



Department  
of Commerce

# Ohio

# 2009

## ANNUAL REPORT

Ted Strickland  
Governor

Kimberly A. Zurz  
Director





# Ohio

Governor Strickland, Members of the Ohio General Assembly and Citizens of Ohio:

I am pleased to present the Ohio Department of Commerce Annual Report for Fiscal Year 2009. This report highlights the Department's accomplishments in serving as an economic driver to the state's economy, operating on a budget of approximately \$680 million in FY 2009. As we license and regulate more than two dozen industries such as state-chartered financial institutions, real estate and securities professionals, elevators, fireworks, liquor, unclaimed funds and underground storage tanks, we view each of the over 200,000 licenses that we issue as a new economic opportunity for our state.

The Department's over 900 dedicated employees work to fulfill our mission to protect Ohio's consumers while regulating commerce in a reasonable, fair and efficient manner.

In the midst of a challenging economy facing our state and nation, the Department has focused on two critical issues: helping Ohioans to save their dream of homeownership and preserving the health of our state-chartered financial institutions.

As Chairman of the Foreclosure Prevention Task Force, I am proud of Save the Dream Ohio, a program that continues to evolve as the foreclosure issues for Ohio change. Through Save the Dream Ohio, we have assisted thousands of people and enabled many families to stay in their homes.

We are also proud that during the worst financial crisis since the Great Depression, unlike many other states, not a single Ohio-chartered bank, savings institution or credit union failed in Fiscal Year 2009. The Division of Financial Institutions continues to work with the industry to ensure that our depository institutions are operating in a safe and sound manner today and are managing for the future.

Our focus on efficient operations helped the Division of Liquor Control contribute \$163 million in FY 2009 to the General Revenue Fund as well as an additional \$136 million in liquor sales and tax revenue that was used to help fund a variety of state services. In addition, the Division of Real Estate & Professional Licensing closed its Cleveland office -- resulting in savings of approximately \$100,000 per year. We are also proud that the Division of Industrial Compliance's electronic plans review process continues to increase in popularity as 1,870 "e-plans" were received. Through effective use of technology and friendly customer service, the Division promotes business growth by offering next "business day" inspections for construction projects both large and small.

In our efforts to expand our economy, the Division of Securities reviewed securities registration filings and approved for sale nearly \$1.2 trillion in offerings. This investment capital is used to open and grow local businesses that create new products, services, technologies, and jobs for Ohio's citizens.

The Department is also focused on assisting Ohioans during these challenging times. The Division of Unclaimed Funds paid \$59.5 million in claims to Ohioans in FY '09. The average of \$1,310 per claim was welcome assistance for many Ohioans in paying bills or meeting other expenses. The Division of Labor and Worker Safety -- through its enforcement of the state's minimum wage and prevailing wage -- assisted Ohioans in receiving the wages that were owed to them for the work they performed.

In our efforts to keep Ohioans safe, the Division of State Fire Marshal continued its dedication to firefighter training through its presentation of 77 courses to more than 12,000 attendees.

In the coming year, we look forward to building on our accomplishments and exploring new ways to help our state's economy grow for the citizens of Ohio.

Sincerely,

***Kimberly A. Zurz***

Kimberly A. Zurz, Director  
Ohio Department of Commerce

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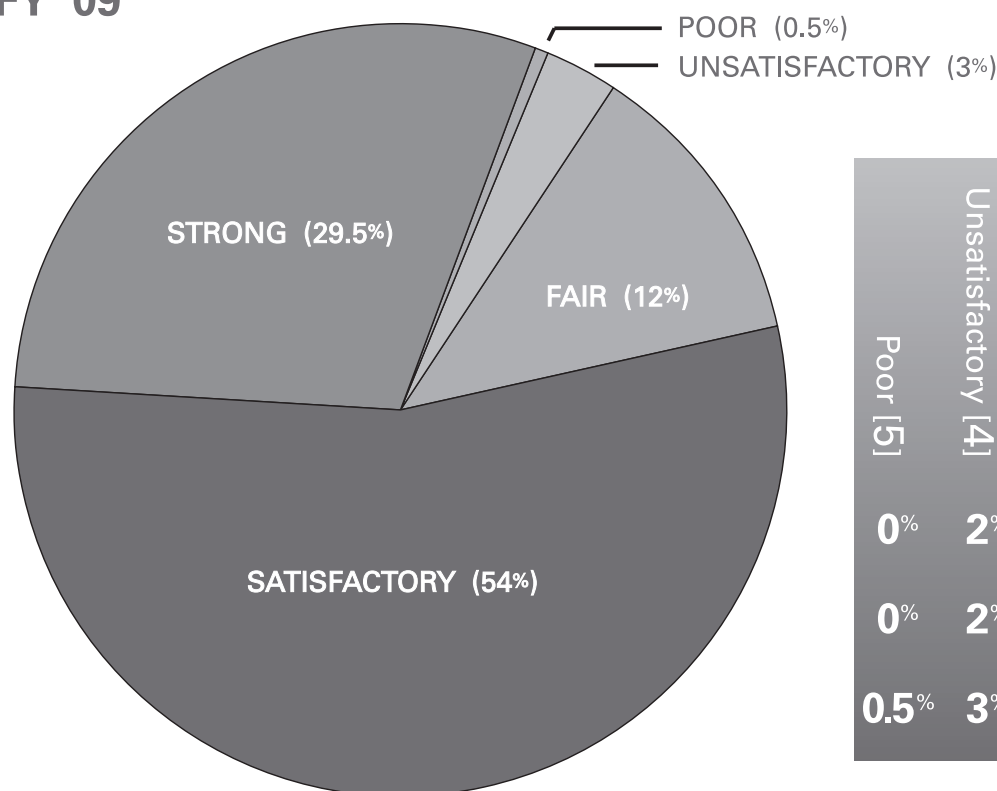
# **DIVISION OF FINANCIAL INSTITUTIONS**

The Division of Financial Institutions regulates Ohio's state-chartered depository institutions and non-depository financial service providers. The Division is responsible for the examination, supervision, and regulation of Ohio-chartered banks, savings & loan associations and savings banks, credit unions, money transmitters and trust companies. It is also responsible for licensing pawnbrokers, mortgage brokers, loan officers, credit service organizations, check cashing services, precious metal dealers, premium finance companies, short-term lenders, small loan act lenders, and mortgage loan act lenders.

## Safe and sound operation of state-chartered institutions

The Division of Financial Institutions provides regulatory supervision over its 322 Ohio-chartered depository institutions, ensuring they operate in a safe and sound manner. Through the Division's examinations and monitoring processes, these institutions are evaluated based on their Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to interest rate risk (CAMEL(S)). Approximately 83% of all Ohio-chartered depository institutions are rated as being either strong (29.5%) or satisfactory (54%). Only 12% are considered fair, 3% unsatisfactory, and 1/2% are poorly rated. Ohio-chartered depository institutions play a key role in providing vital financial services to Ohio's corporate, consumer, and local government customers and have traditionally operated in a very conservative manner.

