed: 13
 - Complaints Received: 19
 - Complaints Closed: 18
 - Applications Received: 4,130
 - Applications Approved: 3,852
 - Applications Denied/Withdrawn: 64

- Division of Consumer Finance
 - Examinations Opened: 65
 - Examinations Closed: 78
 - Complaints Received: 132
 - Complaints Closed: 164
 - Applications Received: 833
 - Applications Approved: 734
 - Applications Denied/Withdrawn: 34

- Division of Financial Institutions
 - Examinations Opened: 7
 - Examinations Closed: 7
 - Complaints Received: 56
 - Complaints Closed: 54
 - Applications Received: 8
 - Applications Approved: 2
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 2
 - Investigations Closed: 1

2. Substantial Sanctions and Fines

Final Order for \$13,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On July 5, 2016, the Division of Securities entered a final order against Zidel Financial, Inc., for engaging in prohibited business practices by failing to maintain an accurate Form ADV and send clients itemized invoices. A \$13,500 administrative fine was paid.

Suspension of Investment Adviser and Associated Person Registration

On July 5, 2016, the Division of Securities entered a final order against Morgan Financial Advisors, Inc., and David John Ellrich suspending their investment adviser registration after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Morgan Financial Advisors, Inc., and David John Ellrich failed to pay \$4,500 of the \$9,000 administrative fine, as required in a final order issued by the Division of Securities on December 23, 2015.

Permanent Bar and \$150,000 Fine Against Unregistered Firm and Associated Person for Fraud

On July 5, 2016, the Division of Securities entered a final order against Greenstar Financials, Inc., and Albert Hayat, 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, Florida Statutes. The firm and Hayat were found to have facilitated in the sales of unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A \$150,000 administrative fine was assessed.

Final Order for \$3,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 15, 2016, the Division of Securities entered a final order against Compound Asset Management, Inc., and Brian A. Madrigal for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, send clients itemized invoices, maintain required net capital and timely notify the OFR of the firm's net capital deficiency. A \$3,000 administrative fine was paid.

Denial of Applications

During the month of July, 2016, the Division of Securities denied three associated person applications for registration. The notices of intent to deny, in each case, alleged that the applicant made a material misrepresentation or misstatement on their application for registration as an associated person.

3. Enforcement Results

Naples Man Arrested for Allegedly Duping Investors in Digital Advertising Business Scam

On June 30, 2016, Activision TV Founder and President David Locke Gothard was arrested by the Beaufort County Sheriff's Office in Beaufort, South Carolina based on an active Florida warrant related to charges of securities fraud,

communications fraud and grand theft. The arrest was the result of a request from the Collier County Sheriff's Office that was searching for Gothard and received a tip on his whereabouts. Gothard's arrest warrant included an order to extradite him from anywhere in the United States. This joint OFR/OAG investigation was initiated based on a complaint from a Florida resident who alleged that he gave Gothard \$5,000 to purchase shares of Activision TV, Inc., based on promises of an initial public offering and representations by Gothard that the funds would be used to advance Activision's business. The investigation found that in addition to the complainant, at least nine other investors sent funds to Gothard to purchase Activision shares. The majority of these investors relied on Gothard's representations that their funds would be used to advance Activision's digital advertising display business. The investigation revealed that investor funds were not used to advance Activision's business, but were instead used by Gothard for his personal expenses. The Florida Office of the Attorney General had previously filed a Securities Litigation Lawsuit (2014-CA-2774-01) against Gothard alleging racketeering and fraud related to investments in Activision. The lawsuit alleged that investors were misled by Gothard through misrepresentations of patented technology and through the production of fraudulent documentation. The 80-page lawsuit also alleged that Gothard stole millions of dollars from victims nationwide — many of them elderly — by making false promises and offering stocks that turned out to be worthless. The OFR is the lead investigative agency in this criminal enforcement case, teaming with the Florida Office of the Attorney General and the Collier County Sheriff's Office. The OFR appreciates the assistance of the Beaufort County, SC Sheriff's Office in Gothard's arrest. The Attorney General's Office of Statewide Prosecution is prosecuting the case.

