GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

January – March 2016

JANUARY THROUGH MARCH 2016 ACHIEVEMENTS

1. **Quarterly Statistics**
   - Division of Securities
     - Examinations Opened: 71
     - Examinations Closed: 66
     - Complaints Received: 61
     - Complaints Closed: 52
     - Applications Received: 16,227
     - Applications Approved: 15,677
     - Applications Denied/Withdrawn: 206
   - Division of Consumer Finance
     - Examinations Opened: 141
     - Examinations Closed: 134
     - Complaints Received: 503
     - Complaints Closed: 529
     - Applications Received: 4,691
     - Applications Approved: 4,501
     - Applications Denied/Withdrawn: 259
   - Division of Financial Institutions
     - Examinations Opened: 27
     - Examinations Closed: 33
     - Complaints Received: 160
     - Complaints Closed: 149
     - Applications Received: 24
     - Applications Approved: 13
     - Applications Withdrawn: 0
   - Bureau of Financial Investigations
     - Investigations Opened: 41
     - Investigations Closed: 38

2. **Communications and Outreach Activities**
   On January 7, 2016, a column by OFR Commissioner Drew J. Breakspear appeared in Context Florida.

[Context Florida: Drew Breakspear: Fighting Fraud and Serving Floridians in 2015]

On January 15, 2016, an opinion editorial by Commissioner Drew J. Breakspear appeared in the Orlando Sentinel.
[Crowdfunding helps state's start-up businesses grow]

On January 28, 2016, a member of the Division of Financial Institutions participated in a regulator panel discussion at the Florida Bankers Association Safety and Soundness Seminar in Miami.

On January 28, 2016, the Division of Securities Acting Director Alisa Goldberg represented the OFR in a regulatory panel at the Hillsborough County Bar Association Securities Law Section meeting in Tampa. Other panelists included representatives from the Financial Industry Regulatory Authority (FINRA) and the U.S. Securities and Exchange Commission (SEC). Panelists discussed hot topics and examination priorities, common deficiencies found during examinations, cybersecurity and coordination between the various regulatory agencies. Approximately 50 attorneys attended.

On January 29, 2016, a member of the Division of Financial Institutions participated in a regulator panel discussion at the Florida Bankers Association Safety and Soundness Seminar in Tampa.

On February 2, 2016, the OFR released a consumer alert on consumer protection from financial fraud.
[Consumer Alert: Protect Yourself Against Financial Fraud]

On February 11, 2016, the Division of Securities Bureau Chief Lee Kell participated in the U.S Securities and Exchange Commission (SEC) White Collar Crime Roundtable meeting at the SEC Regional Office in Miami. Approximately 50 people from the state of Florida, United States Federal Law Enforcement and regulatory agencies attended.

On February 16-19, 2016, the Division of Consumer Finance Director Greg Oaks (NMLS Policy Committee Member) & Bureau Chief Jason Booth (Mortgage Testing & Education Board Member) attended the 2016 National Mortgage Licensing System (NMLS) User's Conference in Phoenix, Arizona. Conference sessions included a variety of topics covering consumer lending, mortgage brokering and lending, consumer debt collection and federal mortgage lending guidelines. The conference was attended by 683 attendees, including state and federal regulators and industry participants.

On February 22, 2016, the OFR issued a press release celebrating America Saves Week.
[Press Release: The Office of Financial Regulation Celebrates America Saves Week]

On February 25, 2016, an opinion editorial by Commissioner Drew J. Breakspear appeared in the Pensacola News Journal.
Viewpoint: Military Saves Week

On February 29, 2016, a letter to the editor by OFR Commissioner Drew J. Breakspear appeared in the Tampa Bay Times.
Tampa Bay Times: Sunday's Letters: Beware of Refund Fraud

On March 4, 2016, the Division of Securities Acting Director Alisa Goldberg represented the OFR in a panel at the Florida Securities Dealers Association's Industry Outreach Program held in Lake Mary. The program's topic was a "Practical Guide to Dealing with Elderly and Vulnerable Investors." The presentation included scams that target seniors, issues elderly investors face, prevention of elderly abuse, protection of vulnerable adults, best practices for firms, and current and proposed legislation regarding protection of vulnerable adults from financial abuse in various states, as well as proposed federal legislation and the model rule adopted by the North American Securities Administrators Association (NASAA). Panelists included representatives from FINRA and the securities industry; the keynote speaker is active in an aging life care association. Approximately 40 people from the securities industry attended.

On March 7, 2016, the OFR issued a press release recognizing Consumer Protection Week.
The Office of Financial Regulation Recognizes Consumer Protection Week

On March 9, 2016, a member of the Division of Financial Institutions participated in a regulator panel at the Florida International Bankers Association Anti-Money Laundering Conference in Miami.

