



Securities Bulletin First Quarter 2026

Ohio Division of Securities – Digital Asset Legislative Update

Congress is currently considering two pivotal federal bills to regulate cryptocurrency and digital assets: the Digital Asset Market Clarity Act (CLARITY Act) in the House and the Senate's Responsible Financial Innovation Act (RFIA). The CLARITY Act proposes dividing oversight—assigning commodity spot markets to the CFTC and investment-contract tokens to the SEC, thereby clarifying jurisdictional boundaries. The RFIA expands this framework by requiring the SEC to codify the four-part Howey test—covering investment of money, common enterprise, expectation of profits, and efforts of others—through rulemaking. It also introduces exemptions, broader agency authority, and new categorizations such as 'ancillary assets.'^{[1][2]}

State regulators, backed by the North American Securities Administrators Association (NASAA), have expressed significant concerns. Their principal worry is that embedding a rigid, rule-based Howey test into law could undermine the flexible, case-by-case approach traditionally used to detect fraud. This rigidity may hamper state fraud investigations in novel digital asset schemes. Both bills also contain provisions that could unintentionally preempt state anti-fraud enforcement, licensing requirements, and investor protections—leaving states underpowered to address local misconduct.^[3]

NASAA additionally highlights the potential strain on state regulatory funding. The jurisdictional reallocation envisioned by these bills may reduce state licensing revenues and budgets, undermining investor outreach, examinations, and enforcement programs. NASAA has urged lawmakers to include funding mechanisms supporting both federal and state regulators while preserving state licensing authority.^[4]

To address these issues, NASAA has proposed several legislative safeguards, including explicit savings clauses to preserve state authority, retaining the traditional judicial Howey standard, requiring public notice-and-comment for exemptions, and implementing the SAFE Act to bolster state anti-fraud capacity. They also recommend formal memoranda of understanding between federal and state agencies to enhance regulatory coordination.^[5]

The Ohio Division of Securities believes in the importance of maintaining a collaborative federal–state regulatory model. As Commissioner Andrea Seidt states, 'All financial services companies, including those offering services for crypto assets, must comply with Ohio's securities laws. In partnership with NASAA and other state securities regulators, we will continue to protect Ohioans' investments and ensure that companies operating here follow our securities laws,' said Ohio Securities Commissioner Andrea Seidt.^[6]

A robust regulatory framework requires federal clarity without diminishing state oversight authority. By adopting NASAA's recommended reforms—preserving flexible fraud analysis, ensuring adequate regulatory funding, and promoting interagency cooperation—Congress can encourage innovation while maintaining strong investor protections. Ohio remains committed to fostering responsible growth in the digital asset space while safeguarding investors from emerging risks.

Footnotes

[1] Summary of the CLARITY Act provisions: <https://financialservices.house.gov/clarity-act>

[2] Details on the RFIA and its regulatory framework: <https://www.congress.gov/bill/senate/financial-innovation-act>

[3] NASAA commentary on concerns regarding preemption and enforcement: <https://www.nasaa.org/policy>

[4] NASAA's funding concerns and legislative recommendations: <https://www.nasaa.org/advocacy>

[5] SAFE Act background and goals: <https://www.nasaa.org/safe-act>

[6] Quote source: Ohio Securities Division public statements: <https://com.ohio.gov/securities>

Collapse All Sections

Enforcement Section Updates First Quarter 2026



CIVIL CASES

Sheryl Maxfield, Director, Department of Commerce v. Mark Dente, Sharon Dente, The AEM Services, LLC, *et al.*

Case Number CV-2022-07-2228

Summit County Court of Common Pleas

See Summit County Common Pleas Court docket for more information.

Sheryl Maxfield, Director, Department of Commerce v. Wayne Essex, Susan Essex, Essex and Associates, Inc., *et al.*

Case Number 2025 CV 00676

Montgomery County Court of Common Pleas

See Montgomery County Common Pleas Court docket for more information.

Administrative hearings

Division Order No. 25-017

November 17, 2025

Open Trading Group, LLC

Doral, Florida

Libertatem Advisor LLC

Sunny Isles Beach, Florida

An administrative hearing is scheduled for June 23-24, 2026.

Division Order No. 25-024

December 29, 2025

W.M. Baker Investments, LLC CRD 164490

William Matthew Baker CRD No. 5320850

Dublin, Ohio

An administrative hearing is scheduled for April 10, 2026.

Division Order No. 25-021

December 29, 2025

CLE Retirement Planning LLC DBA Great Lakes Retirement Planning, LLC CRD No. 290434

Seku N. Shabazz CRD No. 5988727

Cleveland, Ohio

An administrative hearing is scheduled for June 9-10, 2026.

