

OHIO SECURITIES BULLETIN

A QUARTERLY PUBLICATION OF THE OHIO DIVISION OF SECURITIES

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“OASIS” Appears on the Securities Registration Filing Desert

In the world of securities filings, paper documents are as plentiful as grains of sand in the Sahara . . . and upon this vast expanse appears an OASIS, a refuge to slake those in search of paperless filings . . .

Or something like that.

In this issue of the *Ohio Securities Bulletin*, the Ohio Division of Securities is unveiling its proposed administrative rule for the Ohio Automated Securities Information Submission (“OASIS”) system. This article is designed to give an overview of the electronic filing system that the Division intends to implement.

The starting point for the electronic filing of information with the Division is R.C. 1707.093. Enacted on March 18,

1999, as a part of the 122nd Ohio General Assembly’s Am. Sub. H.B. 695, R.C. 1707.093 states:

Notwithstanding any provision of Chapter 1707. of the Revised Code, or any rule adopted by the division of securities under that chapter, requiring a signature or verification, the division may provide by rule for the electronic filing or submission of any form, document, material or other information that is required or permitted to be filed with or submitted to the division.

Pursuant to this statutory authority, the Division has proposed the administrative rule set out on pages 3 to 5 (the “Proposed Rule”). The Proposed Rule *continued on page 2*

“Tort Reform Decision” Invalidates Securities Litigation Standards

by Thomas E. Geyer

On August 16, 1999, the Ohio Supreme Court rendered its decision in State ex rel. Ohio Academy of Trial Lawyers v. Sheward. In this case, popularly known as the “tort reform decision,” Ohio’s highest court invalidated the 121st Ohio General Assembly’s House Bill 350, a measure known as the “tort reform bill” that sought to reform Ohio’s tort and civil justice systems. The 4 to 3 ruling struck down all parts of the tort reform bill, which had been enacted in 1996. The legislation was invalidated on the grounds that it usurped judicial power in violation of the Ohio constitutional doctrine of separation of powers, and that it violated the Ohio constitutional requirement that bills be limited to a “single subject.”

Included among the statutory provisions invalidated by the tort reform decision were R.C. 1707.432 through 1707.438, which sought to establish certain securities litigation standards under Ohio law (the “Ohio Securities Litigation Standards”). Similar to the federal securities litigation standards enacted in the Private Securities Litigation Reform Act of 1995, the Ohio Securities Litigation Standards sought to establish certain class action, pleading and damages standards.

Ironically, the Ohio Securities Litigation Standards were invalidated just a few weeks before an amendment designed to clarify their scope took effect. On September 13, 1999, new R.C. 1707.439

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OHIO

DEPARTMENT OF
COMMERCE

DIVISION OF
SECURITIES

<http://www.securities.state.oh.us>



Ohio Securities Bulletin

Issue 99:3

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OASIS

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will govern the operation of the OASIS system, which will be accessed through the Division's Internet homepage, www.securities.state.oh.us.

The Proposed Rule states that use of the OASIS system is voluntary. Initially, use of the OASIS system will be limited to use by investment companies making notice filings pursuant to R.C. 1707.092. This initial limitation is designed to establish a "phase-in" period before the OASIS system is made available for all securities registration, notice, and exemption filings.

Under the Proposed Rule, filings made through the OASIS system will be completely paperless. All documents must be submitted electronically, and the electronic entry constituting a "signature" shall have the same legal effect as a manual signature. A "signature" included with an electronic filing shall also grant a consent to service to process as provided in R.C. 1707.11.

The Proposed Rule provides that electronic filings may be submitted to the Division using the OASIS system each day from 8:00 a.m. to 5:00 p.m., except Saturdays, Sundays and legal holidays. Filing fees shall be submitted through the Automated Clearing House, or ACH, network. Attachments to an electronic filing, including prospectuses and statements of additional information, must be submitted in HTML 3.2 or higher format.

