

# OHIO SECURITIES BULLETIN

A QUARTERLY PUBLICATION OF THE OHIO DIVISION OF SECURITIES

Bob Taft  
Governor of Ohio

Lt. Governor Jennette Bradley  
Director of Commerce

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Commissioner of Securities

## Division Pursues High-Profile Criminal Actions Against Shiflett and Edwards

On September 22, 2003, Paul L. Edwards, 68, a Marion, Ohio resident, was found guilty on 27 third-degree felony counts of securities offenses and one first-degree felony count of engaging in a pattern of corrupt activity. He was sentenced on November 24, 2003 to four years in prison, and must pay \$416,319 in restitution to victims. The Division had referred this matter to the Marion County Prosecutor's Office as a result of its continuing investigation of Vernon W. Shiflett and 22 companies that he controlled, including Addmac Entertainment. Edwards had been indicted by a

Marion County Grand Jury on January 30, 2003, on nine counts of selling unregistered securities, nine counts of unlicensed sale of securities, nine counts of making false statements in selling securities and one count of engaging in a pattern of corrupt activity.

The Division's investigation of Shiflett revealed that Edwards sold more than \$400,000 of Addmac Entertainment Promissory Notes to numerous individuals in the Marion, Ohio area. The Division's investigation also revealed that at the time

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## End of an Era as Bulletin Goes Electronic

As an article in the last issue of the *Ohio Securities Bulletin* discussed, the *Bulletin* will serve as a pilot project in Ohio by becoming a paperless periodic publication issued by a State agency. The last volume of the *Bulletin* for calendar year 2003 will be available in February 2004, and will be the Division's last "paper" *Bulletin*. Although the *Ohio Securities Bulletin* will remain "printable" both from the Division's web site at [www.securities.state.oh.us](http://www.securities.state.oh.us) and from subscribers' receipt of the electronic *Bulletin* on the new list serv, the Division will be bidding farewell to the paper format and mass mailings.

Aside from keeping pace technologically in distributing the *Bulletin*, switching to a paperless publication will ensure that subscribers receive the information more quickly and efficiently.

Although Volume 2003:4 will be the last "paper" mailing of the *Ohio Securities Bulletin*, the Division urges subscribers to provide their e-mail address to the Division now in order to ensure uninterrupted service. A new automated list serv should be available by December 31, 2003, and "early" e-mail subscribers will receive both the "paper"

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## OHIO DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

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Ohio Securities Bulletin

Issue 2003:3

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## Edwards/Shiflett

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of the sales, Edwards was a licensed insurance agent, but did not have a securities license, and that the Addmac Notes were not registered with the Division nor were they exempt from registration. Additionally, evidence obtained by the Division disclosed that Edwards failed to perform the required due diligence prior to selling the notes and falsely represented that the Addmac promissory notes were insured against loss of principal. All the Addmac investors lost their funds and no insurance existed to reimburse the investors.

Marion County Prosecutor Jim Slagle prosecuted the case on behalf of the State. Edwards' trial lasted one week and included testimony from 34 witnesses, including 18 victims and four employees of the Ohio Department of Commerce.

Also, as a result of a continuing investigation by the Division of Securities and the Licking County Prosecutor's Office, Vernon Shiflett was indicted by a Licking County grand jury on October 30, 2003, on 107 counts including:

- 2 counts of engaging in a pattern of corrupt activity;
- 45 counts of selling unregistered securities;
- 20 counts of making false representations in the sale of securities;
- 20 counts of securities fraud; and
- 20 counts of receiving stolen property.

Shiflett had previously been indicted on December 19, 2002, by a Licking County Grand Jury on 35 counts of securities offenses. These 35 counts were incorporated into the latter indictment. The December 2002 indictment included nine counts of securities fraud, 11 counts of unregistered sales of securities, and 15 counts of making false representations in the sale of securities.

