GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

July - September 2015

JULY THROUGH SEPTEMBER 2015 ACHIEVEMENTS

1. **Quarterly Statistics**
   - Division of Securities
     - Examinations Opened: 40
     - Examinations Closed: 71
     - Complaints Received: 51
     - Complaints Closed: 72
     - Applications Received: 14,071
     - Applications Approved: 13,777
     - Applications Denied/Withdrawn: 207

   - Division of Consumer Finance
     - Examinations Opened: 134
     - Examinations Closed: 119
     - Complaints Received: 570
     - Complaints Closed: 582
     - Applications Received: 4,960
     - Applications Approved: 4,778
     - Applications Denied/Withdrawn: 204

   - Division of Financial Institutions
     - Examinations Opened: 31
     - Examinations Closed: 31
     - Complaints Received: 182
     - Complaints Closed: 196
     - Applications Received: 13
     - Applications Approved: 14

   - Bureau of Financial Investigations
     - Investigations Opened: 28
     - Investigations Closed: 13

2. **Communications and Outreach Activities**
   On July 1, 2015, the OFR issued a press release announcing the restructure of the Office of Communications to include cabinet and legislative affairs.

[Press Release: Commissioner Breakspear Announces New Office of Communications & Governmental Relations]

On July 15, 2015, the OFR issued a press release on a national company charged with aiding and abetting in a check deposit scheme.
[Press Release: National Company Charged with Aiding and Abetting in Check Deposit Scheme]

On July 22, 2015, the OFR issued a consumer alert on cyber security safety tips.
[Consumer Alert: Cyber Security Safety Tips]

On August 6, 2015, the OFR issued a press release announcing arrests in a gold-mining investment scheme.
[Press Release: Miami-Dade Duo Arrested in Alleged Investment Scheme]

On August 9, 2015, an opinion editorial by Commissioner Drew J. Breakspear appeared in *American Banker*.
[Too Small to Comply: Florida 's Regulator on Dodd -Frank's Defects]

On August 24, 2015, the OFR issued a consumer alert on unlicensed payday lenders.
[Consumer Alert: Beware of Unlicensed Payday Lenders]

On August 20, 2015, a member of the Division of Securities contributed to a panel at the 2015 U.S. Securities and Exchange Commission (SEC) Southeastern Securities Conference in Miami. The topics discussed included trends, initiatives, and priorities within the securities regulatory enforcement arena. Approximately 250 federal and state law enforcement, Department of Justice personnel and regulators attended the meeting.

On September 03, 2015, the OFR launched a new check cashing database. Florida now requires check cashing businesses to enter into a check cashing database any check cashed in excess of $1,000 or a daily aggregated amount of more than $1,000 in checks cashed by one person. With the implementation of the check cashing database, all licensed check cashers are required to use the database no later than October 1, 2015.
[Florida Office of Financial Regulation Announces New Tool to Combat Financial Fraud]

On September 10 - 11, 2015, a member of the Division of Financial Institutions participated in a regulator panel at the Florida Bankers' Association's 30th Directors Forum in Naples.

On September 17, 2015, two members of the Division of Financial Institutions represented the OFR at the South Florida Interagency Meeting at the Federal Reserve Bank in Miami.

On September 18, 2015, an opinion editorial by Commissioner Drew Breakspear was featured in the Pensacola News Journal.
Viewpoint: Fight Financial Fraud

On September 24, 2015, a member of the Division of Securities contributed to a panel at the 2015 Compliance Conference in Boca Raton, sponsored by Regulatory Compliance. The topics covered included securities enforcement trends and priorities. Approximately 50 conference attendees attended the meeting.

