

# GOVERNOR RICK SCOTT

## WEEKLY AGENCY REPORT

### OFFICE OF FINANCIAL REGULATION

WEEK ENDING MARCH 28, 2013

#### Successes for Week Ending March 28, 2013

##### 1. Licensing and Registration

- Division of Securities
  - Applications Received: 960
  - Applications Approved: 964
  - Applications Denied/Withdrawn: 5
  
- Division of Consumer Finance
  - Applications Received: 302
  - Applications Approved: 336
  - Applications Denied/Withdrawn: 19
  
- Division of Financial Institutions
  - Applications Received: 1
  - Applications Approved: 9
  - Applications Denied/Withdrawn: 0

##### 2. Enforcement Results

###### Guilty Pleas in Boiler Room Fraud Case

On Friday March 22, 2013, Defendant Michelle Braun was sentenced in Broward County circuit court to one year of house arrest and four years of probation for her participation in a fraudulent investment scheme. Braun had previously been charged with one felony count each of organized fraud, selling a security based on falsification of facts, unlawful operation of a boiler room and sale of unregistered securities. Braun, as Vice President of Sterling Capital Trust, Inc., along with others charged in the case, was alleged to have knowingly and willingly participated in the sale of fraudulent, unauthorized shares of Agro Energy USA, Inc. The OFR's investigation revealed that Sterling Capital and its officers never had Agro Energy USA shares to sell nor did Agro Energy USA receive any money from Sterling's clients. Sterling's bank records revealed that over \$233,000 of investors' funds were spent by Braun and her co-defendants personally. Another defendant in this case, Brian Dunlevy, was earlier charged with the same four felony violations and on January 30, 2013 received a fifteen year prison sentence for his involvement in the scheme. Additional defendants Jeffrey Duke, Master Mays and Brandon Rodriguez each pled no contest to similar charges and were placed on probation with adjudication withheld. The last

defendant in the case, Joseph Vitale, is scheduled to enter a plea on April 5, 2013. Defendant Braun has paid \$100,000, to date, in restitution to victims pursuant to a plea agreement.

#### 10 Year Prison Sentence in \$32.5 million Ponzi scheme

On March 12, 2013, Gary D. Martin (Martin), 61, of St. Augustine, was sentenced to ten years' imprisonment to be followed by two years' supervised release. He was also ordered to pay \$31,707,038 in restitution to his victims. This sentence comes approximately one year after Martin pleaded guilty to one count of money laundering in federal court in North Carolina for his involvement in a precious metals/foreign currency trading scheme known as the "Queen Shoals Ponzi scheme". From 2007 through about 2009, Martin and his Queen Shoals Consultants (QSC) raised approximately \$28.5 million from investors through a series of false statements and misrepresentations. The investigation found that Martin engaged in money laundering transactions by utilizing referral fees from Sidney Hanson, the scheme's mastermind currently serving a 22-year federal sentence, to pay himself and his consultants over \$1.9 million in commissions. These payments caused QSC consultants to induce additional victims to invest, thereby perpetuating the scheme. This case was worked jointly with the CFTC, the U.S. Attorney's Office for the Western District of North Carolina, and the North Carolina Secretary of State. The OFR Division of Securities also provided invaluable assistance with this case and was successful in bringing enforcement actions against several QSC consultants residing in Florida.

#### Defendant Pleads Guilty in Connection with Affinity Fraud Investment Scheme

On March 12, 2013, Aiby Pierre-Louis, of Focus Development Center, Inc., pled guilty to one count of conspiracy to commit mail fraud for his involvement in an affinity investment scheme resulting in losses of approximately six million dollars to investors, primarily from the Haitian community in South Florida. Pierre-Louis was indicted on the mail fraud charge in June of 2010 as a result of a joint OFR and U.S Postal Inspection Service investigation. The investigation revealed that Pierre-Louis and his co-defendants raised approximately eight million dollars from more than 770 investors. The investors purchased 12-month notes and were guaranteed annual returns in excess of 15% interest. The defendants made presentations in churches and on local radio stations to convince prospective investors to participate in the investment program. During these presentations, the defendants falsely claimed that Focus Development owned and operated successful businesses and that the monies they raised would be used to create Haitian-American businesses, jobs, and improve the Haitian-American community. The defendants also told investors that their principal was secure and fully refundable and that the annual returns would be paid from business profits. Investors relied upon these misrepresentations and placed their funds with Pierre-Louis and the other defendants not knowing that the funds would actually be used for the defendants' personal expenditures. Pierre-Louis had been residing in Haiti since he was indicted, and he was arrested at the United States Embassy in Port-au-Prince and brought back to Miami in October 2012 to

face prosecution. Previously, two defendants in this case, Maxo Francois and Maguy Nereus, were sentenced to prison for 52 months and 24 months respectively, for their roles in this scheme. A fourth defendant, Jean Fritz Montinard is still a fugitive, and he is believed to be living in Haiti.

## New Issues

### 1. Outreach Activities

On March 20, 2013, members of the Division of Financial Institutions met with the League of Southeastern Credit Unions (LESCU), in Tallahassee, Florida, at the Government Affairs Committee function at the Governor's Club. The event was a round table discussion regarding Credit Unions.

On March 26, 2013, the OFR Communications Office submitted an article encouraging check cashers and citizens to be wary of tax refund fraud to the National Association of Consumer Credit Administrators' (NACCA) quarterly newsletter.

### 2. Recognitions

On March 28, 2013, the OFR won seven Prudential-Davis Productivity Awards, two agency awards and five team awards.

[Florida Office of Financial Regulation Wins Seven Prudential-Davis Productivity Awards](#)