

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

May 2016

MAY ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 13
 - Examinations Closed: 14
 - Complaints Received: 15
 - Complaints Closed: 12
 - Applications Received: 3,563
 - Applications Approved: 3,622
 - Applications Denied/Withdrawn: 82

- Division of Consumer Finance
 - Examinations Opened: 39
 - Examinations Closed: 28
 - Complaints Received: 120
 - Complaints Closed: 79
 - Applications Received: 1,214
 - Applications Approved: 1,129
 - Applications Denied/Withdrawn: 102

- Division of Financial Institutions
 - Examinations Opened: 11
 - Examinations Closed: 11
 - Complaints Received: 39
 - Complaints Closed: 39
 - Applications Received: 19
 - Applications Approved: 0
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 9
 - Investigations Closed: 5

2. Substantial Sanctions and Fines

Final Order for \$28,000 Fine Against a Money Transmitter and Deferred Presentment Provider for Prohibited Business Practices

On May 4, 2016, the Division of Consumer Finance entered a final order against Ace Cash Express, Inc., for engaging in prohibited business practices by failing to maintain a complete electronic payment instrument log for checks cashed in excess of \$1,000, failing to properly endorse certain payment instruments accepted for cashing, failing to maintain legible copies of acceptable personal identification for checks cashed in excess of \$1,000, calling consumers outside the permissible times of 8:00 a.m. through 9:00 p.m. in violation of Chapter 559, F.S., failing to submit complete data to the OFR's deferred presentment provider database and failing to timely file its annual financial audit report. An administrative fine of \$28,000 was paid.

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

On May 4, 2016, the Division of Consumer Finance entered a final order against B H & D, LLC d/b/a 207 Express, Bunna Ung and Darren Lim for prohibited business practices by failing to maintain complete customer files on corporate checks cashed in excess of \$1,000, failing to maintain a copy of acceptable identification on checks cashed in excess of \$1,000, cashing payment instruments from persons other than the payee, failing to appropriately implement an effective anti-money laundering program, failing to timely file quarterly reports, failing to amend and update ownership and officer information on file with the OFR and failing to maintain complete copies of payment instruments cashed. Respondents agreed to not seek a license or act as an affiliated party of another money services business for a period of 20 years in lieu of an administrative fine.

Final Order for \$10,500 Fine Against a Check Casher for Prohibited Business Practices

On May 4, 2016, the Division of Consumer Finance entered a final order against Caribbean Fuels, Inc., Bernardo Sanchez Moya, Pedro Sanchez Moya and Phyllis A. Sacco for engaging in prohibited business practices by failing to implement an effective anti-money laundering program, failing to properly endorse payment instruments accepted for cashing, failing to maintain copies of acceptable personal identification for checks cashed in excess of \$1,000, failing to maintain customer thumbprints on checks cashed in excess of \$1,000 and failing to maintain a complete electronic log for checks cashed in excess of \$1,000.

Final Order for \$5,000 Fine Against an Associated Person for Prohibited Business Practices

On May 4, 2016, the Division of Securities entered a final order against Steven Lloyd Holland for engaging in prohibited business practices by disclosing confidential client information without approval or consent. A \$5,000 administrative fine was paid.

Final Order for \$8,350 Fine Against a Check Casher for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Florida Currency Exchange Corp., and Lee Przywara for engaging in prohibited business practices by failing to endorse payment instruments accepted for cashing, failing to maintain a customer's thumbprint on the payment instrument cashed, failing to report changes to bank accounts used for check cashing activities, failing to report changes in officers to the OFR and failing to continuously post a clearly legible schedule of fees charged for check cashing in a conspicuous place.

Final Order Revoking a Mortgage Lender and Loan Originator License for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Newworld Financial Corp., and Blade Benjamin for engaging in prohibited business practices by submitting a 2013 financial audit report allegedly prepared by a licensed CPA in which the CPA stated in a sworn affidavit that he denied preparing the financial audit report, and failing to file a 2014 financial audit report. The respondent's mortgage lender and loan originator licenses are revoked.

Final Order Barring a Check Cashier from Licensure for Prohibited Business Practices

On May 6, 2016, the Division of Consumer Finance entered a final order against Royal's Plaza, Inc., d/b/a Blue Heron Mart and Hassan Mahmoud for engaging in prohibited business practices by failing to endorse payment instruments accepted for cashing, failing to maintain thumbprints of customers cashing checks in excess of \$1,000 and failing to maintain daily cash reconciliations summarizing each day's check cashing activity. The respondents agreed to not seek a license or act as an affiliated party of another money services business for a period of 20 years in lieu of an administrative fine.