The Division's investigation initially resulted in the filing of a civil injunctive action against Shiflett and 22 companies that he controlled. On April 2, 2002, the Division obtained a TRO and on April 22, 2002, the Division obtained a preliminary injunction preventing Shiflett and his agents from continuing to sell Addmac promissory notes and limited liability partnership interests. In its civil complaint the Division alleged that Shiflett and his agents sold approximately \$29 million of Addmac Entertain-

ment Promissory Notes and interests in limited liability partnerships to more than 700 investors in 17 different states. As part of its civil action the Division also sought and obtained the appointment of a receiver. Finally, the Division obtained a permanent injunction against Shiflett on November 26, 2002.

## Bulletin Goes Electronic

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version and serve as the initial recipients of the electronic version of the *Ohio Securities Bulletin*.

If you would like to be added to the new list serv, please send your e-mail address to [MEKeller@com.state.oh.us](mailto:MEKeller@com.state.oh.us). Once the list serv is added to the Division's web site, you may subscribe and unsubscribe to the *Ohio Securities Bulletin* using the automated system.

## OHIO SECURITIES BULLETIN

Desiree T. Shannon, Esq., Editor

The *Ohio Securities Bulletin* is a quarterly publication of the Ohio Department of Commerce, Division of Securities. The primary purpose of the *Bulletin* is to (i) provide commentary on timely or timeless issues pertaining to securities law and regulation in Ohio, (ii) provide legislative updates, (iii) report the activities of the enforcement section, (iv) set forth registration and licensing statistics and (v) provide public notice of various proceedings.

*The Division encourages members of the securities community to submit for publication articles on timely or timeless issues pertaining to securities law and regulation in Ohio. If you are interested in submitting an article, contact the Editor for editorial guidelines and publication deadlines. The Division reserves the right to edit articles submitted for publication.*

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Ohio Division of Securities

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## Minutes of the Registration and Exemption Advisory Committee

The lunch meeting of the Registration and Exemption Advisory Committee was held during the Ohio Securities Conference on October 24, 2003. Co-chairs Mark Heuerman of the Division and Howard Friedman of the University of Toledo Law School welcomed the 13 attendees. The first topic concerned recent legislation with regard to the form of administrative code rules. Senate Bill 265 adopted various changes to R.C. section 121.72 through 121.76. Rules that incorporate federal provisions by reference must specify the date of the text incorporated. The Division has amended many rules accordingly to list the date of the text. Practitioners will notice the "as in effect on September 1, 2003" language, for example, in the Division's rules. The detriment may be that the rule has little flexibility and may be invalid if the incorporated text changes. Co-chair Professor Friedman noted that this problem will persist throughout all or most administrative rules and that the Ohio State Bar Association will need to address this issue with the General Assembly. He further noted that prior case law might have directed this course of action for the legislation. The incorporation by reference of federal provisions eases compliance efforts for practitioners. The Division has received a number of telephone inquiries from out-of-state blue sky practitioners who have asked for guidance on this topic including compliance if a particular provision is changed. The Division does have parity rule authority to make changes to accommodate federal securities law changes pursuant to R.C. section 1707.201. The Division welcomes

any notification of pending changes to any incorporated text.

The Division provided an overview of registration by description and the procedural changes to the timing of effectiveness as contained in R.C. section 1707.08. Correspondence that explained the changes was mailed to past filers within the last two years. Prior to the revisions, registration by description was effective immediately or even sooner if the description was sent by certified mail. An applicant may have been able to sell the securities without the review by the Division. As revised, registration by description will have an automatic effectiveness in seven business days. The Division will review the filing as expeditiously as possible to allow the applicant to have the majority of the seven business days to resolve comments. The Division will routinely fax comments. The Division is no longer required to mail comments by certified mail. Most applicants desire more time to resolve the comments. The Division suggests mailing a notice that the issuer will not make sales unless all comments are resolved. The Division will not issue a suspension or refusal order if this notice is provided to the Division. One attendee requested the Division to change the registration by description form so that effectiveness is automatically waived when filing. The Division noted that this relieves any time constraints, but has not elected to pursue this change on the form. The Division will refuse or suspend if the comments are not resolved in seven business days and the applicant has not communicated to the Division that no sales will occur prior to the

resolution of comments. Many of the attendees worked with the Division prior to any sales on a registration by description. One comment noted that the Division always retained the suspension authority.

