

GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

SEPTEMBER 2013

JULY THROUGH SEPTEMBER 2013 ACHIEVEMENTS

1. Quarterly Statistics

- Division of Securities
 - Examinations Opened: 100
 - Examinations Closed: 68
 - Complaints Received: 75
 - Complaints Closed: 73
 - Applications Received: 12,945
 - Applications Approved: 12,902
 - Applications Denied/Withdrawn: 194

- Division of Consumer Finance
 - Examinations Opened: 344
 - Examinations Closed: 372
 - Complaints Received: 945
 - Complaints Closed: 1,035
 - Applications Received: 5,790
 - Applications Approved: 5,369
 - Applications Denied/Withdrawn: 207

- Division of Financial Institutions
 - Examinations Opened: 25
 - Examinations Closed: 32
 - Complaints Received: 185
 - Complaints Closed: 187
 - Applications Received: 28
 - Applications Approved: 13
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 34
 - Investigations Closed: 26

2. New Additions/Recognitions

On Thursday, August 1st, Investigator Neptime Dieujuste, was recognized by Commissioner Breakspear as OFR's Employee of the Year. Neptime received the award for his significant contributions to the investigation and prosecution of

financial crimes perpetrated by offenders targeting the Haitian American community.

On August 19, 2013, Jo Morris joined the OFR as Director of Legislative and Cabinet Affairs. Ms. Morris previously served as a Governmental Analyst for the Florida Department of Health where she lobbied the Legislature on issues related to public health. She has also worked for the Office of Policy and Budget as well as the H. Lee Moffitt Cancer Center and Research Institute. Ms. Morris received her Bachelor's and Master's degrees in Political Science from The Florida State University.

3. Outreach Activities

On August 5, 2013, the OFR, along with the Florida Attorney General and Florida Chief Financial Officer, issued a consumer alert warning Floridians of the potential dangers of selling or buying settlement income or pension streams.

[Florida Attorney General, Chief Financial Officer and Office of Financial Regulation Warn Floridians to be Wary of Buying or Selling Pensions](#)

On August 15 and 16, 2013, Commissioner Drew J. Breakspear gave the keynote address and a member of the Division of Financial Institutions participated as part of a regulatory panel, at the 28th Annual Florida Bank Director's Forum. The Forum is a two day conference held in Palm Coast, Florida, which provides bank directors and executive officers with pertinent and timely information dedicated to helping them gain a better understanding of the duties, responsibilities and liabilities involved in a banking leadership role.

During the month of August 2013, members of the Division of Securities and the Bureau of Financial Investigations participated in six *Be Scam Smart* workshops, which are offered throughout the state of Florida to seniors, their families and caregivers to help inform, empower, and protect Florida's seniors from financial scams and fraud. These free workshops are part of CFO Jeff Atwater's On Guard for Seniors initiative *Operation S.A.F.E. (Stop Adult Financial Exploitation)*.

On August 13 through 15, 2013, a member of the Division of Securities attended the NASAA Investment Adviser Examination and Registration Training held in Pittsburgh, PA. The OFR member served as a trainer during the program for state regulatory examination and registration staff. Approximately 100 attendees from more than 30 jurisdictions participated in the program.

On September 10, Commissioner Breakspear was the keynote speaker for the monthly meeting of the Ft. Myers Real Estate Investment Society. The Commissioner spoke on the state of the banking and mortgage industry in Florida to an audience of approximately 100 bankers, mortgage brokers, real estate agents, journalists, state representatives and others.

On September 12, 2013, a member of the Division of Financial Institutions was a speaker at the monthly chapter dinner for the Northwest Florida Credit Unions. The dinner was held in Pensacola, Florida, with approximately 125 attendees representing credit unions in Escambia, Santa Rosa, and Okaloosa Counties. The topic of discussion was the current state of state-chartered credit unions in Florida.

On September 12, 2013 the OFR issued a statement on a settlement agreement reached with Banco Industrial de Venezuela.

[OFR Statement Regarding the Settlement Agreement with the Banco Industrial de Venezuela](#)

On September 17, 2013, Commissioner Breakspear and Senior Management for the Division of Securities met with representatives of Edward D. Jones & Co., L.P. (“Edward Jones”), a registered broker dealer firm in Florida. Edward Jones presented an overview of their firm’s compliance program. Division staff discussed legislative and rules initiatives, along with efforts to improve efficiency in both the registration and enforcement programs.

On September 24, 2013, Commissioner Breakspear and Senior Management for the Division of Securities met with representatives of the Financial Planners’ Association of Florida (“FPA”) in Tallahassee. Topics discussed included an overview of OFR, legislative and rule proposals, an overview of Division of Securities initiatives and current statistics. Approximately 10 members of the FPA attended the meeting.

