



NASAA ENFORCEMENT REPORT

2013 REPORT ON 2012 DATA

PREPARED BY:
NASAA ENFORCEMENT SECTION
OCTOBER 2013

About NASAA's Enforcement Section

NASAA's Enforcement Section tracks and addresses trends in securities fraud and dishonest/unethical behavior among securities professionals, and manages collaborative investigations by NASAA members. The Section acts as a point of contact for federal agencies such as the U.S. Securities & Exchange Commission, the Federal Bureau of Investigation, and the Department of Justice, as well as self-regulatory organizations.

The Enforcement Section oversees the activities of eight Project Groups, including: Attorney/Investigator Training, Enforcement Publications, Internet Fraud Investigations, Litigation Forum, Oil/Gas Ventures, Reg D Investigations, Securities Investigation Database and Enforcement Zones.

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Summary

The North American Securities Administrators Association (NASAA) conducts an annual survey of its U.S. members to gather enforcement data and identify trends in securities fraud, regulatory issues and investor protection. This year, 49 of 51 U.S. NASAA members responded to the survey request, a response rate of 96 percent. The data, statistics and trends included in this summary give a general overview of state enforcement efforts. This summary does not include enforcement statistics from every single state, and thus the numbers provided herein are necessarily conservative.

Highlights

- The survey revealed several important trends in investor protection and securities regulation, including continued investor reliance on state regulators to address **both traditional areas of securities fraud and emerging issues**.
- In the wake of the “IA switch” where many investment advisers transitioned from registration with the SEC to state registration as mandated by the Dodd-Frank Act, state regulators took important action to remove or bar unscrupulous actors from the licensed community. A total of **3,564 licenses were withdrawn due to state action (an increase of 27 percent over the 2011 reporting period)**, and **736 licenses were denied, revoked, suspended or conditioned**.
- There was a marked increase in **inter-agency coordination** during the 2012 reporting period, with **770 outgoing referrals** from state securities regulators to other regulators and law enforcement agencies and **604 incoming referrals** to state securities regulators from other agencies.
- State securities regulators received **10,272 complaints** from aggrieved investors and conducted **5,865 investigations** in the 2012 reporting period.
- **Approximately 2,500 administrative, civil and criminal enforcement actions** involving over **3,300 respondents and defendants** were reported by the states.
- The states reported **criminal actions** resulting in **1,361 years of incarceration** and 347 years of probation.
- States **imposed more than \$694 million in investor restitution orders** and levied **fines or penalties and collected costs in excess of \$157 million**.
- **Rule 506 or Reg D offerings** maintained their place as the top type of product involved in enforcement actions brought by state securities regulators. **Oil and gas offerings** took over the second spot from **real estate investment schemes**, which ranked fourth in the current survey.

Enforcement Statistics at a Glance	
Complaints Fielded by Regulators	10,272
Investigations	5,865
Enforcement Actions (administrative, civil, and criminal)	2,496
Investor Restitution Ordered	\$694 million
Fines, Penalties, and Costs Assessed	\$157 million
Jail Time Sentenced	1,361 Years
Licenses Withdrawn, Denied, Revoked, Suspended or Conditioned:	4,300

Overview

The North American Securities Administrators Association (NASAA) began soliciting responses to its annual enforcement survey in March 2013. The survey traditionally gauges the extent and prevalence of enforcement efforts by state securities regulators, and identifies trends and issues in national investor protection.

This year, 49 U.S. NASAA members responded to the survey request. This is a strong response and the numbers generated thereby are an effective portrayal of nationwide enforcement efforts. The data, statistics and trends included in this summary give a general overview of state enforcement efforts. Still, this summary does not include enforcement statistics from every single state and many states provide data in some (but not all) categories, and thus the numbers provided herein are necessarily conservative.

In every instance, the actual number of incidents, actions or resolutions is more than reported here; each of the non-responding states has some level of enforcement program, and thus the addition of their statistics would increase the overall numbers. Despite this small but relevant hole in the data, the statistics included herein remain a fine representation of the important, effective and widespread work of state securities regulators.

Methodology

As noted above, 49 U.S. NASAA members provided responses for the 2012 Survey, a 96 percent response rate. This represents a continued increase in the number of U.S. NASAA members participating in the survey as reflected in the chart below.

