

# GOVERNOR RICK SCOTT

## MONTHLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

December 2015

#### DECEMBER ACHIEVEMENTS

##### 1. Monthly Statistics

- Division of Securities
  - Examinations Opened: 23
  - Examinations Closed: 29
  - Complaints Received: 16
  - Complaints Closed: 26
  - Applications Received: 3,745
  - Applications Approved: 3,717
  - Applications Denied/Withdrawn: 55
  
- Division of Consumer Finance
  - Examinations Opened: 41
  - Examinations Closed: 40
  - Complaints Received: 139
  - Complaints Closed: 145
  - Applications Received: 3,097
  - Applications Approved: 3,130
  - Applications Denied/Withdrawn: 41
  
- Division of Financial Institutions
  - Examinations Opened: 8
  - Examinations Closed: 6
  - Complaints Received: 14
  - Complaints Closed: 36
  - Applications Received: 8
  - Applications Approved: 3
  - Applications Denied/Withdrawn: 0
  
- Bureau of Financial Investigations
  - Investigations Opened: 8
  - Investigations Closed: 5

##### 2. Substantial Sanctions and Fines

Final Order and \$24,006 Fine Against an Unregistered Broker Dealer and Associated Person

On November 24, 2015, the Division of Securities entered a final order against World Global Financing Inc., and Cyril Eskenazi for engaging in securities business in Florida without being registered, and for offering and selling unregistered securities. A \$24,006 administrative fine was paid.

Termination of an Investment Adviser's Registration and \$1,000 Fine for Prohibited Business Practices

On December 1, 2015, the Division of Securities entered a final order against ESW Financial Group, LLC and William Woolfork for engaging in prohibited business practices 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, accurately disclose written investment advisory contracts and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. In addition, the ESW Financial Group, LLC charged one client an unreasonable advisory fee. ESW Financial Group, LLC agreed to terminate its registration as an investment adviser with the State of Florida. Pursuant to the final order, the firm and Mr. Woolfork are ineligible to apply for registration as an investment adviser with the State of Florida for five years. A \$1,000 administrative fine was paid.

Permanent Bar and \$100,000 in Total Fines Against Unregistered Broker Dealer, Issuer Dealer, and Associated Person for Unregistered Activity and Fraud

On December 1, 2015, the Division of Securities entered a final order against Leland Energy Inc., Leland Kentucky Holdings Inc., Stephen M. Thompson and Cumberland Revenue Drilling Fund, LLP permanently barring them from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S., after they failed to request a hearing. The final order follows an administrative complaint, which alleged the firms and Mr. Thompson offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of \$100,000 in administrative fines was assessed.

Final Order for \$6,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On December 7, 2015, the Division of Securities entered a final order against Brian S. Pearce Inc., Dynamic Wealth Management and Brian S. Pearce for engaging in prohibited business practices by failing to send clients itemized invoices, file audited financial statements 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 \$15,000 Fine Against a Broker Dealer Firm for Prohibited Business Practices

On December 7, 2015, the Division of Securities entered a final order against Trade-PMR Inc., for engaging in prohibited business practices by failing to report

a customer complaint to FINRA within 10 business days, keep and preserve a separate file of all written customer complaints, and maintain and enforce written supervisory procedures. A \$15,000 administrative fine was paid.

Final Order for \$15,000 Fine Against an Investment Adviser Firm for Prohibited Business Practices and an Unregistered Branch Office

On December 7, 2015, the Division of Securities entered a final order against Portfolio Management & Research Inc., for engaging in prohibited business practices by failing to maintain an accurate Form ADV, file audited financial statements and send clients itemized invoices. In addition, the firm conducted investment advisory business from a branch office within this state without the benefit of lawful registration. A \$15,000 administrative fine was paid.

