

GOVERNOR RICK SCOTT

WEEKLY AGENCY REPORT

OFFICE OF FINANCIAL REGULATION

WEEK ENDING MAY 18, 2017

Successes for Week Ending May 18, 2017

1. Licensing and Registration

- Division of Securities
 - Applications Received: 1,175
 - Applications Approved: 1,183
 - Applications Denied/Withdrawn: 9

- Division of Consumer Finance
 - Applications Received: 701
 - Applications Approved: 741
 - Applications Denied/Withdrawn: 44

- Division of Financial Institutions
 - Applications Received: 1
 - Applications Approved: 5
 - Applications Denied/Withdrawn: 0

2. Regulatory Actions

Final Order Terminating a Deferred Presentment Providers License and Ordering Refunds Be Made to Qualifying Consumers

On May 5, 2017, the Division of Consumer Finance entered a final order against Employee Financial Services, LLC, f/k/a Convenient Payday Lending, LLC and Joseph Lettelleir for failure to include the licensee's registration number on the contract, for charging fees that exceeded 10 percent of the currency provided, for failure to provide the correct annual percentage rate to the drawer, for executing a deferred presentment agreement with a term longer than 31 days or shorter than 7 days, failure to submit the correct date of transaction to the deferred presentment database, failure to implement its anti-money laundering policy, failure to obtain an annual financial audit report and submit it to the OFR within 120 days after the end of the licensee's fiscal year, failure to report a change in bank account information to the OFR within 30 days of the change, and for transacting business under a name which was not licensed by the OFR.

Final Oder for \$10,600 Against a Check Casher for Prohibited Business Practices

On May 5, 2017, the Division of Consumer Finance entered a final order against DW Financial Group, Inc., and Frisnel Diejuste for failure to conduct an

independent audit review of its anti-money laundering policy, failure to maintain an acceptable form of identification for customers who cashed a payment instrument over \$1,000, failure to file accurate quarterly reports with the OFR, and for failure report a change in bank account information to the OFR within 30 days of the change being made.

Final Order for \$8,500 and a 20-Day Suspension Against a Check Casher for Prohibited Business Practices

On May 8, 2017, the Division of Consumer Finance entered a final order against Wahnetta Discount Foods, Inc., and Hassan M. Haifa for failure to maintain a complete electronic payment instrument log, and for failure report a change in bank account information to the OFR.

Final Order for \$12,500 and a 30-Day Suspension Against a Check Casher for Prohibited Business Practices

On May 8, 2014, the Division of Consumer Finance entered a final order against Kruti Corporation, d/b/a E-Z Way Food & Beverage, and Ketankumar Patel for failure to maintain a copy of each payment instrument cashed, failure to endorse each payment instrument cashed with its legal name, failure report a change in bank account information to the OFR within 30 days of the change and for failure to implement its Anti-Money Laundering Policy.

Final Order for \$15,142 Against a Check Casher for Prohibited Business Practices

On May 8, 2017, the Division of Consumer Finance entered a final order against Cash Services, Inc., d/b/a Cash Plus and Thomas Moser, for failure to maintain complete customer files for customers who cash corporate payment instruments, failure to maintain copies of valid identification accepted for cashing a payment instrument, failure to maintain a complete electronic log, failure to endorse each payment instrument cashed with its legal name, and failure to implement its anti-money laundering policy.

Final Order Revoking a Check Casher/Deferred Presentment Providers License, and Barring Them from the Industry for 15 years for Prohibited Business Practices

On May 8, 2017, the Division of Consumer Finance entered a final order against Cash City, Inc., Eddie K. Essa, and Judie E. Farhat for failure to maintain and review complete customer files for customer who cash corporate payment instruments, failure to maintain copies of valid identification accepted for cashing a payment instrument, failure to ensure that each deferred presentment contract complied with the Truth in Lending Act, failure to notify the OFR of a change in bank account information within 30 days.