Annual Survey Response Rate	
Survey Year	Annual Response Rate
2012	96 percent
2011	94 percent
2010	88 percent
2009	86 percent

Table 1: Annual Survey Response Rate

The survey request asked each state administrator to provide statistics using that state's most recent full reporting year. Some states collect and report data on a calendar basis, while others collect data on a fiscal year basis. For the 2013 survey, 29 responding states reported statistics from the 2012 calendar year; 18 states provided numbers from the 2011-2012 fiscal year; and one state reported statistics from the 2012-2013 fiscal year.

The 2013 survey requested responses in a number of categories or areas:

- the number of complaints or inquiries received, and investigations and actions a state has conducted or initiated;
- information on penalties, payments, costs and restitution resulting from enforcement actions;
- the results from state securities regulators' efforts and assistance to prosecute criminal violations, including years sentenced and years of probation; and
- the type of actions brought, the most common products or practices at the bottom of these actions and the most common type of actors targeted by these efforts.

Key Findings

- Investors continue to rely on state securities regulators for protection as evidenced by a consistently high number of complaints¹ and investigations.² While both the number of complaints and investigations have decreased from 2010-2011 peak reached in the wake of Great Recession, the overall numbers are still high in historical terms.
- State securities regulators are cracking down on the worst offenders. Activity and assistance in criminal prosecutions resulted in 1,361 years in prison sentences.
- Enforcement by-products of the Dodd-Frank and JOBS Acts are beginning to emerge in the form of increased actions or enforcement efforts relating to investment advisers, Internet offerings, crowdfunding and Reg D issues.
- New or novel threats to investors are emerging in the form of proxy trading accounts and digital currencies and for small businesses in the form of capital raising pitfalls and unregulated third-party service providers.
- Closer scrutiny of licensing applications has resulted in a noticeable increase in the number of licensing withdrawals in the past year.
- While many types of fraudulent offerings appear to be declining from their peaks in the wake of the Great Recession, fraudulent oil and gas offerings and fraudulent precious metals offerings are on the rise.

Investigations, Actions, Investor Relief & License Activity

Investigations

In the 2012 reporting period, state securities regulators conducted 5,865 investigations. Based upon the 2012 survey question on this issue, these investigations are distinguishable from the thousands of other efforts made to informally resolve complaints, referrals or other items in the enforcement area.

State securities regulators also were particularly active partners with other law enforcement agencies and securities regulators in 2012, reporting 770 outgoing referrals to sister agencies and 604 incoming referrals from other agencies.

Annual Investigations by State Securities Regulators	
Reporting Year	Number of Investigations
2012	5,865
2011	6,121
2010	6,356
2009	6,565

Table 2: Annual Investigations

Enforcement Actions

These investigations led to approximately 2,500 enforcement actions reported by state securities regulators, including criminal actions against 385 separate defendants.

The bulk of state actions reported for 2012 were administrative actions, those most often handled internally and solely by the state securities administrator.

Annual Reported Enforcement Actions by State Securities Regulators				
Survey Year	Total	Administrative Actions	Civil Actions	Criminal Actions
2012	2,496	1,925	232	339
2011	2,602	1,970	196	436
2010	3,475	2,018	324	1,133
2009	2,294	1,604	306	384

Table 3: Annual Enforcement Actions

Investor Relief & Measures of Accountability, Fines & Penalties

Investor relief and measures of accountability were at the center of these actions. The states levied fines or penalties of \$115 million. In addition and most important to investors, the states ordered \$694 million in investor restitution.³ The states also recovered or collected more than \$42 million in costs or expenses.

Investor Relief & Measures of Accountability			
Survey Year	Investor Restitution	Fines & Penalties	Costs Recovered
2012	\$694 million	\$115 million	\$42m
2011	\$2.2 billion	\$126 million	\$165m
2010	\$14.1 billion	\$171 million	\$32m
2009	\$4.7 billion	\$245 million	n/a ⁴

Table 4: Measures of Accountability

The states did not demand accountability solely in monetary form, however. In the 2012 survey, responding jurisdictions reported 1,134 years of incarceration sentenced through the efforts of state securities regulators.

Years of Incarceration	
Survey Year	Years of Incarceration
2012	1,134
2011	1,662
2010	1,134
2009	1,786

Table 5: Years of Incarceration

State regulators also took important action to remove or bar unscrupulous actors from the licensed community. A total of 3,564 licenses were withdrawn due to state action, up 27 percent from the 2011 reporting period. An additional 736 licenses were denied, revoked, suspended or conditioned.

