

# GOVERNOR RICK SCOTT

## QUARTERLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

DECEMBER 2013

#### OCTOBER THROUGH DECEMBER 2013 ACHIEVEMENTS

##### 1. Quarterly Statistics

- Division of Securities
  - Examinations Opened: 91
  - Examinations Closed: 56
  - Complaints Received: 21
  - Complaints Closed: 77
  - Applications Received: 11,250
  - Applications Approved: 10,913
  - Applications Denied/Withdrawn: 130
  
- Division of Consumer Finance
  - Examinations Opened: 135
  - Examinations Closed: 159
  - Complaints Received: 819
  - Complaints Closed: 926
  - Applications Received: 8,605
  - Applications Approved: 8,378
  - Applications Denied/Withdrawn: 193
  
- Division of Financial Institutions
  - Examinations Opened: 25
  - Examinations Closed: 28
  - Complaints Received: 229
  - Complaints Closed: 233
  - Applications Received: 41
  - Applications Approved: 12
  - Applications Denied/Withdrawn: 2
  
- Bureau of Financial Investigations
  - Investigations Opened: 57
  - Investigations Closed: 59

##### 2. Outreach Activities

On October 18, 2013, a member of the Division of Securities spoke at the Annual Strategic Planning Meeting of the Financial Planning Association of Florida held in Orlando. Topics included legislative rule changes, common registration issues

and exam violations as well as numerous questions from the audience. Members of the Division's enforcement staff also attended the meeting. Approximately 43 securities industry members were in attendance.

On October 18, 2013, a member of the Division of Financial Institutions represented the OFR as part of the Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) Regulatory Panel (other regulators included the Federal Deposit Insurance Corporation, Federal Reserve Bank, and Office of the Comptroller of the Currency) at the Florida Bankers Association 9<sup>th</sup> Annual BSA/AML School. The event was held in Orlando, Florida, with approximately 125 attendees, consisting of BSA staff and officers representing banks throughout Florida. Topics of discussion included BSA/AML compliance risk, advancements in BSA/AML compliance technology, emerging trends, and best practices for future compliance.

On October 21, 2013, members of the Division of Financial Institutions and Commissioner Drew J. Breakspear represented the OFR at the Conference of State Bank Supervisors (CSBS) Interagency Meeting. The meeting was held over a two day period in Atlanta, Georgia, with approximately 70 attendees. Attendees at the meeting included financial regulatory representatives from other states (Alabama, Georgia, Arkansas, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia), the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Reserve Bank, and CSBS. Topics of discussion included banking and micro and macro-economic emerging trends, regulatory best practices, capital market trends, and implementation of regulatory and accounting policies of the Dodd-Frank Act.

On October 25, 2013, Division of Securities staff participated in the Securities and White Collar Crime 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.

November 12-14, 2013 the Division of Securities held its annual training program in Orlando, FL. All enforcement exam staff and management were in attendance as well as personnel from the securities registration bureau and legal section and the OFR Bureau of Financial Investigations. Commissioner Drew J. Breakspear and Deputy Commissioner Gregory Hila attended and made presentations to the group. The training focused on enforcement trends, procedures, Chapter 517, Florida Statutes, and Chapter 69W, Florida Administrative Code. The attendees

were exposed to the examination, registration, investigative and legal aspects of our enforcement program.

On November 13, 2013, a member of the Division of Financial Institutions represented the OFR as part of a Federal Reserve Bank (FRB) of Atlanta panel to discuss Opportunities and Challenges in Low- to Moderate-Income Communities. The event was held in Atlanta, Georgia, with approximately 50 attendees. Topics of discussion focused on Housing Finance, Financial Services, and Small Business Lending.

On December 12, 2013, Commissioner Drew J. Breakspear attended the Bank Secrecy Act Advisory Group meeting hosted by Financial Crimes Enforcement Network (FinCEN) in Washington, D.C. Members of this group included bank regulators, law enforcement and financial industry partners from across the country. Topics discussed included best practices to fight financial crime in the United States.

### **3. Operating Efficiencies**

The OFR began 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.