Functionally, the Division intends the electronic filing process to be commenced by accessing an "interactive" version of the Form NF on the Division's Internet homepage. A filer will type in necessary information or choose appropriate responses from a "pull-down" menu. Fields in this interactive form will be "validated" so that only properly completed forms can be transmitted. It will be possible to transmit initial and renewal filings using OASIS, as well as increases in the aggregate amount eligible to be sold in Ohio and name changes for filings that have been electronically submitted. Initial filings must contain the prospectus in HTML 3.2 or higher as an attachment.

Upon receipt of an electronic filing, the Division will transmit back to the filer a filing confirmation, along with instructions for the ACH credit funds transfer. The filer must then complete an ACH transaction pursuant to the instructions, in order to complete the filing.

Upon determining that the electronic filing is complete, the Division will send the filer an electronic certificate of acknowledgement confirming the amount eligible to be sold and providing the effective date in Ohio. Although the Division believes deficiencies will be minimized as a result of the validated fields on the electronic Form NF, correspondence regarding a filing deficiency will be transmitted from the Division examiner to the filer's e-mail.

As provided in the Public Notice published elsewhere in this issue of the *Ohio Securities Bulletin*, the public hearing in the promulgation of administrative rules process will be held at the offices of the Division at 10:00 a.m. on Friday, December, 17, 1999. The Division anticipates that the Proposed Rule will become effective at the end of January 2000 with the simultaneous implementation of the OASIS system.

The Division hopes that the securities industry will embrace the OASIS system and that it will, indeed, be a refuge to slake those in search of paperless filings

Tort Reform

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became law to clarify that rescission actions under R.C. 1707.43 are not subject to the Ohio Securities Litigation Standards. New R.C. 1707.439 is discussed more fully in the article "Sub. H.B. 6 Authorizes Electronic Proxies and Makes Technical Changes to 1707," contained in *Ohio Securities Bulletin* 99:2.

Apparently, the Ohio Securities Litigation Standards were designed to prevent plaintiffs from circumventing the federal securities litigation standards by filing suit in state court. Subsequent to the adoption of the Ohio Securities Litigation Standards, Congress effectively prevented such state court circumvention by passing the Securities Litigation Uniform Standards Act of 1998. That Act, in general, makes federal court the exclusive venue for most securities class actions. Consequently, there may not be a need to seek re-enactment of the Ohio Securities Litigation Standards.

Mr. Geyer is the Commissioner of Securities.

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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PROPOSED ADMINISTRATIVE RULE

As indicated in the preceding article entitled, "OASIS" *Appears on the Securities Registration Filing Desert*, the Division proposes to adopt the following new administrative rule. The rule, in its entirety, is new, and consequently appears in uppercase. Each letter to remain in uppercase is underlined.

1301:6-3-093 ELECTRONIC FILINGS.

(A) AVAILABILITY. THE USE OF THE OHIO AUTOMATED SECURITIES INFORMATION SUBMISSION SYSTEM, OR THE "OASIS" SYSTEM, IS VOLUNTARY.

(1) ONLY AN ELECTRONIC FILER FOR AN "INVESTMENT COMPANY," AS DEFINED BY THE INVESTMENT COMPANY ACT OF 1940 THAT IS REGISTERED OR HAS FILED A REGISTRATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE INVESTMENT COMPANY ACT OF 1940, AND WHO IS SEEKING TO COMPLY WITH SECTION 1707.092 OF THE REVISED CODE, MAY SUBMIT ELECTRONIC FILINGS TO THE DIVISION USING THE "OASIS" SYSTEM.

(2) FILINGS SUBMITTED TO THE DIVISION USING THE "OASIS" SYSTEM SHALL CONSIST EXCLUSIVELY OF DOCUMENTS SUBMITTED IN AN ELECTRONIC FILING.

(3) IN ORDER TO USE THE "OASIS" SYSTEM, ELECTRONIC FILERS SHALL COMPLY WITH ALL PROVISIONS OF THIS RULE.

