

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING August 27, 2015

#### Successes for Week Ending August 27, 2015

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 1,063
  - Applications Approved: 1,178
  - Applications Denied/Withdrawn: 11
  
- Division of Consumer Finance
  - Applications Received: 697
  - Applications Approved: 725
  - Applications Denied/Withdrawn: 12
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 1
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Sanctions

##### Final Order for \$15,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On August 20, 2015, the Division of Securities entered a final order against Preservation Capital Group and John Sauickie for engaging in prohibited business practices by failing to accurately disclose prepaid fees in written investment advisory contracts, send clients itemized invoices, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$15,000 administrative fine was paid.

##### Permanent Bar and \$77,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On August 20, 2015, the Division of Securities entered a final order against Akro Advisors Inc., permanently barring Akro Advisors Inc., from registration with the office, after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Akro Advisors engaged in prohibited business practices by failing to amend an inaccurate Form ADV, follow safekeeping requirements, file audited financial statements, maintain required net

capital and timely notify the OFR of the firm's net capital deficiency. An administrative fine of \$77,500 was assessed.

Final Order for \$10,000 Fine Against an Associated Person for Unregistered Activity

On August 20, 2015, the Division of Securities entered a final order against Louis Thomas Robertson Jr., for engaging in unregistered investment advisory activities. A \$10,000 administrative fine was paid.

Final Order for \$2,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 24, 2015, the Division of Securities entered a final order against Hammett Financial, P.A., and John Randall Hammett for engaging in prohibited business practices by failing to maintain an accurate Form ADV, maintain and provide accurate advisory contracts, adequately disclose fee itemization and formulas, maintain contracts and solicitor disclosures and have written supervisory procedures. A \$2,000 administrative fine was paid.

**3. Enforcement Actions**

Sarasota Man Arrested on Investment Fraud Related Theft Charges

On August 20, 2015, Russell Haraburda turned himself in to the Sarasota County Sheriff's Office on an outstanding warrant for multiple counts of theft by fraud. Haraburda was charged by the Florida Attorney General's Office of Statewide Prosecution with one count of organized fraud and eight counts of theft for his role in a fraudulent investment offering related to his company, EnviraTrends, Inc. Haraburda is alleged to have raised in excess of \$3 million from over 150 investors in and outside of Florida for "pre-IPO" shares in EnviraTrends. Investors allege that Haraburda told them that their funds would be used towards expenses associated with taking the company public. They claim that Haraburda and his company purported to possess technology that could turn the cremated ashes of pets into precious gemstones. Contrary to representations, however, investigation revealed that Haraburda used a majority of investors' funds to support his lavish personal lifestyle, and not towards IPO expenses. This investigation was conducted jointly with the U.S. Securities and Exchange Commission and was assisted by the Florida Department of Law Enforcement. The Attorney General's Office of Statewide Prosecution is prosecuting the case.

Additional Defendant Charged in Multi-Million Dollar South Florida Mortgage Fraud Scheme

On August 19, 2015, Guerdin Pierre Lecorps of Miramar was arrested on a charge of conspiracy to commit wire fraud for his role in an elaborate mortgage fraud scheme. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties through Mega Financial and KMC Corporation of Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan

applications and supporting documents to mortgage lenders throughout the United States. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling \$3,500,000 million. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and \$24 million dollars. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Agustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the United States Attorney's Office in Miami.

## **New Issues**

### **1. Communications and Outreach Activities**

On August 19, 2015, the Division of Consumer Finance completed licensee training for Florida's Check Cashing Database. The database is scheduled for a soft launch on September 3, 2015. Licensees are required to begin using the database no later than October 1, 2015. Of the nearly 800 licensed check cashers, 478 (59 percent) registered for multiple training sessions scheduled throughout the state, and 87 percent of those registered attended the training.

On August 24, 2015, the OFR issued a consumer alert on unlicensed payday lenders.

[Consumer Alert: Beware of Unlicensed Payday Lenders](#)