

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

April 2017

#### APRIL ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 14
  - Examinations Closed: 19
  - Complaints Received: 12
  - Complaints Closed: 23
  - Applications Received: 3,165
  - Applications Approved: 3,187
  - Applications Denied/Withdrawn: 77
  
- Division of Consumer Finance
  - Examinations Opened: 47
  - Examinations Closed: 25
  - Complaints Received: 107
  - Complaints Closed: 104
  - Applications Received: 1,462
  - Applications Approved: 1,391
  - Applications Denied/Withdrawn: 67
  
- Division of Financial Institutions
  - Examinations Opened: 9
  - Examinations Closed: 9
  - Complaints Received: 45
  - Complaints Closed: 40
  - Applications Received: 14
  - Applications Approved: 4
  - Applications Denied/Withdrawn: 1
  
- Bureau of Financial Investigations
  - Investigations Opened: 8
  - Investigations Closed: 10

##### 2. Substantial Sanctions and Fines

Final Order Revoking and Barring a Check Casher from Licensure for 20 years for Prohibited Business Practices

On March 30, 2017, the Division of Consumer Finance entered a final order against Hermanos Nakleh, Corp., d/b/a Carolina Fashion Store, and Naser Nakleh for failure to deposit payment instruments into its own commercial account, file currency transaction reports as required, maintain customer files on customers who cash corporate or third-party payment instruments that exceed \$1,000, maintain a copy of the identification used to cash a check, maintain an electronic log that reports aggregate payment instruments for checks cashed in an amount exceeding \$1,000, enter all payment instruments cashed in an amount exceeding \$1,000 in the Statewide Check Cashing Database, maintain copies of payment instruments for checks cashed during the examination period, report a change of bank account information to the OFR within 30 days of the change, endorse each payment instrument cashed, maintain thumbprints of customer who cashed a payment instrument, maintain copies of bank statements for five years and keep and maintain daily cash reconciliations for five years.

#### Final Order Barring a Check Casher from Licensure for Five Years for Prohibited Business Practices

On March 30, 2017, the Division of Consumer Finance entered a final order against A & K Gas & Food, Inc., d/b/a Chevron Food Mart, and Kaushikbhai Patel for failure to maintain an effective anti-money laundering program, failure to maintain copies of all payment instruments cashed and failure to provide each customer with the required contact information.

#### Final Order Against a Motor Vehicle Retail Installment Seller Ordering more than \$52,000 in Refunds to Customers

On March 30, 2017, the Division of Consumer Finance entered a final order against Perco Industries, LLC and Chaim Perl for assessing excess finance charges and assessing unlawful fees on a motor vehicle retail installment contract, as well as failure to include required notices to buyers and required payment details to buyers in the motor vehicle retail installment contract.

#### Permanent Bar Against an Investment Adviser Firm and Associated for Violations of Rules and Unregistered Activity

On March 31, 2017, the Division of Securities entered a final order against King Ridge Asset Management, LLC and Christine M. Blair permanently barring them from engaging in, affiliating or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes. King Ridge Asset Management, LLC and Christine M. Blair were found to have violated rules by failing to disclose all material information about Ms. Blair to clients, maintain an accurate Form ADV, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and maintain current investment advisory client suitability information. In addition, the firm and Ms. Blair misrepresented and published inaccurate information regarding Ms. Blair's qualifications in the firm's brochures and engaged in unregistered investment advisory activities.

Final Order for \$6,000 Fine Against an Associated Person for Violations of Rules

On April 5, 2017, the Division of Securities entered a final order against Christopher Charles Sherman for violations of rules by failing to notify his employing broker dealer firm of a regulatory inquiry by the OFR in the manner required by the firm. A \$6,000 administrative fine was paid.

Final Order for \$7,000 Fine Against an Investment Adviser Firm for Violations of Rules

On April 5, 2017, the Division of Securities entered a final order against Financial Security Services, LLC for violations of rules by failing to maintain an accurate Form ADV, file audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, send itemized invoices and comply with the custody and safekeeping requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$7,000 administrative fine was paid.

Final Order for \$6,000 Fine Against an Investment Adviser Firm for Violations of Rules

On April 6, 2017, the Division of Securities entered a final order against Wealth With Wisdom Advisors, Inc., for violations of rules by failing to maintain accurate books and records, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and to disclose the advisory fee calculation method in client investment advisory contracts. A \$6,000 administrative fine was paid.

