

# OHIO DEPARTMENT OF COMMERCE



## ANNUAL REPORT 2000



The Ohio  
Department  
of Commerce

**Bob Taft**  
Governor

**Gary C. Suhadolnik**  
Director

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

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Gary C. Suhadolnik  
Director

**Dear Governor Bob Taft:**

***It is said that change is inevitable. There is probably no other department in the state where that phrase applies more than here at Commerce. For the third time in five years, this department is undergoing significant change. In 1995, the former Department of Industrial Relations became our Division of Industrial Compliance. Then in 1997, the non-enforcement func-***

***tions of the Department of Liquor Control became our Division of Liquor Control. Preceding both mergers were months of hard work by employees to make the transition as seamless as possible.***

***And now, again, the efforts of our employees have been put to the test. A good portion of fiscal year 2000 was dedicated to preparing for our ninth division, the Division of Labor and Worker Safety (LAWS). Effectively part of Commerce on July 1, 2000, the division is formed from the Bureau of Employment Services' divisions of Wage and Hour, and Occupational Safety and Health. The move was predicated by the merger of the Department of Human Services and Bureau of Employment Services into the new Department of Job and Family Services. LAWS is responsible for worker safety and Ohio's labor laws through programs such as minimum and prevailing wage, and the Public Employment Risk Reduction Program, among others.***

***While LAWS was not officially part of Commerce until the first day of FY 2001, all the real work in making the transition flawless happened in FY 2000. As with the previous mergers, our customer base probably didn't even realize there was a change. This is a testament to how hard our employees worked to make the transition a smooth one.***

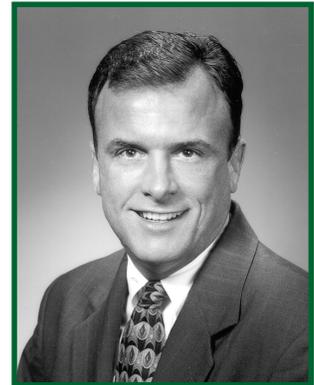
***The work toward the merger is just one of the many accomplishments this department achieved in FY 2000. Technology played a large part in how real estate salespeople become licensed, and how investors become educated about their broker. The Division of State Fire Marshal celebrated 100 years, and the Division of Unclaimed Funds collected their largest amount ever. As diverse as the accomplishments are, there is one single factor behind them all—the talented and dedicated employees of this department.***

***So, it is on behalf of the nearly 900 employees of the Department of Commerce that I present you with the FY 2000 Annual Report.***

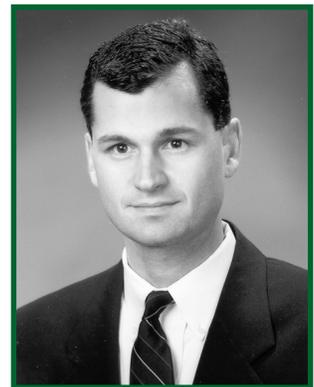
**Sincerely,**

*Gary C. Suhadolnik*

## **Division of Administration**



J. Patrick McDonald  
Assistant Director



Thomas E. Geyer  
Assistant Director

The Division of Administration serves the entire department by providing policy making, budgeting, and other centralized functions. Services provided by this division include computer services, human resources, communications, legislative affairs, legal, fiscal, and quality and training initiatives.

In FY 2000, the department's actual budget was \$432,254,131--including \$306,919,584 for liquor control merchandising. This came almost exclusively from charges to customers for services provided and from the sale of spirituous liquor. Like the department, the administration budget comes from assessing its customers—the divisions—for its services.

**E-commerce**

Understanding that business in the future will continue to become based more and more upon use of technology, the department embarked on an e-commerce initiative during this past year. Andersen Consulting completed a detailed review of the department's current Internet capabilities and provided recommendations on developing a strategic implementation plan for an increased Internet presence. By the end of FY 2000, the department had almost completed one of the first phases of providing web-based services. Almost all frequently used forms can now be downloaded from the department's Internet site and all Commerce divisions have their own web page and are accessible via e-mail. The department helped show its commitment to e-commerce by hiring a webmaster, whose sole responsibility is the development of our web site. Several divisions have already begun looking at, and even implementing, more advanced stages by giving access to on-line databases and allowing forms to be completed online. The e-commerce initiative promises to be one of the biggest issues for the next several years.

**Effort and preparedness make Y2K a non-event**

Remember the havoc caused by the notorious Y2K bug? Neither do we. Tremendous effort was put into making the computer transition from 1999 to 2000 uneventful. Department employees began working several years ago to assess our own computer systems, identify potential problem areas and then fix and further test those systems. The result was the ability to conduct business as usual as we greeted the year 2000. Other employees worked closely with our customer industries--particularly financial institutions--to ensure that those industries and their customers would not be adversely affected by non-compliant systems. Still other employees worked to put the public at ease and to make them aware of the efforts being taken to ensure a smooth transition. Many even gave up the party of the century to staff the state's Emergency Operations Center over New Year's weekend.

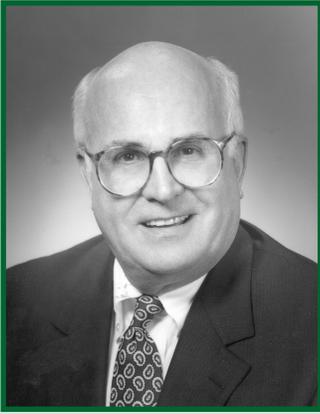
**Community caring**

Helping citizens is part of every employee's job at Commerce. But Commerce employees go above and beyond their job duties throughout the year, participating in various community service projects. Examples of their generosity of both time and money are plentiful. Employees donated \$5,296.05, and eight baskets and 26 boxes of food for the 1999 Holiday Food Basket Campaign. Operation Feed was also a tremendous success, with employees collecting a total of 18,747 meals based on cash and food donations. In addition, Commerce employees supported Governor Taft's *Ohio Reads* program by serving as tutors at Kent Elementary School in Columbus. Commerce also continued its commitment to the Adopt-A-School program and its 10-year partnership with the Northwest Career Center in Columbus. More than 40 Commerce volunteers served as mentors or substitute mentors this year providing the students with valuable experience and insight into the working world. Students also participated in several field trips including tours of the Huntington Banks Operation Center, the Ohio Statehouse, and the Ohio Department of Administrative Services Recruitment Center. Other Commerce volunteers served as tutors to help students prepare for the ninth grade proficiency test, and helped judge public speaking and mock job interview contests. Further, Commerce employees raised \$11,000 to be put toward new computer software and other classroom needs at the school.



*Director Gary Suhadolnik (right) presents a check for \$11,000 to Blain Waldren of the Northwest Career Center.*

# Division of Financial Institutions



F. Scott O'Donnell  
Superintendent

***This division regulates financial institutions chartered in Ohio. The duties performed by the division include chartering depository institutions, registering and licensing non-depository financial services, and conducting on-site examinations. Industries regulated by this division are banks, savings and loan/savings banks, credit unions, and consumer finance organizations. Consumer finance organizations include check cashing services, credit service organizations, insurance premium finance companies, mortgage brokers, pawnbrokers, precious metals dealers, second mortgage businesses, and small loan businesses. All examinations, supervision and regulation activities are performed by division staff who specialize in the operations of each of these specific industries.***

## Trend continues for new state charters

For the second consecutive fiscal year, the division oversaw the opening of four new state depository institutions. In FY 2000, three new commercial banks and one savings bank were chartered. The division also received applications for one new savings bank and one new bank trust company.

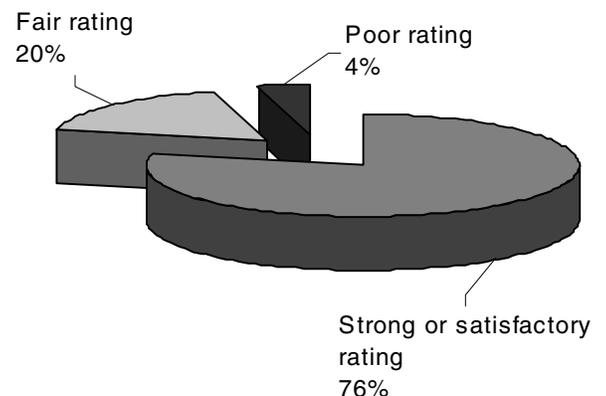


Director Gary Suhadolnik, Superintendent of Financial Institutions Scott O'Donnell and other Financial Institutions officials, and CenterBank President Joseph Boruszewski participate in the ribbon cutting ceremony for the bank's grand opening.

## Condition of depository institutions is sound

The division's examinations of depository institutions vary in frequency from six months to two years depending on each institution's size and/or overall condition. The majority of depository institutions regulated by the division continue to be in sound financial condition. The division closely monitors the small number of institutions that received poor ratings.

### Financial Institutions Ratings for FY 2000



***Outreach efforts keep industry informed***

The division conducts industry outreach programs to inform financial institution management of regulatory changes and participates in industry events to stay informed about current trends. During fiscal year 2000, these programs and events included:

- Conducting the first two Savings and Loans and Savings Bank Regional Roundtable meetings in Canton and Cincinnati;
- Conducting three Bank Regional Roundtable meetings in Athens, Atwood Lodge in Carroll County, and Bowling Green;
- Sponsoring the annual Ohio Bankers Day in Columbus in conjunction with the Office of the Comptroller of the Currency;
- Participating in the Association of Mortgage Bankers, Ohio Association of Financial Service Centers, Ohio Consumer Finance Association, and Ohio Association of Premium Finance Company and Professional Mortgage Brokers meetings; and
- Participating in four Credit Union Y2K Education sessions in conjunction with the Ohio Credit Union League, American Share Insurance, Corporate One Credit Union and the Federal Reserve Bank of Cleveland.



*The Roundtables provided officers and directors an opportunity for informal discussions with regulators.*



***Planning and teamwork made Y2K a non-event***

As a result of the division's and depository institutions' planning, preparation and implementation of necessary Y2K changes, Ohio citizens had immediate access to their deposit funds and uninterrupted financial services. Ninety division staff members worked over the new year's weekend at the State Fire Marshal's Office and State Emergency Operations Center. They coordinated communications with financial institutions and other governmental agencies to verify that no problems existed.