Licenses Withdrawn, Denied, Revoked, Suspended or Conditioned		
Survey Year	Licenses Withdrawn	Licenses Denied / Revoked / Suspended or Conditioned
2012	3,564	736
2011	2,796	774
2010	2,595	647
2009	3,353	531

Table 6: Licenses Withdrawn, Denied, Revoked, Suspended

Types of Cases

The 2012 survey also sheds light on the nature of those actions and the firms or individuals targeted in those actions.⁵ The survey requested that states indicate the “type” of violation that triggered or was at the center of an action. In the relevant reporting period, more than 690 state enforcement cases involved fraud, traditionally marked by material misrepresentations, false statements or a scheme designed to defraud or deceive an investor.⁶

While these fraud cases could, and in many instances did, involve registered brokers or investment advisers (or their agents or representatives), it appears that the majority of these fraud cases featured unregistered individuals selling unregistered securities. States reported 580 actions involving unregistered securities, and 576 actions involving unregistered firms or individuals.

The 2012 survey indicates that the states launched hundreds of investigations against registered members of the securities industry. The states reported 329 investigations into dishonest or unethical practices by securities licensees, 201 investigations involving books and records violations, 196 investigation involving suitability, and 133 investigations involving failure to supervise. Dozens of other investigations looked at cases of unauthorized trading, churning, and selling away.

The most common type of actor in or “target” of state securities enforcement actions were unregistered individuals. A total of 401 reported actions involved unregistered individuals, and 202 actions involved unregistered firms. Actions against licensed individuals and firms are broken down in the following table.

Actions by Type of Industry Participant	
Actor	Number of Reported Actions
Broker-Dealer Firms	225
Broker-Dealer Agents	189
Investment Adviser Firms	181
Investment Adviser Representatives	158
Insurance Firm or Agent	46

Table7: Actions by Type of Industry Participant

Types of Products & Schemes

State securities regulators also reported the most common products that led to or were at the center of enforcement actions.⁷

Regulation D offerings and oil and gas investments were the most frequent source of cases handled by NASAA members.

Securities violations involving Rule 506 or Reg D offerings continuing to top the list of common products involved in enforcement actions. Notably, oil and gas cases moved into second place on list during the 2012 reporting period. Oil and gas cases and precious metals cases were all on the rise during this reporting period.

Most Reported Products & Schemes 2012 <i>(In order of frequency reported by states)</i>
1. Rule 506 Offerings
2. Oil & Gas Investments or Interests
3. Ponzi Schemes
4. Real Estate Investments or Interests
5. Affinity Fraud
6. Precious Metals

Table 8: Most Reported Products

Senior Investor Protection

The survey also sought data on the type and nature of enforcement actions involving senior citizen investors. The states reported 367 enforcement actions involving abuse of senior citizens. As with many statistics throughout this report, this figure is conservative and the actual number of cases involving senior abuse is undoubtedly greater.

Unregistered securities, in the form of promissory notes, private offerings or investment contracts, were clearly the most common product involved in senior abuse cases, accounting for more than half of all reported senior-related enforcement actions and outnumbering the reported cases involving “traditional securities” by about four to one.

Affinity fraud remains a continuing trend in the types of reported senior abuse cases. Variable annuities, viaticals or life settlement products, and free lunch investment seminars also appear as continuing problems for senior investors.

Enforcement Trends

In addition to requesting statistics on the number of actions related to a list of specified products or practices, administrators also were asked to identify the top five trends or developments most relevant in their state in terms of securities enforcement actions. This was posed as an open-ended, subjective question.

Unregistered securities sold by unlicensed individuals continue to attract the most attention from state regulators. These fraudulent offerings are increasingly being marketed through the Internet.

Many of the same products that ranked at the top of the statistical reporting lists also appeared on the list of trends and developments. For example, Rule 506 offerings, Ponzi schemes, real estate investments and oil/gas ventures easily had the highest number of reported violations, and were at the top of the “trends and developments” list, too. But more states noted the increased presence of questionable securities offerings made available via the Internet.

Many states also identified affinity fraud, gold and precious metals, annuities, REITs, and foreign currency trading programs as problem areas.

