

OHIO SECURITIES BULLETIN

A QUARTERLY PUBLICATION OF THE OHIO DIVISION OF SECURITIES

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Division Receives Favorable Court Ruling in Viatical Case

The Division of Securities recently scored a victory in the Franklin County Court of Appeals regarding an enforcement case that dealt with the sale of viatical settlements. On November 18, 2003, the Franklin County Court of Appeals agreed with the Division that viatical settlements could be deemed securities, even if they were sold prior to the time the Ohio Securities Act expressly defined them as securities under Revised

Code section 1707.01. The court's ruling was rendered in the case of *Kenneth W. Rumbaugh v. Ohio Department of Commerce, Division of Securities* (02AP-1335, 10th District).

The Division maintains that Rumbaugh, a Lima, Ohio resident, sold viatical settlement contracts to two Ohio residents in early 1999. The viaticals had been issued by American Benefits Service, Inc., a company

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U.S. Supreme Court Speaks out Regarding Investment Contracts

The United States Supreme Court recently weighed in with a case pertaining to investment vehicles that fall under state and federal securities regulation as "investment contracts." The case, *Securities and Exchange Commission v. Charles E. Edwards*, 124 S.Ct. 892 (2004), involved payphone sale and leaseback contracts sold by ETSPayphones, Inc. The arrangements were offered as a package that included a site lease, a five-year leaseback and management agreement, and a buyback agreement. The Court

reversed an Eleventh Circuit Court of Appeals decision that ruled that these contracts could not be deemed "investment contracts" under federal securities law because buyers had contracted for a fixed rate of return. The lower court had reasoned that since the investors had bargained for a fixed return, the contracts failed the judicial test that must be met to qualify a business arrangement as an investment contract. This test was stated in the landmark securities case, *SEC v. W.J. Howey Co.*,

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Ohio Securities Bulletin

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based in Florida, and were not registered with the Division. At the time, the Division was pursuing enforcement actions involving companies selling viaticals under the theory that they were "investment contracts" which were defined as securities under 1707.01(B). The General Assembly later passed Amended Substitute House Bill 551, which added viaticals to the list of instruments expressly deemed securities under the statute.

As a result of Rumbaugh's activities, the Division issued an order citing him for violating R.C. 1707.44(C)(1), which prohibits the sale of securities without registration or valid claim of exemption. Rumbaugh filed an administrative appeal to prevent the Division Order from becoming final. When the Hearing Officer ruled in the Division's favor, Rumbaugh appealed to the Franklin County Court of Common Pleas as allowed by R.C. 119.12. The Common Pleas Court ruled in Rumbaugh's favor, its decision almost entirely based on a 2001 Franklin County Court of Appeals case, *Glick v. Sokol*, (149 Ohio App.3d, 149 Ohio App. 3d 344 (2001)). That case stated that viaticals sold before October 5, 2001 (prior to the change in the statute) could not be characterized as investment contracts, putting them beyond the Division's jurisdiction. The Di-

vision successfully appealed this decision to the Court of Appeals, which deemed that the viaticals sold by Rumbaugh could be characterized on the facts as "investment contracts", and therefore, securities, even absent being expressly defined as such under R.C. 1707.01. After the issuance of the Tenth District's decision, Rumbaugh filed an appeal with the Ohio Supreme Court. As of this writing, it is not known if the Supreme Court will assert jurisdiction over the case.

Supreme Court Ruling

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328 U.S. 293 (1946). In *Howey*, the Supreme Court ruled that, when evaluating whether a transaction qualifies as a security under federal law, courts should look to "whether the scheme involves an investment of

money in a common enterprise with profits to come solely from the efforts of others." *Id.* at 301. Using this analysis, the Court in *Edwards* disagreed with the lower court that the investors' right to a contractual fixed return negated the assumption that the profits gained from the payphone agreements were expected to come "from the efforts of others." (See *Edwards*, 124 S.Ct. 892).