## CAMELS RATINGS – ALL DEPOSITORY INSTITUTIONS FY '09



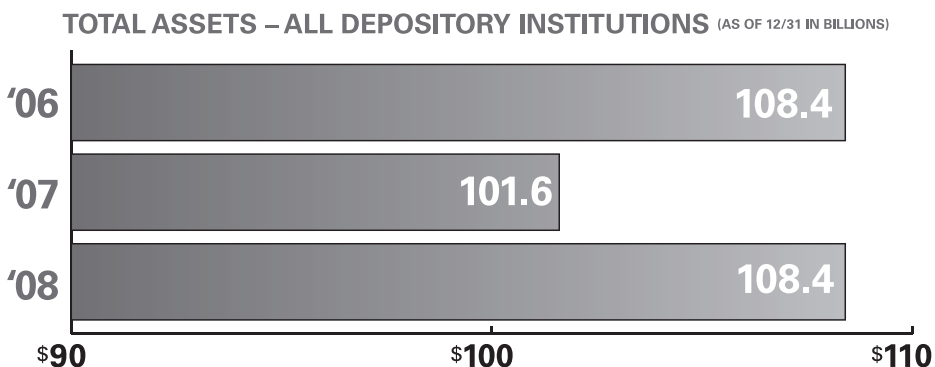
	Strong [1]	Satisfactory [2]	Fair [3]	Unsatisfactory [4]	Poor [5]
6-30-07	29%	60%	9%	2%	0%
6-30-08	30%	58%	10%	2%	0%
6-30-09	29.5%	54%	12%	3%	0.5%

## S.A.F.E. Act

In July 2008, Congress passed the S.A.F.E. Mortgage Licensing Act, as part of the Housing and Economic Recovery Act of 2008, which established nationwide minimum criteria for state-licensed mortgage loan originators. As a result of this legislation, the Division undertook a comprehensive review of both the Ohio Mortgage Broker Act and the Ohio Mortgage Loan Act to bring these statutes into compliance with new federal requirements. After obtaining stakeholder feedback and legislative support, the legislation was passed by the Ohio General Assembly as part of the biennial budget bill (H.B. 1) and was signed into law prior to the deadline established by the S.A.F.E. Act.

## Sandra Pianalto provides keynote comments at 2009 Ohio Bankers' Day program

Cleveland Federal Reserve President Sandra Pianalto presented the keynote address before a group of approximately 275 bankers, attorneys, consultants, and regulators at the 2009 Ohio Bankers' Day program, held April 1, 2009 in Columbus. Providing her insights on financial markets and the future of financial system regulation, Ms. Pianalto's remarks were both timely and well received. Other speakers for the program included the FDIC's chief economist Richard Brown, Ohio Treasurer of State Kevin Boyce, and Professor Jeffrey Ford of the Fisher College of Business at The Ohio State University.



## Credit unions experience growth

Ohio's credit unions have been praised for their member-centered, conservative strategies and services provided during tough economic times. As a result, credit unions have experienced an increase in total assets. With 177 state-chartered credit unions under supervision as of June 30, total assets approached \$12 billion from every corner of the state, with institutions serving many types of fields of membership. The Division continues to monitor the safety and soundness of regulated



institutions through its 12-month examination cycle and required quarterly reporting. Because it is able to meet the highest levels of efficiency and regulation, the Credit Union Section was re-accredited by the National Association of State Credit Union Supervisors (NASCUS), a distinction which also benefits Ohio-chartered institutions.

#### NON-DEPOSITORY FINANCIAL SERVICES LICENSES

TYPES OF LICENSEE	6-30-07	6-30-08	6-30-09
Check Cashers	1,680	1,680	995
Check Casher Lenders	1,579	1,577	-
Credit Service Organizations	8	9	20
Insurance Premium Finance Lenders	57	61	54
Mortgage Brokers	1,802	1,156	739
Mortgage Broker Licensed Loan Officers	7,703	4,337	3,098
Mortgage Loan Registrants (OMLA)	2,290	1,175	1,421
Pawnbrokers	162	166	284
Precious Metals Dealers	19	23	41
Short-Term Lenders	-	-	2
Small Loan Licensees	48	50	553
<b>Total Licensees</b>	<b>15,348</b>	<b>10,234</b>	<b>7,207</b>

### Consumer Finance section strives for business-friendly regulation

In compliance with Governor Strickland's Executive Order 2008-04S, Implementing Common Sense Business Regulation, the Division's Consumer Finance section completed a comprehensive administrative rule review for the Small Loan Act, Premium Finance Act, and Short-Term Loan Act, with emphasis on complying with provisions of the Order. Additional reviews will be scheduled for the Pawnbroker Act, Check Cashing Act, Mortgage Broker Act, and Mortgage Loan Act. In addition, FY 2009 saw continued focus on streamlining processes, improving operational efficiencies, staff training, and consistent enforcement in all regulated Consumer Finance industries.

### Ohio works to conduct joint money transmitter examinations

Under Ohio law, no person is permitted to be in the business of transmission of money in the state unless licensed or specifically exempt (i.e., chartered financial institutions). Transmission of money includes issuing money orders or traveler's checks, stored value cards, wire transfers, electronic payments, or the collection of payments to be forwarded to lenders or vendors such as utility payments or bi-monthly mortgage payments. Ohio currently has 51 licensed money transmitters, 48 of which are headquartered in other states. As a result, the Division's money transmitters section works cooperatively with other states' regulatory agencies in the licensing and examination of these companies. The Division is a member of the Money Transmitters Regulators Association, which provides examiner education and a framework for joint multi-state examinations through its Money Transmitters Regulators Cooperative Agreement. During the past year, 16 of the 20 examinations conducted of Ohio licensees were completed jointly with regulatory agencies from other states.

## SUMMARY OF REGULATED DEPOSITORY & MONEY TRANSMITTERS

TYPES OF INSTITUTIONS	6-30-07	6-30-08	6-30-09
<b><u>DEPOSITORY INSTITUTIONS</u></b>			
BANKS	100	96	94
TRUST-ONLY BANKS	2	2	2
CREDIT UNIONS	189	180	177
SAVINGS AND LOAN ASSOCIATIONS	28	26	26
SAVINGS BANKS	25	24	23
<b>TOTAL DEPOSITORY INSTITUTIONS</b>	<b>344</b>	<b>328</b>	<b>322</b>
<b><u>MONEY TRANSMITTERS*</u></b>			
DOMESTIC MONEY TRANSMITTERS	-	-	-
FOREIGN TRANSMITTERS	-	-	-
<b>TOTAL MONEY TRANSMITTERS</b>	<b>59</b>	<b>53</b>	<b>51</b>

\*CONSOLIDATED INTO ONE LICENSE TYPE, EFFECTIVE 4/06/2007

### Office of Consumer Affairs provides assistance to Ohio citizens

During FY 2009, the Division's Office of Consumer Affairs continued to provide outreach and education for the citizens of Ohio on financial-related topics while also addressing the needs of consumers who filed complaints against unscrupulous lenders. An outreach event held in conjunction with the United Auto Workers (U.A.W.) in Youngstown brought state agencies and resources to an area that has suffered factory closings and foreclosures. An estimated 2,000 people attended the event and received foreclosure advice and counseling, as well as information from state agencies on assistance programs.



## DIVISION OF INDUSTRIAL COMPLIANCE

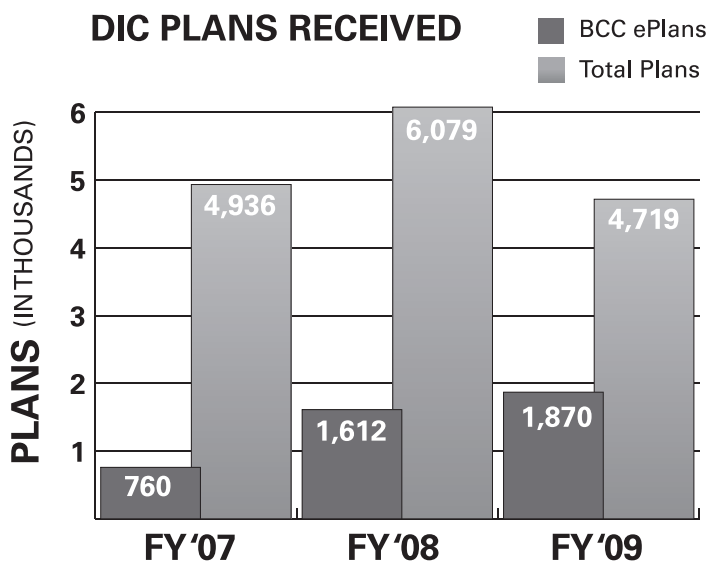
The Division of Industrial Compliance reviews and approves the building plans for the construction and renovation of commercial and public building projects. The Division also provides regulatory certification and inspection of boiler and elevator systems essential to public welfare and safety. DIC staff members conduct inspections of plumbing, electrical and structural systems; elevators; boilers; bedding and upholstered products. DIC provides testing, certification, licensing and continuing education services for numerous skilled trades in Ohio's building industry.

