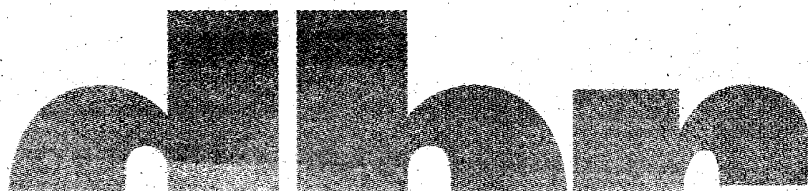


**HOLLYWOOD
AUTO DEALERSHIP
BUILDING BOUGHT**

PAGE A9



OFFICIAL COURT NEWSPAPER OF SOUTH FLORIDA

DailyBusinessReview.com

An ALM Publication VOL. 54, NO. 84 \$2.00

DAILY BUSINESS REVIEW

INSIDE

LAW

**PRACTICE FOCUS:
INTELLECTUAL PROPERTY**

Attorney William Trueba Jr. writes that patent litigation usually involves a significant dedication of resources even early in the case, which may thwart the intent of the SHIELD Act. **A8**



Trueba

CUBA MAY NOT KEEP FLORIDA FAMILY

With criminal charges pending and little for Cuba to gain politically by holding them, experts such as FIU law professor Cyra Akila Choudhury say a Florida couple accused of snatching away their two sons and fleeing to the communist island are unlikely to stay for long. **A3**

JUDGE REVERSES SUSPENSIONS

The Justice Department violated internal procedure in disciplining two federal prosecutors accused of ethical misconduct in the corruption case against the late Ted Stevens, a judge concluded. **A4**

COMMERCIAL REAL ESTATE

FIVE-STAR HOTELS ON WAY OUT

Developers are shunning luxury hotels in the U.S. as room rates fail to rebound to peak levels and profits are squeezed by the costs of offering swanky amenities such as spas and trendy restaurants. **A10**

BANKING/FINANCE

BANKS' CHECKS ARE IN THE MAIL

The nation's largest banks will begin sending payments this week to millions of Americans who may have been wrongfully foreclosed on during the housing crisis. **A2**

PUBLIC NOTICES & THE COURTS

Public notices, court information and business leads, including foreclosures, bid notices and court calendars. **B1**

Public notices from Miami-Dade, Broward and Palm Beach also available at DailyBusinessReview.com/public_notices.jsp. Public notices published in newspapers statewide available at FloridaPublicNotices.com.

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Postmaster: Send address changes to Daily Business Review, PO Box 010589, Miami, FL 33101.

Published daily Monday through Friday, except legal holidays, by ALM Properties, LLC, 633 South Andrews Ave., Ft. Lauderdale, FL 33301, (954) 468-2600.

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Subscription Rates: One year (253) issues - basic (individual and small firms) \$429 plus tax; discounted group rates available. Single copies (M-F) - \$2. Back issues when available (M-F) - \$6. Periodicals postage paid at Ft. Lauderdale, FL/Miami, FL.

MORTGAGE MELTDOWN Lawyer represents company with frozen assets

Boca attorney avoids sanctions by settling distressed loan case



CANDACE WEST

Faced with court sanctions, Howard Feinmel reached a settlement in a distressed mortgage resolution scheme.

by Adolfo Pesquera
apesquera@alm.com

A Boca Raton attorney reached an agreement to avoid court sanctions for his role in a distressed mortgage resolution scheme that was the target of an injunction and asset freeze obtained by the state attorney general's office.

Attorney Howard Feinmel faced sanctions for his work for Fort Lauderdale-based Fidelity Land Trust Co. LLC.

Feinmel was not accused of orchestrating the alleged scheme but was the targeted company's attorney and registered agent. He represented Fidelity in a Palm Beach Circuit Court lawsuit against the Mortgage Electronic Registration Systems Inc., or MERS. Feinmel sued MERS, the national registry that tracks servicing rights and ownership of mortgages, when Fidelity tried to void a mortgage.