***New credit union bill and field of membership rules***

Governor Bob Taft signed the Credit Union Council Bill (H.B. 510) on June 23, 2000 that allows for the appointment of a new Credit Union Council within 60 days of the bill's effective date of September 21, 2000. The bill also increases the number of appointed members from five to six and designates the deputy superintendent for credit unions as chairperson of the council. Effective December 31, 1999, the division amended two rules (§1301:9-2-16 & 17 of the Ohio Administrative Code) that clarified and set application timeframes, and comment and appeal procedures for credit union field of membership applications for community groups, multiple group field of membership and underserved communities.

**Two laws amended**

On May 10, 2000, Governor Bob Taft signed Senate Bill 231, which made substantial changes to the Ohio Small Loan Act and the Ohio Mortgage Loan Act. The bill became law on August 10, 2000. Highlights of the bill included the enhancement of the division's administrative powers to pursue unlicensed lenders as well as enhancements to the criminal penalties for violation of these statutes. SB 231 also made changes to the Mortgage Loan Act that allow consumer finance companies to charge fees and make financial calculations the same way that banks, savings and loans and mortgage bankers currently do. These changes enhance the consumer finance industry's ability to compete with other types of financial institutions while providing strong consumer protection powers to the division.



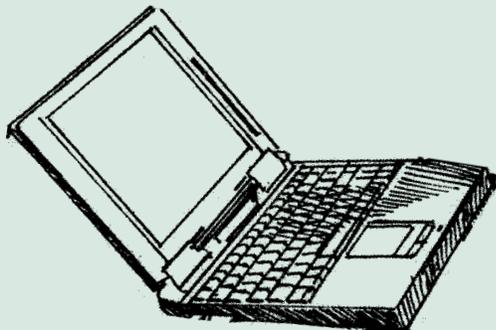
*Pictured with Governor Bob Taft are Representative Jon Myers who sponsored and carried SB 231 in the Ohio House of Representatives, Dayna Baird, John Van Doorn, Rob Grieser, Deputy Superintendent for Consumer Finance, and the sponsor of SB 231, Senator Doug White.*

**"All Hands Meetings" held for field staff**

Superintendent F. Scott O'Donnell held regional "All Hands Meetings" during November 1999 in Cleveland, Columbus and Dayton for informal discussions with the division's field staff. Mr. O'Donnell and Deputy Superintendents Arnold, Danziger, Grieser and Roberts discussed current division issues and held an open forum to answer staff questions. Y2K plans and contingencies, along with staffing changes were the main discussion topics.



*Superintendent O'Donnell conducted "All Hands Meetings" with DFI staff to share information and listen to employee concerns.*



**New equipment for field examiners**

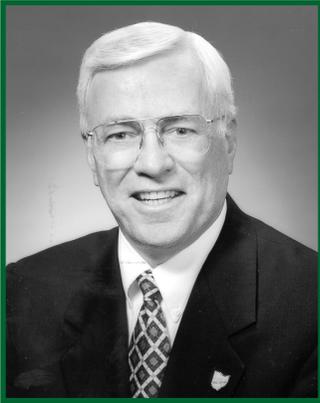
DFI continued its efforts to provide each staff member with state-of-the-art computers. Each field examiner was outfitted with a portable PC and printer and all office staff members received Compaq Pentium III 450 MHz PCs. The most current Norton anti-virus software was installed on all PCs and encryption software was purchased for installation during fiscal year 2001.

## SUMMARY OF INSTITUTIONS REGULATED

Each depository institution is individually chartered. Each separate office of non-depository financial servicers must be licensed or registered.

<u>Type of Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<b>Depository Institutions</b>				
Banks	134	127	123	125
Trust Only Banks	N/A	1	2	2
Bank Trust Operations	*61	59	57	50
Credit Unions	311	298	289	281
Savings and Loan Associations	62	58	54	48
Savings Banks	30	26	26	27
<b>Non-Depository Financial Servicers</b>				
Check Cashers	269	310	558	716
Check Casher Lenders	208	238	511	644
Credit Service Organizations	5	4	3	5
Domestic Money Transmitters	14	14	15	15
Foreign Money Transmitters	12	14	14	16
Insurance Premium Finance Lenders	57	58	49	50
Mortgage Brokers	753	918	1,203	1,290
Mortgage Loan Registrants	2,422	3,214	3,227	3,134
Pawnbrokers	202	211	205	197
Precious Metals Dealers	31	30	28	27
Small Loan Licensees	211	168	126	63
<b>Total Institutions Regulated</b>	<b>4,782</b>	<b>5,748</b>	<b>6,490</b>	<b>6,690</b>

\* Effective January 1, 1997, the division's responsibility for registering national bank trust operations ceased.



David M. Williamson  
Superintendent

***The Division of Industrial Compliance (DIC) provides building and construction plans reviews and inspections of plumbing, electrical and structural systems, elevators, boilers, and bedding and upholstered products. Additionally, DIC provides testing, certification, licensing and continuing education services for numerous skilled trades within Ohio's building industry. DIC had three bureaus in FY 1999; the Bureaus of Construction Compliance, Operations and Maintenance, and Licensing and Certification. In FY 2000, the Bureau of Construction Compliance split its responsibilities with the newly founded Plans and Specifications Bureau. DIC also registers travel agents/tour promoters and provides administrative support for the Board of Building Standards, Board of Building Appeals, Ohio Construction Industry Examining Board, and the Ski-Tramway Board.***

# ***Division of Industrial Compliance***

A major focus in FY 2000 was increasing the efficiency of field operations. This was done by making operational changes, as well as by providing inspectors with the tools necessary to become more efficient.

## ***Operational changes improve efficiency***

The Bureau of Construction Compliance was split into two distinct bureaus—the Bureau of Plans & Specifications and Bureau of Construction Compliance. The separation of responsibilities has concentrated efforts towards consistent field inspections. It also allowed the relocation of offices and workspace in order to streamline operations among the office staff. Further, the creation of the Dispatch Operations and Communications Center (DOCC) for dispatching and accountability has helped create efficiency in the inspection scheduling



*DIC is responsible for inspecting building projects ranging from the simple to the complex, like the multi-million dollar renovation of Ohio Stadium.*

process. In creating the DOCC, additional dispatchers were assigned to phone lines during peak hours, and scheduling and dispatching software is being developed to allow for the creation of route-specific itineraries to better utilize inspectors' time and reduce drive time.

## ***Field staff standardization of activities***

Emphasis was placed on increased and standardized field staff inspection operations, with several procedures being implemented and modified, including:

- Inspection check-off lists
- Daily mileage records for route planning efficiency
- Sign-off for customers for verification of inspection results
- Spot-checking by field supervisors statewide
- Weekly field inspections by superintendent, assistant superintendent and bureau chief with individual inspectors
- Decals on field staff vehicles
- Professional uniforms for field staff

**Using technology**

Technology is being placed in the hands of field inspectors, giving them the tools to spend more time focusing on inspections and less time performing administrative duties. For example, the issuance of cellular phones lets field staff easily communicate with office staff and customers, giving greater flexibility in setting and modifying inspection schedules. A pilot program was initiated that gave laptop computers and digital cameras to supervisors and select field staff in order to determine how electronic communications will benefit both the field and office staff.

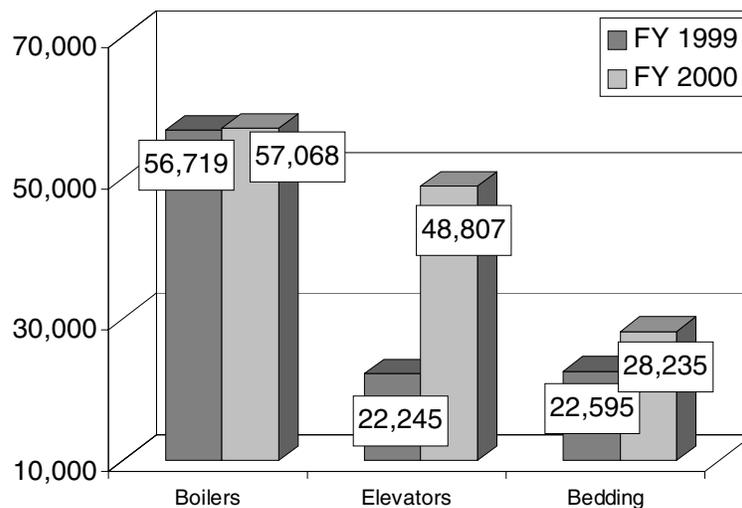


*Plans are submitted for DIC review on a daily basis.*



*DIC inspectors are responsible for ensuring that electrical systems are installed according to code.*

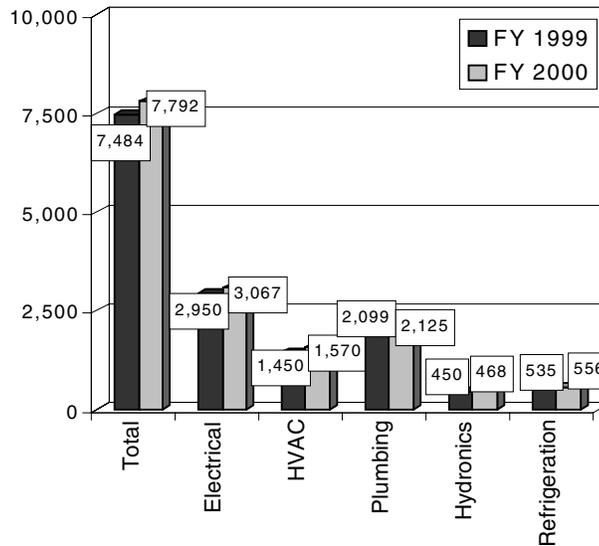
**Inspections Performe**



**OCIEB certification**

The Ohio Construction Industry Examining Board issues qualification certificates for the electrical, plumbing, refrigeration, HVAC and hydronics trades. The number of certificates issued in FY 2000 exceeded the number issued in FY 1999 in all categories. At the end of FY 2000, a bill to change the certifications into licenses was being considered by the legislature.