This case is important because the sale of non-traditional securities, such as payphone contracts, internet booths and ATM machines, has become more commonplace as investors look away from traditional securities instruments. The Ohio Securities Act defines instruments and transactions that are deemed "securities", and like the federal provision under examination in the *Edwards*

OHIO SECURITIES BULLETIN

Desiree T. Shannon, Esq., Editor

The *Ohio Securities Bulletin* is a quarterly publication of the Ohio Department of Commerce, Division of Securities. The primary purpose of the *Bulletin* is to (i) provide commentary on timely or timeless issues pertaining to securities law and regulation in Ohio, (ii) provide legislative updates, (iii) report the activities of the enforcement section, (iv) set forth registration and licensing statistics and (v) provide public notice of various proceedings.

The Division encourages members of the securities community to submit for publication articles on timely or timeless issues pertaining to securities law and regulation in Ohio. If you are interested in submitting an article, contact the Editor for editorial guidelines and publication deadlines. The Division reserves the right to edit articles submitted for publication.

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Ohio Division of Securities

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case, has safety-hatch “investment contract” language to capture investment vehicles that reflect the ever-evolving investment choices being pitched to the public. This provision is found in Ohio Revised Code section 1707.01, and has been interpreted by Ohio case law on several occasions, most notably in *State v. George*, 50 Ohio App. 2d 297 (1975). *George* sets out a four-pronged test which must be considered when evaluating whether a transaction qualifies as an investment contract. Elements of this test were culled from earlier Ohio decisions. The test required that an offeree furnish (1) “initial value to an offeror, and (2) a portion of this initial value is subjected to the risks of the enterprise, (3) the furnishing of the initial value is induced by the offeror’s promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind, over and above the initial value, will accrue to the offeree as a result of the operation of the enterprise, and (4) the offeree does not receive the right to exercise practical and actual control over the managerial decisions of the enterprise.” *Id.* at 302.

The Division has pursued cases against individuals and companies promoting exotic investment vehicles, including cases involving numerous companies that have sold payphone agreements to Ohio investors, as well as ATM machines, and Internet booth/kiosks. The promoters of these vehicles are quick to characterize them as business opportunities (which are less stringently regulated) to avoid the jurisdiction of securities regulators such as the Ohio Division of Securities. Simply designating a contract or transaction as a business opportunity will not put it beyond the reach of the Division’s jurisdiction. In determining whether a vehicle is a security, the Division looks to the entire character of the agreement or transaction, and whether it fits the four-pronged test outlined above. Many promoters have tried to escape the Division’s jurisdiction by structuring agreements in a way that gives the appearance that the buyer controls managerial aspects of the enterprise, thereby overcoming the fourth prong of the *George* test. For instance, many payphone promoters have claimed buyers’ purchase of payphones was a business op-

portunity, because the contractual agreement governing the purchase afforded buyers the opportunity to choose a service provider, or to service the phones themselves. This argument is usually unsuccessful, because most buyers do not have the knowledge, expertise or opportunity to service the phones themselves, or to independently evaluate service providers. Most, in fact, end up selecting service from the promoter, or a service provider affiliated with the promoter.

As the Supreme Court has recognized in *Edwards*, the securities industry is forever evolving, and that evolution will naturally lead to investment opportunities the framers of state and federal securities law could not have foreseen. Securities regulators must have the flexibility to protect investors from ever more exotic (and usually risky) investments. Legal precedent provided by cases such as *Edwards* correctly adhere to the spirit and intent of these laws. They prevent promoters and sellers from hiding their products from the rightful scrutiny of securities regulators, whose first duty is to protect the investing public.

Division Publicizes Top Five Investment Scams

The Division has recently issued publicity for print and broadcast media highlighting the top five investment scams in Ohio. The enforcement section of the Division routinely takes action against companies and individuals who victimize Ohioans by utilizing these schemes. Commissioner Deborah Dye Joyce has given several interviews to the media and many Ohio papers have carried press releases issued by the Division in order to warn the investing public about these scams. The Division's efforts have particularly focused on Ohio's most vulnerable residents, senior citizens. The Division encourages Ohio seniors to be very skeptical of anyone pitching investments, especially those that guarantee financial safety and promise high returns. Listed below are what the Division sees as the five most-encountered scams aimed at today's investing public.

