OHIO SECURITIES BULLETIN

RICHARD F. CELESTE, GOVERNOR
LINDA K. PAGE, DIRECTOR OF COMMERCE
MARK HOLDERMAN, COMMISSIONER OF SECURITIES

88:1 April 1988

Commissioner's Letter

SECURITIES REGULATION AFTER OCTOBER 19, 1987

With all the media attention given to the stock market crash or "break" of October 19, 1987, I won't even attempt to speculate as to which theory best explains this phenomenon. However, since we have received numerous inquiries as to what the Division has seen to date in the aftermath of "Black Monday," I did want to comment on the Division's activities. Additionally, there follows a short synopsis of three in-depth reports which extensively studied the situation and provided fascinating insights on how the markets operated during this extraordinary day and the ensuing week. A more complete bibliography is contained in the "Interesting Reading" section for those who wish to obtain copies of these reports.

In response to the market plunge, the North American Securities Administrators Association (NASAA) immediately established a toll-free hotline for investors to call for information and assistance. NASAA published results of its experience in December 1987 (see "Interesting Reading"). According to the report there were 6,692 calls during a four-week span from November 9 through December 4. Of this number, 2,562 or 38% of the calls reported specific concerns. Callers were then referred to the Securities Division in their jurisdiction for further assistance. California had the most complaints with just over 1,000; New York had 803; Florida 785, Texas 290, and Ohio was fifth with 278. Reported investor losses ranged from $62.00 to 5 million dollars. Projected total investor losses amounted to $457.25 million.

The following is a breakdown of complaints ranked by frequency:

1. Trade execution problems	29%
2. Unsuitability	14%
3. Margin calls	14%
4. Other/miscellaneous	14%
5. False/misleading information	9%
6. Unauthorized trading	9%
7. Broker not available	8%
8. Not defined	3%
	100%

In January of 1988, results of the Report of the Presidential Task Force on Market Mechanisms were published (see "Interesting Reading"). Commonly referred to as the Brady Commission, this special task force created by President Reagan attempted to determine the causes of the "Black Monday" market crash. The Commission's investigation included interviews with various market experts, as well as data analysis resulting in a minute-by-minute correlation of trading on the stock, futures, and options exchanges from October 14 through October 20. The major conclusions in this report—that there exists only a single market for stocks, futures, and options and that this market was driven down by a combination of actions of a relatively few institutions—appear certain to figure in the ongoing debate concerning the stock market in general. The commission recommended that:

1. Margins should be consistent across all market places.

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Ohio Department of Commerce
Division of Securities
Two Nationwide Plaza—Third Floor
Columbus, Ohio 43266-0548

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2. One agency should coordinate the related market segments (i.e., markets for stocks, stock index futures, and stock options). The report suggested that the Federal Reserve Board may be best qualified to fill that role.

3. Mechanisms such as price limits and coordinated trading halts should be formulated and implemented.

The Chairman of the Securities and Exchange Commission through the Commission's Division of Market Regulation also conducted a study to determine what regulatory responses should be formulated as a result of the securities markets performance in October 1987 (see "Interesting Reading"). The Report includes twelve separate chapters of findings covering a myriad of facets of the market break. A basic premise of the SEC's study was as follows:

> In conducting our analysis, we have adopted the fundamental assumption that extreme price volatility, such as occurred during the market break, is undesirable. We recognize that in one sense volatility is a neutral phenomenon: a measure of how quickly prices react to new information. Moreover, during periods of increased economic uncertainty it is not surprising that increased volatility occurs. Nevertheless, when price swings reach extreme levels, they can have a number of adverse consequences. First, such volatility increases marketmaking risks and requires market intermediaries to charge more for their liquidity services, thereby reducing the liquidity of the market as a whole. Second, if such volatility persists, securities firms are less able to use their available capital efficiently because of the need to reserve a larger percentage of cash-equivalent investments in order to reassure lenders and regulators. Third, greater volatility can reduce investor confidence in investing in stocks. As a result of these effects, we believe substantially increased price volatility could, in the long run, impact the ability of U.S. corporations to raise capital efficiently through the sale of equity securities.[1]