Final Order for \$12,150 Against a Check Casher/Deferred Presentment Provider for Prohibited Business Practices

On April 6, 2017, the Division of Consumer Finance entered a final order against Citiwide Financial Services, Inc., and James Kane for failure to maintain a complete customer file for companies that cash third party checks, failure to include the annual attestation of review of the customer file, failure to maintain a copy of the identification used to cash a payment instrument, failure to maintain records of thumbprints taken to cash a payment instrument, failure to endorse payment instruments cashed, failure to include all notices required by law on a deferred presentment agreement and for accepting a check dated on a date other than the date on which the deferred presentment agreement was signed.

Final Order for \$61,500 Against a Money Services Business for Unlicensed Activity

On April 6, 2017, the Division of Consumer Finance entered a final order against Mercari, Inc., for conducting business as a money services business without a license.

Final Order for \$24,652 Against a Check Casher for Unlicensed Activity

On April 6, 2017, the Division of Consumer Finance entered a final order against La Hacienda Supermarket, LLC for conducting business as a money services business without a license.

Final Order for \$22,000 Against a Money Transmitter for Prohibited Business Practices

On April 7, 2017, the Division of Consumer Finance entered a final order against First Global Money, Inc., for failure to notify the OFR of a change in bank accounts, a change in officers/responsible persons, of two regulatory actions taken against it and for failure to implement its Anti Money Laundering program.

Final Order for \$12,100 Against a Check Casher for Prohibited Business Practices

On April 7, 2017, the Division of Consumer Finance entered a final order against Mtanious Dandouch d/b/a Beaver Food Mart for failure to maintain records of customer's thumbprints, fail to endorse payment instruments with its legal name, and failure to maintain copies of acceptable identification used to cash a payment instrument.

Final Order for \$26,000 Against a Check Casher for Prohibited Business Practices

On April 7, 2016, the Division of Consumer Finance entered a final order against Access Check Cashing, LLC and Neil Ferrara for accepting and cashing a payment instrument from a person who was not the original payee, failure to maintain a complete customer file on where corporate payment instruments were cashed, failure to verify the Secretary of State registration on customers who cashed corporate payment instruments, failure to maintain an electronic log, failure to maintain copies of acceptable identification used to cash a payment instrument, failure to maintain records of thumbprints taken to cash a payment instrument and failure to maintain copies of payment instruments cashed.

Final Order for \$15,000 Fine Against an Investment Adviser Firm for Violations of Rules

On April 14, 2017, the Division of Securities entered a final order against BroadStreet Financial Advisers, LLC for violations of rules by failing to maintain an accurate Form ADV and timely submit annual financial statements. A 15,000 administrative fine was paid.

Denial of Associated Person

On April 19, 2017, the Division of Securities entered a final order against Tranquelino Archuleta denying his application for registration as an associated person for making a material misrepresentation or misstatement on his application for registration.

Final Order for \$15,225 Against a Check Casher for Prohibited Business Practices

On April 21, 2017, the Division of Consumer Finance entered a final order against Periklesgroup, Inc., d/b/a El Dollar Money Station#1, and El Dollar Money Station #2, and Juan Pablo Castro for failure to deposit payment instruments into their

own commercial bank account, failure to maintain a complete payment instrument log, failure to report the opening of a bank account to the OFR within 30 days and failure to maintain an acceptable copy of the identification presented for cashing a payment instrument.

#### Final Order for \$19,600 Against a Check Casher for Prohibited Business Practices

On April 21, 2017, the Division of Consumer Finance entered a final order against Absolute Multi Service, Inc., d/b/a Check Cashing and Bill Payment Center, and Jefferson Dolcine for failure to deposit payment instruments into their own commercial bank account, failure to maintain a complete payment instrument log and failure to maintain a daily cash reconciliation summarizing the day's activities.

