

GOVERNOR RICK SCOTT

MONTHLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

JULY 2013

JULY ACHIEVEMENTS

1. Monthly Statistics

- Division of Securities
 - Examinations Opened: 37
 - Examinations Closed: 11
 - Complaints Received: 21
 - Complaints Closed: 23
 - Applications Received: 3,830
 - Applications Approved: 3,757
 - Applications Denied/Withdrawn: 44

- Division of Consumer Finance
 - Examinations Opened: 182
 - Examinations Closed: 164
 - Complaints Received: 300
 - Complaints Closed: 424
 - Applications Received: 2,019
 - Applications Approved: 1,947
 - Applications Denied/Withdrawn: 74

- Division of Financial Institutions
 - Examinations Opened: 11
 - Examinations Closed: 18
 - Complaints Received: 14
 - Complaints Closed: 51
 - Applications Received: 50
 - Applications Approved: 5
 - Applications Denied/Withdrawn: 0

- Bureau of Financial Investigations
 - Investigations Opened: 10
 - Investigations Closed: 6

2. Substantial Sanctions

Final Order for \$20,000 Fine against an Investment Adviser Agent for Unregistered Activity

On June 26, 2013, the Division of Securities entered a Final Order against Christopher R. Coram for engaging in the investment advisory business in Florida without being registered. An administrative fine of \$20,000 was paid.

Final Order for \$3,500 Fine against an Investment Adviser Firm for Failure to file Financial Statements and Maintain Required Documentation

On June 27, 2013, the Division of Securities entered a Final Order against The Harrison Group, Inc., for failing to: file annual financial statements; maintain an accurate Form ADV; maintain required net capital; and send clients itemized invoices. A \$3,500 administrative fine was paid.

Final Order for \$22,500 Fine against an Investment Adviser Agent for Unregistered Activity

On July 3, 2013, the Division of Securities entered a Final Order against Barry Allen Schwartz for engaging in investment advisory business in Florida without being registered. An administrative fine of \$22,500 was paid.

Final Order for \$12,000 Fine against an Investment Adviser Firm for Failure to Maintain Required Documentation and Misrepresentation

On July 8, 2013, the Division of Securities entered a Final Order against Gateway Capital Management, LLC, for misrepresenting the qualifications of its owner Ryan Wolper; publishing advertisements which contained untrue statements of a material fact; and for failure to maintain accurate records and the Form ADV. A \$12,000 administrative fine was paid.

Final Order for \$32,500 Fine against an Investment Adviser Agent for Unregistered Activity

On July 12, 2013, the Division of Securities entered a Final Order against Craig Alan Vander Molen for engaging in an investment advisory business in Florida without being registered. An administrative fine of \$32,500 was paid.

Final Order for \$12,375 Fine against an Investment Adviser Firm for Failure to file Financial Statements and Maintain Required Documentation

On July 12, 2013, the Division of Securities entered a Final Order against Elliott & Associates Wealth Management Inc. f/k/a Elliott & Tintle Wealth Management, LLC, after the firm failed to request a hearing. The Final Order follows an Administrative Complaint which alleged Elliott & Associates Wealth Management Inc. failed to: file annual financial statements; maintain an accurate records and the Form ADV; maintain required net capital and to offer the Form ADV Part 2 to clients. A \$12,375 administrative fine was assessed.

Final Order for Fines Totaling \$10,000 against an Investment Adviser Firm and Associated Person for Unregistered Investment Advisory Business

On July 12, 2013, the Division of Securities entered a Final Order against JMN Investment Management LLC and Nicholas Peter Krsnich for engaging in

investment advisory business in Florida without being registered. Fines totaling \$10,000 were paid.

Final Orders for \$3,000 in Fines against Investment Adviser Firms for Failure to File Financial Statements

During the month of July 2013, the Division of Securities entered Final Orders against four Investment Adviser firms for failing to file annual financial statements. Three firms voluntarily terminated their registration in Florida. A total of \$3,000 in administrative fines was assessed.

Denial of Associated Persons Applications

During the month of July 2013, the Division of Securities denied two applications for registration as associated persons. The Notices of Intent to Deny, in each case, alleged that the associated person made a material misrepresentation or misstatement on their application for registration as an associated person.

3. Enforcement Actions

Miami Man Convicted of Theft in Connection with taking Advance Fees for Loans

On June 28, 2013, a Miami-Dade County jury found Berthram B. Samuel of Miami guilty of five felonies including three counts of grand theft and two counts of unlawfully collecting advance fees for loans. As a result of a Florida Office of Financial Regulation investigation, Samuel was arrested in April 2011 for swindling prospective borrowers out of approximately \$500,000 in an “advance fee for loan” scam. The investigation found that from December 2007 through April 2011, Samuel offered to make short-term investment loans, issue letters of credit, and fund investment loans up to \$10 million at an annual interest rate of 8.5%. Samuel solicited victims through various means including his website, business conferences, newspapers, and through a loan broker located in Southern California. Samuel represented to prospective borrowers that his company specialized in financing big international projects as well as providing financing for projects in the United States. Samuel also falsely represented to the victims that his company had \$120,000,000 in a bank in Germany. Samuel required borrowers to pay illegal advance fees to process the loans. The promised loans were never funded. A sentencing hearing is scheduled for August 2, 2013 before Miami-Dade County Circuit Judge Eric Hendon. The State Attorney’s Office, 11th Judicial Circuit, Miami-Dade County, prosecuted the case.

Hillsborough County Man Arrested for Defrauding the Elderly

On July 25, 2013, Clyde M. Thornburg was arrested in Hillsborough County and charged with theft from persons 65 years of age or older and uttering a forged check. The OFR investigation revealed that in early 2012, Thornburg allegedly defrauded three Sarasota County, Florida citizens out of \$22,948 by representing that their funds would be used for various investments including life insurance products, investments in purported building projects and in a fictitious entity called United Lending Trust IV. Instead of investing the money, Thornburg

purportedly cashed the victims' checks and used the money for his own benefit. The investigation also uncovered that Thornburg attempted to cash a counterfeit check at a local check cashing store. Thornburg was previously the victims' financial advisor and insurance agent. In October 2012, Thornburg was permanently barred from the securities industry by FINRA for engaging in a pattern of unsuitable trading in the accounts of elderly investors and forging signatures on mutual fund disclosure forms.

4. Outreach Activities

On July 18, 2013, the OFR hosted a presentation for Government General Counsels. Approximately 15 attorneys attended the "Lunch and Learn" to learn more about the OFR and our mission.

On July 25 and 26, 2013, several attorneys from the OFR participated in a continuing legal education (CLE) seminar, a "Short Course in Administrative Litigation" presented by the Department of Business and Professional Regulation.

5. Operational Successes

The OFR has begun participating in the weekly meetings at the Florida Fusion Center. The Florida Fusion Center is hosted by FDLE and brings together various state and federal agencies to share information with the goal of maximizing the ability to detect, prevent, apprehend and respond to criminal and terrorist activity utilizing an all crimes/all hazards approach.