

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

SEPTEMBER 2012

SEPTEMBER ACHIEVEMENTS

1. Substantial Sanctions

Permanent Bar and \$293,625 Fine Against an Unregistered Agent

On September 5, 2012, the Division of Securities entered a Final Order against Andrew C. Powell for engaging in securities business in Florida without being registered to conduct securities business. Mr. Powell was permanently barred from submitting any application or notification for a license or registration with the Office. A \$293,625 administrative fine was assessed.

Final Order for \$18,500 Fine Against an Investment Adviser Firm and Agent for Unregistered Activity

On September 13, 2012, the Division of Securities issued a Final Order against Martin Douglas Parlato and Lighthouse Financial Services for engaging in an investment advisory business without being registered, engaging in misleading advertising, failing to comply with safekeeping requirements, failing to offer clients a pro-rata refund of their pre-paid fees, and charging clients an unreasonable start-up fee. He was fined \$18,500 and ordered to hire a compliance consultant.

2. Enforcement Actions

CHARGES FILED IN PRECIOUS METALS FRAUD

On September 4, 2012, the OFR filed an Administrative Complaint against Midas Asset Management, Manuel J. Frade and Angel R. Quinones, alleging they committed fraud in connection with the sale of precious metals investments using a boiler room. The complaint alleges the respondents led investors to believe they were purchasing tangible precious metals when, in fact, only a small portion of the money invested was used to purchase precious metals.

DEFENDANTS SENTENCED FOR MORTGAGE FRAUD

On September 5, 2012, five defendants were sentenced in the U.S. District Court, Northern District of Florida, for their roles in a multimillion dollar mortgage fraud scheme targeting properties in Bay County, Florida. Four of the defendants plead guilty. The fifth defendant, Avinie M. Bates III (the owner of Right Choice Housing), was convicted following a jury trial. Bates was sentenced to 147 months in prison; Jill B. Newman-Zuravel (an attorney) was sentenced to 48 months; Meredith L. King (a title agent) was sentenced to 30 months; and Alan J.

Nathan and Joann V. Walter (both previously licensed mortgage brokers) were sentenced to 32 months and 20 months, respectively.

OPERATOR OF PONZI SCHEME SENTENCED TO SEVEN YEARS

On September 7, 2012, Juan Carlos Rodriguez (Rodriguez) was sentenced to 84 months in federal prison. Rodriguez, a CPA who operated a tax service business in Miami-Dade County, solicited money from individuals by representing his company invested in high yield stocks and precious metals which generated a 20 percent to 50 percent return on a monthly basis for investors. Rodriguez never invested any money collected from investors. Instead, he operated a Ponzi scheme in which money from newer investors was used to make payments to earlier investors. The investigation also determined that Rodriguez used approximately \$1million of investor funds for his own benefit.

DEFENDANT SENTENCED IN \$113 MILLION PONZI SCHEME

On September 20, 2012, Lydia Cladek was sentenced to 30 years in prison for masterminding a \$113 million Ponzi scheme. Cladek's scheme involved the sale of promissory notes allegedly secured by high interest rate automobile loans. The joint OFR/FBI investigation found that Cladek made misrepresentations to investors concerning the collateral purportedly securing their promissory notes. Investigators also determined that Cladek misappropriated investor funds to support her lavish lifestyle and to repay earlier investors.

FORMER MORTGAGE BROKERS CHARGED IN FRAUD SCHEME

On September 21, 2012, defendants Roslyn Wolff and Uriel Yudewitz were arraigned on information charging them each with two counts of making false statements on a loan application. The joint state/federal investigation revealed the defendants, both former mortgage brokers, purportedly located various properties to purchase and employ straw buyers to apply for loans. The defendants then allegedly prepared and submitted fraudulent loan applications in the straw buyers' names. Once the loans were made and the properties were purchased, Wolff used quit claim deeds to transfer ownership of the properties to businesses she controlled. She then took out home equity loans, stripping any remaining equity out of the properties. Eventually, she defaulted on the loans and the properties went into foreclosure.

MAN ARRESTED FOR PRECIOUS METALS FRAUD

On September 25, 2012, Scott Hewel was arrested on fraud and theft charges filed by the Broward County State Attorney. The OFR investigation determined that four victims were solicited to invest in a leveraged precious metals program. The investors were purportedly told their investment would be safe and grow. A review of bank records revealed Hewel used investor money for his own benefit.

3. Outreach Programs

On September 18, 2012, Division of Securities staff met with representatives of the Financial Planning Association. Among the items discussed were current

Division initiatives to streamline the registrations process, an improvement to the OFR's website that allows for the filing of anonymous tips and the regulation of investment advisers.

4. New Additions/Recognitions

On September 11, 2012, Bill Reilly, Division of Securities, was honored with an Outstanding Service Award by the North American Securities Administrators Association (NASAA). NASAA recognized Reilly at its annual conference for his distinguished career and contributions to investor protection in Florida and throughout North America. NASAA acknowledged Reilly's long leadership and contributions to the Broker Dealer Operations Project Group toward the betterment of the securities marketplace, and for his commitment to the NASAA membership for providing the highest levels of professional training.

5. Operational Efficiencies

On September 16, 2012, the OFR unveiled a redesigned website. The website is more streamlined, user friendly, and easier to navigate. Additionally, the improvements to the website will mean less time on the phone for the OFR staff as more information is readily available online. The OFR will continue to look for ways to improve the site and offer better services for consumers and the financial industry. It should be further noted, the agency leveraged an existing contract to complete the website redesign at no additional cost.

6. Monthly Statistics

- Division of Securities
 - Examinations Opened: 14
 - Examinations Closed: 9
 - Complaints Received: 8
 - Complaints Closed: 14
 - Applications Received: 3,636
 - Applications Approved: 3,615
 - Applications Denied/Withdrawn: 30

- Division of Consumer Finance
 - Examinations Opened: 26
 - Examinations Closed: 25
 - Complaints Received: 227
 - Complaints Closed: 209
 - Applications Received: 2,381
 - Applications Approved: 2,355
 - Applications Denied/Withdrawn: 70