The Government Accounting Office published its Preliminary Observations on the October 1987 Crash on January 26, 1988 (see "Interesting Reading") in response to requests by several congressional committees seeking feedback on this phenomenon. The GAO focused on two areas that it deemed worthy of immediate corrective action. First, the automated systems used by the various exchanges and market places were not able to handle the tremendous surge in volume. Second, there were no "intermarket contingency plans" which should be developed in case another similar crisis arises. The GAO commented on the crisis, stating it was "... remarkable that the systems [both market and regulatory] performed as well as they did ..."[2] in view of the unprecedented volumes and price changes.

What does the market break mean as far as state regulation is concerned? Long-range predictions would obviously be premature. The analysis and debate over the causes of such a collapse and steps to avoid a repeat will continue for some time. On a practical level, the Division is beginning to experience the "fallout" of complaints from investors who experienced problems during and after the crash. NASAA's hotline system has been a valuable asset in identifying complaints and flushing out major problem areas. There has also been a dramatic increase in registration withdrawals which was not unexpected.

Although the precipitous drop was dramatic and did expose a few potential weaknesses in the markets, there was no cataclysmic failure of our capital markets and the improvements that have already been implemented should be viewed as evolutionary adjustments, not an indication of major restructuring.

[1] *The October 1987 Market Break*, U.S. Securities and Exchange Commission, Division of Market Regulation (February 1988) at p. xi.

[2] *Financial Markets: Preliminary Observations on the October 1987 Crash*, U.S. General Accounting Office (January 1988) at p. 5.

INTERESTING READING

Report of the Presidential Task Force on Market Mechanisms (January 1988). Copies are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The October 1987 Market Break, U.S. Securities and Exchange Commission, Division of Market Regulation (February 1988). Copies available from the Securities and Exchange Commission, Office of Public Affairs, 450 5th Street N.W., Washington, D.C. 20549.

Financial Markets: Preliminary Observations on the October 1987 Crash. U.S. General Accounting Office (January 1988). Copies available from U.S. General Accounting Office, Post Office Box 6015, Gaithersburg, Maryland 20877.

The NASAA Investor Hotline: Reforms Are Needed to Prevent a Repeat of Serious Problems Faced by Individual Investors in the October 1987 Stock Market Crash, North American Securities Administrators Association (December 1987). Copies available from NASAA, 555 New Jersey Avenue N.W., Suite 750, Washington, D.C. 20001.

Personnel

BROKER-DEALER

Broker-Dealer examiner Bob Leach retired on December 31, 1987, after 27 years of service to the state. The Division wishes him well in retirement.

Dave Melito has recently been hired as a Broker-Dealer examiner for the Cleveland area. Dave is a graduate of Cleveland State University where he received his B.A. in Business Administration.

ENFORCEMENT

Gregg Zelasko resigned as Attorney-Inspector effective December 31, 1987, to accept a position in private practice. As a former registration attorney and supervisor prior to heading up the enforcement section this past year, Gregg was a valuable member of the Division staff. His expertise and insight into all areas of the Ohio Securities Act will be missed.

Sylvia ("Becky") Robbins-Penniman has been named as the new Attorney-Inspector to replace Gregg Zelasko. Becky comes to the Division as no stranger to the securities laws of Ohio—she has represented the Division for several years in administrative and other matters as Assistant Attorney General in the Business and Governmental Regulation Section. She has extensive experience in Revised Code Chapter 119. as applied to enforcement of the Ohio Securities Act. Becky has also been heavily involved in much of the litigation concerning the Ohio Takeover Act and Control Share Acquisition Act that has arisen in the past few years.