3. **Enforcement Actions**

Apopka Man Sentenced to Nine Years in Prison in $11,000,000 Ponzi Case

On June 25, 2015, John C. Boschert of Apopka was sentenced to nine years in federal prison for his role in orchestrating a Ponzi scheme that defrauded over 100 victim investors, causing losses of more than $11 million. The purported investments were offered through Boschert's company, Assured Capital Consultants LLC, and were mostly sold between 2009 and 2010. Bosch pled guilty to and was convicted of wire fraud in October 2014, in relation to the scheme. According to court documents, Boschert and his two conspirators, Jenifer E. Hoffman and Bryan T. Zuzga, operated a Ponzi scheme disguised as a high yield investment opportunity. As part of their solicitations, the conspirators represented to investors that money would be placed in a Performing Private Placement Investment and that Boschert had connections to the trading program being used. Investors were told that their investments would be safe and that none of their money would leave the attorney escrow account that belonged to Zuzga, who was represented as being an attorney licensed in Florida. Investors were further advised that their funds would be used as collateral for a line of credit, which would then be used in trading. None of the representations were true. Zuzga was not an attorney licensed in Florida or any other state and the funds were not deposited into any escrow account controlled by him. Instead, much of the money from the scheme was used for the defendants' personal benefit, including purchasing residences for Hoffman and Zuzga. On June 18, 2015, Zuzga pleaded guilty to conspiracy to commit wire fraud. His sentencing date has not yet been set. Hoffman has been charged with one count of conspiracy, 11 counts of wire fraud and one count of making a false tax return. Her trial is pending. If convicted, she faces a maximum penalty of 20 years in federal prison for each count of conspiracy and wire fraud, and three years in federal prison for the false tax return. The OFR referred this case to the U.S. Attorney's Office, United States Secret Service and the Federal Bureau of Investigation in June of 2011.

Orlando Man Sentenced to Over Five Years in Prison for Orchestrating a $700,000 Investment Fraud

On July 8, 2015, Dante Stephen Giovanetti was sentenced in federal court to serve 63 months in prison to be followed by 36 months of probation. Giovanetti was ordered to pay restitution in the amount of $663,975.61. On Tuesday, April 14, 2015, Giovannetti entered a guilty plea to a charge of wire fraud for his role in defrauding three investors out of approximately $700,000. Giovannetti, a purported equity futures trader, lured investors with promises of returns of nearly 300 percent from profitable trades. A joint OFR/FBI investigation, however, found no evidence of such returns. Instead, the investigation revealed that Giovannetti created false trading account statements to support his many misrepresentations to investors. The false account statements were used by Giovannetti to induce at least three individuals to invest and showed tens of millions of dollars in fictitious profits from trading E-mini S&P 500 futures contracts and over $53 million in cash on deposit. Late in 2014, investors realized that Giovannetti was not investing their funds, but was instead using them for his personal living expenses. Investors filed a complaint with the National Futures Association (NFA) where Giovannetti was previously registered as an associated person. The NFA conducted a site audit at Giovannetti's residence in Orlando and discovered wrongdoing. This resulted in a referral of the matter to the Commodities Futures Trading Commission, which filed a civil complaint in federal court seeking injunctive relief against Giovannetti. Giovannetti, however, fled the jurisdiction as the civil proceedings were in process. While the CFTC's enforcement case was underway, the OFR and FBI continued their parallel criminal investigation of the allegations, resulting in Giovannetti's indictment by the U.S. Attorney's Office. Giovannetti was remanded into custody immediately following the pronouncement of his sentence.

<u>Naples Man Pleads Guilty in $7 Million Investment Fraud Scheme</u>
On July 14, 2015, Dorian A. Garcia of Naples was adjudicated guilty of wire fraud for his role in promoting a fraudulent investment offering that resulted in losses to investors totaling more than $7 million. The conviction is the result of a plea agreement. Between February 2009 and April 2015, Garcia solicited and received at least $7,348,620 from approximately 96 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 a 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. Pursuant to the plea agreement, Garcia will forfeit five pieces of artwork that were purchased with proceeds from his fraud. In addition, he will also forfeit a $10,000 retainer that he paid to a law firm using investor monies. He will also be liable for a forfeiture money judgment in the amount of the proceeds he obtained from the offense. Garcia faces a maximum penalty of 20 years in

federal prison and will be required to pay restitution in the amount of $3,108,734.52. On April 14, 2015, Garcia was also named as a respondent in a civil fraud complaint brought by the CFTC with assistance from the OFR. A verdict in that case is still pending. The Bureau of Financial Investigations assisted the FBI in bringing the criminal complaint in this case. Sentencing is set for October 13, 2015. Garcia has been released on his own recognizance pending the sentencing hearing.