Several administrative rules were amended to reflect statutory changes that went into effect October 1, 2013. The rule amendments updated procedures in the processing of applications to include the use of electronic live-scan fingerprinting rather than paper-based fingerprint cards. Additionally, the amendments updated procedures for certain branch offices conducting securities transactions to reflect that the branch offices shall notice file rather than register with the OFR. The disciplinary guidelines for Chapter 517, Florida Statutes, were updated to specify sanctions for branch offices that fail to notice file with the OFR. The sanctions for a first or subsequent occurrence provide for a fine up to \$10,000, summary suspension of the branch office, and/or revocation.

### **4. Substantial Regulatory Actions**

#### Final Order for 10,000 Fine against an Investment Adviser Associated Person for Unregistered Activity

On September 30, 2013, the Division of Securities entered a Final Order against John J. Beachy for engaging in investment advisory business in Florida without being registered. An administrative fine of \$10,000 was paid.

#### Permanent Bar and \$249,250 Fine against a Broker Dealer Associated Person for Fraud

On October 15, 2013, the Division of Securities entered a Final Order against Joseph Brandon Westphal permanently barring him 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 he failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Mr. Westphal engaged in fraudulent securities transactions. A \$249,250 administrative fine was assessed.

Administrative Fine of \$20,000 against an Investment Adviser for Unregistered Activity

On October 17, 2013, the Division of Securities entered a Final Order against Gordon Gelley & Co., PLLC for engaging in unregistered investment advisory activities and misrepresenting the qualifications of the investment adviser and an employee of the firm. The Final Order was entered after the firm failed to request a hearing. An administrative fine of \$20,000 was assessed.

Permanent Bar and \$1,410,000 in Total Fines against an Unregistered Broker Dealer and Associated Person for Fraud

On October 18, 2013, the Division of Securities entered a Final Order against Michael Charles Heimbach and Bryn Advisory Group, LLC permanently barring him and the firm 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 Mr. Heimbach and Bryn Advisory Group, LLC offered and sold unregistered securities; engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of \$1,410,000 in administrative fines was assessed.

Revocation of Investment Adviser Firm

On October 24, 2013, the Division of Securities entered a Final Order against Elliott & Associates Wealth Management, Inc. f/k/a Elliott & Tintle Wealth Management, LLC, revoking the firm's registration as an Investment Adviser in the State of Florida, after the firm failed to request a hearing. The Final Order follows an Administrative Complaint, which alleges Elliott & Associates Management Wealth, Inc. failed to pay a \$12,375 administrative fine imposed by a Final Order issued by the Division of Securities on July 12, 2013.

Permanent Bar and \$107,500 Fine against an Unregistered Broker Dealer and Associated Person for Fraud

On October 30, 2013, the Division of Securities entered a Final Order against David L. Webb, Results Capital Group Inc., SeaAway Funding Inc., and Organic Labs Holding, Inc., permanently barring Mr. Webb and his firms from registration with the OFR, after they failed to timely request a hearing. The Final Order follows an Administrative Complaint which alleged David L. Webb, Results Capital Group Inc., SeaAway Funding Inc., and Organic labs Holding, Inc. offered and sold unregistered securities, engaged in securities transactions in Florida without being registered, and conducted fraudulent securities transactions. An administrative fine of \$107,500 was assessed.

#### Financial Institution Closed

On October 30, 2013, the OFR closed Bank of Jackson County, Graceville, Florida, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The FDIC entered into a purchase and assumption agreement with First Federal Bank of Florida, Lake City, Florida, which will assume all of the deposits of Bank of Jackson County, ensuring minimal disruption to depositors and customers. As of June 30, 2013, Bank of Jackson County had approximately \$25.5 million in total assets and \$25.0 million in total deposits.

#### Permanent Bar and Investor Restitution against an Unregistered Broker Dealer Firm and Associated Person for Fraud

On November 6, 2013, the Division of Securities entered a Final Order against CPL Investment and Development, Inc. and Arnel Polo for engaging in securities business in Florida without being registered, offering and selling unregistered securities and conducting fraudulent securities transactions. CPL Investment and Development, Inc. and Arnel Polo were permanently barred from engaging in securities related business in Florida and from seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. In addition, Mr. Polo shall list for sale the real property he owns in the State of Georgia for the purpose of paying restitution to each investor and shall pay an administrative fine of \$5,000.