- ◆ **Schemes targeting seniors.** Many scam artists intentionally target Ohio's senior citizens. Scam artists know that when they combine professional-sounding sales pitches with extremely polite manners that many seniors will equate the good manners with personal integrity. When seniors receive unsolicited investment pitches, the Division encourages older investors to say "I'm not interested" and end the discussion immediately. It is better to be considered rude than to lose your life savings to a con artist.
- ◆ **Securities sold by unlicensed individuals.** Scam artists often use high commissions to entice independent insurance agents and others into selling investments they may know little about, such as promissory notes. The scam artists instruct their sales force, who can exploit existing relationships with their clients, to promise high returns with little or no risk.
- ◆ **Investment contracts.** Investment contracts are a broad category of securities in which Ohioans recently have been scammed. An investment contract exists when a portion of the initial investment is subjected to the risks of the business and there are representations that the investor will receive a benefit over and above the initial investment. The investor does not receive the right to exercise practical and actual control over the managerial decisions of the business. One type of investment contract recently marketed in Ohio involves investors buying units and then leasing them back to a service provider, such as with Web booth kiosks, pay telephones or water treatment systems. Salespeople often mislead investors when making their pitch by telling them these investments are not securities.
- ◆ **Promissory notes.** Promissory notes are short-term debt instruments. Investors should avoid notes promising high returns – sometimes more than 12 percent monthly – from little known companies. During the last four years, Ohio prosecutors have pursued criminal cases against 34 defendants involving the sale of promissory notes to Ohioans that have resulted in 29 convictions. In addition, the Division of Securities has pursued three civil cases in various Common Pleas courts and brought approximately 167 administrative actions during the past five years involving promissory note sales to Ohio investors.

- ◆ **Internet investment pitches.** Con artists can easily design professional-looking web sites to give the appearance of a legitimate business. Investors need to be vigilant in protecting themselves against Web-based scams and ignore anonymous financial advice on the Internet and in chat rooms. Through its Internet Monitoring Program, the Division searches the Internet for offerings available to Ohioans to ensure compliance with Ohio's securities laws.

In addition, recently, the Securities Investor Protection Corporation (SIPC) issued a warning about a new fraud scheme to investors and brokers. Con artists are apparently posing as actual brokerage firms and licensed salespersons by setting up a web site using the brokerage firm's name and possibly its correct mailing address. This makes it extremely difficult for investors to know if they are receiving online communications from the licensed firm and its salesperson, or from an imposter. Before investing through the online contact, prospective investors should ask for and receive a prospectus or private placement memorandum. They should also resist efforts to pressure them into making a quick decision about the investment.

Enforcement Section Reports

Roland P. Wilson

On October 21, 2003, the Division issued Division Order No. 03-200, a Cease and Desist Order to Roland P. Wilson of Youngstown, Ohio.

The Division found that Wilson violated the provisions of Ohio Revised Code sections 1707.44(A)(1), and 1707.44(C)(1) by selling unregistered securities in the form of pay telephone and related service agreements for American Telecommunications, Inc. while he was unlicensed as a securities salesperson. The Division found that he was paid commissions of 14% for selling the securities. The Division previously issued a Cease and Desist Order on February 12, 2002, Division Order No. 02-057, against American Telecommunications, Inc. for securities violations including unlicensed sales by a dealer and unregistered securities sales of the pay telephone units.