A few comments were noted with regard to the Division's authority to refuse a registration application pursuant to R.C. section 1707.131. Refusal is mandatory for an applicant that has no business plan or its plan is to engage in a merger with an unidentified company. The forms request the issuer to state its business. The Division will be able to make its refusal determination from the response to this question on the form. Refusal is discretionary where the issuer does not disclose its policies on insider transactions or loans. One comment asked whether there will be a refusal if a company does not have independent directors and there is a past insider type transaction. The Division will review the past transactions and the issuer's policies and disclosure. However, the Division does not intend to require independent directors with the provision. The changes are a codification of existing merit guidelines. The Division also stated that the discretionary refusal authority is not intended to require offering circulars for applicants with an aggregate offering of less than \$250,000.

Other important statutory changes have taken place. R.C. section 1707.44(B)(6) was changed to prevent false statements in a notice filing pursuant to Rule 506, Form D and R.C. section 1707.03(X). The Division review of Form Ds has revealed a number of concerns that are significant and material. This provi-

## Minutes of the Registration and Exemption Advisory Committee

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sion will not apply to immaterial errors such as most typographical mistakes. It is a "fraud"-type prohibition and is consistent with all other filings of the Division.

R.C. section 1707.02(C) was changed to expand the bank security exemption to include securities guaranteed by banks.

Other miscellaneous comments were offered to the Division. One practitioner noted that an Internet html version of the Form D would be a nice addition to the Division's web site.

The Division also noted that a problematic trend in Form Ds includes the seminars as mentioned in

a morning panel of the conference. Seminars often have Internet solicitations that are reviewed by the Division and may be problematic of Rule 502(c). The Co-chairs thanked attendees and concluded with a reminder that they may call the Division for assistance with any Ohio Securities Act questions.

## Minutes of the Enforcement Advisory Committee Meeting

The Ohio Division of Securities held its annual Enforcement Advisory Committee meeting on October 24, 2003 during the Ohio Securities Conference. Attorneys from the Division's Enforcement Section were present, as well as several members of the securities industry and attorneys practicing securities law.

The first topic of conversation was House Bill 7, which made some notable changes to the Ohio Securities Act. The new five-year statute of limitations found in R.C. 1707.28 was discussed (the statute of limitations was formerly three years). Committee members also discussed the Division's new authority to seek restitution on behalf of investors from defendants in injunctive actions

brought by the Division. It was noted that restitution could only be sought against defendants in injunctive actions.

One participant inquired how many enforcement actions arose out of "audits" (i.e. routine Division examinations). Division personnel noted that these examinations rarely resulted in Division enforcement actions anymore.

A new rule being pushed by the National Association of Securities Dealers was discussed. The rule would require heightened supervision of salespersons who receive three or more customer complaints or arbitrations, three or more adverse regulatory actions, or two or more internal actions over a five-year period. Some partici-

pants were concerned about how the Division's licensing procedure (i.e. license denials) would impact application of this rule on salespersons.

Division personnel also discussed the problem of unlicensed persons selling securities, and the Division's efforts to regulate the sale of viatical settlements. Also discussed was the impact of *Glick v. Sokol*, a Tenth District Court of Appeals case, which limits the Division's jurisdiction to sales of viaticals after the 2001 statute change when "life settlements" were specifically included in the definition of "security" under R.C. 1707.01(B).

## Minutes of the Licensing Advisory Committee Meeting

The Division raised issues relating to the renewal of investment advisers and investment adviser representatives through IARD, specifically with regard to Preliminary Renewal Statements, post-effective U-5s and ADV-Ws and Final Settlement Statements. The Division has sent, and intends to send additional notices, to all Ohio licensed investment advisers

regarding the need to timely renew through the IARD system.

Discussion among Division staff and committee members covered the following issues:

- a. General exam procedures;
- b. Compliance with the Ohio Securities Act in connection with life settlement interests;

c. Percentage of investment adviser matters resulting in enforcement action;

d. SEC standards with regard to assets under management and the calculation of the same;

e. Dual licensure regarding dealers and salespersons.