Administrative Orders

Division Order No. 26-001**February 10, 2026****TD Ameritrade, Inc. CRD No. 7870****Omaha, Nebraska**

On June 9, 2025, the North American Securities Administrators Association (NASAA) announced a multimillion-dollar settlement resulting from an investigation conducted by state securities regulators into the practice of charging unreasonable commissions to retail customers on small dollar transactions by Edward Jones, LPL Financial, RBC, Stifel and TD Ameritrade. In the five-year period covered by the investigation, data shows that, nationwide, the firms charged approximately \$19 million to process 1.12 million small dollar equity transactions and trades. The investigation was led by a multijurisdictional working group of state securities regulators in Alabama, Iowa, Massachusetts, Missouri, Montana, Texas, and Washington. The regulators found that the five firms charged unreasonable commissions to thousands of retail brokerage customers on certain equity transactions. State securities laws prohibit firms from charging unreasonable commissions to clients. In determining excessive or unreasonable fees, regulators consider a number of factors, including guidance provided by the brokerage industry's self-regulatory organization, FINRA. Pursuant to guidance under FINRA Rule 2121, a commission pattern of five percent or even less may be considered unfair or unreasonable. In this case, numerous equity transactions executed by the five firms included a commission well in excess of five percent of the principal value of the transaction at issue. As a result of the investigation and settlement terms, the firms agreed to provide affected customers with restitution, plus interest in the amount of six percent from the date of the customer's transaction through the date of execution of the Term Sheet and Offer of Settlement. Fines and costs were also assessed. The firms agreed to pay total fines not to exceed \$9,345,000 dollars to settling states, in addition to reimbursement of investigative costs to the states in the working group. Each firm must also take measures to ensure that its policies and procedures include safeguards to prevent charging excessive fees.

During the relevant time period, the Division found that TD Ameritrade, Inc., executed 2,471 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$33,821.42.

Division Order No. 26-002

March 24, 2026

Cleveland Rehab Community Funding Foundation

Northfield, Ohio

The Division issued a Suspension of Offering by Issuer Pursuant to File Number 0522738-001 and Suspension of any Issuer or Dealer to Buy, Sell, or Deal in Securities pursuant to Offering and File Number 0522738-001 based on preliminary findings that the application contained fraudulent or deceptive information, including but not limited to a legal opinion purportedly issued by an Ohio attorney who did not prepare or sign it and an audit opinion purportedly issued by an Ohio CPA who did not prepare or sign it. The order was issued pursuant to R.C. 1707.13 and a hearing occurred on April 1, 2026. This matter is awaiting a final order.

Division Order No. 26-003

March 30, 2026

Syntax Financial Group

Clarence Shaw

Columbus, Ohio

The Division issued a cease and desist order to Syntax Financial Group and Clarence Shaw, based, in part, on findings that the Respondents engaged in the sale of unregistered securities through misrepresentations and fraud. The Division alleges that two investors invested in an equity pool agreement related to a call center that offered a guaranteed minimum annual return of 30% and payments of \$1500 to \$3000 every month. An administrative hearing was not requested in this matter.

Division Order No. 26-004

March 31, 2026

James T. Johnson CRD No. 1437481

Indianapolis, Indiana

After issuance of a Notice of Opportunity for Hearing and an administrative hearing, the Division issued a Final Order to Revoke Ohio Investment Adviser Representative License of James T. Johnson based, in part, on findings that he is not of good business repute and further that he violated O.A.C. 1301:6-3-16.1(C) by failing to update his Form U-4 to accurately reflect an order issued by the Ohio Department of Insurance revoking his insurance license based, in part, on a finding that he engaged in forgery and fraud and failed to abide by a tax lien consent decree with ODI to pay prior Ohio tax liability in full. The Division further found that Mr. Johnson failed to amend his Form U-4 to disclose nine prior Ohio tax liens. The hearing officer issued a Report and Recommendation which recommended revocation of the licensure.

Criminal Cases

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An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

State v. Barbara E. Armstrong

Case No. 24 CR 0291

Crawford County Court of Common Pleas

On March 4, 2026, Barbara E. Armstrong of Morrow County was sentenced to six months incarceration for her involvement in a securities fraud scheme that she carried out with her late husband. Armstrong was sentenced by the Crawford County Court of Common Pleas and will serve her term in the Crawford County jail. She also must pay nearly \$600,000 to victims that she defrauded. Armstrong, and her husband, Thomas J. Armstrong, were indicted in September 2024 by a Crawford County Grand Jury on 19 criminal counts, including Securities Fraud, Sale of an Unregistered Security, Theft from the Elderly, and Telecommunications Fraud. The indictment followed an investigation and referral from the Ohio Division of Securities. Thomas J. Armstrong passed away in April 2025.

