

GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

DECEMBER 2012

OCTOBER THROUGH DECEMBER 2012 ACHIEVEMENTS

1. New Additions/Recognitions

On October 9, 2012, Drew Breakspear was appointed by the Financial Services Commission as the new OFR Commissioner. Breakspear most recently served as Executive Vice President and General Auditor at State Street Corporation, joining the company in 1995. Breakspear assumed his role November 5, 2012.

[COMMISSIONER DREW BREAKSPEAR APPOINTED TO THE OFR](#)

2. Quarterly Statistics

Division of Securities

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| ○ Examinations Opened: | 43 |
| ○ Examinations Closed: | 101 |
| ○ Complaints Received: | 56 |
| ○ Complaints Closed: | 50 |
| ○ Applications Received: | 8,363 |
| ○ Applications Approved: | 8,148 |
| ○ Applications Denied/Withdrawn: | 137 |

Division of Consumer Finance

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|----------------------------------|-------|
| ○ Examinations Opened: | 54 |
| ○ Examinations Closed: | 74 |
| ○ Complaints Received: | 767 |
| ○ Complaints Closed: | 762 |
| ○ Applications Received: | 4,597 |
| ○ Applications Approved: | 4,132 |
| ○ Applications Denied/Withdrawn: | 213 |

3. Outreach Programs

On October 4 and 12, 2012, the Division of Consumer Finance conducted a first time home buyer's seminar. The seminars were conducted in Fort Walton Beach and Pensacola and are part of an ongoing series of seminars conducted by the Division.

On October 12, 2012, the Interim Chief of the Bureau of Financial Investigations spoke at the U.S. Attorney's Investment Fraud Summit in Miami along with representatives of the FBI, SEC and FINRA. The summit was sixth in a series

across the nation geared towards investors. Topics presented at the summit included trends, enforcement actions and investor education.

[INVESTOR FRAUD SUMMIT ACROSS THE COUNTRY ARM CONSUMERS WITH INFORMATION TO PROTECT RETIREMENT FUNDS AND LIFE SAVINGS](#)

4. Operational Efficiencies

On October 4, 2012, Division of Securities staff met with representatives of the Certified Financial Planner Board of Standards, Inc. ("CFP Board"). Among the items discussed were information sharing of disciplinary actions, Division initiatives for legislation and rules, and possible enhancements to uniform industry forms.

5. Substantial Sanctions

Final Order for \$7,750 Fine against Investment Adviser Firm for Failure to File Financial Statements and Maintain Required Documentation

On October 2, 2012, the Division of Securities entered a Final Order against Erich Werner Investments, Inc. and Erich Werner, for failing to: file annual financial statements; maintain an accurate Form ADV; maintain required client documentation; and maintain required net capital. A \$7,750 administrative fine was paid.

Final Order for \$18,000 Fine against Broker Dealer Agent for Prohibited Business Practices

On October 25, 2012, the Division of Securities entered a Final Order against Dean Thomas Nicholson for engaging in prohibited business practices by removing documents from a customer's file, being named as a 20 percent beneficiary of a client's account, and failing to submit required correspondence to his employing firm. Mr. Nicholson agreed to disgorge the \$5,200 he received as a beneficiary and to pay an \$18,000 administrative fine. Pursuant to the Final Order, Dean Thomas Nicholson will be registered as a broker dealer agent subject to a restrictive registration agreement.

Final Order for \$22,500 Fine against an Investment Adviser Agent for Unregistered Activity

On October 26, 2012, the Division of Securities entered a Final Order against Robert Joseph Wood, Sr., for engaging in investment advisory business in Florida without being registered. A \$22,500 administrative fine was paid.

Permanent Bar against Broker Dealer Agent for Sale of Unregistered Securities

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

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

On November 2, 2012, the Division of Securities entered a Final Order against Charlotte B. Oliver and Robert T. Oliver for engaging in securities business in Florida without being registered and for offering and selling unregistered securities. Charlotte B. Oliver and Robert T. Oliver were barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S.

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

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

Stipulation and Consent Order Signed

On November 15, 2012, Medchoice Credit Corp and Phillip Hall returned a signed stipulation and consent order to the Division of Consumer Finance, thereby agreeing to pay a \$25,000 administrative fine, payback all refunds and upfront fees, along with a revocation of license. The Division of Consumer Finance issued the stipulation and consent order to Medchoice Credit Corp and Phillip Hall for violating Chapter 516, F.S. by executing loans in the name of the licensed entity in excess of the \$25,000 limit, charging a credit investigation fee/prepaid finance charge in excess of the \$25 limit, failing to fund the loan amount, and charging an amount greater than \$20 for a dishonored instrument.

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

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

Denial of Broker Dealer Agent

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

Denial of Broker Dealer Agent

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

Denial of Broker Dealer Agent

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

Denial of Associated Person

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

Permanent Bar against Broker Dealer Agent for Fraudulent Transactions

On November 30, 2012, the Division of Securities entered a Final Order against Richard A. Finger, Jr. as a result of his admission of fraud in a November 2011 plea agreement. Mr. Finger was 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.