Division Information

SECURITIES CONFERENCE AND ADVISORY COMMITTEES

The Division has given consideration to sponsoring a Securities Conference with emphasis on Ohio law and issues affecting the securities industry in the state. Comments on topics for discussion, panel content, and speakers, as well as any other suggestions for conducting such a conference, would be welcomed.

The Division would also like to revive the advisory committees of several years ago if there is sufficient interest in the bar and industry to make the committees productive for all concerned. The committees were intended to maintain an open dialogue between those active in the securities industry and the Ohio Division of Securities. The list of last active committees included:

Advisory

Broker-Dealer

Oil and Gas

Real Estate Syndication

Registration

Industry Corporate Finance

Small Business and High Technology

Possibly some of these committees could be resurrected or new committees formed in areas where a need is perceived (e.g., Takeover Committee?). Industry and bar input as to what committees are needed is now being solicited.

The Division would appreciate receiving responses from members of the bar and representatives of the industry regarding interest in committee memberships. Please write or call Paul Tague, Deputy Commissioner, at (614) 644-7463.

FEDERATED TAKEOVER CHRONOLOGY

The following is a chronological summary of the events surrounding Campeau Corp.'s takeover bid for Federated Department Stores:

1/25/88
* Offer commences. Form 14D-1 filed with the Division of Securities

1/26/88
* Hearing requested by Federated
* Temporary Restraining Order issued by the Franklin County Court of Common Pleas restraining Campeau from attacking the Ohio Takeover Act in another court
* Complaint filed by Federated with Common Pleas Court requesting judgment declaring Ohio Takeover Act constitutional

1/27/88
* Both parties meet with Commissioner to establish briefing schedule on the issue of whether to hold a hearing pursuant to the Ohio Takeover Act
* Campeau files with federal district court in Columbus to eliminate the state court TRO and to remove the case to federal court

1/28/88
* Parties meet before federal Judge Graham and agree to remove the case to federal court and schedule a hearing on 2/1/88 in federal court regarding the continuance of the state TRO
* Campeau files a complaint in federal court to obtain a preliminary injunction against enforcement of the Ohio Takeover Act based upon its unconstitutionality

1/29/88
* Pursuant to a heavy docket, J. Graham reassigns the Campeau complaint to J. Rubin in Cincinnati; in the interim, he imposes a TRO on all parties, with any hearings on the TRO to be heard in Cincinnati on 2/1/88; hearings on the Campeau complaint will be held on Tuesday, 2/2/88

2/1/88
* Federated withdraws its request for an administrative hearing under 1707.041 and withdraws its complaint in federal and state court; withdrawal shifts burden of proof against holding a hearing
* Hearing proceeds in Cincinnati for the purpose of lifting J. Graham's TRO and postponing the 2/2/88 hearing on the Campeau complaint until Commissioner has ruled with regard to the hearing
* Commissioner rules that he is unable to find cause for a hearing
* Judge Rubin rules that the statute is not necessarily moot and reaffirms hearing for 2/2/88

2/2/88
* Hearing before J. Rubin on the issue of whether the court should issue a preliminary injunction against the Ohio Takeover Act and other provisions of the Ohio Securities Act.

2/3/88
* Legislation to defend Federated is introduced in the Senate; two proposed bills include:
  * S.B. 359, which would require that prior to an acquisition of an Ohio-based company by a non-American offeror, that offeror would file a disclosure statement with the Department of Commerce concerning the economic impact on Ohio; subject to the power to request more information, the Director would then announce a conclusion regarding the impact of the acquisition upon the Ohio economy
  * S.B. 360, which would extend the Ohio Control Share Acquisition Act, Section 1707.831, to non-Ohio charter corporations that had strong Ohio ties

2/5/88
* J. Rubin rules that the Ohio Takeover Act, Section 1707.041, is not per se unconstitutional

2/9/88
* The full Senate committee approves both bills
* The full Senate approves both bills

