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Representative Arndt

Cosponsors: Representatives Duffey, Thompson, Stein, Goodman, Dever, Brenner, Antonio, Barnes, Blessing, Boggs, Boyd, Craig, Gavarone, Hambley, Holmes, Hughes, Kick, Lanese, Leland, Lepore-Hagan, Manning, Patton, Ramos, Rogers, Romanchuk, Seitz, Smith, K., Sweeney, Young

A BILL

To amend sections 1707.03, 1707.17, 1707.19, 1
1707.23, 1707.44, 1724.02, 4582.06, and 4582.31 2
and to enact sections 1707.05, 1707.051, 3
1707.052, 1707.053, 1707.054, 1707.055, 4
1707.056, 1707.057, 1707.058, and 1707.50 of the 5
Revised Code to permit intrastate equity 6
crowdfunding under certain circumstances. 7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1707.03, 1707.17, 1707.19, 8
1707.23, 1707.44, 1724.02, 4582.06, and 4582.31 be amended and 9
sections 1707.05, 1707.051, 1707.052, 1707.053, 1707.054, 10
1707.055, 1707.056, 1707.057, 1707.058, and 1707.50 of the 11
Revised Code be enacted to read as follows: 12

Sec. 1707.03. (A) As used in this section, "exempt" means 13
that, except in the case of securities the right to buy, sell, 14
or deal in which has been suspended or revoked under an existing 15
order of the division of securities under section 1707.13 of the 16

Revised Code or under a cease and desist order under division 17
(G) of section 1707.23 of the Revised Code, transactions in 18
securities may be carried on and completed without compliance 19
with sections 1707.08 to 1707.11 of the Revised Code. 20

(B) A sale of securities made by or on behalf of a bona 21
fide owner, neither the issuer nor a dealer, is exempt if the 22
sale is made in good faith and not for the purpose of avoiding 23
this chapter and is not made in the course of repeated and 24
successive transactions of a similar character. Any sale of 25
securities over a stock exchange that is lawfully conducted in 26
this state and regularly open for public patronage and that has 27
been established and operated for a period of at least five 28
years prior to the sale at a commission not exceeding the 29
commission regularly charged in such transactions also is 30
exempt. 31

(C) The sale of securities by executors, administrators, 32
receivers, trustees, or anyone acting in a fiduciary capacity is 33
exempt, where such relationship was created by law, by a will, 34
or by judicial authority, and where such sales are subject to 35
approval by, or are made in pursuance to authority granted by, 36
any court of competent jurisdiction or are otherwise authorized 37
and lawfully made by such fiduciary. 38

(D) A sale to the issuer, to a dealer, or to an 39
institutional investor is exempt. 40

(E) A sale in good faith, and not for the purpose of 41
avoiding this chapter, by a pledgee of a security pledged for a 42
bona fide debt is exempt. 43

(F) The sale at public auction by a corporation of shares 44
of its stock because of delinquency in payment for the shares is 45

exempt. 46

(G) (1) The giving of any conversion right with, or on 47
account of the purchase of, any security that is exempt, is the 48
subject matter of an exempt transaction, has been registered by 49
description, by coordination, or by qualification, or is the 50
subject matter of a transaction that has been registered by 51
description is exempt. 52

(2) The giving of any subscription right, warrant, or 53
option to purchase a security or right to receive a security 54
upon exchange, which security is exempt at the time the right, 55
warrant, or option to purchase or right to receive is given, is 56
the subject matter of an exempt transaction, is registered by 57
description, by coordination, or by qualification, or is the 58
subject matter of a transaction that has been registered by 59
description is exempt. 60

(3) The giving of any subscription right or any warrant or 61
option to purchase a security, which right, warrant, or option 62
expressly provides that it shall not be exercisable except for a 63
security that at the time of the exercise is exempt, is the 64
subject matter of an exempt transaction, is registered by 65
description, by coordination, or by qualification, or at such 66
time is the subject matter of a transaction that has been 67
registered by description is exempt. 68

(H) The sale of notes, bonds, or other evidences of 69
indebtedness that are secured by a mortgage lien upon real 70
estate, leasehold estate other than oil, gas, or mining 71
leasehold, or tangible personal property, or which evidence of 72
indebtedness is due under or based upon a conditional-sale 73
contract, if all such notes, bonds, or other evidences of 74
indebtedness are sold to a single purchaser at a single sale, is 75

exempt. 76

(I) The delivery of securities by the issuer on the 77
exercise of conversion rights, the sale of securities by the 78
issuer on exercise of subscription rights or of warrants or 79
options to purchase securities, the delivery of voting-trust 80
certificates for securities deposited under a voting-trust 81
agreement, the delivery of deposited securities on surrender of 82
voting-trust certificates, and the delivery of final 83
certificates on surrender of interim certificates are exempt; 84
but the sale of securities on exercise of subscription rights, 85
warrants, or options is not an exempt transaction unless those 86
rights, warrants, or options when granted were the subject 87
matter of an exempt transaction under division (G) of this 88
section or were registered by description, by coordination, or 89
by qualification. 90

(J) The sale of securities by a bank, savings and loan 91
association, savings bank, or credit union organized under the 92
laws of the United States or of this state is exempt if at a 93
profit to that seller of not more than two per cent of the total 94
sale price of the securities. 95

(K) (1) The distribution by a corporation of its securities 96
to its security holders as a share dividend or other 97
distribution out of earnings or surplus is exempt. 98

(2) The exchange or distribution by the issuer of any of 99
its securities or of the securities of any of the issuer's 100
wholly owned subsidiaries exclusively with or to its existing 101
security holders, if no commission or other remuneration is 102
given directly or indirectly for soliciting the exchange, is 103
exempt. 104

(3) The sale of preorganization subscriptions for shares 105
of stock of a corporation prior to the incorporation of the 106
corporation is exempt, when the sale is evidenced by a written 107
agreement, no remuneration is given, or promised, directly or 108
indirectly, for or in connection with the sale of those 109
securities, and no consideration is received, directly or 110
indirectly, by any person from the purchasers of those 111
securities until registration by qualification, by coordination, 112
or by description of those securities is made under this 113
chapter. 114

(L) The issuance of securities in exchange for one or more 115
bona fide outstanding securities, claims, or property interests, 116
not including securities sold for a consideration payable in 117
whole or in part in cash, under a plan of reorganization, 118
recapitalization, or refinancing approved by a court pursuant to 119
the Bankruptcy Act of the United States or to any other federal 120
act giving any federal court jurisdiction over such plan of 121
reorganization, or under a plan of reorganization approved by a 122
court of competent jurisdiction of any state of the United 123
States is exempt. As used in this division, "reorganization," 124
"recapitalization," and "refinancing" have the same meanings as 125
in section 1707.04 of the Revised Code. 126

(M) A sale by a licensed dealer, acting either as 127
principal or as agent, of securities issued and outstanding 128
before the sale is exempt, unless the sale is of one or more of 129
the following: 130

(1) Securities constituting the whole or a part of an 131
unsold allotment to or subscription by a dealer as an 132
underwriter or other participant in the distribution of those 133
securities by the issuer, whether that distribution is direct or 134

through an underwriter, provided that, if the issuer is such by 135
reason of owning one-fourth or more of those securities, the 136
dealer has knowledge of this fact or reasonable cause to believe 137
this fact; 138

(2) Any class of shares issued by a corporation when the 139
number of beneficial owners of that class is less than twenty- 140
five, with the record owner of securities being deemed the 141
beneficial owner for this purpose, in the absence of actual 142
knowledge to the contrary; 143

(3) Securities that within one year were purchased outside 144
this state or within one year were transported into this state, 145
if the dealer has knowledge or reasonable cause to believe, 146
before the sale of those securities, that within one year they 147
were purchased outside this state or within one year were 148
transported into this state; but such a sale of those securities 149
is exempt if any of the following occurs: 150

(a) A recognized securities manual contains the names of 151
the issuer's officers and directors, a balance sheet of the 152
issuer as of a date within eighteen months, and a profit and 153
loss statement for either the fiscal year preceding that date or 154
the most recent year of operations; 155

(b) Those securities, or securities of the same class, 156
within one year were registered or qualified under section 157
1707.09 or 1707.091 of the Revised Code, and that registration 158
or qualification is in full force and effect; 159

