

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING FEBRUARY 5, 2015

Successes for Week Ending February 5, 2015

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,234
 - Applications Approved: 1,205
 - Applications Denied/Withdrawn: 6

- Division of Consumer Finance
 - Applications Received: 498
 - Applications Approved: 470
 - Applications Denied/Withdrawn: 12

- Division of Financial Institutions
 - Applications Received: 1
 - Applications Approved: 0

2. Regulatory Sanctions

Fine Assessed for Unlicensed Activity

On January 30, 2015, the Division of Consumer Finance entered a Final Order against AirBnB, Inc., for unlicensed money transmission activity. An administrative fine of \$463,000 was paid and licensure was granted.

License Revoked for Failing to Report

On January 26, 2015, the Division of Consumer Finance entered a Final Order, revoking the motor vehicle retail installment license for Fantasy Imports Auto Sales, Inc., (Fantasy Auto) and Nasser Hasan.

3. Enforcement Results

Convicted Mortgage Fraud Ring Leader Sentenced to 8 Years in Federal Prison

On February 2, 2015, United States Southern District of Florida Judge Robert N. Scola, Jr., sentenced Karl A. Oreste to eight years and four months in federal prison to be followed by five years of supervised release for his role in the KMC Mortgage fraud scheme. Oreste was also ordered to pay \$8,215,197.28 in restitution to mortgage lenders. On July 16, 2014, Oreste pled guilty to one count of conspiracy to commit wire fraud in violation of Title 18, U.S.C. Section 1349. The government dismissed counts two through seven of the indictment in exchange for Oreste's plea. In an indictment issued in May 2014, Oreste and

three other defendants (Marie Lucie Tondreau, Okechukwu Josiah Odunna and Kelly Augustin) were accused of wire fraud in connection with mortgage loans obtained through KMC. Oreste and co-defendant Tondreau, in particular, were accused of using radio advertisements to lure members of the Haitian-American community to take advantage of certain loan programs offered through KMC. Listeners who responded to the radio ads were recruited by both to become straw buyers of residential property throughout South Florida in exchange for compensation. The defendants told the prospective buyers that they would make the required mortgage payments on the loans and the buyers' names would be removed from the properties within a year. Once the defendants identified properties for purchase, KMC submitted fraudulent loan applications and other related documents to various lenders on behalf of straw buyers who were paid between \$5,000 and \$15,000 for the use of their credit. Tondreau, and at least one other defendant, used her business to provide false employment verifications for those buyers. The defendants also created multiple Form HUD-1 Settlement Statements in order to conceal the fact that the loans were for amounts greater than the seller's asking price, resulting in substantial cash proceeds being redirected to the defendants at closing. These additional proceeds were appropriated by the defendants without the lenders' knowledge or consent. The defendants made mortgage payments until they ran out of money, causing the lenders to foreclose on the properties and suffer losses of over \$8.2 million. The majority of the outsized proceeds received from the fraudulent loan applications were used for the personal benefit of the defendants. On December 16, 2014, a federal jury in Miami found suspended North Miami mayor, Marie Lucie Tondreau, guilty of four counts of wire fraud against a financial institution and one count of conspiracy to commit wire fraud against a financial institution. Tondreau will be sentenced on March 20, 2015. This investigation was developed jointly by OFR and the FBI and was prosecuted by Assistant U.S. Attorney Lois Foster-Steers.

[USAO Press Release: Former North Miami Mayor's Co-Defendant Sentenced in Multi-Million Dollar Mortgage Fraud Scheme](#)

New Issues

1. Communications and Outreach Activities

On January 29, 2015, a member of the Division of Financial Institutions participated on a regulator panel at the FBA Safety and Soundness Seminar in Miami. Approximately 20 people were in attendance.

On January 29, 2015, the OFR issued a consumer alert regarding real estate investment fraud.

[Consumer Alert: Real Estate Investment Fraud](#)

On January 30, 2015, a member of the Division of Financial Institutions participated on a regulator panel at the FBA Safety and Soundness Seminar in Tampa. Approximately 70 people were in attendance.