Final Order for \$15,000 Fine Against an Investment Adviser Firm and Two Associated Persons for Prohibited Business Practices and Unregistered Activity

On December 9, 2015, the Division of Securities entered a final order against Southland Advisors, LLC and William M. Woods for engaging in prohibited business practices by failing to maintain investment suitability documents, maintain a written advisory contract, maintain an accurate Form ADV, file GAAP compliant financial statements, maintain required net capital, timely notify the OFR of the firm's net capital deficiency, send clients itemized invoices and to comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. In addition, Southland Advisors, LLC failed to maintain written supervisory procedures, failed to register an associated person and placed false and misleading information on the firm's website. Pursuant to the final order, Jonathan Andrew White was found to have engaged in unregistered investment advisory activity. A \$15,000 administrative fine was assessed.

**3. Enforcement Actions**

Orlando Man Arrested in Alleged Ponzi Scheme Targeting Central Florida Church Organizations

On November 20, 2015, defendant Christopher Maguire of Orlando was arrested by U.S. Marshals in New Hampshire based on a sealed criminal indictment which was filed against him earlier this year on September 22, 2015, in federal court in Tampa. The indictment resulted from a collaborative investigative effort between the OFR, IRS Criminal Investigation and the United States Secret Service in response to allegations that Maguire had orchestrated and was perpetuating a Ponzi scheme targeting churches and individual church members throughout Central Florida. Maguire is charged with 16 counts of wire fraud, 4 counts of money laundering (illegal monetary transactions) and 1 count of interstate transportation of stolen property for his role in the alleged Ponzi scheme. Maguire is alleged to have operated the fraudulent scheme through his company, Vivid Funding, from at least 2012 until 2014. The investigation found that during that time, Maguire received over \$10 million dollars from more than 150 investors whom he is alleged to have solicited through his various church affiliations.

Investors claim that Maguire told them that their money would be used in a “proof of funds business” to facilitate hard money loans for other businesses.

Purportedly, the funds would be made available to these businesses on a short term basis for a fee, and investors were to earn returns from those fees. The investigation revealed, however, that rather than using new investor funds to secure loans, Maguire used the funds to pay returns to existing investors and misappropriated over \$4 million dollars on personal and other expenses. No evidence was found to support any of Maguire’s representations to investors concerning the “proof of funds business.” Maguire was released after a first appearance in federal court in New Hampshire and ordered to appear in Tampa on December 10, 2015, to answer to the charges in the indictment.

#### Jury Finds Defendants Guilty of Fraud in Elaborate South Florida Ponzi Scheme

On December 7, 2015, following a six-week federal trial, defendants Joseph Signore, Laura Grande-Signore and Paul Schumack were each found guilty of various charges including money-laundering, wire fraud and mail fraud. The convictions stem from their role in an \$80 million Ponzi scheme involving the purported sale of virtual concierge machines (VCMs) to investors throughout the United States. Working through JCS Enterprises Inc., of Jupiter and TBTI Inc., an associated company, the defendants were found to have sold the equivalent of 22,547 VCM kiosks to investors, yet only 182 were ever manufactured and only 84 ever made it into operation. All told, less than 0.1 percent of total the money raised from investors was used to purchase components to manufacture the VCMs. Signore alone was responsible for raising \$10 million from 307 investors, 128 of whom resided in Florida. Investors were told that the machines would be placed at hotels and other venues to provide people with information, discount coupons and access to services such as restaurant food delivery. Investors were “assigned” one electronic kiosk for each \$3,000 invested and were told that their kiosk placement would be expanded to include other venues such as baseball stadiums, casinos and other public areas. As part of the sales pitch, investors were guaranteed \$300 a month in returns for at least 36 months from advertising revenue alone. The investigation revealed, however, that only \$21,000 in advertising revenue was generated by all of the VCMs in operation over two years. In May 2015, another defendant in the case, Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his role in the fraud. The Signores and Schumack each face up to 20 years of imprisonment for their roles. A sentencing date for these individuals has not been set. This case was prosecuted by the United States Attorney’s Office in West Palm Beach.

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

On December 29, 2015, the OFR issued a consumer alert regarding tech support scams.

[Consumer Alert: Tech Support Scams](#)