Former Mortgage Broker Arrested for Alleged Fraud

On June 30, 2016, Randal Thomas Rosado was arrested at his home in Goshen, New York, on charges that he forged deeds to several properties in Florida in order to appropriate them for his personal gain. At the time of his arrest, investigators with the Lee County State Attorney's Office and detectives with the St. Lucie and Indian River Counties Sheriffs' Offices executed a search warrant on Rosado's storage unit in Vero Beach, Florida. In addition to the allegations that he forged real estate deeds, Rosado was also charged criminally on allegations that he crafted fraudulent arrest warrants for persons including a Lee County Circuit Judge (Hon. John Duryea), the Clerk of Court for Lee County (Linda Doggett) and several others. Rosado was also charged for mailing fictitious documents from the "International Court of Commerce" targeting the same individuals. Rosado's arrest included an order to extradite him from anywhere in the United States with a bond set at \$1.5 million. This investigation was based on a request of investigative assistance from the Lee County State Attorney's Office. The request of assistance was based on evidence that Rosado, a former mortgage broker licensee, was collecting rent for more than six years on properties in Lee County, Collier County and Palm Beach County belonging to other individuals who were going through foreclosure. Rosado allegedly forged property owners' signatures on quit claim deeds and filed them with the

associated counties. Investigative assistance was provided to the Lee County State Attorney's Office and the FBI. The OFR's role in the case was to review evidence, identify associated individuals and identify and analyze bank records. The City of Goshen Police Department in New York made the arrest. Assistant State Attorney Michael Brown is prosecuting the case.

Woman Pleads Guilty in Precious Metals Scam

On July 20, 2016, Defendant Cheryl Ann Woods pled guilty to two counts of grand theft and one count of securities fraud for her role in a \$1.2 million fraudulent precious metals investment scheme that targeted at least 17 victims, causing them to lose the majority of their retirement funds. Judge David A. Haimes subsequently ordered sentencing of Woods to be postponed until after pleas or trials are completed for the three remaining defendants in the case. Woods' other charges of racketeering, conspiracy to commit racketeering and money laundering were dismissed by the state. Woods was arrested in October 2014 on a domesticated warrant executed by authorities in South Carolina at the request of the OFR and FDLE. In addition to Woods, five other defendants involved in the scheme have been charged as part of a 65 count information filed by the Office of Statewide Prosecution. Charges include racketeering, conspiracy to commit racketeering, grand theft, securities fraud, money laundering and unlicensed telemarketing. In April 2016, defendant Robert S. Leier, of Riviera Beach, pled guilty to three counts of grand theft and one count of money laundering and was sentenced to six months in the Broward County jail to be followed by 10 years of probation. In October 2015, defendant Colin A. Smith, of Pompano Beach, pled guilty to four counts of grand theft and four counts of securities fraud and was sentenced to one year of community control to be followed by 10 years of probation. If convicted, the three additional defendants face substantial prison time, fines and restitution. All six defendants allegedly operated several shell companies to broker the buying and selling of precious metals as an investment option when, in reality, less than one percent of the money sent by victims to the defendants was used for these types of investments. The defendants are alleged to have assured their victims (the majority of whom were senior citizens) that the investments would turn a quick profit. The six defendants opened more than 30 bank accounts to which victims mailed checks or wired funds. The company shell names used by the defendants were Bowman & Poole, Inc., Cavallo Consulting Group, Inc., DMR & BMR Corp., DRBR Financial, Inc., JD&A Investment Services, Inc., JDC United Metals, Corp., Project Insider Development Investments, LLC and Project Insider, Inc.

4. Communications and Outreach Activities

On June 29, 2016, a member of the Division of Financial Institutions participated on a Florida International Bankers Association (FIBA) regulatory round table panel regarding funding, liquidity and interest rate risk management.

On July 13, 2016, the OFR issued a press release announcing a new state-chartered financial institution.

[Press Release: Sunshine Savings Bank Changes Name, Becomes State-Chartered Institution](#)

On July 13, 2016, the OFR issued a press release announcing the OFR's participation in financial fraud protection seminars.

[Press Release: Florida Office of Financial Regulation Participates in Financial Fraud Protection Seminars](#)

On July 15, 2016, the OFR issued a press release announcing the arrest of a husband and wife duo for their role in an alleged fake investment scam.

[Press Release: Husband and Wife Duo Arrested for Role in Alleged Fake Investment Scam](#)

On July 18, 2016, the OFR issued a consumer alert regarding the unauthorized use of the OFR's information and brand.

[Consumer Alert: Unauthorized Use of Agency Information and Brand](#)

On July 18, 2016, OFR Bureau of Financial Investigations Steve Horn conducted an on-camera interview regarding a real estate scam.

[WKMG: Bureau of Financial Investigations Chief Horn: Real Estate Scam](#)

On July 21, 2016, a member of the Division of Financial Institutions participated in a Florida International Bankers Association NextGEN Committee regulatory round table panel which focused on enterprise risk management and internal audit risk assessment.

On July 25, 2016, OFR Director of Communications & Governmental Relations Jamie Mongiovi conducted an on-camera interview regarding a scam using the OFR brand.

[WKMG: Consumer Alert: State notices threaten fines, jail](#)

On July 26, 2016, the OFR issued a press release applauding the sentencing of a Sarasota man for his role in an investment scam.

[Press Release: Sarasota Man Sentenced for Role in Faked Investment Scam](#)