On March 14, 2016, the OFR issued a consumer alert regarding scams that may target senior citizens.
Consumer Alert: Scams Targeting Senior Citizens

On March 23, 2016, an opinion editorial by OFR Commissioner Drew J. Breakspear appeared in Context Florida.
Context Florida: Good Credit is the Keystone of Financial Literacy

On March 24, 2016, the OFR issued a press release announcing an arrest in an unlicensed check cashing scheme.
Press Release: Palm Beach Man Arrested in Unlicensed Check Cashing Scheme

3. **Enforcement Actions**
Convicted Ponzi Schemer Sentenced to More Than 17 Years in Prison

On January 22, 2016, Joseph Paul Zada of Wellington, was sentenced to 210 months in federal prison to be followed by three years' supervised release for his role in orchestrating and perpetuating a Ponzi scheme that operated for more than 10 years before being discovered in 2009. Zada, who at the peak of his fraud maintained lavish residences in Grosse Pointe Shores, Mich., and in Wellington, was actually a low wage horse trainer when he contrived and initiated the scheme. Using a façade of wealth, he preyed on the wealthy, including a six-time equestrian Olympic medalist. Zada purportedly told his victims that he was an expert in oil futures, that he sat on the board of directors of a major oil company, that he was an heir to a Saudi oil sheik and was the financial manager for a Russian ice hockey player. The joint FBI/IRS/OFR investigation determined that from 1998 through 2009, Zada sold more than $50 million in promissory notes that purported to pay annual rates of return between 7 and 12 percent. The investors were led to believe Zada would use their money to invest in oil ventures. An analysis of bank records revealed, however, that instead of using the investors' money to invest in oil ventures, Zada used the money to support his extravagant lifestyle and to pay returns to earlier investors. The prison sentence resulted from a six-week jury trial in September 2015, in which Zada was found guilty of 15 counts of mail fraud.

Jacksonville Duo Sentenced to Combined 70 Month Prison Terms for Roles in Ponzi Scheme

On February 1, 2016, defendants Chawalit Wongkhiao and Joshua Carrol Gilliland were sentenced in U.S. District Court in Jacksonville to serve 55 and 15 month prison terms, respectively, for their roles in a foreign currency trading scam which operated from March 2012 until July 2014. Both men were previously convicted of conspiracy to commit wire fraud in relation to the scam. The duo were indicted in March 2015, based on an OFR investigation developed in cooperation with the FBI, IRS Criminal Investigation, Jacksonville Beach Police Department and U.S. Commodity Futures Trading Commission. In addition to the prison sentences, both men were sentenced to three years of probation and ordered to pay $1.2 million in restitution to victims. Wongkhiao and Gilliland, while doing business as Allied Markets, LLC solicited money from at least four investors for purported investments in foreign currency exchange (Forex) transactions. Based on promises of guaranteed returns of between 7 and 10 percent annually, investors purchased more than $1 million in investment contracts from the men. According to those investors, Gilliland and Wongkhiao represented that investment returns would come from profits generated through foreign currency trading. The investigation revealed, however, that the two men only invested about one-fifth of investors' funds in Forex transactions. A large portion of the funds was instead used for personal expenses or withdrawn by the men in the form of cash. The two also used funds acquired from more recent investors to pay returns to earlier investors in typical Ponzi fashion. The U.S. Attorney's Office in Jacksonville prosecuted the case. A separate OFR final order was entered against Gilliland, Wongkhiao and Allied Markets, LLC on April 20, 2015, for violations of Chapter 517, F.S. Each of the respondents was ordered to pay $100,000 in fines and permanently barred from making application for licensure under Chapter 517, F.S.

