

GOVERNOR RICK SCOTT

QUARTERLY AGENCY ACHIEVEMENT REPORT

OFFICE OF FINANCIAL REGULATION

SEPTEMBER 2014

JULY THROUGH SEPTEMBER 2014 ACHIEVEMENTS

1. Quarterly Statistics

- Division of Securities
 - Examinations Opened: 71
 - Examinations Closed: 80
 - Complaints Received: 81
 - Complaints Closed: 68
 - Applications Received: 13,327
 - Applications Approved: 13,083
 - Applications Denied/Withdrawn: 219

- Division of Consumer Finance
 - Examinations Opened: 128
 - Examinations Closed: 121
 - Complaints Received: 747
 - Complaints Closed: 649
 - Applications Received: 4,793
 - Applications Approved: 4,576
 - Applications Denied/Withdrawn: 181

- Division of Financial Institutions
 - Examinations Opened: 42
 - Examinations Closed: 29
 - Complaints Received: 243
 - Complaints Closed: 227
 - Applications Received: 49
 - Applications Approved: 28
 - Applications Denied/Withdrawn: 1

- Bureau of Financial Investigations
 - Investigations Opened: 53
 - Investigations Closed: 30

2. Communications and Outreach Activities

On July 3, 2014, an on camera interview between OFR Commissioner Drew J. Breakspear and Steven Scully of C-SPAN aired.

[C-SPAN: Washington Journal: Commissioner Drew J. Breakspear](#)

On July 22, 2014, the OFR issued a consumer alert on disaster-related financial scams.

[Consumer Alert: Disaster-Related Financial Scams](#)

On July 24, 2014, OFR Commissioner Drew J. Breakspear appeared on Florida Face to Face.

[Florida Face to Face: Commissioner Breakspear](#)

On August 6, 2014, Deputy Commissioner Gregory J. Hila provided an on camera interview to the Capitol News Service.

On August 11, 2014, OFR Commissioner Drew J. Breakspear, Deputy Commissioner Gregory J. Hila and Communications Director Jamie Mongiovi attended an editorial board meeting with the Pensacola News Journal.

On August 11-13, 2014, a member of the Division of Securities attended the North American Securities Administrators Association (NASAA) Investment Adviser Examination and Registration Training held in St. Louis, Missouri. The team member served on a presenter and trainer during the program for state regulatory examination and registration staff. Approximately 100 attendees from more than 30 jurisdictions participated in the program.

On August 12, 2014, the OFR issued a consumer alert on unlicensed payday lenders.

[Consumer Alert: Unlicensed Payday Lenders](#)

On August 13, 2014, Division of Securities Senior Management met with representatives of the Florida Securities Dealers Association (FSDA) in Tallahassee. Topics discussed included an overview of OFR, legislative and rule proposals. Approximately five members of the FSDA attended the meeting.

On August 14, 2014, OFR Deputy Commissioner Gregory J. Hila attended the Bank Secrecy Act Advisory Group (BSAAG) meeting in Washington, D.C. Topics discussed included emerging trends.

On August 14-15, 2014, OFR Commissioner Drew J. Breakspear spoke at the Florida Bankers Association (FBA) Director's Forum in Orlando. Topics discussed included regulatory changes and emerging banking trends.

On August 27, 2014, the OFR issued a press release on the deadline to file a claim with Ocwen Mortgage.

[Press Release: Deadline Approaches for Ocwen Mortgage Claims](#)

On August 27, 2014, the OFR issued a press release to remind Floridians that the deadline to file a claim with Ocwen Mortgage is September 15, 2014.

[Press Release: Deadline Approaches for Ocwen Mortgage Claims](#)

On September 4, 2014, members of the Division of Consumer Finance spoke at the Florida Association of Mortgage Professionals (FAMP) Annual Convention and Trade Show in Orlando. Topics discussed included working with the association to promote cooperation in addressing statutory changes, upcoming renewals, enforcement concerns and industry trends. Approximately 75 association members attended the luncheon. According to FAMP, they had a record number of attendees for both the convention and trade show.

