



For Immediate Release

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Ohio Division of Securities Issues Summary of Division Orders and Enforcement Actions Jan. 1 - Feb. 28, 2018

The Ohio Division of Securities today released the following summary of the division orders and enforcement actions issued from Jan. 1 through Feb. 28, 2018.

DIVISION ORDERS

ORDER NO.	NAME OF ENTITY	DATE	TYPE OF ORDER
18-001	Brian P. Kelly, CRD No. 3065740, Canton, Ohio	Jan. 3, 2018	Cease and Desist Order; Consent Agreement
18-002	Capital Energy Group, LLC, Austin, Texas; Cap E Oil Fund IV, LLC, Austin, Texas; Donald J. Lutzko, Toronto, Ontario, Canada; William J. Milles, Cherry Hill, New Jersey	Jan. 11, 2018	Cease and Desist Order
18-003	Binaryroom365, Amsterdam, The Netherlands	Jan. 11, 2018	Cease and Desist Order
18-004	Thomas P. Gilmartin, Jr., Youngstown, Ohio; Capital Finance Group, LLC, Youngstown, Ohio	Jan. 11, 2018	Final Order to Cease and Desist
18-005	Cunningham Energy, LLC, Charleston, West Virginia	Jan. 24, 2018	Order to Cease and Desist with Consent Agreement
18-006	Gabriel David Eddy, Shiloh, Ohio	Jan. 31, 2018	Cease and Desist Order with Consent Agreement

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18-007	Membermap LLC, CRD No. 152523, Cincinnati, Ohio; Steven R. French, CRD No. 1350269, Cincinnati, Ohio	Feb. 8, 2018	Cease and Desist Order; Consent Agreement
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ENFORCEMENT ACTIONS

Catherine M. Schaper

On Feb. 13, 2018, following a criminal referral by the Ohio Division of Securities, Butler County Court of Common Pleas Judge Charles Pater sentenced Catherine M. Schaper, age 55, of Austin, Texas-based North Shore Energy, LLC, to six years in prison and ordered her to pay restitution to the victims and court costs. Schaper pled guilty to one count of securities fraud and one count of the sale of unregistered securities, both felonies of the second degree.

Schaper is the last of the three defendants to be sentenced in this case. On June 5, 2017, company principle Troy West was sentenced to six years in prison, ordered to pay restitution to investors and ordered to pay the costs of prosecution. Company solicitor Robert McManus, of West Chester, Ohio, was sentenced to five years in prison and ordered to pay restitution to investors. North Shore Energy, LLC, was ordered to pay additional fines of \$30,000. All the defendants are jointly and severally liable to pay the full restitution amount to the investors in the amount of \$1,942,239.79.

Both West and North Shore Energy pled guilty to one count of securities fraud and one count of the sale of unregistered securities, both felonies of the second degree. McManus pled guilty to one count of the sale of securities without a license and one count of the sale of unregistered securities, both felonies of the second degree. On July 3, 2017, West appealed his conviction and sentence. He remains in custody while his appellate case is pending.

All the convictions stem from the sale of promissory notes issued by North Shore Energy, LLC, to at least 18 investors residing in Ohio, Indiana and Kentucky in 2010 and 2011 for the purpose of investing in oil and gas drilling operations in Texas.

Assistant Prosecutor Dan Ferguson, with the Office of Butler County Prosecutor Michael Gmoser, prosecuted the cases.

Before investing, the Division of Securities encourages potential investors to call the Investor Protection Hotline at 877-683-7841 to ask:

- Has the security been properly registered with the Division of Securities?
- Is the brokerage firm and salesperson licensed to sell securities in Ohio?
- Have any enforcement actions been taken against them?

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