

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING JUNE 29, 2017

#### Successes for Week Ending June 29, 2017

##### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 924
  - Applications Approved: 856
  - Applications Denied/Withdrawn: 15
  
- Division of Consumer Finance
  - Applications Received: 489
  - Applications Approved: 473
  - Applications Denied/Withdrawn: 13
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 3
  - Applications Denied/Withdrawn: 0

##### 2. Regulatory Actions

###### Final Order for \$2,000 Fine Against an Investment Adviser Firm for Violations of Rules

On June 23, 2017, the Division of Securities entered a final order against SSB 5, Inc., for violations of rules by failing to timely file financial statements. A \$2,000 administrative fine was paid.

###### Permanent Bar and \$25,00 Fine Against Associated Person for Fraud and Prohibited Business Practices

On June 23, 2017, the Division of Securities entered a final order against David Michael Levy 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. Levy failed to obtain written margin agreements prior to the settlement date for the initial transaction in a client account, failed to observe high standards of commercial honor and equitable principles of trade and obtained money by means of fraud. A \$25,000 administrative fine was assessed.

###### Permanent Bar Against an Investment Adviser Firm for Violations of Rules

On June 27, 2017, the Division of Securities entered a final order against Keith H. Schienberg, sole proprietor, for violations of rules by failing to timely file financial statements and maintain an accurate Form ADV. Pursuant to the final order, Keith H. Schienberg is permanently barred from submitting an application or notification for registration with the OFR.

### **3. Enforcement Actions**

On June 13, 2017, Eric Franz Peer of Tampa entered a plea of guilty to two counts of uttering a forged instrument in connection with the sale of a fraudulent investment offering. Peer's plea and conviction follow his July 31, 2016, arrest on a charge of grand theft for defrauding at least one investor out of \$20,000 based on misrepresentations about a concert event, which he claimed to have under production and for which he was seeking investor funding. In June 2015, Peer, acting as an event coordinator, solicited a Raleigh, N.C., resident who was visiting Peer's roommate in Tampa. Peer represented to the investor that he could earn a profit by investing in a concert event called "Shake The Night," a 1980's theme party that was to be held in downtown Tampa in October of that year. Peer claimed to have profitable ongoing events and promoted a 15-20 percent per month return to investors. Peer represented that his events were insured for up to \$2 million dollars against cancellations. In mid-June 2015, acting on Peer's instructions, the North Carolina investor wired \$20,000 to Peer's bank account and in return received an investment agreement by e-mail. However, the investigation revealed that the investor's money was not used to produce or promote a concert event. Instead, a review of Peer's financial records showed that the investor's money was misappropriated by Peer, who used it for his personal living expenses. The investigation also revealed that Peer never applied for a permit for an outdoor event with the City of Tampa. Peer was being held in the Hillsborough County Jail since his arrest in July 2016. Upon the court's acceptance of his guilty plea, he was released with credit for time served and ordered to pay \$18,800 in restitution to his victim. The Prince William County Sheriff's Office in Virginia is credited with effecting Peer's arrest in 2016. The Hillsborough County State Attorney's Office prosecuted the case. The case was initiated by a complaint referral from the Florida Attorney General's Office.

On June 7, 2017, Justin Troy Spearman was arrested in North Carolina by the Burke County Sherriff's Office following an arrest warrant issued in Orange County, FL, on May 25, 2017. Spearman was charged with one count of grand theft, one count of securities fraud, five counts of selling unregistered securities and five counts of acting as an unregistered issuer in the sale of securities. The arrest resulted from a joint OFR and Winter Park Police Department investigation, which found that between 2013 and 2014, Spearman solicited investments from Florida residents in a scheme involving alleged royalty interest from oil and gas leases. Spearman allegedly presented investors with deferred exchange agreements, confidentiality agreements, 1,031 exchange agreements and other documents which purported to demonstrate that he had rights to an oil and gas leasing enterprise. The materials were used to lure individuals into

believing that their investments were secure and to induce them to invest additional funds. Investors claim that Spearman showed them bank statements showing that he was in possession of \$23 million. Contrary to representations, however, the investigation found that these statements were in fact fraudulent. Spearman is alleged to have defrauded five individuals out of more than \$3.6 million in the scheme. The investigation found that the majority of the investors' money was used by Spearman to fund an extravagant lifestyle. Investors eventually confronted Spearman, inquiring as to why they had not received their returns as promised. Spearman admitted that all of the investments were fraudulent and that documents he presented to investors in support of his claims were falsified. This investigation was developed jointly with the Winter Park Police Department and is being prosecuted by the Office of Statewide Prosecution in Orlando.

