

# GOVERNOR RICK SCOTT

## QUARTERLY AGENCY ACHIEVEMENT REPORT

### OFFICE OF FINANCIAL REGULATION

October - December 2015

#### OCTOBER THROUGH DECEMBER 2015 ACHIEVEMENTS

##### 1. Quarterly Statistics

- Division of Securities
  - Examinations Opened: 68
  - Examinations Closed: 84
  - Complaints Received: 57
  - Complaints Closed: 61
  - Applications Received: 12,651
  - Applications Approved: 12,456
  - Applications Denied/Withdrawn: 204
  
- Division of Consumer Finance
  - Examinations Opened: 125
  - Examinations Closed: 141
  - Complaints Received: 463
  - Complaints Closed: 525
  - Applications Received: 9,647
  - Applications Approved: 9,646
  - Applications Denied/Withdrawn: 199
  
- Division of Financial Institutions
  - Examinations Opened: 30
  - Examinations Closed: 41
  - Complaints Received: 107
  - Complaints Closed: 113
  - Applications Received: 15
  - Applications Approved: 8
  
- Bureau of Financial Investigations
  - Investigations Opened: 37
  - Investigations Closed: 18

##### 2. Communications and Outreach Activities

On September 30, 2015, the OFR issued a consumer alert on ATM skimmers.

[Consumer Alert: Beware of ATM skimmers](#)

On October 6, 2015, the OFR issued a press release announcing the new Deputy Commissioner of the OFR.

[Commissioner Breakspear Announces Deputy Commissioner Appointment](#)

On October 13 - 16, 2015, three members of the Division of Financial Institutions represented the OFR at the District III Interagency Meeting in Atlanta, Georgia.

On October 27, 2015, the OFR released a consumer alert on cybersecurity tips for small businesses.

[Consumer Alert: Cybersecurity Tips for Small Businesses](#)

During the week of October 26, 2015, a member of the Division of Financial Institutions met with institutions in the South Florida area.

On October 28, 2015, a member of the Division of Financial Institutions represented the OFR on a regulator panel at the FBA Safety and Soundness Seminar in Miami.

On October 29, 2015, a member of the Division of Financial Institutions represented the OFR at the CSBS Emerging Risk Meeting in Washington, D.C.

On November 3, 2015, a member of the Division of Securities participated in a panel discussion at the U.S. Securities and Exchange Commission (SEC) at the Financial Planning Association (FPA) monthly meeting. The OFR team member discussed the mission of the OFR, the Division registration, examination process and common areas of concern found during examinations. Approximately 45 securities industry members attended.

On November 4, 2015, the OFR issued a press release on Operation Collection Protection.

[Press Release: Florida Office of Financial Regulation Supports Operation Collection Protection](#)

On November 16, 2015, the OFR issued a press release celebrating International Fraud Awareness Week.

[Press Release: The Office of Financial Regulation Celebrates International Fraud Awareness Week](#)

On November 16, 2015, the OFR provided an interview for an editorial for the Palm Beach Post.

[Editorial: Debt collection underworld must be brought into the light](#)

On November 16, 2015, the Division of Securities Senior Management met with the Financial Planning Association (FPA) of Florida. Topics discussed included an overview of the Division of Securities and current regulatory trends. Nine members of the FPA of Florida attended the meeting.

On November 16 - 17, 2015, the Division of Securities hosted a training program for the Bureau of Registration's staff. Presentations included crowdfunding, customer services, hot topics and investment products.

On November 20, 2015, the OFR issued an industry alert regarding the license renewal process for certain OFR licensees.

[Industry Alert: OFR License Renewal Process Opens](#)

On November 24, 2015, the OFR issued a consumer alert regarding Transfer on Death plans for active brokerage accounts.

[Consumer Alert: Transfer on Death Plans for Active Brokerage Accounts](#)

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

[Consumer Alert: Tech Support Scams](#)

### **3. Substantial Sanctions and Fines**

#### **Final Order for \$5,000 Fine Against an Investment Adviser Firm for Prohibited Business Practices**

On September 28, 2015, the Division of Securities entered a final order against Synergy Capital Inc., for engaging in prohibited business practices by failing to file financial statements and filing financial statements not prepared in accordance with Generally Accepted Account Principles (GAAP). A \$5,000 administrative fine was paid.