4. Operating Efficiencies

The OFR has begun participating in the weekly meetings at the Florida Fusion Center. The Florida Fusion Center is hosted by FDLE and brings together various state and federal agencies to share information with the goal of maximizing the ability to detect, prevent, apprehend and respond to criminal and terrorist activity utilizing an all crimes/all hazards approach.

On August 1, 2013, the OFR unveiled a new logo. The new logo reflects the strength of the Florida government by highlighting our state seal within a green shield which represents our protective role for the financial interests of the citizens of Florida. In addition, the OFR unveiled a new mission to take into account the OFR priorities. The OFR mission: To protect the citizens of Florida, promote a safe and sound financial marketplace, and contribute to the growth of Florida’s economy with smart, efficient and effective regulation of the financial services industry.



5. Substantial Sanctions

Permanent Bar and \$10,000 Fine of Unregistered Agent for Fraud

On August 1, 2013, the Division of Securities entered a Final Order against Albert Romero Coringrato, Jr. for engaging in a business that operated as a fraud and employing a scheme to defraud investors by making material misrepresentations and omissions. Mr. Coringrato 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 \$10,000 administrative fine was assessed.

Permanent Bar and \$470,000 Fine against a Broker Dealer Agent for Fraud

On August 13, 2013, the Division of Securities entered a Final Order against Kevin Leslie Moyer permanently barring him from future registration with the Office, after he failed to request a hearing. The Final Order follows an Administrative Complaint which alleged Mr. Moyer engaged in fraudulent securities transactions. Kevin Leslie Moyer was permanently barred from licensure and/or registration with the Office. A \$470,000 administrative fine was assessed.

Permanent Bar of Broker Dealer Agent for Fraud

On August 23, 2013, the Division of Securities entered a Final Order against Sean Donald Premock for engaging in fraudulent securities transactions. Sean Donald Premock 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.

Permanent Bar and \$160,000 Fine against a Broker Dealer Agent for Fraud

On August 27, 2013, the Division of Securities entered a Final Order against Charles Ellis Williams permanently barring him from future registration with the Office, after he failed to request a hearing. The Final Order follows an Administrative Complaint which alleged Mr. Williams engaged in fraudulent securities transactions. Charles Ellis Williams was permanently barred from licensure and/or registration with the Office. A \$160,000 administrative fine was assessed.

Permanent Bar and \$105,000 Fine against Unregistered Broker Dealer and Agent for Unregistered Securities Business

On September 23, 2013, the Division of Securities entered a Final Order against Maverick International, Inc. and Wesley Alan Brown for engaging in the securities business in Florida without being registered, offering and selling unregistered securities and for failing to provide the purchasers of securities with a proper prospectus. Maverick International, Inc. and Wesley Alan Brown were permanently barred from engaging in securities related business in Florida and 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 \$105,000 administrative fine was assessed.

Final Orders for \$124,000 in Fines against an Investment Adviser Firm and Associated Persons for Unregistered Activity

From July 1 to Sept 27, 2013, the Division of Securities entered Final Orders against one firm and five associated persons for engaging in investment advisory business in Florida with being registered. A total of \$124,000 in administrative fines were assessed.

Final Orders for \$20,600 in Fines against Investment Adviser Firms for Failure to File Financial Statements

From July 1 to Sept 27, 2013, the Division of Securities entered Final Orders against eight Investment Adviser firms for failing to file annual financial statements. Four firms voluntarily terminated their registration in Florida. A total of \$ 20,600 in administrative fines were assessed.

Denial of Associated Person Applications

From July 1 to Sept 27, 2013, the Division of Securities denied four applications for registration as an associated person. 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

Hillsborough County Man Arrested for Defrauding the Elderly

On July 25, 2013, Clyde M. Thornburg was arrested in Hillsborough County and charged with theft from persons 65 years of age or older and uttering a forged check. The OFR investigation revealed that in early 2012, Thornburg allegedly defrauded three Sarasota County, Florida citizens out of \$22,948 by representing that their funds would be used for various investments including life insurance products, investments in purported building projects and in a fictitious entity called United Lending Trust IV. Instead of investing the money, Thornburg purportedly cashed the victims' checks and used the money for his own benefit. The investigation also uncovered that Thornburg attempted to cash a counterfeit check at a local check cashing store. Thornburg was previously the victims' financial advisor and insurance agent. In October 2012, Thornburg was permanently barred from the securities industry by FINRA for engaging in a pattern of unsuitable trading in the accounts of elderly investors and forging signatures on mutual fund disclosure forms.