#### Summary Suspension, \$5,000 Fine and Final Order Lifting Summary Suspension against a Broker Dealer for Failure to Comply with the Branch Office Notice Filing Requirements

On November 18, 2013, the Division of Securities issued a Summary Suspension against Tandem Securities for failing to comply with and resolve the notice filing requirements for a Florida branch office. The branch office was prohibited from operating until relevant information was supplied to the OFR. The firm provided the information and paid a fine of \$5,000. On November 26, 2013, the Division of Securities entered a Final Order lifting the summary suspension.

#### Denial, Three Year Bar and \$25,000 Fine against a Broker Dealer Associated Person for Fraud

On November 22, 2013, the Division of Securities entered a Final Order against Shawn Paul Sapp for failure to disclose a criminal event and an outside business activity and for using client funds in a manner which operated as fraud or deceit. Mr. Sapp's application for registration as an associated person was denied and he was 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. for three (3) years. An administrative fine of \$25,000 was assessed.

#### Final Order for \$50,000 Fine and Offer of Rescission for an Unregistered Issuer Dealer

On November 26, 2013, the Division of Securities entered a Final Order against Southern Union Revolving Fund, Inc. for acting as an Issuer Dealer by selling demand notes in Florida without being registered. From January 1, 2012 to May 23, 2013, Southern Union Revolving Fund, Inc. offered and sold demand notes in Florida, totaling \$8,866,261, to 227 individuals and affiliated organizations without being registered with the OFR. Southern Union Revolving Fund agreed to offer rescission to their Florida customers who purchased the demand notes and paid a \$50,000 administrative fine. Pursuant to the Final Order, Southern Union Revolving Fund, Inc. shall be registered as an Issuer Dealer.

Final Order for \$20,000 Fine against an Associated Person for Unregistered Activity

On November 27, 2013, the Division of Securities entered a Final Order against Carolyn Kohn for engaging in unregistered investment advisory activities. A \$20,000 administrative fine was paid.

Denial of Loan Originator Application

On December 5, 2013, the Division of Consumer Finance entered a Final Order, denying the loan originator application for Stacey James Blake. In 2005 the Security and Exchange Commission barred Mr. Blake from association with any broker dealer and ordered him to pay a fine of \$275,594 and an additional \$50,000 penalty for selling unregistered securities.

Final Order for \$18,750 Fine against an Associated Person for Unregistered Activity

On December 12, 2013, the Division of Securities entered a Final Order against Benjamin C. Roberts for engaging in unregistered investment advisory activities. A \$18,750 administrative fine of was paid.

Final Order for \$15,000 Fine against an Investment Adviser and Associated Person for Unregistered Activity

On December 23, 2013, the Division of Securities entered a Final Order against Ronda Simon Morganstein and Stifel, Nicolaus & Company for engaging in unregistered investment advisory activities. A \$15,000 administrative fine of was paid.

Denial of Associated Person Applications

From October 1 to December 31, 2013, the Division of Securities denied four applications for registration as an associated person. 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.

**5. Significant Enforcement Actions**

South Florida Man Arrest for Precious Metals Fraud

On October 22, 2013, Eduardo Cuervo was arrested and charged with grand theft. He is the principal of Crow Commodities, a precious metals investment company. Cuervo allegedly told investors that he was a successful trader in precious metals and gold coins. From October 2008 through May 2009, investors sent Cuervo over \$72,000. Cuervo bragged to the investors that their gold and silver investments were up 30 percent. Despite the investor's requests for account statements, none of the investors received them. When the investors asked Cuervo to send them their gold coins, or return their investment funds, Cuervo allegedly told them that an off-shore firm he was working with had disappeared with their funds. When questioned about this firm, Cuervo could not produce any evidence supporting this. The bank records revealed that Cuervo used \$20,000 of the investors' funds to trade in gold futures contracts and U.S. treasury bonds through an account at R. J. O'Brien Associates, resulting in quick losses. In addition, Cuervo used \$17,000 of the investor's funds to purchase gold coins through an account at American Precious Metals Exchange and eBay. Cuervo ultimately resold the gold coins through a bidding auction on eBay. In October 2009, eBay and PayPal suspended his account due to "suspicious activity." It is alleged that none of the investors received any of the profits from the sale of the gold coins and that Cuervo used the investors' funds to pay for his mother's attorney fees, for salaries and for his own personal expenses.

