

# Annual Report 2003

Ohio Department of Commerce  
77 S. High St. 23rd Floor  
Columbus, OH 43215-6123

Bob Taft  
Governor

Lt. Governor Jennette Bradley  
Director

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

# Table of Contents

Administration	1
Financial Institutions	5
Industrial Compliance	9
Labor and Worker Safety	13
Liquor Control	16
Real Estate and Professional Licensing	20
Securities	24
State Fire Marshal	28
Unclaimed Funds	32

Dear Governor Bob Taft:

It is my pleasure to present to you the Ohio Department of Commerce Annual Report for Fiscal Year 2003.

As public servants in one of the state's chief regulatory agencies, the employees of the Ohio Department of Commerce are proud to provide regulation, consumer protection and related services through our eight operating divisions: Financial Institutions; Securities; Industrial Compliance; Labor and Worker Safety; Real Estate & Professional Licensing; Liquor Control; Unclaimed Funds and the State Fire Marshal.

The past year has brought significant accomplishments within our Department and changes in Ohio law to enable us to better serve the citizens of our state.

Latest figures show the assets of state-chartered depository institutions supervised by the Department of Commerce's Division of Financial Institutions continued their steady increase to more than \$112 billion since 1995. The Division's new Office of Consumer Affairs in the Division of Financial Institutions became fully operational, and staff members began processing consumer complaints against credit providers, educating the public about credit issues through its new "Borrow Smart" campaign, and administering Ohio's new law requiring lenders to make special disclosures when making high-cost mortgage loans.

Our Division of Securities helped craft new legislation to enhance investor protections and provide new enforcement tools, including the authority for the Division to seek restitution for victims in certain situations, longer statutes of limitations, and increased penalties for theft. Our Division of Unclaimed Funds paid a record dollar amount of claims during Fiscal Year 2003, returning more than \$43.4 million to current and former Ohioans.

Our Division of Labor and Worker Safety exceeded its federal OSHA On-Site safety consultation goal, helping to ensure safe and healthy environments for Ohio workers. The Division of State Fire Marshal's Ohio Fire Academy trained more than 14,300 responders statewide and unveiled a state-of-the-art Major Incident Response Vehicle for use in disaster situations.

Our Division of Industrial Compliance achieved its goal of 24-hour turnaround for building inspection requests for new construction, and it began accepting plan reviews on large projects, in phases, so that work can move along more quickly.

Through efficient management and operation, the Division of Liquor Control transferred a record \$115 million generated through liquor sales to the state's General Revenue Fund, and also funded services such as liquor law enforcement through the Department of Public Safety and alcoholism treatment, education and prevention programs through the Department of Alcohol and Drug Addiction Services.

The Ohio Department of Commerce is proud of these accomplishments. Our employees remain committed to fairly monitoring businesses, which are vital to Ohio's economy, while vigorously protecting the consumers who count on ethical behavior from those businesses.

We look forward to serving the citizens of Ohio in the years ahead.

*Jennette Bradley*

Lieutenant Governor Jennette Bradley  
Director



*Lieutenant Governor  
Jennette Bradley,  
Director*



Assistant Director Pat McDonald



Assistant Director Thomas E. Geyer

# Administration

The Division of Administration provides policy and administrative direction as well as various centralized functions for Commerce's eight operating divisions. These services are provided through the Office of the Director; Communications; Fiscal Administration; Human Resources; the Information Technology Group; Legal; Legislative Affairs; Quality, Training and Employee Development; and Support Services. With the exception of the Division of Labor and Worker Safety (LAWS) and the State Fire Marshal's fire department training and grant programs, the Department uses no General Revenue Fund (GRF) monies for its general operating expenses. In fact, \$210.9 million was turned over to the GRF or other state agencies in Fiscal Year (FY) 2003. In FY 03, the Department's budget was \$527.8 million. Of that, less than 1 percent each came from the GRF and from federal monies designated for the Occupational Safety and Health Administration (OSHA) On-Site Consultation Program in LAWS and the Bureau of Underground Storage Tank Regulation in the Division of State Fire Marshal. The rest was revenue from customer industries and liquor sales.

## Communications

### Bill Teets, Chief

The Communications Office represents the Department to the news media and coordinates the Department's internal and external communications. In addition to informing the media through news advisories, news releases and special events, Communications answered more than 1,500 media inquiries in FY 03. The office also coordinates the department's printing needs and produces numerous publications.

In January 2003, the Communications Office began providing support to Lt. Governor and Commerce Director Jennette Bradley, by responding to media inquiries and providing speechwriting assistance. The office also assisted the State of Ohio Combined Charitable Campaign (CCC) by producing its annual campaign video. In working

with the CCC, Bureau of Worker's Compensation and Department of Public Safety, the Communications Office eliminated the need for an outside vendor, saving the campaign \$10,000.

Throughout FY 03, the Communications Office helped Commerce divisions develop various public education programs, including the Division of Financial Institution's "Borrow Smart" campaign, Securities' Saving and Investing Education Month, and the State Fire Marshal's Fire Prevention Week.

Two of the largest events coordinated by the Office of Communications in FY 03 were: the Ohio State Fair, which offered tens of thousands of fair goers the chance to learn fire safety tips, check their names for Unclaimed Funds through two new computerized kiosks and learn how to

“Borrow Smart;” and the 2003 Fire Expo & Muster, which gave 3,000 visitors the opportunity to see antique and modern fire equipment and participate in hands-on fire safety exercises.

In Summer 2003, Denise Lee joined the Commerce staff as Deputy Director of Communications.

## Fiscal

### Cheryl Lyman, Chief

The Office of Fiscal Administration provides accounts payable, payroll, budget and internal control services and performs a policy and oversight role for the Department’s purchasing activities. The Office coordinates the submission of the Department’s biennial operating and capital budgets and tracks budget activity; monitors departmental compliance with the Minority Business Enterprise Set-Aside Law and Internal Audit Compliance Program certification; and coordinates financial reporting,

including submission of the Generally Accepted Accounting Principles Reporting Package. The office’s major project in FY 03 was supporting the Department’s FY 04-FY 05 budget request. Every two years, Ohio is required by law to adopt a budget for state activities. Preparation for the FY 04-05 budget began in July 2002. The process lasted approximately 12 months and involved staff assistance from each division. Given the state of the economy, coordinating this effort was especially challenging.

## Human Resources

### Blaine Brockman, Chief

The Human Resources Office (HR) administers programs in three areas: Labor Relations, Personnel Management and Equal Employment Opportunity. This requires interpreting two collective bargaining agreements, Ohio’s civil service laws and state and federal employment laws. HR is also the primary entry point for new employees. The office hears step-three grievances, provides expertise to department managers in contract interpretation, conducts pre-disciplinary meetings and acts as State advocate at labor arbitrations. HR conducts initial investigations into discrimination complaints and coordinates the Department’s interaction with the Ohio Civil Rights Commission and the federal Equal Employment Opportunity Commission. This section also administers the Americans with Disabilities Act and the Workers’ Compensation program for the Department.

In FY 03, HR initiated a program aimed at reducing Worker’s Compensation costs for the Department. The implementation of this program saves the Department an automatic 10 percent on the annual premium. The HR office has also decentralized the Personnel Action Approval process from the Department of Administrative Services (DAS), reducing the time it takes to fill vacant positions. Over the past year, HR has increased its use of technology to track Equal Employment Opportunity statistics, personnel information and applications. This has increased efficiency in analyzing personnel data in the Department.

## Information Technology Group

### Tom Hart, Chief

The Information Technology Group (ITG) supports and maintains the Department’s technology infrastructure, providing technical direction to the divisions. In FY 02, ITG began implementation of a three-year technology plan. FY 03 saw a continuation of that effort. During the past year, ITG has continued its server consolidation efforts. The group has installed and/or ordered six new servers, which will allow the Department to retire several end-of-life servers. ITG has also implemented Microsoft’s Active Directory throughout Commerce. This effort will increase

### Ohio Department of Commerce FY 03 Revenues and Expenditures

#### Revenues:

Liquor and Other Sales,	
Services and Charges	\$485,605,406
Licenses, Fees and Permits	76,444,415
Fire Insurance Taxes	17,397,146
Federal Funds	3,076,711
Unclaimed Funds	49,400,000
Various Other Revenue	<u>10,869,906</u>
TOTAL REVENUES	\$642,793,584

#### Expenditures:

Payroll	\$62,274,565
Purchased Personal Services	3,882,773
Liquor Agent Commissions	27,118,758
Other Personal Services	190,722
Supplies and Maintenance	22,349,104
Equipment and Major Software	1,509,255
Debt Service	19,492,426
Subsidies and Shared Revenue	13,565,321
Spirituos Liquor and Other Resale	304,974,154
Capital	540,583
Judgements, Settlements, Bonds	117,190
Unclaimed Funds Payments	43,434,905
Non-expense Items	<u>1,578,358</u>
TOTAL EXPENDITURES	\$501,028,114

network performance, while at the same time creating a very efficient network administration environment.

In FY 03, ITG worked extensively with the Department of Administrative Services (DAS) to implement DAS's first Remote Connectivity Virtual Private Network (VPN), which will allow all Commerce field personnel to access the network in a secured manner, with higher bandwidth speed, 24 hours a day, seven days a week. The section has also provided access to the Internet, upon supervisor approval, through the Department's VPN.

During the past year, ITG has implemented a Management Committee within the Department to allow all managers to control and direct their individual areas of responsibility by working together as a team. ITG has also established a Program Project Management Office (PPMO), under whose direction the group is creating policy and procedures in the areas of operations, security, general computer usage, disaster recovery planning and e-mail guidelines. The PPMO has also begun the task of developing a project management methodology, which will allow ITG to manage all IT projects in a consistent and low-risk environment. The group has implemented an off-site data backup and recovery procedure using state-of-the-art robotic tape systems, which assures that all vital Commerce data are backed up and secured off-site on a daily basis.

## Legal

**James Turner, Chief**

The Legal Section provides support and legal counsel to the Director, Assistant Directors, Administrative Section Chiefs and Chiefs or Superintendents of the eight operating divisions. Legal also coordinates the administrative hearing process, court reporting services, and retention of contract hearing officers where docket volume warrants. Directly or through division counsels, the section presents in-service training for senior management and division staff on ethics and other topics of legal significance. In addition, Legal is the primary liaison between the Department and the Ohio Attorney General's Office, the Ohio Ethics Commission, the Ohio Inspector General and the State Highway Patrol.

In order to further standardize regulatory administrative hearing procedures begun in FY 02, Legal has expanded its in-house hearing officer assignments to include a part-time officer in addition to one full-time position and has analyzed the comparative costs and benefits of a complete in-house system as opposed to using contract hearing officers. In addition, the section has continued working with ITG to refine implementation of electronic database systems for administrative docketing, litigation tracking, and case annotation systems. Refinement also continues on

standard routing and tracking systems for departmental services vendors in cooperation with ITG and Fiscal. Working with the Business Counsel Section of the Attorney General's Office, the Legal staff updated the format for a standard personal services contract to provide uniform protection to agency operations and programs in an increasingly complex information and intellectual property technological context.

## Legislative

**Ryan Augsburger, Chief**

The Legislative Office interacts with the Ohio General Assembly, staff of the Governor's Office, constituency groups and the public on various legislative and policy issues for which the Department has regulatory authority.

FY 03 was a busy year for the Legislative Office. It worked with State Representative Mary Taylor to pass House Bill 7, priority legislation that will help protect investors from securities fraud. Comprehensive legislation was passed to update the statutes governing the Division of Industrial Compliance and the State Fire Marshal's Office. Advances were made toward updating liquor laws, and the section worked to ensure a successful conversion to the Electronic Rule Filing System.

The most significant accomplishment was the passage of the biennial operating budget, House Bill 95. While this legislation will fund the Department over the FY 04-FY 05 biennium, this bill made numerous changes to the statutes that govern Commerce. These changes ranged from a realignment of operations of the Division of Industrial Compliance to increases in various fees Commerce



*On behalf of Department of Commerce employees, Lieutenant Governor Jennette Bradley presents Northwest Career Center Executive Director Shirley Moore with a check for \$11,500 raised by Commerce employees through dress casual days and the sale of Entertainment books.*

charges for its services. Finally, the Legislative Section helped to facilitate the completion of legislative recommendations by the Predatory Lending Study Committee and the Ohio Construction Industry Examining Board.

### Quality, Training and Employee Development

Joey Lee, Chief

The Office of Quality, Training and Employee Development oversees and manages the quality initiatives throughout Commerce and the training and development needs of Commerce employees.

This section has also been instrumental in assisting divisions in organizational management by designing and conducting employee opinion surveys and organizational climate assessments. Through the use of these assessments, training and development needs can be identified and goals and objectives can be outlined to increase performance and link performance goals to the mission and vision of the division and agency.

In FY 03, Quality Advocates from each division, representing management and bargaining unit employees, assisted in promoting process improvement techniques and facilitating team start-ups. The Quality Advocates co-hosted the spring Pathways to Excellence Showcase, an event featuring best practices across the state, workshops in process improvement techniques and the new Performance Excellence assessments.

The learning management system became operational in FY 03, providing Commerce employees the first opportunity to take charge of their professional development plans and training needs. With the learning management system, the Department can now track and evaluate all training and development activities, assess needs and report on all aspects of training.

Organizational assessments have been conducted in several sections and divisions throughout Commerce to measure climates that affect organizational performance. "What gets measured, gets managed" is the Office's approach to assisting managers and supervisors in identifying the true state of affairs in an organization, providing management with the information it needs to make positive changes to increase employee loyalty, performance and service levels.

### Support Services

Vickie Smith

The Support Services Section manages fleet and telecommunications, forms and records management, mail and package distribution, a recycling program and inventory for the Department. Support Services serves as

facility manager for the Commerce East location, provides supplies and training room set-ups, and operates an in-house print shop. The section also manages all branch office facilities and renovations.

