

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING MARCH 2, 2017

Successes for Week Ending March 2, 2017

1. Licensing and Registration

- Division of Securities
 - Applications Received: 881
 - Applications Approved: 911
 - Applications Denied/Withdrawn: 15

- Division of Consumer Finance
 - Applications Received: 548
 - Applications Approved: 754
 - Applications Denied/Withdrawn: 20

- Division of Financial Institutions
 - Applications Received: 0
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 1

2. Regulatory Actions

Final Order for \$3,000 Fine Against an Investment Adviser Firm for Violations of Rules

On February 27, 2017, the Division of Securities entered a final order against Smyth Landis Asset Management, Inc., for violations of rules by failing to maintain an accurate Form ADV, file a Form ADV Part 2B Brochure Supplement, maintain an accurate Form U-4, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$3,000 administrative fine was paid.

Final Order for \$30,000 Fine Against a Broker Dealer Firm for Violations of Rules

On February 28, 2017, the Division of Securities entered a final order against Securities America, Inc., for violations of rules by failing to enforce written supervisory procedures and ensure a registered representative took a required alternative investment training course. A \$30,000 administrative fine was paid.

Permanent Bar and \$30,000 Fine Against Unregistered Associated Person

On February 28, 2017, the Division of Securities entered a final order against Louis A. Christensen, permanently barring him from submitting an application or notification for registration with the OFR, after he failed to request a hearing. The final order follows an administrative complaint, which alleged that Mr. Christensen offered and sold unregistered securities, and engaged in securities business in Florida without being registered. A \$30,000 administrative fine was assessed.

Permanent Bar and \$75,000 Fine Against Unregistered Firm

On February 28, 2017, the Division of Securities entered a final order against Big Spring Gold, LLC permanently barring the firm from submitting an application or notification for registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged that Big Spring Gold, LLC offered and sold unregistered securities, and engaged in securities business in Florida without being registered. A \$75,000 administrative fine was assessed.

3. Enforcement Actions

Duo Plead Guilty to Mortgage Fraud

On February 10, 2017, defendant David Cevallos was adjudicated guilty after having signed a plea agreement with the United States Attorney's Office on February 8, 2017. On January 31, 2017, defendant Osbel Sanchez was adjudicated guilty after having signed a plea agreement with the United States Attorney's Office on January 9, 2017. Each of the two defendants pled guilty to charges of conspiracy to commit wire fraud affecting a financial institution and face a maximum penalty of 30 years in federal prison. On April 29, 2015, Sanchez along Cevallos, were indicted in U.S. District Court for the Middle District of Florida. Sanchez was charged with one count of conspiracy to commit wire fraud and three individual counts of wire fraud. The charges stem from their roles in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Cevallos and Sanchez, in concert with others, bought or facilitated the sale of condominium units at highly inflated prices, funding the purchases through mortgage loans obtained from various financial institutions. The investigation revealed that these mortgage loans were made to credit-worthy straw buyers, who, without the lenders' knowledge or consent, had been recruited by Sanchez and Cevallos to act as borrowers in exchange for compensation. The inflated property valuations allowed the sellers in the transactions, also co-conspirators in the scheme, to sell the homes for significantly more than market value. The proceeds from the sales would then be divided amongst the participants in the scheme. The indictments alleged that Sanchez and Cevallos conspired with others to falsify settlement statements and mortgage loan applications in order to receive substantial and undisclosed kickbacks from the sellers. Their activities are alleged to have resulted in \$4.2 million in losses. This investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the OFR/FBI and the Federal Housing Finance Agency. The activities averred in the

indictments are alleged to have occurred between 2007 and 2008. Further indictments in the case are anticipated.

New Issues

1. Communications and Outreach Activities

On February 27, 2017, the OFR released a consumer alert celebrating America Saves Week.

[Consumer Alert: America Saves Week](#)