**Certificates Issued by OCIEB**



**Educating customers**

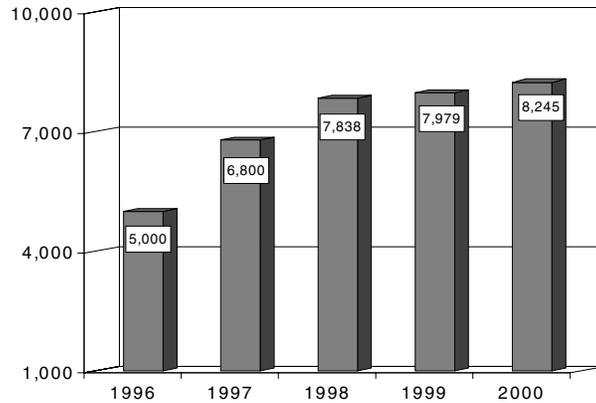
The Board of Building Standards placed a strong emphasis on educating its customer community in FY 2000. Examples of their efforts included:

- The continuing education program at the Ohio Building Officials Association annual meeting in Sandusky, Ohio. The board provided approximately \$20,000 to pay for instructors and educational materials. They also sponsored the continuing education program of the Ohio Chapter of the International Association of Electrical Inspectors. Approximately 600 code enforcement personnel attended the two sessions.
- Sixty continuing education courses for code enforcement personnel, including 38 mandatory code sessions. Approximately 950 code enforcement personnel attended these sessions.
- Seventeen courses for hundreds of contractors, ADA advocacy groups and design professionals.
- Satellite broadcasts of the International Code Council hearings in St. Louis, Missouri and Birmingham, Alabama. Specifically, the board broadcast the committee hearings and debates on the model code development sessions to multiple locations in Ohio. Several states were also able to receive the broadcast.

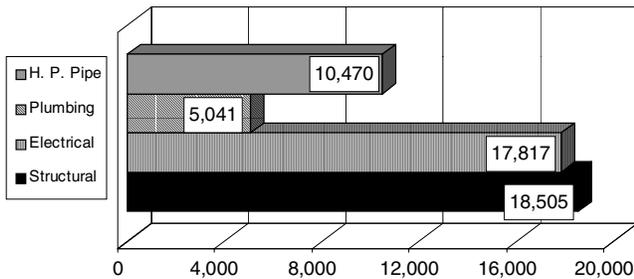
**Project submissions continue five year climb**

The continued strong economy and favorable weather conditions for building resulted in another year of increased project applications to the Bureau of Plans & Specifications. A total of 8,245 projects were submitted in FY 2000 reflecting a 65 percent increase since 1996. An additional 719 submissions for industrialized units were also reviewed. This increased number of project submissions also resulted in more construction compliance inspections.

**Project Submissions FY 1996-2000**

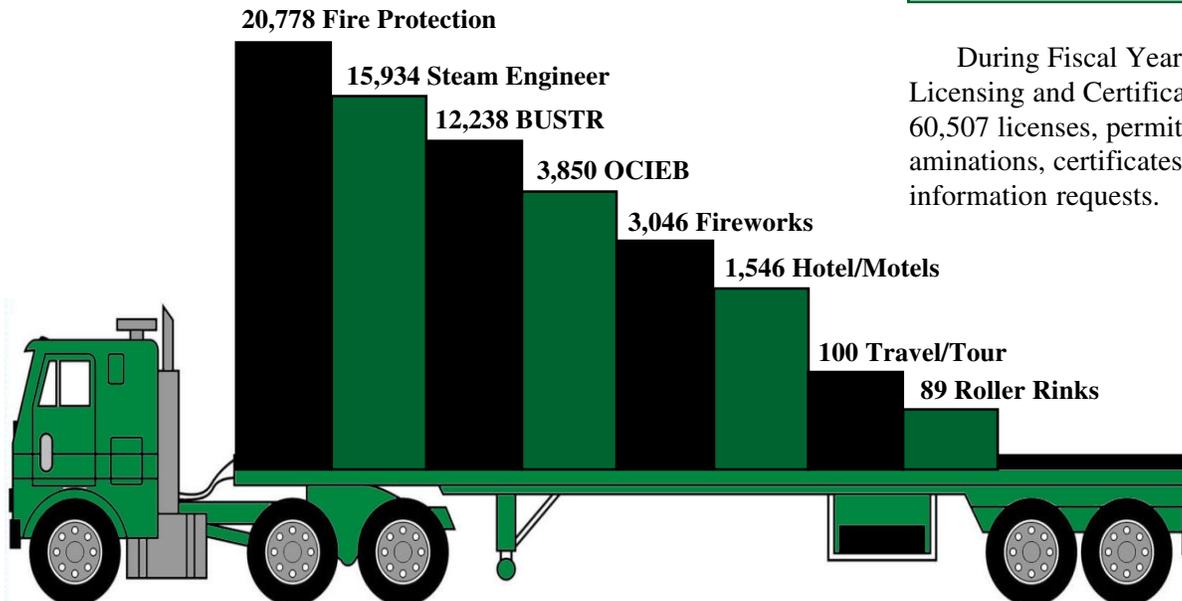


**Construction Compliance Inspections FY 2000**



**Licensing and certification**

During Fiscal Year 2000, the Bureau of Licensing and Certification processed 60,507 licenses, permits, registrations, examinations, certificates, awards, and information requests.





Rae Ann Estep  
Superintendent

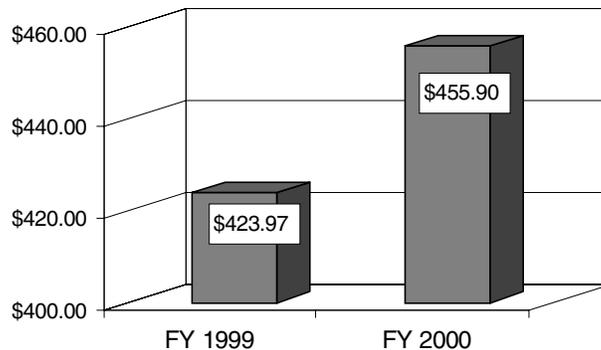
**The Division of Liquor Control is responsible for controlling the manufacture, distribution and sale of all alcoholic beverages in Ohio. The division is the state's sole purchaser and distributor of spirituous liquor (intoxicating liquor containing more than 21 percent alcohol by volume). Spirituous liquor is sold through nearly 400 private businesses, known as liquor agencies, which are contracted by the division to serve as its sales agents. Significant sales and tax revenues are generated from the sale of spirituous liquor. These revenues are used to help fund a variety of programs offered by various other state agencies. Regulatory functions include the issuance of permits to the state's approximately 24,000 privately owned and operated manufacturers, distributors, and retailers of alcoholic beverages. The division also regulates industry compliance of the laws pertaining to the manufacture, importation, and distribution of beer, wine, and mixed beverages containing less than 21 percent alcohol by volume in Ohio.**

# Division of Liquor Control

## Division records highest dollar sales

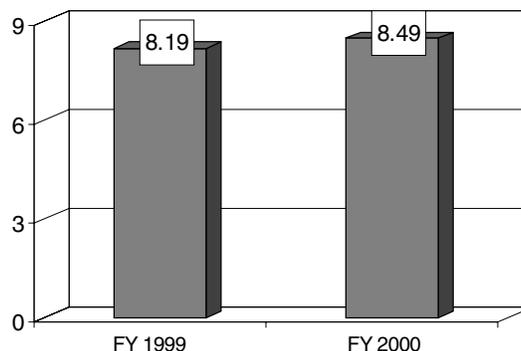
Spirituous liquor sales totalled a record \$455.9 million in FY 2000. This was an increase of \$31.93 million, or 7.5 percent, compared to sales in FY 1999. The increase in dollar sales is due to supplier price increases, an ongoing trend of customers purchasing more premium priced products, and a slight increase in consumption. Gallonage sales of spirituous liquor in FY 2000 totalled 8.49 million gallons, an increase of 300,000 gallons, or 3.6 percent, compared to FY 1999. The average dollar value per gallon sold in FY 2000 equalled \$53.68, a 3.8 percent increase to FY 1999's \$51.74. The average dollar value per bottle sold in FY 2000 equalled \$13.10, a 4 percent increase to FY 1999's \$12.59. As testament to the fact that Ohio's controlled system of liquor sales does not promote consumption, Ohio ranked 48th in the nation in per capita consumption of distilled spirits in 1998 according to the Distilled Spirits Council of the United States, Inc.

### Spirituous Liquor Sales



Dollars in Millions

### Gallons of Spirituous Liquor Sold



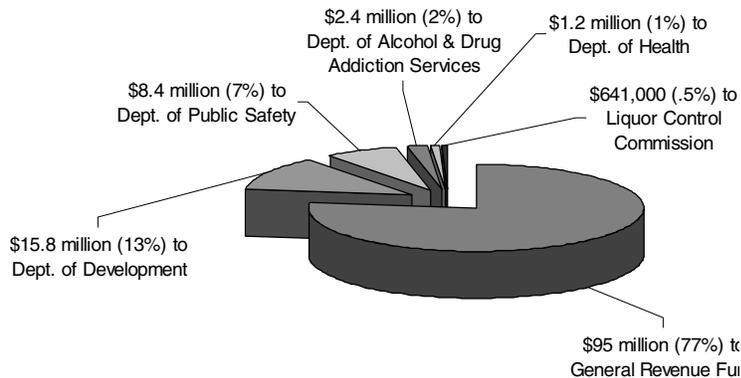
Gallons in Millions

**GRF transfer increases by \$5 million**

The main financial goal of the division is to maintain profitability of liquor sales through efficient management and operations. For the fiscal year ending June 30, 2000, the division achieved its goal by contributing \$95 million to the state's General Revenue Fund (GRF). This fund is used to support all state services. The FY 2000 GRF transfer was \$5 million more than last year's transfer of \$90 million.

In addition to the GRF transfer, liquor revenues are also earmarked for the following other state services: the Ohio Department of Development for the retirement of economic development bonds used to fund the state's small business loan/job development program; the Ohio Department of Public Safety for state liquor law enforcement; the Ohio Department of Alcohol and Drug Addiction Services to fund alcoholism treatment, education and prevention programs statewide; the Ohio Department of Health to fund the Alcohol Testing Program; and the Ohio Liquor Control Commission to fund its operations. The total revenue transferred to the state in FY 2000 was \$123.4 million.

**Liquor Control Revenue Distribution FY**



**Technological improvements**

Several technological improvements were made within the division during FY 2000. A new on-line deposit reporting system was developed for contract liquor agents, which enabled them to make their daily deposit call-ins on-line via computer, rather than the former method of over the phone. Call-in errors, such as agents transposing figures, have now been eliminated.