Wellington Man Arrested in Alleged $270,000 Investment Fraud
On February 12, 2016, Henry Paul Regan of Wellington, was arrested on charges of organized fraud, securities fraud and grand theft in connection with an elaborate investment fraud scheme, involving the alleged sale of fraudulent promissory notes to at least four investors through a company called Millennium Absolute Return Fund, LP (Millennium). The OFR's investigation revealed that this alleged fraud scheme operated between January 2013 and December 2013, causing investor losses of approximately $270,000. As part of the alleged scheme, Regan maintained a virtual office on Brickell Avenue (in Miami's financial district), from which he is believed to have solicited investors through correspondence containing material misrepresentations. Investors in Millennium were led to believe that their investments were safe because the company invested in "asset-based lending companies" that secured loans through collateralizing borrower assets. Investors were falsely promised 15 percent annual returns on their investments which they were assured were secured by a Bank of America bond in the amount of $5 million dollars. Investors were also provided quarterly performance letters that grossly misrepresented the company's financial condition, inflating the amount of interest that the company purportedly generated from its investments. Contrary to these representations, the investigation revealed that Millennium never used investors' funds to invest in any asset-based lending companies and the purported Bank of America Bond was non-existent. Investor funds were instead used for the benefit of Regan who allegedly paid himself commissions with the money or used it for personal or unrelated business expenses. Neither the promissory notes nor Regan himself were registered with the OFR pursuant to Chapter 517, F.S. In a 2004 enforcement action, FINRA barred Regan from acting as a broker or otherwise associating with firms that sell securities to the public, a fact which was not disclosed to investors in Millennium. Detectives with the DFS Division of Insurance Fraud provided assistance with Regan's arrest in Palm Beach County. This investigation was developed solely by the OFR.

Pinellas Man Sentenced to Two Years in Prison for Role in Oil Investment Swindle
On February 16, 2016, Edward Bahl of Safety Harbor, pled guilty to one count of organized fraud related to the operation of his company, Global Petroleum Resources, LLC (GPR). Bahl was sentenced to two years in prison to be followed by 15 years of probation. He was also ordered to pay $107,500 in restitution to victims and to permanently abstain from working anywhere in the investment or petroleum industries. Bahl's conviction follows his April 21, 2015, arrest on charges of organized fraud and grand theft. The OFR investigation found that from July 2011 through June 2014, Bahl, as President and Chief Executive Officer of GPR, defrauded four investors out of approximately $108,000. Bahl issued agreements to investors titled "Loan Agreement and Promissory Note" to

fund the acquisition of a purported oil blending facility. Bahl promised investors that they would receive the return of their principal plus interest at a rate of 25-50 percent within 60 to 90 days. Bahl also represented that GPR would enter into a “royalty fee agreement” with investors, paying them $0.10 a barrel for up to 250,000 barrels of GPR’s monthly oil production. Among other misrepresentations made to investors, the OFR’s investigation uncovered fraudulent press releases touting successful oil deals, Facebook pages announcing new GPR offices in the Bahamas and a trip to South Africa that resulted in a 10-year multi-million dollar oil and gas production contract. Contrary to these representations, the OFR’s investigation found no evidence that Bahl traveled to these countries during the time that GPR was alleged to have been in operation. Moreover, a review of GPR’s bank records did not reveal any transactions indicative of business revenue. Instead, the bank records revealed that investors’ proceeds were appropriated by Bahl and used for his personal living expenses including rent, travel, dining and lodging. To date, investors have received no return on their investments. This investigation was developed solely by the OFR. The case was prosecuted by the Office of Statewide Prosecution in Tampa.

<u>Sixth Defendant Arrested in Alleged $1.2 Million Precious Metals Scam</u>
On February 17, 2016, Robert S. Leier was arrested by the Margate Police Department on an outstanding warrant issued for his involvement in an alleged fraudulent precious metals investment scheme. Leier controlled Bowman & Poole, Inc., a purported precious metals firm believed to be involved in a $1.2 million fraudulent investment and money laundering scheme. Investigative findings to date show that the scheme has victimized at least 17 people from around the country, causing them to lose their retirement savings. In addition to Leier, five other defendants involved in the scheme are facing similar charges filed by the Office of Statewide Prosecution. Charges against the defendants include racketeering, conspiracy to commit racketeering, grand theft, fraudulent securities transactions, money laundering and unlicensed telemarketing. If convicted, they face substantial prison time, fines and restitution. In October 2014, three defendants were arrested in Florida and two defendants were arrested in South Carolina. Leier had remained the lone fugitive until his arrest. The six defendants allegedly operated several shell companies to broker the buying and selling of precious metals as an investment option when, in reality, less than one percent of the money sent by victims to the defendants was used for these types of investments. The defendants are alleged to have assured their victims (the majority of whom were senior citizens) that the investments would turn a quick profit. The six defendants opened more than 30 bank accounts to which victims mailed checks or wired funds. The company shell names used by the defendants were Bowman & Poole, Inc., Cavallo Consulting Group, Inc., DMR & BMR Corp., DRBR Financial, Inc., JD&A Investment Services, Inc., JDC United Metals, Corp., Project Insider Development Investments, LLC and Project Insider, Inc. This investigation is being developed by the OFR in collaboration

with the FDLE. The Office of the Statewide Prosecution in Broward County is prosecuting the case.