#### **Final Order for \$3,000 Fine Against an Investment Adviser Firm and Associated Persons for Prohibited Business Practices**

On September 28, 2015, the Division of Securities entered a final order against Mats Financial Services Inc., and Mats Tyloskog for engaging in prohibited business practices by failing to maintain an accurate Form ADV, prepare and maintain written supervisory procedures, maintain and provide accurate advisory contracts and file annual financial statements. Mats Financial Services Inc., and Mats Tyloskog agreed not to seek registration as an investment adviser in Florida for three years. A \$3,000 administrative fine was paid.

#### **Final Order for \$7,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices**

On September 28, 2015, the Division of Securities entered a final order against Davenport Investment Advisors, LLC and Jeffrey Davenport for engaging in prohibited business practices by failing to maintain an accurate Form ADV, maintain and provide accurate advisory contracts, accurately disclose prepaid fees in written investment advisory contracts, file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$7,500 administrative fine was paid.

Final Order for \$12,001 Fine Against a Broker Dealer Firm and Associated Person for Prohibited Business Practices

On October 2, 2015, the Division of Securities entered a final order against Sigma Financial Corporation and Jeffery Darwish for engaging in prohibited business practices. Sigma Financial Corporation failed to enforce the firm's written supervisory procedures when they approved Mr. Darwish's seminar presentation materials. Jeffrey Darwish disclosed false or misleading information regarding his professional designations on his seminar presentation materials. A \$12,001 administrative fine was paid.

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

On October 5, 2015, the Division of Securities entered a final order against First Palm Beach Advisory Co., Inc., and Thomas B. Walker for engaging in prohibited business practices by failing to maintain an accurate Form ADV, send clients itemized invoices, file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency 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 \$35,000 Fine Against a Broker Dealer Firm

On October 5, 2015, the Division of Securities, in conjunction with a multi-state settlement, entered a final order against Citigroup Global Markets Inc., for failing to establish, maintain, and enforce supervisory procedures, failing to enforce the firm's written procedures and not properly registering sales assistants with the State of Florida. In accordance with the terms of the settlement, Citigroup Global Markets Inc., agrees to establish and maintain reasonable supervisory policies and procedures for the firm's sales assistants and to pay an administrative fine of \$35,000 to the state of Florida.

Final Order for \$4,000 Fine Against an Investment Adviser Firm for Prohibited Business Practices

On October 5, 2015, the Division of Securities entered a final order against Hammer and Company, LLC for engaging in prohibited business practices by failing to maintain an accurate Form ADV and maintain accurate investment advisory contracts. A \$4,000 administrative fine was paid.

Termination of Investment Adviser President's Registration for FINRA Sanctions

On October 15, 2015, the Division of Securities entered a final order against Financial One Inc., and Howard Schwartz, requiring the termination of Mr. Schwartz's associated person's registration. Howard Schwartz was the subject of a suspension and fine by FINRA, a national securities association. Mr. Schwartz as the president, direct owner and chief compliance officer, agreed to

terminate his registration with Financial One Inc., and to not submit an application for registration for six months.

Final Order for \$2,000 Fine Against an Associated Person for Failure to Disclose Regulatory Sanctions

On October 16, 2015, the Division of Securities entered a final order against Robert A. Kiesling for failing to timely report the suspension of his insurance license, by the Florida Department of Financial Services, in March 2014. Pursuant to the final order, Mr. Kiesling's registration as an associated person will be subject to a registration agreement. A \$2,000 administrative fine was paid.

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

On October 16, 2015, the Division of Securities entered a final order against Marketwise Private Asset Management LLC, and Jesus Alberto Pinedo for engaging in prohibited business practices by failing to maintain an accurate Form ADV, to send clients itemized invoices file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$5,000 administrative fine was paid.

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

On October 27, 2015, the Division of Securities entered a final order against Timothy Wayne Baldwin for engaging in prohibited business practices by communicating with clients via his personal e-mail account, which is a violation of his employing broker dealer firm's policy. A \$5,000 administrative fine was paid.

Permanent Bar of an Investment Adviser and Associated Person

On October 27, 2015, the Division of Securities entered a final order against Sarris Financial Group, Inc., and Emanuel Louis Sarris, Sr., for failing to provide books and records after a written request by the OFR. Sarris Financial Group, Inc., agreed to terminate its registration as an investment adviser with the state of Florida. Pursuant to the final order, Sarris Financial Group, Inc., and Emanuel Louis Sarris, Sr., are permanently barred 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.

