

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

August 2016

#### AUGUST ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 12
  - Examinations Closed: 12
  - Complaints Received: 17
  - Complaints Closed: 19
  - Applications Received: 4,937
  - Applications Approved: 4,773
  - Applications Denied/Withdrawn: 46
  
- Division of Consumer Finance
  - Examinations Opened: 38
  - Examinations Closed: 34
  - Complaints Received: 150
  - Complaints Closed: 161
  - Applications Received: 1,542
  - Applications Approved: 1,475
  - Applications Denied/Withdrawn: 51
  
- Division of Financial Institutions
  - Examinations Opened: 10
  - Examinations Closed: 12
  - Complaints Received: 42
  - Complaints Closed: 45
  - Applications Received: 1
  - Applications Approved: 3
  - Applications Denied/Withdrawn: 0
  
- Bureau of Financial Investigations
  - Investigations Opened: 19
  - Investigations Closed: 6

##### 2. Substantial Sanctions and Fines

One-Year Bar Against an Associated Person for Prohibited Business Practices

On July 28, 2016, the Division of Securities entered a final order against Jack Edward Duncan for engaging in prohibited business practices by submitting false client financial information to his employing broker dealer firm. Pursuant to the final order Jack Edward Duncan is barred for one year from 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.

Final Order for \$2,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 28, 2016, the Division of Securities entered a final order against Ross Capital Investments, Inc., and Adam Jay Ross for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements and prepare and maintain client investment advisory contracts. In addition, the firm charged and received compensation based on performance from clients that did not meet the definition of qualified clients. A \$2,500 administrative fine was paid.

Permanent Bar and \$25,000 Fine Against Unregistered Associated Person for Fraud

On August 4, 2016, the Division of Securities entered a final order against James Steven Neale, permanently barring him from applying for registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S., after he failed to request a hearing. The final order follows an administrative complaint, which alleged that Mr. Neale offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A \$25,000 administrative fine was assessed.

Permanent Bar and \$55,000 Fine Against Unregistered Associated Person for Fraud

On August 4, 2016, the Division of Securities entered a final order against Robert Anthony Falco, permanently barring him from applying for registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S., after he failed to request a hearing. The final order follows an administrative complaint, which alleged that Mr. Falco offered and sold unregistered securities, engaged in securities business in Florida without being registered and obtained money by means of fraud. A \$55,000 administrative fine was assessed.

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

On August 5, 2016, the Division of Securities entered a final order against Broadreach Capital LLC, and James Scott Wolter for violations of rules by failing to maintain and provide accurate investment advisory agreements, maintain an accurate Form ADV, maintain an accurate Form U4, file audited financial statements, send clients itemized invoices and comply with the custody

requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$6,000 administrative fine was paid.

Final Order for \$47,500 in Total Fines Against a Broker Dealer Firm and Associated Person for Violations of Rules

On August 9, 2016, the Division of Securities entered a final order against Ameriprise Financial Services, Inc., and Nicholas Blair Vizzi for violations of rules. Ameriprise Financial Services, Inc., failed to maintain and enforce the firm's written supervisory procedures pertaining to registered representatives' advertising practice. Nicholas Blair Vizzi failed to properly review and approve forms prior to the registered representatives signing the forms. A total of \$47,500 in administrative fines was paid.

Final Order for \$5,000 Fine Against an Investment Adviser Firm for Violations of Rules

On August 12, 2016, the Division of Securities entered a final order against Strategic Wealth Management, Inc., for violations of rules by failing to prepare and maintain written investment advisory client information that is the basis for providing investment advice. A \$5,000 administrative fine was paid.

Final Order for \$15,000 Fine Against an Associated Person for Violation of Rules

On August 12, 2016, the Division of Securities entered a final order against Ralph Todd Schlosser for violations of rules by failing to maintain his Form U-4 and disclose financial liens filed against him. A \$15,000 fine was assessed. Mr. Schlosser agrees not submit an application for registration prior to January 1, 2017, or prior to payment of the \$15,000 administrative fine, whichever occurs later.