The indictment alleged that from at least May 2017 through July 2021, the Armstrongs, acting in concert with one another, solicited at least five Crawford County residents and two Florida residents to invest over \$750,000 in promissory notes issued by their company, 5 Star Development of Ohio, LLC, for the purchase, renovation, and/or resale of residential homes. The indictment also alleged the promissory notes were not properly registered with the Division for sale in or from Ohio, and that the Armstrongs misappropriated investor funds for their own personal use. On October 8, 2025, Barbara Armstrong pled guilty to two counts of grand theft and three counts of theft from a person in a protected class. During sentencing, Armstrong was ordered to pay restitution to five investors defrauded in the scheme in the amount of \$598,000. She may face additional imprisonment in the event she does not abide by a restitution plan administered by the court.

State v. John Case**Case No. 18 CR 000991****Franklin County Court of Common Pleas****Trial Date: TBD (warrant outstanding)****State v. James Delverne****State v. Doug Miller****State v. Gary Rathbun****State v. Nancy Rathbun****Case No. CR202401975****Lucas County Court of Common Pleas****Trial: April 6, 2026 (Gary Rathbun)**

On February 6, Nancy Rathbun of Fulton County pleaded guilty for her involvement in an alleged \$72 million Ponzi scheme targeting Ohio investors. She entered her plea in Lucas County Court of Common Pleas to one felony count of attempted money laundering. Rathbun was a bookkeeper for Private Wealth Consultants, Ltd., and married to a former investment adviser from the same firm who is also a

co-defendant in the case, Gary Rathbun. As part of her plea, she agreed to cooperate with the ongoing investigation and testify in the prosecutions of co-defendants; however, she is not being asked to offer cooperation or testimony against her husband.

The case is the result of a multi-year investigation led by the Division of Securities in partnership with the Ohio Attorney General's Bureau of Criminal Investigation. Deputy Attorney Inspector Harvey McCleskey led the investigation for the Division, while the prosecution is being led by Principal Assistant Attorney General Dan Kasaris and Assistant Attorney General Drew Wood. Rathbun's plea follows a similar plea in January 2026 from two of her co-defendants, James Delverne and Doug Miller. In May 2025, Richard Scheich, a former executive with Northwest Capital, also pleaded guilty to multiple felony counts in the case. Scheich's actions allegedly defrauded investors of nearly \$9 million in investments, contributing to a larger \$72 million alleged fraudulent scheme.

From January 2011 through December 2021, managers at Northwest Capital in Toledo, along with other co-defendants from entities who worked with the firm, allegedly misled investors about critical facts, including conflicts of interest within the organization and the financial health of affiliated entities. Investigators allege that funds were manipulated to create an illusion of success, while investors received falsified annual statements to conceal the scheme's reality. While investors received annual statements supporting the value of their investments, these values ultimately proved to be false when investors requested redemption of their investment principal and Northwest Capital was unable to fund those redemptions.

State v. James Delverne

State v. John Walters

Case No. CR202401976

Case No. CR202401977

Lucas County Court of Common Pleas

Trial: April 6, 2026 (John Walters)

On January 15, 2026, James Delverne, a former investment adviser with Northwest Capital in Toledo, became the third individual to plead guilty in connection with an alleged decade-long, \$72 million Ponzi scheme. Admitting to his role in a scheme to defraud Ohio investors, Delverne entered his plea in Lucas County Court of Common Pleas to multiple felony counts, including securities fraud and false representations in the sale of a security. Delverne also agreed to cooperate with the ongoing investigation and testify in the prosecutions of co-defendants.

State v. Brad Konerman**State v. Adam Salon****Case No. B-2403253****Hamilton County Court of Common Pleas****Pre-trial/Plea Hearing: May 5, 2026****State v. Brandon Kovach****Case No. 2026-03-0865****Summit County Court of Common Pleas****Arraignment Date: April 6, 2026**

On March 24, 2026, the Summit County Grand Jury returned an indictment against Brandon Kovach for one count each of aggravated theft, money laundering, and securing writings by deception, all felonies of the third degree, one count of grand theft, a felony of the fourth degree, and telecommunications fraud, a felony of the second degree. The indictment also included a forfeiture specification. The value of the alleged theft according to the indictment was \$460,000.

State v. Tom Mitchell Manning**Case No. 24 CR 005149 and 24 CR 006885****Franklin County Court of Common Pleas**

Pre-trial/Trial Date: TBD

State v. Christopher T. Wendel

Case No. 24-CRM-071 and 24-CRM-124 and 25-CRM-162

Mercer County Court of Common Pleas

Joint Plea and Sentencing Hearing: May 29, 2026

LICENSING STATISTICS



LICENSING STATISTICS	Jan 9, 26	April 1, 26	+/- %Change
Securities Dealers	1,741	1,756	0.86%
Securities Salespersons	242,655	246,967	1.78%
Investment Advisers – State Registered	780	791	1.41%
Investment Advisers – Notice Filers	2,552	2,611	2.31%
Investment Adviser Representatives	21,238	21,462	1.05%
Bureau of Workers Compensation Chief	1	1	no change
Investment Officer			
State Retirement System Investment Officers	83	83	no change
TOTALS	269,050	273,671	1.72%