



Securities Bulletin

Ohio Department of Commerce, Division of Securities • 77 South High Street, 22nd Floor, Columbus, Ohio 43215



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Department
of Commerce

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Cover Story

Division Works With NASAA's COVID-19 Enforcement Task Force to Stop Fraud

While the country and economy slowed down early in the COVID-19 pandemic, state and provincial securities regulators ramped up investigations into fraudsters who attempted to capitalize on the health crisis and the public's increased dependence on web-based services to tout fraudulent investment schemes through online platforms and social media.

In April 2020, the North American Securities Administrators Association (NASAA) announced the creation of the COVID-19 Enforcement Task Force, consisting of 111 investigators from 44 jurisdictions throughout the U.S., Canada and Mexico.¹ Four members of the Ohio Division of Securities Enforcement staff, including Attorney Inspector Janice Hitzeman, Enforcement Attorneys Roger Patrick and Julie Blaisdell, and Investigator Alex Brown, conducted investigations as members of the NASAA task force. As of Aug. 19, 2020, NASSA task force

¹ <https://www.nasaa.org/54844/nasaa-forms-covid-19-enforcement-task-force/>
<https://www.nasaa.org/55568/task-force-takes-more-than-200-actions-to-protect-investors-from-fraudsters-seeking-to-profit-from-the-pandemic/>

members initiated actions to disrupt 220 COVID-related schemes, including administrative actions, cease-and-desist orders, referrals to other regulators, and to social media and hosting companies to remove fraudulent websites and social media advertisements that violate securities laws.

As part of its work, the task force is examining a recent spike in internet domain names linked to the pandemic to proactively identify COVID-19-related threats to investors including, but not limited to, fraudulent offerings, investment frauds, and unregistered regulated activities within the jurisdiction of NASAA member states and provinces, and to disrupt, discourage and deter those activities. The task force identified over 218,000 coronavirus-related domains as of September 2020. Most of these domain names appear to have been created since March 2020, when COVID emergency orders were issued throughout North America. Through the task force, state and provincial securities regulators are analyzing these domains to identify those offering securities and/or investment advice, and will pursue those that appear to pose a viable threat to investors.²

The Ohio Division of Securities initiated administrative action in four cases as part of its work with the NASAA task force.³ On June 11, 2020, the Division issued a notice order against an online platform operating through the websites <https://coronamillionaire.com> and <https://coronabillionaire.com>.⁴ The Division alleged the websites tout themselves as professional platforms for semi-automated trading in the currencies market, generating high-quality signals for immediate trade execution in trusted broker accounts. The Division further alleged the websites offered “up to 83% accurate predictions.” In another notice order issued recently to Corona Fever, operating from the website <https://coronafeverinvest.com>, the Division alleged similar statements on the website offering a success rate of 99.4% by using “one of the most effective cryptocurrency trading software currently available” for “both new and seasoned traders and investors looking to make money by leveraging the volatility of cryptocurrencies.”⁵

Fraudulent actors are also targeting investors through social media and online marketplace platforms such as Craigslist. On Sept. 24, 2020, the Division issued a Cease and Desist Order against Jason H. Watts and Computational Analytics, LLC operating from Chillicothe, Ohio, based on findings they advertised safe asset strategies and long-term wealth protection services through a Craigslist advertisement targeting the Chillicothe area.⁶ The advertisement used the COVID crisis and financial downturn to solicit 401(k) and IRA protection strategies. The Division found Watts and his company offered investment advice to one Ohio resident in exchange for a \$50 per-month fee.

² <https://www.nasaa.org/54844/nasaa-forms-covid-19-enforcement-task-force/>

³ *Notice of Intent to Issue Cease and Desist Order*, In re: Corona Millionaire Corona Billionaire, Division Order No. 20-022, June 11, 2020; *Notice of Intent to Issue Cease and Desist Order*, In re: Corona Fever, Division Order No. 20-025, June 25, 2020; *Notice of Intent to Issue Cease and Desist Order*, In re: Mark Baxter aka Mark Morrow, Division Order No. 20-024, June 11, 2020; and *Cease and Desist Order*, In re: Jason H. Watts, Computational Analytics, LLC, Division Order No. 2-033

⁴ *Notice of Intent to Issue Cease and Desist Order*, In re: Corona Millionaire Corona Billionaire, Division Order No. 20-022, June 11, 2020

⁵ *Notice of Intent to Issue Cease and Desist Order*, In re: Corona Fever, Division Order No. 20-025, June 25, 2020

⁶ *Cease and Desist Order*, In re: Jason H. Watts, Computational Analytics, LLC, Division Order No. 2-033

The actions initiated by the Division and fellow NASAA members demonstrate how state and provincial securities regulators are aggressively shutting down fraudulent schemes designed to steal money by preying on unsuspecting people during these uncertain times. State securities regulators are standing on the front lines in the fight against the criminals and opportunists looking to abuse America's investing public.