In FY 03, Support Services developed a Safety Action Plan Committee with representatives from each division. The Committee developed Disaster Recovery Plans for each division, establishing emergency contact lists and an Emergency Command Center Action Plan. With budget considerations, the Section reduced the fleet from 319 to 286 vehicles.

In another cost saving effort, Support Services revised the Department Policy of replacing vehicles at 100,000 miles to 120,000 miles. The Section also revised all retention schedules for the Department and certified them with the Department of Administrative Services, reducing the Department's microfilming process by 400 boxes annually. Further, any records retained for less than two years will now be stored at the Tussing Road facility, reducing storage costs.

The section also established a consistent inventory program for the divisions, began the process of converting the inventory system from our in-house AS400 system to the DAS provided Fixed Asset Management System. Support Services also implemented a bar-coding system for the Department's furniture, computers and other inventory. FY 03 inventory was certified with the Department of Administrative Services.



*Back row (left to right): Bill Teets, Joey Lee, Ryan Augsburger, Blaine Brockman, James Turner. Front row (left to right): Cheryl Lyman, Tom Hart. Not pictured : Vickie Smith.*



# Financial Institutions

F. Scott O'Donnell, Superintendent

The Division of Financial Institutions (DFI) regulates Ohio's state-chartered financial institutions and consumer finance companies. The Division charters depository institutions, licenses non-depository financial services, and conducts on-site examinations. Financial institutions include banks, savings and loans, savings banks and credit unions. Consumer finance organizations include check cashing services, check casher lenders, credit service organizations, insurance premium finance companies, mortgage brokers, pawnbrokers, precious metals dealers, second mortgage businesses, and small loan businesses. All examinations, supervision, and regulatory activities are performed by Division staff who specialize in the operations of each of the specific industries. The Division's Office of Consumer Affairs works to help Ohioans "Borrow Smart."



*Sandra Pianalto, president of the Federal Reserve Bank of Cleveland, speaks at the 2003 Ohio Bankers Day.*

## **Ohio Bankers Day 2003 Features Renowned Speakers**

The Division of Financial Institutions sponsored the 2003 Ohio Bankers Day in April in Columbus. Approximately 350 officers, directors and senior personnel from Ohio's state-chartered banks, savings and loans and savings banks, regulators and other interested individuals, attended the annual event which provides an opportunity for state-chartered banks and savings institutions to meet with their regulators to address relevant topics in today's economy.

Keynote speaker, Sandra Pianalto, the newly appointed president of the Federal Reserve Bank of Cleveland, discussed the challenges of regulators in helping Ohio's financial institutions manage risk. Lt. Gov. Jennette Bradley discussed the importance of banking to the state's economy, noting that more than 156,000 people work in banks and savings institutions headquartered in Ohio. She also complimented industry officials for their efforts in promoting economic development in the state.



David Altig, vice president and economist of the Federal Reserve Bank of Cleveland, addressed the current state of the economy and the outlook for economic growth. Kenneth Puglisi, Principal of Sandler O'Neil & Partners, examined external factors that drive overall bank stock valuations and discussed internal factors that create differences in the way individual bank stocks are priced. Richard R. Murphey, Jr., of Counsel, Squire, Sanders & Dempsey, discussed corporate governance issues in the aftermath of the Enron scandal.



### **Office Of Consumer Affairs Begins Operations**

In response to concerns from housing and consumer groups, House Bill 386 established the Office of Consumer Affairs in the Division of Financial Institutions. The office began operation in May 2002 and has quickly become one of the busiest sections of the Division. The mission of the Office of Consumer Affairs is to handle consumer complaints against credit providers, to provide education and information to the public about credit issues and to administer the state's new laws requiring lenders to provide special disclosures when making high-cost mortgage loans.

In the short time between its inception and the end of FY 03, the Office of Consumer Affairs has received more than 2,500 inquiries, processed more than 700 written complaints from consumers, participated in meetings with industry and consumer groups, instituted seven formal legal actions against mortgage brokers, facilitated many voluntary settlements, established a Web site and designed and distributed informational brochures to support its "Borrow Smart" campaign. A first for the Department of Commerce, the brochures were printed in Spanish, as well as English.

### **State Reaches Landmark Settlement with Household**

The Consumer Finance Section of DFI and the Office of Consumer Affairs represented the interests of Ohio consumers in a record-setting, multi-state settlement of \$484 million with Household International, which makes consumer loans through its Beneficial and HFC offices in Ohio. The company agreed to the settlement in order to resolve claims that it had engaged in unfair and deceptive lending practices. Nearly \$32 million will be distributed to more than 43,000 Ohioans thanks to the efforts of DFI and the Ohio Attorney General's Office.

In addition to the monetary settlement, Household agreed to limit prepayment penalties on loans, to ensure that its loan refinances actually provide net benefits to borrowers, to limit up-front points and origination fees to 5 percent and to reform and improve the disclosures it makes to borrowers.

### **Mortgage Broker Industry Regulation Strengthened**

The Consumer Finance Section has also been busy implementing the new licensing, testing and continuing education requirements for mortgage loan officers. Since these requirements became law in May 2002, the Division has received more than 14,000 applications for loan officer licenses, with more than 1,000 of these uncovering applicants' criminal convictions. Legal counsel to the Consumer Finance Section is conducting the administrative hearings that will be necessary to formally deny many of these applications.

In addition, the section is actively involved in supporting the investigations of unscrupulous credit practices currently being conducted by other local, state and federal law enforcement and regulatory agencies.

### **Examiners Receive NASCUS Certification**

Eleven credit union examiners received certification from the National Association of State Credit Union Supervisors.

The purpose of the program is to provide recognition to superior state credit union examiners and to encourage continued professional development through the certification's required continuing education program.

Certification requires evidence of successful completion of appropriate coursework, evidence of appropriate on-the-job experience, and an attestation from the applicant's supervisor indicating satisfactory performance in key skill areas required for the level of certification sought.

### **Division Approves Credit Union Conversion**

HTM Area Credit Union of Troy, formerly known as Hobart Corp. Employees Federal Credit Union, received approval on April 15, 2003, to convert from a federally chartered credit



*U.S. Treasurer Rosario Marin presents an award of recognition to the Ohio Credit Union League for efforts on behalf of the community. The Division of Financial Institutions works closely with the OCUL to support Ohio's credit unions. (Left to right: Paul Mercer, President and CEO, Ohio Credit Union League; Treasurer Marin; Lt. Governor Jennette Bradley.)*

union to a state-chartered credit union. In order to convert, an application is completed and submitted to the Division, credit union members must vote and approve the conversion and the credit union examination staff conducts a pre-conversion visitation. Upon successful completion of these matters, an approval is given.

### **Credit Union Regains Control**

Lakeshore Community Credit Union, formerly known as B.F.G. Employees Credit Union, was released from its two-year conservatorship on December 19, 2002. Previously, the Division took control of the credit union because of unsafe and unsound practices. A conservator was appointed to manage the operation and reestablish financial stability of the credit union. Through hard work and procedural changes, the credit union's membership and new Board of Directors regained control of the operations of the credit union with the Division's approval.

### **Division Centralizes Database**

The Division of Financial Institutions was created in October of 1995 through the merger of the Divisions of Banks, Credit Unions, Savings Banks, and Savings & Loan Associations. The Division of Consumer Finance was added in 1996. The primary purpose of the new Division was to consolidate common functions within each of the former divisions, reduce expenses and improve services to industries served.

After the mergers, DFI had databases and files for each of the former divisions. These systems did not communicate with each other, often maintained redundant information, and did not meet the changing needs of DFI's personnel. In the fall of 1998, a process began to identify the overall informational needs and a common solution. Development of a centralized informational database began during the winter of 1999 and the Division of Financial Institutions Central Information System (DFICIS) was created. The developmental phases were completed during FY 03, and the system has been rolled out to the credit unions and savings institutions. Implementation for the banks' staff will occur during Calendar Year 2004.

DFICIS contains basic information about each depository institution, including confidential examination information and statistics protected by the Ohio Revised Code. The system is designed to give field examination personnel ready access to information, to improve the efficiency of the examination process and to reduce the overall regulatory burden for the industries served.

### **Institutions Remain Sound**

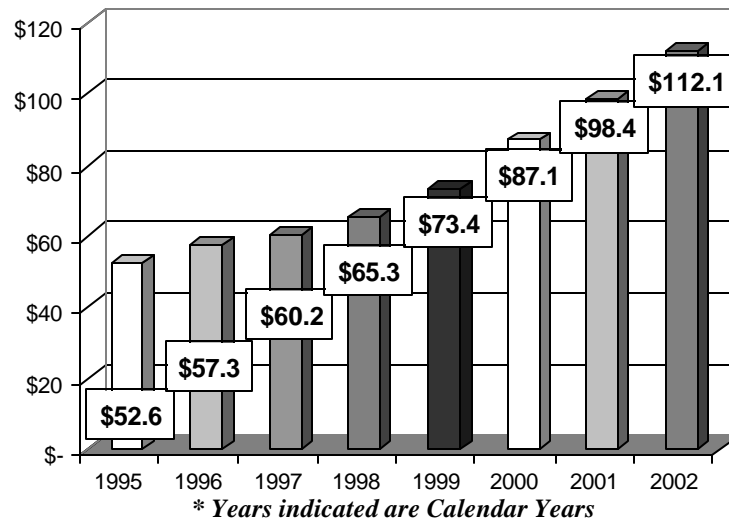
Ohio's state-chartered financial institutions remain stable, as 24 percent have a strong rating and 56 percent have a satisfactory rating. Division staff closely supervises the remaining institutions—those in the 15 percent that are rated fair and in the 5 percent that are rated poor. Review of accounting and internal controls procedures continue to be key areas of the risk-focused examination process for all depository institutions.

### **State-Chartered Institutions' Assets Continue to Rise**

Despite the fact that mergers and acquisitions have reduced the number of DFI-supervised financial institutions by 23 percent since 1995, assets under supervision have more than doubled, increasing by 115 percent compared to seven years ago. This reflects the acquisition of assets by Ohio financial institutions, the movement of monies from other sectors, such as the stock market, and successfully implemented business plans. During this time, investment portfolios, loan portfolios, and lines of business have become increasingly complex and diversified. When combined with the general state of the economy, the need for sufficient staffing and training of supervisory personnel has become increasingly important.

To meet the training needs, DFI utilizes examiner education and certification programs provided by FDIC, FRB and NASCUS. Accreditation from the Conference of State Bank Supervisors and the National Association of State Credit Union Supervisors confirms the Division's ability to supervise and regulate Ohio's growing depository institutions.

### Total Assets Depository Institutions (in billions)



### Summary of Institutions Regulated

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

Type of Institution	FY 00	FY 01	FY 02	FY 03
<b>Depository Institutions</b>				
Banks . . . . .	125	118	114	108
Trust Only Banks . . . . .	2	2	2	2
Bank Trust Operations . . . . .	50	49	47	49
Credit Unions . . . . .	281	281	261	248
Savings and Loan Associations . . . . .	48	46	41	36
Savings Banks . . . . .	27	26	25	27
<b>Total Depository Institutions . . . . .</b>	<b>533</b>	<b>522</b>	<b>490</b>	<b>470</b>
<b>Non-Depository Financial Services Organizations</b>				
Check Cashers . . . . .	716	807	903	1,060
Check Casher Lenders . . . . .	644	717	816	983
Credit Service Organizations . . . . .	5	3	5	5
Domestic Money Transmitters . . . . .	15	15	17	16
Foreign Money Transmitters . . . . .	16	17	18	19
Insurance Premium Finance Lenders . . . . .	50	47	47	52
Mortgage Brokers . . . . .	1,290	1,429	1,543	2,021
Mortgage Broker Licensed Loan Officers . . . . .	N/A	N/A	4,960	7,444
Mortgage Loan Registrants . . . . .	3,134	3,281	2,733	2,435
Pawnbrokers . . . . .	197	192	177	173
Precious Metals Dealers . . . . .	27	24	23	21
Small Loan Licensees . . . . .	63	54	65	80
<b>Total Non-Depository Licensees . . . . .</b>	<b>6,157</b>	<b>6,586</b>	<b>11,307</b>	<b>14,309</b>
<b>Total Regulated</b>	<b>6,690</b>	<b>7,108</b>	<b>11,797</b>	<b>14,779</b>



# Industrial Compliance

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 has three bureaus: Construction Compliance, Operations and Maintenance, and Plans and Specifications. In FY 03, DIC also registered travel agents/ tour promoters and roller rinks. The Division provides administrative support for the Board of Building Standards, Board of Building Appeals, Ohio Construction Industry Examining Board, Ski Tramway Board, and the Historical Boilers Licensing Board.

## Division Focuses on Customer Service

To expedite service to the customer, the Division has instituted scheduled walk-in service, phased review of large projects, and special advance previews for projects in which submitters have issues or concerns on building code interpretation and application. The Division is also continuing to use its Web site to highlight all policy and procedural notifications essential to plan submittal, licensing and certification requirements and changes to laws or rules governing building and construction regulations. New technology applications have also helped the Division to provide customers with faster and more comprehensive service options on all types of submitted projects.

Customer focus and support continue to guide all Division operations with emphasis on quality service in FY 03. Quality and professional service at both the home office and field locations have enabled the Division to pursue the Ohio Award for Excellence in Government category. Through timely plan review and approval, responsive on-site inspection services, and judicious issuance of licenses and certificates, the Division seeks to foster high levels of cus-

tommer recognition and satisfaction with levels of service to the construction and building industries.