Final Order for \$52,500 in Total Fines Against a Broker Dealer Firm and Two Associated Persons for Violation of Rules

On August 12, 2016, the Division of Securities entered a final order against GWN Securities, Inc., Christine Chew and Daniel L. Rey (f/k/a Daniel R. Lopez) for violation of rules. GWN Securities, Inc., failed to provide Ms. Chew a copy of her originally signed registered representative agreement, provide principal approval of Mr. Rey's advertising materials and timely provide and require the Securities Investor Protection Corporation (SIPC) signage for a branch office. Christine Chew used unapproved business cards, which contained a false "CPA" professional designation. Daniel L. Rey failed to disclose to GWN Securities, Inc., his outside business activity, maintain his Form U-4 and use approved advertising and communication materials. Additionally, Mr. Rey used an unrecognized "Wealth Manager" designation on his website and business cards. A total of \$52,500 in administrative fines was paid.

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

On August 19, 2016, the Division of Securities entered a final order against Investment By Planning, Inc., for violations of rules by failing maintain an accurate Form ADV, prepare and maintain written investment advisory client suitability information for all of its clients, maintain accurate investment advisory contracts, file audited financial statements, send clients itemized invoices and comply with the safekeeping and custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. In addition, the firm exercised discretion of a client's account without first obtaining written discretionary authority from the client. A \$15,000 administrative fine was paid.

### **3. Enforcement Results**

#### **Man Arrested in Charlotte County for Investment Fraud**

On August 10, 2016, Capital Strategy Investments Inc., (CSI) Founder and President Phillip Jon-Luke St. John was arrested on an active warrant related to charges of securities fraud, organized scheme to defraud and grand theft. The investigation leading up to St. John's arrest was based on a complaint filed by a resident of Massachusetts with the State Attorney's Office in Charlotte County and the OFR. The complainant claimed that he wired \$20,000 to St. John, based on promises that St. John would invest his money on an exclusive "trading platform" where his investment would triple within 34 business days. St. John was interviewed in jail by OFR investigators and admitted that he was operating under an assumed name. He admitted that his real name is Peter John Barberio and that his criminal record includes convictions for robbery, terroristic acts and tampering with witnesses, convictions for which he served prison sentences in New Jersey. St John also admitted to the allegations made in the OFR investigation that he took investor money and used it for personal expenses. The investigation found that in addition to the complainant, one other investor sent money to St. John for the same trading platform investment. The two investors relied on St John's representations that their money would be used to help generate the large returns that were promised. However, analysis of bank records revealed that the investors' money was not used towards an investment, but were 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 and Punta Gorda Police Department are credited with St. John's arrest. The case is being prosecuted by the State Attorney's Office for the 20th Judicial Circuit of Florida in Charlotte County. St. John is in custody at the Charlotte County Jail. His bond is set at \$110,000.

#### **Man Pleads Guilty to Investment Fraud**

On August 16, 2016, Anthony St. Prix pleaded guilty to charges of racketeering, conspiracy to commit racketeering, grand theft and organized scheme to defraud in connection with a fraudulent real estate investment scheme. He will be sentenced on November 1, 2016. Wanda Morales, St. Prix's wife and co-conspirator in the scheme, pled guilty to conspiracy to racketeering and was sentenced to five years of supervised release. This case was opened based upon investor complaints to the Florida Attorney General's Office, which were referred

to the OFR. From approximately July 2005 to September 2008, St. Prix and Morales operated a real estate investment scam victimizing more than 140 primarily Haitian-Americans in South and Southwest Florida. St. Prix is alleged to have sought investors to participate in "pooled investments" for property development in Southwest Florida as well as investments in foreign currencies, commodities and collateralized mortgage obligations. The investigation revealed that all were fraudulent offerings involving misrepresentations by St. Prix. The victims signed contracts and invested more than \$3 million based on those misrepresentations. In a separate matter, St. Prix is alleged to have defrauded another investor out of \$170,000 in February 2016. The investor was promised a return of \$1,000,000 within 15 days of his investment of \$20,000 in a Venezuelan bond. St. Prix is alleged to have taken a \$150,000 advance fee from the investor victim on the promise of obtaining a \$10,000,000 loan for his business. The investigation could not confirm the existence of a Venezuelan bond or find evidence that a \$10,000,000 loan was being secured by St. Prix. A trial is still pending in this matter. The Office of Statewide Prosecution is prosecuting both cases against St. Prix.

