

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

NOVEMBER 2012

NOVEMBER ACHIEVEMENTS

1. Substantial Sanctions

Permanent Bar against Broker Dealer Agent for Sale of Unregistered Securities

On November 2, 2012, the Division of Securities entered a Final Order against Christopher George Coulther for selling unregistered securities and participating in private securities transactions without required consent from his employing firm. Mr. Coulther was barred from seeking future licensure and/or registration with the Office of Financial Regulation.

Permanent Bar of Two Unregistered Agents for Offering and Selling Unregistered Securities

On November 2, 2012, the Division of Securities entered a Final Order against Charlotte B. Oliver and Robert T. Oliver for engaging in securities business in Florida without being registered and for offering and selling unregistered securities. Charlotte B. Oliver and Robert T. Oliver were 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.

Permanent Bar of Unregistered Broker Dealer and Two Agents for Sale of Unregistered Securities

On November 9, 2012, the Division of Securities entered a Final Order against San-Rey Investments, Inc. d/b/a Progressive Mortgage Services and Armando Reyes and Marisol Santiago for engaging in securities business in Florida without being registered and for offering and selling unregistered securities. San-Rey Investments, Inc. d/b/a Progressive Mortgage Services and Armando Reyes and Marisol Santiago were barred from seeking future licensure and/or registration with the Office of Financial Regulation.

Stipulation and Consent Order Signed

On November 15, 2012, Medchoice Credit Corp and Phillip Hall returned a signed stipulation and consent order to the Division of Consumer Finance, thereby agreeing to pay a \$25,000 administrative fine, payback all refunds and upfront fees, along with a revocation of license. The Division of Consumer Finance issued the stipulation and consent order to Medchoice Credit Corp and Phillip Hall for violating Chapter 516, F.S. by executing loans in the name of the licensed entity in excess of the \$25,000 limit, charging a credit investigation

fee/prepaid finance charge in excess of the \$25.00 limit, failing to fund the loan amount, and charging an amount greater than \$20.00 for a dishonored instrument.

Final Order for \$40,000 in a Fine for Prohibited Business Practices

On November 16, 2012, the Division of Consumer Finance issued a Final Order against Kam Financials, Inc., E & M and Associates, Inc. d/b/a Rite Coast Financials, Inc., Five M. Financial, Inc. d/b/a Levine & Cohen and Associates, Merrill Miller, Mendenhall & Associates, Inc., and Richard Pugh (each collectively referred to as "Respondents"). The Final Order adopts a stipulation and consent agreement whereby Respondents agree to cease engaging in prohibited business practices by attempting to enforce illegitimate debt or nonexistent legal rights, utilizing communication simulating a legal or judicial process, giving the false impression of attorney affiliation, and failure to provide adequate identification as a debt collector to consumers. Respondents agreed to implement corrective actions and were assessed an administrative fine in the amount of \$40,000.

Denial of Broker Dealer Agent

On November 26, 2012, the Division of Securities entered a Final Order against Matthew Regan Cecil, denying his application for registration as a broker dealer agent, for making a material misrepresentation or misstatement on his application for registration.

Denial of Broker Dealer Agent

On November 26, 2012, the Division of Securities entered a Final Order against Eric Thomas Dickerson, denying his application for registration as a broker dealer agent, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Mr. Dickerson engaged in a disqualifying event.

Denial of Broker Dealer Agent

On November 27, 2012, the Division of Securities entered a Final Order against Thomas Cypoliski, denying his application for registration as a broker dealer agent, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Mr. Cypoliski made a material misrepresentation or misstatement on his application for registration.

Denial of Associated Person

On November 27, 2012, the Division of Securities entered a Final Order of against Lauren Ann Grady, denying her application for registration as an associated person of a federal covered investment adviser, after she failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Ms. Grady made a material misrepresentation or misstatement on her application for registration.

Final Orders for \$24,000 in Fines against Investment Adviser Firms for Failure to File Financial Statements

During the month of November 2012, the Division of Securities entered Final Orders against seven Investment Adviser firms for failing to file annual financial statements. One firm voluntarily terminated their registration in Florida. A total of \$24,000 in administrative fines was assessed.

2. Enforcement Actions

Riverwalk

On November 13, 2012, Jay S. Fulton was sentenced to 12 months in prison and three years of supervised release on mail fraud and conspiracy charges for his involvement in a mortgage fraud scheme relating to a 265 lot residential development known as Riverwalk in Walton County, Florida. Steven F. Reagan was sentenced to five years of probation on September 25, 2012 for his involvement in the scheme. The defendants were also ordered to pay \$4.1 million in restitution. The OFR and IRS investigators found the defendants made false statements to lenders in connection with their purchase of unimproved lots in the Riverwalk development. The defendants also solicited borrowers to purchase Riverwalk properties and were involved in multiple fraudulent financial transactions including the receipt of undisclosed compensation following the closings of each of the lots purchased by the borrowers they solicited.

Gateway Lending

On November 16, 2012, Jacinto Puentes was sentenced to 60 months in prison after pleading guilty to one count of conspiracy to commit mail fraud. Four other defendants in this case are expected to be sentenced in the coming weeks. On February 15, 2012, Puentes and four other defendants were charged for their roles in a \$3 million mortgage fraud scheme. The joint OFR/DFS/FBI investigation revealed Puentes and his wife prepared fraudulent loan applications, which included false verifications of deposit prepared by an employee of Wachovia Bank. Also involved in this scheme was attorney Theodore Tarone, who created dual settlement statements at property closings. The closing statement sent to the lenders reflected a higher, fictitious purchase price, while the sellers of the property received a settlement statement that reflected the true purchase price and the proceeds due to them. The loss to the lenders exceeded \$3 million dollars.

3. Monthly Statistics

- Division of Securities
 - Examinations Opened: 12
 - Examinations Closed: 30
 - Complaints Received: 14
 - Complaints Closed: 16
 - Applications Received: 3,159
 - Applications Approved: 3,345

- Applications Denied/Withdrawn: 29
- Division of Consumer Finance
 - Examinations Opened: 21
 - Examinations Closed: 30
 - Complaints Received: 235
 - Complaints Closed: 221
 - Applications Received: 1,042
 - Applications Approved: 984
 - Applications Denied/Withdrawn: 71