New laptop computers were provided to the field auditors in Agency Operations, allowing transmittal of information from the field to the central office in a more efficient and timely manner. Information is now accessed immediately through the mainframe, improving overall productivity.

The division established two alternative methods to have a permit applicant's background check completed in a more timely manner. The standard method has been sending completed fingerprint cards to the division for forwarding to the Bureau of Criminal Identification and Investigation (BCI), a process that takes 4-6 weeks.

Applicants now have the option of coming to the division to have their fingerprints electronically scanned and forwarded to BCI via their "Webcheck" system, or going to a National Background Check, Inc. (NBCI) location in the state and having NBCI scan and transmit the prints via Webcheck. The record reviews from these methods are communicated back to the division within a few days, potentially reducing the processing time for new and transfer applications.

The division also added bar codes with permit application numbers on application forms. When bar-coded forms are completed and returned, the document is automatically scanned into the Licensing Imaging Tracking System and attached to the appropriate electronic file. This eliminates employee time spent inputting application numbers and operator error when scanning and indexing.



Compliance Officer Diane Gifford shown here performing an inspection at a local establishment.

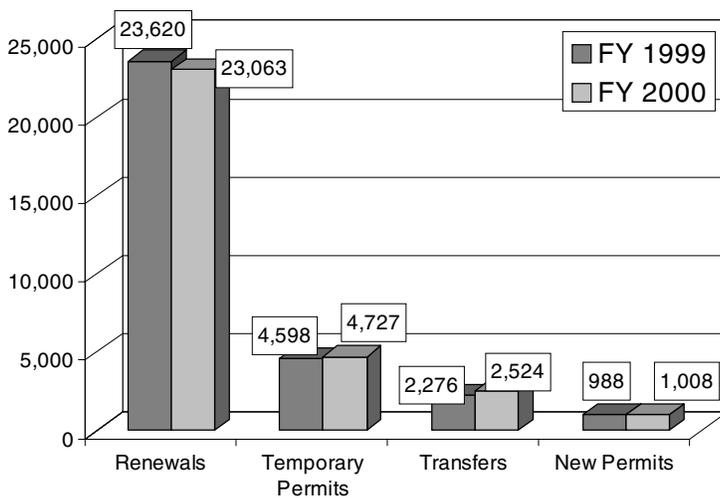
### Liquor permit requirements

Licensing compliance officers survey the area within a 500 feet radius of a liquor permit applicant business to determine if there are any schools, churches, libraries, public playgrounds or township parks that must be notified and given the opportunity to object to the issuance and request a division hearing. Inspections are also conducted on the premises to determine if it meets all requirements, including proper restroom, kitchen and dishwashing facilities.



### Liquor permit activity

Liquor Permit Activity



In FY 2000, the Licensing Section issued 31,322 permits and collected \$23,407,131 in permit fees. Fifty percent of the permit fees collected are returned to the local taxing district to assist in liquor law enforcement, 29 percent are deposited in the state's General Revenue Fund, and the remaining 21 percent are allocated to the Ohio Department of Alcohol and Drug Addiction Services to fund alcoholism treatment and education efforts statewide.

In the granting of liquor permits, the division considers the safety and welfare of Ohio's citizens as first priority. At the same time, the division is guided and restricted by statutes, rules and legal cases in making a decision on a permit's issuance or denial.

In FY 2000, 523 new, transfer, and renewal objection hearings were scheduled by the Legal Section and a total of 263 applications were rejected.

## Statement of Profit and Loss

<b><u>SPIRITUOUS LIQUOR SALES</u></b>	<b><u>FY 2000</u></b>	<b><u>FY 1999</u></b>	<b><u>FY 1998</u></b>
RETAIL	\$287,909,345.78	\$269,637,442.13	\$259,986,255.70
WHOLESALE	\$191,985,859.48	\$176,374,617.81	\$168,904,666.56
<b>GROSS TOTAL</b>	<b>\$479,895,205.26</b>	<b>\$446,012,059.94</b>	<b>\$428,890,922.26</b>
Less: 12.5% Discount on Wholesale	\$23,998,232.45	\$22,046,827.23	\$21,113,083.34
<b>TOTAL SALES</b>	<b>\$455,896,972.81</b>	<b>\$423,965,232.71</b>	<b>\$407,777,838.92</b>
Less Cost of Goods Sold			
-Agencies	\$264,045,869.95	\$244,833,099.79	\$235,059,008.53
<b>COST OF GOODS SOLD</b>	<b>\$264,045,869.95</b>	<b>\$244,833,099.79</b>	<b>\$235,059,008.53</b>
State Gallonage Tax – Agencies	\$28,703,411.20	\$27,696,463.34	\$27,412,292.38
<b>TOTAL STATE GALLONAGE TAXES</b>	<b>\$28,703,411.20</b>	<b>\$27,696,463.34</b>	<b>\$27,412,292.38</b>
<b>TOTAL COST OF GOODS</b>	<b>\$292,749,281.15</b>	<b>\$272,529,563.13</b>	<b>\$262,471,300.91</b>
<b>GROSS PROFIT</b>	<b>\$163,147,691.66</b>	<b>\$151,435,669.58</b>	<b>\$145,306,538.01</b>
Percent Gross Profit to Total Sales	34.00%	33.95%	33.88%
Less Operating Expenses – Agencies	\$24,508,253.66	\$22,868,204.60	\$22,069,806.78
<b>TOTAL OPERATING EXPENSES</b>	<b>\$24,508,253.66</b>	<b>\$22,868,204.60</b>	<b>\$22,069,806.78</b>
<b>PROFIT ON SALES</b>	<b>\$138,639,438.00</b>	<b>\$128,567,464.98</b>	<b>\$123,236,731.23</b>
Less: General Operating Expenses	\$13,741,663.32	\$13,540,991.64	\$11,747,310.04
<b>NET OPERATING PROFIT</b>	<b>\$124,897,774.68</b>	<b>\$115,026,473.34</b>	<b>\$111,489,421.19</b>
<b>NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS</b>	<b>\$124,897,774.68</b>	<b>\$115,026,473.34</b>	<b>\$111,489,421.19</b>
<b>PERCENT NET PROFIT TO GROSS SALES</b>	<b>26.03%</b>	<b>25.79%</b>	<b>25.99%</b>

# Division of Real Estate & Professional Licensing



Lynne Hengle  
Superintendent

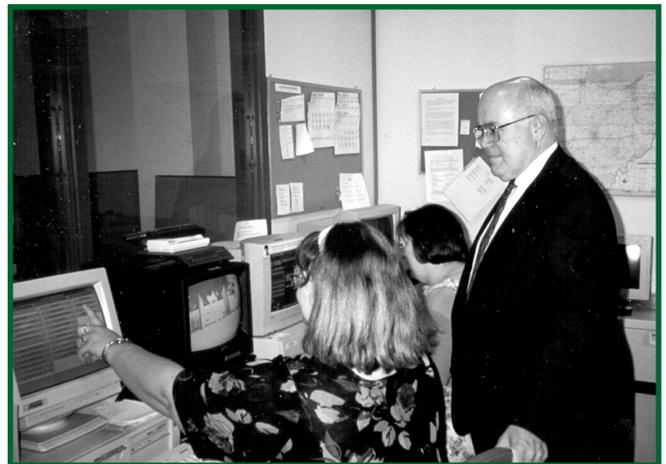
**REAL ESTATE • APPRAISERS • AUCTIONEERS • PRIVATE INVESTIGATORS • SECURITY GUARDS • REGISTERED CEMETERIES • FOREIGN REAL ESTATE**

***This division licenses real estate brokers and salespersons, auctioneers, private investigator companies, security guard companies, and licenses and certifies general and residential appraisers. It also registers security guard and private investigator employees. Applicants are screened by division staff to assure that legal qualifications for licensure are met. Once licensed, the division conducts audits to ensure compliance with Ohio law. In addition, the division regulates foreign real estate brokers and salespersons, and registers foreign real estate property. When allegations of misconduct and fraud are made against licensees or registrants, the division is charged with investigating such allegations, holding hearings, and imposing discipline where warranted. The division also supports the Ohio Cemetery Dispute Resolution Commission by registering all active cemeteries in Ohio and investigating complaints or disputes involving registered cemeteries.***

## Outside electronic testing implemented

In July 1999, bids were accepted from nationally known testing companies to provide and administer examinations for real estate and appraiser applicants. After careful review and consideration, Experior Assessments, LLC, of Salt Lake City, Utah, was selected. A new examination was developed, reviewed and tested for real estate brokers and salespersons, while retaining the same appraiser exam as specified by the Appraiser Qualifications Board. Increased flexibility means applicants can schedule their exam six days a week at 11 different locations

throughout the state, as well as specific locations nationwide. Results are provided to applicants before leaving the testing site and are conveniently received electronically by the division, allowing earlier issuances of licenses. Implementation began January 4, 2000, with the first exam administered in Centerville, Ohio.



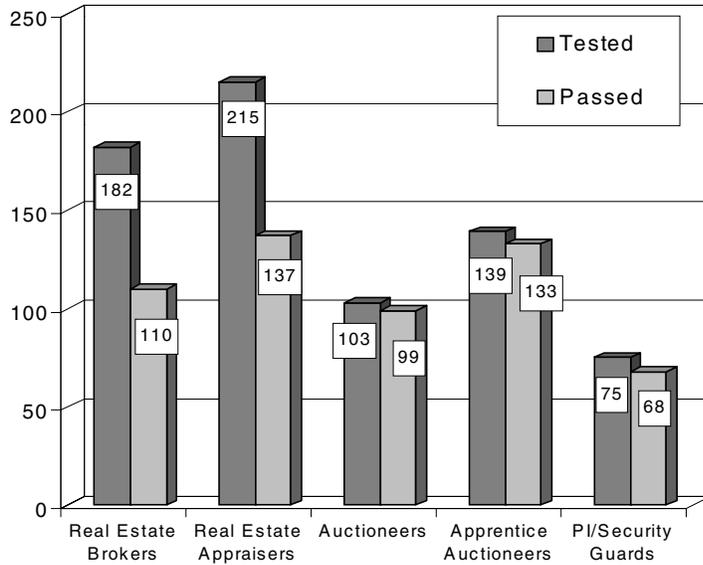
*Sylvan Learning Center is one of the new outside testing sites to administer examinations for the division.*

## Exams administered at new testing sites

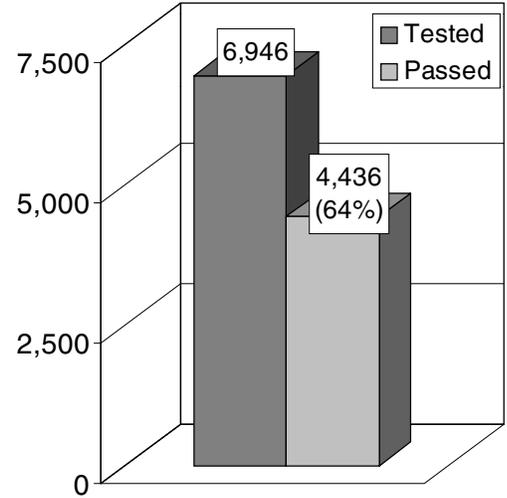


Since the recent inception of outside testing with Experior Assessments and Sylvan Technology Centers, the division tested more than 4,300 applicants in just six months for either the sales, broker or appraiser exam. These examinations are administered in 11 locations in Ohio and seven in neighboring states. The graphic shows the Ohio locations and the number of applicants tested at each site.

