

GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

JUNE 2013

MARCH THROUGH JUNE 2013 ACHIEVEMENTS

1. Quarterly Statistics

- Division of Securities
 - Examinations Opened: 67
 - Examinations Closed: 54
 - Complaints Received: 69
 - Complaints Closed: 63
 - Applications Received: 12,453
 - Applications Approved: 12,215
 - Applications Denied/Withdrawn: 208

- Division of Consumer Finance
 - Examinations Opened: 442
 - Examinations Closed: 252
 - Complaints Received: 1,105
 - Complaints Closed: 1,008
 - Applications Received: 4,743
 - Applications Approved: 4,569
 - Applications Denied/Withdrawn: 273

- Division of Financial Institutions
 - Examinations Opened: 21
 - Examinations Closed: 32
 - Complaints Received: 201
 - Complaints Closed: 214
 - Applications Received: 22
 - Applications Approved: 21
 - Applications Denied/Withdrawn: 3

- Bureau of Financial Investigations
 - Investigations Opened: 42
 - Investigations Closed: 47

2. New Additions/Recognitions

On May 31, 2013, Robert Hayes was promoted to Director of Financial Institutions. Mr. Hayes began serving as Interim Director of Financial Institutions in January 2013 while continuing in his role as Bureau Chief of Bank Regulation

District 1. Mr. Hayes brings a wealth of experience to the position. When he joined the OFR in March 1993, Mr. Hayes brought with him over 20 years of prior banking experience. He graduated from the Graduate School of Banking of the South at Louisiana State University, the Florida State University, and earned the Basic, General, and Standard Certificates from the American Institute of Banking.

On June 3, 2013, Colin Roopnarine joined the OFR as General Counsel. Mr. Roopnarine received his Juris Doctor from the Florida State University and is Board Certified in State and Federal Government and Administrative Practice. Mr. Roopnarine previously served as the Deputy General Counsel for the Florida Department of Business and Professional Regulation, where he was the chief legal counsel for program enforcement activities. His extensive law experience includes working as a Hearing Officer for the Public Employees Relations Commission and as Assistant General Counsel for the Florida Department of Financial Services as well as the Florida Department of Community Affairs.

3. 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 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.

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 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.

On May 8, 2013, Commissioner Breakspear met with Director Richard Cordray and Acting Deputy Director and Assistant Director for Supervision, Steve Antonakes of the Consumer Financial Protection Bureau (CFPB) in Miami. Topics discussed included the trends, regulations and oversight involving several of the industries the OFR regulates including pay day loans, check cashing businesses, consumer collection agencies and motor vehicle financing. Commissioner Breakspear also participated in a community roundtable on mortgage loans and a field hearing on student loans.

On May 8, 2013, Deputy Commissioner Hila participated in the Bank Secrecy Act Advisory Group meeting, hosted by the Financial Crimes Enforcement Network (FinCEN), in Washington, DC. Topics discussed included best practices for regulators and financial industry partners in their quest to fight financial crime in the United States.

On May 16, 2013, members of the Division of Financial Institutions represented the OFR at an Interagency Meeting in Miami, Florida. The Interagency Meeting focused on current and emerging issues impacting the financial industry. Some of the topics discussed were the phase out period of TruPS (Trust Preferred Security), requests from Bank Holding Companies to redeem TARP (some at sizeable discounts), growth in commercial & industrial lending, competition with large/regional banks in loan growth, lengthening of securities duration, vendor management, DDoS attacks, offsite exams and BSA. Participants also included representatives from the Federal Deposit Insurance Corporation, Federal Reserve Bank and the Office of the Comptroller of the Currency.

On May 22, 2013, members of the Division of Financial Institutions participated in and presented at a Director and Senior Management Workshop. The workshop was sponsored by the Shutts & Bowen Law Firm and was held in Miami, Florida.

Topics of the workshop included upcoming regulatory changes and the impact on the industry. Approximately 50 people attended the workshop.

On May 24, 2013, Commissioner Breakspear participated in a Meet and Greet interview with Jean Gruss, Editor of the Lee/Collier Region of the Gulf Coast Business Observer. Topics discussed included OFR successes, operational efficiencies and vision.