Three-Year Bar and \$1,000 Fine Against an Investment Adviser Firm and an Associated Person for Prohibited Business Practices

On November 4, 2015, the Division of Securities entered a final order against American Wealth Inc., and Quincy S. Faison for engaging in prohibited business practices by failing to timely file financial statements. American Wealth Inc., and Quincy S. Faison are barred for three years from engaging in, affiliating with or

seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$1,000 administrative fine was paid.

Permanent Bar and \$600,000 in Total Fines Against an Unregistered Broker Dealer and Associated Person for Fraud

On November 6, 2015, the Division of Securities entered a final order against Scurry Capital Consulting, LLC, and Stephen Andrew Comeau permanently barring the firm and him from registration with the OFR, after they failed to request a hearing. The final order follows an administrative complaint, which alleged Scurry Capital Consulting, LLC, and Mr. Comeau offered and sold unregistered securities, engaged in securities business in Florida without being registered and conducted fraudulent securities transactions. A total of \$600,000 in administrative fines was assessed.

Final Order for \$10,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On November 10, 2015, the Division of Securities entered a final order against Longboat Key Financial Group, LLC, and Craig D. Meldahl for engaging in prohibited business practices by failing to maintain an accurate Form ADV, send clients itemized invoices, file audited financial statements, maintain required net capital, timely notify the office of the firm's net capital deficiency and for inaccurately identifying the firm on business cards and the firm's website. A \$10,000 administrative fine was paid.

Multi-State Settlement Agreement and Consent Order for Improper Fees

On November 18, 2015, a settlement agreement and consent order between 50 state mortgage regulators including the OFR was entered with Prospect Mortgage, LLC. A multistate examination conducted by eight states revealed a pattern of charging improperly disclosed and unsupported fees paid to the company's subsidiary. The order required Prospect Mortgage, LLC to pay restitution of \$2.8 million plus interest from the date the improper fee was charged to consumers throughout the United States. There are 3,406 Florida consumers that are eligible to receive restitution from the settlement. The OFR will receive a \$340,600 administrative fine for federal violations identified in the multistate examination.

Four Year Bar and \$2,500 Fine Against an Unregistered Broker Dealer and Associated Person

On November 20, 2015, the Division of Securities entered a final order against Trade Up Invest Inc., and Benjamin A. Goldberg, barring Mr. Goldberg until December 31, 2019, from engaging in, affiliating with or seeking future registration as a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. Trade Up Invest Inc., and Benjamin A. Goldberg were found to have engaged in securities

business in Florida without being registered. A \$2,500 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.

Denial of Associated Person Applications

From September 30 to December 27, 2015, the Division of Securities denied two 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.

Fines Totaling \$31,506 for Unregistered Activity

From October to December 2015, the Division of Securities fined two associated persons and one firm for engaging in unregistered investment advisory or securities activities in the State of Florida. Fines totaling \$31,503 were paid.

#### **4. Enforcement Actions**

Jacksonville Man Pleads Guilty in Foreign Currency Trading Scam

On September 25, 2015, Joshua Carrol Gilliland entered a plea of guilty to one count of conspiracy to commit wire fraud in United States District Court for the Middle District of Florida. In March 2015, federal indictments against Gilliland and Chawalit Wongkhiao were filed by the United States Attorney's Office in

Jacksonville. The two men were charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering for their alleged roles in a foreign currency trading scam, operating from March 2012 until July 2014. Wongkhiao pleaded guilty to one count of conspiracy to commit wire fraud on August 25, 2015. Gilliland and Wongkhiao, doing business as Allied Markets, LLC are alleged to have solicited money from at least four investors for purported investments in foreign currency exchange (Forex) transactions. Based on promises of guaranteed returns of between seven and 10 percent annually, investors purchased more than \$1 million in investment contracts from the men. According to those investors, Gilliland and Wongkhiao represented that investment returns would come from profits generated through Forex trading. The investigation revealed, however, that the two men only invested about one-fifth of investors' funds in Forex transactions. A large portion of the funds was used for personal expenses or withdrawn by the men in the form of cash. The two are also alleged to have used funds acquired from more recent investors to pay returns to earlier investors in typical Ponzi fashion. The guilty plea carries a maximum penalty of up to 20 years in prison and fines of up to twice the loss resulting from the offense. This case was developed jointly with the FBI, IRS- Criminal Investigation, Jacksonville Beach Police Department and the U.S. Commodity Futures Trading Commission. The U.S. Attorney's Office in Jacksonville is prosecuting the case. A separate OFR administrative complaint was issued against Gilliland, Wongkhiao and Allied Markets on February 25, 2015, for violations of Chapter 517, F.S. Both Gilliland and Wongkhiao are scheduled to be sentenced on January 11, 2016.