The Division also found that Wilson violated the provisions of Ohio Revised Code sections 1707.44(A)(1), 1707.44(B)(4), 1707.44(C)(1) and 1707.44(G) by selling convertible preferred stock of PhyMed Partners, Inc. to Ohio investors. PhyMed submitted three Form D filings to the Division pursuant to R.C. 1707.03(X) in which the issuer disclosed that finders would be paid for the sales of the stock. The Division found that Wilson received compensation of 12% of the sales he made and therefore was not acting as a finder, but as an unlicensed securities salesperson. In addition, the Division found that Wilson advertised in the newspaper for investors, he created sales information he gave the investors including information not disclosed in the private placement memoranda, and he completed the subscription agreements and suitability statements for the investors. The Division

found that all the questions were not answered, some were erroneous and the documentation was not complete. In addition, the Division found that Wilson acted as the purchaser representative for at least one Ohio investor and that disclosure of the relationship between himself and the issuer was not completed, but the investment was accepted by the issuer anyway. The Division found that the issuer did not meet the requirements for the exemption so the securities were unregistered, there were misrepresentations and lack of disclosure to the investors.

The Division notified Wilson of his right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for Hearing, Order No. 03-184, issued on September 18, 2003. A hearing was not requested and the Cease and Desist Order was issued on October 21, 2003.

PhyMed Partners, Inc.; J. Lamar McMichael

On November 12, 2003 the Division issued Division Order No. 03-205, a Cease and Desist Order to PhyMed Partners, Inc. and J. Lamar McMichael, President, both of Longwood, Florida.

The Division found that PhyMed and McMichael violated the provisions of Ohio Revised Code sections 1707.44(B)(4), 1707.44(C)(1) and 1707.44(G) by selling or causing to be sold convertible preferred stock of PhyMed Partners, Inc. to Ohio investors. PhyMed filed three Form D filings with the Division pursuant to R.C. 1707.03(X) in which the company disclosed that finders would be paid for the sales of the stock. The Division found that PhyMed paid compensation of 12% of the sales made to Ohio investors to Roland Wilson for making the sales on behalf of the issuer, and therefore they did not pay a finder, but an unlicensed securities salesperson. In addition, the Division found that Wilson advertised in the newspaper for investors, he created sales information he gave the investors including information not disclosed in the private placement memoranda, and he completed the subscription agreements and suitability statements for the investors. The Division found that all the questions were not answered, some were erroneous and the documentation was not complete. Finally, the Division found that Wilson acted as the purchaser representative for at least one Ohio investor and that disclosure of the

relationship between Wilson and the issuer was not completed, but the investment was accepted by the issuer anyway. PhyMed and McMichael have not honored the redemption provisions of the PhyMed convertible preferred stock. The Division found that the issuer did not meet the requirements for the exemption so the securities were unregistered, and there were misrepresentations made to the investors.

The Division notified PhyMed and McMichael of their right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for Hearing, Order No. 03-183, issued on September 18, 2003. A hearing was not requested and the Cease and Desist Order was issued on November 12, 2003.

Intermountain Marketing Associates, LLC; Thomas C. Howell, Managing Member

On November 19, 2003, the Division issued Division Order No. 03-213, a Cease and Desist Order to Intermountain Marketing Associates, LLC and Thomas C. Howell, Managing Member.

The Division found that Intermountain and Howell violated the provisions of Ohio Revised Code sections 1707.44(C)(1), 1707.44(B)(4) and 1707.44(G) by selling unregistered securities in the form of promissory notes to Ohio investors. A Form D filing made on behalf of Intermountain with the Division pursuant to R.C. 1707.03(X) disclosed that the notes would only be sold through

licensed securities salespeople and the subscription agreement would only be executed through a licensed securities salesperson. The Division found that Intermountain and Howell paid commissions to an unlicensed salesperson who sold the notes to Ohio investors on behalf of Intermountain and Howell. The notes purported to be secured in part by a perfected interest in revenues from the sale of payphone business opportunities. The Ohio investors still have not received their principal back on their secured nine-month promissory notes from Intermountain and Howell as provided for within the terms of the offering. The Division found that the issuer did not meet the requirements for the exemption so the securities were unregistered.