Texas Woman Arrested in Alleged $270,000 Investment Fraud

On February 22, 2016, Stephanie Lee Webster of Garland, Texas voluntarily surrendered to the Miami-Dade County Department of Corrections on charges of organized fraud, securities fraud and grand theft in connection with an elaborate investment fraud scheme involving the alleged sale of fraudulent promissory notes to at least four investors. Webster's co-defendant in the scheme, Henry Paul Regan was arrested on identical charges on February 12, 2016, at his home in Wellington, FL. Although the OFR was the sole investigative agency in this matter, detectives with the DFS Division of Insurance Fraud planned and executed Regan's arrest. The OFR's investigation of this alleged fraud scheme revealed that it operated between January 2013 and December 2013, causing investor losses of approximately $270,000. As part of the alleged scheme, Webster and Regan maintained a virtual office on Brickell Avenue (in Miami's financial district), from which they are believed to have solicited investors through correspondence containing material misrepresentations. Investors in Millennium were led to believe that their investments were safe because the company invested in "asset-based lending companies" that secured loans through collateralizing borrower assets. Investors were falsely promised 15 percent annual returns on their investments which they were assured were secured by a Bank of America bond in the amount of $5 million. Investors were also provided quarterly performance letters that grossly misrepresented the company's financial condition, inflating the amount of interest that the company purportedly generated from its investments. Contrary to these representations, however, the investigation revealed that Millennium never used investors' funds to invest in any asset-based lending companies and the purported Bank of America Bond was non-existent. Investor funds were instead used for the benefit of Webster and Regan who allegedly paid themselves commissions with the money or used it for personal or unrelated business expenses. Neither the promissory notes nor Webster and Regan themselves were registered with the OFR, pursuant to Chapter 517, F.S. In a 2004 enforcement action, FINRA barred Regan from acting as a broker or otherwise associating with firms that sell securities to the public, a fact which was not disclosed to investors in the Millennium Fund. The Miami-Dade County State Attorney's Office is prosecuting the case.

Sarasota Man Convicted in Precious Gems from Pet Remains Investment Fraud Scheme

On February 24, 2016, Russell F. Haraburda of Sarasota, pled guilty to a charge of organized fraud in connection with the sale of fraudulent "pre-initial public offering shares" of his company, Enviratrends. Haraburda claimed that Enviratrends possessed technology that could turn the cremated ashes of pets into precious gemstones and assured investors that their funds would be used to pay expenses associated with taking the company public. Based on these representations, Haraburda was able to raise more than $3 million from over 150 investors within and outside of Florida. Contrary to those representations, however, the OFR's investigation revealed that Haraburda used a majority of investors' funds to support his lavish personal lifestyle and not towards IPO expenses. The investigation found that more than $1.7 million of investor money was used by Haraburda for such things as an addition to a personal property, the purchase of motorcycles and pleasure travel. Previously, on August 17, 2015, the Securities and Exchange Commission filed a civil injunctive action in the Middle District of Florida against Haraburda and EnviraTrends. The action included a final judgment providing permanent injunctive relief, barring Haraburda from being associated with any offering of penny stocks and disgorgement of ill-gotten gains. The final judgment also ordered Haraburda and EnviraTrends to jointly pay more than $2.3 million in disgorgement and prejudgment interest. The Florida Department of Law Enforcement (FDLE) assisted the OFR in the execution of a search warrant on the company in January 2015. This case was prosecuted by the Office of Statewide Prosecution.

<u>Defendant Sentenced for Operating a Boiler Room in Broward County</u>
On February 25, 2016, Manuel Frade pled guilty to one count of scheme to defraud and one count of securities fraud (Chapter 517.301, F.S.). On the same date, Frade was adjudicated guilty and sentenced to two years of prison to be followed by 10 years of probation. Frade was also ordered to pay $438,334 in restitution, $100,000 of which was paid immediately. Frade along with another co-defendant, Angel Quinones, operated a boiler room that was used to solicit individuals into investing in precious metals. After the solicitations, which were done through Integrated Market Capital Investments (d.b.a. Midas Asset Exchange), investors typically received account statements that showed the alleged purchase of the precious metals. Investors claimed that Frade and Quinones led them to believe that the metals listed on the account statements would be stored for them in a vault or other safe place until such time as they desired to sell. The OFR investigation revealed that only a small portion of the more than $2 million invested was used to trade possessory rights to precious metal inventory, and none of money invested was used to purchase or store the physical metals. Instead, the majority of the money obtained from investors was used to pay business expenses and for the personal benefit of Frade and Quinones. This case was prosecuted by the Broward County State Attorney's Office.