On September 10-12, 2014, a member of the Division of Financial Institutions represented the OFR at the NASCUS State System Summit in Nashville, Tennessee.

On September 11, 2014, the Division of Securities hosted an investigation techniques training session in Tallahassee. FBI Special Agent Gregory Coleman provided an in-depth training focusing on criminal investigative strategies. Over 250 members of the Office of Financial Regulation statewide staff and other Florida State Agencies Investigative staff participated.

On September 14-16, 2014, OFR Commissioner Drew J. Breakspear and OFR Securities Director Pam Epting attended the North American Securities Administrators Association (NASAA) Annual Conference “ Meeting Tomorrow’s Challenges Today” held in Indianapolis, Indiana. Director Epting was a speaker on the Broker-Dealer Section Form Panel and the CRD/IARD Steering Committee Panel. Over 250 attendees from more than 40 jurisdictions attended the each panel discussion.

On September 15, 2014, a member of the Division of Financial Institutions met with University of North Florida, Coggin College of Business officials regarding a recruitment relationship network with the Division of Financial Institutions.

On September 15, 2014, the OFR issued a press release announcing the opening of an international administrative office by Deutsche Bank.

[Press Release: Deutsche Bank Granted State Charter](#)

On September 17, 2014, the OFR issued a consumer alert updating consumers on virtual currency guidance.

[Consumer Alert: Update on Virtual Currency](#)

On September 19, 2014, the OFR issued a consumer alert on a pervasive IRS collection scam.

[Consumer Alert: Pervasive IRS Collection Scam](#)

3. Substantial Regulatory Actions

On June 27, 2014, First Florida Integrity Bank (formerly National Bank of the Gulf Coast) converted to a state charter. First Florida Integrity Bank is located in Naples, Florida, with an assets size of \$865 Million.

[Press Release: First National Bank of the Gulf Coast Changes Name, Becomes State-Chartered Institution](#)

On June 30, 2014, Old Florida Bank (formerly Old Florida National Bank) converted to a state charter. Old Florida Bank is located in Orlando, Florida, with an asset size of \$843 Million.

[Final Order for \\$3,000 Fine Against an Investment Adviser Firm and Associated Person for Failure to Disclose](#)

On June 30, 2014, the Division of Securities entered a Final Order against Oxford City Investments, LLC, and Thomas Anthony Guerriero for failure to disclose consumer-initiated arbitration claims filed against Mr. Guerriero. A \$3,000 administrative fine was paid.

[Final Order for \\$1,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices](#)

On June 30, 2014, the Division of Securities entered a Final Order against Intrust Advisors, Inc., and Jeffrey Jay Diercks for engaging in prohibited business practices by failing to maintain accurate Form ADV and for misrepresenting the qualifications of Jeffrey Jay Diercks. A \$1,500 administrative fine was paid.

[Permanent Bar and \\$65,000 Fine Against an Unregistered Associated Person for Fraud](#)

On July 3, 2014, the Division of Securities entered a Final Order against Christopher John Borgo, permanently barring Mr. Borgo from registration with the Office, after he failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged Christopher John Borgo offered and sold unregistered securities, engaged in securities transactions in Florida without being registered and conducted fraudulent securities transactions. An administrative fine of \$65,000 was assessed.

[Revocation and \\$53,500 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices](#)

On July 11, 2014, the Division of Securities entered a Final Order against Brick Investment Advisors, LLC, and Raul Matias Del Solar, revoking their registration with the Office, after they failed to request a hearing. The Final Order follows an Administrative Complaint, which alleged Brick Investment Advisors, LLC, and Raul Matias Del Solar engaged in prohibited business practices by failing to file audited financial statements, maintain an accurate Form ADV, maintain required net capital and send clients itemized invoices. An administrative fine of \$53,500 was assessed.