(c) The sale is made by a licensed dealer on behalf of the 160
bona fide owner of those securities in accordance with division 161
(B) of this section; 162

(d) Those securities were transported into Ohio in a 163

transaction of the type described in division (L), (K), or (I) 164
of this section, or in a transaction registered under division 165
(A) of section 1707.06 of the Revised Code. 166

(N) For the purpose of this division and division (M) of 167
this section, "underwriter" means any person who has purchased 168
from an issuer with a view to, or sells for an issuer in 169
connection with, the distribution of any security, or who 170
participates directly or indirectly in any such undertaking or 171
in the underwriting thereof, but "underwriter" does not include 172
a person whose interest is limited to a discount, commission, or 173
profit from the underwriter or from a dealer that is not in 174
excess of the customary distributors' or sellers' discount, 175
commission, or profit; and "issuer" includes any person or any 176
group of persons acting in concert in the sale of such 177
securities, owning beneficially one-fourth or more of the 178
outstanding securities of the class involved in the transactions 179
in question, with the record owner of securities being deemed 180
the beneficial owner for this purpose, in the absence of actual 181
knowledge to the contrary. 182

(O) (1) The sale of any equity security is exempt if all 183
the following conditions are satisfied: 184

(a) The sale is by the issuer of the security. 185

(b) The total number of purchasers in this state of all 186
securities issued or sold by the issuer in reliance upon this 187
exemption during the period of one year ending with the date of 188
the sale does not exceed ten. A sale of securities registered 189
under this chapter or sold pursuant to an exemption under this 190
chapter other than this exemption shall not be integrated with a 191
sale pursuant to this exemption in computing the number of 192
purchasers under this exemption. 193

(c) No advertisement, article, notice, or other 194
communication published in any newspaper, magazine, or similar 195
medium or broadcast over television or radio is used in 196
connection with the sale, but the use of an offering circular or 197
other communication delivered by the issuer to selected 198
individuals does not destroy this exemption. 199

(d) The issuer reasonably believes after reasonable 200
investigation that the purchaser is purchasing for investment. 201

(e) The aggregate commission, discount, and other 202
remuneration, excluding legal, accounting, and printing fees, 203
paid or given directly or indirectly does not exceed ten per 204
cent of the initial offering price. 205

(f) Any such commission, discount, or other remuneration 206
for sales in this state is paid or given only to dealers or 207
salespersons registered pursuant to this chapter. 208

(2) For the purposes of division (O)(1) of this section, 209
each of the following is deemed to be a single purchaser of a 210
security: husband and wife, a child and its parent or guardian 211
when the parent or guardian holds the security for the benefit 212
of the child, a corporation, a limited liability company, a 213
partnership, an association or other unincorporated entity, a 214
joint-stock company, or a trust, but only if the corporation, 215
limited liability company, partnership, association, entity, 216
joint-stock company, or trust was not formed for the purpose of 217
purchasing the security. 218

(3) As used in division (O)(1) of this section, "equity 219
security" means any stock or similar security of a corporation 220
or any membership interest in a limited liability company; or 221
any security convertible, with or without consideration, into 222

such a security, or carrying any warrant or right to subscribe 223
to or purchase such a security; or any such warrant or right; or 224
any other security that the division considers necessary or 225
appropriate, by such rules as it may prescribe in the public 226
interest or for the protection of investors, to treat as an 227
equity security. 228

(P) The sale of securities representing interests in or 229
under profit-sharing or participation agreements relating to oil 230
or gas wells located in this state, or representing interests in 231
or under oil or gas leases of real estate situated in this 232
state, is exempt if the securities are issued by an individual, 233
partnership, limited partnership, partnership association, 234
syndicate, pool, trust or trust fund, or other unincorporated 235
association and if each of the following conditions is complied 236
with: 237

(1) The beneficial owners of the securities do not, and 238
will not after the sale, exceed five natural persons; 239

(2) The securities constitute or represent interests in 240
not more than one oil or gas well; 241

(3) A certificate or other instrument in writing is 242
furnished to each purchaser of the securities at or before the 243
consummation of the sale, disclosing the maximum commission, 244
compensation for services, cost of lease, and expenses with 245
respect to the sale of such interests and with respect to the 246
promotion, development, and management of the oil or gas well, 247
and the total of that commission, compensation, costs, and 248
expenses does not exceed twenty-five per cent of the aggregate 249
interests in the oil or gas well, exclusive of any landowner's 250
rental or royalty; 251

(4) The sale is made in good faith and not for the purpose of avoiding this chapter.	252 253
(Q) The sale of any security is exempt if all of the following conditions are satisfied:	254 255
(1) The provisions of section 5 of the Securities Act of 1933 do not apply to the sale by reason of an exemption under section 4 (2) of that act.	256 257 258
(2) The aggregate commission, discount, and other remuneration, excluding legal, accounting, and printing fees, paid or given directly or indirectly does not exceed ten per cent of the initial offering price.	259 260 261 262
(3) Any such commission, discount, or other remuneration for sales in this state is paid or given only to dealers or salespersons registered under this chapter.	263 264 265
(4) The issuer or dealer files with the division of securities, not later than sixty days after the sale, a report setting forth the name and address of the issuer, the total amount of the securities sold under this division, the number of persons to whom the securities were sold, the price at which the securities were sold, and the commissions or discounts paid or given.	266 267 268 269 270 271 272
(5) The issuer pays a filing fee of one hundred dollars for the first filing and fifty dollars for every subsequent filing during each calendar year.	273 274 275
(R) A sale of a money order, travelers' check, or other instrument for the transmission of money by a person qualified to engage in such business under section 1109.60 or Chapter 1315. of the Revised Code is exempt.	276 277 278 279

(S) A sale by a licensed dealer of securities that are in 280
the process of registration under the Securities Act of 1933, 281
unless exempt under that act, and that are in the process of 282
registration, if registration is required under this chapter, is 283
exempt, provided that no sale of that nature shall be 284
consummated prior to the registration by description or 285
qualification of the securities. 286

(T) The execution by a licensed dealer of orders for the 287
purchase of any security is exempt, provided that the dealer 288
acts only as agent for the purchaser, has made no solicitation 289
of the order to purchase the security, has no interest in the 290
distribution of the security, and delivers to the purchaser 291
written confirmation of the transaction that clearly itemizes 292
the dealer's commission. "Solicitation," as used in this 293
division, means solicitation of the order for the specific 294
security purchased and does not include general solicitations or 295
advertisements of any kind. 296

(U) The sale insofar as the security holders of a person 297
are concerned, where, pursuant to statutory provisions of the 298
jurisdiction under which that person is organized or pursuant to 299
provisions contained in its articles of incorporation, 300
certificate of incorporation, partnership agreement, declaration 301
of trust, trust indenture, or similar controlling instrument, 302
there is submitted to the security holders, for their vote or 303
consent, (1) a plan or agreement for a reclassification of 304
securities of that person that involves the substitution of a 305
security of that person for another security of that person, (2) 306
a plan or agreement of merger or consolidation or a similar plan 307
or agreement of acquisition in which the securities of that 308
person held by the security holders will become or be exchanged 309
for securities of any other person, or (3) a plan or agreement 310

for a combination as defined in division (Q) of section 1701.01 311
of the Revised Code or a similar plan or agreement for the 312
transfer of assets of that person to another person in 313
consideration of the issuance of securities of any person, is 314
exempt if, with respect to any of the foregoing transactions, 315
either of the following conditions is satisfied: 316

(a) The securities to be issued to the security holders 317
are effectively registered under sections 6 to 8 of the 318
Securities Act of 1933 and offered and sold in compliance with 319
section 5 of that act; 320

(b) At least twenty days prior to the date on which a 321
meeting of the security holders is held or the earliest date on 322
which corporate action may be taken when no meeting is held, 323
there is submitted to the security holders, by that person, or 324
by the person whose securities are to be issued in the 325
transaction, information substantially equivalent to the 326
information that would be required to be included in a proxy 327
statement or information statement prepared by or on behalf of 328
the management of an issuer subject to section 14(a) or 14(c) of 329
the Securities Exchange Act of 1934. 330

(V) The sale of any security is exempt if the division by 331
rule finds that registration is not necessary or appropriate in 332
the public interest or for the protection of investors. 333