Final Order for \$10,000 Fine against Broker Dealer Agent for Prohibited Business Practices

On November 29, 2012, the Division of Securities entered a Final Order against Steven Lloyd Holland for engaging in prohibited business practices by using an advertising brochure that had not been approved by his employing broker dealer firm. A \$10,000 administrative fine was paid.

Final Order for \$11,250 Fine against an Investment Adviser Agent for Unregistered Activity

On December 5, 2012, the Division of Securities entered a Final Order against Morton Hart Sachs for engaging in investment advisory business in Florida without being registered. An administrative fine of \$11,250 was paid.

Final Order for \$16,875 Fine against an Investment Adviser Agent for Unregistered Activity

On December 6, 2012, the Division of Securities entered a Final Order against John Eston McCullough for engaging in investment advisory business in Florida without being registered. An administrative fine of \$16,875 was paid.

Final Order for \$1,125,333 Fine against Unregistered Broker Dealer and Investment Adviser

On December 5, 2012, the Division of Securities, in conjunction with a multi-state settlement, entered a Final Order against Bankers Life and Casualty Company and BLC Financial Services, Inc. for engaging in brokerage and investment advisory business in Florida without being registered. In accordance with the terms of the settlement, an administrative fine of \$1,125,333.66 was paid to the State of Florida.

Final Order for \$15,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 10, 2012, the Division of Securities entered a Final Order against Dolores Ann Dixon for engaging in investment advisory business in Florida without being registered. An administrative fine of \$15,000 was paid.

Final Order for \$25,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 14, 2012, the Division of Securities entered a Final Order against Mateo de Sola for engaging in investment advisory business in Florida without being registered. An administrative fine of \$25,000 was paid.

Termination of Investment Adviser Firm and Two Associated Persons for Sale of Unregistered Securities

On December 14, 2012, the Division of Securities entered a Final Order against AmericaVest Financial LLC, Robert D. Damigella and Nelson A. Garcia for engaging in securities business in Florida without being registered and offering and selling unregistered securities. The firm, Damigella and Garcia were required to terminate their investment adviser registrations with the Office of Financial Regulation and are prohibited from seeking future registrations for 180 days.

Final Orders for Fines Totaling \$565,400 and Permanent Bars of Three Unregistered Agents for Offering and Selling Unregistered Securities

On December 20, 2012, the Division of Securities entered Final Orders against Ross M. Dickson, Craig J. Goodie and Kyran Britt Murphy for engaging in securities business in Florida without being registered and offering and selling unregistered securities. The individuals were 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. Fines totaling \$565,400 were assessed.

Final Order for Fines Totaling \$146,250 and Permanent Bars of Unregistered Firm and Agent for Fraud

On December 20, 2012, the Division of Securities entered Final Orders against James L. Morgan and Prosidian, LLC for engaging in securities business in Florida without being registered, offering and selling unregistered securities, and engaging in fraudulent transactions. Prosidian, LLC and James L. Morgan were 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. Fines totaling \$146,250 were assessed.

Final Order for \$5,000 Fine against an Investment Adviser Agent for Unregistered Activity

On December 20, 2012, the Division of Securities entered a Final Order against Barry Scott Yankelevitz for engaging in investment advisory business in Florida without being registered. An administrative fine of \$5,000 was paid.

Final Order for \$2,000 Fine against a Broker Dealer Firm and Agent

On December 20, 2012, the Division of Securities entered a Final Order against RSG Capital Corporation and Rafael Golan for failing to disclose to the Office of Financial Regulation that Mr. Golan had been the subject of an adverse administrative order by the Florida Department of Financial Services. An administrative fine of \$2,000 was paid.

Denial of Broker Dealer Agent

On December 21, 2012, the Division of Securities entered a Final Order against Daniel Silverstein, denying his application for registration as a broker dealer agent, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny which alleged Mr. Silverstein engaged in a disqualifying event.

Revocation and Permanent Bar against Investment Adviser Firm and Associated Person for Fraudulent Business Practices

On December 31, 2012, the Division of Securities entered a Final Order against David James Grasse and Grasse Capital Management, LLC for engaging in fraudulent transactions. All licenses and registrations issued to David Grasse and Grasse Capital Management, LLC were permanently revoked. In addition, David James Grasse and Grasse Capital Management, LLC were 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.

Final Orders for \$83,000 in Fines against Investment Adviser Firms for Failure to File Financial Statements

From October 1 to December 31, 2012, the Division of Securities entered Final Orders against twenty nine (29) investment adviser firms for failure to file annual financial statements. Four (4) firms voluntarily terminated their registration in

Florida and one firm's registration was suspended. A total of \$83,000 in administrative fines was assessed.

6. Significant Enforcement Actions

Man Sentenced for Mortgage Fraud

On October 1, 2012, Fritz Roosevelt Cherizard was sentenced in Hillsborough County Circuit Court to 130 months in prison for his role in a mortgage fraud scheme that resulted in a loss of \$1,377,000. Cherizard previously pled guilty to 14 counts that included mortgage fraud, identity theft and organized scheme to defraud.

