



OHIO SECURITIES BULLETIN

GEORGE V. VOINOVICH
GOVERNOR

DAVID L. HEDDLESON
ACTING DIRECTOR OF COMMERCE

MARK V. HOLDERMAN
COMMISSIONER OF SECURITIES

90:3 Summer Quarter 1990

Personnel

The Commissioner, Mark V. Holderman, Esq., has recently implemented an adjustment in Division section activities and some personnel assignments, with the addition of a new Examination Section. Headed by Richard A. Pautsch, C.P.A., this new section offers the advantage of consolidated examination tasks. Broker-Dealer, Enforcement and Registration sections requiring field examination work and related financial examination information will be assisted by this new section.

Interesting Reading

In September 1990, the U.S. Congress' Office of Technology Assessment released a report titled, *Electronic Bulls and Bears: U.S. Securities Markets and Information Technology*. It is available from the U.S. Government Printing Office and is about 200 pages in length. Technology changes and the operation of stock, futures and options markets are chapter topics.

The Regulation of Corporate Disclosure by J. Robert Brown is a recent Prentice Hall publication. At over 400 pages, this volume provides background to considering what information should be brought to the attention of public shareholders, and when.

Outstanding Employee Award

For the quarter ended June 30, 1990, Ronald L. Wheatley is recognized as the Division's Outstanding Employee Award recipient. Ron has been a Field Examiner, whose work has been most useful in Enforcement Section and Broker-Dealer Section examination activities. Ron Wheatley has been with the Division since September 1978.

Broker-Dealer

LICENSES AS OF THE QUARTER ENDED AT END OF SEPTEMBER, RESPECTIVELY, FOR THE YEARS AS FOLLOWS:

	1990	1989
Broker-Dealer	1,642	1,716
Salesman	56,895	57,048

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**Ohio Department of Commerce
Division of Securities**

All listings are area code (614)

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ENFORCEMENT—continued

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 Forms 2(B) 644-7459
 Gordon Stott
 Forms 39 & 391 644-7427
 Kathy Veach
 Mutual Funds 644-7423
 James Warmeka
 Oil and Gas 644-7433

Registration

REGISTRATION FILINGS AS OF THE QUARTERS ENDING, RESPECTIVELY, AS FOLLOWS:

Form Type	Summer Quarter at End of 9-1990	Summer Quarter at End of 9-1989	Year to Date at End of 9-1990	Year to Date at End of 9-1989
02(B)	308	295	749	821
02(E)	0	0	2	0
03-O	2,633	2,743	8,934	9,148
03-Q	308	358	991	1,122
03-W	30	41	98	115
04	1	0	1	2
041	0	0	0	1
06(A)(1)	54	61	173	196
06(A)(2)	18	23	60	67
06(A)(3)	5	13	29	33
06(A)(4)	11	17	38	55
09	416	430	1,229	1,010
091	286	271	825	1,146
39	22	32	80	141
391/09	4	1	14	11
391/091	0	0	1	0
391/3-O	189	195	606	602
391/3-Q	30	28	110	118
391/3-W	3	0	6	6
391/6(A)(1)	1	2	3	5
391/6(A)(3)	2	0	3	3
TOTALS	4,321	4,510	13,954	14,602

Enforcement

FINAL ADMINISTRATIVE ORDERS

The following are recent enforcement administrative orders. The orders have been issued by the Division after notice of the parties' opportunity for an administrative hearing in accordance with Ohio Revised Code Chapter 119. Orders which have been appealed to Common Pleas Court are so noted.