Pair Found Guilty of Mail and Wire Fraud in $6 Million Factoring Scheme
On July 20, 2015, a federal jury in Orlando found Brian Newton and Victoria Snow guilty of 25 counts of mail and wire fraud in relation to an investment fraud and receivables factoring scheme. The verdict follows the April 2014 arrest and indictment of the pair on charges that they defrauded investors and factoring companies out of approximately $6 million. Newton and Snow, while working for Dataforce International Inc., fraudulently factored invoices through Amerifactors Financial Group and Prestige Funding. From 2003 through August of 2009, Newton and Snow submitted a series of inflated invoices for factoring. Newton and Snow were also engaged in double factoring, which involved submitting the same Dataforce invoices for factoring to both Amerifactors and Prestige. Individuals who invested with Prestige received promissory notes in exchange for their investment funds. The notes detailed the amounts invested, the dates of investment and the maturity dates (typically one year maturities). Individuals were to receive quarterly interest ranging from 10 to 20 percent per year and a three to six percent bonus at maturity. None of the investors received returns on or of their investment. Newton was immediately remanded to the custody of the U.S. Marshals Service to be held pending sentencing, and Snow was released pending sentencing. Both are scheduled to be sentenced on October 9, 2015. This investigation was prosecuted by the U.S. Attorney's Office for the Middle District of Florida and was developed jointly with the FBI.

Orchestrators of Alleged Gold Mining Investment Scam Arrested
On July 30, 2015, Odalys Cordero-Romero was arrested and jailed in Miami-Dade County on charges of organized fraud and grand theft. Cordero, along with her associate and convicted felon, Richard Steiner, are alleged to have orchestrated a fraudulent investment scheme involving purported investments in a gold mining operation in Colorado. Steiner was arrested on August 5, 1015. The investigation revealed that on or about July 2010, Cordero and Steiner solicited investment monies from at least one Florida resident to fund a purported gold mining operation in Delta County, Colorado. Steiner and Cordero are alleged to have presented the victim with offering materials including, documents showing Steiner's mining rights, receipts from the U.S. Department of the Interior, land appraisals and an "executive summary" which contained the monetary valuation of the gold to be mined, the number of acres available to be mined and the names of scientists and companies Steiner had allegedly worked with for 10 years to develop the mining project. Steiner and Cordero convinced the victim to invest in the project on the promise of returning

$1 million to him by September 2010. The victim wired his investment funds to a bank account controlled solely by Steiner. Upon receiving the funds, Steiner immediately wired a large portion of the funds to other bank accounts controlled by Cordero. Shortly after receiving the investment funds, Steiner and Cordero convinced the investor to send them an additional $30,000 to obtain what they described as a necessary letter of credit. Steiner and Cordero claimed they would use the letter of credit to lease mining extraction equipment for the project. Contrary to these representations, however, the investigation revealed that both Steiner and Cordero used the funds for personal expenses rather than for the development of a gold mining operation or for the leasing of any mining equipment. In 2005, Steiner was placed on 15 years' probation for defrauding an 82-year old man out of approximately $500,000 through various fraudulent investments including an aluminum company venture, a virtual reality gaming company and a gold mine. In that case, Steiner promised the victim $5 million per week to be generated from the gold mining venture alone. Steiner's criminal history was not disclosed to the victim in the present case. This case is being prosecuted by the Miami-Dade County State Attorney's Office. The Department of Financial Services and Division of Insurance Fraud provided assistance with the arrest of Cordero. The Palm Beach Shores and Delray Beach Police Departments provided assistance with Steiner's arrest.

<u>Recidivist Mortgage Fraud Conspirator Sentenced to Prison</u>

On July 31, 2015, Shastine Pavao was sentenced by the Circuit Court of Orange County to serve three years in prison to be followed by two years of community control and five years of probation. The sentence follows Pavao's May 2015 guilty plea to charges of having violated the terms of an existing probation order which precluded her from employment in the real estate industry. An OFR investigation determined that, along with continuing to be involved in the real estate industry, Pavao also violated the terms of her probation when she was found to have been involved in a separate scheme to defraud for which she was arrested by the Clermont Police Department in January of this year. On September 30, 2010, Pavao pled guilty to charges of racketeering and conspiracy to commit racketeering in connection with her role in a mortgage fraud scheme. Pavao was arrested in December 2008, following an OFR investigation which found that she victimized financially distressed homeowners by offering them personal loans and promising help with staving off foreclosure. The victims, including several elderly and disabled persons, claimed that Pavao and her father, John Pavao, swindled them into signing over their homes under the false pretense of completing loan applications. The investigation revealed that the Pavaos would then obtain mortgage loans against the properties based on material misrepresentations to lenders with the proceeds going towards their personal expenses. Shastine Pavao was sentenced to six years in prison to be followed by 12 years of probation. Her prison sentence was suspended contingent upon her successful completion of the 12 year probation period. Pavao's conditions of probation included a ban on work in any area involving real estate or mortgages. A date for a restitution hearing is still pending.

