

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

APRIL 2013

APRIL ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 45
 - Examinations Closed: 12
 - Complaints Received: 13
 - Complaints Closed: 14
 - Applications Received: 3,748
 - Applications Approved: 3,713
 - Applications Denied/Withdrawn: 64

- Division of Consumer Finance
 - Examinations Opened: 108
 - Examinations Closed: 117
 - Complaints Received: 364
 - Complaints Closed: 254
 - Applications Received: 1,304
 - Applications Approved: 1,257
 - Applications Denied/Withdrawn: 99

- Division of Financial Institutions
 - Examinations Opened: 5
 - Examinations Closed: 16
 - Complaints Received: 51
 - Complaints Closed: 53
 - Applications Received: 13
 - Applications Approved: 9
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 19
 - Investigations Closed: 12
 - Complaints Received: 26
 - Complaints Closed: 14

2. Substantial Sanctions

Denial of Associated Person

On April 4, 2013, the Division of Securities entered a Final Order against Maxwell Morelly, 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. Morelly made a material misrepresentation or misstatement on his application for registration.

Permanent Bar and \$60,000 Fine against an Unregistered Firm and Agent for Unregistered Securities Business

On April 4, 2013, the Division of Securities entered a Final Order against QFC Consulting, Inc. and Michael C. Rodgers a/k/a Michael Walsh for engaging in securities business in Florida without being registered. QFC Consulting, Inc. and Mr. Rodgers were permanently barred from seeking future licensure and/or registration with the Office of Financial Regulation. A \$60,000 administrative fine was assessed.

Denial of Associated Person

On April 22, 2013, the Division of Securities entered a Final Order against Matthew Nelson, 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. Nelson made a material misrepresentation or misstatement on his application for registration.

Permanent Bar and \$78,750 Fine of Unregistered Firm for Fraud

On April 26, 2013, the Division of Securities entered a Final Order against Prosidian Medical Malpractice Insurance Corporation for engaging in securities business in Florida without being registered, offering and selling unregistered securities, and engaging in fraudulent transactions. Prosidian Medical Malpractice Insurance Corporation was 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. A \$78,750 administrative fine was assessed.

3. Enforcement Actions

Sterling Capital Trust, Inc.

On Friday April 5, 2013, Defendant Joseph Vitale was sentenced in Broward Circuit Court to one year of house arrest and four years' probation for his participation in a fraudulent investment scheme. Vitale had previously been charged with one felony count each of organized fraud, selling a security based on falsification of facts, unlawful operation of a boiler room and sale of unregistered securities, but pled guilty to unlawful operation of a boiler room. Vitale also paid restitution of \$100,000. Vitale, as CFO of Sterling Capital Trust, Inc., along with others charged in the case, were alleged to knowingly and willingly participate in the sale of fraudulent, unauthorized shares of Agro Energy USA, Inc. The Bureau's investigation revealed that Sterling Capital and its

officers never had Agro Energy USA shares to sell nor did Agro Energy USA receive any money from Sterling's clients. Sterling's bank records revealed that over \$233,000 of investors' funds were spent by company principals on personal expenditures. All other investor funds were used to pay commissions and for business expenses. Another defendant in this case, Brian Dunlevy, was earlier charged with the same four felony violations and on January 30th received a fifteen year prison sentence for his involvement in the scheme. Another defendant, Michelle Braun was sentenced to one year of house arrest and four years' probation. Additional defendants Jeffrey Duke, Master Mays and Brandon Rodriguez each pled no contest to similar charges and were placed on probation with adjudication withheld.

Letourneau Holdings

On April 12, 2013, U.S. District Judge John Antoon, II sentenced Dustin Michael Letourneau to four years in federal prison for mail fraud and wire fraud. Letourneau was also ordered to serve a 3-year term of supervised release following his imprisonment, and to pay \$240,481 in restitution to his victims. On January 17, 2013, Letourneau pleaded guilty to one count of mail fraud and one count of wire fraud in connection with the operation of precious metals boiler rooms. Letourneau, the principal of Letourneau Holdings, Inc., opened and operated the company as a boiler room in Palm Beach Gardens, Florida in April 2010 and later relocated it to Mt. Dora, Florida. Letourneau learned the precious metals investment business when he worked for Jamie Company and Global Bullion Exchange. Company is currently serving 12 ½ years in federal prison for his precious metals investment fraud. It is estimated that through telemarketing, Letourneau took in approximately \$240,481 in a little over a year by claiming to offer investors an opportunity to invest in precious metals which would be held for them in a depository facility. Bank records revealed that there were no precious metals purchased and Letourneau spent investors' monies on personal expenditures. A cooperating defendant in an ongoing joint OFR-Federal investigation recorded Letourneau admitting that he did not purchase precious metals. This case was worked jointly by OFR and the FBI.

OFR Assists Division of Insurance Fraud with 'Operation Dirty Money'

On April 12, 2013, John Diaz of Pinecrest, FL. was arrested for money laundering, organized scheme to defraud, multiple money service business statute violations, and two counts of workers' compensation fraud. His wife, Mercedes Avila-Diaz, was also arrested on two counts of workers' compensation fraud. A Workers' Compensation Fraud Task Force investigation revealed that a total of \$35 million in fraudulent transactions occurred at Diaz Supermarkets, a licensed money service business, owned and operated by Diaz since 2006. As a result of the search warrants executed in Miami-Dade County at four Diaz Supermarkets locations and one administrative office, a total of \$640,000 was seized in forfeiture along with three vehicles. The Office of Financial Regulation assisted the task force by providing financial data support and licensure information and has played an integral part in helping the task force put these

criminals behind bars. The Miami-Dade County Police Department also assisted with arrests.