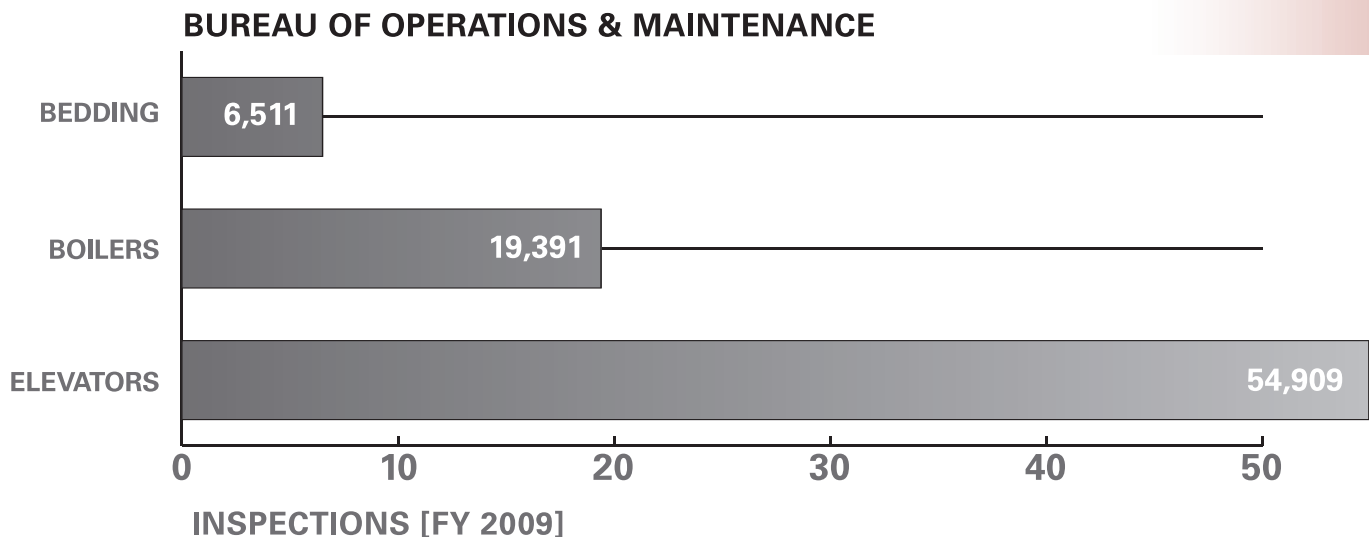
### Building Code electronic plan reviews increase again

The Building Code Compliance Bureau's electronic plan-review process continues to gain in popularity. In FY 2009, a total of 1,870 "e-plans" were received, exceeding the total of 1,162 projects received in FY 2008.

### Licensed Contractors

In 1993, when the Ohio Construction Industry Licensing Board (OCILB) was first created, there were 2,400 certificates grandfathered. In 2000, the certificate became a license. At that time, there were 7,000 certificates. In 2009, there are approximately 18,580 commercially licensed contractors in the State of Ohio.





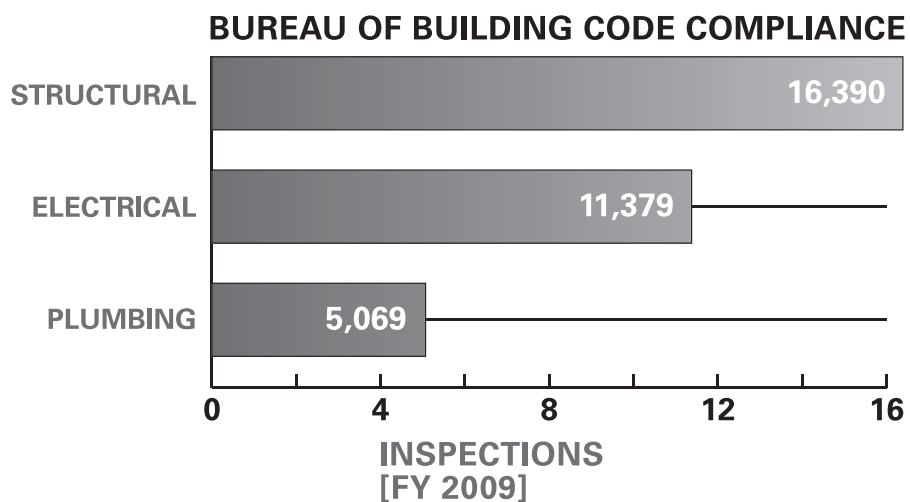
### **Bureau of Operations & Maintenance oversees critical systems**

The Bureau of Operations & Maintenance is responsible for proper installations and maintenance of critical systems with Ohio's "built environment."

The Bureau oversees systems such as boiler operations and maintenance, elevators, and bedding and upholstered furniture. The Bureau also provides administrative oversight and support for Bureau's sections.

### **Bedding Section pursues outreach**

The Bedding Section continues to conduct industry roundtable events throughout the state. This is a component of our Outreach program, which serves as an educational tool for our regulated entities. The section also is represented on the Central Ohio Bed Bug Task Force. This organization has been assembled to develop methods of indentifying or eliminating occurrences of bed bug infestations. It also serves as an educational source for the citizens of Ohio.



The inspection staff, composed of seven field inspectors, conducted 6,511 compliance inspections. Additionally, laboratory scientists conducted 6,552 tests on products submitted by manufacturers located all over the world. The Revenue Recovery Section identified approximately 750 registration renewals. Identifying and updating these company records resulted in monies due to the state. Finally, the Bedding Section finished the year with approximately 7,020 active registrations. For the third consecutive year, our office achieved an all time high number of active registrations.



## DIVISION OF LABOR & WORKER SAFETY

The Division of Labor & Worker Safety (LAWS) administers and enforces Ohio's prevailing-wage, minimum-wage, overtime and minor labor laws. The state's prevailing-wage law requires public authorities to pay the local prevailing rate of wages for work performed under public construction contracts. The minimum-wage law in Ohio sets state minimum wage rates, and Ohio's overtime law directs employers to pay one times their regular pay rate for all hours worked in excess of 40 hours in a work week.

MINIMUM WAGE INVESTIGATIONS COMPLETED	1028
PREVAILING WAGE INVESTIGATIONS COMPLETED	435
PREVAILING WAGE COLLECTIONS	\$599,252.45
MINIMUM WAGE COLLECTIONS	\$581,916.39
PENALTY FUND COLLECTIONS	\$278,368.44
HANDICAP WAGE LICENSES ISSUED	92
MINOR WAGE INVESTIGATIONS COMPLETED	14

### Minimum wage law changes in FY 2009

The minimum wage rose on January 1, 2008, to \$7.00 per hour, with the tipped employee wage rising to \$3.50. On January 1, 2009, the minimum wage rose to \$7.30 per hour for non-tipped employees and to \$3.65 per hour for tipped employees, plus tips.



## DIVISION OF LIQUOR CONTROL

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 442 private businesses, known as contract liquor agencies, which contract with 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.