Enforcement Action Taken Against Unlicensed Check Casher

On August 7, 2015, a final order was entered against respondents Babul Hai, Sagor Akhikary and Masa Inc., of USA, for acting as an unlicensed money services business. Together the respondents were fined a total of $20,000 and barred for 15 years from applying for any Chapter 560 license. The OFR investigation was predicated on information received from a confidential informant alleging that Masa Inc., of USA, a convenience store located in Orlando, was operating as an unlicensed check casher. The investigation revealed that from February 28, 2012, to January 17, 2013, Masa cashed at least 270 third-party checks totaling approximately $300,000. Many of these were U.S. Treasury checks believed to have been fraudulently obtained. The investigation further identified at least 45 checks cashed by Masa that exceeded the $2,000 threshold for potential exemption from licensure. Licensing records revealed that Masa is not and has never been licensed with the OFR as a check casher.

Additional Defendant Charged in Multi-Million Dollar South Florida Mortgage Fraud Scheme

On August 19, 2015, Guerdin Pierre Lecorps of Miramar was arrested on a charge of conspiracy to commit wire fraud for his role in an elaborate mortgage fraud scheme. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties through Mega Financial and KMC Corporation of Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders throughout the United States. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling $3,500,000 million. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and $24 million dollars. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Agustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the United States Attorney's Office in Miami. Guerdin is scheduled to be sentenced on October 28, 2015.

Sarasota Man Arrested on Investment Fraud Related Theft Charges

On August 20, 2015, Russell Haraburda turned himself in to the Sarasota County Sheriff's Office on an outstanding warrant for multiple counts of theft by fraud. Haraburda was charged by the Florida Attorney General's Office of Statewide Prosecution with one count of organized fraud and eight counts of theft for his role in a fraudulent investment offering related to his company, EnviraTrends, Inc. Haraburda is alleged to have raised in excess of $3 million from over 150 investors in and outside of Florida for "pre-IPO" shares in EnviraTrends. Investors allege that Haraburda told them that their funds would be used towards expenses associated with taking the company public. They claim that Haraburda and his company purported to possess technology that could turn the cremated ashes of pets into precious gemstones. Contrary to representations, however, investigation revealed that Haraburda used a majority of investors' funds to support his lavish personal lifestyle, and not towards IPO expenses. This investigation was conducted jointly with the U.S. Securities and Exchange Commission and was assisted by the Florida Department of Law Enforcement. The Attorney General's Office of Statewide Prosecution is prosecuting the case.

Former Wellington Resident Found Guilty in $50 Million Investment Fraud Scheme

On September 3, 2015, following a six-week federal jury trial, Joseph Paul Zada was found guilty of 15 counts of mail fraud for his role in orchestrating and perpetuating a Ponzi scheme that operated for more than 10 years before being discovered in 2009. Zada, who maintained residences in Michigan and Florida, initially preyed on wealthy equestrian sports enthusiasts. 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 and was the financial manager for Russian ice hockey players. The joint FBI/IRS/OFR investigation determined that from 1998 through 2009, Zada sold $50 million of promissory notes that purported to pay annual rates of return between seven and 12 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 used the money to support his lavish lifestyle and to pay returns to earlier investors. Zada faces up to 20 years in prison for each of the 15 counts for which he was found guilty. His sentencing is scheduled for November 20, 2015, before U.S. District Judge Kenneth A. Marra.