<u>Internet Auto Loan Broker Convicted in Advance Fee for Loan Fraud</u>
On March 10, 2016, Ivan Levy, CEO of Regency Financial Services, LLC pleaded guilty to nine counts of collecting unlawful advance fees as a loan broker. Following the entry of the plea, Levy was sentenced to serve 120 days in jail to be followed by five years on probation. He was ordered to pay more than $76,000 in criminal restitution with $3,685 to be paid up front. Levy was arrested on March 30, 2015, and charged with collecting advance fees from victims who sought his services as a loan broker in order to avoid having their vehicles repossessed. Victims sought to renegotiate or refinance their auto loans through

Levy's websites, "credit-yogi.com" and "carpaymenthelpcenter.com." Levy preyed on victims by claiming he was an auto loan broker, falsely offering guaranteed auto refinancing in exchange for an advance fee of $499 payable in cash via bank deposits into his account. Victims were told to use Levy's corporate name on the deposits, making it difficult to determine who and how many victims gave cash to Levy. Once the payments were received, Levy would end all communication with his victims. No victim is known to have obtained financing or a refund of their advance fee payments. As part of the court's order, Levy will repay nine victims identified by the OFR who had their vehicles repossessed as a direct result of his scam. Levy's plea agreement also bars him from violating a Federal Trade Commission (FTC) injunction filed against him in January 2015. That injunction permanently bans Levy from any telemarketing activity or from engaging in the offer or sale of any financial product or service. Levy agreed to a judgment of $330,000 in the FTC's case, an amount believed to comprise the total dollar loss to victims resulting from his scheme. Levy conducted business from his home in Boynton Beach for the past three years and was not licensed as a consumer finance company, lender or retail installment sales contract provider. Levy will begin serving his jail sentence on March 21, 2016.

Defendant Sentenced to 6.5 Years in Prison for Role in $8 Million Ponzi Scheme

On March 14, 2016, Dorian A. Garcia was sentenced to serve 78 months in prison to be followed by 36 months of probation for his role in orchestrating a Ponzi scheme that victimized more than 100 investors, resulting in more than $8 million in losses. The sentence follows Garcia's conviction on a wire fraud charge to which he pled guilty in July 2015. Between February 2009 and April 2015, Garcia solicited and received at least $8.5 million from approximately 111 victim investors throughout the United States. Of that amount, $3.9 million was returned to investors through Ponzi-style payments. Garcia, through a number of companies that he controlled, including DG Wealth Management, persuaded individuals to invest with him based on misrepresentations that he would place their funds in an investment pool and would guarantee their investment in addition to a specific rate of return. To lure investors into believing that their investments were secure, Garcia provided them with fake bank statements that reflected large balances. The true account balances were a fraction of the amounts claimed and were insufficient to back his purported guarantees. Funds not used in making Ponzi payments to investors were spent on personal and business expenses including artwork, rent, luxury car payments, domestic help (including a personal chef), jewelry and dinner parties. In addition to the prison sentence, Garcia was also ordered to forfeit $3.1 million along with various pieces of artwork obtained through the proceeds of his fraudulent scheme. An evidentiary hearing regarding restitution is set for May 16, 2016. On April 14th, 2015, Garcia was named as a respondent in a civil fraud complaint brought by the CFTC with assistance from the OFR. A final judgment in that case is still pending. The OFR Bureau of Financial Investigations partnered with the FBI in bringing the criminal complaint which led to the criminal enforcement action in this case.

Convicted Ponzi Schemer Sentenced to 20-Year Prison Term for Role in $80 Million Scam

On March 14, 2016, defendant Joseph Signore was sentenced to serve 240 months in federal prison and ordered to pay $31 million in restitution for his role in an elaborate Ponzi scheme that bilked investors out of approximately $80 million. The scheme centered on the sale of "virtual concierge machines" (VCMs), devices which Signore claimed would be installed in sports stadiums and hotels to provide users with information as well as discount coupons and access to services such as restaurant food delivery. The VCMs were offered to investors for $2,500 to $3,500 each and were supposed to be strategically placed in areas with significant pedestrian traffic. Working through JCS Enterprises, Inc., of Jupiter and an associated company named TBTI, Inc., Signore along with his ex-wife Laura Grande-Signore and his business associate Paul Schumack, sold the equivalent of 22,547 VCM kiosks to investors around the country. As part of the sales pitch, investors were guaranteed $300 a month in returns for at least 36 months from advertising revenues alone. Despite these representations and the large quantity of VCMs sold, only 182 VCMs were ever manufactured and only 84 ever made it into operation. Advertising revenues from the VCMs that went into operation amounted to less than $22,000 over the course of two years and only a fraction of the money raised from investors was used to purchase components to manufacture the VCMs. Instead, the vast majority of investors' funds was used by the defendants to pay for personal living expenses or to make Ponzi style payments to early investors. Signore alone, was responsible for raising $10 million from 307 investors, 128 of whom resided in Florida. On December 7, 2015, following a six-week federal trial, Signore and his co-defendants were each found guilty of various charges to include money-laundering, wire fraud and mail fraud. In May 2015, another defendant in the case, Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his role in the fraud. Laura Grande-Signore is scheduled to be sentenced on March 16, 2016. Defendant Paul Schumack is scheduled to be sentenced on March 17, 2016. This case was developed in cooperation with the SEC and the FBI. It was prosecuted by the United States Attorney's Office in West Palm Beach.