#### Naples Man Sentenced to Four Years' Imprisonment in Advance Fee for Loan Fraud

October 13, 2015, defendant James Spillers entered a plea of guilty in Collier County Circuit Court to one count of grand theft and 13 counts of taking advance fees as a loan broker in violation of Chapter 687, Florida Statutes. Spillers was sentenced to a four-year prison term to be followed by 10 years' probation. Spillers was also ordered to pay \$114,100 in restitution to victims along with nearly \$10,000 in investigative, prosecutorial and court costs. On September 12, 2014, Spillers was arrested in connection with an elaborate advance fee for loan fraud through which more than \$185,000 in advance fees was collected from prospective borrowers on the promise of obtaining commercial loans. Evidence obtained during the course of the investigation estimated the loss to prospective borrowers both within and outside the state at greater than \$900,000. Simultaneous to the arrest, and with assistance from the Collier County Sheriff's Office, a search warrant was executed at Spillers' home in Naples. Evidence obtained from the search was used in support of all charges. From December 2012 through March 2014, Spillers and his co-defendant, Douglas Carter, are alleged to have used websites such as "lendinguniverse.com" to offer loans to prospective borrowers via the internet. They are believed to have victimized over 100 prospective borrowers throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. The OFR is

the lead investigative agency in this case, teaming principally with the Volusia County Sheriff's Office and Collier County Sheriff's Office. The Office of Statewide Prosecution is prosecuting the case. Co-defendant Douglas Carter's trial is scheduled for November 30, 2015.

#### South Florida Man Sentenced in Multi-Million Dollar Mortgage Fraud Scheme

On October 28, 2015, Guerdin Lecorps of Miramar was sentenced to three years in federal prison to be followed by three years of supervised release for his role in this South Florida mortgage fraud scheme. The sentencing follows a guilty plea accepted by the court on August 28, 2015. In addition to the prison term, Lecorps was also ordered to pay \$3,467,024.30 in restitution to mortgage lenders victimized by the scheme. Lecorps was arrested in August 2015 on a charge of conspiracy to commit wire fraud for having participated, together with other defendants, in defrauding several financial institutions through straw borrower loans arranged by KMC Mortgage Corporation of Florida and its associated company, Mega Financial. Between May 2006 and January 2007, Lecorps and his co-conspirators are alleged to have recruited and paid straw buyers in order to use their identities and creditworthiness to purchase properties throughout South Florida. Lecorps operated one of KMC's three offices where he is believed to have prepared and submitted fraudulent loan applications and supporting documents to mortgage lenders all across the country. These fraudulent documents are alleged to have been used by Lecorps to acquire approximately 13 properties throughout Miami-Dade and Broward Counties. Evidence obtained through the investigation suggests that Lecorps and his co-conspirators made a limited number of mortgage payments on certain properties and then abruptly stopped, causing the mortgage lenders to foreclose and suffer losses totaling \$3,500,000. Agents with the FBI and U.S. Marshals Service performed the arrest. Initial charges in this case were filed in May of 2014, when a federal grand jury indicted Karl A Oreste, Marie Lucie Tondreau, Okechukwu Josiah "O.J." Odunna, and Kelly Augustin on one count of conspiracy to commit wire fraud and six counts of wire fraud affecting a financial institution. Each of the defendants who have already been apprehended have either been found guilty (by jury trial) or pled guilty to defrauding financial institutions in the same manner as alleged in the case against Lecorps. Combined, the defendants' schemes involved a total of 54 properties and \$24 million. Each of the convicted defendants used the fraudulently obtained loan proceeds for their personal benefit. Tondreau, the former mayor of the City of North Miami, was sentenced to 60 months in federal prison to be followed by three years of supervised release. Oreste was sentenced to eight years and four months in federal prison to be followed by five years of supervised release. Odunna and Augustin remain fugitives. This investigation was developed jointly with the FBI and is being prosecuted by the U.S. Attorney's Office in Miami.