Another facet of improved customer service is the continuing effort to improve communications within and among all elements of the construction and building industries served by the Division. Increased and enhanced use of the Division Web site has enabled customers to determine the status of projects and licenses for construction activities and trades. New or revised policy and procedure notices are also posted well in advance of effective dates to assist with timely planning by submitting agencies. Conferences and specialized trade roundtable sessions enable direct, face-to-face contact on key issues affecting both the regulated community and regulator agencies. These activities are meant to provide as much information to the customer as early as possible and as often as needed to affect quality service and responsiveness in meeting construction and building industry needs.

### Bureau of Plans & Specifications Targets Colleges

During FY 03, the Bureau initiated a program to educate all state colleges regarding the plans review and approval process. E-mail was sent out to approximately 500 contacts introducing the Bureau and offering assistance on capital improvement projects. The intent was to encourage colleges to gain compliance on all projects. Further, the Bureau has conducted roundtables specifically for the state colleges in the northwest and northeast Ohio regions. Dates have been tentatively scheduled to cover the remaining areas.

To improve communication and consistency, plans examiners have been in the field with building and electrical inspectors. The staff includes 14 examiners in Reynoldsburg, along with two examiners in each of the three regional offices. This enhances customer service by ensuring proper training and availability along with greater understanding of building code interpretation and application requirements.

Following a disastrous tornado in November 2002, the Governor's Office provided a list of 26 damaged businesses that qualified for expedited plan reviews. The effort to get these businesses swiftly back into operation, headed by the Division's Toledo office, was successful, as exemplified by feedback from the Cooper Farms plant. The complete building design, plan approval, construction and inspection process was completed by Cooper Farms target timeframe of six months, prompting a contractor to remark, "Such strong but cooperative code enforcement represents a model of government and business working together for the mutual benefit of Ohio residents."

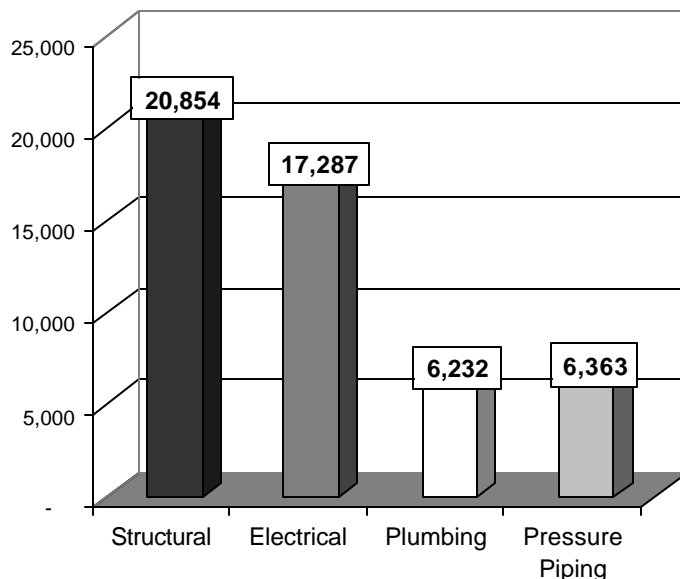
In FY 03, 6,686 projects were submitted for review. In addition, 878 industrial unit applications were submitted for review and approval.

### Bureau of Construction Compliance Maintains Next-Day Service

The Bureau of Construction Compliance regulates construction, electrical wiring and the installation of plumbing and high pressure piping systems in all areas of the state where there is no local certified building department with authorized jurisdiction. Responsibilities include inspections of new construction projects as well as major renovations and additions or alterations to existing structures. The Bureau also has jurisdiction over buildings and structures owned by the State or built on land owned by the State.

In FY 03, the Bureau conducted 50,736 inspections while maintaining next-day inspection service under the newly

### Construction Compliance Inspections FY 03



adopted Ohio Building Code. The pressure piping section was added to the centralized scheduling system, and inspectors were dispatched through an automated system.

Inspection fees were raised for the first time in 10 years to cover increased costs and maintain services. Inspector training sessions and customer roundtables were held in regional locations to promote consistency and gather customer input.

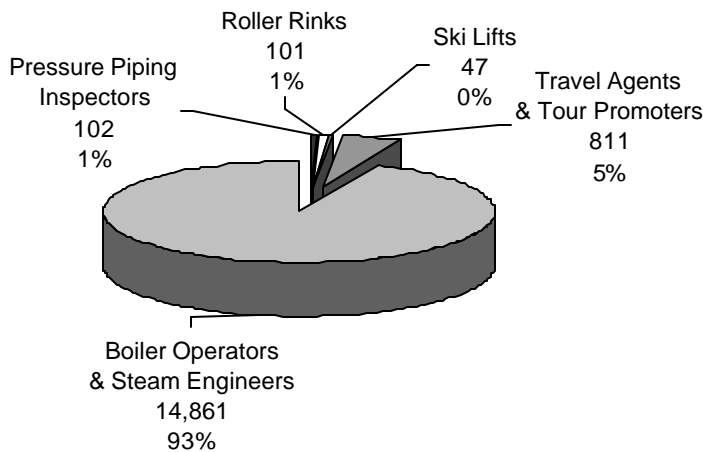
In November 2002, Construction Compliance personnel conducted 269 damage assessment inspections in the aftermath of tornadoes that struck Van Wert and Ottawa Counties. All inspections were conducted in less than a week and either allowed community members to re-enter homes and businesses or start the reconstruction process in a timely manner.

### Bureau of Operations & Maintenance Establishes Testing Program

This bureau oversees the regulation of boilers, elevators, bedding, upholstered furniture and stuffed toys. The Bureau also administers and supports licensing and certification of steam engineers, boiler operators, piping inspectors, roller rinks and ski lifts. In FY 03, the Bureau registered travel agents and tour promoters, a function that has been eliminated beginning in FY 04. The Bureau's chief boiler inspector, chief elevator inspector, chief bedding inspector, and chief chemist all hold positions of prominence in organizations that guide the industries they serve.

During FY 03, the Boiler Section successfully established a testing program for licensing historical boiler operators

## Licensing and Certification Activities FY 03



and implemented a program to conduct internal and operating inspections on historical boilers intended to be operated in a public environment. These programs incorporated the rules formulated by the recently created Ohio Historical Boilers Licensing Board. The board was created in the aftermath of a boiler explosion at Medina County Fairgrounds in July 2002. By the end of the fiscal year, the Boiler Section had administered 355 historical boiler operator examinations and had performed 78 historical boiler inspections.

FY 03 brought exciting new technology to the Elevator Section. New elevator systems, previously requiring driving mechanisms the size of large refrigerators, are now being run on mechanisms the size of small car engines, including designs that eliminate traditional elevator machine-room spaces, thus reducing overall construction costs for buildings. Escalators were introduced that not only transport passengers, but also transport shopping carts alongside the passengers. With this new technology came new inspection techniques and practices. The Elevator Section was proud to host conferences of the two largest elevator industry-related associations during the past fiscal year, including the National Elevator Code Committee meeting in Columbus and the National Association of Elevator Safety Authorities in Cleveland.

The Bedding Section, using an aggressive roundtable meeting approach, was able to educate and train a significant portion of the secondhand dealers in the state to properly sanitize the goods they sell. A bedding inspection staff of seven engaged in more than 8,200 compliance inspections, and the bedding testing lab performed more than 5,000 product sample tests on customer products. A new program, Revenue Recovery, which began late in the fiscal year, recovered nearly \$100,000 in revenue that was to the state from semiannual and annual filings, reports and record audits.

The Licensing & Certification function of the Bureau successfully transferred steam engineer and boiler operator testing to private contractor testing services. The Bureau retained the test applicant review and approval and regulatory processes associated with this program.

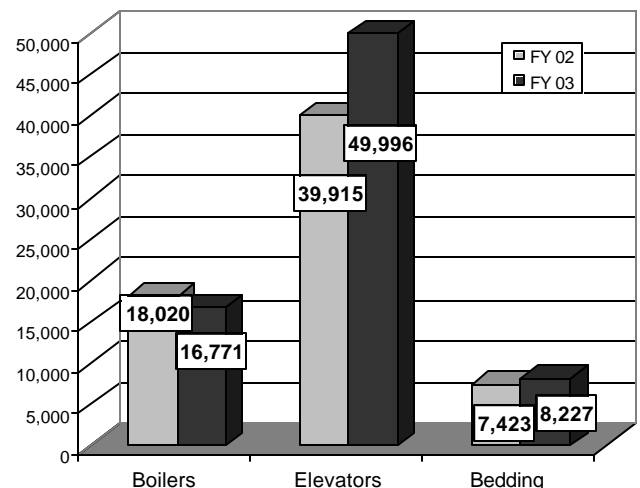
Among the support staff, cross-training allowed a staff of 12 to successfully support the efforts of nearly 100 field inspectors, effectively enhancing customer service. The bureau moved to a new reporting format in which all inspection services performed are reported as opposed to only the total number of inspections performed.

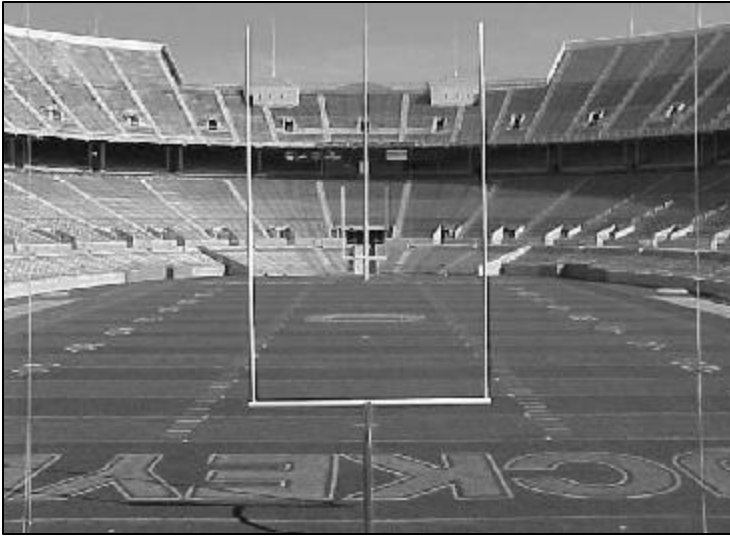
## Board of Building Standards Champions Code Awareness

During FY 03, the Board of Building Standards held three public hearings. The Board amended and adopted 139 rules and rescinded 15. The Board also reviewed 125 rules under the Five Year Review requirements of Section 119.032 of the Ohio Revised Code. The Board worked with the Department of Industrial Compliance to streamline the Ohio Boiler Code and the Ohio Pressure Piping Systems Code. One major revision changed the fee schedule for the Plans and Specifications and Inspections bureaus.

The Board's staff also developed a commentary on the administrative chapter of the Ohio Building Code. This commentary explains why the board has "Ohioized" the administrative chapter of the building code to make it reflect the statutory requirements of the Ohio Revised Code. This commentary puts together, in one place, information that will assist the enforcement and user communities in improving their understanding of the intent of the Ohio requirements. The development work was completed in

## Operations and Maintenance Inspections Performed FY 03





*The Division was highly involved in the Ohio Stadium renovation project. The Division's Plan Approval and Inspection Bureaus worked diligently to allow completion in time for the 2002 season. The plans for this project consisted of more than 800 sheets.*

FY 03 and the printing and distribution to the certified departments and interested parties will occur in early FY 04.

The Board also purchased and distributed to each of the 232 certified building departments a complete copy of the Ohio Building Code and the most frequently referenced standards. These documents were paid for from the three percent fee assessed and collected on permits issued by the certified building departments.

The Board's staff also developed and instructed numerous continuing education courses on the Ohio Building Code. More than 4,000 Building Department personnel, other state agency personnel, design professionals and contractors attended these courses. The Board also assisted the State Fire Marshal's Office by teaching courses on assembly occupancies in existing buildings for local building and fire department personnel.

During the fiscal year, the Board's Education Ad-Hoc Committee worked to develop a Code Academy concept. The Code Academy will assist the Board in its evaluation of the experience and knowledge-level for those individuals required to be certified by the Board. The Committee is currently examining the Revised Code and rules of the Board to determine what changes might be necessary to enact this concept. The Committee is also in the process of reviewing the experience requirements for the different certification categories and developing course curriculum that will be used in the Code Academy.

## Board of Building Appeals Reviews Cases

The Board of Building Appeals consists of five board members and an executive secretary. The Board reviews appeals made from adjudication orders issued by the DIC's Bureau of Plans and Specifications, Bureau of Construction Compliance, Bureau of Operations and Maintenance's Elevator Section and Boiler Section, or any certified local or county enforcement agency. The Board also reviews appeals made from fire citations issued by the State Fire Marshal or any local fire department with a certified fire safety inspector. The Board may reverse or modify an order of the enforcing agency if it is found to be contrary to a fair interpretation or application of the governing laws or rules, or when a variance from the provisions of such laws or rules will not be contrary to the public interest where a literal enforcement will result in unnecessary hardship.

The Board holds hearings in Reynoldsburg and Canton each month. On average, the Board hears 65 cases per month. In FY 03 the board reviewed 797 cases.

## Ohio Construction Industry Examining Board Issues Licenses

The Ohio Construction Industry Examining Board (OCIEB) issues state qualification licenses to qualified electrical, plumbing, commercial hydronics, HVAC, and refrigeration contractors. The Board is also responsible for administering a program of examination, licensure and continuing education for licensees in all five trades. The Board issued 14,728 licenses and approved 211 training agencies in FY 03. Grouped by trade, the Board saw 376 electrical applicants, 175 plumbing applicants, 196 HVAC applicants, 22 hydronics applicants and 18 refrigeration applicants.