The Division notified Intermountain and Howell of their right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for Hearing, Order No. 03-199, issued on October 16, 2003. A hearing was not requested and the Cease and Desist Order was issued on November 19, 2003.

Gary L. McNaughton; The Haven Equity Company

On November 20, 2003, the Division issued Division Order No. 03-217, a Cease and Desist Order to Gary L. McNaughton and The Haven Equity Company of Amherst, Ohio.

The Division found that McNaughton and The Haven Equity Company violated the

provisions of Ohio Revised Code sections 1707.44(A)(1), 1707.44(C)(1), 1707.44(B)(4), and 1707.44(G) by selling unregistered securities in the form of promissory notes while they were unlicensed to sell securities. The Division found that McNaughton solicited Ohio investors, many of whom are members of the Church of the Open Door in Elyria, to invest in the notes in which their money was going to be used to invest in stocks and to trade options, and promised them annual returns of 15% to 20%. In addition, a short-term investment program included returns of up to 40%. McNaughton disclosed that he was compensated for the sales and he raised at least \$20 million through sales of the notes. Investors were told that their principal and interest was guaranteed and the investment was safe. Investors were told that Andrew Lech of Peterborough, Ontario, Canada would be responsible for the investments in stock and the trading of options. Investors were not given any disclosure documents describing the risk associated with the investment, or any background or financial information. Investors are now owed their principal. A Canadian judge appointed a trustee and ordered an accounting of the funds.

The Division notified McNaughton and The Haven Equity Company of their right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for

Hearing, Order No. 03-165, issued on July 30, 2003. A request for an adjudicative hearing pursuant to Chapter 119 of the Revised Code was received. The request for the hearing was later withdrawn, and the Cease and Desist Order was issued by the Division on November 20, 2003.

William Clark Davis

On November 21, 2003, the Division issued Order No. 03-222, a Cease and Desist Order, against William Clark Davis. Davis sold promissory notes on behalf of Continental Sports Management. These notes were securities under the Ohio Securities Act but were not registered with the Division.

The Division had issued Order No. 03-101, a Notice of Opportunity for Hearing, on June 26, 2003, against Davis for allegedly violating Revised Code Section 1707.44(C)(1), the unregistered sale of securities. The Respondent initially requested a hearing pursuant to Chapter 119 of the Ohio Revised Code. However, he subsequently withdrew the request, thereby allowing the Division to issue its Cease and Desist Order No. 03-222, which incorporated the allegations set forth in the Notice of Opportunity for Hearing.

RAM Group and David J. Rankin

On December 16, 2003, the Division issued a Consent Cease and Desist Order, Divi-

sion Order No. 03-228, to RAM Group, a purported general partnership, and David J. Rankin, RAM Group's managing partner, both of University Heights, Ohio.

The Division entered into a Consent Agreement with the Respondents in conjunction with the Cease and Desist Order. The Division found that RAM Group and David Rankin violated the provisions of Ohio Revised Code sections 1707.44(C)(1) and 1707.44(B)(4) by selling unregistered units in RAM Group to Ohio residents and making a misrepresentation in connection with such sales.

Respondents waived their right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code, and the final Cease and Desist Order with Consent Agreement was issued December 16, 2003.

Andrew K. Lech

On December 17, 2003, the Division issued Division Order No. 03-241, a Cease and Desist Order to Andrew K. Lech of Peterborough, Ontario, Canada.

The Division found that Lech violated the provisions of Ohio Revised Code sections 1707.44(C)(1) and 1707.44(G) by selling unregistered securities in the form of promissory notes to Ohio investors. The Division found that Lech issued promissory notes to investors that allegedly "replaced" notes previously issued by The Haven Equity Company and Gary

McNaughton. The notes allegedly “unconditionally guaranteed the obligations of the Promisor.” Investors were told that Lech would be responsible for the investments in stock and the trading of options. Investors were not given any disclosure documents describing the risk associated with the investment, or any background or financial information. Investors are now owed their principal. A Canadian judge appointed a trustee and ordered an accounting of the funds.

