

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

MAY 2014

MAY ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 21
 - Examinations Closed: 9
 - Complaints Received: 18
 - Complaints Closed: 25
 - Applications Received: 3,559
 - Applications Approved: 3,455
 - Applications Denied/Withdrawn: 46

- Division of Consumer Finance
 - Examinations Opened: 37
 - Examinations Closed: 23
 - Complaints Received: 176
 - Complaints Closed: 262
 - Applications Received: 1,058
 - Applications Approved: 1,102
 - Applications Denied/Withdrawn: 108

- Division of Financial Institutions
 - Examinations Opened: 7
 - Examinations Closed: 16
 - Complaints Received: 11
 - Complaints Closed: 78
 - Applications Received: 70
 - Applications Approved: 10
 - Applications Denied/Withdrawn: 21

- Bureau of Financial Investigations
 - Investigations Opened: 22
 - Investigations Closed: 15

2. Substantial Regulatory Actions

Final Order for \$15,000 Fine Against an Associated Person for Unregistered Activity

On May 6, 2014, the Division of Securities entered a Final Order against Laurie Susan Cohen for engaging in unregistered investment advisory activities. A \$15,000 administrative fine was paid.

Revocation and Permanent Bar Against Investment Adviser Firm and Associated Person for Prohibited Business Practices and FINRA Sanctions

On May 12, 2014, the Division of Securities entered a Final Order against Sterling Capital Management, Inc., (“Sterling”) and Scott Mason. Sterling engaged in prohibited business practices by failing to comply with books and records requirements, failing to file financial statements for a period of three years, and using an advertisement touting misleading returns. Scott Mason was the subject of a suspension and permanent bar by FINRA, a national securities association. Pursuant to the Final Order, Sterling’s registration as an investment adviser was revoked. Scott Mason’s registration as an associated person of Sterling was also revoked and he is 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.

Denial of Associated Person

On May 12, 2014, the Division of Securities entered a Final Order against Frederick Christopher Piatt, denying his application for registration as an associated person, after he failed to request a hearing. The Final Order follows a Notice of Intent to Deny, which alleged that Mr. Piatt made a material misrepresentation or misstatement on his application for registration.

Final Order for \$7,500 Fine Against a Broker Dealer for Prohibited Business Practices

On May 13, 2014, the Division of Securities entered a Final Order against Kiley Partners, Inc., and Michael D. Kiley for engaging in prohibited business practice by failing to inspect branch offices as required, enforce written procedures, and maintain the firm’s website. A \$7,500 administrative fine was paid.

3. Enforcement Actions

Defendant Arrested for Role in Investment Scheme

On Wednesday, May 7, 2014, as a result of an OFR investigation, Floyd C. Raynard of Trinity, Florida, was arrested by the Pasco County Sheriff’s Office and charged with four counts of grand theft in relation to an investment fraud scheme, which resulted in losses of \$90,000 to four out-of-state investors. Raynard, who is accused of having organized the fraudulent scheme, is believed to have used his company, Global Tracking Technologies, LLC, (GTT), to obtain funds from investors in New Jersey and Ohio. In discussions with those investors, Raynard is alleged to have misrepresented GTT’s technology and profit potential, claiming that Global Tracking Technologies, LLC, was a rapidly growing global positioning systems business for the trucking industry. Raynard allegedly told investors that the company had developed valuable strategic alliances and sales and marketing agreements, including government contracts that purportedly would generate substantial revenues. GTT and Raynard issued promissory notes to investors that promised to pay nine percent per year.

Contrary to representations, however, the OFR's investigation found that Raynard used investor funds for personal expenses and not for the development of his purported global positioning systems business. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty.

[Press Release: Arrest Made in Suspected Tampa Area Investment Fraud Scheme](#)

Four Indicted in Alleged Jupiter Ponzi Scheme

On May 8, 2014, John Signore, Laura Signore, Paul Schumack and Craig Hipp were indicted by a federal grand jury for their involvement in the Jupiter, Florida, based Ponzi scheme that sold Virtual Concierge machines to over 1,500 investors. The Signores and Paul Schumack are charged with conspiracy to commit mail and wire fraud, bank fraud and related money laundering charges. Laura Signore served as executive vice president of JCS. Hipp, the president of manufacturing and operations for JCS, was charged with one count of conspiracy to commit mail fraud, one count of mail fraud and one count of wire fraud. These machines sold for \$2,500 - \$3,500 based on promises that investors would receive \$300 a month for three years. To date, it appears that the companies collected more than \$70 million from approximately 1,500 investors. To persuade the investors that the machines were being built and placed, Signore rented a luxury office and warehouse space in Jupiter. The investigation determined that approximately 26,000 machines were sold, but there were no more than 500 actually placed in locations. The OFR assisted the FBI and SEC in this matter by providing both agencies with bank records and investor complaints in support of their actions. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty.