*Lt. Gov. Jennette Bradley meets with a team of inspectors from the Division of Industrial Compliance (DIC) on-site at the building that will be the new home of The Ohio State University School of Architecture. (1 to r: DIC Superintendent David Williamson, Lt. Gov. Bradley, Plumbing Inspector Sylvester Curtis and Electrical Inspector Curtis Calloway.)*



# Labor and Worker Safety

Gordon Gatiem, Superintendent

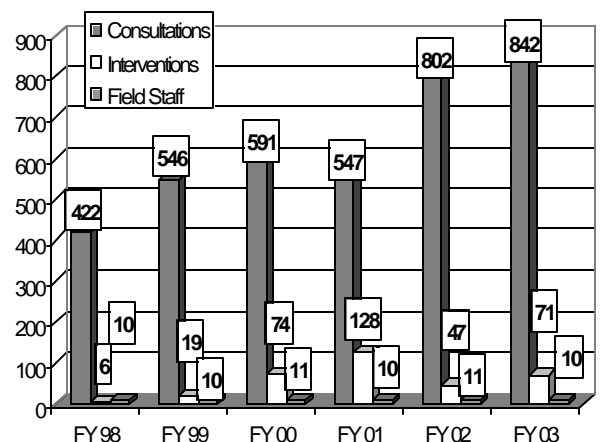
The Division of Labor and Worker Safety (LAWS) consists of two bureaus – the Bureau of Occupational Safety and Health and the Bureau of Wage and Hour. The Wage and Hour Bureau is responsible for enforcing Ohio’s labor laws as they pertain to wages, hours of work, and minor workers’ safety. This Bureau assists the public in understanding its rights and responsibilities under the wage and hour laws and pursues reported violations. This Bureau also standardizes enforcement procedures and interprets the rules and regulations associated with the Ohio Revised Code and the Ohio Administrative Code. The Bureau of Occupational Safety and Health consists of two programs, the Public Employment Risk Reduction Program (PERRP) and the Occupational Safety and Health Administration (OSHA) On-Site Consultation Program (On-Site). PERRP is charged with enforcing Ohio’s safety and health laws and assisting **public** employers in creating safe and healthful working environments by conducting free safety and health inspections and/or consultations. Likewise, On-Site, which is 90 percent funded by the U.S. Department of Labor’s Occupational Safety and Health Administration, assists small **private** employers in creating a safe and healthful working environment. In a year of budgetary uncertainty and fiscal restraints, LAWS performed beyond expectations.

## On-Site Consultation Exceeds Federal OSHA Goals

In FY 03, the Ohio OSHA On-Site Consultation Project far exceeded the U.S. Department of Labor’s expectations and performance goals in all areas set forth in the Annual Project Plan. The projected combined total activities (visits, training, follow-ups, interventions) for the project was 697. The actual number of activities conducted was 1,014 (132 percent of the goal.) Through these activities, 4,022 “serious” hazards were identified and eliminated. This was accomplished even as On-Site realized a reduction in staff.

Once again, the results of On-Site customer surveys were overwhelmingly positive. Of those customers responding to surveys, 100 percent indicated that they would strongly recommend the OSHA On-Site Consultation Program to other businesses. The federal OSHA regional and national

On-Site Consultation Activity





offices were very pleased with Ohio's accomplishments – continuing to rate the Consultation Project as one of the most solid in the nation.

On-Site made the following strides over the past year:

- To support federal OSHA's goal of a 15 percent reduction in injury and illness rates for selected industries and occupations, On-Site Consultation increased by 87 percent the number of "strategic plan" category consultations (i.e., amputations, silica, lead) over last year's established goal.
- On-Site increased its consultation activities by 55 percent, including in health, safety, training, follow-up and intervention activities or visits to "high hazard" workplaces (i.e., food processing, nursing homes, and construction).
- Of the surveys mailed to customers, 67 percent were returned. Every customer rated On-Site services as fully meeting their expectations. The majority (99.93 percent) rated On-Site services as Good – Excellent.

### PERRP's History Reflects Commitment

PERRP staff performs inspections of workplaces in response to employer requests in an effort to affect safe and healthful work environments. PERRP staff also performs inspections in response to employee complaints of situations of imminent danger that threaten life or serious physical harm. To accomplish the program's mandate (Section 4167 of the Revised Code) of enforcing occupational safety and health standards, PERRP has developed and provided an extensive range of services, which begin with facility consultative safety inspections. The services include: required OSHA safety training, environmental industrial hygiene surveys, written reports,



*Safety and Health Consultant Steve Mazur proudly displays his "100 Club" award. Mazur and Bob Applegate belong to the "100 Club," a club exclusively for staff members who have conducted 100 or more consultations in one year.*

six-month corrective action follow-up inspections, written program reviews, site-specific evaluations, and hazard prevention and abatement methods. The recent enactment of Senate Bill 183 (Needlestick Safety Act, 123<sup>rd</sup> Gen. Assembly) provided a Needlestick/Sharps Injury Report format and direct education for the public sector on preventing these injuries.

Overall, progress can be measured by a reduction in the number of employee complaints, number of hazards abated and an increase in the consultative inspections performed. Effectiveness is also indicated in the reduction of Workers' Compensation claims and the compensation rating of the employer. In FY 03, PERRP provided 819 safety and health consultations that covered 40,937 public employees. PERRP staff also conducted 73 safety trainings that outlined the best safety practices to 2,143 employees. PERRP staff also promoted its services to 417 public employers throughout Ohio during FY 03.

PERRP History						
	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Consultations	409	496	680	626	768	819
Training	66	89	117	94	102	73
Presentations	48	80	30	35	33	13
Field Staff	12	11	10	9	7	7
Staff Average (Consultations/Training/Presentations)	34/6/4	45/8/7	68/12/3	70/10/4	110/15/5	117/10/2



*Representatives of Plastics Suppliers in Gahanna accept a SHARP award for outstanding safety and health programs from LAWS Superintendent Gordon Gatién (far left) and OSHA On-Site Bureau Chief Wes Hohl (far right). Safety and Health Consultant James Lopez worked with Plastics Suppliers to assist in creating one of only five SHARP companies in Ohio.*

PERRP surveys indicate a customer satisfaction rating of over 96 percent for quality of services and efficacy of reports.

FY 03 also brought a rule amendment that requires public employers to submit the Annual Summary of Occupational Injuries and Illnesses. This will mean a heightened level of data collection for PERRP.

### Major Partnership Agreements Continue

On March 10, 2003, On-Site Consultation reached another milestone in partnership participation with the signing of an agreement between OSHA and the Ohio Department of Transportation (ODOT) in support of ODOT's contract to build the new cable-stayed I-280 bridge to span the Maumee river in Toledo. This is the largest single project in ODOT's history and the largest public works project in Ohio's history. The partnership is an active approach for continued health and safety throughout the duration of the project. On-Site Consultation will continue supporting the partnerships through a combination of 10- and 30-hour training classes, periodic reviews and evaluations of participating employers.

### Online Age and Schooling Certificates

It has been almost a year since the Bureau of Wage and Hour initiated a legislative change to enable schools to file age and schooling certificates (minor work permits) electronically. Since initiating the new system in September, 2002, schools have steadily registered, realizing savings to their districts, the state, and employers. To date, 1,331 schools are registered and activated in the system.

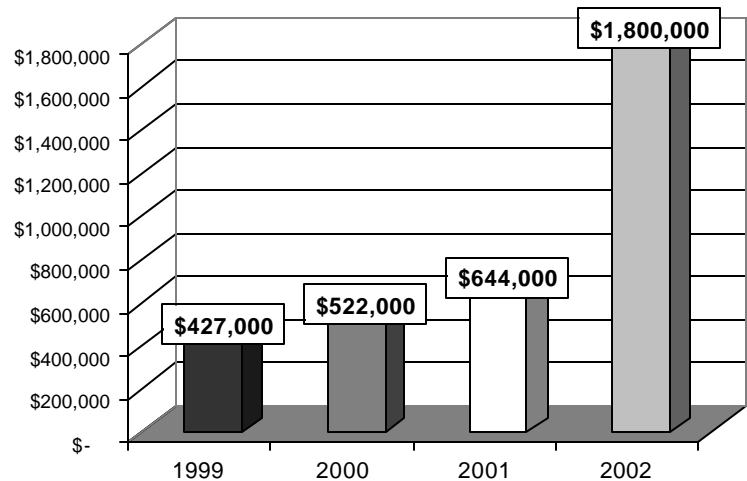
The bureau has established an aggressive goal of registering 100 percent of school districts in its database. The

new system has been received well by school districts throughout the state.

### Wage and Hour Sets All-Time High In Prevailing Wage Enforcement Collections

The largest single-project determination in Ohio's history, coupled with continued diligence in prevailing wage law enforcement, helped the Bureau of Wage and Hour continue its strong prevailing wage enforcement position in FY 03. The following table shows the progress the Bureau has made over the past four calendar years.

**Prevailing Wage Enforcement Activity (calendar years)**



\* Figures on the above chart reflect calendar years. In FY 03, the Bureau collected more than \$1.925 million in prevailing wage back wages, more than \$58,000 in minimum back wages, and more than \$421,000 in prevailing wage penalties.

### Compliance Day

In an effort to increase its minor labor enforcement presence, the Bureau initiated a "Compliance Day" in FY 03. On a target day each month, each investigator is assigned a targeted business or industry in the investigator's designated territory to conduct minor labor investigations of employers. The information is collected and in the event violations are found, they are communicated to the corporate office of the targeted business. This approach has proved to be useful in addressing issues that may be indicative of faulty corporate-wide practices.

The Bureau conducted 399 inspections of four general industries and revealed 1,114 minor labor violations.



# Liquor Control

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 more than 400 private businesses, known as liquor agencies, which are contracted by the Division to serve as its sales agents. Revenues are used to help fund a variety of programs offered by various 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 with the laws pertaining to the manufacture, importation and distribution of beer, wine and mixed beverages containing 21 percent or less alcohol by volume.

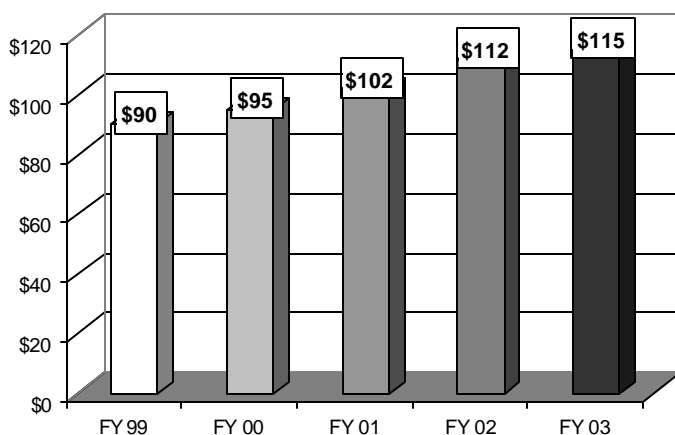
## Division Reports Record High in Dollar Sales

Spirituous liquor sales reached a record \$518.5 million in FY 03. This was an increase of \$20 million, or 3.9 percent, compared to sales in FY 02. The increase in dollar sales is due to supplier price increases, a greater increase in

retail sales as compared to discounted wholesale sales, and a slight increase in consumption.

Gallonage sales of spirituous liquor in FY 03 totalled 8.8 million gallons, an increase of 186,361 gallons, or 2.1 percent, compared to FY 02. The average dollar value per gallon sold in FY 03 equalled \$58.76, a 1.8 percent increase to FY 02's average of \$57.71. The average dollar value per bottle sold in FY 03 equalled \$14.30, a 1.6 percent increase to FY 02's average of \$14.07.

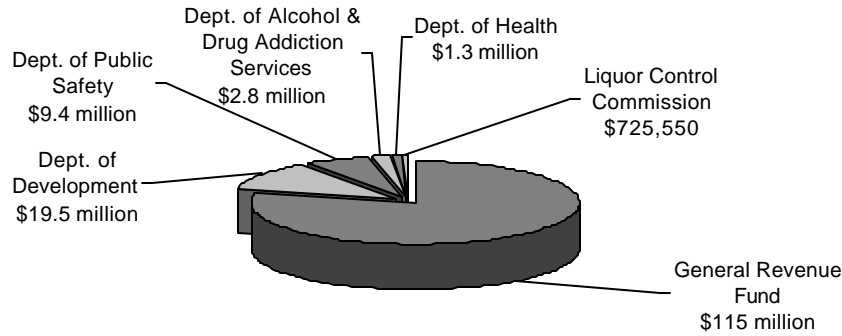
**Annual GRF Transfers**  
(in millions)



## GRF Transfer Increases

The main financial goal of the Division is to maintain profitability of liquor sales through efficient management and operations. This fiscal year, the Division exceeded its goal by contributing \$115 million to the state's General Revenue Fund (GRF). The FY 03 GRF transfer was \$3 million more than last year's transfer, and the highest amount ever transferred by the Division.

## Liquor Control Revenue Distribution FY 03



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 and Clean Ohio revitalization bonds; 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 non-tax revenue transferred by the Division to the state in FY 03 was \$148.7 million.

## Education Strengthens Compliance

In a continuing effort to help ensure compliance with Ohio's liquor laws and to help prevent the sale of alcoholic beverages to persons under the legal drinking age of 21, the Division has implemented a comprehensive server training program for the employees of the more than 400 private businesses—contract liquor agencies—that contract with the Division to act as its sales agents for spirituous liquor.

The goal of this program is to effectively train the employees of new contract liquor agency locations and to retrain employees of all existing locations on their responsibility to comply with Ohio law when selling alcohol.

The classes are conducted by the Division's compliance officers, who are well versed in Ohio's liquor laws and administrative rules.