(B) FOR PURPOSES OF THIS RULE AND SECTION 1707.093 OF THE REVISED CODE:

(1) "ELECTRONIC FILER" SHALL MEAN A PERSON WHO ELECTRONICALLY SUBMITS FILINGS AND DATA TO THE DIVISION PURSUANT TO THIS RULE.

(2) "ELECTRONIC FILING" SHALL MEAN:

(a) THE DATA SUBMITTED FOR PURPOSES OF COMPLYING WITH SECTION 1707.092 OF THE REVISED CODE THAT IS TRANSMITTED OVER THE INTERNET TO THE DIVISION'S WEB SITE LOCATED AT <http://www.securities.state.oh.us> OR OTHER ASSOCIATED WEB SITE IN ACCORDANCE WITH THIS RULE AND THE ELECTRONIC FILING INSTRUCTIONS CONTAINED ON THE DIVISION'S WEB SITE; AND

(b) THE TRANSMISSION OF FEES AS DESCRIBED IN PARAGRAPH (E) OF THIS RULE.

(C) SIGNATURE. WHEN USED IN CONNECTION WITH AN ELECTRONIC FILING, "SIGNATURE" SHALL MEAN AN ELECTRONIC ENTRY IN THE FORM OF A COMPUTER DATA COMPILATION OF ANY LETTER OR SERIES OF LETTERS COMPRISING A NAME THAT IS EXECUTED, ADOPTED OR AUTHORIZED AS A SIGNATURE.

(1) A SIGNATURE USED IN CONNECTION WITH AN ELECTRONIC FILING SHALL HAVE THE SAME LEGAL EFFECT AS A MANUAL SIGNATURE.

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PROPOSED ADMINISTRATIVE RULE *continued from page 3*

(2) FOR THE PURPOSES OF THIS RULE, A SIGNATURE USED IN CONNECTION WITH AN ELECTRONIC FILING SHALL, ON BEHALF OF THE INVESTMENT COMPANY FOR WHICH THE ELECTRONIC FILING IS SUBMITTED, GRANT IRREVOCABLE CONSENT TO SERVICE OF PROCESS ON THE SECRETARY OF STATE AS PROVIDED IN SECTION 1707.11 OF THE REVISED CODE.

(D) BUSINESS HOURS. ELECTRONIC FILINGS MAY BE SUBMITTED TO THE DIVISION USING THE “OASIS” SYSTEM EACH DAY FROM EIGHT a.m. TO FIVE p.m. EASTERN STANDARD TIME EXCEPT SATURDAYS, SUNDAYS AND LEGAL HOLIDAYS.

(1) EXCEPT AS PROVIDED IN PARAGRAPH (D)(2) OF THIS RULE, THE BUSINESS DAY ON WHICH AN ELECTRONIC FILING IS RECEIVED BY THE DIVISION SHALL BE THE DATE OF SUBMISSION IF:

(a) THE DIRECT TRANSMISSION IS COMPLETED AND RECEIVED IN ITS ENTIRETY BY THE DIVISION PRIOR TO FIVE p.m. EASTERN STANDARD TIME. ALL ELECTRONIC FILINGS, THE DIRECT TRANSMISSION OF WHICH IS COMPLETED AND RECEIVED IN ITS ENTIRETY AFTER FIVE p.m. EASTERN STANDARD TIME, SHALL BE DEEMED FILED THE NEXT BUSINESS DAY.

(b) THE ELECTRONIC FILING IS ACCEPTED BY THE “OASIS” SYSTEM; AND

(c) IF APPLICABLE, THE REQUIRED FEE PAYMENT HAS BEEN PROVIDED.

(2) IF AN ELECTRONIC FILER IN GOOD FAITH ATTEMPTS TO SUBMIT AN ELECTRONIC FILING TO THE DIVISION IN A TIMELY MANNER, BUT THE TRANSMISSION IS DELAYED DUE TO TECHNICAL DIFFICULTIES IN THE “OASIS” SYSTEM, THE ELECTRONIC FILER MAY REQUEST AN ADJUSTMENT TO THE FILING DATE OF THE TRANSMISSION. THE DIVISION MAY GRANT THE REQUEST IF IT APPEARS THAT SUCH AN ADJUSTMENT IS APPROPRIATE AND CONSISTENT WITH THE PUBLIC INTEREST AND THE PROTECTION OF INVESTORS.