#### Three Arrested for Roles in Precious Metals Fraud

On October 24, 2013, Colin A Smith, the last of four defendants in an alleged precious metals investment fraud operating as Mercury Management Service Company, was arrested on charges of grand theft and securities fraud. Another defendant, Sarah King, was arrested on October 17, 2013 and a third defendant Daniel Kannaly was arrested on October 19, 2013. Each was charged in Broward Circuit Court with one count of grand theft and one count of organized fraud. A fourth defendant and the main principal of Mercury Management Service Company, Daniel Brown, is presumed to be deceased. The OFR investigation revealed that from October 2008 through June 2010, Daniel Brown, Daniel Kannaly, Colin Smith and Sarah King were involved in an alleged precious metals scheme which took in over \$800,000 from 17 investors around the country. Investors were purportedly told that "they could make a lot of money investing in precious metals with little to no risk" and were promised high returns and quick profits. When investors contacted the company to check on the status of their financed precious metals accounts, they were told that their money was lost due to "a dip in the price of metals." Some were told that due to a margin call, they needed to send in more money to keep their accounts active. An analysis of all bank accounts in this case revealed that there is no evidence that Brown or Kannaly purchased metals on behalf of the investors, but rather spent the investors' money for their personal benefit. This case will be prosecuted by Assistant State Attorney T. Don Tenbrook of the Broward county State Attorney's office.

#### Guilty Plea in Haitian Affinity Investment Fraud Case

On October 28, 2013, George Louis Theodule pled guilty to one count of mail fraud in violation of Title 18, United States Code. In exchange for his plea, the United States will dismiss the remaining counts of the indictment. Theodule faces a statutory maximum of 20 years imprisonment, followed five years of supervised release. Theodule was indicted on 36 counts of wire fraud, one count of securities fraud, and three counts of money laundering on July 2, 2013 and was arrested on August 23, 2013. From July 2007 through December 2008, Theodule engaged in a massive Ponzi scheme from which he collected more than \$30 million primarily from Haitian-Americans living in the South Florida region. Theodule falsely represented to investors that he was an investment guru, capable of doubling their investments every 30 to 90 days. Theodule advertised the investment through churches, word of mouth, seminars, and individual presentations to groups. He enticed others to form investment clubs from which investors pooled their money and then turned it over to him. Consequently, investors formed more than 100 clubs in more than seven states. Theodule opened a number of trading accounts with online-brokerage firms to trade investors' money. Theodule lost all the money he invested in the trading accounts, all the while assuring investors that their monies were safe and guaranteed. Furthermore, Theodule was paying older investors with money from newer investors and used a significant amount of investors' money to fund his extravagant lifestyle, including renting two mansions in Georgia, paying for his wedding, giving large monetary gifts to his girlfriends and relatives, and taking trips abroad. Theodule will be sentenced on February 24, 2014 at the federal courthouse in West Palm Beach, Florida. On December 29, 2008, the Securities and Exchange Commission (SEC) filed a complaint against Theodule and his various companies. In March 2010, the SEC obtained a Judgment of Permanent Injunction and Other Relief against Theodule and the court ordered Theodule to pay \$5,099,512 in disgorgement. In 2008, the court appointed a receiver whom thus far has collected over \$1,000,000 in assets for the benefit of the Receivership Estate. This case is a joint investigation between the FBI (West Palm Beach Office) and the OFR and is being prosecuted by AUSA Roger Stefin. Investigator Dieujuste was responsible for 50% of the work performed in this case, including but not limited to, interviewing witnesses, serving subpoenas, and reviewing bank records.

#### Orlando Man Pleads Guilty to Investment Fraud

On November 6, 2013, Phillip Leon pled guilty in federal court to one count of conspiracy to commit mail fraud and one count of conspiracy to commit wire fraud. The charges and subsequent conviction stem from Leon's role in an elaborate investment fraud that bilked investors out of more than \$18 million nationwide. A joint OFR/US Secret Service investigation revealed that from 2009 to 2012, Leon and his partner, John Wilkins, raised over \$18 million from more than 200 investors by falsely claiming that the Matterhorn Fund (an unregistered hedge fund managed by Leon and Wilkins) generated annual rates of return ranging from 11% to 91% between the years 1980 and 2009. However, the investigation found that the Matterhorn Fund did not exist until 2009. The