Final Order for \$25,800 Fine Against a Check Cashier for Prohibited Business Practices

On May 11, 2016, the Division of Consumer Finance entered a final order against Quick Stop, Inc., of Orlando, d/b/a Quick Stop for prohibited business practices by failing to properly endorse payment instruments accepted for cashing, failing to maintain a copy of acceptable identification of the person cashing a payment instrument, failing to properly maintain an electronic log of checks cashed in excess of \$1,000, failing to register or properly renew its registration as a money services business with FinCEN and failing to appropriately implement an effective anti-money laundering program. An administrative fine of \$25,800 was ordered to be paid within 30 days of the docketing of the final order.

Revocation of a Broker Dealer Branch Office and \$10,000 Fine

On May 19, 2016, the Division of Securities entered a final order against Caldwell International Securities, Corp., revoking the firm's Jacksonville branch office notice filing, after the firm failed to request a hearing. The final order follows an administrative complaint, which alleged Caldwell International Securities, Corp.,

failed to provide the OFR with all of the information required within 30 days after a written request. A \$10,000 administrative fine was assessed.

Final Order for \$7,500 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On May 20, 2016, the Division of Securities entered a final order against Stewardship Matters, Inc., for engaging in prohibited business practices by failing to file and prepare generally accepted accounting principles (GAAP) compliant audited financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency and provide accurate investment adviser agreements. A \$7,500 administrative fine was paid.

3. Enforcement Actions

Accused Central Florida Investment Fraudster Pleads Guilty to Selling Unregistered Securities

On May 9, 2016, defendant Gus Papathanasopoulos, owner of Neofat Industries, Inc., aka Microlipid Technologies, Inc., of Orlando, pleaded no contest to two counts of selling unregistered securities and two counts of selling securities as an unregistered dealer. Papathanasopoulos was sentenced to three years of probation and per the plea agreement is required to pay \$100,000 in restitution in addition to approximately \$30,000 for investigative and prosecutorial costs. A \$100,000 judgment will also be entered against Papathanasopoulos related to the activities of former company consultants. On January 13, 2015, Papathanasopoulos was arrested on one count of securities fraud, 18 counts of selling unregistered securities and 18 counts of selling securities as an unregistered dealer. The investigation revealed that from 2002 through 2013, Papathanasopoulos solicited approximately \$2 million from over 100 investors located throughout the United States and Europe. In return for their investments, individuals were told that they would receive stock in the company. The company, which Papathanasopoulos represented as owning a number of valuable patents and as having a profitable business plan, was found to be an empty shell with no legitimate business activity. The OFR's investigative findings also showed that investor monies were used and spent by Papathanasopoulos for his personal benefit. The OFR brought administrative enforcement action against Papathanasopoulos in March 2014, permanently barring him and his company from filing an application for registration under Chapter 517, F.S., and fining each \$1,562,500. The criminal case against Papathanasopoulos was prosecuted by the Office of Statewide Prosecution in Orlando.

Central Florida Loan Broker Arrested on Charge of Organized Fraud

On May 9, 2016, Robert Cline of Music Works Lending was arrested on a charge of organized fraud in connection with the alleged collection of unlawful advance fees while acting as a loan broker. The OFR's joint investigation with the Winter Park Police Department and the Seminole County Sheriff's Office revealed that from March 2014 through July 2014, Cline and an associate collected or assessed approximately \$90,000 in fees from at least four prospective borrowers on the

promise of obtaining commercial loans. Borrowers are alleged to have been solicited by Cline, who claimed to operate a hard money lending business. Prospective borrowers claim they were charged a fee of one percent of the promised loan amount in order to secure funding. The joint investigation found that Cline gave borrowers fictitious loan documents in order to create the appearance of a legitimate lending transaction. No evidence was found of any actual funding or finalizing of loans. An analysis of subpoenaed bank account records revealed that funds obtained from prospective borrowers were used for personal living expenses. No money is known to have been used towards securing a loan. This case was developed jointly with the Winter Park Police Department and the Seminole County Sheriff's Office and is being prosecuted by the Seminole County State Attorney's Office. At least one more arrest is expected in the case.