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Licensing & Examinations Update

The division's Licensing and Examination Section (L&E) provides timely and important information covering a wide-range of topics from A to Z that affects licensees.

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Question of the Month

When does an investment adviser representative (IAR) of an SEC-registered investment adviser (IA) firm that is already an Ohio Notice Filer need to become licensed with the Ohio Division of Securities?

Answer: An IAR affiliated with an SEC-registered IA firm must become licensed with the Division **when they have a “place of business” in Ohio.** See [Ohio Revised Code 1707.161\(A\)\(3\)](#). The Ohio Administrative Code defines a “place of business” at [Ohio Administrative Code at 1301:6-3-01\(G\)](#), which includes:
(1) An office at which the investment adviser or investment adviser representative regularly provides investment advisory services, solicits, meets with, or otherwise communicates with clients; and
(2) Any other location that is held out to the general public as a location at which the investment adviser or investment adviser representative provides investment advisory services, solicits, meets with, or otherwise communicates with clients.

Firms or individuals with any questions about the Division's licensing requirements are encouraged to contact the Licensing Section.

Regulation Best Interest Update: Ohio participates in National Examination Initiative

On Sept. 22, 2020, the North American Securities Administrators Association's (NASAA) Regulation Best Interest Implementation Committee released a [report](#) detailing the results of a comprehensive benchmarking initiative examining industry practices prior to implementation of the Securities and Exchange Commission's Regulation Best Interest. Ohio was one of 34 jurisdictions that participated in the coordinated initiative taking place in the first quarter of 2020.

These jurisdictions examined more than 2,000 broker-dealer and investment adviser firms representing more than 360,000 investment professionals and 68 million retail investment accounts.

The examinations found notable differences between broker-dealers operating under a suitability standard and investment advisers operating under fiduciary duties. For example:

- Investment advisers generally took more conservative investment approaches overall, avoiding higher cost, riskier, and complex products. Investment advisers also reported more robust due diligence, disclosure, and conflict management practices.
- Broker-dealers offered a more diverse set of product offerings than investment advisers.
- Few firms offered complex, risky products like private offerings, variable annuities, non-traded real estate investment trusts (REITs), and leveraged- or inverse- exchange-traded funds (ETFs). In fact, two-thirds of the firms surveyed did not make any of these products available to their customers.
- When complex products were sold, broker-dealers were twice as likely as investment advisers to recommend the purchase of leveraged and inverse ETFs, seven times as likely to recommend private placements, eight times as likely to recommend variable annuities, and nine times as likely to recommend non-traded REITs.

Licensing & Examinations Update

“Both broker-dealers and investment advisers have a significant opportunity to improve under Regulation Best Interest in order to better serve the interests of their retail clients,” said Andrea Seidt, Ohio Securities Commissioner and chair of NASAA’s Regulation Best Interest Implementation Committee. “We are closely watching the industry’s early implementation of the SEC’s Regulation Best Interest with an eye toward determining whether the rule benefits investors as intended.”

Licensing Fiscal-Year Statistics

	FY 2019	FY 2020	+/- change
Salespersons	190,222	194,101	2.04%
Dealers	1,950	1,884	-3.38%
State-Registered IAs	862	865	0.35%
SEC-Registered IAs	2,028	2,064	1.78%
IARs	20,031	20,423	1.96%
Investment Officers	100	103	3.00%
Total Licensee Population	215,193	219,440	1.97%

Enforcement Update

Please Note: Due to the impact of COVID-19, some scheduled enforcement hearings and trials will likely be continued to future dates, depending on court directives and hearing officer schedules. This is a rapidly changing situation. If you plan to attend a hearing or trial, please contact the court or the Division prior to travelling.

The division's Enforcement Section is a criminal justice agency authorized to investigate and report on all complaints and alleged violations of the Ohio Securities Act and related rules. The Enforcement Section attorneys represent the division in prosecutions and other matters arising from such complaints and alleged violations.

