

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING MARCH 12, 2015

Successes for Week Ending March 12, 2015

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,259
 - Applications Approved: 1,076
 - Applications Denied/Withdrawn: 5

- Division of Consumer Finance
 - Applications Received: 230
 - Applications Approved: 249
 - Applications Denied/Withdrawn: 6

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

2. Regulatory Sanctions

Final Order for \$2,500 Fine and Relinquish of License Against an Associated Person

On March 4, 2015, the Division of Securities entered a final order against David L. Richards for failure to observe high standards of commercial honor and principals of trade by knowingly signing a customer name to a form. Mr. Richards agreed to relinquish his Series 6 license and never reapply for registration with the Office of Financial Regulation. A \$2,500 administrative fine was paid.

3. Enforcement Actions

Ponzi Schemer to Serve Eight-Year Prison Term

On February 27, 2015, Miami-Dade Circuit Court Judge Robert Luck lifted a conditional stay on the sentencing of Marguerite Martial Jean, and remanded her into custody to begin serving an eight-year prison sentence according to the terms of a previously accepted plea agreement. In November 2014, Jean pled guilty to one count of grand theft and three counts of securities fraud in connection with a Ponzi scheme that defrauded investors out of \$3.4 million. She was sentenced to eight years imprisonment with a stay placed on the sentence according to a provision in her plea agreement. Jean was required to pay at least \$75,000 in restitution to the victims by February 27, 2015, in order to avoid being imprisoned. However, Jean failed to honor the agreement. Jean was

initially charged and arrested on April 14, 2011, following an OFR investigation which found that from January 2007 through October 2010, Jean, through her companies, MMJ's Warehouse and VLM Enterprise, engaged in a Ponzi scheme that victimized 293 Haitian-American investors. Jean sold promissory notes to investors offering "guaranteed" returns of up to 22 percent per year. She promoted the investment offering to members of her church congregation and through word of mouth. The OFR investigation found that Jean falsely represented to investors that she bought and sold rice from India and used the profits from the resale to make payments to investors. A review of bank records revealed that new investor funds went to Jean's personal account, which she subsequently used to pay existing investors and to finance her lifestyle. In addition to the prison sentence, Jean was also ordered to pay \$719,065.00 in restitution to the 15 victims named in the criminal filing.

[Press Release: Miami Woman Begins Eight-Year Prison Sentence for Securities Fraud](#)

Former Ocala Area Man Arrested for Role in Investment Fraud Scheme

On March 9, 2015, James Allen Hall was arrested in Pittsburg, Kansas by the Crawford County Sheriff's Office. A criminal information filing for Hall's arrest was entered in Orange County, FL on March 6, 2015, charging Hall with one count of grand theft. After Hall is extradited to Florida, he will be held on a \$10,000 bond. An OFR investigation revealed that from 2010 through 2013, Hall acted as a Third Party Administrator (TPA) of 401(k) plans for several Florida and out-of-state companies. Hall contracted with ExpertPlan (EP) to use their third party administrator proprietary database, website, and software for his administrative duties. Using his database access, Hall is alleged to have changed plan participants' email and residential addresses to his own email and business address without the participants' knowledge or consent. By doing so, routine confirmations, account statements, and other indicators of account activity ordinarily sent to the plan sponsor and/or participants were sent to Hall instead, effectively eliminating the participants' ability to timely note changes in their retirement accounts. Hall was able to use his TPA position for his own personal gain by allegedly generating fraudulent expenses in the EP database under the guise of various fees including "administrative, miscellaneous, annual, and participant" fees. Hall is further alleged to have gained unauthorized access to plan participants' accounts to place sell orders on mutual fund holdings in order to fund his falsified expenses. As the TPA, Hall knew the funds were available, and as the designated plan sponsor, he was able to initiate a fee request that resulted in sell order transactions from the participants' mutual fund accounts. The funds' trustee was directed to issue checks payable to Hall. Hall is alleged to have received over \$800,000 in illegally gotten gains that he used for his own personal benefit. The OFR was responsible for all of the investigative work in this case. The case is being prosecuted by the Office of Statewide Prosecution in Orlando.

[Press Release: Former Ocala Area Man Arrested for Investment Fraud](#)

Former Largo Area Man Pending Trial in Investment Fraud Case is Arrested Again in New Scheme

On March 5, 2015, Gary L. Gauthier, formerly of Largo, was arrested at his home in Michigan following a three-month OFR investigation into an alleged fraudulent business development scheme that resulted in \$60,000 in losses to a Florida victim and his family. Gauthier is alleged to be the orchestrator of the scheme. Through his company, GB Marketing, LLC, Gauthier is purported to have offered a Tampa area sports apparel business the opportunity to obtain marketing services that would enhance and grow the enterprise. According to the business owner and victim of this scheme, Gauthier offered him an opportunity to raise funds through a private placement offering in connection with the purchase of a shell company in exchange for an \$85,000 investment. The victim raised the funds with help from family and friends, placing \$25,000 of it in escrow and paying the rest directly to Gauthier. A review of the bank records related to Gauthier's company revealed that none of the \$60,000 that was placed with Gauthier was used to promote the victim's business or to purchase a shell company. Instead, evidence suggests that the money was used by Gauthier for personal lifestyle expenses including retail purchases, travel and recreation expenses. Gauthier is the subject of another OFR investigation involving investments in what is alleged to be a fraudulent real estate offering. He was arrested in relation to that case in January 2014 and had since moved to Michigan while awaiting trial. While still in Florida, however, he is alleged to have promoted himself on the radio as an "investment banker" who could help develop a product or idea by raising private equity money, marketing the product and taking the company public. He is expected to be extradited to Florida to be arraigned in this case as soon as arrangements are finalized. This investigation was developed jointly between OFR and the Florida Department of Law Enforcement. The Office of Statewide Prosecution is prosecuting the case.

[Press Release: Largo Man Arrested for Fake Business Development Scheme](#)

New Issues

1. Communications and Outreach Activities

On March 9, 2015, an opinion editorial by Commissioner Drew J. Breakspear on the importance of financial literacy in classrooms appeared in the Pensacola News-Journal.

On March 10, 2015, the OFR issued a press release announcing the charging of a company for assessing illegal loan fees.

[Press Release: Company Charged with Assessing Illegal Loan Fees](#)