NASAA 2013 Top Threats Facing Investors & Small Business	
Emerging Issues	Persistent Investor Threats
For Investors:	Reg D/Rule 506 Private Offerings
Proxy Trading Accounts	Real Estate Investment Schemes
Digital Currency	High Yield Investment and Ponzi Schemes
For Small Businesses:	Affinity Fraud
Capital Raising Pitfalls	Scam Artists Misusing Self-Directed IRAs
Unregulated Third-Party Service Providers	Risky Oil and Gas Drilling Programs

Table 9: NASAA 2013 Top Investor Threats

2013 NASAA Top Threats Facing Investors & Small Businesses

Persistent Investor Threats

Private Offerings: Fraudulent private placement offerings continue to rank as the most common product or scheme leading to investigations and enforcement actions by state securities regulators. These offerings commonly are referred to as Reg D/Rule 506 offerings, named for the exemption in federal securities laws that allows private placements to be sold to investors without registration). By definition these are limited investment offerings that are highly illiquid, generally lack transparency and have little regulatory oversight. While Reg D/Rule 506 offerings are used by many legitimate companies to raise capital, they carry high risk and may not be suitable for many individual investors. With the passage of the JOBS Act and recent adoption of rules implementing certain aspects of the Act, restrictions on how Reg D/Rule 506 offerings can be marketed to the general public have been relaxed, including the lifting of an 80-year ban on general solicitations (advertising). Investors soon will begin to see advertisements for private placement offerings on a variety of platforms including social media, billboards, or t-shirts on window washers as one startup has proposed, even though only a very small percentage of the population will be eligible to invest. And, as is often the case, scam artists are likely to use this legally permissible avenue to their advantage leading, no doubt, to another year of Rule 506 offerings holding the top spot as the most frequent source of state securities enforcement actions.

Real Estate Investment Schemes: The popularity of investments involving distressed real estate continues throughout the boom and bust cycle in the U.S. housing market. Even as housing prices continue to recover in many U.S. markets, investors should be aware that schemes related to new real estate development projects or buying, renovating, flipping or pooling distressed properties are popular with con artists. In the latest NASAA enforcement survey, real estate investments were the second-most common product leading to securities fraud investigations by state securities regulators. While legitimate real estate investments can be an important part of a diversified investment portfolio, there are substantial risks with many types of real estate investments. In particular, state regulators have seen problems with non-traded real estate investment trusts (REITs), properties that are bank-owned, pending short-sale, or in foreclosure, and flimsy promises of investment funds being secured by an interest in real property when the property in question is already highly leveraged and has no remaining equity. As with all investments, careful vetting and due diligence is a must with real estate investments.

High-Yield Investment and Ponzi Schemes: Retail investors chasing yield often find themselves falling prey to high-yield investment and Ponzi schemes promising unbelievably high rates of returns. That trend continues and does not appear to be going away any time soon. As with other alternative investments, high yield means higher risk and these types of alternative investments are favorites of scam artists. Whether a typical Ponzi scheme or a high-yield investment program, many of the characteristics are the same – promise of incredibly high return coupled with low risk; a reasonably plausible explanation of why the investment is so good; a scam artist with credibility often based on claims of holding false credentials

or being part of a particular group or organization. Initial investors are paid a return and help spread the word by promoting the investment to others. Ultimately the scam will collapse leaving later investors with nothing to show for their trust in the scheme. One way to protect yourself is to ask questions and when you think you have asked all the questions you have, ask more questions. As Bernie Madoff, the king of Ponzi schemes, once said, he only turned people away when they asked too many questions.

Affinity Fraud: Marketing a fraudulent investment scheme to members of an identifiable group or organization continues to be a highly successful and lucrative practice for Ponzi scheme operators and other fraudsters. Fraudsters know that people tend to trust someone who is perceived to have a common interest, beliefs or background and use that trust to exploit members of specific groups. The most commonly exploited are the elderly or retired, religious and ethnic groups, and the deaf community. Members of the group often find it hard to believe that “one of their own” could be scamming them. Consequently, affinity fraud can go unreported or when a regulator becomes involved, members of the group choose not to cooperate. Investors should keep in mind that investment decisions should be made based on a careful evaluation of the underlying merits of the offer rather than common affiliations with the promoter.