investigation also revealed that both men misrepresented their employment histories and educational backgrounds in communications with investors. These misrepresentations and others are believed to have been at the center of the pairs' efforts to exploit unsuspecting investors, ultimately luring many of them to place money in the fund. A review of the fund's bank and trading records revealed that in early 2010, when the Matterhorn Fund began to lose money, Leon and Wilkins falsified the Matterhorn Funds' performance reports to show the fund had generated extraordinary gains. The men then used these false reports to solicit investment funds from additional victims and to create new hedge funds with the promise of similarly outlandish returns. Leon is scheduled to be sentenced in late January 2014. On August 22, 2013, John Wilkins pled guilty in federal court to one count of conspiracy to commit mail fraud and wire fraud. Wilkins is also scheduled to be sentenced in January 2014. The case is being prosecuted by the United States Attorney's Office. The National Futures Association had previously taken an emergency enforcement action against the Matterhorn Fund's parent company, Altamont Global Partners LLC, and its principal, John Wilkins, based on its determination that investor funds had been misappropriated.

#### Former Miami Securities Professional Pleads Guilty to Securities Fraud in Connection with Multi-State Investment Scheme

On November 26, 2013, Daniel Paez of Miami, Florida, pled guilty to one count of securities fraud before U.S. District Judge William P. Dimitrouleas, in connection with a scheme to defraud investors in Florida and several states. Paez faces a maximum of 20 years in prison and maximum \$250,000 fine. Sentencing has been set for February 4, 2014 before Judge Dimitrouleas in Ft. Lauderdale. According to a joint OFR/FBI investigation, Paez was the president of Fly High Investments, Inc., a Miami-Dade investment fund. From in or around September 2010 through in or around April 2012, Paez obtained more than \$500,000 in funds from investors via telephone solicitations and through the Internet. Paez told investors that Fly High Investments was a hedge fund that managed more than \$50 million, and he promised investors that their money would be invested in safe and secure investments. Paez also promised a fixed rate of return and that investors could withdraw their money whenever they wished. Instead, according to the information, Paez spent the bulk of the money raised from investors at casinos and also withdrew large amounts of cash for his personal benefit. Paez did invest certain investor monies in stocks and other securities, but often in high-risk investments or penny stocks that were materially different than the specific investments promised to investors during their sales pitch. When investors contacted Fly High Investments and Paez to inquire about the status of their funds, Paez misled investors into believing their money was safe and had been invested profitably. Paez ultimately stopped returning calls and ignored requests for the return of investor funds. According to the charges, there were approximately 17 victim investors who were located in Florida and other states, including California, South Dakota, New Jersey, and Minnesota. None of

these investors received any return on their investment and they lost all of the money they invested with Fly High Investments and Paez.

#### Judge Issues Temporary Injunction Against Companies Claiming to Sell CDs

On November 27, 2013, as a result of a petition filed by OFR, a temporary injunction was issued by the Circuit Court in Brevard County against First Merchant Capital, LLC, Capstar Industries, LLC, Southeast Mutual Insurance and Investment, Inc., Donald Ray Babb, Ralph V. Ruth, and Catherine Ruth (the defendants). The OFR is currently investigating allegations that the defendants sold certificates of deposit (CDs) to Florida investors by falsely claiming the CDs were insured by the Federal Deposit Insurance Corporation (FDIC). The OFR is also investigating allegations that the investors' proceeds have been misused by the defendants. Through the investigation, the OFR has alleged that the defendants have lured at least 30 customers to invest nearly \$3 million in the CD program since August 2011. Sales were primarily made to elderly customers searching for ultra conservative investments with FDIC insurance backing. Advertisements appearing in the Tampa Bay Times and the Jacksonville Times-Union placed by the defendants indicated that the CDs pay the "highest rates in the nation." The purported rate was better than rates offered by legitimate financial institutions in Florida, typically bettering the rate by .5% to 2%. The defendants advertised the sale of brokered CDs, but the OFR's investigation was unable to confirm that money from investors was going to FDIC insured banks for the purchase of CDs. The judge appointed Michael Moecker as receiver of the companies while the OFR investigation continues.