(W) Any offer or sale of securities made in reliance on 334
the exemptions provided by Rule 505 of Regulation D made 335
pursuant to the Securities Act of 1933 and the conditions and 336
definitions provided by Rules 501 to 503 thereunder is exempt if 337
the offer or sale satisfies all of the following conditions: 338

(1) No commission or other remuneration is given, directly 339

or indirectly, to any person for soliciting or selling to any 340
person in this state in reliance on the exemption under this 341
division, except to dealers licensed in this state. 342

(2) (a) Unless the cause for disqualification is waived 343
under division (W) (2) (b) of this section, no exemption under 344
this section is available for the securities of an issuer unless 345
the issuer did not know and in the exercise of reasonable care 346
could not have known that any of the following applies to any of 347
the persons described in Rule 262(a) to (c) of Regulation A 348
under the Securities Act of 1933: 349

(i) The person has filed an application for registration 350
or qualification that is the subject of an effective order 351
entered against the issuer, its officers, directors, general 352
partners, controlling persons or affiliates thereof, pursuant to 353
the law of any state within five years before the filing of a 354
notice required under division (W) (3) of this section denying 355
effectiveness to, or suspending or revoking the effectiveness 356
of, the registration statement. 357

(ii) The person has been convicted of any offense in 358
connection with the offer, sale, or purchase of any security or 359
franchise, or any felony involving fraud or deceit, including, 360
but not limited to, forgery, embezzlement, fraud, theft, or 361
conspiracy to defraud. 362

(iii) The person is subject to an effective administrative 363
order or judgment that was entered by a state securities 364
administrator within five years before the filing of a notice 365
required under division (W) (3) of this section and that 366
prohibits, denies, or revokes the use of any exemption from 367
securities registration, prohibits the transaction of business 368
by the person as a dealer, or is based on fraud, deceit, an 369

untrue statement of a material fact, or an omission to state a material fact. 370
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(iv) The person is subject to any order, judgment, or decree of any court entered within five years before the filing of a notice required under division (W)(3) of this section, temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of any security, or the making of any false filing with any state. 372
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(b) (i) Any disqualification under this division involving a dealer may be waived if the dealer is or continues to be licensed in this state as a dealer after notifying the commissioner of the act or event causing disqualification. 379
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(ii) The commissioner may waive any disqualification under this paragraph upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied. 383
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(3) Not later than five business days before the earlier of the date on which the first use of an offering document or the first sale is made in this state in reliance on the exemption under this division, there is filed with the commissioner a notice comprised of offering material in compliance with the requirements of Rule 502 of Regulation D under the Securities Act of 1933 and a fee of one hundred dollars. Material amendments to the offering document shall be filed with the commissioner not later than the date of their first use in this state. 387
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(4) The aggregate commission, discount, and other remuneration paid or given, directly or indirectly, does not 397
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exceed twelve per cent of the initial offering price, excluding 399
legal, accounting, and printing fees. 400

(X) Any offer or sale of securities made in reliance on 401
the exemption provided in Rule 506 of Regulation D under the 402
Securities Act of 1933, and in accordance with Rules 501 to 503 403
of Regulation D under the Securities Act of 1933, is exempt 404
provided that all of the following apply: 405

(1) The issuer makes a notice filing with the division on 406
form D of the securities and exchange commission within fifteen 407
days of the first sale in this state; 408

(2) Any commission, discount, or other remuneration for 409
sales of securities in this state is paid or given only to 410
dealers or salespersons licensed under this chapter; 411

(3) The issuer pays a filing fee of one hundred dollars to 412
the division; however, no filing fee shall be required to file 413
amendments to the form D of the securities and exchange 414
commission. 415

(Y) The offer or sale of securities by an issuer is exempt 416
provided that all of the following apply: 417

(1) The sale of securities is made only to persons who 418
are, or who the issuer reasonably believes are, accredited 419
investors as defined in Rule 501 of Regulation D under the 420
Securities Act of 1933. 421

(2) The issuer reasonably believes that all purchasers are 422
purchasing for investment and not with a view to or for sale in 423
connection with a distribution of the security. Any resale of a 424
security sold in reliance on this exemption within twelve months 425
of sale shall be presumed to be with a view to distribution and 426
not for investment, except a resale to which any of the 427

following applies:	428
(a) The resale is pursuant to a registration statement effective under section 1707.09 or 1707.091 of the Revised Code.	429 430
(b) The resale is to an accredited investor, as defined in Rule 501 of Regulation D under the Securities Act of 1933.	431 432
(c) The resale is to an institutional investor pursuant to the exemptions under division (B) or (D) of this section.	433 434
(3) The exemption under this division is not available to an issuer that is in the development stage and that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entities or persons.	435 436 437 438 439
(4) The exemption under this division is not available to an issuer, if the issuer, any of the issuer's predecessors, any affiliated issuer, any of the issuer's directors, officers, general partners, or beneficial owners of ten per cent or more of any class of its equity securities, any of the issuer's promoters presently connected with the issuer in any capacity, any underwriter of the securities to be offered, or any partner, director, or officer of such underwriter:	440 441 442 443 444 445 446 447
(a) Within the past five years, has filed a registration statement that is the subject of a currently effective registration stop order entered by any state securities administrator or the securities and exchange commission;	448 449 450 451
(b) Within the past five years, has been convicted of any criminal offense in connection with the offer, purchase, or sale of any security, or involving fraud or deceit;	452 453 454
(c) Is currently subject to any state or federal	455

administrative enforcement order or judgment, entered within the 456
past five years, finding fraud or deceit in connection with the 457
purchase or sale of any security; 458

(d) Is currently subject to any order, judgment, or decree 459
of any court of competent jurisdiction, entered within the past 460
five years, that temporarily, preliminarily, or permanently 461
restrains or enjoins the party from engaging in or continuing to 462
engage in any conduct or practice involving fraud or deceit in 463
connection with the purchase or sale of any security. 464

(5) Division (Y) (4) of this section is inapplicable if any 465
of the following applies: 466

(a) The party subject to the disqualification is licensed 467
or registered to conduct securities business in the state in 468
which the order, judgment, or decree creating the 469
disqualification was entered against the party described in 470
division (Y) (4) of this section. 471

(b) Before the first offer is made under this exemption, 472
the state securities administrator, or the court or regulatory 473
authority that entered the order, judgment, or decree, waives 474
the disqualification. 475

(c) The issuer did not know and, in the exercise of 476
reasonable care based on reasonable investigation, could not 477
have known that a disqualification from the exemption existed 478
under division (Y) (4) of this section. 479

(6) A general announcement of the proposed offering may be 480
made by any means; however, the general announcement shall 481
include only the following information, unless additional 482
information is specifically permitted by the division by rule: 483

(a) The name, address, and telephone number of the issuer 484

of the securities;	485
(b) The name, a brief description, and price of any security to be issued;	486 487
(c) A brief description of the business of the issuer;	488
(d) The type, number, and aggregate amount of securities being offered;	489 490
(e) The name, address, and telephone number of the person to contact for additional information; and	491 492
(f) A statement indicating all of the following:	493
(i) Sales will only be made to accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933;	494 495 496
(ii) No money or other consideration is being solicited or will be accepted by way of this general announcement;	497 498
(iii) The securities have not been registered with or approved by any state securities administrator or the securities and exchange commission and are being offered and sold pursuant to an exemption from registration.	499 500 501 502
(7) The issuer, in connection with an offer, may provide information in addition to the general announcement described in division (Y)(6) of this section, provided that either of the following applies:	503 504 505 506
(a) The information is delivered through an electronic database that is restricted to persons that are accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933.	507 508 509 510
(b) The information is delivered after the issuer	511

reasonably believes that the prospective purchaser is an 512
accredited investor as defined in Rule 501 of Regulation D under 513
the Securities Act of 1933. 514

(8) No telephone solicitation shall be done, unless prior 515
to placing the telephone call, the issuer reasonably believes 516
that the prospective purchaser to be solicited is an accredited 517
investor as defined in Rule 501 of Regulation D under the 518
Securities Act of 1933. 519

(9) Dissemination of the general announcement described in 520
division (Y)(6) of this section to persons that are not 521
accredited investors, as defined in Rule 501 of Regulation D 522
under the Securities Act of 1933, does not disqualify the issuer 523
from claiming an exemption under this division. 524