## Minutes of the Takeover Advisory Committee Meeting

The Division's Takeover Advisory Committee held a joint meeting with the Tender Offer Subcommittee of the Corporation Law Committee of the Ohio State Bar Association at the 2003 Ohio Securities Conference held on October 24<sup>th</sup>, 2003. David Zagore, Co-Chair of the Takeover Advisory Committee, John Stith, Chair of the Tender Offer Subcommittee, and Michael Miglets of the Division, prepared the agenda and served as moderators for the meeting.

The first issue was a discussion of the amendments to R.C. 1701.01 and 1701.831 in H.B. 7. While H.B. 7 was primarily a securities reform bill, two significant amendments to the Ohio Control Share Acquisition Act, R.C. 1701.831 and 1701.832, were included in the legislation. A new provision, R.C. 1701.831(C)(2), allows directors to continue the special shareholders meeting and vote on a control share acquisition for up to ten days if the offeror amends its tender offer. The ten-day extension gives the subject company's directors time to evaluate the amended offer and make a recommendation to the shareholders. The extension is consistent with SEC Rule 14e-1(b). The amendment codifies the decision issued by Judge Manos in the *Grumman Northrop v. TRW, Inc.*, No. 1:02CV400 (N.D. Ohio 2002). Additional amendments to R.C. 1701.01(CC)(1), 1701.01(Z) and 1701.831 clarify that a special meeting and vote under R.C. 1701.831(C) are not required for mergers and combinations when there is a shareholder vote on the transaction. The amendments in H.B. 7 became effective on September 16, 2003.

The Division gave a summary of the control bid filings during 2003. It was noted that the five-day review period in R.C. 1707.041(A)(3) adopted in 2001 might have averted at least two suspension orders. The additional two days gave offerors the opportunity to provide additional disclosure and to amend disclosures in the offer to purchase. Without the extended review period, the Division may have had to issue suspension orders.

James Carlson raised the issue of providing a statutory review period for material amendments to control bids and the subject company's recommendation on Form 14d-9. Mr. Carlson noted that the Division's five-day review period under R.C. 1707.041(A)(3) does not give the Division time to review amendments to the offer including the price and consideration to be paid. Changes in an offer, including changes in the form of consideration, increases in the offer price that raise the issues of the sufficiency of the funding for the offer or other material changes, could merit additional comments by the Division. Michael Miglets indicated that the Division's procedure was to request that any amendments to a control bid be filed with the Division. If amendments contained misleading or false information, the Division may seek to enjoin the control bid under R.C. 1707.042 and 1707.26. It was also noted that any review of amendments by the Division should not extend beyond the ten-business-day period under SEC Rule 14e-1(b) due to constitutional preemption issues. The com-

combined committees decided that a suspension of an amended control bid would be a better option than requiring the Division to seek an injunction. James Carlson, David Zagore, David Porter, Tom Geyer and Michael Miglets volunteered to draft a proposed amendment. John Stith suggested that draft language could be submitted at the Corporation Law Committee meeting in January of 2004.

Mr. Carlson questioned the effect of a Division suspension on the twenty-day period under SEC Rule 14e-1(a). It was noted that the Division's suspension order only covered the control bid in the state of Ohio, so it could be argued that an extension of the twenty-day period may not be required. It was also suggested that an offeror could continue to solicit tenders during a suspension, but could not take up those shares during the suspension. The Division noted that if a control bid were suspended, additional disclosures would be required. The Division's position was that no offers could be made in the state of Ohio during a suspension due to the lack of disclosure. These issues were left for future discussion.

The combined committees agreed to meet again in January of 2004 at the Corporation Law Committee meeting. The meeting was then adjourned.

## ***Enforcement Section Reports***

### **Lehman Brothers, Inc.**

On August 18, 2003, the Division issued Division Order No. 03-174, an Undertaking and Settlement, against Lehman Brothers, Inc. of New York, New York.

In the Order, the Division found that Lehman violated O.A.C. Rules 1301:6-3-15(F)(1), (F)(4) and (F)(6) as well as 1301:6-3-19(B)(9). Those rules concern books and records requirements and the duty to adequately supervise. The case arose as a result of the misconduct of former Cleveland branch office manager Frank Gruttadauria.