As part of this training, employees are briefed on the laws and regulations related to the retail sale of alcohol. In addition, each agency is provided with a copy of the Division's newly revised booklet called *"Responsible Alcohol Sales Through Employee Awareness,"* which is a guide for understanding Ohio's liquor laws and the two main problem customers: Individuals under the age of 21 and individuals who are intoxicated. A major focus is placed on avoiding sales to underage customers. Topics covered include identifying potentially underage customers, steps to take when checking identification and hints for spotting fake ID's. The classes also focus on the problem of sales to intoxicated customers and how to deal with this issue in a professional and safe manner.

As part of this effort, the Division has implemented a tracking system to identify any contract liquor agency locations that receive citations for selling to underage individuals. These locations are targeted for additional training within days of receiving a citation.



*Superintendent Rae Ann Estep addresses the media at an event sponsored by The Century Council in Columbus, stressing the importance of preventing underage sales and compliance with Ohio's liquor laws for all permit holders.*

Through review of the learning materials and interaction with the compliance officers, all class attendees leave with a thorough knowledge of their responsibilities under Ohio law and a better understanding of how important compliance with those laws is for businesses acting as the Division's representative.

Along with the renewed emphasis on ensuring compliance at contract liquor agency stores, the Division also participated in several media events with The Century Council promoting its new ad campaign designed to help prevent alcohol sales to underage persons. Representatives from the Division were active participants in events held in Columbus, Cleveland and Dayton.

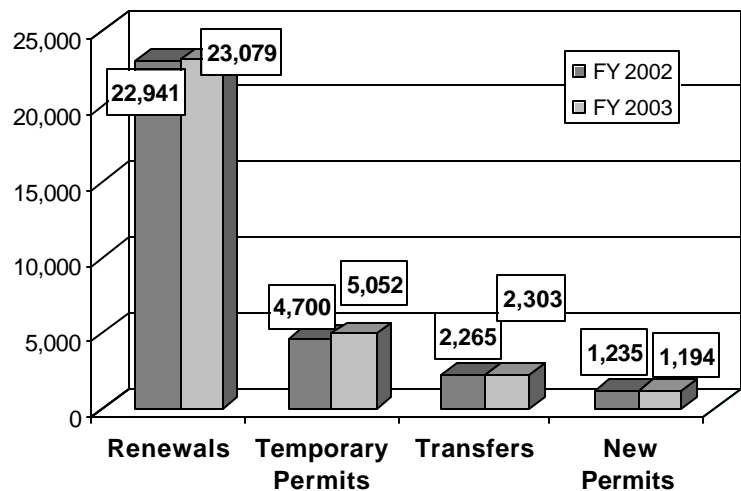
### Technology Saves Mailing Time

The Licensing Section achieved the goal of installing a computer program for certified mail processing. This program has eliminated the manual process of preparing certified mail receipts, incorporating the process into an automated function. In some instances, the Division had mass mailings that would take up to three days under the manual process. With the new system, these mailings can be processed in a day.



*Chief of Agency Operations Terry Poole lends a hand to help a Giant Eagle clerk arrange bottles at the Division's contract liquor agency in Lewis Center.*

### Liquor Permit Activity



### Liquor Permit Activity Increases

In FY 03, the Licensing Section was responsible for licensing the operations of 4,273 privately owned and operated manufacturers, distributors and retailers of alcoholic beverages. This includes the issuance of new permits, permit renewals and transfers, and the investigative and hearing requirements associated with permit issuance. In FY 03, this section issued 8,549 permits, including 2,303 transferred permits, 1,194 new permits and 5,052 temporary permits. In addition, 23,079 permits were renewed.

The Licensing Section collected a total of \$23,435,560 in permit fees in FY 03. Out of this total, \$11,717,779 (50 percent) was returned to the local taxing districts for liquor law enforcement, \$6,796,314 (29 percent) was deposited in the state's GRF, and \$4,921,467 (21 percent) was allocated to the Ohio Department of Alcohol and Drug Addiction Services to fund 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 03, 255 new, transfer and permit renewal objection hearings were held by the Legal Section. The Division overruled 189 objections and sustained 28.

<b><u>SPIRITUOUS LIQUOR SALES</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2001</u></b>
Retail	\$330,057,152	\$316,148,738	\$304,649,819
Wholesale	\$215,385,532	\$208,469,775	\$203,117,637
<b>GROSS TOTAL</b>	<b>\$545,442,684</b>	<b>\$524,618,513</b>	<b>\$507,767,456</b>
Less 12.5% Discount on Wholesale	\$26,923,192	\$26,058,722	\$25,389,705
<b>TOTAL SALES</b>	<b>\$518,519,492</b>	<b>\$498,559,792</b>	<b>\$482,377,751</b>
Less Cost of Goods Sold	\$301,850,224	\$291,130,765	\$279,815,734
State Gallonage Tax	\$29,828,504	\$29,198,603	\$28,988,298
<b>TOTAL COST OF GOODS</b>	<b>\$331,678,728</b>	<b>\$320,329,367</b>	<b>\$308,804,032</b>
<b>GROSS PROFIT</b>	<b>\$186,840,764</b>	<b>\$178,230,424</b>	<b>\$173,573,719</b>
Percent Gross Profit to Total Sales	34.25%	33.97%	34.18%
<b>OPERATING EXPENSES</b>			
Less Operating Expenses – Agencies	\$28,115,987	\$26,976,175	\$25,966,381
Less General Operating Expenses	\$13,369,997	\$13,128,683	\$12,638,668
<b>TOTAL OPERATING EXPENSES</b>	<b>\$41,485,984</b>	<b>\$40,104,858</b>	<b>\$38,605,049</b>
<b>NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS</b>	<b>\$145,354,780</b>	<b>\$138,125,566</b>	<b>\$134,968,670</b>
<b>PERCENT NET PROFIT TO GROSS SALES</b>	<b>26.65%</b>	<b>26.33%</b>	<b>26.58%</b>



# Real Estate & Professional Licensing

Anne Moorhead Petit, Superintendent

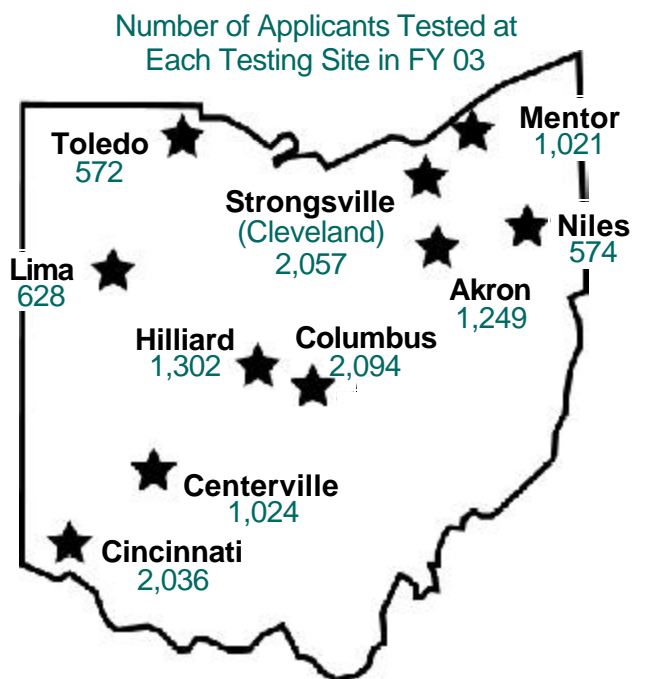
The Division of Real Estate and Professional Licensing licenses real estate brokers and salespersons, private investigator companies and security guard companies. In addition, the Division licenses and certifies general and residential appraisers. It also registers employees of security guard and private investigator companies. Applicants are screened by Division staff to ensure that legal qualifications for licensure are met. After licensure, the Division conducts audits to ensure compliance with Ohio law. When allegations of misconduct, fraud or unlicensed activity 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.

### Testing Sites Serve Applicants' Needs

The 10 testing centers located throughout Ohio provide convenient testing locations for all real estate and appraiser applicants to take their examinations. The centers provide applicants with the ability to schedule their examinations on the days and times best for them. The centers test six days a week, 52 weeks a year, excluding holidays. The centers administered 12,557 real estate examinations during the past fiscal year. Additionally, applicants continued to take advantage of the ability to schedule examinations nationwide at locations as diverse as Verona, N.J., Las Vegas, Nev., and Clarksville, Tenn. A total of 472 examinations were taken at 22 different locations outside of Ohio.

### Division Reaches 19 Counties with Education Efforts

In less than six months, the Division has reached consumers and advocacy groups in 19 Ohio counties with real estate and appraisal information through its new consumer education outreach program. Collaboration with





*Jodi Phillips (l) and Laird Eddie (r) prepare to distribute information and answer questions to those stopping by the booth sponsored by the Real Estate & Professional Licensing Division..*

other Commerce divisions as well as state and federal agencies helped to extend and define the Division's marketing program. Through this program, the Division offered the Home Buyer's Guide and Complaint Brochures in Spanish for the first time.

## Real Estate Enforcement Section Strives For Continual Improvement

The Real Estate Enforcement section enforces real estate license law as provided in the Ohio Revised Code, Chapter 4735 and the Ohio Administrative Code 1301:5. The Section's primary authority is in taking action against a licensee's real estate license.

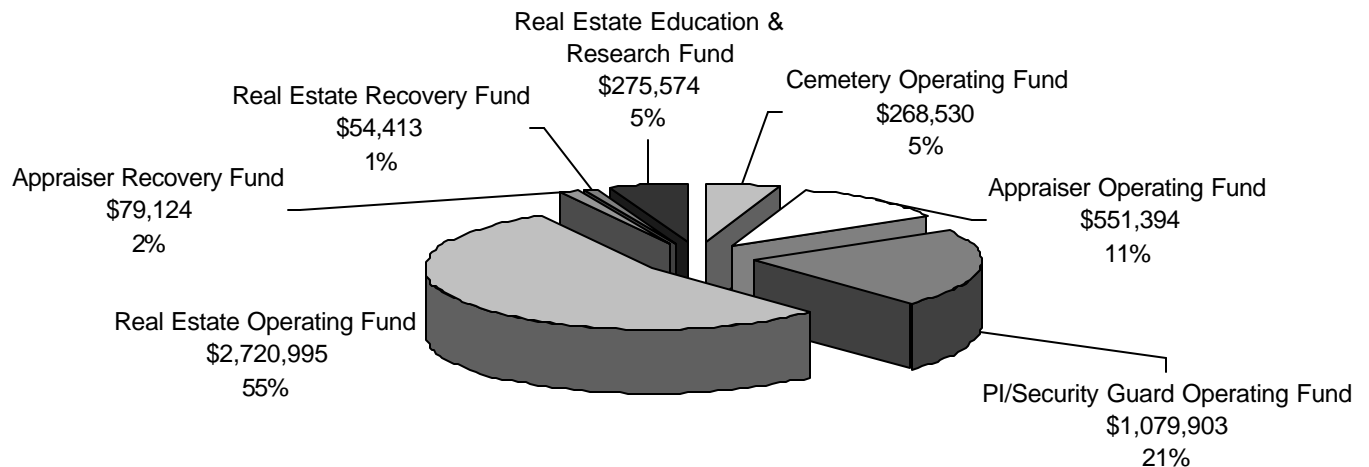
This Section has three main regulatory responsibilities: 1) It investigates written complaints against real estate agents and brokers as well as individuals doing real estate business without a license; 2) It conducts compliance audits of Ohio brokerages to ensure compliance with license law and assist brokerages if issues of noncompliance are found; and 3) It responds to consumer and real estate industry inquiries regarding license law. If a licensee is found to have violated license law, possible disciplinary sanctions include a monetary fine, additional continuing education requirements, license suspension or license revocation.

In order to better serve the real estate industry, a "nonscientific" compliance audit survey was distributed to brokers and sales agents from December 2002 through April 2003. The survey was distributed by investigators during scheduled audits in various areas of the state including Dayton, Columbus, Canton, Galion, Cleveland

Enforcement Statistics for FY 03				
	Real Estate	PI/SG	Appraisal	Cemetery
Complaint Cases Filed	96	38	103	37
Pending Cases	81	9	160	7
Closed Cases	83	24	19	51
Cease & Desist Orders	1	0	NA	NA
Referred to Prosecutor	0	1	3	0
Hearings Held	29	5	15	42
Suspensions	9	1	4	NA
Revocations	4	1	0	NA
Compliance Audits	439	177	NA	NA



## Revenue by Fund for FY 03



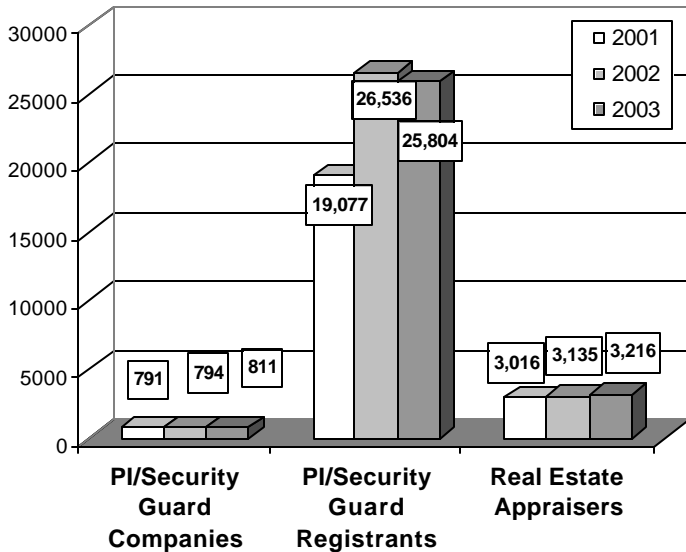
and Cincinnati. A total of 209 surveys were completed and returned to the Division. The purpose of the survey was to gain information on how brokers and sales agents perceive the audit process, to learn what types of information are helpful to the industry, and to gain suggestions for improvement to increase the efficiency and effectiveness of compliance audits. Survey results provided a positive reflection of the audit process and provided some ideas for improvement. With these suggestions, the Enforcement Section will implement several internal process changes for FY 04 to make the complaint intake and investigative procedures more efficient for both the industry and the consumer.