Orlando Area Man Sentenced to Prison for Investment Scam

On August 15, 2013, Gurudeo Persaud, owner of White Elephant Trading Company (WETCO), located in Orlando, Fla. was sentenced to three years in federal prison to be followed by two years of supervised release. Persaud was also ordered to pay \$948,340 in restitution. Persaud had previously pled guilty to one count of mail fraud. The joint FBI/OFR investigation revealed that from July 2007 to January 2010, Persaud, through WETCO, raised over \$1,000,000 from 14 investors through fraudulent pretenses and representations. Persaud promised investors risk free returns of 6%-18% annually. Persaud, however, failed to disclose that his trading strategy was based on lunar cycles and the gravitational pull between the moon and the earth. The investigation further determined that Persaud engaged in a Ponzi scheme and misappropriated approximately \$415,000 of investor funds for his personal use. Persaud's activity came to light in June 2012 when the SEC filed a civil suit against Persaud and WETCO.

South Florida Man Arrested and Charged for Role in \$30 Million Ponzi Scheme

On August 23, 2013, the FBI arrested George Louis Theodule in Port St. Lucie, Florida, following a grand jury indictment charging him with 36 counts of wire fraud, one count of securities fraud, and three counts of money laundering. Theodule was indicted for his role in orchestrating a massive Ponzi scheme affecting the Haitian community in South Florida and elsewhere. Theodule is alleged to have falsely represented himself as an investment guru, capable of doubling investors' money every 30 to 90 days. Theodule advertised the investment opportunity through churches, word of mouth, seminars and other group presentations. He is also alleged to have persuaded investors to form "investment clubs" into which participants pooled their money and then turned it over to him. Consequently, investors formed more than 100 clubs in approximately seven states. According to the indictment, from at least July 2007 through December 2008, Theodule is alleged to have collected more than \$30 million from investors. Theodule opened a number of trading accounts with online-brokerage firms to trade investors' money. Theodule lost the money he invested in the market, all the while assuring investors that their monies were safe and guaranteed. Furthermore, Theodule purportedly paid early investors with money from newer investors and used a significant amount of investors' money to fund his extravagant lifestyle, including renting two mansions in Georgia, paying for his wedding, providing large monetary gifts to his girlfriends and taking trips abroad. On December 29, 2008, the Securities and Exchange Commission (SEC) commenced a complaint against Theodule and his various companies. In March 2010, the SEC obtained a Judgment of Permanent Injunction and Other Relief against Theodule and the court ordered Theodule to pay \$5,099,512 in disgorgement. This case is a joint investigation between FBI (West Palm Beach Office) and the OFR and is being prosecuted by the United States Attorney's Office.

Orlando Area Man Pleads Guilty for Role in Investment Scheme

On August 22, 2013, defendant John Wilkins pled guilty in federal court to one count of conspiracy to commit mail fraud and one count of conspiracy to commit wire fraud. The charges and subsequent conviction stem from Wilkins' role in an elaborate investment fraud that bilked investors out of more than \$18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Wilkins and his partner, Phillip Leon, raised over \$18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by the defendants) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, the defendants falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The defendants then used these false reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. Wilkins is scheduled to be sentenced in late November 2013. The National Futures Association had previously taken an emergency enforcement action against the Matterhorn Fund's parent company, Altamont Global Partners LLC, and its principal, John Wilkins, based on its determination that investor funds had been misappropriated.

Loan Broker Sentenced to Seven Years in State Prison for Advance Fee for Loan Scam

On August 26, 2013, Miami-Dade Circuit Judge Eric Hendon sentenced Berthram B. Samuel of Miami-Dade County to seven years in state prison to be followed by seven years of supervised release. On June 28, 2013, a jury found Samuel guilty of one count of grand theft in the first degree, two counts of grand theft in the second degree, two counts of grand theft in the third degree and two counts of unlawfully collecting advance fees in violation of 687.141, F.S. As a result of a Florida Office of Financial Regulation investigation, Samuel was arrested in April 2011 for swindling prospective borrowers out of approximately \$500,000 in an "advance fee for loan" scam. The investigation found that from December 2007 through April 2011, Samuel offered to make short-term investment loans, issue letters of credit, and fund investment loans up to \$10 million at an annual interest rate of 8.5%. Samuel solicited victims through various means including Ruxkira's website, business conferences, newspapers, and through a loan broker located in Southern California. Samuel represented to prospective borrowers that Ruxkira specialized in financing big international projects as well as providing financing for projects in the United States. Samuel also falsely represented to the victims that Ruxkira had \$120,000,000 in a bank in Germany. Samuel required borrowers to pay illegal advance fees to process

the loans. The promised loans were never funded. The State Attorney's Office, 11th Judicial Circuit, Miami-Dade County, prosecuted the case.