(10) The issuer shall file with the division notice of the 525
offering of securities within fifteen days after notice of the 526
offering is made or a general announcement is made in this 527
state. The filing shall be on forms adopted by the division and 528
shall include a copy of the general announcement, if one is made 529
regarding the proposed offering, and copies of any offering 530
materials, circulars, or prospectuses. A filing fee of one 531
hundred dollars also shall be included. 532

(Z) The offer or sale of securities by an OhioInvests 533
issuer under sections 1707.05 to 1707.058 of the Revised Code is 534
exempt. 535

Sec. 1707.05. As used in sections 1707.05 to 1707.058 of 536
the Revised Code: 537

(A) "OhioInvests issuer" means an entity organized under 538
the laws of this state, other than a general partnership, that 539
satisfies the requirements of 17 C.F.R. 230.147A and meets one 540

<u>of the following conditions:</u>	541
<u>(1) The principal office of the entity is located in this</u>	542
<u>state.</u>	543
<u>(2) As of the last day of the most recent semiannual</u>	544
<u>fiscal period of the entity, at least eighty per cent, as</u>	545
<u>described under 17 C.F.R. 230.147A, of the entity's assets were</u>	546
<u>located in this state.</u>	547
<u>(3) (a) The entity derived at least eighty per cent, or</u>	548
<u>other threshold permitted under 17 C.F.R. 230.147A, of the</u>	549
<u>entity's gross revenues from the operation of a business in this</u>	550
<u>state during the previous fiscal year, if the OhioInvests</u>	551
<u>offering begins during the first six months of the entity's</u>	552
<u>fiscal year, or during the twelve months ending on the last day</u>	553
<u>of the sixth month of the entity's current fiscal year, if the</u>	554
<u>OhioInvests offering begins following the last day.</u>	555
<u>(b) Division (A) (3) (a) of this section does not apply to</u>	556
<u>any entity whose gross revenue during the most recent period of</u>	557
<u>twelve months did not exceed five thousand dollars.</u>	558
<u>(4) The entity does not attempt to limit its liability, or</u>	559
<u>the liability of any other person, for fraud or intentional</u>	560
<u>misrepresentation in connection with the offering of its</u>	561
<u>securities in an OhioInvests offering.</u>	562
<u>(5) The entity is not either of the following:</u>	563
<u>(a) Engaged in the business of investing, reinvesting,</u>	564
<u>owning, holding, or trading in securities, except that the</u>	565
<u>entity may hold securities of one class in an entity that is not</u>	566
<u>itself engaged in the business of investing, reinvesting,</u>	567
<u>owning, holding, or trading in securities;</u>	568

(b) Subject to the reporting requirement of 15 U.S.C. 78m 569
and 78o(d). 570

(B) "OhioInvests offering" means an offer, or an offer and 571
sale, of securities by an OhioInvests issuer that is exempt from 572
registration under section 1707.051 of the Revised Code. 573

(C) "OhioInvests portal" means a web site that is operated 574
by a portal operator for the offer or sale of securities of an 575
OhioInvests issuer and meets all of the following requirements: 576

(1) When conducting an OhioInvests offering, it implements 577
steps to limit web site access to residents of only this state 578
in accordance with 17 C.F.R. 230.147A. 579

(2) It does not allow an OhioInvests offering to be viewed 580
by a prospective purchaser until both of the following occur: 581

(a) The portal operator verifies, through its exercise of 582
reasonable steps, such as using a third-party verification 583
service or as otherwise approved by the division of securities, 584
that the prospective purchaser is a resident of this state. 585

(b) The prospective purchaser makes an affirmative 586
acknowledgment, electronically through the portal, of the 587
following: 588

"I am an Ohio resident. 589

The securities and investment opportunities listed on this 590
web site involve high-risk, speculative business ventures. If I 591
choose to invest in any securities or investment opportunity 592
listed on this web site, I may lose all of my investment, and I 593
can afford such a loss. 594

The securities and investment opportunities listed on this 595
web site have not been reviewed or approved by any state or 596

federal securities commission or division or other regulatory 597
authority, and no such person or authority, including this web 598
site, has confirmed the accuracy or determined the adequacy of 599
any disclosure made to prospective investors relating to any 600
offering. 601

If I choose to invest in any securities or investment 602
opportunity listed on this web site, I understand that the 603
securities I will acquire may be difficult to transfer or sell, 604
that there is no ready market for the sale of such securities, 605
that it may be difficult or impossible for me to sell or 606
otherwise dispose of this investment at any price, and that, 607
accordingly, I may be required to hold this investment 608
indefinitely." 609

(3) It does not contain the word "OhioInvests" in its 610
internet address. 611

(D) "Portal operator" means an entity, including an 612
issuer, that is authorized to do business in this state, is 613
licensed with the division of securities under section 1707.054 614
of the Revised Code or is a licensed dealer, and satisfies any 615
other conditions determined by the division. 616

(E) "Executive management" includes executive officers, 617
directors, governors, and managers. 618

Sec. 1707.051. Subject to section 1707.058 of the Revised 619
Code, the offer, sale, and issuance of securities is exempt from 620
the requirements of sections 1707.08 to 1707.11 of the Revised 621
Code if all of the following conditions are met: 622

(A) The issuer is an OhioInvests issuer on the date that 623
its securities are first offered for sale in the offering and 624
continuously through the closing of the offering. 625

(B) The offering meets the requirements of the federal 626
exemption for intrastate offerings in 17 C.F.R. 230.147A. 627

(C) The offering expires not more than twelve months after 628
the offering commences. 629

(D) In any twelve-month period, the issuer does not raise 630
more than five million dollars, either in cash or other 631
consideration, in connection with one or more OhioInvests 632
offerings. 633

(E) The issuer uses at least eighty per cent of the net 634
proceeds of the offering in connection with the operation of its 635
business in this state. 636

(F) No single purchaser purchases more than ten thousand 637
dollars in the aggregate in a twelve-month period of securities 638
in connection with OhioInvests offerings unless the purchaser is 639
an accredited investor, as defined in Rule 501 of Regulation D 640
under the Securities Act of 1933. An accredited investor may 641
purchase from all OhioInvests offerings in a twelve-month period 642
up to ten thousand dollars or such greater amount that does not 643
exceed ten per cent of the accredited investor's annual income 644
or net worth, whichever is less. 645

(G) The sale of the securities is conducted exclusively 646
through an OhioInvests portal. 647

(H) (1) Subject to division (H) (2) of this section, an 648
investor may cancel the investment commitment for any reason for 649
a period of time specified in the issuer's offering materials, 650
which period shall be at least five business days after the date 651
of commitment. 652

(2) During the forty-eight hours prior to the deadline 653
identified in the issuer's offering materials, an investment 654

commitment may not be canceled. 655

(I) The issuer requires the portal operator to do all of 656
the following: 657

(1) Provide or make available to each prospective 658
purchaser through the OhioInvests portal the following, as 659
applicable: 660

(a) A copy of the issuer's balance sheet and income 661
statement for the issuer's most recent fiscal year, if the 662
issuer was in existence for that period; 663

(b) For offerings beginning more than ninety days after 664
the issuer's most recent fiscal year end or if the issuer was 665
not in existence the previous calendar year, a copy of the 666
issuer's balance sheet as of a date not more than ninety days 667
before the commencement of the offering for the issuer's most 668
recently completed fiscal year, or such shorter portion the 669
issuer was in existence during that period, and the year-to-date 670
period, or inception-to-date period, if shorter, corresponding 671
with the more recent balance sheet. 672

(2) Make available to each prospective purchaser through 673
the OhioInvests portal a printable or downloadable disclosure 674
document that meets the requirements of section 1707.052 of the 675
Revised Code; 676

(3) Obtain from each prospective purchaser through the 677
OhioInvests portal the certification described in section 678
1707.053 of the Revised Code, in either written or electronic 679
form. 680

(J) All of the following apply: 681

(1) All payments for the purchase of securities are held 682

in escrow until the aggregate capital deposited into escrow from 683
all purchasers is equal to or greater than the stated minimum 684
offering amount. 685