<u>Respondent</u>	<u>Date Issued</u>	<u>Order No.</u>	<u>Action Taken/ Type of Order</u>
Geotech Securities Corp. Houston, Texas	6/1/90	90-061	Final Order; Dealer's License Not Suspended
Stocks and Bonds Investment Company, Inc. Columbus, Ohio	6/5/90	90-065	Cease and Desist
Vehicle Technologies, Incorporated; Edward J. Banks, Jr. Cleveland, Ohio	6/29/90	90-080	Cease and Desist
William Satory Wayne Lakes, Ohio; Three Fires Stables Brookville, Ohio	6/29/90	90-081	Cease and Desist
All America Fund, Inc. Akron, Ohio	7/2/90	90-082	Confirmation of Suspension of Right to Sell Securities
First Ohio Securities Company Collateralized Certificates of Sheltered Income Akron, Ohio	7/2/90	90-083	Confirmation of Suspension of Right to Sell Securities
First Ohio Securities Company Pension and Public Funds Trust Account Akron, Ohio	7/2/90	90-084	Confirmation of Suspension of Right to Sell Securities
Henry M. Cool Strongsville, Ohio; Agri-World Trade Development Corporation Cleveland, Ohio	7/12/90	90-087	Cease and Desist
Robert L. Welday; A-1 Financial Services, Inc. Seville, Ohio	7/26/90	90-090	Cease and Desist
American Wallstreet Securities, Inc. Tampa, Florida	8/2/90	90-092	Revocation of Dealer's License
William Joseph Watts Revere, Maine	8/10/90	90-103	Revocation of Securities Salesman's License
Bless the Chile, Ltd. Cincinnati, Ohio	8/10/90	90-104	Cease and Desist
TJ Controls, Inc.; Carol W. Andre; Kathleen A. Andre Bryan, Ohio	8/29/90	90-113	Cease and Desist

FINAL ADMINISTRATIVE ORDERS—continued

<u>Respondent</u>	<u>Date Issued</u>	<u>Order No.</u>	<u>Action Taken/ Type of Order</u>
Robert Louis Takacs Roswell, Georgia	8/27/90	90-114	Final Order; Securities Salesman's License Not Denied
Richard P. Brace Bryan, Ohio	8/27/90	90-118	Cease and Desist

CRIMINAL CASES

<u>Case Name</u>	<u>Jurisdiction/ Referring Staff Person</u>	<u>Action Taken</u>	<u>Comments</u>
Jack Spence	Muskingum County/ Assisted by Bill Henry	Sentenced on 6/5/90 to 1 year imprisonment on each of 3 counts, to be served concurrently.	Jack Spence, a former real estate agent, was involved in a title company which failed to pay off approximately 7 mortgages. He sold interests in a mortgage pool in a cover-up attempt.
Stephen T. Haley; Kenneth R. Smith; Sheri A. Strzala	Greene County/ Referred by Mary Spahia	Found guilty and sentenced on 6/8/90, as follows: 1. Stephen T. Haley was sentenced to 83 years imprisonment, after being found guilty of the following: a. 1 count of engaging in a pattern of corrupt activity; b. 12 counts of the sale of an unregistered security; c. 12 counts of making a misrepresentation in the sale of a security; and d. 6 counts of passing bad checks. 2. Kenneth R. Smith was sentenced to 69 years imprisonment, after being found guilty of the following: a. 23 counts of the sale of an unregistered security; and b. 23 counts of the unlicensed sale of a security. 3. Sheri Strzala was sentenced to a 90-day suspended sentence, after being found guilty of failure to report a felony.	Stephen T. Haley was president of Intermark International, Inc., Global Investment Trading Co. Inc. and Novaferon, Inc. Kenneth R. Smith, owner of Homestead Financial Services, Inc., worked for Haley, along with Sheri Strzala. More than 200 investors were involved with losses as high as \$8 million. Mary Spahia was appointed and sworn in as a special Assistant Prosecuting Attorney in Greene County for this case.
Jack Everett Harper	Cuyahoga County/ Assisted by Mary Spahia	Indicted on 6/14/90 for the following: 1. 3 counts each of the sale of an unregistered security, the unlicensed sale of a security, securities fraud, and making a misrepresentation in the sale of a security; 2. 12 counts of theft; 3. 9 counts of securing writings by deception; 4. 5 counts of forgery; and 5. 5 counts of uttering.	Jack Harper allegedly sold stock to Ohio investors in various entities, including Sound and Sight Studios, Inc., Harper Manufacturing Corp. and NiteKlub, Inc.