[Final Order for \\$6,004 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices](#)

On July 11, 2014, the Division of Securities entered a Final Order against

USA-LIVING.COM, Inc., and David Snellen for engaging in prohibited business practices by failing to timely file financial statement, failing to send clients itemized invoices and publishing advertisements containing misleading materials facts. A \$6,004 administrative fine was paid.

Permanent Bar Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On July 11, 2014, the Division of Securities entered a Final Order against BER Financial Group LLC, and Barry Rabinowitz for engaging in prohibited business practices by failing to maintain an accurate Form ADV and Form U-4, maintain books and records and have written supervisory procedures. BER Financial Group LLC, and Barry Rabinowitz were permanently 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.

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

On July 21, 2014, the Division of Securities entered a Final Order against Candor Asset Management, LLC, and Carlos E. Alamo for engaging in prohibited business practices by failing to maintain an accurate Form ADV and prepare and maintain accurate and current financial statements and for entering into client advisory agreements that did not accurately disclose advisory rates. Fines totaling \$6,000 were paid.

Final Order for Fines totaling \$8,000 Against an Investment Adviser Firm for Prohibited Business Practices

On August 14, 2014, the Division of Securities entered a Final Order against Bravis Fund Group, LLC, and Kareem T. Brantley for engaging in prohibited business practices by failing to provide a Form ADV Part 2 to clients, maintain written advisory contracts, maintain an accurate Form ADV, prepare and maintain accurate and current financial statements, timely file financial statements, maintain the required net capital, maintain written supervisory procedures, maintain client written communications, send clients itemized invoices and publishing misleading information on the firm's website. Fines totaling \$8,000 were paid.

Five Year Bar and \$3,000 Fine Against an Unregistered Associated Person

On August 22, 2014, the Division of Securities entered a Final Order against Edwin Andres Bejarano for offering and selling unregistered securities and for engaging in securities transactions in Florida without being registered. Mr. Bejarano is barred for five years from affiliating or seeking future registration with a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F.S. A \$3,000 administrative fine was paid.

Final Order and \$60,000 Fine Against an Unregistered Broker Dealer for Unregistered Securities Activity

On August 26, 2014, the Division of Securities entered a Final Order against VFG, LLC, f/k/a Voyager Financial Group, ordering the firm to Cease and Desist from any further violations of the Securities and Investor Protection Act, after the firm failed to timely request a hearing. The Final Order follows an Administrative Complaint, which alleged VFG, LLC, offered and sold unregistered securities, and engaged in securities transactions in Florida without being registered. An administrative fine of \$60,000 was assessed.

Fine Issued for Unlicensed Activity

On August 27, 2014, the Division of Consumer Finance entered a Final Order against Verizon Wireless Services, LLC, for unlicensed retail installment activity and unlicensed sales finance activity. Administrative fines of \$10,000 and \$7,500 were paid and licenses were granted.

Final Order for \$9,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On September 5, 2014, the Division of Securities entered a Final Order against Moore Financial Planning Advisors, LLC, and Hugh Anthony Moore for engaging in prohibited business practices by failing to file audited financial statements, maintain required net capital, maintain an accurate Form ADV, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F. S. A \$9,000 administrative fine was paid.

Permanent Bar and \$5,000 Fine Against an Insurance Agent for Unregistered Activity

On September 8, 2014, the Division of Securities entered a Final Order against Warren R. Thompson for offering and selling unregistered securities and engaging in securities transactions in Florida without being registered. Mr. Thompson was permanently barred from affiliating or seeking future registration with a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. A \$5,000 administrative fine was paid.