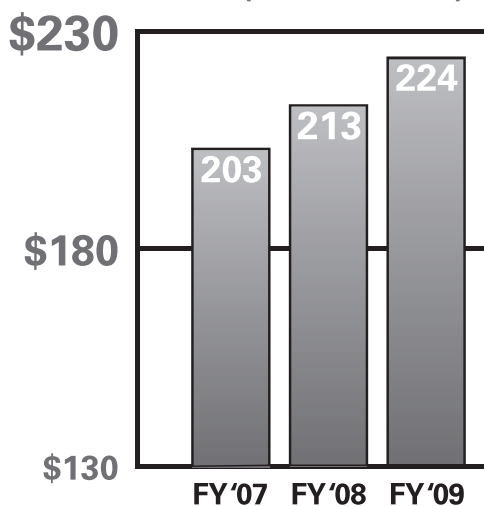
### Record High Dollar Sales

Spirituous liquor sales reached a record \$729.9 million in FY 2009. This was an increase of \$32.2 million, or 4.61 percent, compared to sales in FY 2008. The increase in liquor dollar sales can be attributed to increases in product prices, consumers purchasing premium priced products, an increase in the volume of retail sales, and a rise in the level of consumption.

Gallonage sales of spirituous liquor in FY 2009 totalled 10.6 million gallons, an increase of 309,122 gallons, or 3 percent, compared to FY 2008.

FISCAL YEAR	DOLLAR SALES	GALLONS SOLD
2007	\$672.7 million	10.2 million
2008	\$697.7 million	10.3 million
2009	\$729.9 million	10.6 million

### DIVISION'S NET PROFIT (IN MILLIONS)



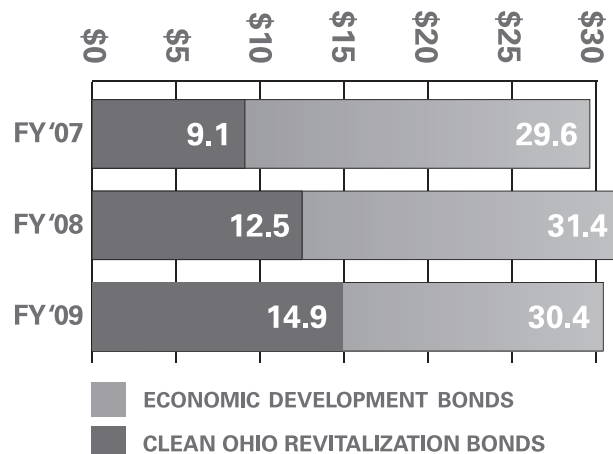
### Increased Profit

In addition to continued increases in dollar sales, the Division's total net profit has steadily increased, reaching a record high in FY 2009 of \$224.2 million. This was an increase of \$11.2 million over FY 2008. The Division's profit margin also increased in FY 2008 to 30.10%.

Increased profit and better profit margins can be attributed to the efficient operations of the Division in areas such as inventory control, product selection and shelf standardization, and placement of sales outlets in areas with increasing customer demand and economic viability.



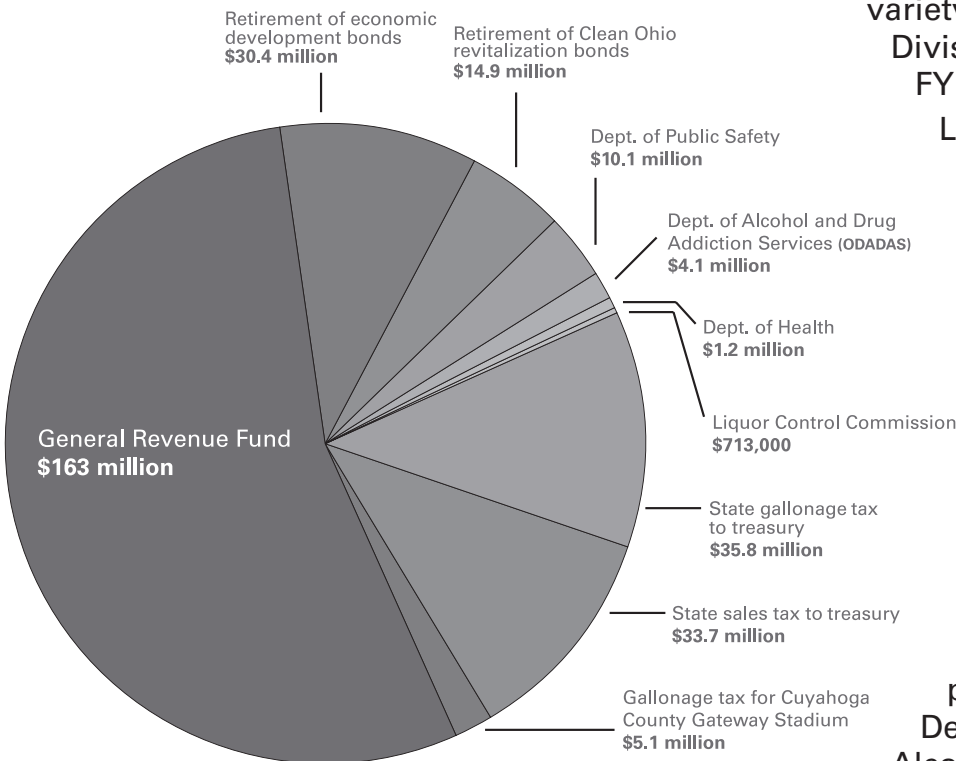
### REVENUE DISTRIBUTION FOR BOND RETIREMENT (IN MILLIONS)



### Revenue Distribution

In addition to the Division's General Revenue Fund (GRF) transfer of \$163 million, another \$136 million in liquor sales and tax revenue was contributed by the Division to help fund a variety of state services. The Division's total contribution for FY 2009 was \$299 million.

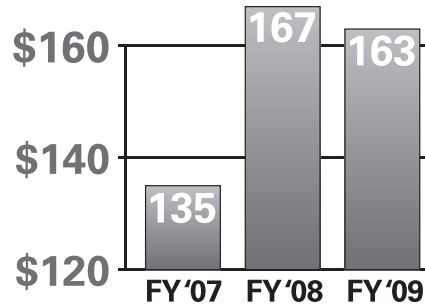
### LIQUOR SALES REVENUE DISTRIBUTION



Liquor revenues were earmarked for the following state services: The Ohio Department of Development for the retirement of economic development bonds 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.



## GENERAL REVENUE FUND TRANSFERS (IN MILLIONS)



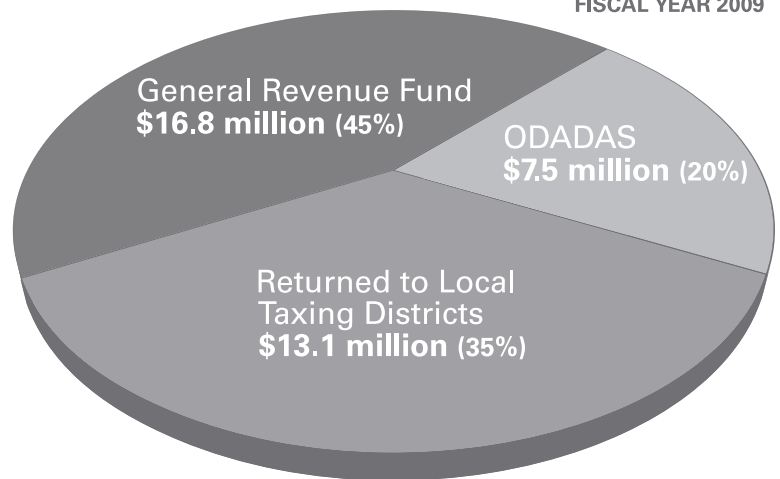
## General Revenue Fund Transfer

The main financial goal of the Division is to maintain profitability of liquor sales through efficient management and operations. In FY 2009, the Division contributed \$163 million to the state's General Revenue Fund (GRF).