### **3. Enforcement Actions**

#### Guilty Plea in Investment Fraud Case

On March 28, 2017, defendant Michael Esposito pleaded guilty to one count of wire fraud in federal court in Newark, NJ. Esposito admitted to misusing more than \$550,000 in investor funds that he solicited to purchase and re-sell medical supplies and consumer products in bulk. Rather than using the investors' money to develop the business as represented, the investigation found that much of the money was appropriated by Esposito or paid out as Ponzi payments to other investors. In one example, a victim wired more than \$1 million to Esposito for purchases of medical supplies and consumer goods. Esposito is believed to have directed approximately \$517,000 of that money to be sent by wire to other victims of the scheme, falsely representing that these funds were the return of principal and profits from successful deals. The OFR investigation was initiated by a complaint received from a Florida resident who alleged that Radical Enterprise, LLC stole his investment money. Esposito is facing a maximum penalty of 20 years in prison and a \$250,000 fine. Esposito's sentencing is set for July 20, 2017. In a press release issued by the U.S. Department of Justice on March 28, 2017, the FBI thanked the OFR for its investigative assistance.

#### Former Flagler Beach Pastor Sentenced in Investment Fraud Case

On March 29, 2017, Wesley Alan Brown, a former associate church pastor in Flagler Beach, was sentenced to 7.5 years in prison to be followed by 22.5 years of probation for his role in an investment fraud scheme that victimized several members of his church. The sentence is the result of Brown's conviction by jury trial in January 2017, of multiple felony charges including the sale of unregistered securities, the sale of securities by an unregistered dealer and organized scheme to defraud. From December 2010 through June 2012, Brown solicited church members to invest in the stock of Maverick International, Inc. Brown told investors that Maverick was a diversified private company located in Delaware that invested in precious metals and commodities. He also told investors that he invested in the company himself and that the investment had no risk and high potential for growth. Brown did not make any other disclosures to the investors as required by law. In or around October 2012, Brown informed investors that their entire investment in Maverick was lost due to a collapse of a third-party commodities

brokerage firm that held Maverick's investments. However, the investigation revealed that Maverick, which was operated by Brown's brother-in-law, invested in highly speculative commodities futures and suffered substantial losses as a result of unsuccessful trading. Additionally, it was determined that Brown deposited at least \$60,000 of investors' money directly into his personal account in the name of "Wesley Alan Brown DBA Maverick International," and purportedly used the funds for his personal expenses. Bank records also revealed that Maverick paid Brown's credit card bills totaling more than \$84,000. The investigation did not find evidence that Brown invested any of his own funds in Maverick as represented to investors. This investigation was conducted in conjunction with the Flagler County Sheriff's Office, the Flagler County State Attorney's Office and the Commodities Futures Trading Commission. The case was prosecuted by the State Attorney's Office, 7th Judicial Circuit, Flagler County. A final restitution hearing is still pending.

[Press Release: Former Flagler Beach Pastor Sentenced in Investment Fraud Case](#)

#### Punta Gorda Man to Receive Three Years in Prison for Investment Fraud

On April 6, 2017, defendant Phillip Jon-Luke St. John, founder and president of Capital Strategy Investments, Inc., entered a plea of no contest in Charlotte County Circuit Court to charges of securities fraud and grand theft for his role in an investment fraud scheme that victimized two out-of-state investors. St. John agreed to a sentence of 36 months in prison to be followed by 120 months of probation. St. John will also be ordered to pay restitution as well as all associated court costs. St. John was arrested in August 2016, for defrauding investors with promises that he would triple their money in 34 business days through an exclusive trading platform. Following his arrest, St. John was interviewed in jail by OFR investigators and admitted that he was operating under an assumed name, and that his criminal record included convictions for robbery and tampering with witnesses; convictions for which he served prison sentences in the State of New Jersey. St. John also admitted to having taken investors' money and having used it for personal expenses. The investigation found that the two investors relied on St. John's representations that their money would be used to generate large returns on his exclusive platform. Bank records analysis, however, revealed that the investors' money was not used towards any investment, but was instead appropriated by St. John for his personal use. The OFR was the sole investigative agency in this criminal enforcement action. The Charlotte County Sheriff's Office & Punta Gorda Police Department are credited with effecting St. John's arrest. The case was prosecuted by the State Attorney's Office for the 20th Judicial Circuit of Florida in Charlotte County.