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Administrative Hearings

Andrew Todd Roseberry, CRD No. 2589166
Consolidated Financial Management Group, LLC, CRD No. 119695

Division Order Nos. 19-028 and 19-029
Hearing Date: TBD (pending settlement)

Component Sourcing Group, Inc.
Patricia Tzannakos

Division Notice Order No. 19-019
Hearing Date: Oct. 19-21, 2020

Christopher J. Henneforth, CRD No. 3157633
Level Partners Management, Inc., CRD No. 107072

Division Notice Order No. 20-014
Hearing Date: Oct. 13-15, 2020

Daniel Rossi, CRD No. 1190774
FEIC Financial, Inc., CRD No. 25545
Business Equity Advisors, Inc. f/k/a FEIC Business Equity Solutions, Inc.
Division Order Nos. 19-024 and 19-034
Hearing Date: TBD (pending settlement)

Dock Douglas Treece, CRD 866947
Treece Investment Advisory Corp., CRD No. 110449
Treece Financial Services Corp., CRD 23296
Division Notice Order No. 18-023
Hearing held. Report and Recommendation issued recommending revocation. Awaiting final order.

Elbert Lamont Hardiman, Jr., CRD No. 2051382
Hardiman Investment Management, Inc., CRD No. 169861
Division Order No. 20-028
Hearing Date: Nov. 19-20, 2020

John F. Griffin
Cannon Operating, LLC
Division Notice Order No. 20-017
Hearing Date: Nov. 2-4, 2020

Enforcement Update

LA Stephenson and Company, CRD No. 167629

Lucien Austin Stephenson, CRD No. 3084925

Division Notice Order No. 19-007

Hearing held. Report and Recommendation issued recommending revocation. Awaiting final order.

Steven Arthur Svetlick, CRD No. 2589535

Division Order Nos. 19-022

Hearing held. Report and Recommendation issued on April 7, 2020, recommending revocation. Awaiting final order.

Administrative Appeals

TAP Management, Inc. *et al.*

Case No. 17 CV 006942, Franklin County Court of Common Pleas

Appeal from Division Final Order No. 17-022

On Aug. 21, 2020, the Franklin County Court of Common Pleas entered a Decision and Judgment Entry Reversing the Final Order to Cease and Desist issued by the Ohio Division of Securities. On Sept. 21, 2020, the Division filed a Notice of Appeal in the 10th District Court of Appeals.

Administrative Orders

Division Order No. 20-026

First Merchant Network

Henderson, Nevada

On July 9, 2020, the Division issued a Cease and Desist Order based on findings First Merchant Network sold unregistered securities through misrepresentations and fraud by cold-calling an elderly Ohio resident to invest in business leads, loans and credit card processing services to small businesses for returns between 2% and 25% of revenue. The Notice Order further alleges the \$41,800 invested by the Ohio resident was laundered through another elderly victim in Nevada before being withdrawn from ATMs located in Jamaica.

Division Order Nos. 20-027, 20-032, 20-033

Jason H. Watts

Computational Analytics, LLC

Chillicothe, Ohio

On Sept. 24, 2020, the Division issued a Cease and Desist Order based on findings Jason H. Watts and his company, Computational Analytics, LLC, operated as an unlicensed investment adviser representative with an Ohio resident who discovered their services through a Craigslist advertisement that stated, in part, "I can help you build a strategy to help protect your IRA or 401K so it can be much more resilient against market shocks." Watts offered a plan for the Ohio resident to move assets and to provide "one on one guidance from me for a year" in exchange for a "monthly maintenance fee of \$50." The Respondents did not request a hearing in this

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matter. An Amended Notice Order was issued under Division Order No. 20-032 to correct the duplication of Division Order No. 20-027.

Division Order No. 20-027

Cannon Operating Company, LLC
Garland, Texas
William G. Baker
Royse City, Texas

On July 23, 2020, the Division issued a Cease and Desist Order based on findings the named Respondents engaged in securities fraud and acted as unlicensed securities dealers or salespersons in the sale of investments in Shawnee Field No. 2, issued by Cannon Operating Company, LLC, a purported oil and gas producer located in Texas. The order included findings Baker, the executive officer, president and director of Cannon, was convicted on multiple misdemeanor and felony charges in Texas, including a conviction for unlawful carry of a weapon and a conviction for manufacturing/delivering a controlled substance, for which he was sentenced to 10 years' incarceration in the Texas Department of Corrections, and that Cannon was named as a Respondent in two Final Orders issued by the Railroad Commission of Texas and filed in the Texas Oil and Gas Docket, as well as orders issued by the Securities Commissioner of South Carolina and the Indiana Securities Division. The Division found Respondents engaged in securities fraud in the sale of the Shawnee Field Investment to an Ohio resident for \$16,750 by not disclosing material information about prior administrative orders and criminal convictions. The Division further found the securities were sold through an unlicensed dealer or salesperson and on terms at material variance with the Form D filed with the Division. An administrative hearing was requested by a third Respondent, John F. Griffin, which is scheduled for Nov. 2-4, 2020.