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

On September 12, 2014, the Division of Securities entered a Final Order against 21st Century Investing Advisors Corp., and Robert C. Parrish for engaging in prohibited business practices by failing to timely file financial statements, maintain an accurate Form ADV, send clients itemized invoices 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 \$15,000 Fine Against an Investment Adviser Firm and Associated Person for Prohibited Business Practices

On September 24, 2014, the Division of Securities entered a Final Order against DiGiovanni Financial Group, LLC, and Frank Joseph DiGiovanni for engaging in prohibited business practices by failing to prepare and maintain written supervisory procedures, maintain an accurate Form ADV, maintain books and records, file financial statements prepared in accordance with GAAP, send clients itemized invoices and comply with the custody requirements of the Florida Securities and Investor Protection Act, Chapter 517, F. S. A \$15,000 administrative fine was paid.

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

On September 25, 2014, the Division of Securities entered a Final Order against Roberta R. Couri for offering and selling unregistered securities and engaging in securities transactions in Florida without being registered. Roberta R. Couri was permanently barred from affiliating or seeking future registration with a dealer, investment adviser or associated person under the Florida Securities and Investor Protection Act, Chapter 517, F. S. A \$25,000 administrative fine was assessed.

Denial of Associated Person Applications

From July 1 to September 25, 2014, the Division of Securities denied three 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 \$97,500 for Unregistered Activity

From July 1 to September 25, 2014, the Division of Securities Fined eight associated persons and one firm for engaging in unregistered investment advisory or securities activities in the State of Florida.

4. Significant Enforcement Actions

Guilty Plea Entered in Investment Fraud Case

On June 18, 2014, Matthew Ionno agreed to enter a plea of guilty to one count of conspiracy to commit wire fraud for his role in the operation of Traders Café. Traders Café, located in downtown Tampa, offered a purported trading platform and a 20 to 1 leverage ratio to day traders identified through social media and internet websites. Traders Café was established in July 2012 by Matthew Ionno and his business partner. Ionno and his partner represented to traders that they had a proprietary trading platform, that Traders Café maintained a secured escrow account and designated trading accounts that would be established for clients. Ionno did not inform clients that funds would be used to cover costs of operations expenses and for personal enrichment. A total of \$473,000 was transferred to a bank account in the name of Traders Café. The funds were not placed into a designated trading account, but rather used to cover operational

expenses of the Company and personal expenses of Ionno and his partner. Traders Café and Ionno were not registered with the OFR in any capacity. This investigation was developed jointly with the FBI. The U.S. Attorney's Office in Tampa is prosecuting the case.

Investment Fraudsters Sentenced to a Combined 17.5 Years in Prison

On June 26, 2014, U.S. District Judge Richard W. Goldberg sentenced Arthur John Schlecht to 120 months in federal prison to be followed by three years of supervised release for his role in organizing an elaborate Ponzi scheme, which bilked investors out of \$48 million dollars. A day earlier, on June 25, 2014, Judge Goldberg sentenced each of the co-defendants Carlos Rodriguez and Ricardo Padron to 45 months in prison for their roles in the same scheme. The sentences follow a joint OFR and federal investigation, which found that the defendants, operating through their companies, Global Bullion Trading Group, WJS Funding, Inc. (d/b/a Capital Asset Management) and Certified, Inc., solicited investors to purchase precious metals using leveraged/margin accounts in what turned out to be nothing more than an elaborate Ponzi scheme. Investors were led to believe they were purchasing physical metals, and that their metals would be held in personalized accounts. Investors were also told they had the ability to take possession of the precious metals at any time, subject to handling fees, postage and insurance. Contrary to representations, the investigation found that the subjects did not purchase physical metals or maintain individual accounts on behalf of investors. Instead, the defendants appropriated \$5.7 million for their personal use and for the benefit of family members. On February 27, 2014, following a four week federal trial, defendant Schlecht was found guilty of wire fraud and conspiracy to commit mail and wire fraud for his role as orchestrator of the scheme. He and the other defendants were indicted on August 9, 2012. Rodriguez and Padron pled guilty to the charges in the indictment and averted trial. Two other defendants indicted in the case, Robert Roca and Frederick Gomer, pled guilty to the charges in the indictment as well. Roca was sentenced to 36 months in prison on September 30, 2013, and Gomer passed away in January 2014 prior to sentencing.

