

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

November 2015

#### NOVEMBER ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 28
  - Examinations Closed: 18
  - Complaints Received: 13
  - Complaints Closed: 11
  - Applications Received: 3,299
  - Applications Approved: 3,255
  - Applications Denied/Withdrawn: 30
  
- Division of Consumer Finance
  - Examinations Opened: 27
  - Examinations Closed: 35
  - Complaints Received: 122
  - Complaints Closed: 105
  - Applications Received: 3,384
  - Applications Approved: 3,515
  - Applications Denied/Withdrawn: 46
  
- Division of Financial Institutions
  - Examinations Opened: 10
  - Examinations Closed: 11
  - Complaints Received: 24
  - Complaints Closed: 38
  - Applications Received: 12
  - Applications Approved: 3
  - Applications Denied/Withdrawn: 2
  
- Bureau of Financial Investigations
  - Investigations Opened: 10
  - Investigations Closed: 5

##### 2. Substantial Sanctions and Fines

Three-Year Bar and \$1,000 Fine Against an Investment Adviser Firm and an Associated Person for Prohibited Business Practices

On November 4, 2015, the Division of Securities entered a final order against American Wealth Inc., and Quincy S. Faison for engaging in prohibited business practices by failing to timely file financial statements. American Wealth Inc., and Quincy S. Faison are barred for three years 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. A \$1,000 administrative fine was paid.

Final Order for \$7,500 Fine Against an Associated Person for Unregistered Activity

On November 4, 2015, the Division of Securities entered a final order against Dragi Paunovski for engaging in unregistered investment advisory activities. A \$7,500 administrative fine was paid.

Permanent Bar and \$600,000 in Total Fines Against an Unregistered Broker Dealer and Associated Person for Fraud

On November 6, 2015, the Division of Securities entered a final order against Scurry Capital Consulting, LLC, and Stephen Andrew Comeau permanently barring the firm and him from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged Scurry Capital Consulting, LLC, and Mr. Comeau offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of \$600,000 in administrative fines was assessed.

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

On November 10, 2015, the Division of Securities entered a final order against Longboat Key Financial Group, LLC, and Craig D. Meldahl for engaging in prohibited business practices by failing to maintain an accurate Form ADV, send clients itemized invoices, file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency and for inaccurately identifying the firm on business cards and the firm's website. A \$10,000 administrative fine was paid.

Four Year Bar and \$2,500 Fine Against an Unregistered Broker Dealer and Associated Person

On November 20, 2015, the Division of Securities entered a final order against Trade Up Invest Inc., and Benjamin A. Goldberg, barring Mr. Goldberg until December 31, 2019, 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. Trade Up Invest Inc., and Benjamin A. Goldberg were found to have engaged in securities business in Florida without being registered. A \$2,500 administrative fine was paid.

### **3. Enforcement Actions**

#### **South Florida Man Sentenced in Multi-Million Dollar Mortgage Fraud Scheme**

On October 28, 2015, Guerdin Lecorps of Miramar was sentenced to three years in federal prison to be followed by three years of supervised release for his role in this South Florida mortgage fraud scheme. The sentencing follows a guilty plea accepted by the court on August 28, 2015. In addition to the prison term, Lecorps was also ordered to pay \$3,467,024.30 in restitution to mortgage lenders victimized by the scheme. Lecorps was arrested in August 2015 on a charge of conspiracy to commit wire fraud for having participated, together with other defendants, in defrauding several financial institutions through straw borrower loans arranged by KMC Mortgage Corporation of Florida and its associated company, Mega Financial. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties throughout South Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders all across the country. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling \$3,500,000. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May of 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and \$24 million. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Augustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

#### **Naples Men Sentenced to 10 Years in Prison for Advance Fee Scam**

On November 5, 2015, defendant Douglas Lee Carter entered a plea of guilty in Collier County Circuit Court to one count of communications fraud (scheme to defraud) and 13 counts of taking advance fees as a loan broker in violation of Chapter 687, Florida Statutes. Carter was sentenced to a 10-year prison term to be followed by 10 years of probation. Carter was also ordered to pay \$114,100 in restitution to victims along with nearly \$10,000 in investigative, prosecutorial and

court costs. Previously, on October 13, 2015, Carter's co-conspirator in the scheme, James Spillers, pled guilty to one count of grand theft and 13 counts of taking advance fees as a loan broker for his role in the fraud. Spillers was sentenced to a four-year prison term to be followed by 10 years of probation. Both Carter and Spillers were arrested in September 2014, on charges that they were operating a sophisticated fraudulent loan scheme, through which more than \$185,000 in illegal advance fees was collected from prospective borrowers. Borrowers paid the advance fees on the promise of obtaining residential and commercial loans. The men used websites such as "lendinguniverse.com" to lure prospective borrowers and are believed to have victimized over 100 individuals throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. Evidence obtained during the course of the investigation indicated that the actual loss to prospective borrowers both within and outside the state was estimated to be greater than \$900,000. The OFR was the lead investigative agency in this case, teaming principally with the Volusia County Sheriff's Office and the Collier County Sheriff's Office. The Attorney General's Office of Statewide Prosecution prosecuted the case.