Division Order No. 20-028

Elbert Lamont Hardiman, Jr., CRD No. 2051382
Hardiman Investment Management, Inc., CRD No. 169861
Pickerington, Ohio

On July 16, 2020, the Division issued a Notice of Opportunity for Hearing and Notice of Intent to Issue Cease and Desist Order and to Suspend or Revoke the Ohio Investment Adviser Representative License of Elbert Lamont Hardiman, Jr. and the Ohio Investment Adviser License of Hardiman Investment Management, Inc. based, in part, on allegations Hardiman directed a client to issue five cashier's checks for investments directly to his investment advisory firm, which were deposited into the firm's checking account and commingled with other funds. The Notice Order alleges only portions of these investments were then sent to SEI Private Trust Company for the benefit of the client's account. The Notice Order further alleges Hardiman retained \$3,500 received directly from an elderly client for the client's account, in addition to the investment advisory fees deducted from her SEI account. The Notice Order alleges violations of the investment advisor custody regulations, fraudulent or deceitful conduct as an investment adviser and investment adviser representative, breach of fiduciary duty, failure to update Form ADV, failure to supervise, and lack of good business repute. An administrative hearing was requested and is scheduled for November 19-20, 2020.

Enforcement Update

Division Order No. 20-029

Nathaniel Boyd
Geneva, Ohio

On Aug. 13, 2020, the Division issued a Cease and Desist Order with Consent Agreement based on findings Nathaniel Boyd acted as an unlicensed securities salesperson by receiving commissions on the sale of securities, including a front-end commission of 8% of amounts received from investors in multi-fold contracts, a back-end commission of 8% of amounts paid to investors when the contracts ended, as well as an 8% weekly commission of the investors' weekly returns received in the "Secured Entity Betting Accounts" issued by Einstein Sports Advisory located in Las Vegas, Nevada. The solicitation materials stated investors would receive returns between 300% and 600% on their investment. At least one Ohio resident invested.

Division Order No. 20-030

Bannerbit.com
Limassol, Cyprus

On Aug. 13, 2020, the Division issued a Cease and Desist Order based on findings Bannerbit.com engaged in the sale of unregistered securities through material misrepresentations and acted as an unlicensed securities dealer. The Order includes findings a Bannerbit.com representative cold-called an Ohio resident and solicited her to invest in their platform operating through the website, www.bannerbit.com, which purports to be an ad-flipping platform offering returns on investments. The Order includes findings the website contains misrepresentations related to affiliations with companies such as Amazon and eBay. An administrative hearing was not requested in this matter.

Division Order No. 20-031

Redmond, W. LLC
Willie Redmond
Dayton, Ohio

On Aug. 17, 2020, the Division issued a Cease and Desist Order to Redmond, W. LLC and Willie Redmond based, in part, on findings they acted as unlicensed investment advisers, securities dealers, investment adviser representatives and securities salespersons by soliciting a co-worker to invest in their trading platform in exchange for three percent of the profits from trading. The Order included findings Redmond operated five investment clubs in or from Ohio between 2012 and 2017 and told one investor he would "double her principal investment."

Criminal Cases

State v. Kenneth M. Brugh

Case No. 19 CR 001382
Lake County Court of Common Pleas
Pre-trial Hearing: Pre-trial and Motions Hearing: Sept. 28, 2020

Enforcement Update

State v. Anthony J. Capullo

Case No. 2020 06 0718

Butler County Court of Common Pleas

On Aug. 27, 2020, Anthony Capullo, 55, a Las Vegas resident and owner of a bankrupt Fort Lauderdale, Florida-based business, was sentenced in the Butler County Court of Common Pleas for soliciting \$45,000 from an Ohio resident. After an investigation and referral from the Ohio Department of Commerce's Division of Securities and a bill of information filed the day of sentencing, Anthony Capullo, pleaded guilty to one count of issuing securities in an insolvent company without disclosure, a fifth-degree felony.