(E) FEE PAYMENT. FEES REQUIRED BY CHAPTER 1707 OF THE REVISED CODE WITH RESPECT TO AN ELECTRONIC FILING SUBMITTED TO THE DIVISION USING THE “OASIS” SYSTEM MUST BE TRANSFERRED THROUGH THE AUTOMATED CLEARING HOUSE NETWORK IN CASH CONCENTRATION OR DISBURSEMENT PLUS ADDENDA ENTRY FORMAT OR “CCD+ FORMAT”.

(F) PERMISSIBLE DOCUMENTS AND REQUIRED FORMAT. IN ADDITION TO THE FORM NE OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION AND AMENDMENTS THERETO, AN ELECTRONIC FILER MAY SUBMIT THE FOLLOWING ATTACHMENTS WHICH SHALL BE IN HTML 3.2 OR HIGHER FORMAT:

S.E.C. AND OHIO SECURITIES ISSUES CONFERENCE

Thursday, December 9, 1999, Holiday Inn West, Columbus, Ohio

*Sponsored by:
The Ohio Society of Certified Public Accountants
The Ohio Division of Securities*

TOPICS: Materiality; Liability in Securities Offerings; The Blue Ribbon Commission Recommendations; Ohio's Investment Adviser Law; Independence of Accounting Firms; Securities Law Update and Electronic Proxies; SEC Accounting Update; Segment Reporting and Qualitative and Quantitative Disclosures of Market Risk.

The meetings of the Division's Advisory Committees will be held at the conclusion of the seminar portion of the Conference (approximately 4:00 p.m.).

All Ohio subscribers to the *Ohio Securities Bulletin* will be mailed a brochure containing additional details and providing information about Conference registration. Please note that Conference registration and administration will be handled by the Ohio Society of Certified Public Accountants, not the Division. You may contact the Ohio Society at (614) 764-2727.

PROPOSED ADMINISTRATIVE RULE *continued from page 4*

- (1) REGISTRATION STATEMENTS AND AMENDMENTS THERETO;
 - (2) PROSPECTUSES AND STATEMENTS OF ADDITIONAL INFORMATION, AND AMENDMENTS THERETO;
 - (3) RELATED CORRESPONDENCE INCLUDING NOTICE OF THE DECLARATION OF EFFECTIVENESS OF THE INVESTMENT COMPANY'S REGISTRATION STATEMENT BY THE SECURITIES AND EXCHANGE COMMISSION; AND
 - (4) OTHER SUPPLEMENTAL INFORMATION.
- (G) ERRORS AND OMISSIONS. AN ELECTRONIC FILER SHALL NOT BE SUBJECT TO THE LIABILITY AND ANTI-FRAUD PROVISIONS OF CHAPTER 1707. OF THE REVISED CODE WITH RESPECT TO AN ERROR OR OMISSION IN AN ELECTRONIC FILING RESULTING SOLELY FROM ELECTRONIC TRANSMISSION ERRORS BEYOND THE CONTROL OF THE ELECTRONIC FILER WHERE THE ERROR OR OMISSION IS CORRECTED BY SUBMITTING TO THE DIVISION AN ELECTRONIC FILING THAT CONTAINS AN AMENDMENT AS SOON AS REASONABLY PRACTICABLE AFTER THE ELECTRONIC FILER BECOMES AWARE OF THE ERROR OR OMISSION.

PUBLIC NOTICE

At 10:00 a.m. on Friday, December 17, 1999, the Ohio Division of Securities will hold a public hearing regarding the Division's intent to amend Ohio Administrative Rules 1301:6-3-03, 1301:6-3-13, 1301:6-3-151, 1301:6-3-16, and 1301:6-3-19, and to create new Ohio Administrative Rules 1301:6-3-093 and 1301:6-3-48. The hearing will be held in the offices of the Division located at 77 South High Street, 22nd Floor, Columbus, Ohio 43215.