Final Order for \$15,000 Against a Check Casher for Prohibited Business Practices

On May 8, 2017, the Division of Consumer Finance entered a final order against Buy & Save USA of Seffner, Inc., d/b/a United Check Cashing, Luis Diaz Jr., and Amy Diaz for failure to report a change in its d/b/a name to the OFR within 30 days of the change, failure to maintain complete customer files on customers who cashed third party corporate checks, failure to maintain acceptable forms of identification of customers who cashed a check over \$1,000, failure to maintain a complete electronic log of payment instruments cashed and for transacting business under a name which was not licensed by the OFR.

Final Order Revoking a Check Cashers License for Prohibited Business Practices

On May 8, 2017, the Division of Consumer Finance entered a final order against BMB Corporation of Leesburg, d/b/a Bob's Zippy Market #2, and Mukeshkumar Patel for failure to maintain complete customer files on customers who cashed third party corporate checks, failure to maintain attention of the compliance officer until the independent review of the anti-money laundering policy was completed, failure to endorse payment instruments with its legal name, failure to maintain a complete electronic log of payment instruments cashed, failure to maintain a copy of the customers acceptable form of identification, failure to maintain a copy of the thumbprint taken when cashing a check more than \$1,000, failure to maintain complete of payment instruments it cashed, failure to register or renew registration with FinCEN, failure to implement its anti-money laundering policy and for utilizing its depository institution for the maintenance and storage of its records.

Denial of Associated Person

On May 10, 2017, the Division of Securities entered a final order against Kelly Ann Morris denying her application for registration as an associated person for making a material misrepresentation or misstatement on her application for registration.

Denial of Associated Person

On May 10, 2017, the Division of Securities entered a Final Order against Robert DiMarco denying his application for registration as an associated person for making a material misrepresentation or misstatement on his application for registration.

Final Order for \$25,000 Fine Against an Associated Person for Violation of Rules

On May 10, 2017, the Division of Securities entered a final order against Keith H. Schienberg after he failed to request a hearing. The final order follows an administrative complaint, which alleged Mr. Schienberg violated rules by failing to update the Form ADV in a timely manner and timely file annual financial statements. A \$25,000 administrative fine was assessed.

Final Order for \$154,000 Fine Against an Unregistered Dealer for Unregistered Activity

On May 10, 2017, the Division of Securities entered a final order against Assurity Capital, Inc., for engaging in securities business in Florida without being registered, selling unregistered securities and failing to provide each investor a prospectus prior to the sale of securities. A \$154,000 administrative fine was assessed.

Final Order for \$7,500 Fine Against an Investment Adviser Firm for Violations of Rules

On May 15, 2017, the Division of Securities entered a final order against Seeman Holtz Financial Corp., for violations of rules by failing to maintain an accurate Form ADV, file audited financial statements, send itemized invoices and enter into written investment advisory contracts. A \$7,500 administrative fine was paid.

Final Order for \$44,500 in Total Fines Against an Investment Adviser Firm and Associated Person for Violations of Rules

On May 15, 2017, the Division of Securities entered a final order against Phillips Advisory Group, LLC and Sarah Ruth Phillips-Frangioni after they failed to request a hearing. The final order follows an administrative complaint, which alleged Phillips Advisory Group failed to maintain an accurate Form ADV, file audited financial statements, maintain required net capital, maintain accurate and current records and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. In addition, the administrative complaint alleged Sarah Ruth Phillips-Frangioni failed to maintain an accurate Form U-4. A total of \$44,500 in administrative fines was assessed.

Final Order for \$6,750 Fine Against an Investment Adviser Firm for Violations of Rules

On May 15, 2017, the Division of Securities entered a final order against Enhance Advisors, LLC for violations of rules by failing to maintain an accurate Form ADV, file audited financial statements; send itemized invoices, and maintain required net capital. 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 \$6,750 administrative fine was paid.

Permanent Bar and \$1, 375,000 Fine Against Unregistered Associated Person for Fraud

On May 15, 2017, the Division of Securities entered a final order against A.J. Brent, Jr., 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. Brent offered and sold unregistered securities, engaged in securities business in Florida without being registered, and obtained money by means of fraud. A \$1,375,000 administrative fine was assessed.