Former Mortgage Brokers Sentenced to Federal Prison

On April 24, 2013, defendants Roslyn Wolff and Uri Yudewitz, both formerly licensed mortgage brokers, were sentenced to federal prison for a term of thirteen months and six months, respectively. The defendants had previously entered guilty pleas to charges of making false statements on mortgage loan applications in violation of Title 18 United States Code, Section 1014. The investigation revealed that Wolff and Yudewitz, working in concert, completed and processed two bogus loan files through Presidential Lending Group, a formerly licensed mortgage brokerage business located in Boca Raton (where Yudewitz worked). The loan files were found to contain false information including misrepresentations of borrowers' employment, income, earnest money, and intent to occupy properties. Although the defendants were only charged with making false statements in two loans, the investigation revealed that the pair had processed over twenty bogus loans from 2004 through 2007, using family and friends as straw borrowers.

Emergency Cease and Desist Order Issued

On April 12, 2013, the Division of Consumer Finance issued an Emergency Order to Cease and Desist and Suspend the License for two money transmitter businesses in South Florida, InterTransfers, Inc. and Global Money Remittance, Inc. The OFR is currently investigating allegations that these companies have, in several instances, failed to provide money to an intended recipient within 10 business days after receipt. It is unknown at this time how many Florida consumers have been impacted. The Emergency Order is effective immediately and requires 23 locations, across the state, to stop accepting funds for transfer.

[Florida Office of Financial Regulation Issues Emergency Order to Cease and Desist and Suspend the License for Two Money Transmitters](#)

4. Outreach Activities

On April 11, 2013, a member of the Division of Financial Institutions (represented the OFR on a regulatory panel at the Bank Director Workshop sponsored by the National Association of Corporate Directors (NACD), in Fort Lauderdale. The representative participated in a round table discussion regarding bank regulation.

On April 12, 2013, the Chief of Financial Investigations spoke on a panel in Miami regarding coordinating and leveraging investigative and regulatory resources as part of the U.S. Securities and Exchange Commission's Southeast Securities Conference.

On April 17, 2013 a member of the Division of Financial Institutions represented the OFR on a regulatory panel at the Miami Airport Hilton Hotel for the South Florida Bankers Institute's event regarding the importance of complying with the

Bank Secrecy Act, Anti Money Laundering and Office of Foreign Assets Control laws and regulations. There were 100 participants who included Senior Management, Risk Officers, BSA/Compliance Officers, Auditors, and Lawyers that came to the event to hear regulators speak regarding the important topics of BSA, AML and OFAC compliance.

During the week of April 22, 2013, The Miami Securities staff participated in Anti-Money Laundering (AML) Training. The training, held in Ft. Lauderdale, was facilitated by a member of the Division of Finance. The training involved attendees from all areas of OFR, and discussed a wide array of AML topics. Additionally, the class incorporated case studies and a mock presentation of an AML case to a prosecutor. The West Palm Beach staff attended the same training in February of this year and found the class very relevant and informative.

On April 24, 2013 a member of the Division of Financial Institutions gave a presentation to the Tallahassee Chapter of Credit Unions in Tallahassee Florida. The presentation discussed the condition of the credit union industry in Florida.

On April 24 & 25, 2013, members of the Division of Financial Institutions and the Commissioner of the Office of Financial Regulation, Drew J. Breakspear, attended an Interagency Meeting in Atlanta, Georgia. The Interagency Meeting focused on issues currently impacting the financial industry and issues expected to come to the forefront in the future. Some of the topics discussed were interest rate risk, commercial real estate conditions, lending activities, economic trends, and strategic planning. Participants included State banking representatives from multiple States in the southeast region of the United States of America, as well as representatives from the Federal Deposit Insurance Corporation, Federal Reserve Bank, and the Office of the Comptroller of the Currency.

On April 25, 2013, a member of the Division of Financial Institutions participated in the Florida Bankers Association (FBA) Safety and Soundness Workshop in Miami Florida. The workshop focused on multiple safety and soundness issues including; liquidity and funds management, sensitivity to market risk, asset quality and trends in the industry, capital markets and capital adequacy. Participants included representatives from multiple financial institutions in the South Florida area as well as a panel of State and Federal regulatory representatives.

On April 25, 2013, a member of the Division of Securities sat on a regulatory panel with individuals from various other regulatory agencies at the Financial Markets Association (FMA) Securities Compliance Seminar in Ft. Lauderdale. The panel discussed emerging issues/trends, enforcement updates and Dodd-Frank initiatives. The audience was primarily compliance personnel from mid-size broker dealers located on the East Coast, and some investment adviser affiliates.

On April 26, 2013, a member of the Division of Financial Institutions participated in the Florida Bankers Association (FBA) Safety and Soundness Workshop in Tampa Florida. The workshop focused on multiple safety and soundness issues including; liquidity and funds management, sensitivity to market risk, asset quality and trends in the industry, capital markets and capital adequacy. Participants included representatives from multiple financial institutions in the Tampa Florida area as well as a panel of State and Federal regulatory representatives.