(2) The escrow agent used is a bank, trust company, 686
savings bank, savings association, or credit union authorized to 687
do business in this state. 688

(3) Prior to the execution of the escrow agreement between 689
the issuer and the escrow agent, the escrow agent conducts a 690
search of the issuer and its executive management, as provided 691
to the escrow agent by the portal operator, against the 692
specially designated nationals list maintained by the office of 693
foreign assets control of the United States department of the 694
treasury. 695

(4) The escrow agent is only responsible to act at the 696
direction of the party establishing the escrow account and does 697
not have a duty or liability, contractual or otherwise, to an 698
investor or other person except as set forth in the applicable 699
escrow agreement or other contract. 700

(5) If the minimum offering amount is not raised by the 701
expiration date stipulated in the disclosure document provided 702
to the purchasers, all purchasers will receive a return of all 703
their subscription funds. 704

(K) Not less than ten days before the beginning of an 705
offering of securities in reliance on the exemption provided 706
under this section, the issuer provides all of the following to 707
the division of securities: 708

(1) A notice of claim of exemption from registration, 709
specifying that the issuer will be conducting an offering in 710
reliance on the exemption provided under this section; 711

(2) A copy of the disclosure document described in section 712
1707.052 of the Revised Code that will be provided to 713
prospective purchasers in connection with the offering; 714

(3) A filing fee of fifty dollars. 715

(4) Any other information that the division requires from 716
the issuer or portal for the protection of investors and to 717
enable the division to determine that the sale of securities is 718
entitled to an exemption. 719

(L) The issuer and the portal operator engage in 720
solicitation and advertising of the OhioInvests offering only if 721
all of the following apply: 722

(1) The advertisement contains disclaiming language that 723
clearly states all of the following: 724

(a) The advertisement is not the offer and is for 725
informational purposes only; 726

(b) The offering is being made in reliance on the 727
exemption provided under this section; 728

(c) The offering is directed only to residents of this 729
state; 730

(d) All offers and sales are made through an OhioInvests 731
portal. 732

(2) In addition to the items listed in division (L) (1) of 733
this section, the advertisement contains not more than the 734
following: 735

(a) The name and contact information of the issuer; 736

(b) A brief description of the general type of business 737
conducted by the issuer; 738

<u>(c) The minimum offering amount the issuer is attempting</u>	739
<u>to raise through its offering;</u>	740
<u>(d) A description of how the issuer will use the funds</u>	741
<u>raised through the offering;</u>	742
<u>(e) The duration that the offering will remain open;</u>	743
<u>(f) The issuer's logo;</u>	744
<u>(g) The OhioInvests portal through which the offering is</u>	745
<u>being made.</u>	746
<u>(3) The advertisement complies with all applicable state</u>	747
<u>and federal laws.</u>	748
<u>(M) Meets such other requirements as the division may, by</u>	749
<u>rule, prescribe for the protection of investors and in the</u>	750
<u>public interest.</u>	751
<u>Sec. 1707.052.</u> <u>The disclosure document provided to each</u>	752
<u>prospective purchaser through an OhioInvests portal shall</u>	753
<u>contain all of the following:</u>	754
<u>(A) The following information regarding the OhioInvests</u>	755
<u>issuer:</u>	756
<u>(1) The type of entity it is;</u>	757
<u>(2) The address and telephone number of its principal</u>	758
<u>office;</u>	759
<u>(3) Its formation history for the previous five years;</u>	760
<u>(4) The identity of all persons owning more than ten per</u>	761
<u>cent of any class of equity interest in the issuer;</u>	762
<u>(5) The identity of its members, executive management, and</u>	763
<u>any other persons occupying a similar status or performing</u>	764

<u>similar functions in the name of and on behalf of the issuer,</u>	765
<u>including their titles and their relevant experience;</u>	766
<u>(6) The material facts of its business plan and capital structure;</u>	767
<u>(7) Any material risks to the issuer and its business plan;</u>	769
<u>(8) Its intended use of the offering proceeds, including any amounts to be paid, as compensation or otherwise, to an owner, member, person in executive management, or other person occupying a similar status or performing similar functions on behalf of the issuer.</u>	771
<u>(B) The following information regarding the securities being offered:</u>	776
<u>(1) The terms and conditions of the securities and a description of any outstanding securities of the issuer;</u>	778
<u>(2) The minimum and maximum amount of securities being offered;</u>	780
<u>(3) Either of the following:</u>	782
<u>(a) The percentage economic ownership of the issuer represented by the offered securities, assuming the minimum and, if applicable, maximum number of securities being offered is sold;</u>	783
<u>(b) The valuation of the issuer implied by the price of the offered securities.</u>	784
<u>(4) The price per share, unit, or interest of the securities;</u>	789
<u>(5) Any restrictions on transfer of the securities;</u>	791

<u>(6) A statement that any future issuance of securities</u>	792
<u>might dilute the value of the securities being offered;</u>	793
<u>(7) The date on which the offering will expire.</u>	794
<u>(C) The identity of and consideration payable to a person</u>	795
<u>who has been or will be retained by the issuer to assist the</u>	796
<u>issuer in conducting the offering and sale of the securities,</u>	797
<u>including a portal operator. This requirement does not apply to</u>	798
<u>persons acting primarily as accountants or attorneys and</u>	799
<u>employees whose primary job responsibilities involve operating</u>	800
<u>the business of the issuer rather than assisting the issuer in</u>	801
<u>raising capital.</u>	802
<u>(D) A description of any pending material litigation,</u>	803
<u>legal proceedings, or regulatory action involving the issuer or</u>	804
<u>any members, persons in executive management, or other persons</u>	805
<u>occupying a similar status or performing similar functions in</u>	806
<u>the name of and on behalf of the issuer;</u>	807
<u>(E) A copy of the escrow agreement between the escrow</u>	808
<u>agent, the issuer, and, if applicable, the portal operator;</u>	809
<u>(F) A statement that the securities have not been</u>	810
<u>registered under federal or state securities law and that the</u>	811
<u>securities are subject to limitations on resale;</u>	812
<u>(G) A statement, printed in boldface type of the minimum</u>	813
<u>size of ten points, as follows: "IN MAKING AN INVESTMENT</u>	814
<u>DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE</u>	815
<u>ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND</u>	816
<u>RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY</u>	817
<u>ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER</u>	818
<u>REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES</u>	819
<u>HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF</u>	820

THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL 821
OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON 822
TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD 823
EXCEPT AS PERMITTED BY 17 C.F.R. 230.147(e) AND THE APPLICABLE 824
STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION 825
THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED 826
TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE 827
PERIOD OF TIME." 828

(H) All material information necessary in order to make 829
the statements made, in light of the circumstances under which 830
they were made, not misleading and such other information as the 831
division may require. 832

Sec. 1707.053. The certification obtained by the portal 833
operator from each prospective purchaser through an OhioInvests 834
portal shall, at a minimum, state the following: 835

"I UNDERSTAND AND ACKNOWLEDGE THAT: 836

If I make an investment in an offering through this 837
OhioInvests portal, it is very likely that I am investing in a 838
high-risk, speculative business venture that could result in the 839
complete loss of my investment, and I need to be able to afford 840
such a loss. 841

This offering has not been reviewed or approved by any 842
state or federal securities commission or division or other 843
regulatory authority and that no such person or authority has 844
confirmed the accuracy or determined the adequacy of any 845
disclosure made to me relating to this offering. 846

If I make an investment in an offering through this 847
OhioInvests portal, it is very likely that the investment will 848
be difficult to transfer or sell and, accordingly, I may be 849

required to hold the investment indefinitely. 850

By entering into this transaction with the company, I am 851
affirmatively representing myself as being an Ohio resident at 852
the time that this contract is formed, and if this 853
representation is subsequently shown to be false, the contract 854
is void." 855

Sec. 1707.054. (A) No person other than a dealer licensed 856
under this chapter shall offer or sell securities pursuant to an 857
OhioInvests offering or otherwise act as a portal operator 858
unless the person is licensed as a portal operator by the 859
division of securities or is transacting business through a 860
portal operator licensed by the division. Application for a 861
portal operator's license shall be made in accordance with this 862
section and by filing with the division of securities the 863
information, materials, and forms specified in rules adopted by 864
the division, along with all of the following: 865