The case stemmed from Capullo's solicitation of an Ohio resident to invest in his company, Professional Provider Services, Inc. (PPS), operating in Fort Lauderdale. Capullo met the victim through social media and never disclosed PPS was bankrupt. The victim invested four times for a total of \$45,000. Four days after the final investment, Capullo filed Chapter 11 bankruptcy for PPS. Judge Keith Spaeth sentenced Capullo to one year of community control and ordered him to pay court costs and additional fines. At sentencing, Capullo repaid the victim \$45,000, her full principal investment. The case was presented by Garrett Baker, assistant prosecuting attorney in the Office of Butler County Prosecuting Attorney Michael T. Gmoser.

State v. John Case

Case No. 18 CR 000991

Franklin County Court of Common Pleas

TBD (warrant outstanding)

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

Case No. 1:20 CR 478

U.S. District Court for the Northern District, Ohio

On Sept. 3, 2020, after an investigation by the Ohio Division of Securities, the U.S. Postal Inspection Service, and the Westlake Police Department, Raymond A. Erker, Tara M. Brunst, and Kevin Krantz were indicted by a federal grand jury on charges including conspiracy to commit mail and wire fraud, mail fraud, and wire fraud. Erker was also charged with money laundering and making a false statement under oath during a Rule 341 hearing for his bankruptcy case (Case No. 19-15448, U.S. Bk. N.D. Ohio).

The detailed indictment alleges the three engaged in a fraudulent scheme to offer and sell investments in GenSource Financial Assurance Company, LLC and Provident Securities, LLC to at least 54 investors in an aggregate amount of \$9,366,976.37. The indictment further alleges the investors were told they were investing in annuities and senior secured notes with no exposure to risk and guaranteed rates of return, when in fact, neither GenSource nor Provident were authorized to issue annuities, the notes were not secured, and the investor funds were misappropriated or invested in high-risk start-up companies. A copy of the indictment can be accessed through this link: [Erker Indictment](#).

Erker's Ohio investment adviser representative license, CRD No. 2166800, along with the Ohio investment adviser license for his firm, Sageguard Wealth Management, Inc., CRD No. 158748, was revoked on Oct. 24, 2019 in Division Order Number 19-033. Tara Brunst previously held an Ohio investment adviser representative license with Sageguard until the firm's license was revoked.

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State v. Jeffrey B. Hall

Case Nos. 17 CR 004124/18 CR 001232
Franklin County Court of Common Pleas

On Aug. 20, 2020, Jeffrey B. Hall, 57, was sentenced to four years in prison for defrauding 11 people. Franklin County Common Pleas Judge Dan Hawkins also ordered Hall to pay \$1,211,608 in restitution to his victims. Hall, of Zanesville, pleaded guilty in February to multiple counts of fraud, including: one count of securities fraud, a second-degree felony, three counts of unlicensed sales of securities, two of which are third-degree felonies and the other a fourth-degree felony, and one count of telecommunications fraud, a third-degree felony. He was indicted by a Franklin County grand jury in July 2017 for operating as an unlicensed securities dealer by trading in the accounts of the 11 investors after his securities license (CRD No. 1871653) had lapsed, causing massive losses. This case was prosecuted by the Office of the Franklin County Prosecutor Ron O'Brien, presented by Jeff Blake and Robert Lang, assistant county prosecutors.

State v. Judith O. Nagy

Case No. CR18631581-A
Cuyahoga County Court of Common Pleas
Pretrial Hearing Date: TBD (motions pending)

State v. Michael Neubig

Case Nos. 18 CR 004998/20 CR 002809
Franklin County Court of Common Pleas

On Aug. 21, 2020, Michael Neubig, 52, was sentenced to 90 months in prison for theft and unauthorized use of property and ordered to repay his victims \$2,248,523.23. Franklin County Court of Common Pleas Judge Stephen L. McIntosh suspended the sentence in lieu of Neubig serving three years of community control. Judge McIntosh also ordered Neubig to serve seven days each during the weeks of Halloween, Thanksgiving and Christmas in the Franklin County jail.

Neubig pleaded guilty in June to four counts of theft, all third-degree felonies, and one count of unauthorized use of property, a fourth-degree felony. He was indicted in Oct. 2018 by a Franklin County grand jury after a joint investigation and criminal referral by the Ohio Attorney General's Bureau of Criminal Investigation and the Ohio Department of Commerce's Division of Securities.