To improve service to Ohio consumers, this spring, the Enforcement Section established a database system to track consumer complaints. The top three complaint issues received by the Division were agent misrepresentation, failure of an agent to disclose a property defect such as a leaking roof, and failure to return earnest money deposits. The Enforcement Section will use this information to target education and outreach activities so that licensees and consumers can better understand real estate issues.

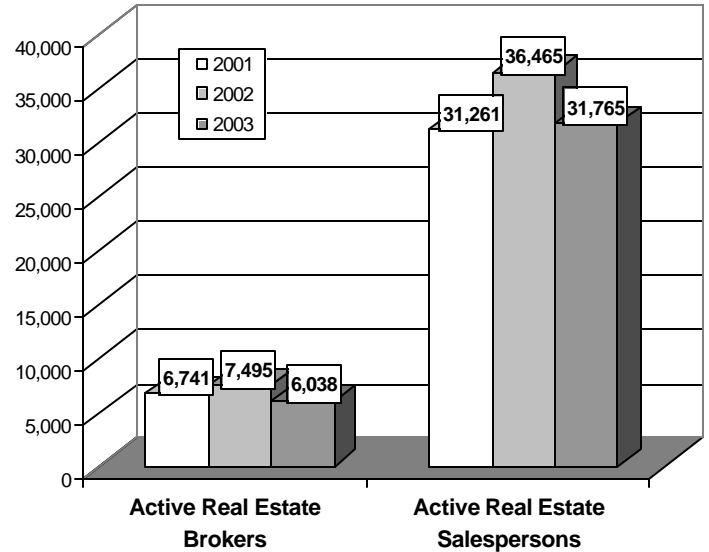
### Real Estate Education and Licensing Section Simplifies Application Process

The Real Estate Education and Licensing Section processes all salesperson and broker licenses, renewals, suspensions and education. Education reviews all first-time applications and retake applications for accuracy and submits the applicants to an outside testing entity. Education also reviews all real estate and appraiser continuing education, post licensing education, course applications and additional offerings. In May 2003, licensees could begin taking 15 of their 21 elective continuing education course hours through distance education. All continuing education compliance forms are reviewed and processed in the Education Section. Licensing issues new licenses, updates addresses, replaces lost licenses and processes transfers of a sales or broker licenses from one brokerage to another. All mergers, name changes, business and personal contact information, branch applications, corporate applications and limited liability applications are processed in Licensing. The Education and Licensing Section provides all processed information online, allowing each licensee to view education and renewal information, addresses and the status of their individual license. During FY 03, the section revised and simplified all applications and made them available online.

**Number of Licensees**



**Active Real Estate Brokers and Salespersons**



**Legal Section Serves Licensees and Customers**

Consisting of attorneys and administrative staff, the Legal Section manages the legal aspects of the Division. Primary responsibilities rest in the area of case management, which includes issuing charge letters, notices of opportunity for hearing, findings and orders and certifying cases on appeal. In FY 03, 111 charges were issued, with 92 percent of cases resulting in the imposition of discipline.

Complaints, including the issuance of advertising advisory letters and/or advertising citations, are handled through the Division’s legal staff. In the past fiscal year, the Division issued 117 real estate advertising advisory letters and four real estate citations. The staff has worked closely with the real estate industry to ensure license law continues to regulate all forms of real estate advertising, including Internet and team advertising.

Real property that is located outside the state of Ohio but is offered for sale to Ohio residents is handled through the Division’s legal department and is known as “foreign real estate.” The staff is responsible for reviewing property registrations submitted by developers to ensure all information provided to Ohioans is accurate and compliant with license law. Following the Division’s foreign real estate inspection policy, certain properties require an inspection. Upon completion of review of the registration and/or upon successful inspection, the Division issues a Division Order to the developer that permits the developer to proceed. The Division issued 120 Division Orders in the past fiscal year.

The legal staff continues to strive to meet the needs of licensees and consumers. Staff attorneys have answered approximately 150 comprehensive Web inquiries during the past fiscal year. This form of communication reduces phone calls and enables staff to research the inquiry and respond appropriately. Imaging closed records has also begun within the section, with a total of 256 case files imaged last fiscal year. Imaged files are electronically attached to a licensee’s computer record and assist in responding to public records requests in a timely manner.

Staff continues to participate in conferences and seminars to educate licensees and consumers about Division activities and license law.

**PI/SG Revises Registration Application**

The Private Investigator/Security Guard section revised the registration application form to improve efficiency and quality. The PI/SG registration application, termination report, quarterly report, and multiple change forms were added to the Web site. This allows the licensees quick access to the needed forms.

After September 11, 2001, this Section increased its investigation of unlicensed activity. Enforcement staff crisscrossed the state to ensure strict compliance with Ohio law.



# Securities

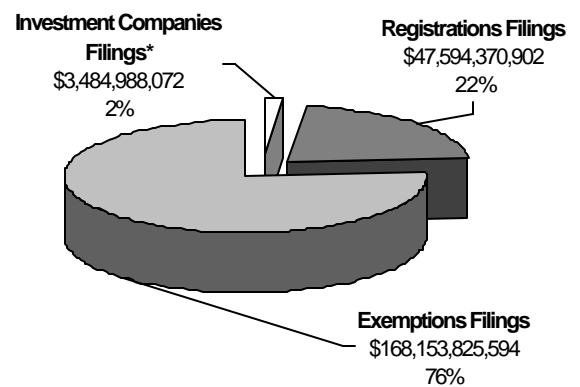
Debbie Dye Joyce, Commissioner

The Division of Securities' mission 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, life settlements and many other investment opportunities.

### Capital Formation Activity Illustrated

The Ohio Securities Act contains provisions for a number of securities filings, including various registrations, notice filings and exemptions. In addition, the Act contains more than three dozen exemptions that do not require a filing with the Division. Although the Division cannot be aware of the dollar amount of securities sold in reliance on one of the exemptions for which no filing is required, the aggregate dollar amount of securities sold or to be sold in Ohio pursuant to filings made with the Division was more than \$219 billion for FY 03. The chart to the right is representative of the capital formation taking place in Ohio for which the Division has received a filing.

Dollar Amount of Securities Sold or to Be Sold in Ohio Pursuant to Filings Made with the Division in FY 03



\*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 Remain Stable

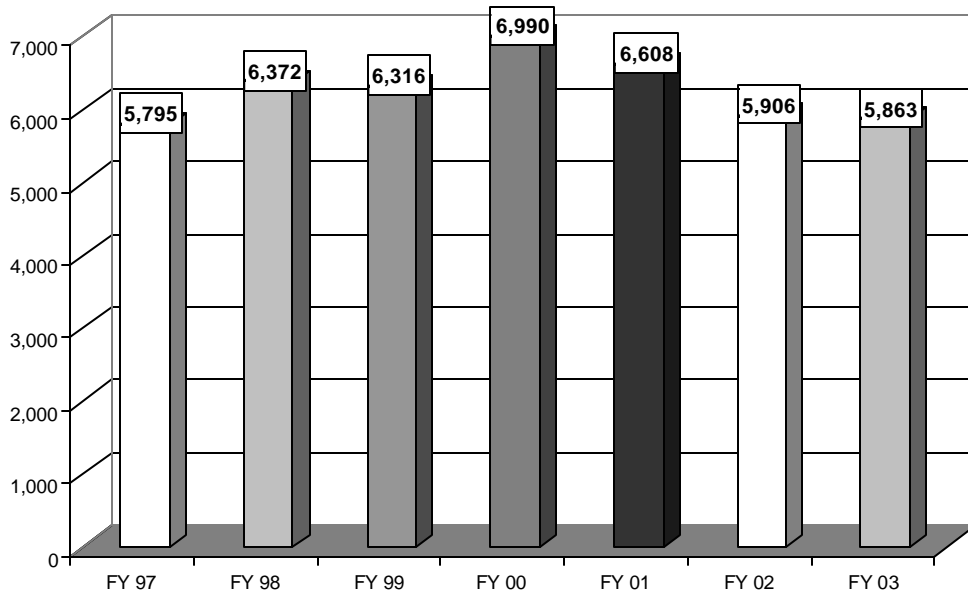
The Division reviews securities registration filings to ensure that securities offerings are not being sold on “grossly unfair terms” to Ohio residents. Exemption and notice filings are reviewed for compliance with legal requirements. The capital formation amount for securities filings decreased 28 percent during FY 03, but the total number of filings for the sale of securities in Ohio remained relatively stable, decreasing in volume by less than 1 percent. The most common securities filings are mutual fund notice filings, which represent 75 percent of filings received by the Division. The second most common securities filing is for transactions by an issuer not involving a public offering pursuant to the federal Rule 506 of Regulation D, which represents 17.5 percent of securities filings and accounts for more than \$167 billion of the capital formation amount. The remaining 7.5 percent of securities filings contain a mix of registrations and other claims for exemptions.

### Investor Protection Aided Through Licensing

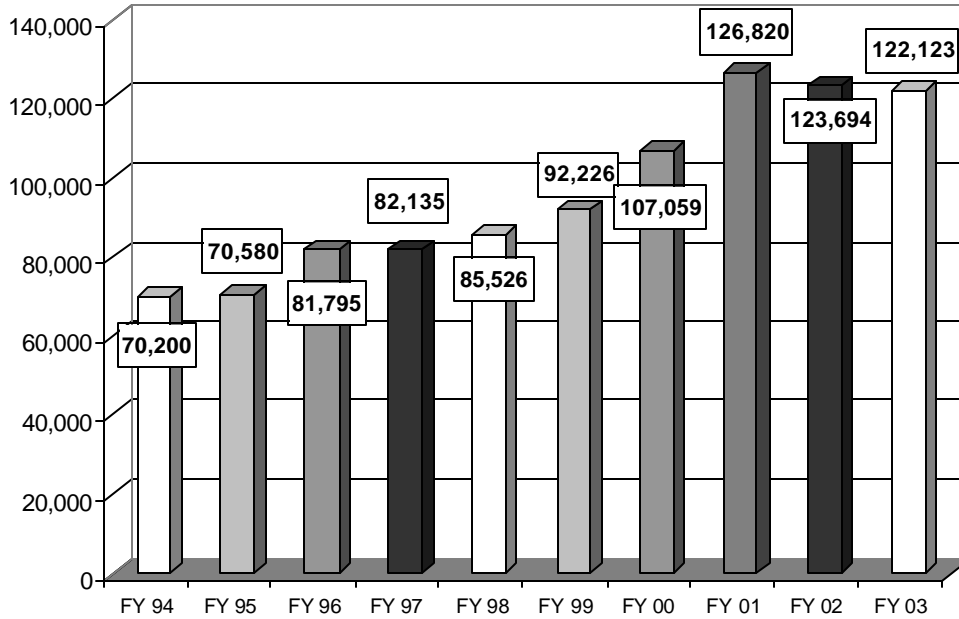
One way the Division carries out its mission is through its licensing function. Throughout FY 03, the number of securities dealers licensed by the Division fluctuated, but the 2,309 dealers licensed at fiscal year-end was consistent with the prior two fiscal years. After a decade of increasing numbers of securities salespersons licensed in Ohio, the number of securities salespersons licensed by the Division at fiscal year-end decreased for the second year in a row. As of June 30, 2003, 122,123 securities salespersons were licensed by the Division. The Division licensed a record 126,820 securities salespersons in FY 01.

The Division also licenses investment advisers and investment adviser representatives. The Division is in its fourth year of administering laws overseeing investment advisers, and each year it has seen an overall increase in filings as a result of the steady and continued growth in this area. During FY 03, there was a 23 percent increase in the number of notice filings received from federally registered investment advisers and a six percent increase in the number of licenses issued to investment adviser representatives.

**Number of Filings for Sale of Securities in Ohio**



## Number of Securities Salespersons Licensed



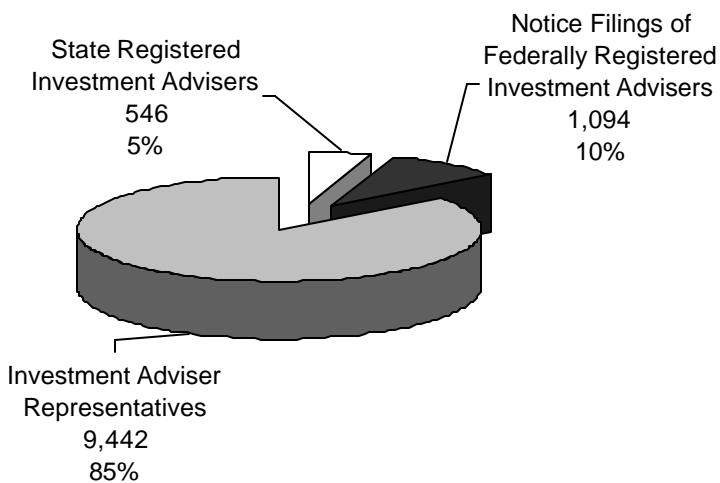
### Division Screens for Competency And Good Business Repute

Upon receipt of a license application, the Division reviews the background of license applicants and licenses only those applicants who meet standards of minimum competency and "good business repute." The Division vigilantly reviewed license applications in FY 03, issuing more than 103 "Notices of Opportunity for Hearing/Intent to Deny Application" or "Notices of Opportunity for Hearing/Intent to Revoke License."

### Investor Protection Begins with Education

Governor Taft again proclaimed April "Savings and Investing Education Month," a worldwide effort designed to raise awareness of the importance of saving and investing wisely. During April 2003, the Division participated in this event by sending representatives to speak to more than 1,000 students, teachers and senior citizens statewide, distributing brochures, releases and other educational materials. These materials are available online at [www.securities.state.oh.us](http://www.securities.state.oh.us) or by calling 1-800-788-1194.