(1) An application in the form prescribed by the division 866
and all applicable schedules and supplemental information; 867

(2) A copy of the articles of incorporation or other 868
documents that indicate the entity's form of organization; 869

(3) The filing fee as prescribed in section 1707.17 of the 870
Revised Code. 871

(B) If the division approves the entity as a portal 872
operator, the division shall issue a license certificate to the 873
entity. A portal operator's license under this section shall 874
expire one year after the date of its issuance and may be 875
renewed annually in accordance with section 1707.17 of the 876
Revised Code. 877

Sec. 1707.055. No portal operator that is not also a 878

licensed dealer shall do any of the following: 879

(A) Offer investment advice or recommendations, or solicit 880
the purchase or sale of securities. For purposes of this 881
division, a portal operator shall not be considered to be 882
offering investment advice or recommendations merely because it 883
selects, or may perform due diligence with respect to, issuers 884
or offerings to be listed or merely because it provides general 885
investor educational materials. 886

(B) Provide transaction-based compensation for securities 887
sold under this chapter to employees, agents, or other persons 888
unless the employees, agents, or other persons are licensed 889
under this chapter and permitted to receive such compensation. 890

(C) Charge a fee to the issuer for an offering of 891
securities on an OhioInvests portal unless the fee is one of the 892
following: 893

(1) A fixed amount for each offering; 894

(2) A variable amount based on the length of time that the 895
securities are offered on the portal; 896

(3) A combination of such fixed or variable amounts. 897

(D) Hold, manage, possess, or otherwise handle purchaser 898
funds or securities, unless the portal operator is the issuer. 899

(E) No portal operator shall allow its officers, 900
directors, or partners, or any person occupying similar status 901
or performing similar function, to have a financial interest in 902
an OhioInvests issuer using the services of the portal operator, 903
or receive a financial interest in the OhioInvests issuer as 904
compensation for services provided to, or for the benefit of, 905
the OhioInvests issuer, in connection with the offer and sale of 906

its securities. 907

Sec. 1707.056. (A) Each portal operator shall do all of 908
the following: 909

(1) Provide the division of securities with read-only 910
access to the administrative sections of its OhioInvests portal; 911

(2) Upon the written request of the division, furnish to 912
the division any of the records required to be maintained and 913
preserved under section 1707.057 of the Revised Code. 914

(3) Take reasonable efforts to verify that no purchaser 915
exceeds the purchase limitations set forth in division (F) of 916
section 1707.051 of the Revised Code. 917

(B) (1) A portal operator shall not disclose, except to the 918
division of securities, personal information without the written 919
or electronic consent of the prospective purchaser or purchaser. 920
For purposes of division (B) of this section, "personal 921
information" means information provided to a portal operator by 922
a prospective purchaser or purchaser that identifies, or can be 923
used to identify, the prospective purchaser or purchaser. 924

(2) Division (B) (1) of this section does not apply with 925
respect to records required to be furnished to the division 926
under division (A) (2) of this section, the disclosure of 927
personal information to an OhioInvests issuer relating to its 928
OhioInvests offering, or the disclosure of personal information 929
to the extent required or authorized under other law. 930

Sec. 1707.057. (A) Each portal operator shall maintain and 931
preserve, for a period of at least five years from either the 932
date of the closing or date of the termination of the securities 933
offering, all of the following: 934

(1) The name of each issuer whose securities have been listed on its OhioInvests portal and the full name, residential address, social security number, date of birth, and copy of a state-issued identification of all owners with greater than ten per cent voting equity in the issuer; 935
936
937
938
939

(2) Copies of all offering materials that have been displayed on its OhioInvests portal; 940
941

(3) The names and other personal information of each purchaser who has registered at its OhioInvests portal; 942
943

(4) Any agreements and contracts between the portal operator and an issuer; 944
945

(5) Any information used to establish that a prospective purchaser or purchaser of securities through its OhioInvests portal is a resident of this state and that an issuer whose securities are listed on the portal has its principal office in this state; 946
947
948
949
950

(6) Any other records the division requires by rule to be maintained and preserved. 951
952

(B)(1) The records described in division (A) of this section shall be maintained and preserved in a manner, including by any electronic storage media, that does all of the following: 953
954
955

(a) Permits the immediate location of any particular document; 956
957

(b) Retains the documents exclusively in a nonrewriteable, nonerasable format; 958
959

(c) Verifies automatically the quality and accuracy of the storage recording process; 960
961

<u>(d) Serializes the originals;</u>	962
<u>(e) Allows indexes and records preserved to be downloaded to an acceptable medium.</u>	963 964
<u>(2) If the records retention system commingles records required to be retained under this section with other records, the division of securities may review all of the commingled records.</u>	965 966 967 968
<u>(C) Notwithstanding divisions (A) and (B) of this section, the failure of a portal operator that is not the issuer to comply with those divisions does not affect the OhioInvests issuers' exemption from registration under section 1707.051 of the Revised Code.</u>	969 970 971 972 973
<u>Sec. 1707.058.</u> (A) <u>As used in this section, "affiliated party" means any of the following:</u>	974 975
<u>(1) Any predecessor to the issuer;</u>	976
<u>(2) Any affiliated issuer;</u>	977
<u>(3) Any director, executive officer, other officer participating in the offering, general partner, or managing member of the issuer;</u>	978 979 980
<u>(4) Any beneficial owner of twenty per cent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;</u>	981 982 983
<u>(5) Any promoter connected with the issuer in any capacity at the time of the sale;</u>	984 985
<u>(6) Any investment manager of an issuer that is a pooled investment fund;</u>	986 987
<u>(7) Any general partner or managing member of any</u>	988

<u>investment manager participating in the offering;</u>	989
<u>(8) Any director, executive officer, or other officer</u>	990
<u>participating in the offering of any investment manager or</u>	991
<u>general partner or managing member of the investment manager</u>	992
<u>participating in the offering.</u>	993
<u>(B) The exemption from registration provided under section</u>	994
<u>1707.051 of the Revised Code is not available with respect to an</u>	995
<u>offer, sale, and issuance of securities if the issuer of the</u>	996
<u>securities or any affiliated party:</u>	997
<u>(1) Has been convicted, within ten years before the</u>	998
<u>offering of any felony or misdemeanor:</u>	999
<u>(a) In connection with the purchase or sale of any</u>	1000
<u>security;</u>	1001
<u>(b) Involving the making of any false filing with the</u>	1002
<u>securities and exchange commission or a state securities</u>	1003
<u>commissioner; or</u>	1004
<u>(c) Arising out of the conduct of the business of an</u>	1005
<u>underwriter, broker, dealer, municipal securities dealer,</u>	1006
<u>investment adviser, or paid solicitor of purchasers of</u>	1007
<u>securities.</u>	1008
<u>(2) Is subject to any order, judgment, or decree of any</u>	1009
<u>court of competent jurisdiction, entered within five years</u>	1010
<u>before the sale, that, at the time of the sale, restrains or</u>	1011
<u>enjoins the person from engaging or continuing to engage in any</u>	1012
<u>conduct or practice:</u>	1013
<u>(a) In connection with the purchase or sale of any</u>	1014
<u>security;</u>	1015
<u>(b) Involving the making of any false filing with the</u>	1016

securities and exchange commission or a state securities 1017
commissioner; or 1018

(c) Arising out of the conduct of the business of an 1019
underwriter, broker, dealer, municipal securities dealer, 1020
investment adviser, or paid solicitor of purchasers of 1021
securities. 1022

(3) Is subject to a final order of a state securities 1023
commission or an agency or officer of a state performing like 1024
functions; a state authority that supervises or examines banks, 1025
savings associations, or credit unions; a state insurance 1026
commission or an agency or officer of a state performing like 1027
functions; an appropriate federal banking agency; the United 1028
States commodity futures trading commission; or the national 1029
credit union administration that: 1030

(a) At the time of the offering, bars the person from 1031
associating with an entity regulated by the commission, 1032
authority, agency, or officer; engaging in the business of 1033
securities, insurance, or banking; or engaging in savings 1034
association or credit union activities; or 1035

(b) Constitutes a final order based on a violation of any 1036
law or regulation that prohibits fraudulent, manipulative, or 1037
deceptive conduct entered within ten years before the offering. 1038