The fraud involved the sale of investments in Capture Educational Consulting Services, Inc., a New Albany-based company formed by Neubig. Capture Educational provided software solutions to school systems enabling them to use data analytics to improve the efficiency and effectiveness of administrative and instructional tasks. Neubig made numerous false and misleading statements to investors located in Ohio and California, including several angel fund investment groups, about the financial wellbeing of the company and the number of students using the company's scheduling platform. Neubig failed to disclose to investors material information about the financial condition of the company, including cash flow shortages, negative bank balances, customer base, and payroll issues.

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He pleaded guilty to charges involving three additional victims who were not included in the original indictment. This case was prosecuted by the Office of the Franklin County Prosecutor Ron O'Brien, presented by Jeff Blake and Robert Lang, assistant county prosecutors.

State v. Shaneal Yogesh Patel

Case No. B1901113
Hamilton County Court of Common Pleas
Pre-Trial Date: Oct. 6, 2020

State v. Aaron S. Pitman

Case Nos. 19CR139
Meigs County Court of Common Pleas
Pre-trial/Change of Plea Date: Oct. 14, 2020

State v. Raymond D. Sarrocco

Case No. 19 CR I 04 0257
Delaware County Court of Common Pleas

On Aug. 28, 2020, Raymond D. Sarrocco was sentenced for misappropriating a \$1,500 investment from an elderly Nevada resident for his own use. Sarrocco was sentenced to 45 days in the Delaware County Jail by Judge James Shuck, unless he made full restitution of \$1,500 in cash to his victim by Sept. 14. Sarrocco paid restitution in full and, on Sept. 23, 2020, his sentence was amended to 30 days' house arrest with electronic monitoring. Sarrocco pleaded guilty Aug. 4 to one count of deception from a person in a protected class, a fifth-degree felony.

He was indicted by a Delaware County grand jury in April 2019 following a criminal referral by the Ohio Department of Commerce's Division of Securities. He used Craigslist to solicit the funds to invest in CMPG III, Ltd. based on representations the funds would be used to invest in short-term stock trades and other securities. Judge Shuck also sentenced Sarrocco to four years of community control, 100 hours of community service and was ordered not to use the internet. If he is unable to fulfill all the terms of his sentence, he could serve a 12-month jail term. This case was prosecuted by Christopher Ballard, assistant prosecuting attorney, in the Delaware County Prosecutor's Office of Melissa Schiffel.

State v. Jeffery Luke Westerman

Case No. 18 CR 006309
Franklin County Court of Common Pleas
Pre-trial Date: Oct. 20, 2020

State v. Michael D. Wood

Case No. 19 CR I 11 0776
Delaware County Court of Common Pleas
Sentencing Hearing: Oct. 30, 2020

On Sept. 22, 2020, Michael D. Wood entered a plea of no contest to the indictment filed in Delaware County, Ohio, which included five counts of securities fraud, one count of theft, one count of theft from the elderly, and one count of falsification. The indictment stems from Wood's sale of investments in Vietnamese Dong, Iraqi Dinar and Zimbabwe Zim. Based on information

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published during the plea hearing, Wood told his victims the foreign currency would be revalued at more favorable rates which would generate significant returns.

Wood falsely told his victims he had a relationship with a high-level official in the U.S. Treasury Department who provided inside information, including information that Presidents Bill Clinton, Barack Obama and then-candidate Donald Trump had personal stockpiles of these foreign currencies. The charges stemmed from misrepresentations of material facts, including the source and value of the currencies, as well as omissions of material information about Wood's financial history. A sentencing hearing is scheduled Oct. 30, 2020.

For further information on these cases, visit:

https://www.com.ohio.gov/documents/secu_Bulletin2020SecondQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2020FirstQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2019FourthQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2019ThirdQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2019SecondQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2019FirstQuarter.pdf

https://www.com.ohio.gov/documents/secu_Bulletin2018FourthQuarter.pdf



2020

Ohio Securities Virtual Conference

October 16, 2020

2020 Ohio Securities Conference

"What's Next?" is this year's theme

This year's Ohio Securities Conference will take place Oct. 16 with an online format due to the impact of the COVID-19 pandemic.

Although this year's conference will be virtual, we will continue our 47-year history of providing industry stakeholders with a quality conference.

Given the effects of the pandemic, and the Election Day happening a little more than two weeks after our conference, the theme this year – *"What's Next?"* – will revolve around the changes our industry has experienced and will continue to experience, both from an operational as well as legal standpoint.