[Light on the dark side](#)

On May 31, 2013, the OFR issued a press release to encourage Floridians to disaster proof family finances for hurricane season.

[FLORIDA OFFICE OF FINANCIAL REGULATION ENCOURAGES FLORIDA CITIZENS TO PREPARE FAMILY FINANCES FOR HURRICANE SEASON](#)

On June 7, 2013, Commissioner Breakspear participated in an editorial board meeting with Margie Manning, Quality and Content Editor, and Chris Wilkerson, Deputy Editor of the Tampa Bay Business Journal. Topics discussed included OFR successes, new appointees, operational efficiencies and vision.

[OFR leader views risk management as 'critical' \(video\)](#)

[Commissioner uses metrics to improve](#)

[New law creates database to cut workers' comp fraud](#)

[Florida Office of Financial Regulation fills two key posts](#)

On June 17, 2013, a member of the Division of Financial Institutions represented the OFR at the Florida Bankers Association Annual Meeting and Regulatory Roundtable. The meeting was held in West Palm Beach, Florida. Topics of the meeting included safety and soundness regulations, requirements of commercial real estate lending regulations, the impact of BASEL capital requirements, and lessons learned from the financial crisis. Approximately 100 people attended the meeting.

On May 31 - June 2, 2013, members of Division of Securities attended the NASAA Broker-Dealer & Agent Examination & Registration Training held in Pittsburgh, PA. The division members as trainers during the three day long training program for examination and registration staff of state securities regulators. Over 125 attendees from more than 30 states participated in the event.

On June 20 and 21, 2013, the Division of Securities hosted a training forum for its managers within the Bureau of Enforcement. During the meeting the staff discussed topics including examination planning and efficiency, leadership and recruiting and selection. Commissioner Breakspear attended on June 21, 2013.

4. Operating Efficiencies

On April 30, 2013, the Florida Legislature passed HB 217. If signed into law, HB 217 will require check cashers to log any checks cashed in excess of \$1,000 into

a statewide database designed to prevent fraudulent activity. In addition to the check amount, each business will be required to submit traceable information such as payor, payee, fee charged, type of identification presented and payee's workers' compensation insurance policy number, if the check was made out to a business. The bill also provides that multiple checks accepted from any one person in one day, which total \$1,000 or more, must be aggregated and reported in the database. The check cashing database created by this legislation will have the capability to interface with the Secretary of State's database for purposes of verifying corporate registration and articles of incorporation. The database will also have the capability to interface with the DFS database for purposes of determining proof of coverage for workers' compensation.

[Florida Office of Financial Regulation Applauds the Passage of House Bill 217](#)

On April 30, 2013, the Florida Legislature passed SB 644 and HB 665. If signed into law, SB 644 and HB 665 will assist the OFR in making it more efficient for Floridians to obtain and maintain licenses within the mortgage, securities and money service business industries. Currently, the OFR is required to deny or revoke a mortgage broker's or mortgage lender's license when their license has been revoked in another state even if the action would not have led to a denial or revocation in Florida. This law does not preclude the OFR from imposing fines and penalties based on another state's revocation as it deems necessary. The bill also requires live-scan fingerprinting for those persons in the Florida securities and money service business industries. Current law requires criminal background checks to be completed via paper "fingerprint cards," which must be physically mailed to the OFR before being scanned and submitted to the Florida Department of Law Enforcement (FDLE) and Federal Bureau of Investigation. This legislation will allow fingerprints to be submitted at approved FDLE live-scan locations and generally provide OFR with the results within 24-to-48 hours. This technology will better allow the OFR to further protect Floridians from potential fraudulent schemes and enhance the integrity of the industry.

[Florida Office of Financial Regulation Commends the Passage of Licensure Legislation Creating Greater Opportunities for Businesses](#)

5. Substantial Sanctions

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.

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.

Final Order for \$90,000 Fine against an Unregistered Agent for Fraudulent Transactions

On May 30, 2013, the Division of Securities entered a Final Order against Devon C. McLean for the following: sale of unregistered securities, omissions and misrepresentations of material facts to investors, and failing to provide written notice to his employing broker dealer firms of his participation in private securities transactions and outside business activity. A \$90,000 administrative fine was assessed.