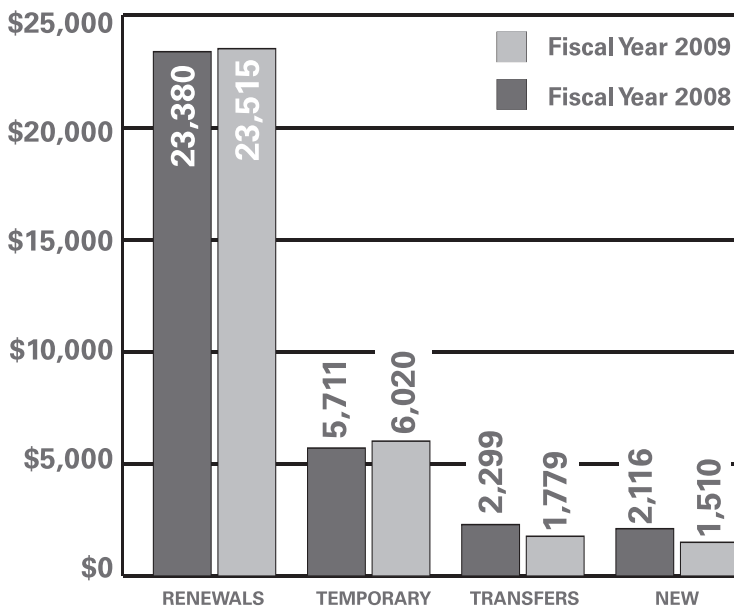
## Permit Fee Distribution

The Division distributed \$37.4 million from liquor permit fees in FY 2009. This was an increase of \$28,591 over FY 2008. Out of this total, \$13.1 million was returned to the local taxing districts for liquor law enforcement, \$16.8 million was deposited in the state's General Revenue Fund (GRF), and \$7.5 million was allocated to the Ohio Department of Alcohol and Drug Addiction Services to fund treatment and education efforts statewide.

## LIQUOR PERMIT FEE DISTRIBUTION FISCAL YEAR 2009



## LIQUOR PERMIT ACTIVITY



## Liquor Permit Activity

In FY 2009, the Division's Licensing Section was responsible for licensing the operations of more than 24,000 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 Fiscal Year 2009, this section issued 1,510 new permits and 6,020 temporary permits, and transferred 1,779 permits. In addition, 23,515 permits were renewed.

## Ohio Division of Liquor Control, Profit and Loss Statement

<b>SPIRITUOUS LIQUOR SALES</b>	<b>FY 2008</b>	<b>FY 2009</b>
Retail Sales	\$461,724,367	\$494,658,525
Wholesale Sales	\$251,071,449	\$250,242,139
<b>GROSS SALES</b>	<b>\$712,795,816</b>	<b>\$744,900,664</b>
Less Wholesale Discount	\$15,064,287	\$15,014,528
<b>TOTAL SALES</b>	<b>\$697,731,529</b>	<b>\$729,886,136</b>
Less Cost of Goods Sold	\$399,190,160	\$417,819,139
State Gallonage Tax	\$34,853,386	\$35,898,222
<b>TOTAL COST OF GOODS</b>	<b>\$434,043,546</b>	<b>\$453,717,361</b>
<b>GROSS PROFIT</b>	<b>\$263,687,983</b>	<b>\$276,168,775</b>
Percentage of Gross Profit	36.99%	37.07%
<b>OPERATING EXPENSES</b>		
Less Operating Expenses - Agencies	\$38,238,135	\$40,094,893
Less Operating Expenses - General	\$12,437,096	\$11,846,413
<b>TOTAL OPERATING EXPENSES</b>	<b>\$50,675,231</b>	<b>\$51,941,306</b>
<b>NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS</b>	<b>\$213,012,752</b>	<b>\$224,227,470</b>
<b>PERCENT NET PROFIT TO GROSS SALES</b>	<b>29.88%</b>	<b>30.10%</b>

# DIVISION OF REAL ESTATE & PROFESSIONAL LICENSING

The Division of Real Estate & Professional Licensing is responsible for licensing Ohio's real estate brokers, salespeople, and appraisers. The Division ensures that its licensees comply with Ohio real estate license law and that unlicensed individuals are not participating in activities that require a license. The Division investigates allegations of fraud, misconduct, and unlicensed real estate activity and may impose discipline as determined by the Ohio Real Estate Commission and the Ohio Real Estate Appraiser Board. The Division is also responsible for the registration of cemeteries located in Ohio. The Ohio Cemetery Dispute Resolution Commission is supported by the Division in resolving disputes or complaints involving its registered cemeteries.

## Cost-Savings Initiatives

The Division implemented several processes throughout FY 2009 in an effort to reduce operating costs. Some of its major cost-savings initiatives included: mailing suspension notices via postcards instead of via certified mail and revocation notices via certificate of mailing instead of via certified mail; scanning paperwork instead of making numerous physical copies of licensees' paperwork; employing a "mail-in" auditing process to monitor brokerages versus conducting costly, in-person audits; reducing storage as a means to lower vendor costs; and closing the Division's Cleveland office (described in more detail below). These steps to reduce operational costs, in addition to other cost-reduction measures, resulted in an overall savings of approximately \$587,000.

## Cleveland Office Closed

The Division of Real Estate and Professional Licensing's Cleveland office, which handled appraiser registrations, licenses, and certificates, permanently closed on September 1,

2008. This action consolidated the Division's main operations within the Columbus office and allowed for better communication and more cost-efficient processing. All inquiries regarding appraiser registrations, licenses, and certificates, including applications, renewals, and continuing education, have been handled in the Columbus office since then alongside the Division's real estate salesperson and broker licensing and enforcement operation. The Division projects the overall savings from closing the Cleveland office to be at just over \$100,000.00 per year.

GENERAL STATISTICS NUMBER OF LICENSEES		FY 2007	FY 2008	FY 2009
Real Estate Appraisers		3,625	4,104	3,480
Active Real Estate Brokers		5,690	5,585	5,401
Active Real Estate Salespersons		35,360	33,056	30,269
Cemetery Registrations		3,418	3,487	3,500
LICENSED BROKERS	Active	5,690	5,585	5,401
	Inactive	1,141	1,090	509
	Total	6,831	6,675	5,910
LICENSED SALESPERSONS	Active	35,360	33,056	30,269
	Inactive	7,443	8,764	9,106
	Total	42,803	41,820	39,375



ENFORCEMENT STATISTICS CALENDAR YEAR	REAL ESTATE			APPRAISER			CEMETERY		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
COMPLAINT CASES FILED	753	881	639	241	243	190	48	33	39
PENDING INVESTIGATIONS OR HEARINGS	315	488	176	80	90	85	9	8	17
CLOSED CASES	329	517	657	51	327	265	48	28	30
REFERRED TO PROSECUTOR	N/A	0	1	16	25	5	3	5	3
SUSPENSIONS	5	18	14	6	25	21	N/A	N/A	N/A
REVOCATIONS	6	12	13	9	16	9	0	0	0

### Release of the Central Accreditation Matrix for Appraisers

The Division of Real Estate and Professional Licensing released the Central Accreditation Matrix (CAM) for appraiser qualification education, a database that lists all appraisal qualification education courses approved by the Appraiser Qualification Board and the Division. The qualification education providers submit data to CAM via an online interface; upon receipt of the data, the Division reviews and then approves or denies the data. The launch of CAM has allowed individuals to find specific coursework and a detailed list of course providers in one, convenient location. Moreover, CAM has offered individuals the ability to search for courses via the Required Core Module type and to obtain a list of required modular and integrated courses. While the Division has not been restricted to accepting only those listed within the CAM, students can feel confident that the CAM serves as the “informational well” of approved qualification education courses in order to know what courses meet specific modular and sub-topical categories. Participation in CAM is free and voluntary.

### 23<sup>rd</sup> Annual North American Cemetery Regulators Association Meeting

The Division hosted the 23<sup>rd</sup> Annual Conference and Meeting of the North American Cemetery Regulators Association in Cleveland, Ohio, September 15-18, 2008. Several individuals spoke at the conference, including representatives from the Ohio Department of Commerce, the United States Attorney General’s Office, the Tennessee Attorney General’s Office, the Association of Certified Fraud Examiners, and other experts in the field. Other attendees of the conference included cemetery regulators from 12 states and three Canadian provinces. In addition to the formal conference, the Division arranged for the conference participants to tour historic Lake View Cemetery in Cleveland.