Two Defendants Arrested on Charges of Investment Fraud Related to a Purported Drug Rehabilitation Program

On May 9, 2016, David Sutton, Program Director of Keys 2 Recovery, Inc., a purported drug addiction rehabilitation services provider, was arrested on charges of securities fraud and selling unregistered securities. Sutton's business partner, Michael Garret was arrested on the same charges five days prior to Sutton's arrest. Both defendants are alleged to have sold unregistered securities in the form of promissory notes to at least 14 individuals who together invested approximately \$360,000. The investments were solicited based on the defendants' representations that the money would be used to fund and expand their 12-step addiction recovery program and each investor would receive an annualized return of nine percent on their investment. Investors were led to believe that the company was a provider of drug addiction rehabilitative services with endorsements from various courts throughout Florida and that its product, an online course entitled "Sober101," would be used by the courts to address first-time drug offenses at a cost of \$299 per offender. Contrary to representations, investigative findings suggest that the alleged drug court endorsements were false, along with the representations by defendants concerning their qualifications and experience. The defendants are also alleged to have failed to disclose the fact that much of the money collected from investors was used for personal expenses, in payment of refunds to earlier investors or spent on gambling. It is unknown if any of the money was used for the expansion of a rehab and recovery program. The OFR is the sole investigative agency in this matter, having committed more than 300 hours to the development of the case. The Sarasota County Sheriff's Office is recognized for their valuable assistance in executing these arrests. The case is being prosecuted by the Sarasota County State Attorney's Office.

Palm Beach County Man Pleads Guilty to Operating an Unlicensed Check-Cashing Business

On May 10, 2016, defendant Samuel Enamorado, Sr., pleaded guilty to operating as an unlicensed check casher and agreed to enter a pre-trial intervention

program for a period of 24 months. Enamorado must pay \$4,700 in fines, court fees and investigative costs combined. Enamorado was arrested on March 23, 2016, by the DFS Division of Insurance Fraud on an outstanding warrant issued for one count of acting as unlicensed money services business. The OFR investigation revealed that from December 2013 to May 2014, Enamorado's business, Emerald Realty of Palm Beach, Inc., cashed at least 144 third-party checks whose value, in aggregate, exceeded \$717,337.04. Most of the checks were from construction companies and were believed to have been negotiated as part of a workers' compensation insurance premium avoidance scheme. Chapter 560, F.S., requires any person cashing payment instruments that have an aggregate face value of \$2,000 or more, per person, per day to be licensed by the OFR. Licensing records revealed that Emerald Realty of Palm Beach, Inc., and Samuel Enamorado, Sr., were not licensed by the OFR as a check casher. The OFR opened this investigation based on information obtained from a confidential source that alleged Emerald Realty of Palm Beach, Inc., was operating as an unlicensed check casher. As the investigation revealed evidence of potential workers' compensation insurance fraud, information obtained by the OFR was shared with the Division of Insurance Fraud for criminal prosecution. The Office of the State Attorney in Palm Beach County prosecuted the case.

\$10,000 Fine Against Loan Broker for Assessing Illegal Fees

On May 11, 2016, the OFR issued a final order against Andrew Mangini and his company First Solutions, Inc., d/b/a Credit One, ordering both to cease and desist from future violations of Chapter 687, F.S., and imposing a fine of \$10,000. The final order finds that Mangini violated Chapter 687, F.S., by engaging in prohibited practices as a loan broker. The final order adopts an administrative law judge's findings that Mangini took advance fees from prospective borrowers in violation of the law. The OFR's investigation leading up to the DOAH hearing found that Mangini targeted consumers online by offering to assist them in obtaining unsecured loans in exchange for an upfront fee. The evidence showed that over a sample period of approximately two months, Mangini took unlawful advance fees from more than 300 consumers who were each charged \$499 on the promise of securing a loan. The OFR's administrative complaint accused Mangini of operating the scheme for at least three years, beginning in 2011. No one is believed to have obtained a loan as a result of presenting an application to Mangini or his companies. A copy of the OFR's final order was provided to the State Attorney's Office in Broward County, which had earlier agreed to accept this case for criminal prosecution.

4. Communications and Outreach Activities

On May 5-6, 2016, two members of the OFR attended the Conference of State Bank Supervisors District III meeting in Nashville, Tennessee.

On May 18, 2016, a member of the Division of Financial Institutions participated as a panelist at the South Florida Banking Institute Regulatory Meeting in Coral Gables.

On May 19, 2016, Bureau of Financial Investigations Chief Steven Horn, Deputy Chief Alex Toledo and several Miami regional office investigators attended the annual Financial Institutions Security Association (FISA) training seminar. Topics included the latest trends in financial and electronic crimes. A keynote address was delivered by retired Miami-Dade Circuit Court Judge Israel Reyes on the subject of searches, seizures and Florida's Money Laundering Control Act. The event was well attended with approximately 100 participants from various law enforcement agencies and financial institutions. Chapters 560 and 655, F.S., (both within the OFR's enforcement authority) were also discussed at length during the presentations.

On May 24, 2016, the OFR issued a consumer alert regarding reducing financial fraud risk.

[Consumer Alert: 5 Action Steps to Reduce Your Financial Fraud Risk](#)