#### Naples Men Sentenced to 10 Years in Prison for Advance Fee Scam

On November 5, 2015, defendant Douglas Lee Carter entered a plea of guilty in Collier County Circuit Court to one count of communications fraud (scheme to

defraud) and 13 counts of taking advance fees as a loan broker in violation of Chapter 687, Florida Statutes. Carter was sentenced to a 10-year prison term to be followed by 10 years of probation. Carter was also ordered to pay \$114,100 in restitution to victims along with nearly \$10,000 in investigative, prosecutorial and court costs. Previously, on October 13, 2015, Carter's co-conspirator in the scheme, James Spillers, pled guilty to one count of grand theft and 13 counts of taking advance fees as a loan broker for his role in the fraud. Spillers was sentenced to a four-year prison term to be followed by 10 years of probation. Both Carter and Spillers were arrested in September 2014, on charges that they were operating a sophisticated fraudulent loan scheme, through which more than \$185,000 in illegal advance fees was collected from prospective borrowers. Borrowers paid the advance fees on the promise of obtaining residential and commercial loans. The men used websites such as "lendinguniverse.com" to lure prospective borrowers and are believed to have victimized over 100 individuals throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. Evidence obtained during the course of the investigation indicated that the actual loss to prospective borrowers both within and outside the state was estimated to be greater than \$900,000. The OFR was the lead investigative agency in this case, teaming principally with the Volusia County Sheriff's Office and the Collier County Sheriff's Office. The Attorney General's Office of Statewide Prosecution prosecuted the case.

[Press Release: Naples Men Sentenced in Advance Fee for Loan Scam](#)

#### Central Florida Pair Sentenced to Combined 20+ Year Prison Term in Fraudulent Factoring Scheme

On November 5, 2015, Brian Newton and Victoria Snow were sentenced in federal court in Orlando for their role in defrauding more than 60 victims out of more than \$7.2 million. Newton was sentenced to 15 years and 8 months, and Snow was sentenced to 4 years and 9 months. They were both ordered to pay more than \$7.2 million in restitution. Newton and Snow were convicted following a July 2015 jury trial in which each defendant was found guilty of 25 counts of mail and wire fraud in relation to an investment fraud and receivables factoring scheme. The verdict followed an April 2014 arrest and indictment of the pair on charges that they had defrauded investors and factoring companies out of approximately \$6 million. Newton and Snow took money from investors based on misrepresentations that their funds would be used to expand the operations of Prestige Funding Group, a company that they claimed purchased and held millions in uncollected receivables from various businesses. Victims who invested with Prestige received promissory notes in exchange for their money. They were to receive quarterly interest ranging from 10-20 percent per year and a 3-6 percent bonus at maturity. However, Newton diverted more than \$3 million into his personal account. This case was prosecuted by the U.S. Attorney's Office for the Middle District of Florida and was developed jointly with the FBI.

[Press Release: Duo Sentenced for Investment Fraud Scheme](#)

### 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.

### South Florida Man Arrested in Alleged Gold and Diamonds Investment Scam

On November 23, 2015, Lawyer Stanley Jr., of Hollywood was arrested following an investigation by the OFR, which found that Stanley orchestrated an investment scheme through which he is alleged to have defrauded investors out of at least \$2.1 million dollars. Stanley was charged with one count of organized scheme to defraud, one count of first degree grand theft and one count of third degree grand theft for his role in the scheme. The OFR’s investigation revealed that from approximately September 2006 through September 2013, while employed as a letter carrier for the United States Postal Service, Stanley solicited potential investors for a gold and diamonds investment opportunity in Africa. Stanley is alleged to have solicited investments primarily from residents of his mail route but also from co-workers and acquaintances. According to investor victims, Stanley represented that he traveled to Africa to personally visit gold and diamond mines as part of the process of selecting the “best stones” for import to the United States and subsequent sale in New York City. Stanley allegedly promised some investors that he would double their investments and guaranteed certain investors millions of dollars in returns. In addition to the gold and diamond ventures, Stanley also persuaded investors to invest in large scale infrastructure

projects for which he claimed to have exclusive contracts with governments in Africa. These included port construction projects in Cameroon and power grid development projects in Equatorial Guinea. To secure the investments, Stanley allegedly flaunted bank records to his potential investors showing that he had approximately \$17 million dollars on deposit in a West African bank. The investigation, however, could not confirm the existence of any government contracts, infrastructure development projects, or bank accounts in Africa. Instead the majority of investor funds are believed to have been spent by Stanley on personal living expenses or taken as cash withdrawals. Stanley was booked into the Broward County Jail where he is currently being held on a \$50,000 bond. The OFR Bureau of Financial Investigations was assisted in the arrest by the Hallandale Beach Police Department. The case is being prosecuted by the Miami-Dade County State Attorney's Office.

[Press Release: South Florida Mail Man Arrested in Alleged Investment Scam](#)

#### 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.