The Division notified Lech of his right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for Hearing, Order No. 03-164, issued on July 29, 2003. After legal publication was completed on the Division Order, a hearing was not requested and the Cease and Desist Order was issued by the Division on December 17, 2003.

Michael Bruce Segal, Individually and dba Freedom Development and Webster Development, Inc.

On December 18, 2003, the Division issued a Cease and Desist Order, Division Order No. 03-242, to Michael Bruce Segal, individually and dba Freedom Development and Webster Development, Inc. of Hudson, Ohio.

The Division found that Segal and Webster violated Ohio Revised Code section 1707.44(B)(4) by making false representations

in the sale of securities. On November 17, 2003, the Division had issued a Notice of Opportunity for Hearing, Division Order No. 03-210, to Segal and Webster, pursuant to Revised Code Chapter 119. A hearing was not requested and a final Cease and Desist Order was issued on December 18, 2003.

Phillip C. Huber Individually and dba Ohio Specialty Investors, LTD. and International Management Advisory Services

On December 23, 2003, the Division issued Division Order No. 03-248, a Cease and Desist Order to Phillip C. Huber individually and dba Ohio Specialty Investors, Ltd. and International Management Advisory Services, all of Jacksonville, Florida.

The Division found that Huber and International Management violated the provisions of Ohio Revised Code sections 1707.44(A)(1), 1707.44(C)(1), 1707.44(B)(4) and 1707.44(G) by selling unregistered securities in the form of promissory notes of Intermountain Marketing Associates, LLC to Ohio investors while they were unlicensed to sell securities in Ohio.

The Division found that Huber and International Management were paid commissions of 10% by Intermountain. A Form D filing made on behalf of Intermountain with the Division pursuant to R.C. 1707.03(X) disclosed that the notes would only

be sold through licensed securities salespeople and the subscription agreement would only be executed through a licensed securities salesperson. The Division found that the issuer did not meet the requirements for the exemption so the securities were unregistered. In addition, inaccurate information was marked by Huber on an investor’s suitability statement and subscription agreement. Finally, Huber represented that the notes were safe investments like a “certificate of deposit,” when the private placement memorandum filed with the Division disclosed that there were many risk considerations. Huber also did not disclose to investors that in 1996, he was the subject of a permanent bar by the New York Stock Exchange.

The Division notified Huber and International Management of their right to an adjudicative hearing pursuant to Chapter 119 of the Revised Code in a Notice of Opportunity for Hearing, Order No. 03-201, issued on October 21, 2003. After legal publication was completed on the Division Order, a hearing was not requested and the Cease and Desist Order was issued by the Division on December 23, 2003.

Criminal Updates

On November 14, 2003, **Stephen R. Lee** of Perkins Township (Erie County) was indicted by an Erie County grand jury on 15 felony counts, including the following: three counts of mishandling funds as an investment adviser; three counts of engaging in fraud as an investment adviser; one count of unlicensed investment adviser activity; one count of making a false report in a securities transaction; one count of fraudulent activity in the sale of securities; one count of making false representations in the sale of securities; three counts of passing bad checks; and two counts of theft. The indictment alleges that Lee, who was licensed as an investment adviser since 1990 and who was licensed with the Division as an investment adviser under the name of Lee Investment Services from January 1,

2000 to December 31, 2002, mishandled \$90,642 in investor funds. It alleges that instead of placing the investment funds in the clients' brokerage accounts, Lee maintained the funds in a personal account, in violation of the Division's investment advisory rules regarding custody of client funds. The indictment also alleges that Lee made misrepresentations in the fraudulent sale of a security to his elderly neighbor, in addition to stealing from her. Lee is also charged with stealing \$86,675.24 from the Timber Lakes Condominium Association in Perkins Township, where he once served as President and Treasurer.