2/10/88
* House Judiciary Committee holds hearings on Senate Bills
* Several financiers announce offers to provide additional equity financing to Campeau

2/11/88
* House passes S.B. 359, which requires reporting to the Ohio Department of Development by foreign raiders
* S.B. 360 is not voted out of committee

2/12/88
* Governor signs S.B. 359 into law
* Campeau obtains Temporary Restraining Order against the Ohio law in federal court in Cincinnati

2/15/88
* Campeau raises offer to $65 per share

2/16/88
* Federated directors reject the Campeau offer

2/17/88
* Campeau releases the conditions on its $61 per share bid; previously conditioned upon acceptance by the Federated directors, Campeau now makes the offer unconditional; the offer is extended to March 1; (the $65 per share offer is still conditional upon approval of the directors)

2/20/88
* J. Rubin strikes down S.B. 359 as being unconstitutionally discriminatory

2/25/88	*	Campeau raises the hostile portion of its bid to $66 per share
2/29/88	*	Federated directors meet to discuss the final terms of a friendly acquisition by Campeau; the price may be as high as $68 per share; the directors claim to still be open to other higher offers
	*	Federated receives a bid for a friendly merger with Macy's late in the day
	*	Federated stock price jumps to $66 per share
3/2/88	*	Federated agrees to proposed friendly merger with Macy's at $74.50 for 80% of the firm with some Macy's stock worth about $10 per share for the remaining 20%
	*	Campeau ups its bid to $75 per share for the first 80% followed by $44 for the remaining 20%; analysts cite a preference for Campeau's terms
3/3/88	*	Campeau prepares to file suit against Macy's offer for entering an illegal "lock-up" device whereby Federated pays Macy's $45 million if the Macy's bid fails to the Campeau bid
	*	Campeau continues litigation against the Federated "poison pills"
3/12/88	*	Federated recommends to its shareholders that they tender their shares to Campeau, to be withdrawn at a later date and then tendered to Macy's
3/14/88	*	Federated's board is expected to meet to consider a "revised" (and expectedly higher) bid from Macy's

Registration

PARTNERSHIPS

Any time an issuer contemplates offering more than one partnership, whether consecutively or simultaneously, a separate registration application must be filed in Ohio for each partnership. In conjunction with these multiple partnership offerings, see also the December 1987 Securities Bulletin article regarding re-registrations of limited partnerships.

REGISTRATION FILINGS FOR CALENDAR YEAR 1987

The Division of Securities received a total of 18,280 registration applications and claims of exemption during calendar year 1987.

A breakdown of those filings by form type is as follows:

Form type	No. of filings
2(B)	985
3-O	10,835
3-Q	1,460
3-W	179
4(A)	2
5(A)	0
6(A)(1), (2), (3) & (4)	581
09 & 091	
Interstate Corporate	882
Stock Option & Purchase Plans	31
Intrastate Corporate	1
Investment Co.	1,897
R.E.I.T.	3
Limited Partnerships	319
Other Non-Corporate	23
Oil & Gas	94
39	168
391	280
TOTAL	18,280

REGISTRATION FILINGS JAN. 1, 1988 THROUGH MARCH 11, 1988

Form type	No. of Filings
2(B)	165
3-O	2,644
3-Q	369
3-W	25
04	0
041	2
041(B)(4)	1
5(A)	1
6(A)(1)	51
6(A)(2)	25
6(A)(3)	9
6(A)(3)-OG	0
6(A)(4)	17
09	242
091	340
10	0
39	27
391/09	2
391/3-O	145
391/3-Q	54
391/3-W	2
391/6(A)(1)	0
391/6(A)(2)	0
391/6(A)(3)	1
391/6(A)(4)	1
TOTAL	4,123

Broker-Dealer

BROKER-DEALER LICENSING FOR CALENDAR YEAR 1987

The Division's Broker-Dealer Section renewed 1,512 broker-dealer licenses and 51,101 salesperson licenses for calendar year 1987.