Permanent Bar and \$7,500 Fine against a Broker Dealer Agent for Prohibited Business Practices

On June 6, 2013, the Division of Securities entered a Final Order against Eric Martin Dishner for engaging in prohibited business practices, after he failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged that Mr. Dishner borrowed money from a customer. Mr. Dishner was permanently barred from licensure and/or registration with the Office. A \$7,500 administrative fine was assessed.

Final Order Assessing Fines Totaling \$320,000 for Failure to Supervise

On June 7, 2013, the Division of Securities entered a Final Order against BrokersXpress, LLC, Phillip Hoeh, Barry Metzger and Anthony Cesta for violations of NASD Rules and the Florida Administrative Code. BrokersXpress failed to establish and maintain an adequate supervisory system, failed to have adequate written supervisory procedures and failed to implement said supervisory system and procedures with regard to the supervision and review of activities in the customer accounts assigned to Kevin Moyer. Mr. Hoeh, Mr. Metzger, and Mr. Cesta were each found to have failed to inspect Mr. Moyer's branch office timely. In settlement of the violations, the Respondents agreed to pay fines totaling \$320,000. Additionally, the Office of Financial Regulation accepted BrokersXpress, LLC request to terminate its registration as a broker dealer with the state of Florida. Phillip Hoeh and Barry Metzger agreed not to seek registration in the state of Florida for one year.

[FLORIDA OFFICE OF FINANCIAL REGULATION COLLECTS \\$320,000 IN ADMINISTRATIVE FINES FROM BROKERSXPRESS, LLC](#)

Denial of Associated Persons Applications

From April 1 to June 26, 2013, the Division of Securities denied four applications for registration as associated persons. The Notices of Intent to Deny, in each

case, alleged that the associated person made a material misrepresentation or misstatement on their application for registration as an associated person.

6. Significant Enforcement Actions

Ohio Man Sentenced to 4 Years in Prison for Precious Metals Scheme

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 Campany and Global Bullion Exchange. Campany 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.

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](#)

Ft. Myers Man Pled Guilty to Fraud

On May 7, 2013, Lee County resident Michael Burns pled guilty to selling securities by an unregistered broker-dealer and one count of organized scheme to defraud. Burns was sentenced to 10 years of probation and ordered to pay \$90,000 to his victims. Burns had to pay \$30,000 at sentencing per the plea agreement. On March 21, 2011, Burns was arrested in Lee County on eight counts of selling securities by unregistered broker-dealer and one count of organized scheme to defraud as a result of an investigation conducted by OFR. The investigation determined that Burns falsely told investors he was a

licensed investment advisor and was authorized to sell securities in Florida. Burns solicited money from investors by telling them he would invest their money in low risk business ventures and pay the investors annual rates of return from 15% to 18%. Contrary to his representations, the investigation revealed Burns was not registered and utilized the investors' funds for his personal gain.

Delray Beach Man Arrested for Ponzi Scheme

On May 8, 2013, as a result of a joint OFR/ Delray Beach Police Department investigation, Leonard Ansill was arrested in Palm Beach County on charges of organized scheme to defraud and grand theft. The joint investigation alleged that from October 2009 through August 2011, Ansill solicited \$1,120,000 from six investors for collateral assignments of mortgages he owned. The victims were purportedly told they would receive returns between 10% and 24%. The investigation revealed that the property owners had never heard of Ansill and he did not hold the mortgages to their properties. An analysis of the bank records revealed an apparent Ponzi scheme in which new investor money was used to make interest and principal payments to current investors. Ansill also diverted investor money for his own benefit.

Jacksonville Man Arrested

On May 13, 2013, Marcus O'Neal Thomas, owner of Take Me Home Bail Bonds, was arrested in Jacksonville, Florida, for violations of Florida State Statutes 817.568, Criminal Use of Personal Identification, 812.014, Grand Theft and 817.034, Schemes to Defraud. This is related to the cashing of U.S. Treasury checks obtained from fraudulent income tax filings with the Internal Revenue Service without being licensed as a money service business by the Office of Financial Regulation. This joint investigation was conducted by the staffs of the U.S. Secret Service, Consumer Finance's Bureau of Enforcement, and the Bureau of Investigations.