[Press Release: Punta Gorda Man to Receive Three-Year Prison Sentence for Investment Fraud](#)

#### Orlando Man Sentenced in Phony Medical Account Receivables Investment Fraud

On April 7, 2017, defendant Irwin Ager was sentenced to two years in prison after entering a plea of guilty to federal charges of conspiracy to commit mail and wire fraud. Ager was also sentenced to serve two years of probation following his prison term and was ordered to pay more than \$11 million in restitution. Eric Ager, Irwin's younger brother, pled guilty to the same charges on December 21, 2016, and is scheduled for sentencing on April 24, 2017. The two brothers, together with at least three other co-conspirators, were responsible for orchestrating the scheme that involved the sale of unregistered securities to mostly elderly Florida residents. The securities were said to be backed by purported medical receivables that the pair claimed to have purchased from medical services providers throughout the country. Both Agers marketed and sold the company's securities to hundreds, creating losses of more than \$17 million to investors, \$10.3 million of which was included in the US. Attorney's charges. The company remains under a court-appointed receivership following an OFR civil injunctive action. Evidence obtained to date revealed that very few receivables were purchased and the majority of the investors' money was used for the personal benefit of the Agers and other co-conspirators. Criminal enforcement action against other defendants is still pending. The criminal case was developed jointly with the United States Secret Service and prosecuted by the United States Attorney's Office in Orlando. The OFR is responsible for the majority of the investigative work leading up to these criminal convictions. In the administrative portion of this case, on April 5, 2017, administrative complaints were issued against AJ Brent, Jr., William Gross, John Leo Parker, Elliot Seth Simon and John Denny Burns, charging them with a collective 226 counts of selling unregistered securities, 226 counts of the sale of securities by an unregistered dealer, associated person, or issuer and 119 counts of securities fraud.

#### St. Prix Sentenced to 10 Years in Prison for Investment Fraud

On April 7, 2017, in Miami-Dade County Circuit Court, defendant Anthony St. Prix was sentenced to 10 years in state prison to be followed by 10 years of probation. The sentence follows St. Prix's August 2016 guilty plea to charges of racketeering, conspiracy to commit racketeering, grand theft and money laundering. The charges stem from St. Prix's role in a fraudulent investment offering involving land and supposed investment grade mortgage notes. On May 28, 2015, co-conspirator Charles Y. Angrand pled guilty to one count of conspiracy to commit racketeering and was sentenced to 5 years of probation. Angrand subsequently fled to Haiti. On December 18, 2015, co-conspirator Guerdin Lecorps pled guilty to conspiracy to commit racketeering and was sentenced to 366 days in state prison to be followed by three years of probation. Lecorps will serve his sentence concurrent with a federal prison sentence in a separate case involving mortgage fraud. On August 16, 2016, Wanda Morales, St. Prix's wife, pled guilty to conspiracy to commit racketeering and was sentenced to five years of probation. St. Prix was initially arrested, with co-defendants, Morales, Lecorps, and Angrand in September 2013, following an OFR investigation which revealed that from July 2005 through September 2008, the defendants engaged in several schemes through which they defrauded more than 140 victims in the