Here's what you can expect:

- Commissioner Seidt will discuss Regulation Best Interest – the core elements plus early industry reactions and regulatory observations from SEC, FINRA, and states – as well as analogous regulations from Department of Labor and the National Association of Insurance Commissioners (NAIC).
- University of Toledo College of Law Professor Eric Chaffee and attorney David Meyer, founding partner of Meyer Wilson law firm, will discuss the potential increases in securities litigation due to the pandemic.
- Elizabeth Scheiderer, CFP, NCA Financial Planners; Megan Dalton, CFP, Dalton Wealth Management; and Paul Dolce, CFP, Financial Solutions, LLC, will discuss how they adapted their businesses in light of the pandemic, and their plans for their operations moving forward. Our session moderator will be David Kuhr, president of Green Bar Consulting.

Division News

- Division section leaders Anne Followell, Licensing and Examinations, Janice Hitzeman, Enforcement, and Mark Heurman, Corporate Finance, will share updates on their respective sections.

The conference will be shorter than in previous years, with a planned start time of 8:30 a.m. and ending approximately 1 p.m. with 15-minute breaks between sessions. Continuing education credits will be available and there is no fee this year to participate. [You can download the registration form on our website.](#) Be sure to watch for updates on the [Division website](#), and in future emails.

Outreach and Education Update

Due to the pandemic and the associated state-imposed travel restrictions, Division staff sought virtual presentation opportunities during the past several months and will continue to do so. Follow us on Twitter [@OHSecuritiesDiv](#) to find out when these future presentations are scheduled. Here's a list of presentations made this quarter:

- June 4 – Licensing chief Anne Followell participated in a webinar regarding regulatory relief provided to Ohio licensees due to the coronavirus pandemic for the Central Ohio Compliance Association.
- June 22 – attorney David Biemel spoke during a webinar hosted by the Ohio Elder Abuse Commission as part of World Elder Abuse Awareness Day. The event was watched by approximately 500 participants.
- June 23 – representatives from both the divisions of Securities and Financial Institutions co-presented to members of the Greater Cleveland Better Business Bureau.
- June 24 – the division partnered with AARP Ohio to present to their members. Nearly 6,000 people watched the webinar.
- June 25 – Licensing's staff Anne Followell, Glen Sgobbo and Will Pultinas presented the annual update of the Division's program to the Central Ohio chapter of NAPFA.
- July 8 – webinar held with the Central Ohio BBB.
- Sept. 1 – webinar held with the Dayton BBB.
- Sept. 1-2 – Commissioner Andrea Seidt and Registration chief Mark Heurman presented on separate panels as part of NASAA's Fall Conference held online.
- Sept. 17 – Anne Followell presented on mandatory reporting during the L.M. Kohn annual compliance meeting.
- Sept. 22 – Anne Followell presenting on licensing requirements during a Cincinnati BBB staff training. The webinar was also watched by staff in other Ohio BBB offices.

PLEASE NOTE – The Division of Securities continues to follow state guidelines to keep our staff and our stakeholders as safe as possible due to COVID-19. In-person presentations are postponed for the time being, with the goal to reschedule all previously scheduled presentations and participate in other planned events when the time is right to do so. Outreach Manager Dan Orzano is pursuing opportunities to hold virtual presentations with community organizations using available technology options such as Webex, Zoom, Microsoft Teams and other available

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platforms. [Contact Dan](#) if you would like to schedule a presentation. Updates will be posted on the division's Twitter page, so be sure to follow us.



Follow Us On Twitter

Be sure to follow us [@OHSecuritiesDiv](#). We post news and information about the Division, plus tips to help Ohioans become more savvy investors and avoid getting scammed.



Read the Department of Commerce's Fiscal Year 2020 Annual Report

All State of Ohio agencies are required to publish an annual report that highlights the work of the departments and each division within an agency.

[This year's Commerce report](#) shows the many ways our agencies help businesses operate safely, which in turn leads to prosperity. It also showcases how they're helping Ohioans protect what's important to them. The Division of Securities section highlights several examples of successful projects and the annual statistics for the Licensing, Corporate Finance, and Enforcement sections.

NASAA News

Lisa Hopkins of West Virginia to Lead North American Securities Administrators Association

Lisa A. Hopkins, West Virginia's Senior Deputy Securities Commissioner, began a one-year term in early September as president of the North American Securities Administrators Association.

For the past year, Hopkins has served as NASAA's president-elect. Previously, she served as chair of NASAA's Corporation Finance Section, and has served on NASAA's Investment Advisor Section Committee, as well as the Finance and Audit, Member Services, and Investment Adviser Continuing Education committees. She has served in the West Virginia Auditor's Office since 1999 as both General Counsel and Senior Deputy Securities Commissioner. In 2016 she served as the 20th West Virginia State Auditor and was the first woman in the state to hold that office. Prior to her career in public service she worked in the private sector as an attorney.

