

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

OCTOBER 2014

OCTOBER ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 61
 - Examinations Closed: 20
 - Complaints Received: 15
 - Complaints Closed: 20
 - Applications Received: 4,151
 - Applications Approved: 4,076
 - Applications Denied/Withdrawn: 63

- Division of Consumer Finance
 - Examinations Opened: 13
 - Examinations Closed: 47
 - Complaints Received: 144
 - Complaints Closed: 269
 - Applications Received: 1,932
 - Applications Approved: 1,932
 - Applications Denied/Withdrawn: 68

- Division of Financial Institutions
 - Examinations Opened: 10
 - Examinations Closed: 11
 - Complaints Received: 85
 - Complaints Closed: 99
 - Applications Received: 7
 - Applications Approved: 9
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 16
 - Investigations Closed: 13

2. Substantial Regulatory Actions

Final Order for \$6,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On September 30, 2014, the Division of Securities entered a Final Order against

Wellspring Wealth Management, LLC, and Michael H. Reynolds for engaging in prohibited business practices by failing to file audited financial statements, maintain required net capital, send clients itemized invoices, and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F. S. A \$6,500 administrative fine was paid.

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

On September 30, 2014, the Division of Securities entered a Final Order against TL Taylor Financial Group, LLC, and Tousant Leonard Taylor for engaging in prohibited business practices by charging performance fees to an unqualified client, charging a customer unreasonable advisory fees, and entering into an advisory contract that failed to disclose an accurate fee structure. TL Taylor Financial Group, LLC, and Tousant Leonard Taylor are permanently barred from affiliating or seeking future registration with a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. In addition, TL Taylor Financial Group, LLC's website is required to be removed from the Internet.

Final Order for \$50,400 Fine Against a Broker Dealer

On September 30, 2014, the Division of Securities entered a Final Order against J.P. Morgan Securities, LLC, for failing to establish an adequate system to monitor the registration status of client services associates and ensure the firm's client services associates were properly registered in Florida. The Final Order follows an investigation into the registration of J.P. Morgan Securities, LLC's client service associates and supervisory system by the North American Securities Administrators Association (NASAA) Multi-State Working Group. A \$50,400 administrative fine was paid.

Revocation of Loan Originator License

On October 6, 2014, the Division of Consumer Finance entered a Final Order, revoking the loan originator license for Jose Ignacio Cortez. On February 26, 2014, the Montana Department of Administration revoked Mr. Cortez's loan originator license for failing to disclose a prior felony conviction for theft on his license application.

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

On October 8, 2014, the Division of Securities entered a Final Order against SAB Group Financial, P. A., and Scot A. Bennett for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, send clients itemized invoices, comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes, and entering into client advisory agreements that did not accurately disclose advisory rates. An \$8,000 administrative fine was paid.

Permanent Bar and \$42,500 Fine Against an Associated Person for Fraud

On October 10, 2014, the Division of Securities entered a Final Order against Darwin Hayle, permanently barring Mr. Hayle from registration with the OFR, after he failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged Darwin Hayle offered and sold unregistered securities, engaged in prohibited business practices and conducted fraudulent securities transactions. An administrative fine of \$42,500 was assessed.

Permanent Bar and \$1,580,000 in Total Fines Against a Precious Metals Broker and Agents for Fraud

On October 15, 2014, the Division of Securities entered a Final Order against Vertical Integration Group LLC, d/b/a Churchill Clearing Corp, Richard V. Morello, Jr., and Junior L. Alexis permanently barring the firm and individuals from registration with the Office, after they failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged the firm and individuals operated a boiler room, misrepresented and omitted material facts to investors and conducted fraudulent securities transactions. A total of \$1,580,000 in administrative fines was assessed.

Denial of Associated Person

On October 17, 2014, the Division of Securities entered a Final Order against Andrew Spaventa, denying his application for registration as an associated person, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny, which alleged Mr. Spaventa made a material misrepresentation or misstatement on his application for registration.

Final Order Against an Investment Adviser Firm for Failure to File Financial Statements

On October 23, 2014, the Division of Securities entered a Final Order against Florida Wealth Advisors, LLC, for failure to properly file financial statements. The firm agreed to terminate its registration as an investment adviser with the State of Florida and agreed not to seek registration as an investment adviser for three years.

Permanent Bar and \$110,000 Fine Against an Associated Person for Fraud

On October 24, 2014, the Division of Securities entered a Final Order against Ralph Oelbermann, permanently barring Mr. Oelbermann from registration with the OFR, after he failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged Ralph Oelbermann falsified customer account documents and conducted fraudulent securities transactions. An administrative fine of \$110,000 was assessed.

Fines Totaling \$15,000 for Unregistered Activity

During the month of October 2014, the Division of Securities fined three associated persons for engaging in unregistered investment advisory activities in the State of Florida.

