

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING MARCH 26, 2015

Successes for Week Ending March 26, 2015

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,027
 - Applications Approved: 978
 - Applications Denied/Withdrawn: 7

- Division of Consumer Finance
 - Applications Received: 212
 - Applications Approved: 242
 - Applications Denied/Withdrawn: 5

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

2. Enforcement Actions

Jacksonville Men Charged in Alleged Criminal Forex Scheme

On March 18, 2015, federal indictments against Joshua Carrol Gilliland and Chawalit Wongkhiao of Jacksonville were unsealed in U.S. District Court for the Middle District of Florida. The two men are charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering for their alleged roles in a foreign currency trading scam operating from March 2012 until July 2014. Wongkhiao was arrested by IRS and FBI agents on March 19, 2015. Gilliland's arrest is still pending. Gilliland and Wongkhiao, doing business as Allied Markets, LLC, are alleged to have solicited money from at least four investors for purported investments in foreign currency exchange (Forex) transactions. Based on promises of guaranteed returns of between 7 and 10 percent annually, investors purchased more than \$1,000,000 in investment contracts from the men. According to those investors, Gilliland and Wongkhiao represented that investment returns would come from profits generated through forex trading. An investigation revealed, however, that the two men only invested about one-fifth of investors' funds in forex transactions. A large portion of the funds were used for personal expenses or withdrawn by the men in the form of cash. The two are also alleged to have used funds acquired from more recent investors to pay returns to earlier investors. This case was developed jointly with the FBI, IRS - Criminal Investigation, Jacksonville Beach Police Department and

the U.S. Commodity Futures Trading Commission (which filed a Complaint for Injunctive Relief against Gilliland and Wongkhiao on January 12, 2015). The U.S. Attorney's Office in Jacksonville is prosecuting the case. A separate OFR Administrative Complaint was issued against Gilliland, Wongkhiao and Allied Markets on February 25, 2015 for violations of Chapter 517, Florida Statutes. [Press Release: Two Jacksonville Men Charges With Investment Fraud](#)

Defendant Found Guilty in \$80 Million Ponzi Scheme

On March 13, 2015, following the completion of a 10-day trial, a jury found Craig Allen Hipp guilty of wire fraud, mail fraud and conspiracy to commit mail and wire fraud for his role in an \$80 million Ponzi scheme involving virtual concierge machines (VCMs). Hipp, one of four defendants in this case, was the supposed head of manufacturing of the machines. Investments in the VCMs were marketed to investors using YouTube videos, mass e-mail solicitations and investor seminars. The defendants are alleged to have misrepresented to investors that their funds would be used to order new machines and these would generate revenue from businesses that would use them to advertise products and services. With a minimum \$3,500 investment, investors were guaranteed a return of \$300 per month per machine for three years. Approximately 1,800 investors fell victim to the scheme representing 24,000 units sold. However, only 200 machines were ever manufactured as the funds obtained from investors were used instead to pay returns to earlier investors or diverted for the personal use of the defendants. Trials for two other defendants, Laura and Joseph Signore and Paul Schumack are set for later this year. This investigation was developed jointly with the FBI and the SEC. Hipp is scheduled to be sentenced on May 26, 2015. He faces a minimum of 12.5 years in prison. The U.S. Attorney's Office in West Palm Beach is prosecuting the case.

New Issues

1. Communications and Outreach Activities

On March 19, 2015, the OFR issued a consumer alert on foreign currency scams.

[Consumer Alert: Foreign Currency Scams](#)