Guilty Plea in Investment Fraud Case

On October 12, 2012, Keith Allen Mills pled guilty one count of wire fraud in United States District Court, Southern District of Florida. Mills is scheduled to be sentenced on January 2, 2013. Mills was the president of Business Vision Network Inc. ("BVN") which is purportedly in the business of producing television infomercials and selling the products featured in the infomercials. Mills directed BVN's day to day operations and controlled its finances.

The joint OFR/FBI investigation found that from about January 2009 through October 2010, Mills and others solicited investors by falsely representing that BVN was a successful infomercial company that had \$10 million in revenues and was financially stable. They also represented that BVN was going to have a public stock offering in the near future and employed people experienced in the infomercial industry. The investigation determined BVN did not have \$10 million in revenue, was not financially stable, was not working on a public stock offering, and did not currently employ any of the people experienced in infomercials.

Based upon the false and fraudulent representations, more than 90 people invested approximately \$1.9 million in BVN. Bank records revealed that investor money was not used to further BVN's business, but instead was used to maintain the lavish lifestyle of the Mills and the others associated with BVN.

Plea in Investment Fraud Case

On October 15, 2012, defendant James Roberts agreed to a plea agreement with the Miami Dade State Attorney's Office. Roberts entered into a plea of one count of organized scheme to defraud with adjudication withheld with special conditions. He was sentenced to two years of community control followed by 13 years of probation. He was ordered to pay restitution in the amount of \$84,000 to the victims. The full restitution must be paid through his community control and probationary period.

Two Sentenced for Mortgage Fraud

Steven F. Reagan and Jay S. Fulton were sentenced on mail fraud and conspiracy charges for their involvement in a mortgage fraud scheme relating to a 265 lot residential development known as Riverwalk in Walton County, Florida.

Reagan was sentenced to five years of probation on September 25, 2012. On November 13, 2012, Fulton was sentenced to 12 months in prison and three years supervised release. The defendants were also ordered to pay \$4.1 million in restitution.

Five Year Prison Term for Mortgage Fraud

On November 16, 2012, Jacinto Puentes was sentenced to 60 months in prison after pleading guilty to one count of conspiracy to commit mail fraud in connection with a \$3 million mortgage fraud scheme involving Puentes and four other defendants.

Arrest in Ponzi Scheme

On December 20, 2012, Robert Schnepf was arrested by Special Agents with the Florida Department of Law Enforcement in Hudson, Florida. The OFR investigation alleges that from September 2008 to September 2011, Schnepf a baseball coach at Cypress Lake High School located in Fort Myers, Florida, solicited and collected money from coaches, teachers, and parents representing that he was a registered investment advisor. He purportedly assured victims that their money would be pooled and invested in the stock market. Schnepf mailed his victims his company "R K S Group" quarterly financial statements advising them which publicly traded companies their monies were invested in. His statements only showed gains and never any losses. However, this investigation revealed that Schnepf never invested in the market.

[FORMER LEE COUNTY SCHOOL BASEBALL COACH ARRESTED FOR SCAMMING HUNDREDS OF THOUSANDS OF DOLLARS FROM COACHES, TEACHERS AND PARENTS IN PONZI SCHEME](#)

Arrest Made for Sale of Unregistered Securities

On December 12, 2012, Bartholomew Francis Caso, Jr. was arrested on a state warrant for violations of Chapter 517, Florida Statutes, based on joint probable cause affidavits filed by the Palm Beach Police Department and the Bureau of Financial Investigations. The investigation alleged Caso, Jr. offered or sold investments in Preferred Spectrum Investment, LLC and Corporate Associates, Inc. to at least five residents of Palm Beach County, Florida. None of the securities were registered with OFR and Caso has never been licensed with OFR to sell securities. Collectively, the probable cause affidavits allege five counts of sales of securities by unregistered broker, dealer or associated person and one count of sale of unregistered securities.

Two Arrested for Investment Fraud

On December 12, 2012, Michael C. Rogers was arrested and charged with organized fraud, securities fraud and grand theft. Jonathan Hirsch, a co-conspirator was arrested the following day. The investigation alleged Rogers solicited eight investors to purchase shares of common stock in Facebook and ARCIS Resources. Rogers allegedly told prospective investors that his company, QFC Consulting, Inc., was a private equity firm that had early access to pre-IPO

shares of Facebook. He purportedly assured investors that they would make a great deal of money once Facebook went public. Once investors sent in their money, they received stock purchase agreements but no shares of stock. The investigation revealed that neither Rogers nor Hirsch possessed any shares of Facebook or ARCIS Resources. An analysis of the bank records revealed investor money was not used to purchase stock. Instead, the funds were used for the benefit of Rogers and Hirsch.

Sentencing in Mortgage Fraud Case

On December 21, 2012, Raul R. Salabarría Jr. was sentenced to 16 months in prison after pleading guilty to one count of conspiracy to commit mail fraud. Two other defendants on this case will be sentenced in the coming weeks. On February 15, 2012, Raul Salabarría, Jr. and four other defendants were charged for their roles in a \$3 million mortgage fraud scheme. All of the properties in this mortgage scheme went into foreclosure. Losses to the lenders exceeded \$3 million dollars.