### Investment Advisers And Investment Adviser Representatives



### Information Technology Improves Accessibility

Members of the public, including investors, children, the elderly, industry and business communities have access to a wealth of information via the Division's Web site. In addition to the availability of investor education materials, copies of the Division's *Ohio Securities Bulletin* and enforcement orders are available online, and licensees and applicants for licensure may go online to submit renewal and other applications. Anyone can obtain information about their securities professional by contacting the Division through its Web site for information and "background checks." The Division's Web site also contains frequently asked questions about the Division, links to other government agencies, and requests and complaints may be submitted electronically.

### Enforcement Actions Protect Investors

Another way the Division protects investors is through vigorous enforcement of Ohio's securities laws. The Division investigates alleged violations of the securities laws and initiates criminal, administrative and injunctive action, as appropriate. During FY 03, the Division made nine criminal referrals to Ohio prosecutors. During the same period, a total of 12 indictments totaling 256 counts and 10 convictions resulted from Division referrals.

### Lieutenant Governor Bradley Joins in Signing of H.B. 7

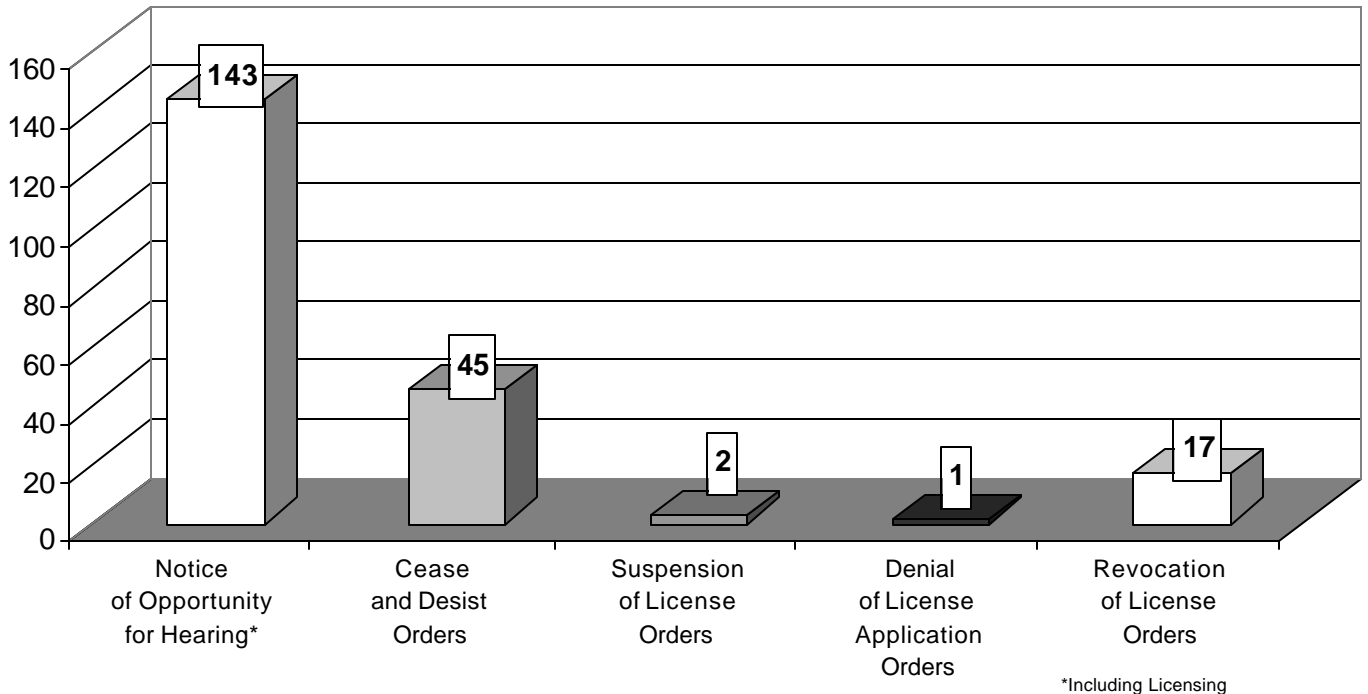
On June 17, 2003, Lieutenant Governor Jennette Bradley, Director of the Department of Commerce, joined Governor Bob Taft in the signing of House Bill 7. House Bill 7 is a corporate and securities law reform measure designed to enhance investor confidence in the securities marketplace.



*Governor Bob Taft (seated) signs House Bill 7, a corporate and securities law reform measure designed to enhance investor confidence in the securities marketplace. He is joined (from left to right) by legislative sponsor Representative Mary Taylor, Securities Commissioner Debbie Dye Joyce, Assistant Director Tom Geyer and Lieutenant Governor Jennette Bradley.*

House Bill 7 enhances investor protections by strengthening a number of standards pertaining to registration of securities with the Division. New enforcement tools include the authority for the Division to seek restitution for victims in certain situations, lengthened statutes of limitations, and increased penalties for theft.

### Actions Resulting from Notice Orders FY 03



# State Fire Marshal

The State Fire Marshal's Office (SFM) is the oldest established office of its kind in the United States. In FY 03, it consisted of eight bureaus and one unit: Administration, Fire & Explosion Investigations, Forensic Laboratory, Bureau of Underground Storage Tank Regulation (BUSTR), Fire Prevention, Code Enforcement, Testing and Registration, Ohio Fire Academy, and the Pyrotechnics and Explosives Unit. 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; regulating underground storage tanks; testing and training; and licensing and certification support services. Stephen K. Woltz was appointed State Fire Marshal in early FY '04.

## **Fire Academy Trains Responders**

In FY 03, the Academy provided training to emergency responders in 90 percent of the counties in Ohio. A total of 14,339 responders were trained either on campus or through the Academy's Direct Delivery Program, representing 192,108 student hours. The resource center provided 623 videos for fire safety and public education programs, reaching an audience of 7,955.

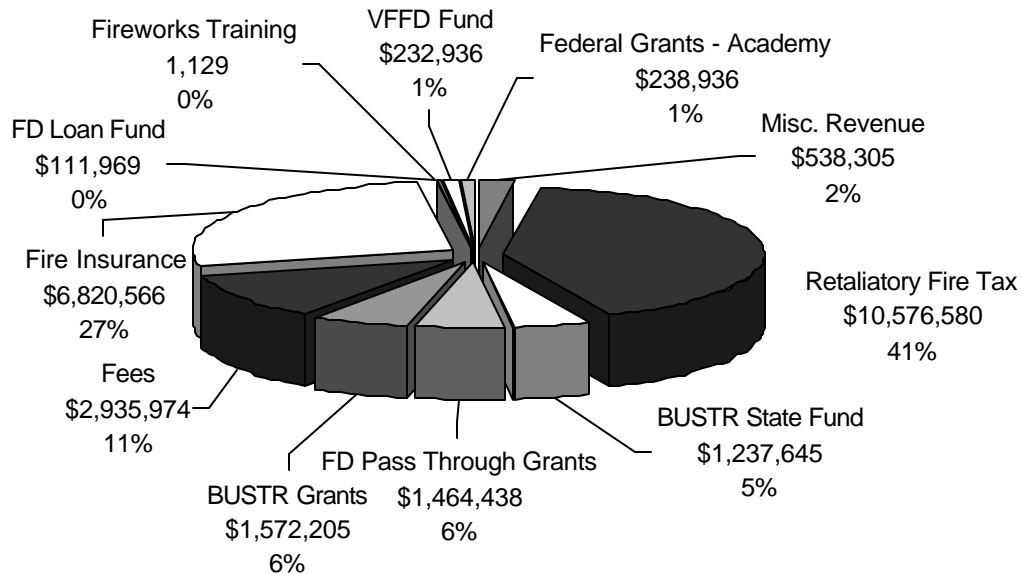
In addition, the Academy awarded College Credits and IFSAC (International Fire Service Accreditation Congress) for a number of classes; enhanced the State Bid Equipment Purchase options; received international recognition by Fire Chief Magazine for "New Fire Chief Symposium;" coordinated with the other SFM Bureaus in the development of the SFM Major Incident Response Vehicle and awarded to 493 fire departments \$710,878 for basic fire training from the SFM Fire Training Grant program.

## **Fire & Explosion Investigation Bureau Adds Staff**

Tom Huston, a retired Captain from the Columbus Fire Department's Arson Bureau, was hired as the new Bureau Chief of the Fire & Explosion Investigation Bureau. During 2002, a new Arson Investigator Supervisor position was created to provide more comprehensive service to those requesting investigations. While three assistant chiefs previously oversaw Ohio's 41,000 square miles, the addition of the new position divides that territory by four.

Because law enforcement is moving to a strategy of carrying an intermediate weapon as well as a firearm, most of the bureau's investigators and supervisors completed expandable baton training during FY 03. This strategy gives investigators another option to use when in threatening situations and provides a way to de-escalate a situation and lessen the chance of using deadly force.

## Sources of Revenue FY 03



The Bureau introduced a new truck, the State Fire Marshal's Major Incident Response Vehicle (MIRV), during Arson Awareness Week. The MIRV's unique communication system can coordinate different frequencies and permit communication among the various personnel that respond to an incident. The vehicle is available statewide, free of charge for any community with a large-scale fire investigation or disaster situation.

In FY 03, the Fire & Explosion Investigation Bureau completed 1,089 requests to perform teaching assignments; to investigate fires, explosions, firework incidents and explosive disposals; and to administer polygraph examinations. This included investigating 75 fatal fire deaths, of which nine were criminally related. Fire Marshal investigators determined that 353 of these incidents were arson. During this fiscal year, out of 1,089 incidents, 604 incidents were after normal business hours.

### Fire Prevention Bureau Focuses on Education

During FY 03, the Bureau conducted 3,200 fire safety related programs for more than 80,000 Ohioans at schools, senior centers, health care facilities, businesses and events like the Ohio State Fair. The bureau distributed nearly a million pieces of fire safety literature.

The bureau continues to promote the use and maintenance of smoke detectors. Smoke DOG (Smoke Detector on Guard) Awards were presented to eight families whose lives were saved as a result of proper actions taken when a working smoke detector activated in their home.

Since January 2000, the bureau has distributed 470 free software packages to volunteer fire departments to allow them to report fire incidents to the Bureau electronically. More than 70 percent of the fire departments are now reporting their fires to the State in an electronic format. The bureau also provided 30 fire departments with used computers at no cost to assist in their fire reporting efforts.

### Code Enforcement Bureau Upholds Fire Code Standards

During FY 03, the bureau conducted close to 10,000 fire safety inspections and approximately 3,000 re-inspections of various premises, events and licensed facilities across Ohio. Each re-inspection was performed to verify the abatement of all identified hazardous conditions. The bureau responded to nearly 300 complaints of fire code violations and initiated any appropriate code enforcement actions. The bureau focused on code enforcement issues, homeland security issues and training issues including:

- Fire Safety Inspectors conducted inspections in cooperation with a National Association of State Fire Marshals project to verify compliance with the Hotel-Motel Fire Safety Act of 1990.
- Fire Safety Inspectors conducted inspections of explosive magazine storage facilities in conjunction with "high alert" terrorism threat levels and monitored site security conditions at a fireworks manufacturing plant.
- Technical staff organized and presented (with the Division of Industrial Compliance and the Board of Building Standards) statewide seminars on fire



and building codes for places of public assembly, in response to nightclub fire tragedies that occurred in other states.

- Technical staff organized and presented the Advanced Fire Codes Course at the State Fire School held at Bowling Green State University.
- Technical staff contributed to the fire code development process at the national level in the model code organizations and drafted administrative rules for the proposed 2004 Ohio Fire Code.

### Bureau of Underground Storage Tank Regulations

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates the safe operation of underground storage tanks and ensures appropriate investigation and cleanup of releases of regulated substances from underground storage tanks (UST) for the purpose of protecting human health and the environment. During FY 03, BUSTR:

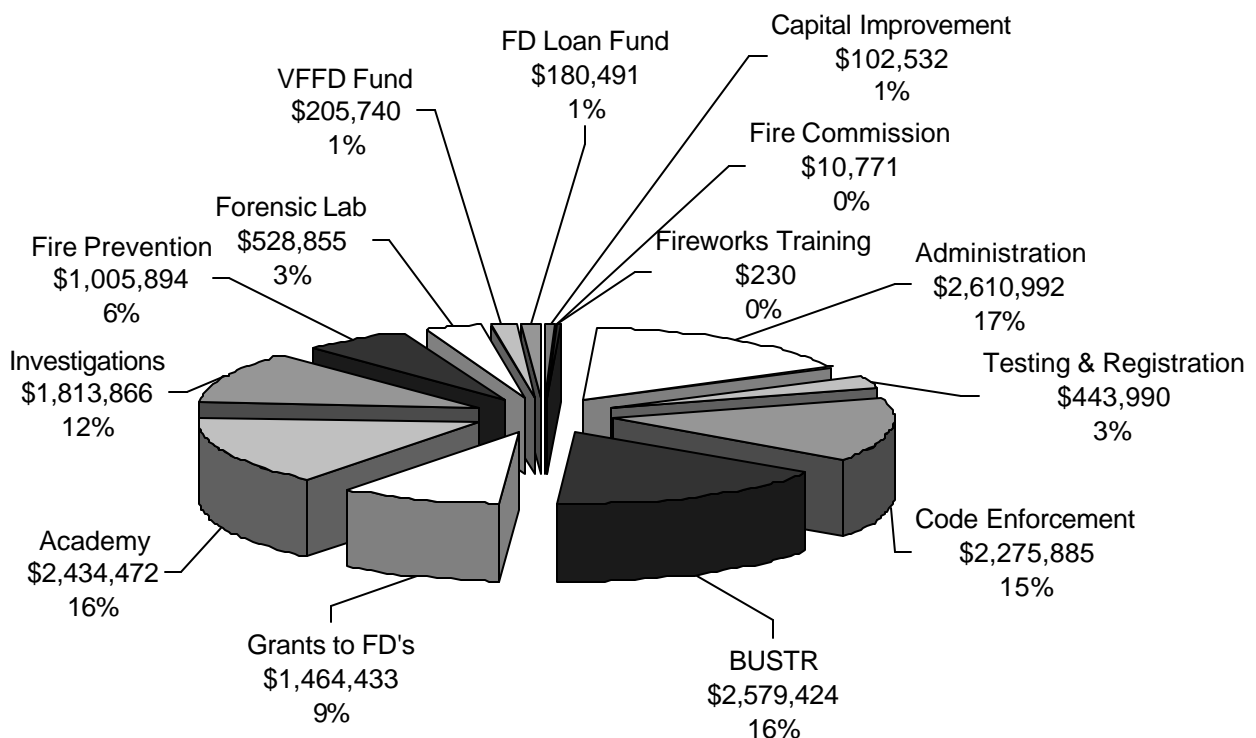
- Regulated 25,247 underground storage tank systems at 8,823 facilities across Ohio.
- Issued 1,308 permits to install, remove, repair or modify underground storage tank systems, and inspected these permitted activities for compliance with state regulations.

