

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

December 2016

DECEMBER ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 6
 - Examinations Closed: 6
 - Complaints Received: 7
 - Complaints Closed: 5
 - Applications Received: 2,449
 - Applications Approved: 2,451
 - Applications Denied/Withdrawn: 83

- Division of Consumer Finance
 - Examinations Opened: 23
 - Examinations Closed: 25
 - Complaints Received: 121
 - Complaints Closed: 118
 - Applications Received: 1,331
 - Applications Approved: 1,393
 - Applications Denied/Withdrawn: 47

- Division of Financial Institutions
 - Examinations Opened: 9
 - Examinations Closed: 2
 - Complaints Received: 43
 - Complaints Closed: 61
 - Applications Received: 6
 - Applications Approved: 1
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 10
 - Investigations Closed: 3

2. Substantial Sanctions and Fines

Final Order for \$12,000 Fine Against an Investment Adviser Firm and Associated Person for Violations of Rules

On December 6, 2016, the Division of Securities entered a final order against Commoncents Wealth Advisors, LLC and Cheryl McCarthy for violations of rules by failing to send clients itemized invoices, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, maintain accurate investment advisory agreements, file audited financial statements, file accurate financial statements, to maintain solicitor disclosure for clients, maintain an accurate Form U-4 and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$12,000 administrative fine was paid.

Final Order for \$15,000 Fine Against an Investment Adviser Firm for Violations of Rules

On December 21, 2016, the Division of Securities entered a final order against Tegesta Capital, LLC for violations of rules by failing to disclose the advisory fee calculation method in client investment advisory contracts. A \$5,000 administrative fine was paid.

Permanent Bar and \$50,000 Fine Against an Unregistered Associated Person

On December 22, 2016, the Division of Securities entered a final order against Alfonso J. Palladino, permanently barring him 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. Mr. Palladino was found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered. A \$50,000 administrative fine was assessed.

Permanent Bar and \$100,000 Fine Against an Unregistered Associated Person

On December 23, 2016, the Division of Securities entered a final order against James M. Palladino, permanently barring him 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. Mr. Palladino was found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered. A \$100,000 administrative fine was assessed.

Permanent Bar Against an Unregistered Associated Person

On December 23, 2016, the Division of Securities entered a final order against Nick C. Arroyo, permanently barring him 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. Mr. Arroyo was found to have offered and sold unregistered securities and engaged in securities business in Florida without being registered.

Final Order for \$6,000 Fine Against an Investment Adviser Firm and Associated Person for Violations of Rules

On December 23, 2016, the Division of Securities entered a final order against

Mugarian Investment Group, LLC and John Michael Mugarian for violations of rules. The firm's advertising materials attributed statements to third parties about John Michael Mugarian that were misleading without further describing the context or their source and the firm failed to concurrently send clients invoices itemizing the fees. Mr. Mugarian failed to disclose his other outside business on the Form U-4. A \$6,000 administrative fine was paid.

Denial of Applications

During the month of December 2016, the Division of Securities denied two 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.

Fines Totaling \$20,000 for Unregistered Activity

During the month of December 2016, the Division of Securities fined two associated persons for engaging in unregistered securities business activities in the state of Florida. Fines totaling \$20,000 were paid.

3. Enforcement Actions

Brothers Plead Guilty to Investment Fraud

On December 21, 2016, Eric Ager entered a plea of guilty to federal charges of conspiracy to commit mail and wire fraud in connection with a fraudulent investment scheme operating as Tri-Med Corporation. A sentencing hearing has been set for March 13, 2017. The defendant's plea follows a previous guilty plea to the same charges by his brother, Irwin Ager, on December 2, 2016. Irwin Ager's sentencing is set for February 27, 2017. The two brothers, together with at least three other co-conspirators, were responsible for orchestrating the scheme which involved the sale of unregistered securities to mostly elderly Florida residents. The securities were said to be backed by purported medical receivables which the pair claimed to have purchased from medical services providers throughout the country. Both Agers marketed and sold the company's securities to hundreds of people, creating losses of more than \$17 million to investors, \$10.3 million of which was included in the US. Attorney's charges. The company remains under a court-appointed receivership following an OFR civil injunctive action. Evidence obtained to date revealed that very few receivables were purchased and the majority of the investors' funds were used for the personal benefit of the Agers and other co-conspirators. Criminal enforcement action against other defendants is still pending. This case was developed jointly with the United States Secret Service and is being prosecuted by the United States Attorney's Office in Orlando. The OFR is responsible for the majority of the investigative work leading up to these criminal convictions.

4. Communications and Outreach Activities

On December 6, 2016, the OFR issued a consumer alert on baby proofing your finances.

[Consumer Alert: How to Baby Proof Your Finances](#)

On December 28, 2016, the OFR issued a press release on the arrest of a Tampa area family and pastor for financial fraud.

[Press Release: Tampa Area Family and Pastor Arrested for Multiple Charges of Financial Fraud](#)