Copies of the proposed amendments and new rules may be obtained by contacting the Ohio Division of Securities at the above address or by calling the Division at (614) 644-7381. Copies of the proposed amendments and rules may also be obtained from the Division's Internet homepage located at www.securities.state.oh.us. Note that the full version of proposed new rule 1301:6-3-093 regarding electronic filings is contained in this issue of the *Ohio Securities Bulletin*, and that the text of the remaining amendments and new rules are not contained herein. However, each of the proposed amendments and new rules is summarized in the following:

OAC 1301:6-3-03 As a result of the preemptive provisions of the Philanthropy Protection Act of 1995, the exemptions relating to qualified charities are being deleted. In addition, renumbering the paragraphs clarifies what text pertains to Revised Code 1707.03(O) and Revised Code 1707.03(Q).

The purpose of the proposed rule is for clarity in conjunction with the substantive requirements of Revised Code 1707.03(O) and Revised Code 1707.03(Q). The proposal also eliminates preempted exemptions relating to qualified charities.

OAC 1301:6-3-13 New paragraph (B) will allow the Division to withdraw notice filings without prejudice and to return a portion of the filing fees.

The purpose of the proposed rule is to grant the Division the ability to withdraw filings after a prescribed time period so that the filings do not "pend" indefinitely.

OAC 1301:6-3-151 New paragraph (L) will establish an investment adviser's duty to supervise its investment adviser representatives and other persons employed by or associated with the investment adviser.

The purpose of the proposed amendment is to impose a duty of supervision on all investment advisers with regard to investment adviser representatives and other persons employed by or associated with the investment adviser, so that the investment adviser can help ensure violations of the Ohio Securities Act will not occur.

OAC 1301:6-3-16 The proposal will clarify the forms and filing fee needed to apply for a salesperson's license.

The purpose of the proposed rule is to update the language and to include a reference to the fee provisions contained in Revised Code 1707.17.

OAC 1301:6-3-19 Paragraph (D)(2) is being amended to clarify that administrative or enforcement actions taken against investment advisers, investment adviser representatives, dealers and securities salespersons will be considered in the Division's determination of the existence of good business repute.

The purpose of the proposed amendment is to provide clarity with regard to the Division's determination of the existence of good business repute.

OAC 1301:6-3-093 This new rule will help implement an electronic filing system for investment company notice filings.

The purpose of the new rule is to set forth the provisions regarding the submission of electronic filings for certain issuers including format, fee payment, and Division business hours.

OAC 1301:6-3-48 This new rule will allow the Division to create schedules to retain records for more than the current five or eight year period.

The purpose of the new rule is to allow the Division to retain certain records for a period longer than currently permitted.

Division Enforcement Section Reports

Administrative Orders

FRANK D. BROWN

On June 29, 1999, the Division issued Order No. 99-282, a Cease and Desist Order, against Frank D. Brown. The Respondent is an Ohio resident.

On May 11, 1999, the Division issued Division Order No. 99-212, a Notice of Opportunity for Hearing, to Frank D. Brown. The Division alleged that the Respondent violated the provisions of Ohio Revised Code Section 1707.44(C)(1) and 1707.44(G) by, respectively, selling unregistered securities and failing to disclose material facts in conjunction with the sales of securities. These allegations stem from the Respondent's sales of promissory notes in First Lenders Indemnity Corporation (FLIC) to Ohio investors that purportedly were partially secured by collateral that included automobile loan portfolios. The notes were not registered or claimed from exemption with the Division of Securities. The Respondent also failed to disclose to investors that several state securities regulators had issued Cease and Desist Orders against companies affiliated with the issuance of the notes. Also, some of the investors were misled because of omissions of information that would have alerted them that the notes were not registered, nor were the subject of an exemption filing with the Securities and Exchange Commission. The Division, through Order No. 99-212, also notified the Respondent of his rights to an adjudicatory hearing pursuant to Chapter 119 of the Revised Code. The Respondent did not timely request a hearing. Therefore the Division issued its Cease and Desist Order No. 99-282, incorporating the allegations noted above as findings.