Two Tampa Men Indicted in Investment Fraud Case

On September 9, 2015, a federal grand jury indictment was unsealed in the U.S. District Court in Tampa, against Timothy M. Roberts and Terrance F. Taylor. The indictment charges Roberts and Taylor with one count each of conspiracy to commit wire fraud and five counts of wire fraud. The charges stem from their role in the operation of Savtira Corporation Inc., a supposed internet technology firm

which operated from 2010 until 2012. Roberts was the CEO and Chairman of the Board of Savtira and Taylor was the Executive Vice President of Finance. The company purported to offer a centralized, cloud-based shopping cart platform for online and traditional retailers to sell goods. Roberts and Taylor are alleged to have sold stocks in Savtira to victim investors by making false claims upon which those investors relied. The alleged bogus claims included misrepresentations about the company's profitability, the company's supposed contracts with nationally recognized technology firms, the company's ownership of certain patents and the overall valuation of the company. Roberts and Taylor are also alleged to have failed to disclose to investors that Roberts was a party to a settlement agreement with the Securities and Exchange Commission in 2008 that required him to pay a fine and banned him from selling unregistered securities. The joint OFR/FBI investigation revealed that the stock certificates that Roberts and Taylor sold to investors were essentially worthless and that the proceeds from those sales were used by both men for personal expenses and cash withdrawals that investors knew nothing about. Contrary to the defendants' alleged representations, Savtira did not own any patents or a working product. Instead, in order to give the appearance of a thriving business, Roberts and Taylor are alleged to have generated bogus invoices and receivables, leading investors to believe that Savtira had millions in revenue and falsely bolstering the company's value and ability to factor invoices for cash. In all, Roberts and Taylor raised approximately $5.3 million from investors nationwide and from factoring bogus invoices. The two have been released on bond and are set for arraignment before U.S. Magistrate Judge Mark Pizzo in Tampa on September 23, 2015. Simultaneous with the unsealing of the indictment, the SEC filed a separate, civil enforcement action against the defendants, charging them with securities fraud.
Press Release: Two Ybor City Men Indicted in $5.3 Million Investment Fraud

4. Substantial Sanctions and Fines

Final Order for $4,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 1, 2015, the Division of Securities entered a final order against Klocke Capital Group Inc., and Matthew Thomas Klocke for engaging in prohibited business practices by failing to send clients itemized invoices, timely file audited financial statements and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A $4,000 administrative fine was paid.

Final Order for $8,001 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 10, 2015, the Division of Securities entered a final order against RIWM, LLC, d/b/a Rehmann International Wealth Manager, LLC, for engaging in prohibited business practices by failing to maintain the Form ADV, prepare and maintain written supervisory procedures, send clients itemized invoices, file audited financial statements, timely file financial statements, maintain required net capital, timely notify the office 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. An $8,001 administrative fine was paid.

Final Order for $3,000 Fine Against a Broker Dealer Firm for Prohibited Business Practices

On July 13, 2015, the Division of Securities entered a final order against Allen C. Ewing & Co., for engaging in prohibited business practices by failing to maintain suitability records in two client files. A $3,000 administrative fine was paid.

Permanent Bar and $40,000 Fine Against Unregistered Associated Person for Fraud

On July 17, 2015, the Division of Securities entered a final order against Chazon Stein permanently barring him from applying for registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. Mr. Stein was 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 $40,000 administrative fine was assessed.

Denial of Associated Person

On July 17, 2015, the Division of Securities entered a final order against Eric Robert LaHaie, denying his application for registration as an associated person for making a material misrepresentation or misstatement on his application for registration.

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

On July 22, 2015, the Division of Securities entered a final order against Studdard Financial, LLC, and Byron Lee Studdard for engaging in prohibited business practices by failing to file audited financial statements, maintain required net capital, timely notify the office of the firm’s net capital deficiency, maintain accurate investment advisory agreements 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.

Final Order for $10,000 in Total Fines Against an Investment Adviser Firm and Associated Person for Violation of Florida Securities and Investor Protection Act

On July 22, 2015, the Division of Securities entered a final order against Triad Advisors Inc., and Trent Eugene Meewes, for violation of the Florida Securities and Investor Protection Act by failing to maintain current books and records, timely update Mr. Meewes’s Form U-4 and disclose Mr. Meewes’s outside business activity. A total of $10,000 in administrative fines was paid.