Four Defendants Sentenced in $80 Million Investment Scam

On March 17, 2016, defendant Paul Schumack was sentenced to serve 12 years in federal prison and ordered to pay $31 million in restitution for his role in an elaborate Ponzi scheme that bilked investors out of approximately $80 million. The scheme centered on the sale of "virtual concierge machines" (VCMs), devices that Schumack and co-defendants Joseph Signore, Laura Grande-Signore and Craig Hipp claimed would be installed in sports stadiums and hotels to provide users information, as well as discount coupons and access to services, such as restaurant food delivery. The VCMs were offered to investors for $2,500-$3,500 each and were supposed to be strategically placed in areas with significant pedestrian traffic. Working through JCS Enterprises, Inc., of

Jupiter and an associated company named TBTI, Inc., the four defendants sold the equivalent of 22,547 VCM kiosks to investors around the country. As part of the sales pitch, investors were guaranteed $300 per month in returns for at least 36 months from advertising revenues alone. Despite these representations and the large quantity of VCMs sold, only 182 VCMs were ever manufactured and only 84 ever made it to operation. Advertising revenues from the VCMs in operation amounted to less than $22,000 over the course of two years and only a fraction of the money raised from investors was used to purchase components to manufacture the VCMs. Instead, the vast majority of investors' funds were used by the defendants to pay for personal living expenses or to make Ponzi-style payments to early investors. Defendant Joseph Signore was responsible for raising $10 million from 307 investors, 128 of whom resided in Florida. On December 7, 2015, following a six-week federal trial, the defendants were each found guilty of various charges to include, money-laundering, wire fraud and mail fraud. On March 14, 2016, defendant Signore was sentenced to serve 20 years in federal prison and ordered to pay $31 million in restitution. Two days later, on March 16, 2016, Laura Grande-Signore was sentenced to seven years in prison and ordered to pay $31 million in restitution for her role in the scheme (restitution orders were issued jointly, with each defendant responsible for the $31 million in total restitution ordered in the case). Earlier, in May 2015, defendant Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his own involvement in the scheme. The defendants received combined prison sentences totaling 46 years. This case was developed in cooperation with the SEC and the FBI. It was prosecuted by the United States Attorney's Office in West Palm Beach. Each of the defendants was remanded into custody following the pronouncement of their sentences.

<u>Pembroke Pines Viatical Settlements Provider Arrested in Alleged Investment Fraud Scheme</u>

On March 22, 2016, Giovanny Vasquez, of Pembroke Pines, was arrested by the FBI after having been indicted on charges of mail fraud. The arrest stems from Vasquez's alleged involvement in an elaborate fraud scheme involving the purchase of life insurance policies from individuals with a diminished life expectancy (a practice known as life, or viatical settlements) using funds obtained from investors. Vasquez was the CEO of Global Wealth Creations, LLC (GWC), and is believed to have been in direct control of the business and its alleged fraudulent practices. The investigation revealed that GWC operated from 2008 through 2011, resulting in combined losses of approximately $3.5 million to approximately 40 victims. As part of the scheme, Vasquez is believed to have maintained an office in Miami from which he would recruit financial advisors to target seniors with substantial retirement savings. Vasquez is also believed to have sold viatical settlements, in some cases directly, to certain investors. Investors in GWC were led to believe that their investments were safe because the company invested only in life insurance policies that were "secured" by life insurance companies. Investors were falsely promised a 10 percent annual return on their investments over a five-year period and were given investment performance letters that grossly misrepresented the company's financial condition, inflating the amount of profits that the company supposedly generated from its investments. Contrary to these representations, investigators found that GWC only purchased one life insurance contract and that contract never resulted in a benefit payout due to misrepresentations. Rather than using investor funds to purchase additional insurance contracts, the investigation revealed that investor funds were instead used for the benefit of Vasquez who paid himself salary advances and bonuses with the money or used it for personal or unrelated business expenses. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