(4) Is subject to an order of the securities and exchange 1039
commission entered pursuant to 15 U.S.C. 78o(b), 78o-4(c), 80b- 1040
3(e), or 80b-3(f) that, at the time of the offering, does any of 1041
the following: 1042

(a) Suspends or revokes the person's license or 1043
registration as a broker, dealer, municipal securities dealer, 1044
or investment adviser; 1045

(b) Places limitations on the activities, functions, or 1046
operations of the person; 1047

(c) Bars the person from being associated with any entity 1048
or from participating in the offering of any penny stock. 1049

(5) Is subject to any order of the securities exchange 1050
commission or a state securities commissioner entered within ten 1051
years before the sale that, at the time of the sale, orders the 1052
person to cease and desist from committing or causing a 1053
violation or future violation of any of the following: 1054

(a) Any scienter-based antifraud provision of the federal 1055
securities laws, including, but not limited to, 15 U.S.C. 77q(a) 1056
(1), 78j(b), 78o(c)(1), and 80b-6(1), and 17 C.F.R. 240.10b-5 or 1057
any other regulation adopted thereunder; 1058

(b) 15 U.S.C. 77e; 1059

(c) Any state securities law involving fraudulent, 1060
manipulative, or deceptive conduct. 1061

(6) Is suspended or expelled from membership in, or 1062
suspended or barred from association with a member of, a 1063
registered national securities exchange or a registered national 1064
or affiliated securities association for any act or omission to 1065
act constituting conduct inconsistent with just and equitable 1066
principles of trade; 1067

(7) Has filed as a registrant or issuer, or was or was 1068
named as an underwriter in, any registration statement or 1069
Regulation A offering statement filed with the securities and 1070
exchange commission or a state securities commissioner that, 1071
within five years before the sale, was the subject of a refusal 1072
order, stop order, or order suspending the Regulation A 1073
exemption; 1074

(8) Is, at the time of the sale, the subject of an 1075
investigation or proceeding to determine whether a stop order or 1076
a suspension order of the type described in division (B) (7) of 1077
this section should be issued; 1078

(9) Is subject to a United States postal service false 1079
representation order entered within five years before the 1080
offering; 1081

(10) Is, at the time of the offering, subject to a 1082
temporary restraining order or preliminary injunction with 1083
respect to conduct alleged by the United States postal service 1084
to constitute a scheme or device for obtaining money or property 1085
through the mail by means of false representations. 1086

(C) Division (B) of this section does not apply: 1087

(1) With respect to any conviction, order, judgment, 1088
decree, suspension, expulsion, or bar that occurred or was 1089
issued before the effective date of this section; 1090

(2) Upon a showing of good cause and without prejudice to 1091
any other action by the securities and exchange commission or a 1092
state securities commissioner, if the division determines that 1093
it is not necessary under the circumstance that an exemption be 1094
denied; 1095

(3) If, before the relevant offering, the court of 1096
regulatory authority that entered the relevant order, judgment, 1097
or decree advises in writing that the disqualification under 1098
division (B) of this section should not arise as a consequence 1099
of the order, judgment, or decree, whether the advice is 1100
contained in the relevant judgment, order, or decree or 1101
separately to the securities and exchange commission or a state 1102
securities commissioner or their staff; or 1103

(4) If the issuer establishes to the division that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under division (B) of this section. 1104
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(D) For purposes of division (B) of this section, events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not either of the following: 1108
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1111

(1) In control of the issuer; 1112

(2) Under common control with the issuer by a third party that was in control of the affiliated entity at the time of the events. 1113
1114
1115

Sec. 1707.17. (A) (1) The license of every dealer in and salesperson of securities shall expire on the thirty-first day of December of each year, and may be renewed upon the filing with the division of securities of an application for renewal, and the payment of the fee prescribed in this section. The division shall give notice, without unreasonable delay, of its action on any application for renewal of a dealer's or salesperson's license. 1116
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(2) The license of every investment adviser and investment adviser representative licensed under section 1707.141 or 1707.161 of the Revised Code shall expire on the thirty-first day of December of each year. The licenses may be renewed upon the filing with the division of an application for renewal, and the payment of the fee prescribed in division (B) of this section. The division shall give notice, without unreasonable delay, of its action on any application for renewal. 1124
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(3) An investment adviser required to make a notice filing 1132

under division (B) of section 1707.141 of the Revised Code 1133
annually shall file with the division the notice filing and the 1134
fee prescribed in division (B) of this section, no later than 1135
the thirty-first day of December of each year. 1136

(4) The license of every state retirement system 1137
investment officer licensed under section 1707.163 of the 1138
Revised Code and the license of a bureau of workers' 1139
compensation chief investment officer issued under section 1140
1707.165 of the Revised Code shall expire on the thirtieth day 1141
of June of each year. The licenses may be renewed on the filing 1142
with the division of an application for renewal, and the payment 1143
of the fee prescribed in division (B) of this section. The 1144
division shall give notice, without unreasonable delay, of its 1145
action on any application for renewal. 1146

(5) The license of every portal operator licensed under 1147
section 1707.054 of the Revised Code shall expire on the thirty- 1148
first day of December of each year. The license may be renewed 1149
upon the filing with the division an application for renewal, 1150
and payment of the fee prescribed in division (B) of this 1151
section. The division shall give notice, without unreasonable 1152
delay, of its action on any application for renewal. 1153

(B) (1) The fee for each dealer's license, and for each 1154
annual renewal thereof, shall be two hundred dollars. 1155

(2) The fee for each salesperson's license, and for each 1156
annual renewal thereof, shall be sixty dollars. 1157

(3) The fee for each investment adviser's license, and for 1158
each annual renewal thereof, shall be one hundred dollars. 1159

(4) The fee for each investment adviser notice filing 1160
required by division (B) of section 1707.141 of the Revised Code 1161

shall be one hundred dollars. 1162

(5) The fee for each investment adviser representative's 1163
license, and for each annual renewal thereof, shall be thirty- 1164
five dollars. 1165

(6) The fee for each state retirement system investment 1166
officer's license, and for each annual renewal thereof, shall be 1167
fifty dollars. 1168

(7) The fee for a bureau of workers' compensation chief 1169
investment officer's license, and for each annual renewal 1170
thereof, shall be fifty dollars. 1171

(8) The fee for a portal operator license, and for each 1172
annual renewal thereof, shall be one hundred dollars. 1173

(C) A dealer's, salesperson's, investment adviser's, 1174
investment adviser representative's, bureau of workers' 1175
compensation chief investment officer's, ~~or~~ state retirement 1176
system investment officer's, or portal operator's license may be 1177
issued at any time for the remainder of the calendar year. In 1178
that event, the annual fee shall not be reduced. 1179

(D) The division may, by rule or order, waive, in whole or 1180
in part, any of the fee requirements of this section for any 1181
person or class of persons if, in the same calendar year, the 1182
person or class of persons is required to pay an additional fee 1183
as a result of changes in federal law and regulations 1184
implemented under Title IV of the "Dodd-Frank Wall Street Reform 1185
and Consumer Protection Act of 2010," 124 Stat. 1576 (2010), 15 1186
U.S.C. 80b-3a(a), under which a person or class of persons 1187
formerly subject to regulation under the United States 1188
securities and exchange commission is subject to state 1189
regulation under Chapter 1707. of the Revised Code. 1190

Sec. 1707.19. (A) An original license, or a renewal 1191
thereof, applied for by a dealer or salesperson of securities, 1192
or by an investment adviser, investment adviser representative, 1193
bureau of workers' compensation chief investment officer, ~~or~~ 1194
state retirement system investment officer, or portal operator 1195
as defined in section 1707.05 of the Revised Code may be 1196
refused, and any such license granted may be suspended and, 1197
after notice and hearing in accordance with Chapter 119. of the 1198
Revised Code, may be revoked, by the division of securities, if 1199
the division determines that the applicant or the licensed 1200
dealer, salesperson, investment adviser, investment adviser 1201
representative, bureau of workers' compensation chief investment 1202
officer, or state retirement system investment officer: 1203

(1) Is not of good business repute; 1204

(2) Is conducting an illegitimate or fraudulent business; 1205

(3) Is, in the case of a dealer~~or~~, investment adviser, 1206
or portal operator, insolvent; 1207