#### OFR Continues to Investigate Miguel and Maritza Perez

Search warrant evidence and continued investigation of Miguel and Maritza Perez has led to the identification of additional victims in this case. Amended charges stemming from these recently identified victims are expected to be filed. Losses to recently identified victims are estimated at \$300,000, with total losses estimated at \$800,000. On June 24th, 2016, Miguel and Maritza Perez were each charged with one count of organized fraud, five counts of grand theft, and two counts of mortgage fraud in relation to an alleged investment scam that defrauded at least 13 Florida investors out of approximately \$500,000. Miguel and Maritza Perez are alleged to have collected payments totaling more than \$300,000 for a purported investment in an assisted living facility project in Clearwater and fraudulently obtaining loans totaling more than \$200,000. The investigation revealed that the assisted living facility never came into operation and Miguel and Maritza Perez used a large portion of investor funds for personal expenses, including the purchase of their 4,082 square foot home in New Port Richey. Miguel and Maritza Perez recruited investors using "free" real estate investment seminars held at hotels in the Tampa Bay Area. Miguel and Maritza Perez were arrested on June 24, 2016, and July 13, 2016, respectively. Miguel Perez is still being held in the Pasco County Jail and Maritza Perez is currently out on bond. The Attorney General's Office of Statewide Prosecution is prosecuting the case. This case was opened based on a complaint which was referred to the OFR by the Attorney General's Office.

#### Man Sentenced for Role in Ponzi Scheme

On August 23, 2016, Christopher Maguire was sentenced in federal court to 10 years in prison for wire fraud and engaging in monetary transactions derived from unlawful activity. The sentence follows his guilty plea to the charges on May 18, 2016. In addition to the prison sentence, the court also entered a judgment in the

amount of \$4,938,574.40, which represents the proceeds of the criminal conduct. On September 22, 2015, a sealed criminal indictment was brought against Maguire by a federal grand jury in Tampa and he was arrested in New Hampshire on November 20, 2015. The indictment charged Maguire with 16 counts of wire fraud, four counts of money laundering and one count of interstate transportation of stolen property for his role in the scheme. The case against Maguire was developed based on allegations that he had been running a Ponzi scheme since 2002. The investigation found that in that time, Maguire received more than \$10 million from more than 150 investors whom he solicited through church organizations. Maguire told investors that their money would be used in a “proof of funds” business to facilitate hard money loans for other businesses. The investigation revealed, however, that rather than using new investor funds for business purposes, Maguire used the funds to pay returns to existing investors and misappropriated more than \$4 million. No evidence was found to support any of Maguire’s representations to investors concerning the proof of funds business. This case was developed jointly with the IRS and the U.S. Secret Service and was prosecuted by the U.S. Attorney’s Office for the Middle District of Florida. This case was opened by the OFR based on proactive searches of BSA data.

#### Largo Man Pled Guilty to Grand Theft

On August 23, 2016, Gary L. Gauthier, formerly of Largo, pled guilty to two counts of grand theft, in the 2nd and 3rd degrees. Gauthier was sentenced to 12 years of probation on the 2nd degree grand theft charge and five years of probation on the 3rd degree grand theft charge. The probation sentences are to be served concurrently. Gauthier was also ordered to pay \$60,000 in restitution to his victims. Gauthier’s sentence follows a March 5, 2015, arrest at his home in Michigan following a three-month OFR investigation into a fraudulent business development scheme that resulted in \$60,000 in losses to a Florida victim and his family. Gauthier was the orchestrator of the scheme. Through his company, GB Marketing, LLC, Gauthier offered a Tampa area sports apparel business the opportunity to obtain marketing services that would enhance and grow the enterprise. According to the business owner and victim of this scheme, Gauthier offered him an opportunity to raise funds through a private placement offering in connection with the purchase of a shell company in exchange for an \$85,000 investment. The victim raised the funds with help from family and friends, placing \$25,000 in escrow and paying the rest directly to Gauthier. A review of the bank records related to Gauthier’s company revealed that none of the \$60,000, that was placed with Gauthier, was used to promote the victim’s business or to purchase a shell company. Instead, the money was used by Gauthier for personal lifestyle expenses including retail purchases, travel and recreation expenses. Gauthier is the subject of another OFR investigation involving investments in an alleged fraudulent real estate offering. He was arrested in relation to that case in January 2014. Gauthier is alleged to have promoted himself on the radio as an “investment banker” who could help develop a product or idea by raising private equity money, marketing the product and taking the company public. This investigation was developed jointly with the Florida Department of Law

Enforcement and was opened as a result of a victim complaint to the OFR. The Office of Statewide Prosecution prosecuted the case.

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

On August 16, 2016, the OFR issued a consumer alert regarding identity theft.

[Consumer Alert: Identity Theft](#)

On August 19, 2016, the OFR issued a consumer alert regarding the unauthorized use of the OFR's information and brand.

[Consumer Alert: Unauthorized Use of Agency Branding](#)