[Press Release: Naples Men Sentenced in Advance Fee for Loan Scam](#)

#### Central Florida Pair Sentenced to Combined 20+ Year Prison Term in Fraudulent Factoring Scheme

On November 5, 2015, Brian Newton and Victoria Snow were sentenced in federal court in Orlando for their role in defrauding more than 60 victims out of more than \$7.2 million. Newton was sentenced to 15 years and 8 months, and Snow was sentenced to 4 years and 9 months. They were both ordered to pay more than \$7.2 million in restitution. Newton and Snow were convicted following a July 2015 jury trial in which each defendant was found guilty of 25 counts of mail and wire fraud in relation to an investment fraud and receivables factoring scheme. The verdict followed an April 2014 arrest and indictment of the pair on charges that they had defrauded investors and factoring companies out of approximately \$6 million. Newton and Snow took money from investors based on misrepresentations that their funds would be used to expand the operations of Prestige Funding Group, a company that they claimed purchased and held millions in uncollected receivables from various businesses. Victims who invested with Prestige received promissory notes in exchange for their money. They were to receive quarterly interest ranging from 10-20 percent per year and a 3-6 percent bonus at maturity. However, Newton diverted more than \$3 million into his personal account. This case was prosecuted by the U.S. Attorney's Office for the Middle District of Florida and was developed jointly with the FBI.

[Press Release: Duo Sentenced for Investment Fraud Scheme](#)

#### South Florida Man Arrested in Alleged Gold and Diamonds Investment Scam

On November 23, 2015, Lawyer Stanley Jr., of Hollywood was arrested following an investigation by the OFR, which found that Stanley orchestrated an investment scheme through which he is alleged to have defrauded investors out of at least \$2.1 million dollars. Stanley was charged with one count of organized

scheme to defraud, one count of first degree grand theft and one count of third degree grand theft for his role in the scheme. The OFR's investigation revealed that from approximately September 2006 through September 2013, while employed as a letter carrier for the United States Postal Service, Stanley solicited potential investors for a gold and diamonds investment opportunity in Africa. Stanley is alleged to have solicited investments primarily from residents of his mail route but also from co-workers and acquaintances. According to investor victims, Stanley represented that he traveled to Africa to personally visit gold and diamond mines as part of the process of selecting the "best stones" for import to the United States and subsequent sale in New York City. Stanley allegedly promised some investors that he would double their investments and guaranteed certain investors millions of dollars in returns. In addition to the gold and diamond ventures, Stanley also persuaded investors to invest in large scale infrastructure projects for which he claimed to have exclusive contracts with governments in Africa. These included port construction projects in Cameroon and power grid development projects in Equatorial Guinea. To secure the investments, Stanley allegedly flaunted bank records to his potential investors showing that he had approximately \$17 million dollars on deposit in a West African bank. The investigation, however, could not confirm the existence of any government contracts, infrastructure development projects, or bank accounts in Africa. Instead the majority of investor funds are believed to have been spent by Stanley on personal living expenses or taken as cash withdrawals. Stanley was booked into the Broward County Jail where he is currently being held on a \$50,000 bond. The OFR Bureau of Financial Investigations was assisted in the arrest by the Hallandale Beach Police Department. The case is being prosecuted by the Miami-Dade County State Attorney's Office.

[Press Release: South Florida Mail Man Arrested in Alleged Investment Scam](#)

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

During the week of October 26, 2015, a member of the Division of Financial Institutions met with institutions in the South Florida area.

On October 28, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the FBA Safety and Soundness Seminar in Miami.

On October 29, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS Emerging Risk Meeting in Washington, D.C.

On November 4, 2015, the OFR issued a press release on Operation Collection Protection.

[Press Release: Florida Office of Financial Regulation Supports Operation Collection Protection](#)

On November 16, 2015, the OFR issued a press release celebrating International Fraud Awareness Week.

[Press Release: The Office of Financial Regulation Celebrates International Fraud](#)

### [Awareness Week](#)

On November 16, 2015, the OFR provided an interview for an editorial for the Palm Beach Post.

[Editorial: Debt collection underworld must be brought into the light](#)

On November 20, 2015, the OFR issued an industry alert regarding the license renewal process for certain OFR licensees.

[Industry Alert: OFR License Renewal Process Opens](#)

On November 24, 2015, the OFR issued a consumer alert regarding Transfer on Death plans for active brokerage accounts.

[Consumer Alert: Transfer on Death Plans for Active Brokerage Accounts](#)