Lake Worth Check Casher Arrested in Unlicensed Activity Scheme
On March 23, 2016, defendant Samuel Enamorado, Sr., was arrested by the DFS Division of Insurance Fraud on an outstanding warrant issued for one count of acting as an unlicensed money services business. The OFR investigation revealed that from December 2013 to May 2014, Emerald Realty of Palm Beach, Inc., cashed at least 144 third-party checks whose value, in aggregate, exceeded $717,337. Most of the checks were from construction companies and were believed to have been negotiated as part of a workers' compensation insurance premium avoidance scheme. Chapter 560, F.S., requires any person cashing payment instruments that have an aggregate face value of $2,000 or more, per person, per day to be licensed by the OFR. Licensing records revealed that Emerald Realty of Palm Beach, Inc., and Samuel Enamorado, Sr., are not and have never been licensed by the OFR as a check casher. The OFR opened this investigation based on information obtained from a confidential source that alleged Emerald Realty of Palm Beach, Inc., was operating as an unlicensed check casher. As the investigation revealed evidence of potential workers' compensation fraud, information obtained by the OFR was shared with the Division of Insurance Fraud for criminal prosecution. The Office of the State Attorney in Palm Beach County is prosecuting the case.

South Florida Attorney Pleads Guilty in $8 Million Mortgage Fraud Scheme
On March 30, 2016, Angel Garcia-Oliver, a Coral Gables attorney, entered a guilty plea to charges of conspiracy to commit bank and wire fraud in connection with a multi-million dollar mortgage fraud scheme. The plea was entered in U.S. District Court for the Middle District of Florida. Garcia-Oliver was the principal of Garcia-Oliver & Mainieri, P.A., a law firm which acted as the closing agent for fraudulently obtained mortgage loans, alleged to have been issued to straw buyers working with Tribute Residential, LLC. Garcia-Oliver, or employees working at his direction, served as settlement agents and conducted dozens of real estate closings for condominium units owned by Tribute, including Cypress Pointe in Orlando and the Villas at Lakeside in Oviedo. The investigation revealed that Garcia-Oliver knowingly facilitated the closing of condominium sales at falsely inflated prices using mortgage loan proceeds obtained from financial institutions based on misrepresentations. The investigation revealed that these mortgage loans were made to credit-worthy straw buyers who, without the lenders'

knowledge or consent, had been recruited by other defendants in the scheme to act as borrowers in exchange for compensation. The inflated property valuations allowed the sellers in the transactions, also co-conspirators in the scheme, to sell the homes for significantly more than market value. The proceeds from the sales would then be divided amongst the participants in the scheme. Losses suffered by mortgage lenders as direct result of Garcia-Oliver's conduct exceed $8.25 million. This investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the FBI and the Federal Housing Finance Agency. Additional defendants in this case are pending indictment or trial.

4. Substantial Sanctions and Fines

Family Trust Company Application Received

On December 30, 2015, the OFR received the first application for a Family Trust Company to become registered**.**

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

On December 30, 2015, the Division of Securities entered a final order against Alan Hagopian for failure to observe high standards of commercial honor and principals of trade by communicating with clients using an unapproved email address. A $7,500 administrative fine was paid.

Permanent Bar and $75,000 Fine Against an Unregistered Broker Dealer for Fraud

On December 30, 2015, the Division of Securities entered a final order against Synergy Oil, LLC permanently barring the firm from registration with the OFR, after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Synergy Oil, LLC offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $75,000 administrative fine was assessed.

Final Order for $50,555.39 Fine Against a Broker Dealer Firm

On December 30, 2015, the Division of Securities, in conjunction with a multi-state settlement, entered a final order against LPL Financial, LLC for failing to implement, maintain and enforce an adequate supervisory system regarding the sale, through Florida representatives, of non-traded REITs. In accordance with the terms of the settlement, LPL Financial, LLC agrees to offer to remediate losses for non-traded REITs sold by the firm to Florida residents, to create a team to assist Florida investors with the remediation process and to pay an administrative fine of $50,555.39 to the state of Florida.

Permanent Bar and $25,000 Fine Against an Unregistered Associated Person for Fraud

On December 31, 2015, the Division of Securities entered a final order against Alan Goda, permanently barring Mr. Goda from registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Alan Goda offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $25,000 administrative fine was assessed.

<u>Permanent Bar and $55,000 Fine Against an Unregistered Associated Person for Fraud</u>

On December 31, 2015, the Division of Securities entered a final order against Tony Benjamin Pistilli, permanently barring Mr. Pistilli from registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Tony Benjamin Pistilli offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $55,000 administrative fine was assessed.