**Testing Statistics for FY 2000**



**Real Estate Salesperson Testing for FY**



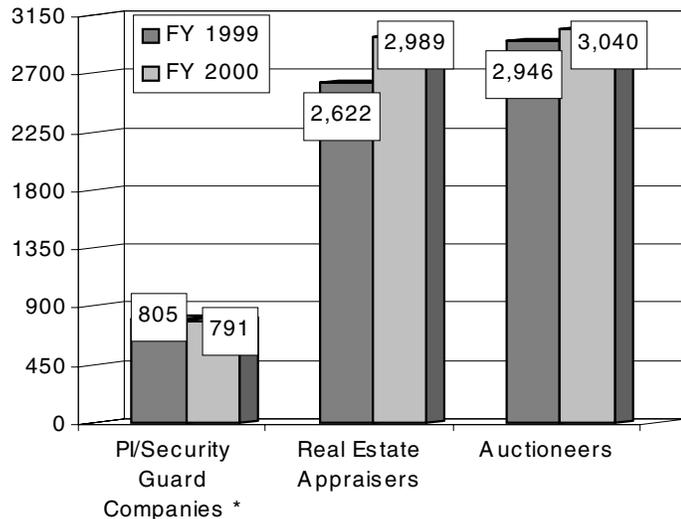
**Distance education task force created**

In February 2000, a task force was established to explore the possibility of continuing education being offered through “distance education” rather than solely in the traditional classroom setting. The task force is composed of educators and practitioners in the real estate profession in Ohio. The task force is exploring methods of delivery, attendance verification, scope of courses, design standards, costs, implementation and other concerns associated with providing quality education to our licensees. At the end of December, the task force is expected to provide the superintendent with a comprehensive report outlining the scope and most efficient way to implement a “distance education” program in Ohio.

**Licensing activities**

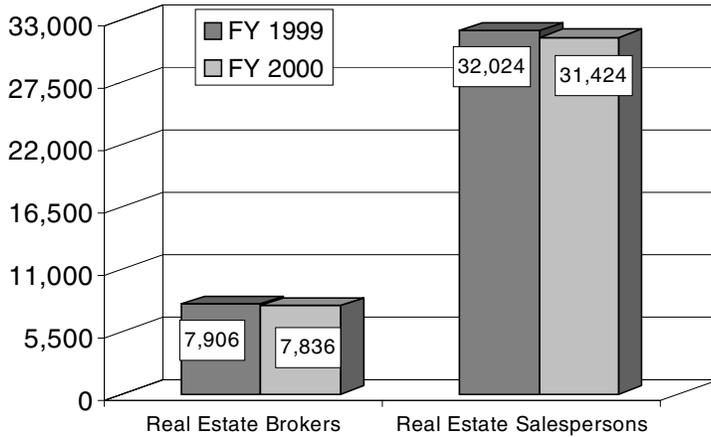
The real estate licensing section handles approximately 500-700 phone calls on a monthly basis. The section is responsible for issuing initial licenses, reviewing various applications for transfers to different brokerages, reactivating licenses, starting new companies, and the annual “renewal” of a real estate license. The division will implement a “staggered” monthly renewal program effective January 1, 2001, to process the approximate 65,000 renewals each year.

**Number of Licensees**



\* The division registered 18,506 PI/Security Guard Company employees in FY 1999 and 18,591 in FY 2000. In addition, 3,300 cemeteries were registered by the division in FY 1999 and 3,372 in FY 2000.

**Number of Licensed Real Estate Brokers and Salespersons**



*Director Suhadolnik, Superintendent Hengle and Diana Kenney joined nearly 2,000 Realtors from across Ohio at the Ohio Association of Realtors' Annual Convention & Trade Show.*

**Enforcement activities**

**Private Investigator and Security Guard company** compliance examinations (audits) are now being conducted on a regular basis. The purpose is to evaluate licensee compliance with the Ohio Revised Code and assist licensees in that effort. Currently, division investigators are conducting an average of 10 – 12 audits per week. Payroll records, personnel rosters and files are reviewed to determine compliance with the requirements. Where firearms are used, a review is undertaken to verify that only those individuals who possess a valid firearm bearer notation are carrying firearms. **Real Estate** investigators performed 447 audits in FY 2000. Their goal is to help licensees comply with the license laws, to answer any questions, and provide clarification.

**Enforcement Statistics for FY 2000**

	<u>REAL ESTATE</u>	<u>PI/SG</u>	<u>AUCTIONEER</u>	<u>APPRAISAL</u>	<u>CEMETERY</u>
COMPLAINT CASES FILED	251	15	24	39	161
PENDING CASES	91	6	13	23	57
CLOSED CASES	280	9	11	69	201
CEASE & DESIST ORDERS	14	0	0	NA	NA
REFERRED TO PROSECUTOR	0	7	0	NA	173
HEARINGS HELD	67	20	0	13	60
SUSPENSIONS	31	0	0	5	NA
REVOCATIONS	7	1	0	1	NA

**Modernization bill / staggered renewals**

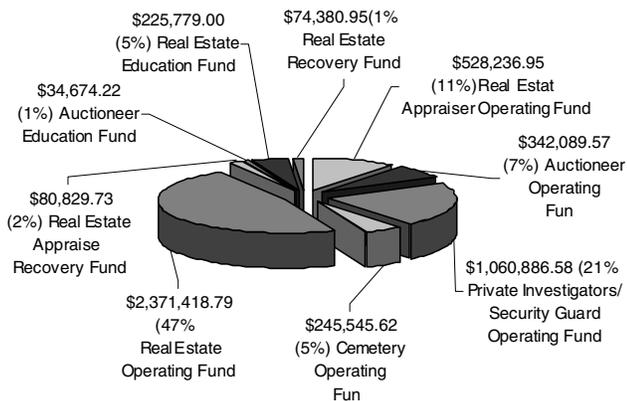
The culmination of the past year was the passage of the first major changes to Ohio's real estate license law since 1987. This new law, which received the strong support of the Ohio Association of Realtors, contains license law changes that reflect the developments in the industry and the marketplace during the last 13 years. The law became effective on September 22, 2000.

January 1, 2001 is the kickoff for the staggered license renewal program. The program consists of two parts. First, licensees will now renew their own licenses directly, as opposed to renewing through their brokers. Secondly, each licensee's annual renewal will be on that licensee's birthday every year. To further simplify the need to remember dates, the licensee's continuing education deadline will also be tied to the licensee's birthday.

**Funding the operations**

Funding for the division's operations comes from many different sources. This revenue is generated entirely through the collection of license and testing fees, enforcement actions (fines) and other miscellaneous areas. In FY 2000, fines assessed against real estate licensees totaled \$45,950. Fines assessed against private investigators and security guard providers totaled \$133,577. Total revenue received by the division for FY 2000 was \$4,964,653.41, of which \$418,983 was earmarked directly for consumer recovery programs and education.

**Revenue by Fund for FY 2000**



**Embracing new technology**

Another technological advance for the Division of Real Estate and Professional Licensing has been the refinement of its web site. As of June 30, 2000, there are 84 interactive forms for six different professions on the web site. This gives the division's customers the ability to have access to the forms 24 hours a day, seven days a week. Direct links to various organizations have been added to the web site to further meet customers' needs. The site also contains the quarterly newsletter, brochures, testing information, and access to the Ohio Revised Code through the A.V.V., Inc.

Fiscal year 2000 was a year of technological change in the Division of Real Estate and Professional Licensing. The division, after several presentations from various companies, entered into a contract with the Iowa Foundation For Medical Care (IFMC) for new licensure software. IFMC has created a PC-based licensure software for the real estate commissions in Nebraska, Maryland and Missouri. After several months of gathering data and writing programs, IFMC submitted the software version for testing by division personnel. "RealPro," as the new system has been named, will be implemented in November 2000.

# Division of Securities



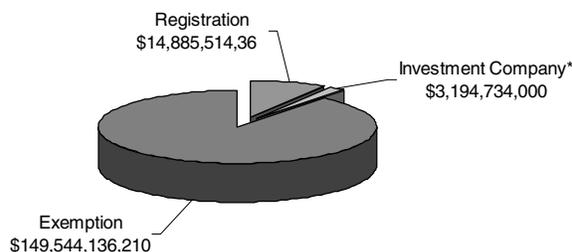
Debbie Dye Joyce  
Commissioner

**The mission of this division is to maintain a balance between enhancing capital formation and providing investor protection. This balance is achieved by administering and enforcing the Ohio Securities Act. The Act requires the licensing of those who sell or give advice about securities, provides for the registration of certain types of securities sold, and prohibits certain conduct in connection with the sale of securities and the giving of investment advice. Through efficient administration and diligent enforcement of the Act, the division promotes an honest and fair securities market in Ohio where individuals and businesses can raise capital and investors can expect a fair return on their investment. Ohio law defines "security" broadly to include stocks, bonds, mutual funds, options, commercial paper, promissory notes and many other investment opportunities. Thomas Geyer held the position of Securities Commissioner until late FY 2000, when he was promoted to Assistant Director of Commerce.**

## Capital formation increases

The aggregate dollar amount of securities to be sold in Ohio pursuant to filings made with the division was more than \$167 billion for fiscal year 2000. This figure is compiled as part of the division's mission to enhance capital formation in Ohio. Some securities may be sold in Ohio without a filing with the division, such as securities listed on a national stock exchange. However, the chart below is representative of the amount of capital formation taking place in Ohio.