3. Enforcement Actions

Purported Film Producer Charged in Investment Scam

On September 17, 2014, the Office of the State Attorney in Palm Beach County filed a criminal complaint against Steele Shannon alleging one count of grand theft over \$100,000 and one count of organized scheme to defraud. Shannon, a self-proclaimed movie industry producer, raised \$979,485 from 2008 to 2010 through a number of Florida corporations to include Infinite Media Group, LLC. Shannon is alleged to have defrauded 32 investors nationwide by telling them their money would be used for movie productions. Investors were purportedly told they would receive 100 percent return of their investment within a year, plus royalties. The investigation revealed that Shannon did not use the investors' money for movie industry expenses, but rather misappropriated the majority of the investor money in cash for his lifestyle. A warrant for Shannon's arrest has been issued and his location is currently unknown. This was a joint investigation between the Bureau of Financial Investigations and the Delray Beach Police Department. The Palm Beach County State Attorney's Office is prosecuting the case. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty.

Judge Hearing the Tri-Med Case Keeps Temporary Injunction in Place

On October 24, 2014, Circuit Court Judge Anthony Rondolino issued an order denying the defendants' motion to vacate and dissolve a receivership and injunction filed by the OFR in March 2014 relating to its investigation of Tri-med Corporation. The order comes after a hearing held on October 22, 2014, during which the court heard evidence for most of the day that the defendants fraudulently offered and sold more than \$17 million in unregistered securities in the form of investment agreements. At the conclusion of the hearing, the court found that the evidence presented by the OFR showed there was a sufficient basis to continue the injunction and the receivership. Also during the October 22, 2014, court hearing, the OFR and defendants Eric Ager, Irwin Ager and Teresa Simmons Bordinat announced that the claims asserted by OFR against these defendants have been resolved in principal. As part of that settlement, these defendants consented to converting the current temporary injunction against them into a permanent one. They also consented to the receivership, and agreed to make restitution to the receivership in an amount to be determined by the court at a later date.

Six Individuals to be Arrested for More Than \$1.2 Million Scheme Targeting People's Retirement Funds

On October 24, 2014, Allen Franks was arrested on charges of racketeering and conspiracy to commit racketeering, as well as numerous counts of securities fraud, grand theft and money laundering. The charges stem from his alleged involvement in an elaborate precious metals investment fraud scheme that operated from October 2009 through the present. The joint OFR/FDLE investigation determined that Franks, along with five other accomplices, solicited investors through a website as well as through telephone and e-mail solicitations, offering investors the opportunity to take advantage of high returns from rising precious metals prices. Contrary to representations, however, the state contends

no metals were ever purchased. A review of the bank records revealed that most of the investors' funds were instead used for Franks' personal living expenses as well as those of two other defendants. In all, investors are believed to have lost more than \$1.2 million in the scheme. The five other defendants named in the 65-count indictment are John Anthony Cavallo, Jr., Robert Scott Leier, Danny Mark Reynolds, Jr., Colin Anthony Smith and Cheryl Ann Woods. Simultaneous to the arrest, search warrants were executed at the homes of Franks and Cavallo to secure evidence of the alleged offenses. To date, 17 victims have been identified, many of whom are elderly. Special Agents with the Florida Department of Law Enforcement were responsible for the arrest and execution of the search warrants. The Attorney General's Office of Statewide Prosecution is prosecuting the case. The charges filed against the defendants are only an accusation and the defendants are presumed innocent until proven guilty.

4. Communications and Outreach Activities

On October 1, 2014, the OFR issued a consumer alert on the unauthorized use of OFR information and branding.

[Consumer Alert: Unauthorized Use of OFR Information and Branding](#)

On October 6, 2014, a member of the Division of Financial Institutions met with the University of Florida Warrington School of Business officials regarding establishing a recruitment relationship network for the division.

On October 15, 2014, the OFR Office of Communications released a consumer alert regarding a counterfeit check scam.

[Consumer Alert: Counterfeit Check Scam](#)

On October 15, 2014, a member of the Division of Financial Institutions participated on a regulator panel at the South Florida Banking Institute's BSA/AML/OFAC Regulatory meeting in Miami, Florida. Approximately 100 people were in attendance.

On October 15, 2014, members of the Division of Securities participated in a panel discussion with the U.S. Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) at the Hillsborough County Bar Association, Securities Section meeting. The panel discussed communications between regulatory agencies, investment adviser registration requirements, cyber security and examination/enforcement trends. Approximately 80 members of the local legal community attended.

On October 20, 2014, the OFR issued a press release regarding Administrative Complaints against two businesses acting as unlicensed mortgage lenders.

[Press Release: Office of Financial Regulation Charges Two South Florida Businesses Acting as Unlicensed Mortgage Lenders](#)

On October 24, 2014, a member of the Division of Financial Institutions participated in a regulator panel at the Florida Bankers Association's 10th Annual BSA/AML School in Orlando.

On October 28, 2014, the OFR issued a press release regarding a Final Order against two men for operating a boiler room scheme and fines totaling more than \$1.5 million.

[Press Release: Florida Office of Financial Regulation Fines Two South Florida Men for Operating Boiler Room Scheme](#)