## **ARELLO Timeshare Registry Launched**

At the close of FY 2009, the Division began accepting filings for timeshare registrations via the Association of Real Estate License Law Officials (ARELLO®) Timeshare Registry (ATR). The Division is looking forward to the many advantages of using the ATR when reviewing timeshare registration filings, including maintaining less paperwork and lowering data retention costs. Developers benefit by loading registration application materials electronically through one medium. Other states who have implemented the ATR are: Alabama, Arizona, Arkansas, Colorado, Connecticut, Idaho, Louisiana, North Carolina, Texas, and Washington.

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 securities or give advice about investing in securities; provides for the registration or exemption of securities sold; and prohibits certain conduct in connection with the sale of securities and the giving of advice about investing in securities.

## Investor Education and Outreach

The Division continued its mission to provide investor education to all Ohioans. This includes numerous new publications, published by the Kiplinger Foundation, which are available on the Division's website. These publications are valuable resources to those wanting to learn more about the basics of investing, how to save for college, and preparing for retirement. In FY 2009, the Division's outreach staff presented investor education to over 4,000 Ohioans, targeting the Sandwich Generation at 32 Rotary Clubs in Ohio. In addition to the Rotary Clubs, the outreach staff had the opportunity to meet with seniors, other service organizations, women veterans, and college students.

## Ohio Securities Conference

The 2008 Ohio Securities Conference, held on November 14, 2008, addressed a range of topics, including investment adviser updates; Internet, technology and legislative updates; discussions on subprime and securities litigation; and recent developments in the Division including Regulation D.

LICENSING STATISTICS	FY 2007	FY 2008	FY 2009
Securities Dealers (Inc. state BD's)	2,439	2,378	2,355
Securities Salespersons	140,876	147,931	144,268
Investment Advisers	631	621	657
Investment Adviser Representatives	10,145	12,449	13,312
Notice Filers	1,539	1,580	1,581
Bureau of Workers' Compensation			
Chief Investment Officer	1	1	1
State Retirement System			
Investment Officer	67	66	67

## Enforcement Activity FY 2009

The Division's Enforcement Section was involved in numerous civil and criminal investigations in FY 2009 and was responsible for the issuance of numerous administrative actions. The Enforcement Section resolved 63 cases involving violations of the Ohio Securities Act, resulting in the issuance of orders to 64 respondents. The most common violations were sales of unregistered securities;

selling securities without a license; misrepresentations made in connection with the sale of securities; and fraudulent practices involving the offer or sale of securities to Ohio residents. The orders involved denials, suspensions, or revocations of licenses held by securities salespersons, investment adviser representatives, broker-dealer firms, and investment advisory firms.

The Division's Enforcement staff played a significant role in the criminal case involving

Evergreen Investment Corporation, Evergreen Homes, and Evergreen Builders. Evergreen Investment Corporation owner, David B. Willan, and 15 other individuals were indicted on a total of 147 criminal counts in connection with a complex mortgage fraud scheme in the Akron area. The scheme cheated investors, homeowners, and lenders of out at least \$16 million. The charges followed an extensive two-year task force investigation of David Willan and his companies and associates. On December 8, 2008 a jury found David Willan guilty on all 99 counts, including the security charges. On June 29, 2009, Willan was sentenced to 16 years in prison.

The Division's Enforcement staff conducted an extensive investigation and provided assistance that led to the issuance of a preliminary injunction and the appointment of a receiver to manage the assets of the Westhaven Group LLC, Haven Holdings, and John F. Ulmer. The Westhaven Group LLC which included John Ulmer, Scot Ulmer, Anthony Garzony, and Roger Morr sold unregistered promissory notes by failing to secure them with a mortgage, made misrepresentations, and engaged in fraudulent practices. On April 17, 2008, John F. Ulmer, founder and sole owner of Westhaven Group LLC and Haven Holdings LLC, his son, Scot F. Ulmer, Anthony R. Garzony, and Roger A. Morr were charged in an 84-count indictment in Lucas County Common Pleas Court. Westhaven was in the business of buying, rehabbing, selling and leasing real estate and sold promissory notes to fund its operations.

<b>ENFORCEMENT STATISTICS</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>NOH</b>	<b>189</b>	<b>108</b>	<b>42</b>
<b>No. of Respondents</b>	<b>210</b>	<b>150</b>	<b>78</b>
<b>Final Orders</b>	<b>41</b>	<b>62</b>	<b>63</b>
<b>No. of Respondents</b>	<b>58</b>	<b>102</b>	<b>64</b>
<b>Search Warrants</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Injunctions</b>	<b>0</b>	<b>2</b>	<b>7</b>
<b>Criminal Referrals</b>	<b>6</b>	<b>2</b>	<b>5</b>
<b>Indictments</b>	<b>8</b>	<b>9</b>	<b>6</b>
<b>Counts</b>	<b>145</b>	<b>227</b>	<b>152</b>
<b>Convictions</b>	<b>9</b>	<b>6</b>	<b>8</b>
<b>Counts</b>	<b>237</b>	<b>36</b>	<b>38</b>
<b>Yrs. Sent to Prison</b>	<b>53</b>	<b>36</b>	<b>44</b>
<b>Restitution Ordered</b>	<b>\$ 10.7M</b>	<b>\$ 19M</b>	<b>\$ 16.6M</b>

In March of 2009, John Ulmer was sentenced to a 10-year prison term. His son, Scot Ulmer, and Roger Morr were both sentenced to four-year sentences. The judge also ordered John and Scot Ulmer to pay nearly \$15.1 million in restitution and Morr to pay nearly \$1.6 million. Anthony Garzony was placed on five years of community control.

#### REGISTRATION STATISTICS COMPILED FOR FY 2009

Registration Section Notice filings received	5,877
(CAPITAL FORMATION) Dollar amount of Securities sold or to be sold pursuant to filings made with the Division in FY 2009	
Mutual Fund Filings	\$ 575,372,400 <sup>00</sup>
(Form D) Exemption Filings	\$ 948,656,853,980 <sup>00</sup>
(.09's, 6(A)(1) etc.) Other Registration Filings	\$ 224,606,980,704 <sup>00</sup>
<b>Total Amount</b>	<b>\$ 1,173,839,207,084<sup>00</sup></b>



## DIVISION OF STATE FIRE MARSHAL

The Division of State Fire Marshal, established in 1900, is the oldest fire marshal office of its kind in the United States. It consists of eight bureaus: Administration, Fire & Explosion Investigations, Forensic Laboratory, Bureau of Underground Storage Tank Regulations, Fire Prevention, Code Enforcement, Testing and Registration and the Ohio Fire Academy. Responsibilities include modernizing and enforcing the Ohio Fire Code; analyzing fire-related criminal evidence; investigating arson, and the cause and origin of fires and explosions; training firefighters; providing fire safety education to business, industry, schools and the general public; regulating and licensing underground storage tanks and a number of other fire-related industries.

### Fire & Explosion Investigation Bureau

The Fire and Explosion Investigation Bureau (FEIB) responded to 1,306 total incidents, a 3 % increase from 2008. Those incidents included 464 arsons, an 11% increase from 2008. The bureau investigated a total of 98 fatalities in 2009 , a 29% decrease from 2008. FEIB also made 134 arrests resulting in 52 convictions during the year.

FEIB staff partnered with the Ohio Fire Academy staff to present a newly updated fire investigations training program. A final version of the basic course, Fire Investigator 1 (Origin and Cause) is complete, and work is continuing on the pilot course for Fire Investigator 2 (Arson and Explosions).

### Ohio Fire Academy

In 2009, the Ohio Fire Academy offered 118 courses on campus and 659 direct delivery courses throughout Ohio at customer sites for a total of 777 courses.

The Ohio Fire Academy trained 1,944 students on campus and 10,133 students participated in direct delivery courses for a total attendance of 12,077.