Scam Artists Using Self-Directed IRAs to Mask Fraud: Scam artists are using self-directed individual retirement accounts (IRAs) to increase the appeal of their fraudulent schemes. State securities regulators have investigated numerous cases where a self-directed IRA was used in an attempt to lend credibility to a bogus venture. While self-directed IRAs can be a safe way to invest retirement funds, investors should be mindful of potential fraudulent schemes when considering a self-directed IRA. Custodians and trustees of self-directed IRAs may have limited duties to investors, and generally will not evaluate the quality, value or legitimacy of an investment or its promoters. Fraud promoters pushing a Ponzi scheme or other investment fraud can misrepresent the responsibilities of self-directed IRA custodians in order to deceive investors into believing that their investments are legitimate or protected against losses. While a scam artist may suggest that self-directed IRA custodians analyze and validate investments, those custodians only hold the assets in a self-directed IRA and generally do not evaluate the quality, value or legitimacy of any investment. In some cases, fraud promoters convince investors to move assets from an existing self-directed or traditional IRA into a fake self-directed IRA held by a supposed custodian created and owned by the scam artist. Fraudsters also exploit the tax-deferred characteristics of self-directed IRAs, and know that the financial penalty for early withdrawal may cause investors to be more passive or to keep funds in a fraudulent scheme longer than those who invest through other means. Self-directed IRAs also allow investors to hold alternative investments such as real estate, mortgages, tax liens, precious metals, and private placement securities. Financial and other information necessary to make a prudent investment decision may not be as readily available for these alternative investments.

Risky Oil and Gas Drilling Programs: Investors exploring alternatives to traditional securities may be attracted to the lucrative returns often associated with investments in oil and gas drilling programs. Retail investors increasingly are turning to alternative investments including oil and gas drilling investments as opposed to traditional stocks, bonds and mutual funds. These investments appeal to those frustrated with stock market volatility or skeptical of Wall Street. Unfortunately, energy investments generally prove to be a poor substitute for traditional retirement planning. Investments in oil and gas drilling programs typically involve a high degree of risk and are suitable only for investors who can bear the loss of the entirety of their principal. Some promoters will conceal these risks, using high pressure sales tactics and deceptive marketing practices to peddle worthless investments in oil wells to the investing public. There are active investigations into suspect oil and gas investment programs in more than two dozen states and in every region of the U.S. and Canada. Investors should conduct thorough due diligence and assess their own tolerance for considerable risk when considering the purchase of interests in oil and gas programs.

New Threats to Investors

Proxy Trading Accounts: Investors should be wary of individuals who claim to have trading expertise and offer to set up or manage a trading account on an investor’s behalf. Allowing an unlicensed individual to have access to the username and password for your brokerage account or worse, allowing an unlicensed individual to set up a brokerage account in your name, is a recipe for disaster. Allowing someone without the legally-required safeguards of proper registration and bonding requirements to control your account often leads not only to substantial trading losses, but the loss of investment funds through improper

withdrawals from the account including theft. Investors should check with their state securities regulator to confirm that anyone offering to manage your accounts is properly registered and has a clean background. Financial professionals who make the commitment to be properly registered also commit to act ethically and honestly. If they do not uphold that obligation, they will answer to state or federal regulators. Unfortunately, the same cannot be said for the unlicensed individual looking to capitalize on an investor's trusting nature.

Digital Currency: Virtual reality may exist only in science fiction, but consumers now are able to purchase goods and services with virtual money such as Bitcoin, PP Coin and other digital currencies. Unlike traditional coinage, these alternatives typically are not backed by tangible assets, are not issued by a governmental authority and are subject to little or no regulation. The value of Bitcoins and other digital currencies is highly volatile and the concept behind the currency is difficult to understand even for sophisticated financial experts given the complicated mathematical algorithms that determine when new blocks of coins will be released. This environment has provided fertile ground for scam artists to capitalize on the increasing popularity and acceptance of digital currencies. Investors should be aware that investments that incorporate abstract money systems present very real risks, including the possibility of virtual reality leaving an investor virtually broke.