### **Main Street AC, Inc.**

On August 5, 2003, the Division issued a Cease and Desist Order, Division Order No. 03-171, to Main Street AC, Inc.

The Division found that Main Street AC, Inc. violated Revised Code section 1707.44(C)(1) by selling unregistered securities. Prior to the issuance of the Cease and Desist Order, the Division had issued a Notice of Opportunity for Hearing, Division Order No. 03-023, to the Respondent on February 6, 2003.

### **Carmen P. Civiello**

On August 13, 2003, the Division issued Order No. 03-172, a Cease and Desist Order, against Carmen P. Civiello. Civiello sold payphones to Ohio residents. These payphones were investment contracts and there-

fore securities under the Ohio Securities Act but were not registered with the Division. Furthermore, Civiello's conduct with respect to selling these payphones constituted his acting as a dealer, as defined by Revised Code Section 1707.01(E)(1), even though he was not licensed as such. On July 10, 2003, the Division issued Order No. 03-131, a Notice of Opportunity for Hearing, against Civiello for allegedly violating Revised Code section 1707.44(C)(1), the unregistered sale of securities, along with Revised Code section 1707.44(A)(1), selling securities to an Ohio resident without being licensed as a dealer. The Respondent did not request a hearing pursuant to Chapter 119 of the Ohio Revised Code, thereby allowing the Division to issue its Cease and Desist Order No. 03-172, which incorporated the allegations set forth in the Notice of Opportunity for Hearing.

### **HFG Communications, Inc.**

On August 13, 2003, the Division issued Order No. 03-172, a Cease and Desist Order, against HFG Communications, Inc., a Florida corporation located in Seminole, Florida. HFG Communications, Inc. sold payphones to Ohio residents. These payphones were investment contracts and therefore securities under the Ohio Securities Act but were not registered with the Division. On July 10, 2003, the Division issued Order No. 03-131, a Notice of Opportunity for Hearing, against HFG Communications, Inc., for allegedly violating Revised Code section 1707.44(C)(1), the unregistered sale of securities. The Respondent did not request a hearing pursuant to

Chapter 119 of the Ohio Revised Code, thereby allowing the Division to issue its Cease and Desist Order No. 03-172, which incorporated the allegations set forth in the Notice of Opportunity for Hearing.

### **Aquadyn Technologies**

On August 25, 2003, the Division issued Order No. 03-175, a Cease and Desist Order, against Aquadyn Technologies, Inc., a Mississippi corporation with its office located in Marietta, Georgia. Aquadyn Technologies, Inc. sold water management systems to Ohio residents. These units were investment contracts and therefore securities under the Ohio Securities Act but were not registered with the Division. On July 22, 2003, the Division issued Order No. 03-151, a Notice of Opportunity for Hearing, against Aquadyn Technologies, Inc., for allegedly violating Revised Code section 1707.44(C)(1), the unregistered sale of securities. The Respondent did not request a hearing pursuant to Chapter 119 of the Ohio Revised Code, thereby allowing the Division to issue its Cease and Desist Order No. 03-175, which incorporated the allegations set forth in the Notice of Opportunity for Hearing.

### ***Criminal Updates***

On September 3, 2003, **Carl Dellreco Moss** of Akron, Ohio was sentenced in Summit County Common Pleas Court to four years in prison and ordered to pay restitution. Moss previously pled guilty on August 18, 2003 to eleven counts including theft, forgery, passing bad checks, acting as an unlicensed investment adviser and

engaging in fraud as an investment adviser.

On August 14, 2003, **Gregory M. Ballard** and **Paul E. Suchanek** were indicted by a Clermont County grand jury on 14 and 13 felony counts, respectively, which include three counts of making false representations in the sale of securities, three counts of fraudulent activity in the sale of securities, two counts of the sale of unregistered securities, one count of engaging in a pattern of corrupt activity, and four counts of securing writings by deception. Ballard's indictment included one additional count of acting as an unlicensed dealer. This indictment stems from Ballard and Suchanek's involvement in the sale of promissory notes issued primarily by Xelon Group, Inc. Ballard and Suchanek took in \$781,500 from seven investors after promising interest rates of 10% - 15% and allegedly touting the notes as a low risk, safe investment.

