GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING MAY 4, 2017

Successes for Week Ending May 4, 2017

1. **Licensing and Registration**
   - Division of Securities
     - Applications Received: 979
     - Applications Approved: 956
     - Applications Denied/Withdrawn: 18

   - Division of Consumer Finance
     - Applications Received: 152
     - Applications Approved: 236
     - Applications Denied/Withdrawn: 24

   - Division of Financial Institutions
     - Applications Received: 3
     - Applications Approved: 1
     - Applications Denied/Withdrawn: 0

2. **Regulatory Actions**

   Final Order for $10,500 Fine Against an Investment Adviser Firm and Associated Person for Violations of Rules

   On April 27, 2017, the Division of Securities entered a final order against Leslie Gale Advisors, LLC and Steven A. Schneider for violations of rules by failing to maintain an accurate Form ADV, file audited financial statements, send itemized invoices, enter into written client investment advisory agreements and maintain current investment advisory client suitability information. In addition, the firm and Mr. Schneider published untrue statements of material facts on the firm's website. A $10,500 administrative fine was paid.

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

   On April 27, 2017, the Division of Securities entered a final order against Alderman Capital Advisors, LLC and Joseph Michael Alderman, III, for violations of rules by failing to maintain an accurate Form ADV, maintain an accurate Form U-4, file financial statements, send itemized invoices, maintain written supervisory procedures, maintain required net capital, timely notify the OFR of the firm's net capital and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. In addition, the firm entered in to client advisory agreements that did not include the amount of prepaid advisory fee to be returned in the event of contract termination or non-performance. A $3,000 administrative fine was paid.

<u>Denial of an Associated Person</u>
On May 7, 2017, the Division of Securities entered a final order against Richard Michael Gallati denying his application for registration as an associated person, after he failed to request a hearing. The final order follows a notice of intent to deny, which alleged Mr. Gallati made a material misrepresentation or misstatement on his application registration as an associated person.

3. Enforcement Actions

On April 24, 2017, Osbel Sanchez was sentenced in federal court to time served, three years of probation, fourteen days of hard labor and was ordered to pay $322,167 in restitution. On January 31, 2017, Sanchez was adjudicated guilty after having signed a plea agreement with the United States Attorney's Office on January 9, 2017. On April 29, 2015, Sanchez along with co-defendant, David Cevallos, was 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 alone 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 alleged in the indictments are alleged to have occurred between 2007 and 2008. Further indictments are anticipated.

On April 24, 2017, Eric Leon Ager of Clearwater, was sentenced to two years in prison after entering a plea of guilty to federal charges of conspiracy to commit mail and wire fraud on December 21, 2016. The charges stem from his role in a fraudulent investment scheme operating as Tri-Med Corporation. The two-year sentence was a downward departure from the federal sentencing guidelines owing to Ager's advanced age (78). Ager was also sentenced to serve two years of probation following his prison term and was ordered to pay more than $11,296,000 in restitution. Irwin Ager, Eric's older brother, pled guilty to the same charges on December 2, 2016, and received the same sentence on April 7, 2017. Irwin Ager's sentence was also a downward departure from the federal sentencing guidelines also owing to his advanced age (84). Evidence obtained to date revealed that very few receivables were purchased and the majority of the investors' money was used for the personal benefit of the Agers and other co-conspirators. Criminal enforcement action against other defendants is still pending. This case was developed jointly with the United States Secret Service and was prosecuted by the United States Attorney's Office in Orlando. The OFR is responsible for the majority of the investigative work leading up to these criminal convictions. The two brothers, together with at least three other co-conspirators, were responsible for orchestrating the scheme which involved the sale of unregistered securities to mostly elderly Florida residents. The securities were said to be backed by medical receivables which the pair claimed to have purchased from medical services providers throughout the country. Both Agers marketed and sold the company's securities to hundreds, leading to more than $17 million in fraudulent investments and current losses of more than $11,296,000. Funds recovered for the victims are credited to a court-appointed receivership following an OFR civil injunctive action.

New Issues

1. **Communications and Outreach Activities**
   On April 25, 2017, several members of the Division of Financial Institutions attended the National Credit Union Administration Region III meeting.

   On April 27-28, 2017, two members of the OFR attended the Conference of State Bank Supervisors District III spring meeting in Asheville, North Carolina.