

# GOVERNOR RICK SCOTT

## WEEKLY EOG AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING JANUARY 17, 2013

#### Successes for Week Ending January 17, 2013

##### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 1,838
  - Applications Approved: 1,608
  - Applications Denied/Withdrawn: 7
  
- Division of Consumer Finance
  - Applications Received: 401
  - Applications Approved: 439
  - Applications Denied/Withdrawn: 10

##### 2. Regulatory Sanctions

###### Permanent Bar and \$22,500 Fine of Unregistered Agent for Fraud

On January 9, 2013, the Division of Securities entered a Final Order against Martin D. McClary for engaging in securities business in Florida without being registered, offering and selling unregistered securities, and engaging in fraudulent transactions. Martin D. McClary was permanently barred from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$22,500 administrative fine was assessed.

###### Final Order to Cease and Desist from Unregistered Securities Activity

On January 9, 2013, the Division of Securities entered a Final Order against Tradewest Company, Inc. and Bryan D. Burrell to immediately cease and desist from offering or selling unregistered securities, and from acting as an unregistered dealer and associated person.

###### Final Order to Cease and Desist from Unregistered Securities Activity

On January 11, 2013, the Division of Securities entered a Final Order against The Supply Shop, Inc. and Khrystus Wallace to immediately cease and desist from offering or selling unregistered securities, and from acting as an unregistered dealer and associated person.

#### Final Order for \$10,000 Fine against Broker Dealer Agent for Unregistered Activity

On January 11, 2013, the Division of Securities entered a Final Order against Raymond Sherwood Robinson for engaging in securities business in Florida without being registered. A \$10,000 administrative fine was assessed.

#### Final Order against Broker Dealer Agent for Prohibited Business Practices

On January 11, 2013, the Division of Securities entered a Final Order against William Robert Pearson for engaging in outside business activity without providing prompt written notice to his employing firm, and for failing to observe high standards of commercial honor and just and equitable principles of trade. Pursuant to the Final Order, William Robert Pearson agreed to never seek registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S.

### **3. Enforcement Actions**

#### Attorney Sentenced in Mortgage Fraud Scheme

On January 11, 2013, attorney Theodore Tarone was sentenced to 18 months in prison with two years supervisory release after pleading guilty to criminal information in federal court charging him with one count of conspiracy to commit mail fraud. On February 15, 2012, Theodore Tarone and four other defendants were charged for their roles in a \$3 million mortgage fraud scheme. On June 6, 2012, Tarone pled guilty to conspiracy to commit mail fraud and agreed to cooperate with the government. This investigation began after the OFR received information that the principal of Gateway Lending, a West Palm Beach mortgage brokerage company, was utilizing family members and friends to commit mortgage fraud. The joint OFR/DFS/FBI investigation revealed Tarone, a licensed attorney, with the assistance of defendant Jacinto Puentes, closed all the loans in question. Tarone prepared two settlement statements or "double HUDS" for each property. The settlement statement sent to the lender contained a higher, fictitious sales price. In this way, the seller of the property received what he believed was his sales price, while the lender financed the same property at the fictitious sales price. At closing, this allowed the defendants to receive the difference between the loan amount and the actual sales price. All of the properties in this mortgage scheme went into foreclosure. Losses to the lenders exceeded \$3 million dollars.

#### Man Sentenced to 57 Months for Investment Fraud

On January 11, 2013, Keith Allan Mills was sentenced to 57 months in federal prison and 3 years of supervised release. Mills was the principal of Business Vision Network Inc. ("BVN"), a business located in West Palm Beach, FL. BVN purportedly produced television infomercials and sold certain products advertised on the infomercials. An OFR/FBI investigation revealed that Mills and others solicited investors by falsely representing that BVN was a successful infomercial company, had \$10 million in revenues, and was financially stable, from January 2009 through October 2010. They also falsely represented that BVN was going

to have a public stock offering in the near future, and that BVN employed several specific people experienced in the infomercial industry. In fact, BVN did not have \$10 million in revenue, was not financially stable, was not working on a public stock offering, and did not employ any of the specified people who had infomercial industry experience. Based upon false and fraudulent representations, more than 90 people invested approximately \$1.9 million in BVN. An analysis of bank records revealed that investor money was not used to further BVN's business. Instead, it was generally used to maintain the lavish lifestyle of the Mills and the others associated with BVN.

### **New Issues**

No new issues to report this week.