On July 10, 2003, a Lucas County Grand Jury indicted **Roger A. Morr** on five counts of unregistered sales of securities, three counts of making false statements in the sale of securities, three counts of securities fraud, one count of theft from an elderly person, and one count of grand theft. Morr was a former branch manager of a savings and loan that sold fraudulent securities to people who thought they were investing in certificates of deposit. On September 15, 2003, Morr pled guilty to one count of grand theft in a bill of information and was sentenced on October 23, 2003, to five years in prison. The investors received their money back with in-

terest. All but 45 days of the prison sentence were suspended and Morr will be placed on four-years probation. Morr was also ordered to complete 250 hours of community service on a monthly basis and seek and maintain full-time, verifiable employment. The securities charges were dismissed as detailed in the plea agreement.

**Christopher K. Ulinski** was sentenced in U.S. District Court in Akron on July 30, 2003, to six months home confinement, two years probation, and ordered to pay restitution of \$137,511.50 to the Receivership Fund. A Bill of Information was filed on April 14, 2003, charging Ulinski with one count each of conspiracy to commit securities fraud, mail fraud, and wire fraud. On April 30, 2003, Ulinski pled guilty to one count of conspiracy to commit securities fraud. This action arose in connection with assistance Ulinski provided to Andrew P. Bodnar and Gregory Best in their \$41 million ponzi scheme.

On August 1, 2003, **William LaSelle** was sentenced in Hamilton County Common Pleas Court after pleading guilty to two first-degree misdemeanor "attempt" counts of making misrepresentations and engaging in fraudulent practices in connectin with the sale of securities. LaSelle paid \$20,000 in restitution and was placed on two-years probation. LaSelle led two Ohio investors to believe that they were providing start-up funds for LaSelle's company, The Travel Group, when instead the funds were used for LaSelle's personal expenses.

In addition, LaSelle represented to investors that The Travel Group had a net worth of one to ten million dollars.

On September 18, 2003, a Butler County Court of Common Pleas jury found **Chad Copeland** guilty on all charges against him, totaling 23 counts that consisted of nine counts of making false representations in connection with the sale of securities, two counts of securities fraud, two counts of aggravated theft by deception, one count of grand theft, one count of money laundering and eight counts of passing bad checks. The securities counts consist of first and second-degree felonies; the remaining counts are third and fourth degree felonies. Copeland was indicted on the above-referenced 23 counts on November 14, 2002.

On September 22, 2003, a Marion County Court of Common Pleas jury found **Paul L. Edwards** guilty on all charges against him, totaling 28 counts that consisted of nine counts of selling unregistered securities, nine counts of the unlicensed sale of securities, nine counts of making false representations in the sale of securities and one count of engaging in a pattern of corrupt activity. The securities counts are all third degree felonies; the one count of engaging in a pattern of corrupt activity is a first degree felony. Edwards was sentenced to four years in prison on November 24, 2003. He must pay \$416,319 in restitution to investors. Edwards was originally indicted on the above-referenced 28 counts on January 30, 2003.

## *Division & Division-Related Contact Information*

<u>Person or Section</u>	<u>E-mail Address</u>	<u>Telephone Number "614" Area Code</u>
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## Paperless System for Licensing Investment Advisers

Through a series of statutory mandates, investment advisers and investment adviser representatives seeking licensure or renewal of licensure in Ohio must submit all licensing filings to the Division via the online Investment Adviser Registration Depository, otherwise known as the IARD. Investment advisers and investment adviser representatives should note that there are no exceptions to the IARD requirement. In addition, there are no longer any grace periods within which to submit a late filing.

As recently stated in various notices by the Division of Securities mailed directly to investment advisers, in order to maintain current licensure in Ohio, investment advisers must renew the firm—and the firm's investment adviser representatives' licenses—via the IARD and pursuant to the National Association of Securities Dealers, Inc. IARD Renewal Program.

Investment advisers having questions with regard to the IARD process should visit the IARD web site located at [www.iard.com](http://www.iard.com) or contact the IARD hotline at 240-386-4848 for additional information.



