

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING OCTOBER 30, 2014

#### Successes for Week Ending October 30, 2014

#### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 984
  - Applications Approved: 953
  - Applications Denied/Withdrawn: 9
  
- Division of Consumer Finance
  - Applications Received: 369
  - Applications Approved: 309
  - Applications Denied/Withdrawn: 15
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 0
  - Applications Denied/Withdrawn: 0

#### 2. Regulatory Sanctions

##### Final Order Against an Investment Adviser Firm for Failure to File Financial Statements

On October 23, 2014, the Division of Securities entered a Final Order against Florida Wealth Advisors, LLC, for failure to properly file financial statements. The firm agreed to terminate its registration as an investment adviser with the State of Florida and agreed not to seek registration as an investment adviser for three years.

##### Final Order for \$5,000 Fine Against an Associated Person for Unregistered Activity

On October 24, 2014, the Division of Securities entered a Final Order against Scott Kemps for engaging in unregistered investment advisory activities. A \$5,000 administrative fine was paid.

##### Permanent Bar and \$110,000 Fine Against an Associated Person for Fraud

On October 24, 2014, the Division of Securities entered a Final Order against Ralph Oelbermann, permanently barring Mr. Oelbermann from registration with the OFR, after he failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged Ralph Oelbermann falsified customer

account documents and conducted fraudulent securities transactions. An administrative fine of \$110,000 was assessed.

### **3. Enforcement Actions**

#### Judge Hearing the Tri-Med Case Keeps Temporary Injunction in Place

On October 24, 2014, Circuit Court Judge Anthony Rondolino issued an order denying the defendants' motion to vacate and dissolve a receivership and injunction filed by the OFR in March 2014 relating to its investigation of Tri-med Corporation. The order comes after a hearing held on October 22, 2014, during which the court heard evidence for most of the day that the defendants fraudulently offered and sold more than \$17 million in unregistered securities in the form of investment agreements. At the conclusion of the hearing, the court found that the evidence presented by the OFR showed there was a sufficient basis to continue the injunction and the receivership. Also during the October 22, 2014, court hearing, the OFR and defendants Eric Ager, Irwin Ager and Teresa Simmons Bordinat announced that the claims asserted by OFR against these defendants have been resolved in principal. As part of that settlement, these defendants consented to converting the current temporary injunction against them into a permanent one. They also consented to the receivership, and agreed to make restitution to the receivership in an amount to be determined by the court at a later date.

#### Six Individuals to be Arrested for More Than \$1.2 Million Scheme Targeting People's Retirement Funds

On October 24, 2014, Allen Franks was arrested on charges of racketeering and conspiracy to commit racketeering, as well as numerous counts of securities fraud, grand theft and money laundering. The charges stem from his alleged involvement in an elaborate precious metals investment fraud scheme that operated from October 2009 through the present. The joint OFR/FDLE investigation determined that Franks, along with five other accomplices, solicited investors through a website as well as through telephone and e-mail solicitations, offering investors the opportunity to take advantage of high returns from rising precious metals prices. Contrary to representations, however, the state contends no metals were ever purchased. A review of the bank records revealed that most of the investors' funds were instead used for Franks' personal living expenses as well as those of two other defendants. In all, investors are believed to have lost more than \$1.2 million in the scheme. The five other defendants named in the 65-count indictment are John Anthony Cavallo, Jr., Robert Scott Leier, Danny Mark Reynolds, Jr., Colin Anthony Smith and Cheryl Ann Woods. Simultaneous to the arrest, search warrants were executed at the homes of Franks and Cavallo to secure evidence of the alleged offenses. To date, 17 victims have been identified, many of whom are elderly. Special Agents with the Florida Department of Law Enforcement were responsible for the arrest and execution of the search warrants. The Attorney General's Office of Statewide Prosecution is prosecuting the case.

## New Issues

### 1. Communications and Outreach Activities

On October 24, 2014, a member of the Division of Financial Institutions participated in a regulator panel at the Florida Bankers Association's 10<sup>th</sup> Annual BSA/AML School in Orlando.

On October 28, 2014, the OFR issued a press release regarding a Final Order against two men for operating a boiler room scheme and fines totaling more than \$1.5 million.

[Press Release: Florida Office of Financial Regulation Fines Two South Florida Men for Operating Boiler Room Scheme](#)