Former Wellington Resident Charged in Investment Fraud Scheme

On September 4, 2013, Joseph Paul Zada was indicted by a federal grand jury and charged with 27 counts of mail fraud, wire fraud, interstate transportation of stolen property and money laundering. Zada, who has residences in Michigan and Florida, ran an apparent investment scheme that initially preyed on wealthy horse owners. Zada purportedly told his victims that he was an expert in oil futures, sat on the board of directors of a major oil company and was the financial manager for Russian ice hockey players. The joint FBI/IRS/OFR investigation determined that from 1998 through 2009, Zada sold \$27 million of promissory notes that paid annual rates of return between seven and twelve percent. The investors were led to believe Zada would use their money to invest in oil ventures. An analysis of the bank records revealed that instead of using the investors' money to invest in oil ventures, Zada purportedly used the money to support his lavish lifestyle and to pay returns to earlier investors. On or about November 10, 2010, the United States Securities and Exchange Commission filed an action against Zada and his company Zada Enterprises, LLC charging Zada with securities fraud. The SEC was granted a summary judgment in its case on July 31, 2013. This case is being prosecuted by Assistant U.S. Attorney Rolando Garcia.

The United States Attorney's press release can be found here:

<http://www.justice.gov/usao/fls/PressReleases/130905-01.html>

Four Charged in Haitian Affinity Fraud Scheme

On September 5, 2013, Circuit Judge Miguel De La O issued warrants for the arrests of Anthony St Prix, his wife, Wanda Morales, Guerdin Lecorps, and Charles Y. Angrand. The defendants have been charged with one count of racketeering, one count of conspiracy to commit racketeering, one count of grand theft in the first degree, and one count organized scheme to defraud as a result of an investigation by the Florida Office of Financial Regulation, Bureau of Financial Investigations. Angrand was arrested by the Florida Division of Insurance Fraud, Lecorps was arrested by Pembroke Pines Police Department, and St Prix and Morales were taken into custody by the New York Police Department. The Florida Office of Financial Regulation investigation alleged that from July 2005 through March 2010, the defendants defrauded more than 140 victims in the Southwest Florida and South Florida Haitian communities through various schemes involving land sales and foreign currency options trading. St Prix and his co-conspirators advertised on the internet and made sales presentations at churches in Naples and Fort Myers offering one-acre tracts of land for sale in Punta Gorda and Sebring. St Prix falsely represented to investors that he owned the land. St Prix entered into contracts to sell the land to the victims while his co-conspirators conducted sham closings at a church in Naples. As part of the closing, the victims were provided with fictitious warranty

and quitclaim deeds. Soon after the closing, the victims received a “certificate of ownership” as proof that they owned the land. The victims then made monthly mortgage payments to companies controlled by the defendants. St Prix also lured victims into investing in foreign currency exchange options by telling them he would pay them monthly interest and refund 100% of their principal when the land development project was completed. St Prix opened a foreign currency trading account, but he soon lost all the money. A review of the bank records revealed an apparent Ponzi scheme. There were no trading or investment profits and established investors were paid with funds from new investors. The investigation also determined that the defendants received funds from the victims in excess of \$4,000,000, of which approximately \$1,700,000 was used for their personal benefit. The charges filed against the defendants are accusations and the defendants are presumed innocent until proven guilty. The defendants will be prosecuted by the Attorney General’s Office of Statewide Prosecution.

The Florida Attorney General’s press release can be found here:

<http://www.myfloridalegal.com/newsrel.nsf/newsreleases/4C029C63A874E09A85257BE8006A0DDB>

Florida Man Sentenced to 48 Months in Prison for Fraud

On September 20, 2013, Defendant David Eugene Howard II was sentenced in Federal Court, Eastern District of Virginia, to 48 months in federal prison for mail fraud. Howard was also ordered to serve a 3-year term of supervised release and to pay \$373,000 in restitution. This case was opened by the OFR in March 2009 based on a complaint about Howard and his company, Flatiron Systems LLC. A joint OFR/FBI investigation determined that from March 2008 through April 2009, Howard told his victims that his company traded pooled equity accounts using a trading system called “Pathfinder.” Howard sent investors misleading letters and account statements misrepresenting profits he claimed the investors were earning. Through this scheme, Howard took in over \$1.8 million, of which he personally misappropriated \$373,000. Much of the investors’ money was lost in equities trading. When investors began inquiring about their money in December 2008, Howard told them that their trading accounts had been suspended and that they could not take any money out of his fund, because an independent audit was in progress. Howard later sent another letter to investors which said that the audit had been extended and he had his lawyers working to speed things up.