## Capital Formation Statistics\*

Because the Division's mission includes enhancing capital formation, the Division tabulates the aggregate dollar amount of securities to be sold in Ohio pursuant to filings made with the Division. As indicated in the notes to the table, the aggregate dollar amount includes a value of \$1,000,000 for each "indefinite" investment company filing. However, the table does not reflect the value of securities sold pursuant to "self-executing exemptions" like the "exchange listed" exemption in R.C. 1707.02(E) and the "limited offering" exemption in R.C. 1707.03(O). Nonetheless, the Division believes that the statistics set out in the table are representative of the amount of capital formation taking place in Ohio.

\*Categories reflect amount of securities registered, offered, or eligible to be sold in Ohio by issuers.

\*\*Investment companies may seek to sell an indefinite amount of securities by submitting maximum fees. Based on the maximum filing fee of \$1100, an indefinite filing represents the sale of a minimum of \$1,000,000 worth of securities, with no maximum. Consequently, for purposes of calculating an aggregate capital formation amount, each indefinite filing has been assigned a value of \$1,000,000.

Filing Type	3rd Qtr 2003	YTD 2003
<b>Exemptions</b>		
Form 3(Q)	\$21,627,183	\$210,575,532
Form 3(W)	3,448,000	17,223,500
Form 3(X)	33,017,419,234	129,873,392,166
Form 3(Y)	688,000	1,512,000
<b>Registrations</b>		
Form .06	248,870,039	912,619,802
Form .09/.091	19,634,237,587	53,166,833,714
<b>Investment Companies</b>		
Definite	108,899,500	312,734,073
Indefinite**	501,000,000	1,517,000,000
<b>TOTAL</b>	<b>\$53,536,189,543</b>	<b>\$186,011,890,787</b>

## Registration Statistics

The following table sets forth the number of registration, exemption, and notice filings received by the Division during the third quarter of 2003, compared to the number of filings received during the third quarter of 2002. Likewise, the table compares the year-to-date filings for 2003 and 2002.

Filing Type	3rd Qtr '03	YTD '03	3rd Qtr '02	YTD '02
1707.03(Q)	33	100	31	99
1707.03(W)	2	13	2	14
1707.03(X)	307	809	257	781
1707.03(Y)	1	4	4	9
1707.04/.041	3	4	1	5
1707.06	15	63	15	63
1707.09/.091	54	130	49	134
Form NF	1098	3292	1125	3350
1707.39/.391	1	31	10	34
<b>Total</b>	<b>1514</b>	<b>4446</b>	<b>1494</b>	<b>4489</b>

## Licensing Statistics

License Type	YTD 2003
Dealers	2,322
Salespersons	123,753
Investment Adviser/Notice Filers	1,668
Investment Adviser Representative	9,709

[www.securities.state.oh.us](http://www.securities.state.oh.us)

Although you may not be able to discern all the changes the Division of Securities is making to its web site, the Division continues to strive to provide up-to-date information to securities professionals, legal counsel, and investors, by maintaining updated and comprehensive material.

The web site maintains varying focuses for varying audiences: detailed analyses and synopses of rules and regulations, reproduction of administrative orders and press releases issued by the Division, and a comprehensive assortment of educational materials for investors of all ages. The Division believes it is especially important for students to become educated about their personal finances—managing, saving and investing their money, understanding loans, mortgages and credit cards, and understanding the importance of guarding their money and investments from unscrupulous con artists.

In order for the Division to attract an even younger audience to its web site, a new “*Kidz Korner*” has been created with links, puzzles, word scrambles and more—all associated with money and personal finance.

The Division invites subscribers of the *Ohio Securities Bulletin* to share information published in the *Bulletin* and information on the Division’s web site with others. The *Ohio Securities Bulletin* has, historically, been an academic bulletin rather than a newsletter, so the primary audience has been, and remains, securities professionals. However, because the first step in investor protection is investor education, the Division believes the *Bulletin* is an excellent tool in which to urge all of its readers to view and share the multitude of informational brochures and materials on the Division’s web site.

# OHIO SECURITIES BULLETIN

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