Southwest Florida and South Florida Haitian communities. During this period, St. Prix recruited investors to invest in a land development project in Punta Gorda and promised these investors a 100 percent return on their investments. St. Prix concocted a second scheme to defraud the same land development project investors by luring them into investing in a foreign exchange investment opportunity. St. Prix promised the investors monthly interest payments and a 100 percent refund of their principal when he completed the land development project. St. Prix falsely represented to investors that he owned the land and that he had experience trading in foreign exchange markets. In the third scheme, St. Prix and his co-conspirators advertised online and made sales presentations at churches in Naples and Fort Myers. The presentations centered on the land in Punta Gorda and land in Sebring for which investors entered into contracts with St. Prix believing they were purchasing one-acre tracts. St. Prix and his co-conspirators staged a presentation at a church in Naples where he provided would-be victims with fictitious warranty and quitclaim deeds to entice them to invest. Soon after receiving money from the victims, the victims were presented with a "certificate of ownership" as proof that they owned the land and were required to make monthly installment payments to companies controlled by the defendants. In the final scheme, St. Prix told investors he invested in diamonds, rice and other commodities and could provide letters of credit through a network of brokers around the world and his associates at HSBC bank, in order to facilitate further large purchases of commodities. A review of St. Prix's foreign currency exchange trading account showed that all funds placed into the account were lost. The land development project and foreign currency investments were essentially a front for a Ponzi scheme where established investors were paid with funds from more recent investors. The defendants' bank accounts showed that they received approximately \$4 million from buyers and investors, of which approximately \$1.7 million was used for the defendants' personal benefit. While awaiting trial on the 2013 arrest, St. Prix orchestrated a new scheme involving an investment in Venezuelan bonds through which he defrauded a Nevada investor out of \$170,000. The new investigation revealed that an investor was attempting to secure funding for a construction project in Las Vegas and was introduced to St. Prix as an individual who could assist him. St. Prix introduced himself to the investor as Anthony "Joseph" and alleged that he and his company, Capital King Investment, Inc., a New York State registered corporation were registered securities brokers. St. Prix promised to help the investor raise the funds through "bonds and trading platforms." St. Prix told the investor that his company was trading a \$500 million Venezuelan bond and for a \$20,000 investment, the investor would receive a guaranteed \$1 million within 10 to 15 days. St. Prix instructed the investor to wire the \$20,000 to Real Estate Wealth Advisors, LLC, a Florida limited liability company located in Boca Raton, controlled by Patrick A. Dean. The investor wired his investment money to Real Estate Wealth Advisors, LLC's account and upon receiving the funds, Dean transferred \$8,500 to an account controlled by Morales. Both Dean and St. Prix used the investor's funds for personal expenses. St. Prix was subsequently charged with securities fraud, organized scheme to defraud and grand theft and was arrested in June 2016.



The OFR Bureau of Financial Investigations was the sole investigative agency involved in this matter and was assisted in securing the defendants' arrests by the Florida Department of Financial Services, Division of Investigative and Forensic Services, the Pembroke Pines Police Department and the New York Police Department Fugitive Unit.

#### Man Sentenced for Role in Advance Fee for Loan Scam

On April 21, 2017, Benjamin Crozier was sentenced to 18 months in prison after pleading guilty on February 16, 2017, to federal charges of wire fraud and conspiracy to commit wire fraud for his role in a fraudulent advance fee for loan scheme. Crozier was also sentenced to three years of probation to begin once his prison sentence is completed. Three additional counts of wire fraud against Crozier were dismissed owing to his cooperation with the investigation. Crozier was indicted on September 29, 2016, for orchestrating an advance fee for loan scheme through which he falsely obtained money from individuals throughout the United States and Canada. The advance fee payments were obtained from prospective borrowers who sought loans to develop various business projects. Crozier made a number of fraudulent representations to these individuals, including that he had the ability to fund the individuals' projects, that the loans could be paid off after 10 years, and that he had a working relationship with Banco Santander, a Spanish bank with correspondent banking offices in Florida. Crozier charged the potential borrowers "retainer fees" ranging from \$5,000 to \$20,000, which he guaranteed to refund after 12 months if he could not provide funding for the projects. In order to lure borrowers into providing the retainer fees, Crozier operated a website through which he represented that Capital Finance Group, LLC had the ability to secure funding from "all over the world" for projects in the United States. Crozier also told borrowers that they could terminate their contracts and receive a full refund of their retainer fees within 48 hours. Despite these representations, none of the prospective borrowers received refunds of their advance fees. The joint OFR/U.S. Homeland Security investigation found that Crozier did not have the ability to fund any of the borrowers' projects and did not have connections with any national or international financial firms that could provide funding for the borrowers' projects. A review of Crozier's bank account revealed that Crozier and his co-conspirators received approximately \$928,638 from borrowers which they used for their personal benefit. The case was prosecuted the United States Attorney's Office for the Southern District of Florida. A restitution hearing will be scheduled within 90 days.

#### **4. Communications and Outreach Activities**

On April 3, 2017, the OFR issued a press release celebrating Financial Literacy Month.

[Press Release: Florida Office of Financial Regulation Celebrates Financial Literacy Month](#)

On April 20, 2017, the OFR issued a joint press release with Attorney General Bondi regarding Ocwen Financial Corporation.

[Press Release: Attorney General Bondi and OFR Commissioner Breakspear File Action Against Ocwen](#)

On April 25, 2017, the OFR issued a consumer alert about the top red flags of an investment scam.

[Consumer Alert: Top Red Flags of an Investment Scam](#)