PERRY ANDREW GROVES

On June 29, 1999, the Division issued Order No. 99-281, a Cease and Desist Order with Consent Agreement, against Perry Andrew Groves, an Ohio resident.

On May 26, 1999, the Division issued Division Order No. 99-241, a Notice of Opportunity for Hearing, pursuant to Ohio Revised Code Chapter 119. The Division alleged that the Respondent violated Revised Code Sections 1707.14(A)(1) and 1707.44(A), which prohibit the selling of securities without being licensed by the Division of Securities. The Order also notified the Respondent of the Division's intent to issue a final Cease and Desist Order against him. Upon issuance of the Order, the Division and the Respondent entered into a Consent Agreement, which was accompanied by the issuance of a Cease and Desist Order, Order No. 99-281, incorporating these allegations as findings. The agreement principally requires the Respondent to waive appeal rights in this matter and to stipulate and agree to the findings, conclusions and orders found in the Cease and Desist Order.

JAMES MINTER TURNER

On July 2, 1999, the Division issued Order No. 99-291, a Cease and Desist Order and Revocation of Ohio Securities Salesperson License, against James Minter Turner, an Ohio resident.

On June 1, 1999, the Division issued Division Order No. 99-245, a Notice of Opportunity for Hearing and Notice of Intent to Revoke Securities Salesperson License. The Division alleged that the Respondent was not of "good business repute" as that term is used in the Ohio Administrative Code Rule 1301:6-3-19 (D)(9) and Revised Code Section 1707.19(A)(9). The Division also alleged the Respondent violated provisions found in Revised Code sections 1707.44(C)(1) and 1707.44(G), as well as sections 1707.19(A)(1) and 1707.19(A)(4) and Ohio Administrative Code Rule 1301:6-3-19(A)(19). These sections deal mainly with the sale of unregistered securities, the omission of material facts in the sale of securities, and grounds for revocation of a securities salesperson's license. Rule 1301:6-3-19(A)(19) prohibits effecting securities transactions not authorized by the dealer prior to the transaction. The Division's allegations stem from the Respondent's

sales of promissory notes in FLIC that were purportedly partially secured by collateral including automobile loan portfolios (see summary of Division Order 99-282 above). Respondent failed to timely request an administrative hearing pursuant to Ohio Revised Code Chapter 119. Therefore, the Division issued its Cease and Desist Order and revoked the Ohio Securities Salesman License of James Minter Turner in Order No. 99-291.

SHIRLEY A. FARINO

On July 8, 1999, the Division issued Division Order No. 99-292, a Cease and Desist Order, against Shirley A. Farino, the former chairman of the board and chief executive officer of FLIC. Respondent is a California resident.

On April 7, 1999, the Division issued a Notice of Opportunity for Hearing, Division Order No. 99-156, to the Respondent pursuant to Ohio Revised Code Chapter 119. The Division alleged that the Respondent violated the provisions of Ohio Revised Code Sections 1707.44(C)(1) and 1707.44(G) which prohibit, respectively, selling unregistered securities and omission of material facts in the sale of securities. The Division's allegations stem from the Respondent's sales of promissory notes of FLIC that were purportedly partially secured by collateral including automobile loan portfolios (see summary of Division Orders 99-282 and 99-291 above). The Respondent failed to make a timely request for an administrative hearing as permitted under Ohio Revised Code Chapter 119. Therefore, the Division issued its Cease and Desist Order No. 99-292.

EUGENE A. EUSANIO

On July 8, 1999, the Division issued Division Order No. 99-293, a Cease and Desist Order with Consent Agreement, against Eugene A. Eusanio, an Ohio resident.