BOND INVESTMENT COMPANIES AND FUNDS TRANSMITTERS

The Division had five (5) bond investment companies licensed at the end of 1987 and 559 bond investment company salespersons.

Eleven (11) funds transmitters (those who sell money orders and travelers' checks) were licensed with the Division at the end of 1987.

Enforcement

ENFORCEMENT ADMINISTRATIVE ORDERS

FDC Cat Scanner #7; Douglas D. Duker and John Rauckhorst, General Partners

On December 10, 1987, the Division issued a Cease and Desist Order against FDC Cat Scanner #7 and its General Partners, Douglas D. Duker and John Rauckhorst, of Maple Heights, Ohio. The Division found that commissions were paid for sales of partnership units. However, a Form 3-Q filed with the Division to claim an exemption for these sales failed to report the commissions. The facts upon which an exemption was claimed under Section 1707.03(Q) of the Ohio Revised Code did not exist at the time the Form 3-Q was filed and were thus incorrectly reported, in violation of Ohio Administrative Code Rule 1301:6-3-03(A)(2). Therefore, the Division found that unregistered securities had been sold in violation of Ohio Revised Code Section 1707.44(C)(1).

The Bonanza Report/James Bartell

On December 17, 1987, a Cease and Desist Order was issued against The Bonanza Report and James Bartell of Salt Lake City, Utah. The Division found that The Bonanza Report sent a letter to Ohio residents under the signature of Bartell, offering 100 shares of stock as a bonus to encourage the order of a one-year subscription. The Division found that The Bonanza Report and James Bartell were in violation of Ohio Revised Code Section 1707.44(A) for engaging in the sale of securities without being licensed in Ohio.

H.B. Shaine & Co., Inc.

On December 22, 1987, the Division revoked the Ohio broker-dealer license of H.B. Shaine & Co., Inc. of Grand Rapids, Michigan. The Division found that H.B. Shaine & Co., Inc. failed to maintain the required net worth of twenty-five thousand dollars, in violation of Ohio Revised Code Sections 1707.19(C) and 1707.19(I), and Ohio Administrative Code Rule 1301:6-3-15(D)(1). A Securities Investment Protection Corporation trustee was appointed on October 20, 1987, after H.B. Shaine & Co., Inc. became insolvent.

Elite Petroleum Group; Gas Properties Unlimited; J.V. Kennedy

On December 30, 1987, the Division issued a Cease and Desist Order against Elite Petroleum Group of Fort Wright, Kentucky, Gas Properties Unlimited of Cleves, Ohio, and J.V. Kennedy of Cincinnati, Ohio. The Division found that J.V. Kennedy, acting as a salesman for Gas Properties Unlimited, solicited an Ohio investor into purchasing what the investor thought to be an oil and gas partnership unit. The investor signed an agreement with Elite Petroleum Group in which the investor was to be assigned a fractionalized leasehold interest. The Division found that Ohio Revised Code Sections 1707.44(A) and 1707.44(C)(1) were violated.

Mark S. Haukedahl

On December 30, 1987, a Cease and Desist Order was issued against Mark S. Haukedahl of Maumee, Ohio. The Division found that Haukedahl, while an officer of Protected Homes of Ohio, Inc., sold Protected Homes of Ohio, Inc. stock to Ohio investors. The Division found that Haukedahl was not licensed to sell securities in Ohio and the shares of stock sold by Haukedahl were not registered or exempt in Ohio, in violation of Ohio Revised Code Sections 1707.44(A) and 1707.44(C)(1). Mark Haukedahl appealed the Order in Franklin County Court of Common Pleas on January 21, 1988.