CRIMINAL CASES—continued

<u>Case Name</u>	<u>Jurisdiction/ Referring Staff Person</u>	<u>Action Taken</u>	<u>Comments</u>
Naomi Taubman	Montgomery County/ Assisted by Karen Terhune	Sentenced on 6/25/90 to 15 years imprisonment.	Naomi Taubman, a Troy accountant and former real estate agent, sold unregistered promissory notes totaling \$1.9 million to 18 investors, who were her clients, while unlicensed as a securities salesperson. Investors were promised interest rates as high as 24 percent and tax-free income.
Timothy C. Vandervort	Greene County/ Referred by Mary Spahia	Pled no contest on 7/17/90 to 2 misdemeanor counts of conspiracy to sell securities while unlicensed and conspiracy to sell unregistered securities, and was pronounced guilty.	Timothy C. Vandervort worked for Stephen T. Haley (see above) and was indicted on 1 count each of the sale of an unregistered security and the unlicensed sale of a security.
Danny L. Davis	Franklin County/ Referred by Sid Silvan	Indicted on 7/20/90 for the following: 1. 1 count of the sale of an unregistered security; 2. 1 count of the unlicensed sale of a security; and 3. 1 count of theft.	Danny L. Davis allegedly sold stock of an unincorporated insurance entity. The Division issued a Cease and Desist Order in January 1990 against Davis.
Forest S. Walters; Western Financial Group, Inc.; Western Retail Management; Western Retail Investors, Ltd.	Cuyahoga County/ Referred by Bob Holodnak	1. Indicted on 7/3/90 on 5 counts each, as follows: a. 1 count of the sale of an unregistered security; b. 1 count of the unlicensed sale of a security; c. 1 count of making a misrepresentation in the sale of a security; d. 1 count of securities fraud; and e. 1 count of theft by deception. 2. Arraigned on 7/20/90 at which time Walters entered a plea of not guilty.	Forest S. Walters was an officer in Western Financial Group, Inc., Western Retail Management and Western Retail Investors, Ltd., all Tempe, Arizona entities. Forest Walters, along with Western Financial Group, Inc. and Western Retail Management, General Partners, allegedly sold unregistered limited partnership units in Western Retail Investors, Ltd.
Donald L. Struck	Montgomery County/ Assisted by Karen Terhune	1. Pled guilty on 7/23/90 to the following: a. 8 counts of securities fraud; and b. 8 counts of grand theft. 2. Sentenced on 7/23/90 to the following: a. Probation of 5 years; b. Restitution of \$100,000, payable within 5 years on a monthly basis; and c. Probation is to be revoked if just one monthly payment is missed.	Donald L. Struck, a former securities salesman for PaineWebber, sold securities of "Fidelity Partners, Inc." to investors while employed by PaineWebber. Some investors were led to believe that their funds would be invested into a mutual fund run by Fidelity Investments. However, the investors' funds ended up as an investment in a now defunct Dayton bar.

CRIMINAL CASES—continued

<u>Case Name</u>	<u>Jurisdiction/ Referring Staff Person</u>	<u>Action Taken</u>	<u>Comments</u>
Shearson Lehman Brothers, Inc.; Sheldon Strauss; Stephen Weinberg	Cuyahoga County/ Referred by Mary Spahia	Indicted on 8/30/90 on 42 counts each, as follows: 1. 21 counts of making a false rep- resentation in the sale of a secur- ity; and 2. 21 counts of securities fraud.	Sheldon Strauss, a former Cleveland account executive for Shearson Leh- man Hutton, Inc., was charged with violations including unauthorized trades, unauthorized use of margins and unauthorized use of discretion, which allegedly resulted in millions of dollars of losses for investors. Stephen Weinberg, former branch manager of the Cleveland office, and Shearson Lehman Hutton, Inc. were named in the indictments for their alleged com- plicity in Strauss' actions.