In the motion for sanctions filed against Fidelity last October, MERS attorney Albert D. Gibson, an associate at Blank Rome in Boca Raton, said Fidelity sought quiet title to the property, to erase a \$115,000 mortgage and

SEE MORTGAGE, PAGE A5

COMMERCIAL REAL ESTATE \$20 million deal

Bidder wins abandoned Fort Lauderdale HoJo site

by Eric Kalis
ekalis@alm.com

A group led by veteran Fort Lauderdale investor Dev Motwani stepped in with a \$20 million bid after a high bidder failed to close in a bankruptcy auction of the oceanfront site of an abandoned Howard Johnson's hotel on A1A in Fort Lauderdale.

Chieftain Holdings L.P., a Motwani-managed group, acquired the 1.24-acre property at 700 N. Fort Lauderdale Beach Blvd. on Friday, according to Broward County property records. The company was the backup bidder following February's bankruptcy auction resolving the Chapter 11 case of Transacta Prive Developers Ltd.

SEE HOTEL, PAGE A9

AT A GLANCE

Address: 700 N. Fort Lauderdale Beach Blvd., Fort Lauderdale

Property details: 1.24-acre beachfront hotel site

Price: \$20 million

Seller: Transacta Prive Developers Ltd., Silvia Coltrane, manager

Buyer: Chieftain Holdings LP, Dev Motwani, manager

CAPITAL SOURCES

Mike Seemuth

Rules lag for small stocks offerings law

A year-old federal law called the JOBS Act was designed to invigorate capital markets by limiting regulation of private stock offerings. But one year after its enactment, the law remains largely unimplemented, including a key section that allows equity "crowdfunding," or small stock offerings via online funding portals.

"We're still at a standstill," said **Cristina Hermida**, a spokeswoman

SEE CAPITAL SOURCES, PAGE A14

FROM PAGE A1

CAPITAL SOURCES: Crowdfunding laws will take longest

for Miami-based **EarlyShares.com**, one of many web-based businesses nationwide that plan to operate as online intermediaries in equity crowdfunding deals when federal regulators finish writing the rules.

"It's really frustrating for them. They can't really conduct business the way they're set up," said **Andrew Rachmell**, part owner of Jupiter-based **Peerbackers.com**. His company has a crowdfunding website that helps people raise money online from supporters by offering rewards such as free products or services.

Peerbackers.com plans to expand into equity crowdfunding when federal regulation finally makes it a legal form of stock issuance by private companies. But Rachmell said that might not happen until next year.

"We're thinking we're not going to see any SEC (crowdfunding) regulations probably until the end of this year and maybe even into early next year," he said. "That's been the talk on the street."

The **Securities and Exchange Commission** has failed to meet several statutory deadlines to establish rules implementing the Jumpstart Our Business Startups, or JOBS, Act. Some congressional leaders have criticized the federal agency for writing the rules too slowly during a fragile economic recovery. South Florida's economy certainly could use some sort of jump-start: The January estimate of the unemployment rate for Miami-Dade, Broward and Palm Beach counties was 8.2 percent, down just one tick from 8.3 percent in April 2012 when the JOBS Act became law.

When President **Barack Obama** signed the law, he said it would be a "game-changer" in the capital markets because it would encourage more equity investment in promising private companies. "However, the game will not change until the SEC acts," according to a recent letter signed by U.S.

Representative **Darrell Issa**, R-California, chairman of the House Committee on Oversight and Government Reform, and three other House Republican leaders.

RULES OVERDUE

"Mandatory reforms critical to our economic recovery are languishing," the four congressmen said in their letter to interim SEC chairman **Elisse B. Walter**. The SEC rules for equity crowdfunding were due by statute in January. Overdue since last summer are SEC rules to implement another section of the JOBS Act that will partially lift a ban on general solicitation on private stock offerings.

Turnover at the top of the SEC may be slowing implementation. The U.S. Senate confirmed Obama's nomination of former federal prosecutor **Mary Jo White** to the agency's top job. Walter served on an interim basis following the December resignation of **Mary L. Schapiro**.



