

Securities Enforcement Overview

Janice Hitzeman
Attorney Inspector
Ohio Division of Securities



Department
of Commerce

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Division of Securities Enforcement Section

- Criminal Justice Agency (R.C. 1707.36)
- Investigate complaints and violations
- Initiate formal action when warranted



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Enforcement Overview

7 Enforcement Attorneys

Attorney Inspector
Deputy Attorney Inspector
Forensic Accountant

3 investigators
(including 1 supervisor)

1 admin staff



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Types of Actions

- **Administrative**
 - License suspension/revocation
 - Suspension of offering
 - Cease and Desist
- **Civil**
 - Injunction/Receivership/Other Equitable Relief
- **Criminal**



CEASE AND DESIST



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DEPARTMENT OF
PUBLIC SAFETY



**Criminal
Sanctions**
R.C. 1707.99
R.C. 1707.44

Dollar Amount	Felony Level
$\geq 150K$	Felony 1
$\$37.5K < \$150K$	Felony 2
$\$7.5K < \$37.5K$	Felony 3
$\$1K < \$7.5K$	Felony 2
$< 1K$	Felony 5



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Enforcement Initiatives

- NASAA Covid-19 Enforcement Task Force
 - 111 participants
 - 44 jurisdictions (U.S./Canada/Mexico)
 - 220 actions
 - 4 Ohio actions
 - 2 websites/2 social media
- COVID-19 Changes/Protections



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**Administrative
Actions
(46 total)
10/1/19 –
9/30/20**

- Notice Orders 19
- Final Orders 27 (3 hearings)
 - Cease/Desist 15
 - Consent 9
 - Suspension 1 (6 months)
 - Revocation 3

Violations- Administrative

- Unlicensed Activity (15)
- Misrepresentations-Sale (13)
- Securities Fraud (12)
- Unregistered Sales (11)
- Breach Fid. Duty/Dec. Cond. (6)
- False Statements to Division (2)
- Other (26)

GBR/Supervisory/False Valuation/Suitability/
Compliance/Custody/Material Variance

Common Threads

- Woodbridge Group of Companies, LLC etc.
- 1 Global Capital, LLC
- Future Income Payments, LLC (FIP)
- Fraudulent Websites

Criminal Cases



- Criminal Cases 17 total
 - Delaware (2), Franklin (5), Meigs (2), Hamilton (1), Cuyahoga (1), Butler (1), Lake (1), Wood (1), Mahoning (1), Clermont (1),
 - U.S. N.D. OH (Cleveland) (1)
- 173 victims
- >\$16,000,000 in victim losses



Criminal Cases (cont.)

- Convictions (Guilty Pleas) 10
- Prison 22.5 years
- Restitution Ordered >\$5.1M
- Rest. Pd. at Sentencing \$133,374
(not incl. in ordered amt)

State v. Jeffrey B. Hall

17 CR 004124/18 CR 001232

Franklin County



11 victims

Securities Fraud (F2)

Unlicensed Activity (F3/F4)

Telecommunications Fraud (F3)

Sentenced to 4 years in prison

Restitution \$1,211,608



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State v. Robert White

2019 CR 000149

Clermont County

- >80 victims
- Misreps in Sale of Securities (6-F3s)
- Sentenced to 9 years in prison
- Restitution >\$1.2M



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State v. Brian K. Decker

18 CR 395

Wood County



- 1 victim-WWII Navy Veteran
- Securities Fraud
- Theft-Elderly
- Telecommunications Fraud
- Sentenced to time served plus 60 days
- Restitution \$300,000 (25 ½ yrs if fails to pay)



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State v. Michael Neubig

18 CR 004998/20 CR 002809

Franklin County



- Victims-1 individual + 4 angel funds
- Theft
- Unauthorized Use of Property
- Sentenced to 90 months suspended
- 7 days each week during Halloween/Thanksgiving/Christmas
- Restitution \$2,248.523.23



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Criminal Case to Watch

U.S. v. Raymond A. Erker, Kevin Krantz, Tara M. Brunst

Case No. 1:20 CR 478

U.S., N.D. Ohio

<https://drive.google.com/file/d/1rXiPdAY4LkPhwkOAsfRA14j66c-Rn5vR/view>



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Current Enforcement Information

Ohio Securities Bulletin (Quarterly)

https://www.com.ohio.gov/documents/secu_Bulletin2020ThirdQuarter.pdf



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