### Bureau of Underground Storage Tank Regulations (BUSTR)

In FY 2009, the Bureau of Underground Storage Tank Regulations' (BUSTR) release prevention inspectors conducted a total of 4,217 operational compliance inspections (53% of the total tank population) while corrective action coordinators closed more than 850 petroleum release cases and issued "No Further Action" letters to tank owners.





U.S. EPA, through the American Recovery and Reinvestment Act, awarded to Commerce a grant to be used to clean up petroleum contaminated underground storage tank sites. BUSTR also issued 31 eligibility letters and 26 letters of support for 30 cities and municipalities throughout the state seeking Brownfield funding from U.S. EPA to perform investigations and cleanup of properties contaminated by petroleum underground storage tanks.

BUSTR continued progress in meeting goals of the Federal Energy Act of 2005, including the drafting of administrative rules for secondary-containment, delivery prohibition and operator training requirements.

### **Code Enforcement Bureau**

The Division of State Fire Marshal's Code Enforcement Bureau completed 15,364 inspections in 2009. This 21% increase from 2008 was primarily due to two reasons: an increased number of one-time inspections (assisting fire departments, complaints, etc.), and, again this year, many elementary school buildings being inspected by state fire marshal inspectors instead of local fire inspectors.

The Code Enforcement Bureau started a comprehensive update of the Ohio Fire Code. The Ohio Fire Code will be based upon the International Code Council's International Fire Code, the model fire code of 2009. The Ohio Fire Code and associated State Fire Marshal-related rules will likely be adopted by early 2011.

### **Fire Prevention Bureau**

Fire safety educators performed more than 3,200 in-service fire and life safety presentations to more than 71,800 attendees in schools, nursing homes and other facilities throughout the State of Ohio. The bureau also tracked more than 809,629 fire incident reports from Ohio's fire departments and placed more than 10,700 public safety decals with Ohio's volunteer fire departments.

### **Forensic Laboratory**

During FY 2009, Ohio's fire and police agencies submitted 748 cases to the Division of State Fire Marshal's Forensic Laboratory consisting of 3,314 pieces of evidence requiring 9,168 exams. At least 36 of the cases involved fatalities. Services were provided in the form of scientific examinations of ignitable liquids, fire debris, explosives, latent prints and general examination of physical evidence involved in a suspected arson fire, explosive incident, Methamphetamine lab or other criminal activity.

Laboratory staff received 27 subpoenas in FY 2009 and examiners testified in cases in Delaware, Mahoning and Scioto counties.

## Testing & Registration

ONLINE RENEWALS	LICENSE TYPE	DATE IMPLEMENTED	TOTAL RECEIVED	SUBMITTED ONLINE	% COMPLETED ONLINE
	COMPANY	5 / 07	2,004	500	30%
	INDIVIDUALS	3 / 07	16,614	3,687	22%
	FIREWORKS	6 / 07	1,755	1,191	68%
	HOTEL / MOTEL	10 / 08	1,539	80	5%
	EXPLOSIVES	5 / 08	140	32	23%
	UST ANNUAL	4 / 05	7,301	4,386	60%

The Bureau of Testing and Registration continued to communicate with customers to introduce them to the online renewal capabilities available to them. Commerce's electronic-license service provides fast and secure online licensing capabilities for business customers. In addition to providing better customer service, online business assistance provides savings for the Division and allows staff members to work more efficiently.

The Bureau also coordinates with the Ohio Fire Academy and the Code Enforcement Bureau to provide the fireworks continuing education classes mandated for fireworks customers. Over 475 fireworks customers, fire service, and law enforcement personnel attended these classes in 2009.

## State Fire Marshal Revenue

### FY 2009

Fire protection individual renewals	\$ 783,205
Fire protection company renewals	\$ 293,426
Fire protection provisional renewals	\$ 11,484
Firework exhibitor & assistant renewals	\$ 56,775
Storage of explosive renewals	\$ 11,550
Hotel / motel renewals	\$ 343,116
Fireworks shippers	\$ 63,250
Fireworks wholesalers	\$ 112,850
Fireworks manufacturers	\$ 19,250
UST installers	\$ 95,800
UST inspectors	\$ 1,175
UST registration	\$ 864,355
UST permits	\$ 24,220
<b>TOTAL REVENUE</b>	<b>\$2,680,456</b>

## DIVISION OF UNCLAIMED FUNDS

The Division of Unclaimed Funds is responsible for the safekeeping and return of monies designated as “unclaimed.” Each year, due to death, inadvertence or forgetfulness, thousands of people and organizations lose track of monies and intangible personal property in Ohio. Common examples of unclaimed funds are: dormant checking and savings accounts, forgotten rent and utility deposits, uncashed checks, undelivered stock certificates, and uncashed insurance policies.

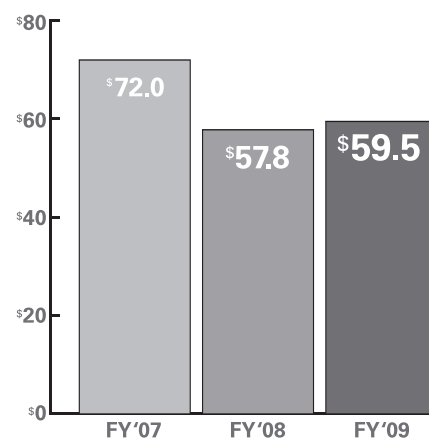
### More Ohioans Receive Unclaimed Funds

The Division of Unclaimed Funds paid more claims and a higher total dollar amount in FY 2009 than in FY 2008.

In FY 2009, the Division paid 45,407 claims, which was a 2.3 percent increase in the number of claims compared with the previous year. The Division paid \$59.5 million in claims in FY 2009, a 3 percent increase compared with FY 2008. The average paid claim was for \$1,310.

In FY 2009, the Division collected \$163.9 million from holders of unclaimed funds, which was 15.2 percent less than the previous fiscal year.

**UNCLAIMED FUNDS RETURNED**  
FY 2007–2009 (IN MILLIONS)



### Outreach Efforts

The Division’s Online Treasure Hunt continues to be a popular means for Ohioans to initiate the claims process. In FY 2009, 77 percent of all claims were initiated online. The Division paid 34,968 claims that were initiated through the website for a total of approximately \$29.5 million.

Each year, in accordance with state law, the Division places an advertisement in the largest newspaper of general circulation in each county. The advertisement includes information on accounts of \$50 or more that were turned over to the Division within the past year for individuals whose last known address was in a particular county. The advertised names appear in alphabetical order by the owner’s last known city and then in alphabetical order by the owner’s last name.

At the 2009 Ohio State Fair, the Division had a prominent role in the Department of Commerce booth. Ohioans had the opportunity to check for unclaimed funds at two kiosks. If a match was found, a claim form was initiated and mailed to the claimant’s home address.

## VIDEO SERVICE AUTHORIZATION SECTION

The Video Service Authorization Section administers and enforces Ohio's Video Service Authorization Law. This law gives the Director jurisdiction over cable television providers that have obtained a video service authorization from the Department of Commerce. The Director also has the authority to investigate and enforce customer service standards.

By the end of FY 2009, the Video Service Authorization law had been in effect for over 21 months. During this period, the Director issued authorizations to 41 cable television providers throughout the state and granted 21 applications to amend existing authorizations. By June 2009, the Director had jurisdiction over cable providers in most major cities, suburbs and rural communities throughout the state.