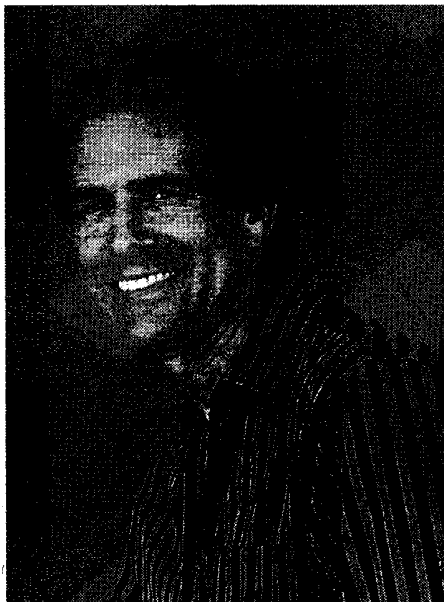
Scileppi

"There has been a lot of change at the SEC, and there's definitely a different set of priorities," said **David C. Scileppi**, a Fort Lauderdale-based partner at the **Gunster** law firm and head of its securities and corporate governance group.

Some sections of the JOBS Act already have been implemented. One increases from 500 to 2,000 the number of shareholders a nonbanking company must have before it is required to go public and start filing financial statements and other disclosures with the SEC.

But delays have discouraged the crowdfunding community. Among others, the SEC still hasn't published final rules for Title II of the JOBS Act, which would permit a private company to advertise a stock offering in a general solicitation without filing a full securities registration statement with the SEC. The commission published the proposed rules about eight months ago.

"Those proposed rules came out last



MELANIE BELL

Andrew Rachmell, of **Peerbackers.com**, said web-based businesses that operate as online intermediaries in equity crowdfunding deals "can't really conduct business" the way the rules are set up.

summer, and they've been just kind of stuck. We would expect those to be finalized in the next three to six months," Scileppi said. Title II limits companies to the general solicitation of "accredited investors," defined as individuals with a net worth of at least \$1 million excluding equity in their primary residence or minimum annual income of \$200,000 over two years.

NEXT YEAR

Also unimplemented is Title III of the JOBS Act, which would permit general solicitation of both accredited and non-accredited investors in connection with stock offerings via online funding portals, the regulatory name for equity crowdfunding websites. Operators of these websites would register with the SEC and the **Financial Institution Regulatory Authority**, a law enforcement agency of the Treasury Department.

SEC rules for Title III, the equity crowdfunding section of the JOBS Act, may take the longest to write. "Proposed rules probably won't even come out until later this year, and final rules wouldn't come out until next year at the earliest," Scileppi said.

"I think that the SEC is fairly antagonistic toward those rules, so they're not going to be on the top of their agenda," he said. "When they do come out with the crowdfunding rules, it's going to be highly regulated from the issuers' perspective and from the perspective of the portals that are going to be hosting these offerings."

Despite all that, entrepreneurs are using crowdfunding sites to raise money and grow their businesses. Rachmell of Peerbackers.com said inventors and other types of entrepreneurs use the Jupiter-based crowdfunding site to solicit funds for prototype development by offering to send a copy of the prototype to supporters when it's done. All supporters get their money back if a prototype campaign falls short of its fundraising goal. Peerbackers charges a fee equal to 5 percent of the amount raised plus 2.9 percent to cover the cost of processing payments through the online PayPal system.

"Many of the entrepreneurs that post on our site are developing a prototype, and they are using the prototype itself once it's finished as a reward. That's always been a mainstay at Peerbackers," Rachmell said. Overall, he said the volume of money raised on the site last year was double the level of 2011, and the average amount raised was in the range of \$5,000 to \$10,000.

"We have had entrepreneurs raise between \$10,000 and \$25,000. That happens occasionally," he said. Legally, financial supporters of prototype developers and other types of entrepreneurs "are just pre-selling" products in advance of delivery. "It's not involving a security, and that's why they can do that."

A DAILY BUSINESS REVIEW SPECIAL REPORT

INSURANCE LAW

BAD FAITH REFORM

Reformers are taking another stab at reworking **FLORIDA'S BAD FAITH LAW**, one of the most pro-plaintiff laws in the nation.

Advertising Deadline **APRIL 24**

Publication Date **APRIL 29**

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