Dollar Amount of Securities to be Sold in Ohio Pursuant to Filings with the Division in FY 2000

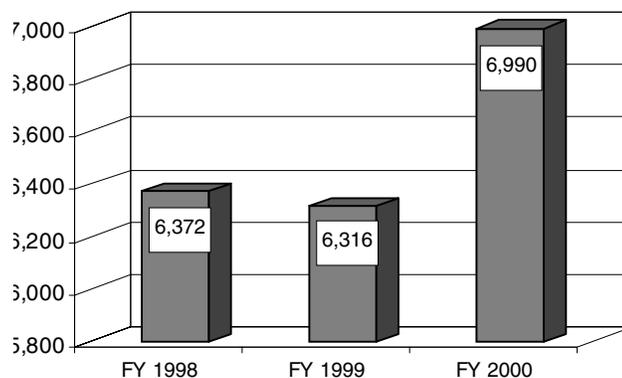


\* Investment Companies may seek to sell an indefinite amount of securities by submitting maximum fees. Based on the maximum filing fee, an indefinite filing represents the sale of a minimum of \$1 million worth of securities. For purposes of this chart, each indefinite filing was assigned a value of \$1 million.

## Securities filings increase

The division reviews securities registration filings to ensure that securities offerings are not made on "grossly unfair terms" to Ohio residents. Exemption and notice filings are reviewed for compliance with legal requirements. The total number of filings for the sale of securities in Ohio increased by 10 percent during fiscal year 2000.

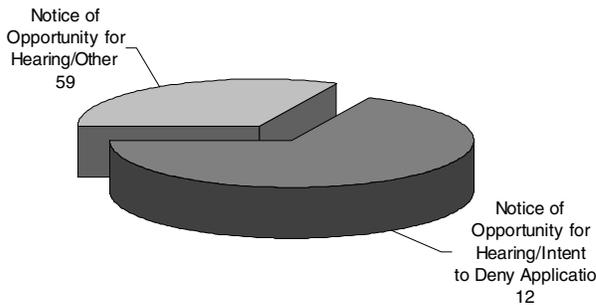
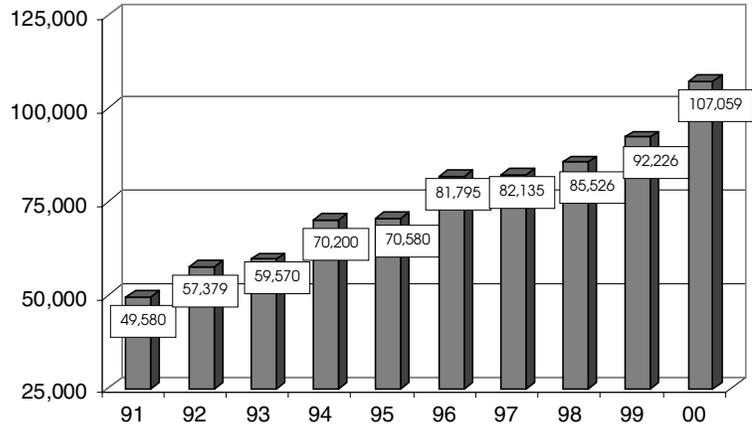
Number of Filings for Sale of Securities in Ohio



**Protecting investors**

An important way that the division carries out its investor protection mission is through the licensing of securities dealers and salespersons. During fiscal year 2000, the number of securities dealers licensed by the division increased more than nine percent from 2,287 to 2,505. During the same period, the number of licensed securities salespersons increased nearly 14 percent from the previous year. Fiscal year 2000 marked the ninth consecutive year that the number of salespersons licensed by the division has increased.

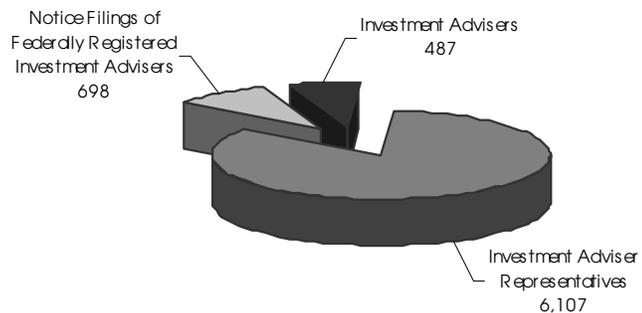
**Number of Securities Salespersons Licensed  
FY 1991-200**



The division reviews the background of applicants and licenses only those applicants who meet the standard of “good business repute.” With the increasing number of applicants, the division continued its vigilant review of license applications, illustrated by the fact that 126 of the administrative notice orders issued by the division during the fiscal year were notices to deny applications.

**Investment advisers**

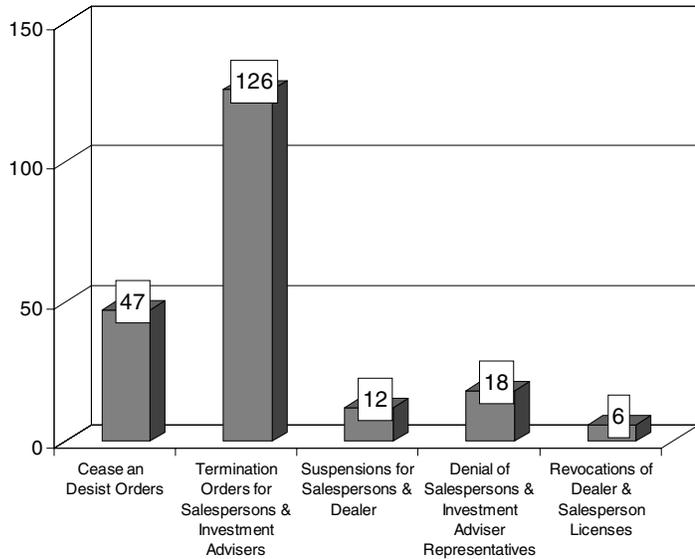
Fiscal year 2000 marked the division’s first year administering newly enacted investment adviser laws. The division’s new oversight responds to the explosive growth in the advisory business. During this first year, the division licensed 487 investment advisers and 6,107 investment adviser representatives. The division also received notice filings from 698 federally registered investment advisers who conduct advisory services in Ohio.



**Enforcement activity increases**

Another way that the division carries out its investor protection mission is through the vigorous enforcement of Ohio's securities laws. The division investigates alleged violations of the securities laws and initiates criminal, administrative and injunctive actions as appropriate. From July 1, 1999, to June 30, 2000, the division made six criminal referrals to Ohio county prosecutors. During the same period, a total of nine indictments totaling 46 counts and six convictions resulted from division referrals. Administrative enforcement activities increased during fiscal year 2000 as the division issued 527 administrative actions.

**Actions Resulting from Notice Orders for FY 2000**



**Investor education and outreach efforts**

In April 2000, the division sponsored its third annual "Savings and Investing Education" program, a month-long effort designed to raise awareness of the importance of saving and investing wisely. During the month, division representatives made more than 90 presentations to school and community groups, spreading savings and investing awareness to more than 2,300 people.



*Mike Quinn, one of 14 division staff members who made investor education presentations in FY 2000, speaks here to a group of elementary school students.*

## New electronic filing system

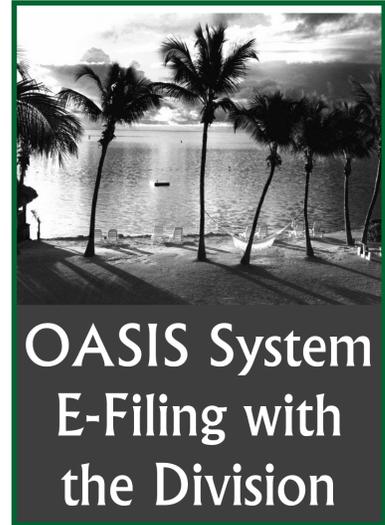
Coinciding with Saving and Investing Education Month, the division unveiled OASIS, the Ohio Automated Securities Information Submission system, an electronic filing system over the Internet. Through the use of technology, the division is making it more convenient and efficient for businesses and organizations to raise capital in Ohio.

The first phase of the new system has been the acceptance of notice filings, which are made by investment companies before selling mutual funds to Ohio investors. After this phase, the division will begin accepting securities registration and exemption filings in the same manner.

The OASIS program was developed following the passage of Am. Sub. H.B. 695 and the adoption of Administrative Rule 1301:6-3-093, which permits the division to accept electronic filings, documents and signatures.

In order to make a notice filing, businesses or organizations go to the division's web site at [www.securities.state.oh.us](http://www.securities.state.oh.us) and access the interactive version of the Form NF. An electronic notice filing can be submitted to the division using OASIS each day from 8 a.m. – 5 p.m., except Saturdays, Sundays and legal holidays. Electronic filings made after these hours are dated the next business day. Filing fees are submitted through the Automated Clearing House (ACH) network. Attachments to an electronic filing, including prospectuses and statements of additional information, are submitted in HTML 3.2 or higher format.

Upon receipt of an electronic filing, the division transmits back to the filer a filing confirmation, along with instructions for the ACH credit funds transfer. Upon determining that the electronic filing is complete, the division sends the filer an electronic certificate of acknowledgment confirming the amount eligible to be sold and providing the effective date in Ohio.



## New interactive database

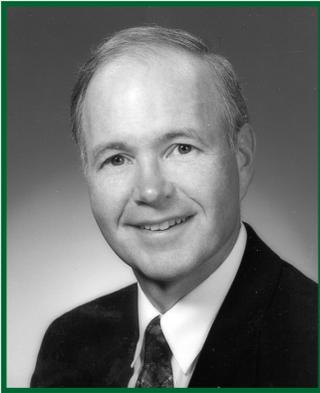
The division also implemented ERNIE, an interactive database on the division's web site of the securities filings received by the division. ERNIE is updated weekly.

Prospective investors can now use the division's web site – [www.securities.state.oh.us](http://www.securities.state.oh.us) — to learn if a filing for a particular securities product has been made with the division. The "ERINIE" (Exemption, Registration, Notice Interactive Electronic) database lists the securities exemption, registration or notice filings made with the division. It is believed that Ohio is the first state securities administration to offer this type of system to the public.