On May 25, 1999, the Division issued a Notice of Opportunity for Hearing, Division Order No. 99-233, to the Respondent pursuant to Ohio Revised

Code Chapter 119. The Division alleged that the Respondent violated Ohio Administrative Code Rule 1301:6-3-19(A)(19) by effecting a securities transaction not recorded on the regular books and records of the dealer that the salesman represents. The Order also alleged that the Respondent violated R.C. 1707.19(A)(9) by conducting business in violation of the Division's rules and regulations, and R.C. 1707.44(C)(1), by selling unregistered securities. The Order also notified the Respondent of the Division's intentions to issue a Cease and Desist Order incorporating the allegations. The Division's allegations stem from the Respondent's sales of promissory notes of FLIC that were purportedly partially secured by collateral including automobile loan portfolios (see summary of Division Orders 99-282, 99-291 and 99-292 above). Upon issuance of the Order, the Respondent requested an administrative hearing pursuant to Ohio Revised Code Chapter 119, but later withdrew his request. The Respondent and the Division subsequently entered into a Consent Agreement, which accompanied the issuance of the Cease and Desist Order. The agreement principally requires the Respondent to waive appeal rights in the matter and to stipulate and agree to the findings, conclusions and orders found in Cease and Desist Order No. 99-293.

**UNIQUE FINANCIAL
CONCEPTS, INC.;**
RENEE CONFINANTE;
NICHOLAS D. DEANGELIS

On August 5, 1999, the Division issued Division Order No. 99-314, a Cease and Desist Order against Unique Financial Concepts, Inc., Renee Confinante and Nicholas D. Deangelis. Respondents are Florida residents.

On April 22, 1999, the Division issued Division Order No. 99-190, a Notice of Opportunity for Hearing to Respondents pursuant to Ohio Revised Code Chapter 119. The Division alleged that Respondents violated the provisions of Revised Code Sections 1707.44(C)(1)

and 1707.44(K) which, respectively, prohibit selling unregistered securities and making, recording, publishing or causing to be made, recorded, or published, a false report for the purpose to deceive. The allegations stem from the Respondents' sale of investments in the foreign currency markets to an Ohio investor. The Order also advised the Respondents of their right to request an adjudicative hearing pursuant to Ohio Revised Code Chapter 119. The Respondents failed to timely request an adjudicative hearing as permitted by Division Order No. 99-190. Therefore, the Division issued its Cease and Desist Order No. 99-314, incorporating the above-referenced allegations as findings.

Civil Actions

Greater Ministries International Church

As a result of legal action initiated by the Ohio Division of Securities and the Alabama Securities Commission, on August 20, 1999, the United States District Court in Tampa, Florida, entered a permanent injunction ordering Greater Ministries International Church, of Tampa, to cease their operations, including the operation of the "Faith Promises" program. The injunction was issued after it was shown that Greater Ministries violated the securities laws and committed other frauds. It is estimated that Greater Ministries took in over \$100 million illegally. In connection with the injunction, the District Court also ordered a court-appointed receiver to take control of Greater Ministries' headquarters building in Tampa and other assets. The receiver has already noted that he has found no evidence of legitimate investments by Greater Ministries.

The Division first took legal action against Greater Ministries on September 21, 1998, for violations of the Ohio securities laws. Specifically, the Division ordered Greater Ministries to stop selling

investment opportunities in the "Faith Promise" program without compliance with the Ohio securities laws. Investors in the "Faith Promises" program were told that they would receive back "double their money" within 13 to 18 months of their investment. Several other states, including Pennsylvania, California and Florida also took enforcement action for violations of state securities laws.

Despite the Division's September 1998 order, Greater Ministries continued to solicit Ohioans to invest in the Faith Promise and other programs. Evidence revealed that over 600 Ohioans invested with Greater Ministries. Consequently, on August 6, 1999, the Division joined the Alabama Securities Commission in filing a lawsuit against Greater Ministries in the Tampa federal court. The lawsuit alleged that Greater Ministries was continuing to violate the securities laws and was engaging in other fraudulent conduct. As a result of the lawsuit, a federal judge entered a temporary restraining order, commanding Greater Ministries to stop their operations temporarily. Subsequently, on August 20, the same judge ordered Greater Ministries to cease operations permanently pursuant to the injunctive order.