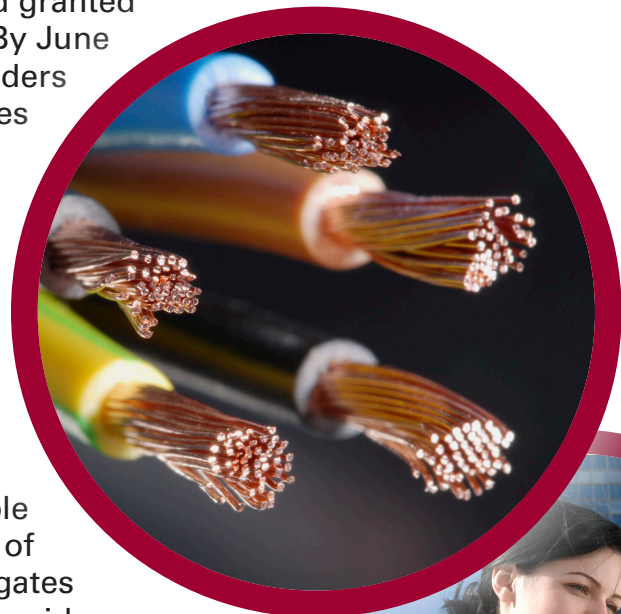
### **Cable TV Consumer Hotline** **1-800-686-7826**

In July 2008, the Director established the Cable TV Consumer Hotline to assist consumers in filing a complaint with the Department. In less than two years, the Section has received 3,868 consumer complaints from consumers seeking assistance in resolving issues concerning their cable bills, service problems, and the business practices of their cable television provider. The Section investigates the complaint, forwards it to the cable television provider, and requests that the provider resolve the issue with the consumer. The Section follows up to ensure that the provider has contacted the complainant and that the provider has addressed the issue.

### **Outreach Efforts**

In FY 2009, the Section began a campaign to inform and educate Ohio consumers, government officials, and consumer advocate groups about the passage of the Video Service Authorization Law and the establishment of the Cable TV Consumer Hotline.

Additionally, the Section worked in cooperation with the Federal Communications Commission and various public and private organizations to help prepare Ohioans for the switch from analog to digital television.





## **Save the Dream, Ohio's foreclosure prevention effort**

Save the Dream was launched in March of 2008. By the beginning of FY 2009, the program was in full swing. In FY 2009, Save the Dream Ohio's foreclosure prevention hotline received 14,170 calls, 82 percent of which were referred to a HUD-approved counseling agency and 12 percent of which were referred to legal aid or pro bono legal assistance. The remaining six percent of callers were referred to pro bono legal assistance or did not receive a referral because they did not want a referral or they called to ask a question or follow up on a previous call.

Thirty-eight housing counseling agencies participated in the Save the Dream Ohio foreclosure counseling network. Of those agencies, 23 reported counseling outcomes to the Ohio Housing Finance Agency. Those 23 agencies counseled at least 8,783 Ohio homeowners from April 1, 2008 and June 30, 2009. Eleven legal aid societies received referrals from Save the Dream, and these agencies assisted approximately 7,587 homeowners in FY 2009.

Among Save the Dream Ohio's unique components is the foreclosure mediation program, which was launched in March 2008. By the end of FY 2009, the majority of Ohio's counties offered some form of foreclosure mediation, which gave homeowners the opportunity to negotiate with their servicer through a third-party, neutral mediator.

Another important component of Save the Dream Ohio is outreach. Reaching out to Ohio homeowners to let them know that free assistance is available through Save the Dream is key to the program's success. In FY 2009, Save the Dream accomplished this by continuing a series of Borrower Outreach Days, which are events aimed at bringing homeowners together with counselors and servicers to negotiate a workout agreement. Save the Dream hosted five Borrower Outreach Days in five different Ohio cities, which attracted nearly 600 homeowners.



SAVE THE *dream* **Ohio**<sup>SM</sup>  
FORECLOSURE PREVENTION EFFORT





### **Other efforts to spread the word**

In FY 2009, Save the Dream outreach initiatives included: Television and radio advertising campaigns which ran through August 2008; billboard campaign, which ran in July and August 2008; outreach through direct mailing in February 2009 to common pleas court and Cuyahoga County municipal court judges, clerks of courts, federal bankruptcy courts and county Jobs & Family Services offices; and an insert in the state's annual Home Energy Assistance Program mailing, which reaches approximately 200,000 low- and moderate-income Ohioans.

Save the Dream also maintained an information-rich website with details on Ohio's foreclosure process, county-specific foreclosure prevention information, advice on avoiding foreclosure, and information about legal assistance. In FY 2009, the website had 40,350 unique visitors.



**The following boards and commissions are associated with the Ohio Department of Commerce:**

### **Division of Financial Institutions**

**Banking Commission** - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Banks on any matters submitted to it by the Division and confirms the annual schedule of assessments.

**Credit Union Council** - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Credit Unions on any matters submitted to it by the Division related to credit union laws and rules and confirms the annual schedule of assessments.

**Savings and Loan Associations and Savings Banks Board** - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Savings and Loan Associations and Savings Banks on any matters submitted to it by the Division and confirms the annual schedule of assessments.

### **Division of Industrial Compliance**

**Board of Building Appeals** - Reviews appeals made to adjudication orders issued by the Division of Industrial Compliance's bureaus of Building Code Compliance and Operations and Maintenance or any certified local or county enforcement agency. The Board also reviews appeals made to fire citations issued by the State Fire Marshal or any local fire department with a certified fire safety inspector.

**Board of Building Standards** - Formulates and adopts rules governing the Ohio Building Code. The Board also certifies municipal corporations, county, and township building departments to enforce the Ohio Building Code.

**Electrical Safety Inspector Advisory Committee** - Reviews the National Electrical Code for the compatibility with the Board of Building Standards' other rules. The Committee reviews rules relating to the certification of electrical safety inspectors and receives input from the electrical industry, contractors and inspectors.

**Ohio Construction Industry Licensing Board (OCILB)** - Issues licenses to qualified electrical, Heating Ventilating and Air Conditioning (HVAC), plumbing, hydronics and refrigeration contractors who successfully pass the International Code Council (ICC) licensing examination.

**Ohio Historic Boiler Licensing Board** - Oversees the testing, licensing and inspection of historic boiler operators and equipment.

**Residential Construction Advisory Committee** - Conducts research in and makes recommendations on developing a new model residential construction building code.

**Ski Tramway Board** - Oversees the registration and inspection of ski/tram systems.

### **Liquor Control**

**Liquor Control Commission** - Ensures compliance with Ohio's liquor laws and regulations, working with both the Division of Liquor Control and the Ohio Department of Public Safety's Investigative Unit. Conducts hearings and issues orders on the state's liquor laws and regulations.

## **Real Estate & Professional Licensing**

**The Ohio Real Estate Commission** - Reviews hearing examiner reports each month regarding alleged real estate license law violations and its consideration of licensee appeals on licensure issues. If a licensee is found to have violated licensing law, the Commission can revoke or suspend a license, assess a fine, or order additional continuing education. The Commission also hears cases against persons without a license performing activities that require a license.

**The Real Estate Appraiser Board** - Oversees the operation of Ohio's real estate appraiser licensure and certification program. If a licensed or certified appraiser is found to have violated appraiser law, the Board can revoke or suspend a license or certification, assess a fine, or order additional continuing education.

**The Cemetery Dispute Resolution Commission** - Assists in resolving complaints against registered cemeteries by using informal techniques of mediation, conciliation and persuasion. The Commission hears complaints brought by individuals who are experiencing a problem with a cemetery.

## **State Fire Marshal**

**The State Fire Commission** - Conducts research and publishes reports on fire safety. The Commission makes recommendations to the Governor, the General Assembly and other state agencies on any needed changes in laws, rules or administrative policies relating to fire safety. The Commission also may recommend revision of the rules in the State Fire Code adopted by the State Fire Marshal.

**Petroleum Underground Storage Tank Release Compensation Board** - Administers the Ohio Financial Assurance Fund, created in response to federal regulations mandating that all owners and operators of petroleum underground storage tanks (USTs) demonstrate the financial ability to pay for potential damages caused by releases from the tanks.



## **VISION STATEMENT**

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

## **MISSION STATEMENT**

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



**Department  
of Commerce**

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