ERINIE contains summary information about these filings, and is searchable based on a number of different criteria including the name and address of the issuer, and the date, type and amount of the offering. Pursuant to the state record retention laws, ERINIE contains filings made for the last eight years.



# Division of State Fire Marshal



Robert R. Rielage  
State Fire Marshal

**The State Fire Marshal's Office is the oldest established office of its kind in the United States. It consists of eight bureaus: Administration, Investigations Bureau (formerly the Arson Bureau), Forensic Laboratory (formerly the Arson Lab), Bureau of Underground Storage Tank Regulations (BUSTR), Fire Prevention Bureau, Code Enforcement Bureau, Pyrotechnics and Explosives Unit, and the Ohio Fire Academy. Responsibilities include modernizing and enforcing the Ohio Fire Code, designing and presenting fire prevention programs, analyzing fire related criminal evidence, investigating the cause and origin of fires and explosions, training firefighters, providing fire safety education to business, industry, and the general public, and regulating underground storage tanks.**

## 100 years of service

On April 8, 2000, the State Fire Marshal's office celebrated its 100<sup>th</sup> anniversary. The Marshal's office was created by the Ohio General Assembly on April 16, 1900, and is the oldest continuous office of its kind in the United States. For the last century, the Fire Marshal's office has proudly worked with Ohio's fire service to protect, educate and safeguard the lives and property of Ohio's citizens.

A Centennial Celebration was held providing an opportunity for members of the fire service, their families, and parents and children from across the state to take part in a day of memorable and educational events. More than 500 Ohioans attended the event; and it was so successful, there are now discussions about holding a similar celebration and statewide fire safety fair every summer.



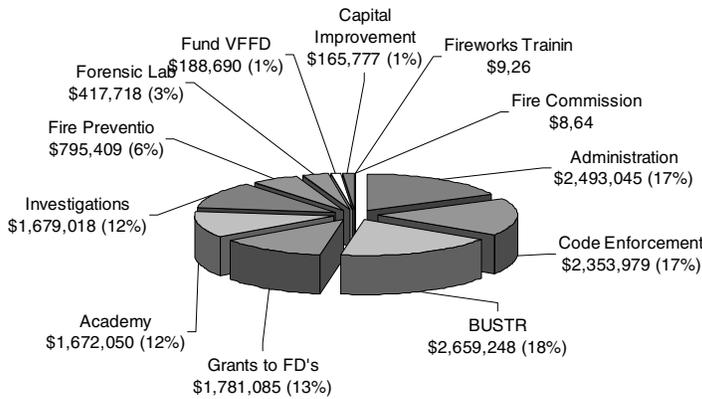
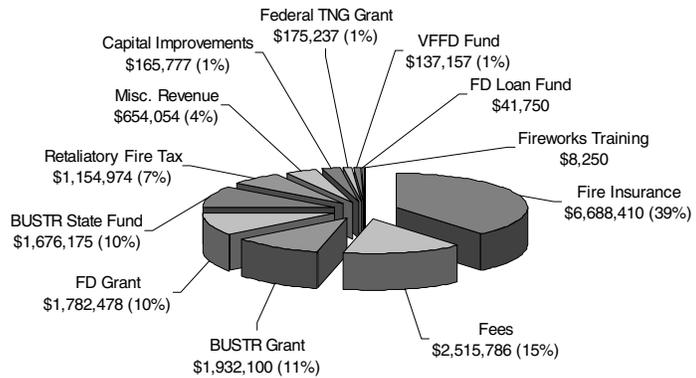
As part of the Centennial Celebration, three former State Fire Marshals were honored for their contributions to the fire service and citizens of Ohio. Pictured left to right: Director Gary Suhadolnik, Tracy Boatwright (Indiana State Fire Marshal), State Fire Marshal Robert R. Rielage, former State Fire Marshals William Hennosy, James J. McNamee and David Lucht, and Dr. Denis Onieal, Superintendent of the National Fire Academy.

## Providing better service

Working in cooperation with Ohio's nearly 1,300 fire departments, the division has developed and instituted several innovative programs, providing services for Ohio's fire service and the public. These programs include:

- Promoting the recruitment of volunteer firefighters through development and staffing of the 1-800-FIRELINE service and development of a series of public service announcements.
- Planning for a new state-of-the-art \$1.8 million computer controlled "burn building" where firefighters practice their techniques by fighting actual fires.

**State Fire Marshal Sources of Revenue FY 2000**



**State Fire Marshal Expenditures by Program FY 2000**

**Forensic Laboratory**

During fiscal year 2000, fire investigators and law enforcement agents from 80 counties submitted 640 cases with 1,917 pieces of evidence that required 4,758 examinations. Quality assurance and standards-building required 2,221 additional tests. With state-of-the-art instrumentation and a laboratory information management system, laboratory personnel produced accurate findings in an average of 2.19 business days. This prompt turnover proves crucial to the outcome of a criminal investigation or hazardous chemical incident.

**Fire Prevention**

During fiscal year 2000, the bureau conducted 3,400 fire safety programs for more than 81,500 Ohioans at schools, senior centers, health care facilities, and a variety of businesses. Additionally, more than 14,000 individuals were assisted at the 1999 State Fair and other similar events. The bureau also distributed 540,000 pieces of fire safety literature over the course of the year.

The bureau continues to promote the use and maintenance of smoke detectors. The Smoke D.O.G. (Smoke Detector On Guard) program seeks to draw attention to families whose lives were saved by having a working smoke detector in their home. Four Ohio families were recognized with awards. The bureau also initiated a program – Project S.A.F.E. (Smoke Alarms For Everyone) – to assist local fire departments in placing smoke detectors in the homes of needy families in southeastern Ohio. Eighty-five fire departments assisted in installing 293 smoke detectors.

## Ohio Fire Academy

During the last fiscal year, the Ohio Fire Academy conducted 724 classes and trained 11,494 emergency responders at the Academy facilities and through state-wide outreach programs. Fifty-eight percent of Ohio's fire departments participated in Academy programs. The resource center provided 800 videos for various fire safety and public education programs, reaching an audience of more than 13,000 individuals. The Academy provided meeting rooms, staff support, and equipment to 295 different state and local agencies who in turn provided training and educational programs to more than 10,000 participants. Additional accomplishments include:

- Participating in the planning and implementation of the division's Y2K response plan.
- Distributing over 50,000 North American Emergency Response Guide Books to local emergency responders.
- Hosting the Ohio Rural Fire Council Spring Conference with an attendance of 190 firefighters, with 80 percent of those being their first visit to the State Fire Marshal's office and training grounds.
- Hosting two foreign exchange students from Mexico and France.
- Participating in the Governor's "Ohio Task Force on Fire & Emergency Response Training."



*Ohio Fire Academy students prepare to use team work, training, and the latest technology to extinguish a fire with foam.*

## Explosives and pyrotechnics

In FY 2000, the bureau regulated 52 wholesaler and manufacturing licensed fireworks facilities, 561 active fireworks exhibitors and 1,576 active assistants. In addition, the bureau conducted more than 18 in-service training courses with a total of 740 attendees and issued 52 variances to our customers, allowing them to continue their business operations.

To help promote public safety, changes were made to the Ohio Fire Code as it relates to the Ohio licensed fireworks exhibitor law. Major revisions to rule 1301:7-7-31, effective January 3, 2000, included:

- Establishing a second certification category for fireworks exhibitors before a proximate audience.
- Creating a definition of "Public Fireworks Exhibition" and "Pyrotechnic Exhibitor" to clarify the distinction between the two types of certification categories.
- For fireworks shipped into Ohio, requiring the submission of a copy of the bill of lading to the State Fire Marshal only when requested by the Marshal's office.
- Clarifying the criteria for denial or revocation of fireworks exhibitor licensure and exhibitor assistant registration.
- Clarifying that the registration timetable for fireworks exhibitor assistants is once every three years and that all assistants must be registered at least 14 days prior to assisting in the exhibition of fireworks.
- Requiring all exhibitors and assistants to prominently display any identification required by the controlling fire official at all times they are present within the discharge perimeter.
- Clarifying the requirements for continuing education of each licensed fireworks exhibitor and the necessity to submit documentation for license renewal.

## Code Enforcement Bureau

During fiscal year 2000, the bureau conducted approximately 10,000 fire safety inspections. Further, approximately 4,000 fire safety re-inspections were performed to verify the abatement of all identified hazardous conditions. In addition to fire safety inspections, the bureau participated in a number of programs and implemented new technologies to better serve the fire service and the public including the following:

- Continued participation in the development of a national model fire code to ensure that Ohio's fire safety practices are consistent with the nation's.
- Implemented a computer imaging software program to significantly enhance record management capabilities.
- Held a statewide University Residence Hall Fire Safety Forum, which was attended by members of the fire service and university administrators. The goal of the forum was to discuss the growing problem of residence hall fires nationwide and to address meaningful ways to combat the problem as well as educate college students on the inherent dangers of dorm fires.
- Began implementation of field data entry, electronic communication and enhanced customer services through Internet technologies.
- Implemented administrative changes associated with the creation of new fire marshal certification categories for pyrotechnic exhibitor and fire protection installer of household fire warning equipment.

## Investigations Bureau

In FY 2000, bureau personnel were involved in 1,008 incidents consisting of 825 investigations, which included fire-works incidents, explosive disposals, polygraphs, canine accelerant detection, and teaching hazardous materials disposals. Of these incidents, 354 were determined to be arson, which included 24 criminal deaths.

In addition, the bureau acquired new equipment including laptop computers, color printers, digital cameras, new work uniforms, and replacement vehicles for each investigator.

The bureau also trained Chief Officer Peter Craig from the Northern Ireland National Fire Service in the operation of an investigation unit. The skills and techniques Chief Craig learned at the State Fire Marshal's office will be put into practice as the fire service takes over responsibilities for fire investigation in Northern Ireland.