Greater Ministries investors may contact the court-appointed receiver, Florida attorney James W. Beasley, at (561) 835-0900.

Editor's Note: Division of Securities' enforcement actions for the third quarter of 1999, including final orders affecting salesman license applicants, will appear in the next Ohio Securities Bulletin. Copies of the Division Orders summarized above can be obtained by contacting the Division.

Capital Formation Statistics*

Filing Type	Third Quarter 1999	YTD 1999
Exemptions		
Form 3(Q)	\$145,206,047	\$648,113,340
Form 3(W)	35,950,004	79,770,004
Form 3(X)	25,357,830,063	46,231,224,342
Form 3(Y)	9,732,029	26,732,029
Registrations		
Form .06	384,423,322	856,942,569
Form .09	5,975,000	81,595,980
Form .091	4,264,154,626	5,305,337,531
Form .092(C)	Not Quantifiable	Not Quantifiable
Investment Companies		
Definite	83,070,500	285,330,500
Indefinite**	612,000,000	1,942,000,000
TOTAL	\$30,898,341,591	\$55,457,046,295

*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. For purposes of calculating an aggregate capital formation amount, each indefinite filing has been assigned a value of \$1,000,000.

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.

Registration Statistics

The following table sets forth the number of registration and exemption filings received by the Division during the third quarter of 1999, compared to the number of filings received during the third quarter of 1998. Likewise, the table compares the year-to-date filings for 1998 and 1999.

Filings pursuant to RC 1707.03(X) and 1707.03(Y) became available March 18, 1999 with the effectiveness of Am. Sub. H.B. 695. The 3(X) filing is for Rule 506 offerings (the 3(Q) exemption is now exclusively for Section 4(2) claims of exemption.) The 3(Y) filing is an accredited investor exemption.

Filing Type	3rd Qtr '99	YTD 1999	3rd Qtr '98	YTD 1998
1707.03(Q)*	81	466	366	1152
1707.03(W)	9	28	10	41
1707.03(X)	321	674	NA	NA
1707.03(Y)	6	11	NA	NA
1707.04	0	0	0	0
1707.041	3	6	0	1
1707.06	25	100	21	92
1707.09	7	38	16	38
1707.091	38	122	65	264
1707.092(A)**	1022	3280	1042	3166
1707.092(C)***	1	1	NA	NA
1707.39	1	5	1	5
1707.391	38	100	21	89
Total	1552	****4831	1542	4848

* Statistics for the number of 3(Q) filings submitted prior to March 18, 1999 contain those pursuant to both Rule 506 and Section 4(2) of the Securities Act of 1933, whereas filings after March 18, 1999 will be represented by two different sections: RC 1707.03(Q) for Section 4(2) filings, and RC 1707.03(X) for Rule 506 offerings.

** Investment company notice filings.

*** Offerings of covered securities not otherwise covered by another statutory provision in the Ohio Securities Act.

**** Total filings will have decreased after March 18, 1999 as a result of Rule 506 offerors not having to file amendments to the Form D filing in Ohio.

Licensing Statistics

The table below sets out the number of Salespersons and Dealers licensed by the Division at the end of the first, second and third quarters of 1999 compared to the corresponding quarters of 1998 as well as the fourth quarter of 1998 compared to the corresponding quarter of 1997.

	End of Q3 1999	End of Q3 1998	End of Q2 1999	End of Q2 1998	End of Q1 1999	End of Q1 1998	End of Q4 1998	End of Q4 1997
Number of Salespersons Licensed:	97,483	88,796	92,226	85,526	88,727	81,210	89,152	83,238
Number of Dealers Licensed:	2,332	2,151	2,287	2,106	2,223	2,082	2,137	2,170

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Recent past issues of the Ohio Securities Bulletin, dating back to Issue 94:1, are available in PDF format on the Ohio Division of Securities internet homepage, www.securities.state.oh.us.

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