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

On July 22, 2015, the Division of Securities entered a final order against Fallenbaum CPA & Wealth Management, LLC, and Donald J. Fallenbaum for engaging in prohibited business practices by failing to maintain accurate investment advisory agreements, send clients itemized invoices, file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency, comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S., and for making a misleading statement on the firm's business website. A $7,500 administrative fine was paid.

Permanent Bar and $330,000 in Total Fines Against an Unregistered Broker Dealer and Three Associated Person for Fraud

On July 22, 2015, the Division of Securities entered a final order against TangoPoint Partners, LLC, Eugene Cabrera, Richard Mahan and Deborah Ramirez permanently barring them from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged the TangoPoint Partners, Eugene Cabrera, Richard Mahan and Deborah Ramirez offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of $330,000 in administrative fines was assessed.

Final Order for $5,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 24, 2015, the Division of Securities entered a final order against Fendz Asset Management, Inc., and Jose Luis Fernandez for engaging in prohibited business practices by failing to maintain the Form ADV, send clients itemized invoice, maintain required net capital, timely notify the office 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 $5,000 administrative fine was paid.

Permanent Bar and $15,000 Fine Against Unregistered Firm Associated Person for Fraud

On July 24, 2015, the Division of Securities entered a final order against Chadbourn Partners, LLC, and Daniel R. Murphy, permanently barring them from applying for registration as a dealer, investment adviser, or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. The firm and Daniel R. Murphy 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 $15,000 administrative fine was assessed.

Final Order Against an Investment Adviser Firm and Associated Persons for Prohibited Business Practices

On August 5, 2015, the Division of Securities entered a final order against Quantum Synergies and Arthur R. Papale for engaging in prohibited business practices by failing to maintain the Form ADV, prepare and maintain written supervisory procedures, file annual financial statements, maintain required net capital, timely notify the office of the firm’s net capital deficiency and to maintain the Form U-4 for Arthur R. Papale. Quantum Synergies agreed to terminate its registration as an investment adviser with the State of Florida and agreed not to seek registration as an investment adviser for three years. Arthur R. Papale agreed not to create or establish an investment adviser firm in the State of Florida for three years.

<u>Final Order for $15,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>
On August 20, 2015, the Division of Securities entered a final order against Preservation Capital Group and John Sauickie for engaging in prohibited business practices by failing to accurately disclose prepaid fees in written investment advisory contracts, send clients itemized invoices, 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 $15,000 administrative fine was paid.

<u>Permanent Bar and $77,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices</u>
On August 20, 2015, the Division of Securities entered a final order against Akro Advisors Inc., permanently barring Akro Advisors Inc., from registration with the office, after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Akro Advisors engaged in prohibited business practices by failing to amend an inaccurate Form ADV, follow safekeeping requirements, file audited financial statements, maintain required net capital and timely notify the OFR of the firm’s net capital deficiency. An administrative fine of $77,500 was assessed.

<u>Final Order for $2,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>
On July 24, 2015, the Division of Securities entered a final order against Hammett Financial, P.A., and John Randall Hammett for engaging in prohibited business practices by failing to maintain an accurate Form ADV, maintain and provide accurate advisory contracts, adequately disclose fee itemization and formulas, maintain contracts and solicitor disclosures and have written supervisory procedures. A $2,000 administrative fine was paid.

<u>Final Order for $5,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices</u>
On September 8, 2015, the Division of Securities entered a final order against Reliance Wealth & Trust Partners, LLC, and Bhavesh D. Patel for engaging in

prohibited business practices by failing to file audited financial statements, maintain required net capital, timely notify the office 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 $5,000 administrative fine was paid.

<u>Suspension and $15,000 Fine Against an Associated Person for Unauthorized Discretion</u>

On September 16, 2015, the Division of Securities entered a final order against Scott Allen Sibley for exercising discretion in clients' accounts without the clients' written authority. Pursuant to the final order, Mr. Sibley's registration as an associated person is suspended for 15 days. After the suspension is completed, Mr. Sibley will be subject to a registration agreement. A $15,000 administrative fine was paid.

<u>Fines Totaling $123,750 for Unregistered Activity</u>

From July to September 25, 2015, the Division of Securities fined 10 associated persons and two firms for engaging in unregistered investment advisory or securities activities in the State of Florida. Fines totaling $123,750 were paid.