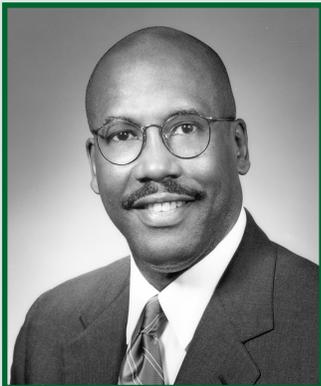
## BUSTR

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates Ohio's underground storage tank (UST) program. BUSTR works to prevent and detect releases of petroleum from regulated USTs and to review and evaluate corrective actions when a petroleum release occurs. During fiscal year 2000, BUSTR:



*An underground storage tank is prepared for removal.*

- Regulated 9,161 facilities with a total of 26,320 registered underground storage tanks.
- Issued 4,265 permits to remove, upgrade, replace or repair underground storage tanks statewide.
- Continued a statewide underground storage tank inspection and compliance program.
- Issued 546 "No Further Action" letters completing cleanup at sites where a release of hazardous substances from underground storage tanks into the environment was detected.
- Provided a seminar series on new Risk-Based Corrective Action rules for environmental cleanup. These rules allow the risk to human health to be determined based on site-specific conditions.



David Moore  
Superintendent

**The Division of Unclaimed Funds is responsible for the safekeeping and return of monies designated as "unclaimed." The overall mission of the division is to return unclaimed funds to the rightful owners. Each year, due to death, inadvertence or forgetfulness, more than 100,000 people and organizations lose track of monies, rights to monies, and intangible personal property in Ohio. Common examples of unclaimed funds are: dormant checking and savings accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stock and dividends, forgotten rent or utility deposits, and intangible contents of safe-deposit boxes.**

# Division of Unclaimed Funds

## New record set for number of claims paid

The Division of Unclaimed Funds paid a record number of claims in FY 2000 when 28,527 claims were paid worth nearly \$22.9 million. This fiscal year's record exceeded last year's record of 27,165 claims paid. In addition, the return of \$22.9 million is the second highest total ever returned to current or former Ohio residents. Through mutual agreement with other states, \$1.8 million of unclaimed funds were returned to other states in which the original owner resided at the time of the reporting.

As a result of various outreach activities, the division handled more requests for claim forms than ever in its 32-year history. In FY 1999, 148,216 claim forms were mailed. In FY 2000, the division broke that all-time record by mailing 252,598 claim forms.

## Reported funds increase

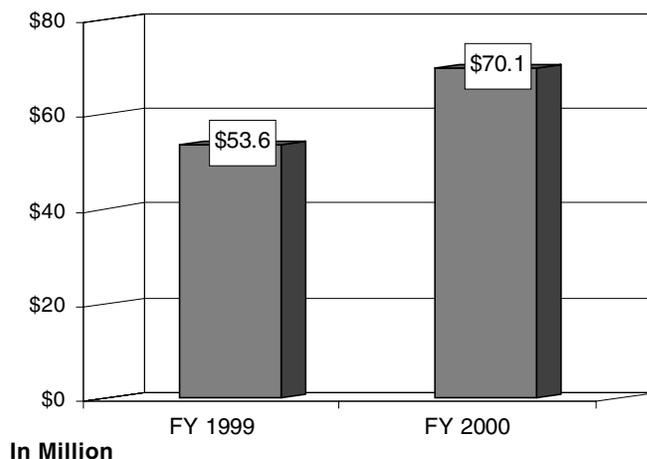
A record amount of unclaimed funds were reported to the division in FY 2000. These funds were reported by financial institutions, insurance companies, public utilities, and other businesses. Due to aggressive outreach to financial professionals, the division received a record \$70.1

million in fiscal year 2000 as opposed to last year's record total of \$53.6 million.

Of the \$70.1 million reported, the division's active outreach resulted in \$59.8 million being reported. The balance was collected by contract third party auditors. Of the \$53.6 million reported in the previous fiscal year, the division's active outreach resulted in \$47.6 million being reported. The balance was collected by contract third party auditors.

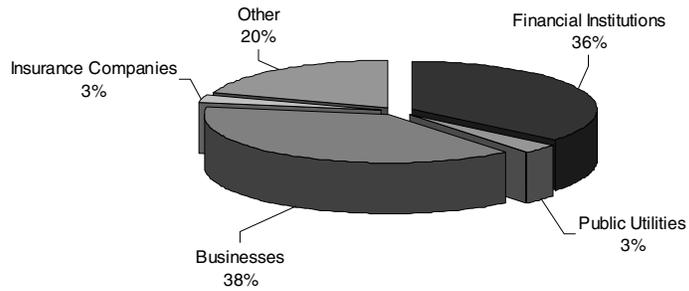
The division's efforts were enhanced by its Professional Education Program which informs businesses, certified public accountants and attorneys

Unclaimed Funds Reported



about reporting requirements. To further encourage compliance, Ohio is participating in a voluntary compliance program. The division has agreed to waive penalties and interest on holders who come forward voluntarily to remit unclaimed funds. The voluntary program's deadline is October 31, 2000.

**Unclaimed Funds Reported by Type of Holder FY 2000**



**Newspaper advertising insert**



*Mike Scott and Jean Iannarino of the Division of Unclaimed Funds proposed and developed the idea to use a special insert for the newspaper advertisements in the state's largest counties. This idea saved the division more than \$115,000 in advertising costs.*

Each year, the Division of Unclaimed Funds places advertisements in the largest newspaper in all of Ohio's 88 counties. The advertisement includes the names of current or former county residents whose accounts are valued at \$50 or more and were reported to the division within the past year. In FY 2000, at the suggestion of two Unclaimed Funds employees, the division introduced a special tabloid insert for the newspaper advertisements in the state's largest counties. Not only were the inserts presented in a user friendly format, they saved the division more than \$115,000 in advertising costs.

**Working with public officials**

The division makes a concerted effort to work with local government officials to enlist their support for the unclaimed funds program. In FY 2000, the division forwarded a list of unclaimed funds owners to every state legislator and county treasurer. These public officials have worked to contact their constituents with the good news about lost money waiting to be claimed.

**New programs improve holder reporting process**

The Compliance Section instituted three new programs. The first is the New Holder Program, which concentrates on identifying and contacting non-filing holders regarding their filing requirements under Ohio Revised Code Chapter 169. Holders are sent a copy of the most current reporting forms and instructions, along with an introductory letter notifying them that an auditor will contact them. The auditor will explain Chapter 169 of the Revised Code, review the holder’s unclaimed funds reporting requirements and answer any questions they have. A follow-up letter is then sent to the holder advising them that they have 120 days to review their books and records and file their first unclaimed funds reports.

The second program is the Holder Review Program. The division identifies holders who failed to report in consecutive years and contacts them to determine the reason for non-compliance. A follow-up letter is sent advising them that they have 120 days to review their books and records and file an unclaimed funds report for the current reporting year, and the year(s) in which no report was filed.

The final program identifies and tracks problems with paper and electronic reports submitted by holders. Many of the reports received by the division contain errors or omissions that adversely affect the data entry process and the ability of the owners to reclaim their funds. Most of these problems fall into several specific categories. The division reviews each report filed for any problems and records them in the appropriate category. The information from the forms is entered into a spreadsheet, which is used to create a custom letter to the holder. The letter outlines the problem(s) found, directs the holder to the proper statutory filing requirements, and/or outlines a solution to the problem(s).

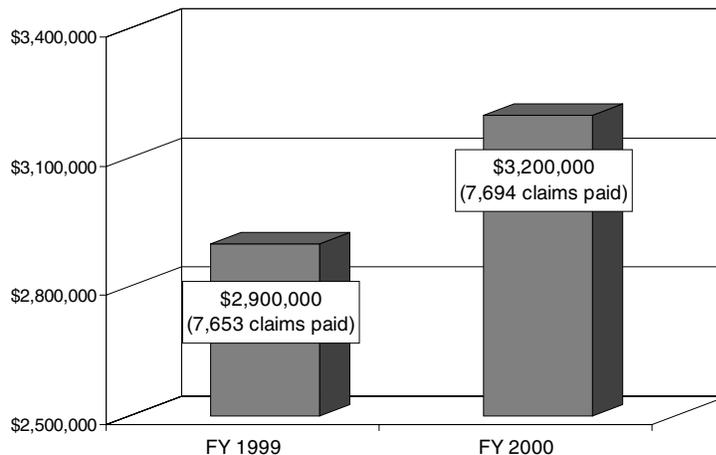
**Searching on the Web**

The division’s Internet site has quickly become the most common means of returning unclaimed funds to their rightful owners. The web site – [www.com.state.oh.us](http://www.com.state.oh.us) – is updated monthly and contains the names of all Ohio unclaimed account owners. Users can print a claim form from their own computer. The site also provides a link to the National Association of Unclaimed Property Administrators so users can search for accounts being held by other states.

In FY 2000, the division paid 7,694 claims submitted to the web site worth a total of nearly \$3.2 million. During the previous year, the division paid 7,653 claims worth a total of \$2.9 million.



**On-Line Treasure Hunt Amount of Claims Paid**



## Community outreach

The division's community outreach program raises public awareness of the 2.08 million unclaimed funds accounts worth \$216 million which are being held by the division on behalf of private individuals and organizations.

The Treasure Hunt is the division's highest profile outreach program for educating Ohioans of the existence of unclaimed funds. Employees travel throughout the state with the entire database on laptop computers, bringing all of the unclaimed funds account information to county fairs, shopping malls and local government days. The division's Treasure Hunt also participates in the Department of Commerce's display at the Ohio State Fair. At the 1999 State Fair, the division located 20,560 accounts worth \$294,113.



*The Treasure Hunt booth at the Ohio State Fair is always a popular attraction.*

## Supporting economic development

Until the rightful owner is located, unclaimed funds are used to support economic development throughout Ohio. With these monies, the Ohio Department of Development and the Ohio Housing Finance Agency (OHFA) guarantee and fund low and moderate income housing programs. During FY 2000, the division provided OHFA \$48,951,102 in loan funding, and reserved \$88,557,246 for future OHFA loan funding. Unclaimed funds also guarantee performance bonds for the Minority Business Bonding Fund.

## New leadership

David L. Moore was appointed superintendent of the Division of Unclaimed Funds on January 3, 2000.

Prior to being appointed as superintendent, Mr. Moore served as executive assistant to the director of the Rehabilitation Services Commission where he performed quality review and program development and implementation. He had also served as assistant manager and manager of the Ohio Lottery's Dayton Region.

Under his leadership, the Division of Unclaimed Funds has implemented new procedures, which will result in a more efficient and timely manner of processing claims.



***Vision Statement***

***Enhancing Ohio's future by providing fair, consistent regulation that balances maximum benefit for the public with minimal intrusion on business.***

***Mission Statement***

***To fulfill our legal obligations to safeguard the public, while striving to regulate commerce in a reasonable, fair and efficient manner.***