#### [Judge Issues Temporary Injunction Against Companies Claiming to Sell CDs](#)

On December 4, 2013, defendant Avi Levy pled guilty in federal court to one count of conspiracy to commit wire fraud for his role in an elaborate mortgage fraud scheme involving properties in Central and South Florida. Levy, in concert with others, bought or facilitated the sale of condominium units at highly inflated prices, funding the purchases through mortgage loans obtained from various financial institutions. These mortgage loans were made to credit-worthy straw buyers, who, without the lenders' knowledge or consent, had been recruited by Levy to act as borrowers in exchange for compensation. The inflated property valuations allowed for the sellers in the transactions, also co-conspirators in the scheme, to obtain the loan proceeds that would then be divided among the scheme's participants. Levy conspired with others to falsify settlement statements and mortgage loan applications and received substantial kickbacks from the sellers that were disguised as "marketing fees." Levy's activities alone resulted in greater than \$3.6 million in losses. Further indictments are expected. Levy's sentencing date has not been set. This investigation was part of the U.S. Attorney's Middle District of Florida Mortgage Fraud Initiative and was developed jointly with the FBI and the Federal Housing Finance Agency.

#### Seven Charged in Investment Fraud Scheme

Between December 10th and 13th, 2013, seven defendants were charged and arrested for their involvement in a telemarketing, unregistered securities scheme run by FMN Holdings, LLC. The defendants are Eddy Ubaldo Marin, Kenneth Jason Saluk, Roberto Alford, Farrell Jeanty, Peter Lanceaul and Andrew Waldman. A detainer was filed against Christopher Fardella, who is currently incarcerated on another securities case. Further arrests are anticipated in connection with this case for others working in this boiler room to include Steven Shine, Christopher Ryan Fardella a/k/a Chris Ryan, Joseph William Fete, Edward George Ozimkowski, Peter Nicholas Tagliaferro, Christopher Scott Acosta and Joseph Soto III. These individuals have been charged with multiple felony counts, including violations of the Florida Racketeer Influenced and Corrupt Organizations Act (RICO Act) and the Florida Securities and Investor Protection Act. This investigation started from a complaint received in September 2009 in the Fort Lauderdale Regional Office from an 81 year old resident of Nebraska, who alleged he was the victim of an investment fraud. The complainant said that he was cold called and talked into investing \$350,000 for stock and he did not receive any stock certificates. This investigation revealed FMN Holdings, LLC was never licensed to sell securities in the state of Florida and the defendants are accused of making unauthorized sales of stock in various companies, taking in more than \$3 million from 130 investors. This investigation found that from April through September 2009, FMN Holdings, LLC allegedly offered and sold stock in two companies, Helix Wind, Inc. and Green LED Technology, LLC. Helix Wind, Inc. was allegedly a seller of wind turbines based in Poway, California and Green LED Technology, LLC was allegedly a seller of LED lighting based in Dania, Florida. Neither stock was registered, or exempt from registration, under Florida law. FMN Holdings, LLC and the defendants were not licensed with the state of Florida to engage in the sale or promotion of securities. The investigation revealed that FMN Holdings, LLC never disbursed any funds to Helix Wind, Inc. or to Green LED Technology, LLC for the sale of their stock. Instead, after receiving the money from the investors, the defendants allegedly used it for their own personal benefit.

#### [Six Charged in Investment Fraud Resulting in \\$3 Million in Losses to Investors](#)

On December 19, 2013, the OFR and the Florida Attorney General's Office announced a \$2.1 billion State-Federal settlement with Ocwen Financial Corporation and its subsidiary, Ocwen Loan Servicing. The settlement resolves allegations of mortgage servicing misconduct by Ocwen and two companies later acquired by Ocwen.

#### [Attorney General Bondi and OFR Commissioner Breakspear Announce \\$2.1 Billion State-Federal Settlement with Ocwen Mortgage](#)

On December 23, 2013, the OFR with the Florida Attorney General's Office filed suit against online consumer finance companies Western Sky Financial, CashCall, related companies and their owner John Paul Reddam. The suit alleges that the companies charged interest rates ranging from 95 percent to 169

percent and annual percentage rates from 139.13 percent to 331.38 percent to more than 6,000 Florida borrowers.

[Attorney General Bondi and OFR Commissioner Breakspear Sue Consumer Finance Companies for Illegal Interest and Annual Percentage Rates](#)