On November 20, 2003, **Chad Copeland** was sentenced in Butler County Court of Common Pleas to 23 years in prison

and ordered to pay \$868,381.68 in restitution. On September 18, 2003, a jury found Chad Copeland guilty on all charges against him, totaling 23 counts, including nine counts of making false representations in connection with the sale of securities, two counts of securities fraud, two counts of aggravated theft by deception, one count of grand theft, one count of money laundering and eight counts of passing bad checks. The securities counts consist of first and second-degree felonies; the remaining counts are third and fourth degree felonies. Copeland was indicted on the above-referenced 23 counts on November 14, 2002.



Capital Formation Statistics*

Because the Division's mission includes enhancing capital formation, the Division tabulates the aggregate dollar amount of securities to be sold in Ohio pursuant to filings made with the Division. As indicated in the notes to the table, the aggregate dollar amount includes a value of \$1,000,000 for each "indefinite" investment company filing. However, the table does not reflect the value of securities sold pursuant to "self-executing exemptions" like the "exchange listed" exemption in R.C. 1707.02(E) and the "limited offering" exemption in R.C. 1707.03(O). Nonetheless, the Division believes that the statistics set out in the table are representative of the amount of capital formation taking place in Ohio.

*Categories reflect amount of securities registered, offered, or eligible to be sold in Ohio by issuers.

**Investment companies may seek to sell an indefinite amount of securities by submitting maximum fees. Based on the maximum filing fee of \$1100, an indefinite filing represents the sale of a minimum of \$1,000,000 worth of securities, with no maximum. Consequently, for purposes of calculating an aggregate capital formation amount, each indefinite filing has been assigned a value of \$1,000,000.

Filing Type	4th Qtr 2003	YTD 2003
Exemptions		
Form 3(Q)	\$502,770,734	\$713,346,266
Form 3(W)	8,150,000	25,373,500
Form 3(X)	42,228,925,271	172,102,317,437
Form 3(Y)	1,690,000	3,202,000
Registrations		
Form .06	17,014,000	929,633,802
Form .09/.091	3,559,510,136	51,511,343,850
Investment Companies		
Definite	93,907,500	406,641,573
Indefinite**	452,000,000	1,970,000,000
TOTAL	\$48,863,967,641	\$227,661,858,428

Registration Statistics

The following table sets forth the number of registration, exemption, and notice filings received by the Division during the fourth quarter of 2003, compared to the number of filings received during the fourth quarter of 2002. Likewise, the table compares the year-to-date filings for 2003 and 2002.

Filing Type	4th Qtr '03	YTD '03	4th Qtr '02	YTD '02
1707.03(Q)	35	141	32	131
1707.03(W)	4	17	3	18
1707.03(X)	306	1115	262	1044
1707.03(Y)	2	6	1	10
1707.04/.041	2	6	0	5
1707.06	11	74	13	76
1707.09/.091	28	158	53	185
Form NF	1008	4301	1062	4415
1707.39/.391	12	43	20	54
Total	1408	5861	1447	5941

Division Bids Farewell to Paper Format

This is the last “paper” version of the *Bulletin* to be mailed to subscribers. Beginning with volume 2004:1, the *Bulletin* will be available in electronic format only from the Division. Readers may, of course, download the *Bulletin* or print the *Bulletin* from the Division’s web site.

Although the *Ohio Securities Bulletin* will remain “printable” both from the Division’s web site at www.securities.state.oh.us and from subscribers’ receipt of the electronic *Bulletin* on the new list serv, the Division will no longer use the United States Postal Service to mail paper copies.

The Division has created a list serv for purposes of e-mailing the electronic issue of the *Bulletin*. If you would like to be added to the new list serv, please send your e-mail address to MEKeller@com.state.oh.us. Once the list serv is added to the Division’s web site, you may subscribe and unsubscribe to the *Ohio Securities Bulletin* using the automated system.

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Licensing Statistics

License Type	YTD 2003
Dealer	2,257
Salespersons	115,985
Investment Adviser/Notice Filers	1,654
Investment Adviser Representative	3,038

OHIO SECURITIES BULLETIN

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