Permanent Bar and \$950,000 Fine Against Unregistered Associated Person for Fraud

On May 15, 2017, the Division of Securities entered a final order against John Leo Parker 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. Parker offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A \$950,000 administrative fine was assessed.

Denial of Associated Person

On May 16, 2017, the Division of Securities entered a final order against Richard Joseph Cutler denying his application for registration as an associated person for making a material misrepresentation or misstatement on his application for registration.

Denial of Associated Person

On May 16, 2017, the Division of Securities entered a final order against Tanya Rodrigues denying her application for registration as an associated person for making a material misrepresentation or misstatement on her application for registration.

3. Enforcement Actions

On May 12, 2017, Chantale Baptiste and her husband, Weguel Legentus, were arrested on a federal charge of conspiracy to defraud the government in relation to a \$6 million fraudulent tax refund scheme. Baptiste and Legentus were arrested by agents of IRS Criminal Investigation with assistance from the Coral Springs Police Department, the Margate Police Department, and the Broward County Sheriff's Office. The arrest follows a May 5, 2017, grand jury indictment which alleges that from at least 2013 through 2016, Baptiste and Legentus operated CMB Financial Group, Inc., a tax preparation business with offices in Broward and Palm Beach Counties through which they prepared and submitted fraudulent federal income tax returns to the IRS on behalf of clients who often had no knowledge of the false claims. The investigation showed that Baptiste and Legentus provided their clients with a copy of their prepared tax returns while falsely submitting a different copy to the IRS with inflated figures. As a result, the IRS disbursed funds to a third party's bank account from which funds were transferred to various bank accounts controlled by Baptiste and Legentus. Baptiste and Legentus sometimes provided their clients third party checks for lesser refund amounts than what the IRS refunded and retained the remaining funds for their own use and benefit. The investigation also showed that many of the victims' income tax-refund checks were cashed at a check cashing business in Pompano Beach, which several victims claimed was unknown to them. In a separate case, on November 21, 2016, Baptiste and Legentus were arrested and charged with one count of grand theft in the third degree in violation of Florida

Statutes, 812.014(2)(c)(3), for defrauding a Broward County resident out of more than \$15,000 in a loan modification scheme. That investigation revealed that on or about May 2015, the victim went to CMB seeking assistance with a home loan modification due to a pending foreclosure. The victim alleges she met with Baptiste and Legentus and during the initial conversation the defendants promised to assist her with the loan modification for a fee of \$1,500. Once the fee was paid, the defendants continued to demand more fees from the victim and managed to collect an additional \$5,800 from her in payment of supposed attorney's fees and escrow requirements. Baptiste is alleged to have told the victim she had negotiated a mortgage payment plan with the lender under which the victim would pay \$1,150 a month. The victim made approximately five payments to the defendants until she contacted her lender and learned that she was not in a payment plan at all. The lender's records did not show that the defendants submitted a loan modification package on behalf of the victim. After the victim confronted Baptiste, she agreed to refund all the money she collected from the victim but never did so. The victim ultimately lost her property to foreclosure. The state's criminal case against the defendants is still pending, with a warrant still outstanding for their arrests for failing to appear in court. Separately, in January 2011, the OFR initiated an examination after receiving a consumer complaint alleging that the defendants engaged in loan modification services and collected up-front fees without being licensed either as a mortgage broker, mortgage lender or loan originator. The examination revealed that from at least 2009, the defendants negotiated "the terms or conditions of existing mortgage loans on behalf of at least six borrowers for compensation." On November 16, 2012, the defendants entered into an agreement with the OFR to "cease and desist from any and all future violations of Chapter 494, Florida Statutes."

New Issues

1. Communications and Outreach Activities

On May 9-10, 2017, two members of the OFR attended the spring Interagency Meeting hosted by the Federal Reserve Board in Atlanta, Georgia.

On May 9, 2017, two members of the Division of Financial Institutions participated as presenters at the Small Asset Size Credit Union Workshop hosted by the League of Southeastern Credit Unions in Tallahassee.