- Continued a statewide inspection and compliance program, performing 1,448 compliance inspections of registered facilities.
- Issued the "BUSTR UST Owner Compliance Guidance Document" to more than 4,000 UST owners. This document attempts to explain clearly UST operation and maintenance requirements and checklists to assist UST owners in staying in compliance with regulations.
- Issued 1,210 "No Further Action" letters completing cleanups at sites where a release or suspected release of petroleum from a regulated UST had occurred.

### Bureau of Testing & Registration Boosts Online Capabilities

In FY 03, the bureau issued 24,538 licenses for fire protection, hotel/motel, UST installers/inspectors, explosives storage and firework exhibitors. It issued certificates for 7,451 UST facilities. Total revenue generated for this was \$2,472,428. The bureau continues to focus on data imaging of records and providing the increased ability to conduct business online. By doing this, the bureau hopes to improve customers' ability to function in day-to-day business.

### Expenditures FY 03





*Unveiled this spring, the SFM's Mobile Incident Response Vehicle provides a communications and command platform that can be dispatched to assist local agencies in responding to natural and man-made incidents. Governor Bob Taft authorized MIRV in September 2002 as part of the Homeland Security effort.*

### Forensic Laboratory Expands

During FY 03, Ohio Fire Investigators and Law Enforcement Agents submitted 706 cases consisting of 1,971 pieces of evidence requiring 5,190 examinations. Analysis was conducted on ignitable liquids, fire debris, explosive devices, explosive residues and other physical evidence from suspicious fire scenes, explosions and hazardous situations.

In addition, a long-awaited expansion / renovation began in January 2003. One of the project's goals is to remove the office, evidence and computer functions out of the laboratory and into the new addition. This will in turn, free up laboratory space and allow lab staff to segregate technical areas by discipline. Record storage and other security issues will also be addressed by this project in preparation for accreditation by the American Society of Crime Laboratory Directors (ASCLD). The main goal of the project is a much needed evidence room expansion. Doubling the size of the evidence room will also allow for central location of the evidence storage refrigerator, freezer and hooded cabinets, also essential for accreditation.

### Explosives & Pyrotechnics Administrative Unit

In FY 03, the Unit regulated 52 wholesaler and manufacturing licensed facilities, 553 active exhibitors, 1,376 active assistants and 27 out-of-state shippers. The Unit conducted a number of in-service training courses and three speeches totaling 803 attendees. The Unit issued 31 variances to customers to assist in furtherance of their business. Beginning in FY 04, the Unit will be housed in the Code Enforcement Bureau.

Approximately 1,000 fireworks exhibitions were conducted in the state with only one incident in which the Fireworks Incident Team was dispatched. This one incident occurred on July 21, 2002, when a shell exploded into the crowd of more than 4,000 people, resulting in serious injuries. Investigation of the incident determined that the incident was a direct result of the audience being allowed to be located too close to the pyrotechnic device during the performance. The matter was presented and turned over to the criminal justice system. It resulted in fines, jail time and permanent loss of license for the exhibitor.

Three major seizures of illegally sold fireworks were made around July 4<sup>th</sup>, with the subjects in each matter being turned over to the criminal justice system. Three exhibitors were found to be in violation of State Fire Marshal rules and had their licenses revoked after appropriate administrative hearings. In addition, an Ohio Court of Appeals upheld the ruling of illegal storage of fireworks by an exhibitor.



*Fire & Explosion Investigator Steve Southard helps a little boy knock down a cardboard flame as part of the Kids Combat Challenge at the third annual Fire Safety Expo and Muster held at the Ohio Fire Academy grounds on June 28, 2003. More than 3,000 people attended the event. Over 100 attractions, including antique and modern fire equipment, fire safety demonstrations and antique dealers, were featured.*



# Unclaimed Funds

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 200,000 people and organizations lose track of monies and intangible personal property in Ohio. Common examples of unclaimed funds are: Dormant checking and saving accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stock and dividends, forgotten rent and utility deposits and intangible contents of safe-deposit boxes.

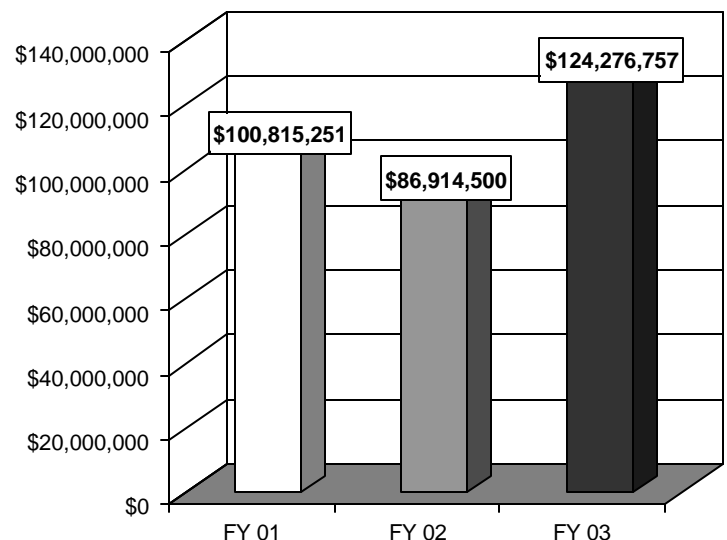
### Division Has Another Record Year

The Division of Unclaimed Funds paid another record dollar amount of claims in FY 03. More than 36,100 claims were paid, which represents 64,944 properties. The return of \$43,427,144 to current or former Ohio residents exceeded last year’s record of \$35 million. Through mutual agreements with other states this fiscal year, \$3,726,524 was paid to 22 other states in which the original account owner resided at the time of the holder-reporting period. New database technology implemented by the Division during FY 02, in addition to the staff’s commitment to adopting the technology, helped affect this efficiency.

### Reported Funds Reaches Record High

In FY 03, the Division achieved its highest total of reported funds with \$124,276,757, a credit to the Division’s aggressive outreach to financial professionals. Outreach efforts included mailing 150,000 copies of 2003 Annual Report of Unclaimed Funds Forms, Instructions and Information booklets to companies located in or doing business in Ohio. An additional 50,000 booklets were mailed to attorneys and CPAs registered to practice in Ohio as

Unclaimed Funds Reported FY 01-03



part of the Division's Professionals Education Program (PEP). Division staff also made six presentations to a total of approximately 250 law and accounting professionals about unclaimed funds law and reporting requirements.

In FY 03, Division staff conducted 130 in-house audits of Ohio businesses, recovering \$936,031 in unclaimed funds. Through contract auditors, the Division completed more than 660 audits, recovering \$21,367,543.

In March 2002, the Division began using a new Unclaimed Property System application. This system allows the Division to receive electronic reports in the standard National Association of Unclaimed Property Administrators (NAUPA) format, which will increase the number of reports received electronically and be consistent with 27 other states' unclaimed property offices.

### Community Outreach Raises Awareness

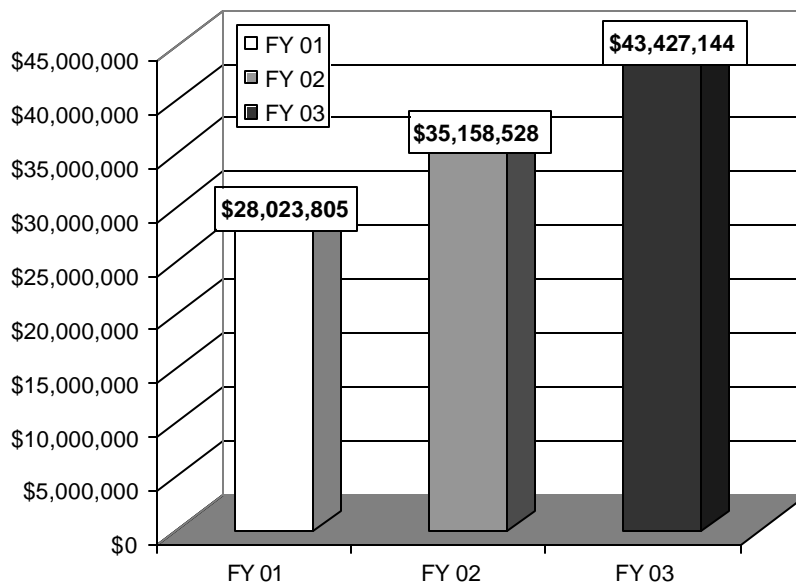
The Division's community outreach program raises public awareness of unclaimed funds accounts that the Division holds on behalf of private individuals and organizations. These accounts number 2.3 million and hold a combined worth of \$596 million.

To raise awareness, the Division supplies a list of names and accounts within each county to all 88 county treasurer offices. The Division's Treasure Hunt is part of the Department's display at the Ohio State Fair. At the 2002 State Fair, the Division located the prospective owners of 681 accounts worth \$202,220.

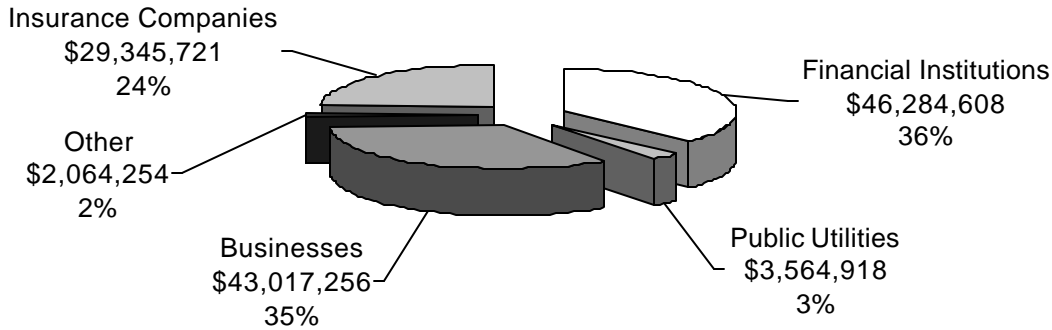


*To highlight how individuals can claim unclaimed funds, Lt. Governor Jennette Bradley presented a ceremonial check for \$1,588.19 to James W. Steckel of Columbus. Mr. Steckel was informed that his name appeared in the Division's newspaper advertisement in the Columbus Dispatch on July 13, 2003. He then visited the Division's office to inquire about the account, and the Division's staff was able to verify that he was the account's owner.*

### Unclaimed Funds Returned



## FY 03 Summary of Unclaimed Funds By Type of Holder



As required by law, the Division tries to reach unclaimed funds owners via newspaper listings. Every year, the Division purchases advertising space in the largest daily newspaper in each county to list the names of newly reported unclaimed funds account owners whose last address was in the paper's respective county. In FY 03, \$1,401,141 in claims were paid in which the account owner cited the Division's advertising efforts as alerting them to their unclaimed funds.

### Searching on the Web Produces Results

The Division's Web site continues to be 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 computers. The site also provides links to the National Association of Unclaimed Properties Administrators so users can search for accounts being held by other states. In FY 03, a record 73.5 percent (26,599) of claims paid were initiated through the Web site.

### Unclaimed Funds Support Housing Finance Agency

Until the rightful owners are located, unclaimed funds are used by the Ohio Department of Development's Ohio Housing Finance Agency (OHFA) to guarantee and fund low- and moderate-income housing programs. During FY 03, the Division provided OHFA with \$51,627,371 in loans. Unclaimed funds are also used to support economic development by guaranteeing performance bonds for the Minority Business Bond Fund.

### Ohio Business Gateway Web Site

In FY 02, the Division began participating in the Ohio Business Gateway. The site simplifies tax reporting and payment processes for Ohio businesses reporting to a number of agencies, including the Bureau of Workers' Compensation, Job and Family Services, and the Departments of Taxation and Commerce.

As of August 1, 2003, the site offers businesses the opportunity to enter a "no pay," or negative unclaimed funds report online. In the future, the Division will strive to add functionality, giving businesses the option of uploading positive unclaimed funds reports and transferring funds to the Division online.



*Marilyn Caporini of Dayton realized she was entitled to \$17,914 in unclaimed funds after a friend saw an unclaimed funds piece on the television show Dateline and found her name on the Division's Online Treasure Hunt. Marilyn had been laid off the week before she discovered the funds, and was so elated that she drove to the Division's office to confirm the money actually existed.*



The Department of Commerce is an equal opportunity employer and service provider.