In remarks during NASAA's Annual Meeting, Hopkins said: "I will use my term in office to serve as a strong advocate for investors and to support my fellow securities commissioners

throughout the United States, Canada and Mexico in their mission of investor protection. I intend to focus attention on strengthening engagement and inclusion among NASAA members, fellow regulators, industry, and the investors we serve, especially those in our states and provinces who have been underserved.”

[Read NASAA's entire news release.](#)

NASAA Task Force Takes More Than 200 Actions to Protect Investors from Fraudsters Seeking to Profit from the Pandemic

The North American Securities Administrators Association (NASAA) announced in mid-August that its COVID-19 Enforcement Task Force, consisting of state and provincial securities regulators, has initiated actions to disrupt 220 schemes seeking to fraudulently profit from the pandemic.

With 111 investigators representing 44 jurisdictions in the United States, Canada, and Mexico, the COVID-19 Task Force represents the largest coordinated enforcement initiative undertaken by state and provincial securities regulators. The task force was formed in April and is led by NASAA's Enforcement Section and its Enforcement Technology Project Group.

As of August 19, state and provincial securities investigators detected 244 schemes to defraud investors and consumers, including 154 investment-related schemes and 90 non-investment schemes. To disrupt these schemes, task force members initiated 220 distinct actions, including administrative actions, cease-and-desist orders, referrals to other regulators, social media and hosting companies.

Additional information about the task force is available on NASAA's [website](#).

New NASAA Study Examines Issues Related to Financial Professionals and Diminished Capacity

On July 21, NASAA [released a report](#) examining issues related to diminished capacity and cognitive impairment that may affect financial professionals.

The report was based on a series of discussions between state and provincial securities regulators with broker-dealers, investment advisers, and compliance consultants to understand how the industry handles issues related to diminished capacity and cognitive impairment of financial professionals.

“Discussions with industry members and other regulators clearly indicate that firms are encountering financial professionals with diminished capacity or cognitive issues that stem from a variety of factors, including an aging workforce,” said Christopher W. Gerold, NASAA president and chief of the New Jersey Bureau of Securities.

Financial professionals experiencing diminished capacity raise complex issues regarding providing effective service to the client and compliance with their duties under the securities

laws, the report said, including those related to standards of conduct, supervision, books and records, continuing education and fraud.

The methods and resources used to address sensitive situations where financial professionals exhibited signs of cognitive impairment varied by firm size and structure. The report summarizes how firms are managing these situations through communication, education, and succession planning.

The report identified several areas for firms to consider, including whether appropriate staff are trained to recognize the red flags of diminished capacity and cognitive impairment. The report also suggested firms encourage or even require all financial professionals to establish a succession plan regardless of age. Those interviewed throughout the industry believe there are roles for regulators to play in identifying the problem and setting guidelines and goals on how to address it.

“Addressing financial professionals with cognitive impairment or diminished capacity requires sensitivity and respectfulness. Each situation will present differently and firms will have varying resources to address these concerns,” notes the report, which was prepared by a working group chaired by Claire McHenry, deputy director of the Nebraska Bureau of Securities, within NASAA’s Board-level Committee on Senior Issues and Diminished Capacity, chaired by Deborah Gillis of the New Brunswick Financial & Consumer Services Commission.

NASAA Releases Annual Enforcement Report

NASAA released its annual enforcement report in September, which shows increasing numbers of investigations and enforcement actions taken by state securities regulators to protect investors and maintain the integrity of the nation’s financial markets.

In its [2020 Enforcement Report on 2019 Data](#), which includes responses from 51 jurisdictions throughout the United States, NASAA reported that state securities regulators conducted 6,525 investigations in 2019, up 23 percent from the year before, and took 2,755 enforcement actions, up 33 percent from 2018. These actions led to \$634 million in restitution ordered returned to investors, fines of \$80 million and criminal relief of 956 years, including incarceration and probation.

Industry News

FINRA Releases 2020 Industry Snapshot

In late July, FINRA published its annual statistical report on the brokerage firms, registered representatives and market activity that it regulates. The Industry Snapshot 2020 provides a high-level overview of the industry, ranging from the number of FINRA-registered individuals to the overall revenues of firms, and from trading activity to how firms market their products and services. All of the data are reported in aggregate to respect the confidentiality of regulatory information. [Download the report.](#)