Assistant Pastor Charged in Investment Fraud Scheme

On July 14, 2014, Wesley Alan Brown was arrested in North Carolina for his alleged role in a fraudulent investment scheme carried out in Flagler County, Florida. Brown is charged with sale of unregistered securities, securities fraud, grand theft and sale of securities by an unregistered dealer. This investigation, conducted by the OFR and the Flagler County Sheriff's Office, determined that from December 2010 through June 2012, Brown sold unregistered securities exceeding \$395,000 to at least six people. Brown, who at the time was an assistant pastor at a local church, purportedly misled investors and improperly used a portion of their funds for his own benefit. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty. The case is being prosecuted by the State Attorney's Office, 7th Judicial Circuit, Flagler County.

[Press Release: Former Pastor Arrested in Investment Fraud Scheme](#)

[Mortgage Lender Pleads Guilty in Multi-Million Dollar Mortgage Fraud Scheme](#)

On July 16, 2014, Karl Oreste pled guilty to one count of conspiracy to commit wire fraud affecting a financial institution, in violation of Title 18, United States Code, Section 1349. According to documents filed with the court and statements made in court during the plea, Oreste, president of KMC Mortgage Corporation of Florida (KMC), along with co-defendants, Okechukwu Josiah Odunna, Marie Lucie Tondreau and Kelly Augustin, operated a multi-million dollar mortgage fraud scheme in Miami-Dade and Broward Counties between December 2005 and May 2008. Oreste and Tondreau hosted several radio show programs, which catered to the South Florida Haitian community. During these programs, they advertised the services offered by KMC. Oreste and Tondreau recruited and paid some of the listeners who responded to those advertisements, as well as other individuals, to pose as borrowers to purchase properties identified by Oreste. Augustin, an employee of KMC, also recruited straw borrowers. According to statements made in court, Oreste, Odunna and other co-conspirators prepared or caused to be prepared loan applications on behalf of straw borrowers. These loan applications included false information relating to employment, wages, assets and intent to make the property being purchased a primary residence. The loan applications and documents were submitted by co-conspirators to various mortgage lenders throughout the United States. At closing, a portion of loan proceeds were disbursed to Oreste through his companies. Oreste disbursed some of the proceeds that he received to pay recruiters, such as Tondreau and Augustin, and straw borrowers. Oreste also transferred a substantial portion of the funds to the bank account of a company controlled by Tondreau who used the funds to make payments on the falsely and fraudulently obtained mortgages in order to maintain the loans, and to conceal and further the fraud. She also used a portion of the funds for her own personal use and benefit. Over the course of the conspiracy, the defendant fraudulently obtained loans on over 20 properties, for which the lenders have suffered losses in the amount exceeding \$11,000,000.

[Press Release: Mortgage Lender Pleads Guilty In Multi-Million Dollar Mortgage Fraud Scheme](#)

[Miami Radio Personality Charged in Ponzi Scheme](#)

On July 17, 2014, Phillipe Bourciquot was arrested and charged with racketeering, securities fraud, grand theft and money laundering in connection with an alleged active Ponzi scheme targeting the Haitian-American community in South Florida. From November 2012 through the present, Bourciquot is alleged to have used a daily radio broadcast to solicit more than \$3 million from approximately 600 investors residing in Miami-Dade, Broward and Palm Beach counties. Bourciquot is alleged to have encouraged listeners to “lend” him money to make investments in the currency markets in exchange for a fixed return of 8% per month. Bourciquot claimed he could achieve those returns based on his expertise in the foreign exchange market (“forex”) where he insisted that he

routinely traded currencies from “18 different countries.” Listeners were told that their investments could not lose money and that they would be issued promissory notes in exchange for placing their funds with Bourciquot. However, contrary to his representations, the investigation alleges that much of the investors’ money was used to pay Bourciquot’s personal expenses and to make Ponzi payments to previous investors. Concurrent with his arrest, a search warrant was executed on Bourciquot’s home and office and his bank accounts were frozen. This case was developed jointly with FDLE and is being prosecuted by the Office of Statewide Prosecution. The charges filed against the defendant are only an accusation and the defendant is presumed innocent until proven guilty.