Four Individuals Charged in Multi-Million Dollar Mortgage Fraud Scheme

On May 15, 2014, a grand jury in Miami, Florida, indicted Karl A Oreste, Marie Lucie Tondreau, O.J. Odunna and Kelly Augustin on six counts of wire fraud affecting a financial institution and one count of conspiracy to commit wire fraud. The indictment alleges that from December 2005 through May 2008, the defendants advertised residential loan programs being offered by KMC Mortgage Corporation of Florida (KMC) on local South Florida radio shows, targeting the Haitian community. Prospective borrowers who responded to the radio ads were recruited to become straw buyers of a residential property for compensation. The defendants also recruited relatives and other members of the Haitian community to become straw buyers. The defendants told the straw buyers that they (the defendants) would make the required mortgage payments and the straw buyers' names would be removed from the properties within a year. The indictment alleges that once the defendants identified properties for sale in Broward and Miami-Dade Counties, KMC submitted fraudulent loan applications and other related documents to various lenders on behalf of straw purchasers. The indictment further alleges that Tondreau and Augustin used their companies to provide false employment verifications for persons acting as straw buyers. Oreste is alleged to have conspired with Odunna, the closing agent, to create

multiple Form HUD-1 Settlement Statements in order to disguise the fraud to both the lenders and the sellers of the properties. Odunna charged between \$10,000 and \$30,000 per closing for his services. After the closings, the proceeds were given to Oreste who is alleged to have shared them with Tondreau and Augustin. Oreste, Tondreau and Augustin paid the straw buyers between \$5,000 and \$15,000 for the use of their credit in order to secure the loans. Oreste and Tondreau then rented some of the properties and collected the rent payments. Oreste, Tondreau and Augustin made mortgage payments to lenders until they ran out of money, causing lenders to foreclose on the properties and suffer losses of over \$17 million. During the scheme, the lenders funded 54 mortgage loans for a total of approximately \$24 million. The defendants are alleged to have used the proceeds from the fraudulent activity for their personal benefit. Marie Lucie Tondreau was elected mayor of the City of North Miami in June 2013. This investigation was developed jointly by the OFR and the FBI. The U.S. Attorney's Office in Miami is prosecuting the case. An indictment is only an accusation, and a defendant is presumed innocent until proven guilty.

[U.S. Attorney's press release: Four Individuals Charged In Multi-Million Dollar Mortgage Fraud Scheme](#)

4. Communications and Outreach Activities

On May 1, 2014, the OFR issued a press release on arrests made in an Orlando investment fraud scheme.

[Press Release: Arrests Made in Orlando Investment Fraud Scheme](#)

On May 1, 2014, the OFR issued a press release celebrating Putting Investors First Month.

[Press Release: Florida Office of Financial Regulation Celebrates Putting Investors First Month](#)

On May 1, 2014, the OFR issued a press release announcing the passage of OFR legislative priorities.

[Press Release: New legislation a win for consumers](#)

On May 12, 2014, the OFR issued a consumer alert to bring awareness to precious metals investing.

[Consumer Alert: Precious Metals Investing](#)

On May 14, 2014, Division of Securities staff participated in the Quarterly Roundtable meeting held by the U.S. Securities and Exchange Commission in Miami. Other participants included the Financial Industry Regulatory Authority, the Federal Bureau of Investigation, the United States Attorney's Office and other State and Federal regulatory and law enforcement agencies. The meeting was held to discuss updates, from participating agencies, on new and/or significant trends or concerns in Securities and/or Investment Fraud matters. Other issues discussed included suggestions for better collaborative investigations and

parallel criminal prosecutions. Approximately 35 securities regulatory members were in attendance.

On May 21, 2014, an opinion editorial written by OFR Commissioner Drew J. Breakspear was published by *Sunshine State News*.

[Sunshine State News: Phishing Scams Prevalent: Take Care Opening Email](#)

On May 28, 2014, members of the Division of Securities conducted an interview with the New York Times on Florida financial adviser registration process, cases, trends and outreach to senior citizens.

On May 28, 2014, OFR Commissioner Drew J. Breakspear conducted an on-camera interview via Skype with Mike Holfeld of WKMG-TV Orlando on financial phishing email scams.