Silverton Properties; Crystal R. Diley

On January 6, 1988, the Division issued a Cease and Desist Order against Silverton Properties and Crystal R. Diley of Heath, Ohio. The Division found that Diley sold unregistered shares of stock of Silverton Properties to Ohio investors while she was unlicensed to sell securities in Ohio. In addition, the Division found that false and misleading representations were made to investors orally and in written offering materials, including 1) that Silverton Properties was an Ohio limited partnership formed in Fairfield County, Ohio; 2) that investors' funds would be invested in Silverton Properties for the purpose of purchasing and managing low-income housing and investment properties; and 3) that the offering would be "registered with the Division of Securities of the State of Ohio . . . pursuant to Section 1707.03 of the Revised Code relating to private placement offerings." Ohio Revised Code Sections 1707.44(A), 1707.44(B)(4), 1707.44(C)(1), and 1707.44(G) were violated.

Lawrence E. Centrulla; David L. Carriger; and Michael W. Maunu

On January 27, 1988, the Division issued a Cease and Desist Order against Lawrence E. Centrulla, David L. Carriger, and Michael W. Maunu, all of Cincinnati, Ohio. The Division found that Centrulla, Carriger, and Maunu, as officers or employees of Intervest Management, Inc. of Cincinnati, Ohio, sold unregistered securities consisting of units of coal in place with contractual arrangements to effect mining and sale of the coal to five Hamilton County investors. In addition, the promised return of 13% to 50% in a period of three to nine months never occurred as no coal was ever mined and the investors lost their original investments. Ohio Revised Code Sections 1707.44(C)(1), 1707.44(A), and 1707.44(B)(4) were found to have been violated.

The Application for a Dealer's License of Blinder, Robinson & Co., Inc.; Meyer Blinder, Principal; Larry Blinder, Principal

On February 3, 1988, a Final Division Order was issued refusing the application for a dealer's license of

Blinder, Robinson & Co., Inc. of Englewood, Colorado; Meyer Blinder, Principal, and Larry Blinder, Principal. The Division found that the Applicant and Principals are not of good business repute, as required by Section 1707.15 of the Ohio Revised Code. The application to be licensed to act as a broker in Ohio was therefore refused, pursuant to Section 1707.19 of the Ohio Revised Code. The Order was appealed in Franklin County Court of Common Pleas on February 16, 1988.

Medical Diagnostics Limited Partnership

On February 19, 1988, a Cease and Desist Order was issued against Medical Diagnostics Limited Partnership of Cincinnati, Ohio. The Division found that incorrect dates of sale were reported on a Form 3-Q filing made with the Division on behalf of Medical Diagnostics. Ohio Administrative Code Rule 1301:6-3-03(K) determines the date of sale to be the earlier of the date a subscription agreement or its equivalent is signed by the purchaser or the date the purchaser transfers or loses control of the purchase funds. Ohio Revised Code Sections 1707.44(A) and 1707.44(C)(1) were found to have been violated.

The Division declared Null and Void the Form 3-Q, File Number 337668, filed with the Division on behalf of Medical Diagnostics, which reported incorrect dates of sale.

CRIMINAL CASES

Littlefield Oil Co.

On January 5, 1988, Edward Little of Columbus, Kim Edward Little of Columbus, Charles Miller of Hillsboro, Randolph (Randy) Baker of Cincinnati, Nellie Montgomery of Lucasville, William R. Evans of Stout (Adams County), Eugene Tye of Batavia, Lavon Bailey, formerly of Peebles, and Robert Carman, formerly of Jackson, were indicted in Franklin County for numerous violations of the Ohio Securities Act.

The alleged securities violations include 108 counts filed against Edward Little for the sale of unregistered securities (O.R.C. Section 1707.44(C)(1)), selling securities without a license (O.R.C. Section 1707.44(A)), misrepresentation in the sale of securities (O.R.C. Section 1707.44(B)(4)), and securities fraud (O.R.C. Section 1707.44(G)). Kim Edward Little was also indicted as a co-defendant on 108 counts involving violations of these same sections of the code. Atterholt, Miller, Baker, Evans, Montgomery, Tye, Bailey, and Carman were indicted as co-defendants for a total of 96 counts.