<u>Final Order for $29,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>

On December 31, 2015, the Division of Securities entered a final order against Agnello Financial Group, Inc., and Michael H. Agnello for engaging in prohibited business practices by failing to maintain an accurate Form ADV, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, file audited financial statements and to comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A $29,500 administrative fine was paid.

<u>Final Order for $5,000 Fine Against an Associated Person for Prohibited Business Practices</u>

On January 11, 2016, the Division of Securities entered a final order against Robert Dechick for engaging in prohibited business practices by failing to provide required disclosures on consolidated client statements. A $5,000 administrative fine was paid.

<u>Final Order for $8,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>

On January 11, 2016, the Division of Securities entered a final order against Ragain Financial Inc., and Christopher G. Ragain for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, maintain and provide accurate advisory contracts, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. An $8,500 administrative fine was paid.

<u>Final Order for $12,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>

On January 20, 2016, the Division of Securities entered a final order against Allegiant Financial Advisors, LLC and Eric Nathal for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, prepare and maintain brochure supplements and send clients itemized invoices. A $12,500 administrative fine was paid.

Final Order for $12,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On January 25, 2016, the Division of Securities entered a final order against Standfast Asset Management, LLC for engaging in prohibited business practices by failing to maintain an accurate Form ADV and timely file financial statements. A $12,500 administrative fine was paid.

Final Order for $3,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On January 25, 2016, the Division of Securities entered a final order against Blueskye Investment Advisers, LLC and Dakota Lawrence for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements, maintain required net capital, timely notify the OFR of the firm’s net capital deficiency, send clients itemized invoices and to comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A $3,000 administrative fine was paid.

Permanent Bar and $27,500 Fine Against an Associated Person

On January 29, 2016, the Division of Securities entered a final order against Valentino Infante permanently barring him from registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Valentino Infante failed to observe standards of commercial honor and principles of trade by engaging in private securities transaction and outside business activities without providing prior written notice to his employing broker dealer firm. A $27,500 administrative fine was assessed.

Final Order for $50,000 Fine Against a Broker Dealer Firm for Prohibited Business Practices

On February 25, 2016, the Division of Securities entered a final order against Voya Financial Advisors, Inc., for engaging in prohibited business practices by failing to enforce its written supervisory procedures in the supervision of variable annuity purchases. A $50,000 administrative fine was paid.

Final Order Suspending Investment Advisers Firm and Associated Persons Registration

On February 25, 2016, the Division of Securities entered a final order against Regent Investment Advisors, Inc., and Timothy C. Mingo suspending their registrations in Florida. The firm and Mingo are suspended until they pay the remaining $15,000 balance of the $20,000 administrative fine ordered on November 6, 2014.

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

On March 3, 2016, the Division of Securities entered a final order against John C. Berardinelli for failure to observe high standards of commercial honor and principals of trade by failing to follow his employing firm's procedures. These procedures required Berardinelli to review questionable data thoroughly on documentation provided to the firm relating to annuity sales. A $2,500 administrative fine was paid.

Final Order for $7,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On March 7, 2016, the Division of Securities entered a final order against Scepter Capital Management, LLC and William F. Kennedy, Jr., for engaging in prohibited business practices by failing to maintain a written advisory contract, maintain investment suitability documents, maintain an accurate Form ADV, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A $7,500 administrative fine was paid.

Permanent Bar and $25,000 Fine Against Unregistered Associated Person for Unregistered Activity and Fraud

On March 11, 2016, the Division of Securities entered a final order against Jason Foxe permanently barring him from submitting an application or notification for a license or registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Foxe offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A $25,000 administrative fine was assessed.

Permanent Bar and $25,000 Fine Against Unregistered Associated Person for Unregistered Activity and Fraud

On March 11, 2016, the Division of Securities entered a final order against E. Daryl Magette permanently barring him from submitting an application or notification for a license or registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Magette offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A $25,000 administrative fine was assessed.

Permanent Bar and $100,000 Fine Against Unregistered Firm and Associated Person for Fraud

On March 25, 2016, the Division of Securities entered a final order against Capital Asset Management Partners Inc., and Allen Mark Kneller, permanently barring them 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. Capital Asset Management Partners Inc., and Allen Mark Kneller were found to have offered and sold unregistered securities, engaged in securities business in Florida without being registered and to have obtained money by means of fraud. A $100,000 administrative fine was assessed.

Fines Totaling $195,937.50 for Unregistered Activity

During the month of March 2016, the Division of Securities fined one firm and nine associated persons for engaging in unregistered investment advisory activities in the state of Florida. Fines totaling $195,937.50 were paid.