New Threats to Small Businesses

Capital-raising Pitfalls: Recent law changes and newly available capital from investors including "angels" – affluent individuals who provide capital for a business startup – have changed the business funding landscape. The new and enhanced opportunities to raise capital through crowdfunding, public advertising for investors under JOBS Act regulations and angel funding "solutions" also carry risks for unwary entrepreneurs. Securities offerings either must be exempt from registration requirements or properly registered, even under the new laws. Exempt securities remain subject to federal or state anti-fraud provisions meaning entrepreneurs must provide full and accurate disclosures as part of any offering. Remember a security can be a stock, note, agreement, financial instrument or anything else that provides an investor with an expectation of participating in the profits the entrepreneur generates. The inadvertent failure of an entrepreneur to follow securities laws can result in money judgments for investors that can rob the profits of a new or expanding business enterprise. It pays to research your selected method of capitalization before you solicit any investors.

Unregulated Third Party Service Providers: The implementation of the JOBS Act has created opportunities for unregulated third parties to provide ancillary services. Whether a crowdfunding portal or an accredited investor aggregator, it is important to do your due diligence and to understand that use of an unregulated third party to provide such services does not change your obligations under federal and state securities laws. Not only should a small business or other entrepreneur make sure they are dealing with a legitimate service provider, they should also make sure that the service being offered is in full compliance with all federal and state requirements. Since the passage of the JOBS Act, new firms have joined existing firms that offer to sell lists of accredited investors for use in private placement offerings. However, new rules recently adopted by the SEC include more stringent requirements replacing the old failsafe of reliance on an investor-completed questionnaire claiming accredited investor status. If not done carefully and with federal requirements in mind, an entrepreneur will suffer the consequences, which could include the loss of any claimed exemption. Use of crowdfunding portals, while subject to some regulation, also opens the door to scams. Startup businesses, especially small local businesses, should be very careful to verify the legitimacy of a portal before engaging their services. Investors are not alone in their potential to be scammed. Using a fraudulent portal means both the business and the investor stand to lose.

Canadian Securities Administrators Enforcement Report Summary

In February 2013, the Canadian Securities Administrators (CSA) released its 2012 Enforcement Report outlining how Canadian securities regulators actively are working to protect investors and the integrity of Canada's capital markets.

The CSA's 2012 Enforcement Report brings into focus the enforcement work done by CSA members against those who commit wrongdoing in Canada's capital markets. CSA members concluded cases against 322 individuals and companies. Concluded securities fraud cases involved 66 individuals and companies.

Highlights of the 2012 Enforcement Report:

- 10 (7 percent) of the concluded cases were in the fraud category and involved 33 individuals and 33 companies.
- 135 concluded cases involved a total of 206 individuals and 116 companies that resulted in:
 - Fines and administrative penalties of almost \$37 million.
 - More than \$120 million in restitution, compensation and disgorgement.
 - Jail sentences against seven individuals.
- Concluded matters against 185 respondents following a contested hearing, 74 respondents by settlement agreement and 63 respondents by court decision.
- 145 matters commenced against a total of 242 individuals and 146 companies.
- 56 interim orders and asset freeze orders were issued against 87 individuals and 77 companies.

The full 2012 Enforcement Report is available from the CSA website www.securities-administrators.ca and from the websites of various CSA members. The CSA, the council of securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

REFERENCE NOTES

¹ Not all complaints result in formal investigations. Some can be resolved through communications with a firm and some result in referrals to other state or federal agencies.

² The number of investigations reported for 2010 and 2009 in prior NASAA Enforcement Reports were adjusted to account for a modified statistical methodology used by some jurisdictions for the 2012 survey reporting period. The figures appearing in this report reflect that adjustment in order to provide a more accurate comparison.

³ This figure probably significantly understates the total amount of investor restitution ordered. Only 37 jurisdictions provided a restitution amount. This figure also does not account for unilateral and unreported returns to investors by firms or investigative targets.

⁴ States were not asked to report costs recovered in the 2010 survey of 2009 activities.

⁵ Because state securities enforcement actions are complex and often involve multiple issues, a single case might involve several different types of actions or respondents. Therefore, cases reflected in the states' responses to the 2013 Survey often fit into, and thus were recorded, in more than one category or case type.

⁶ Section 501 of the 2002 Uniform Securities Act, titled "General Fraud," states that it is unlawful, in connection with the offer, sale or purchase of a security, to employ a device, scheme or artifice to defraud; to make an untrue statement of material fact; to omit to state a material fact; or to engage in an act, practice or course of business that operates as a fraud or deceit upon another person.

⁷ Ten of the states that responded to the 2012 Survey did not report any products or practice information.