Littlefield Oil Co. was established in 1981 to drill and complete new oil and gas wells and to rehabilitate old wells. Chatham East Co. and Central Gas Marketing, Inc. are affiliated companies. All three companies formed limited partnerships and/or joint ventures. The projects that are the subject of the indictments are Hindley I, Ltd., formed to rehabilitate wells in Wood County; CGM I, Ltd., formed to build a gas pipe line in Medina County; and Middaugh II, a joint venture, formed to drill four new wells in Ashland County.

Edward Little is the president and founder of Littlefield Oil Company, Chatham East Co., and Central Gas Marketing, Inc. Kim Edward Little is the secretary-treasurer of the three companies and was president of Fortune Securities, Inc., a securities broker-dealer. Charles Miller was vice-president and sales manager of Fortune Securities, Inc. The other persons indicted were all securities salesmen of Fortune Securities, Inc. (Fortune Securities salesmen sold over $200,000 in interests in the three projects almost entirely to retired people and farmers throughout southwest Ohio). The Division of Securities revoked the license of Fortune Securities in March, 1986. Littlefield Oil Company filed for protection under Chapter 11 in the United States Bankruptcy Court in March, 1987.

This case was investigated and referred to the Franklin County Prosecutor by staff attorney Melanie Braithwaite.

Bruce A. Hickman

On January 28, 1988, Bruce A. Hickman was indicted on five counts in Franklin County. The indictment included one count each of securities fraud, the unlicensed sale of securities, false representations made in connection with the sale of securities, and two counts of theft. Hickman allegedly sold bonds which he represented were issued by Park, Rothchild Co.

This matter was investigated and referred by staff attorney Corey V. Crognale.

Richard S. Shepard; Republic Oil Company

On February 22, 1988, Richard S. Shepard, former CEO and Director of Columbus-based Republic Oil Company, was sentenced to five years probation and ordered to pay a $7,500 fine by the Franklin County Court of Common Pleas. Shepard pled guilty to three counts of violations of Ohio Revised Code Section 1707.44(B)(4) on November 12, 1987. The sentencing was a result of a Division investigation which revealed several misrepresentations made in connection with the sale of Republic Oil Company common stock, Republic Owensville, Ltd. limited partnership interests, and Republic Karl Road, Ltd. limited partnership interests.

This matter was investigated and referred by staff attorney Daniel Malkoff and examiner Cy Sedlacko.

Robert D. Westfall

On February 23, 1988, Robert D. Westfall was sentenced in Ottawa County to one year in prison on each of three counts and fined $4,500. Mr. Westfall pled guilty to three counts of securities violations on November 6, 1987 relating to sales he made of non-existent industrial revenue bonds to Ohio investors. Imprisonment was suspended and Westfall was placed on probation for a period of five years. Additional conditions were also imposed, including serving 400 hours of voluntary community service, and banning participation "in the sale or issuance of any securities in the capacity as a dealer, broker, licensed dealer, salesman, licensed salesman, issuer, director, incorporator, or general partner as defined in Ohio Revised Code Section 1707.01 et seq."

This matter was investigated and referred by staff attorney Corey V. Crognale.

Wesley Schreiner

On January 19, 1988, Wesley Schreiner, a resident of Erie, Pennsylvania, was sentenced in Ashtabula County to two years probation and ordered to pay restitution. Mr. Schreiner pled guilty to one count of selling unregistered securities to an Ohio investor. The sentencing was a result of a Division investigation which revealed that Mr. Schreiner sold shares of B.T.U., Inc. common stock in Ashtabula County.

This matter was investigated and referred by staff attorney Daniel Malkoff.

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Please return to: Ohio Division of Securities, Attn: Joanne E. Hunt, Two Nationwide Plaza—Third Floor, Columbus, Ohio 43266-0548