Alleged Online Dating Conman Arrested

On June 5, 2013, Scott Campbell was arrested by Flagler County Sheriff's Deputies on an Osceola County warrant. Campbell was charged with one count of grand theft over \$100,000. Campbell was alleged to have obtained in excess of \$1,000,000 from his victims. The investigation revealed that since 2003, Campbell had been approaching women, mostly through the use of online dating sites, and offering them investment opportunities in his businesses: BDO Records, Inc. and Give Me A Chance Talent Agency, Inc. Campbell allegedly would show interest in building personal relationships with his victims, but quickly introduced them to his businesses and sought their investments instead. Campbell represented himself and his businesses as being successful and stated that the investments would be used for recordings and upcoming tours. In contrast to his promises, Campbell put the investors' funds to personal use; to include large amounts spent on gambling.

ORLANDO MAN ARRESTED FOR USING AN INTERNET DATING AND MUSIC INDUSTRY GUISE TO STEAL MORE THAN A HUNDRED THOUSAND DOLLARS FROM FLORIDA WOMEN

Investment Conman Sentenced to 80 Months in Prison

On June 10, 2013, Federal District Court Judge Joan A. Lenard sentenced defendant, Aiby Pierre-Louis, to 80 months in prison to be followed by three years of supervised release. The sentencing stems from a guilty plea entered in March 2013 to one count of conspiracy to commit mail fraud in connection with an \$8 million fraudulent investment scheme. Pierre-Louis and other defendants involved in the scheme were ordered to pay restitution in the amount of \$2,793,675.07. Pierre-Louis' guilty plea was the result of a June 2010 indictment in which he was charged with one count of Conspiracy to Commit Mail Fraud and one count of Conspiracy to Commit Money Laundering. The charges resulted from a joint OFR and U.S. Postal Inspection Service investigation which revealed that Pierre-Louis was at the head of the massive fraudulent investment scheme, primarily targeting the Haitian-American community in South Florida. The investigation revealed that Pierre-Louis and his co-defendants victimized a total of 770 investors. The investor victims purchased 12-month notes and were guaranteed annual returns in excess of 15% interest. The defendants made presentations in churches and on local radio stations to convince prospective investors to participate in the investment program. During these presentations the defendants falsely claimed that Focus Development owned and operated successful businesses and that the monies they raised would be used to create Haitian-American businesses, jobs and improve the Haitian-American community. The defendants also told investors that their principal was secure and fully refundable and that the annual returns would be paid from business profits. Investors relied upon these misrepresentations and placed their funds with Pierre-Louis and the other defendants not knowing that the funds would actually be used for the defendants' personal expenditures. As a result of the defendants' fraudulent actions, investors suffered an unreimbursed loss of approximately \$6 million. Pierre-Louis had been residing in Haiti since he was indicted, and he was arrested at the United States Embassy in Port-au-Prince and brought back to Miami in October 2012 to face prosecution.

Two Arrested for Scamming more than \$2 Million in Precious Metals Investment Scheme

On June 14, 2013, Manuel Frade was arrested by the Florida Department of Financial Services, Division of Insurance Fraud. Angel Quinones surrendered on June 13, 2013. Both men are accused of operating a boiler room to solicit investments in precious metals. They are further accused of selling fictitious investments totaling more than \$2 million to investors across the country, many of whom are senior citizens. Both men have been charged with one count of organized fraud, one count of grand theft and two counts of securities fraud in connection with this scheme. Frade and Quinones are alleged to have solicited investors through their company, Integrated Market Capital Investments, doing

business as Midas Asset Exchange. After making the investment with Midas Asset Exchange, investors typically received account statements showing the alleged purchase of 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 investigation revealed that only a small portion of investor money was used to purchase rights to precious metal inventory, and none of it was used to purchase or store the physical metals. Instead, the majority of the money obtained from investors is alleged to have been used to pay business expenses and for the personal benefit of Frade and Quinones. The arrests are the result of a multi-month investigation by the OFR. The Broward County State Attorney's Office is prosecuting the case.

[TWO ARRESTED FOR SCAMMING MORE THAN \\$2 MILLION IN PRECIOUS METALS INVESTMENT SCHEME](#)