On June 12th, 2017, Allan Michael Roth of Dunedin entered a guilty plea in Pinellas County Circuit Court to 34 felony counts of selling unregistered securities and 34 felony counts of selling securities without being registered as a dealer, associated person, or issuer. The plea follows Roth's arrest on February 26, 2015, for his involvement in an investment scheme that resulted in the sale of unregistered securities to more than 20 victim investors. Following the court's acceptance of the plea, Roth was adjudicated guilty and sentenced to six years in prison to be followed by four years of probation. As a condition of the plea agreement, Roth made an upfront payment of restitution to his victims totaling \$100,000. The court has ordered that Roth pay the remaining \$195,465.69 in restitution to his victims as part of his sentence. From January to May of 2012, Roth, operating under the company name JACO Financial, LLC, a Nevada company operating in Palm Harbor, collected more than \$295,000 from investors for the purchase of 29,330,000 shares of BizRocket.com (BZRT). Roth represented that BZRT, a Nevada Company operating in Coral Springs, was going to be an online social network with safeguards for children. Roth often boasted that BZRT was the next "Facebook for kids." Roth misrepresented to investors that he was registered to sell securities and guaranteed a substantial return on investment in a short period of time. Roth was licensed by the Financial Industry Regulatory Authority from January 1990 through September 2011, as a securities broker, but Roth was not registered to sell securities in 2012. Roth also failed to disclose that BZRT was not a registered security during his solicitations. Though not registered, BZRT shares were traded on the Over-the-Counter Market until trading was suspended in September 2012, by the Securities and Exchange Commission (SEC). The trading suspension was based on the SEC's charge that the company was making unfounded representations in its press releases. This case was prosecuted by the Pinellas County State Attorney's Office. The Hillsborough County Sheriff's Office assisted in effecting Roth's arrest.

On June 22, 2017, following a three-day jury trial in Broward County Circuit Court, defendant Anthony Troy Williams of Hollywood, was found guilty of grand

theft and two counts of unlawfully filing false documents against real property (false mortgages). Williams defrauded Wells Fargo Bank and Bank of America out of \$1,156,000 on two loans. The false mortgage notes were filed with the Broward County Clerk of Courts. Williams was arrested on December 29, 2016, on a charge of acting as an unlicensed loan originator in connection with a foreclosure rescue operation targeting Broward County homeowners and financial institutions through his company, Mortgage Enterprise Investments. Williams was on felony probation at the time that he operated the foreclosure rescue scheme as he had previously been convicted (in February 2016) of practicing law without a license. The investigation found that the foreclosure rescue scheme served as a gateway, allowing Williams to take possession of distressed homeowners' properties which had fallen into foreclosure. The homes were valued, in aggregate, at more than \$1 million and were obtained through misrepresentations and false documents which Williams recorded in the Official Records of Broward County. During court proceedings Williams asserted that he was a "sovereign citizen" and not subject to the state's felony laws as applied against him. Williams' sentencing is pending. He faces up to 20 years in state prison. The OFR's investigation was initiated by a request of assistance from the Broward County State Attorney's Office.

## New Issues

### 1. Communications and Outreach Activities

On June 22, 2017, the OFR issued a press release regarding an Orlando area man who was arrested for an alleged \$3.6 million investment fraud.

[Press Release: Orlando Area Man Arrested for Alleged \\$3.6 Million Investment Fraud](#)

On June 22, 2017, the OFR issued a press release regarding a Tampa Man who was convicted for a phony concert promotion investment scheme.

[Press Release: Tampa Man Convicted in Phony Concert Promotion Investment Scheme](#)

On June 23, 2017, the Division of Securities' senior managers participated in the North American Securities Administrators Association (NASAA) Cybersecurity Virtual Roundtable Panel Discussion. The panels discussed "Regulatory Perspectives on the Cybersecurity Threat", "Cyber Security: A View from the Chief Information Security Officers," and "Scaling the Threat: Cybersecurity Basics on a Budget." Panelist included representatives from NASAA, the Financial Industry Regulatory Authority (FINRA), the U.S. Securities and Exchange Commission, state securities regulators and the U. S. Department of Treasury. More than 500 state and federal regulators participated in the discussion.