[Press Release: Miami Radio Personality Arrested in Ponzi Scheme](#)

Tampa Area Man Arrested for Role in Investment Fraud Scheme

Michael Hester was arrested on August 4, 2014, in Decatur, Georgia and transferred to the Hillsborough County Jail. He has been charged by the Office of the State Attorney, 13th Judicial Circuit in Hillsborough County with two counts of grand theft and one count of organized scheme to defraud. Hester is a formerly licensed securities broker who was barred by FINRA in 2012 for engaging in private securities transactions without the approval of his employing firm. The OFR investigation revealed that from July 2009 through January 2010, Hester solicited \$55,000 from at least two investors for investment in his company, MMFH 1, LLC. Hester allegedly told investors that through MMFH 1, LLC, he would purchase foreclosed properties, remodel the properties and sell them at a profit. Investors signed 60-day promissory notes with promised returns ranging from 20 to 40 percent. The investigation revealed that Hester did not use the investors’ monies to purchase and resell homes, but rather purportedly misappropriated the majority of the money for his benefit through cash withdrawals. The OFR is the sole investigative agency in the case.

Miami Beach Man Sentenced to 10 Years in Fraud Case

On August 28, 2014, a jury in Miami-Dade County found Joseph Patrick Fox guilty of second degree grand theft following a three-day trial. Fox was tried on charges related to the sale of investments in his Miami Beach business, Telogenesis, Inc. Fox claimed that Telogenesis had developed an anti-aging “yogurt cream” that reversed the hair loss process in men and restored original hair color. He told investors that their money would be used to fund equipment purchases as well as pay for labor, testing, advertising and clinical trials of the miracle product dubbed “Igrowhair.” Fox collected approximately \$380,000 from investors throughout Miami-Dade County. Contrary to his claims, the OFR’s investigation revealed that investors’ funds were used to cover Fox’s lavish personal expenses. Fox was sentenced to ten years of imprisonment to be followed by five years of probation. He has been in the custody of the Miami-Dade Corrections Department since his arrest on December 28, 2010, on charges related to this case. He is expected to be transferred to a state prison to serve the remaining portion of his sentence.

[Press Release: Miami Beach Man Sentenced to 10 Years in Fraud Case](#)

Two Naples Men Arrested for Roles in Advance Fee for Loan Scheme

On September 12, 2014, Douglas Carter and James Spillers were arrested and charged with grand theft, scheme to defraud, and 18 individual counts of violating Chapter 687.141, F.S., in connection with an elaborate advance fee for loan fraud. Carter and Spillers are accused of assessing and collecting more than \$185,000 in advance fees from prospective borrowers on the promise of obtaining commercial loans. Evidence obtained during the course of the investigation suggests that the loss to prospective borrowers within and outside of the state is likely greater than \$900,000. Simultaneous to the arrests, and with assistance from the Collier County Sheriff's Office, a search warrant was executed at Carter and Spillers' home in Naples. From December 2012 through March 2014, Carter and Spillers 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 in Florida). No loans or refunds have ever materialized. The charges were the result of a joint investigation between OFR and the Volusia County Sheriff's Office. The Office of Statewide Prosecution is prosecuting the case. The charges filed against the defendants are only an accusation and the defendants are presumed innocent until proven guilty.

[Press Release: Naples Men Arrested in Suspected Advance Fee for Loan Scheme](#)