(4) Has knowingly violated any provision of sections 1208
1707.01 to 1707.45 of the Revised Code, or any regulation or 1209
order made thereunder; 1210

(5) Has knowingly made a false statement of a material 1211
fact or an omission of a material fact in an application for a 1212
license, in a description or application that has been filed, or 1213
in any statement made to the division under such sections; 1214

(6) Has refused to comply with any lawful order or 1215
requirement of the division under section 1707.23 of the Revised 1216
Code; 1217

(7) Has been guilty of any fraudulent act in connection 1218
with the sale of any securities or in connection with acting as 1219

an investment adviser, investment adviser representative, bureau 1220
of workers' compensation chief investment officer, ~~or~~-state 1221
retirement system investment officer, or portal operator; 1222

(8) Conducts business in purchasing or selling securities 1223
at such variations from the existing market as in the light of 1224
all the circumstances are unconscionable; 1225

(9) Conducts business in violation of such rules and 1226
regulations as the division prescribes for the protection of 1227
investors, clients, or prospective clients; 1228

(10) (a) Has failed to furnish to the division any 1229
information with respect to the purchases or sales of securities 1230
within this state that may be reasonably requested by the 1231
division as pertinent to the protection of investors in this 1232
state. 1233

(b) Has failed to furnish to the division any information 1234
with respect to acting as an investment adviser, investment 1235
adviser representative, bureau of workers' compensation chief 1236
investment officer, ~~or~~-state retirement system investment 1237
officer, or portal operator within this state that may be 1238
reasonably requested by the division. 1239

(B) For the protection of investors the division may 1240
prescribe reasonable rules defining fraudulent, evasive, 1241
deceptive, or grossly unfair practices or devices in the 1242
purchase or sale of securities. 1243

(C) For the protection of investors, clients, or 1244
prospective clients, the division may prescribe reasonable rules 1245
regarding the acts and practices of an investment adviser or an 1246
investment adviser representative. 1247

(D) For the protection of investors, the division may 1248

prescribe reasonable rules regarding the acts and practices of a 1249
portal operator. 1250

(E) Pending any investigation or hearing provided for in 1251
sections 1707.01 to 1707.45 of the Revised Code, the division 1252
may order the suspension of any dealer's, salesperson's, 1253
investment adviser's, investment adviser representative's, 1254
bureau of workers' compensation chief investment officer's, ~~or~~ 1255
state retirement system investment officer's, or portal 1256
operator's license by notifying the party concerned of such 1257
suspension and the cause for it. If it is a salesperson whose 1258
license is suspended, the division shall also notify the dealer 1259
employing the salesperson. If it is an investment adviser 1260
representative whose license is suspended, the division also 1261
shall notify the investment adviser with whom the investment 1262
adviser representative is employed or associated. If it is a 1263
state retirement system investment officer whose license is 1264
suspended, the division shall also notify the state retirement 1265
system with whom the state retirement system investment officer 1266
is employed. If it is a bureau of workers' compensation chief 1267
investment officer whose license is suspended, the division 1268
shall also notify the bureau of workers' compensation. 1269

~~(E)~~ (F) (1) The suspension or revocation of the dealer's 1270
license suspends the licenses of all the dealer's salespersons. 1271

(2) The suspension or revocation of the investment 1272
adviser's license suspends the licenses of all the investment 1273
adviser's investment adviser representatives. The suspension or 1274
revocation of an investment adviser's registration under section 1275
203 of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3, 1276
suspends the licenses of all the investment adviser's investment 1277
adviser representatives. 1278

~~(F)~~ (G) It is sufficient cause for refusal, revocation, or 1279
suspension of the license in case of a partnership, partnership 1280
association, corporation, or unincorporated association if any 1281
general partner of the partnership, manager of the partnership 1282
association, or executive officer of the corporation or 1283
unincorporated association is not of good business repute or has 1284
been guilty of any act or omission which would be cause for 1285
refusing or revoking the license of an individual dealer, 1286
salesperson, investment adviser, ~~or~~ investment adviser 1287
representative, or portal operator. 1288

Sec. 1707.23. Whenever it appears to the division of 1289
securities, from its files, upon complaint, or otherwise, that 1290
any person has engaged in, is engaged in, or is about to engage 1291
in any practice declared to be illegal or prohibited by this 1292
chapter or rules adopted under this chapter by the division, or 1293
defined as fraudulent in this chapter or rules adopted under 1294
this chapter by the division, or any other deceptive scheme or 1295
practice in connection with the sale of securities, or acting as 1296
a dealer, a salesperson, an investment adviser, investment 1297
adviser representative, bureau of workers' compensation chief 1298
investment officer, ~~or~~ state retirement system investment 1299
officer, or portal operator as defined in section 1707.05 of the 1300
Revised Code or when the division believes it to be in the best 1301
interests of the public and necessary for the protection of 1302
investors, the division may do any of the following: 1303

(A) Require any person to file with it, on such forms as 1304
it prescribes, an original or additional statement or report in 1305
writing, under oath or otherwise, as to any facts or 1306
circumstances concerning the issuance, sale, or offer for sale 1307
of securities within this state by the person, as to the 1308
person's acts or practices as a dealer, a salesperson, an 1309

investment adviser, investment adviser representative, bureau of 1310
workers' compensation chief investment officer, ~~or~~ state 1311
retirement system investment officer, or portal operator within 1312
this state, and as to other information as it deems material or 1313
relevant thereto; 1314

(B) Examine any investment adviser, investment adviser 1315
representative, state retirement system investment officer, 1316
bureau of workers' compensation chief investment officer, or any 1317
seller, dealer, salesperson, or issuer of any securities, or any 1318
portal operator, and any of their agents, employees, partners, 1319
officers, directors, members, or shareholders, wherever located, 1320
under oath; and examine and produce records, books, documents, 1321
accounts, and papers as the division deems material or relevant 1322
to the inquiry; 1323

(C) Require the attendance of witnesses, and the 1324
production of books, records, and papers, as are required either 1325
by the division or by any party to a hearing before the 1326
division, and for that purpose issue a subpoena for any witness, 1327
or a subpoena duces tecum to compel the production of any books, 1328
records, or papers. The subpoena shall be served by personal 1329
service or by certified mail, return receipt requested. If the 1330
subpoena is returned because of inability to deliver, or if no 1331
return is received within thirty days of the date of mailing, 1332
the subpoena may be served by ordinary mail. If no return of 1333
ordinary mail is received within thirty days after the date of 1334
mailing, service shall be deemed to have been made. If the 1335
subpoena is returned because of inability to deliver, the 1336
division may designate a person or persons to effect either 1337
personal or residence service upon the witness. The person 1338
designated to effect personal or residence service under this 1339
division may be the sheriff of the county in which the witness 1340

resides or may be found or any other duly designated person. The 1341
fees and mileage of the person serving the subpoena shall be the 1342
same as those allowed by the courts of common pleas in criminal 1343
cases, and shall be paid from the funds of the division. Fees 1344
and mileage for the witness shall be determined under section 1345
119.094 of the Revised Code, and shall be paid from the funds of 1346
the division upon request of the witness following the hearing. 1347

(D) Initiate criminal proceedings under section 1707.042 1348
or 1707.44 of the Revised Code or rules adopted under those 1349
sections by the division by laying before the prosecuting 1350
attorney of the proper county any evidence of criminality which 1351
comes to its knowledge; and in the event of the neglect or 1352
refusal of the prosecuting attorney to prosecute such 1353
violations, or at the request of the prosecuting attorney, the 1354
division shall submit the evidence to the attorney general, who 1355
may proceed in the prosecution with all the rights, privileges, 1356
and powers conferred by law on prosecuting attorneys, including 1357
the power to appear before grand juries and to interrogate 1358
witnesses before such grand juries. 1359

(E) Require any dealers immediately to furnish to the 1360
division copies of prospectuses, circulars, or advertisements 1361
respecting securities that they publish or generally distribute, 1362
or require any investment advisers immediately to furnish to the 1363
division copies of brochures, advertisements, publications, 1364
analyses, reports, or other writings that they publish or 1365
distribute; 1366

(F) Require any dealers to mail to the division, prior to 1367
sale, notices of intention to sell, in respect to all securities 1368
which are not exempt under section 1707.02 of the Revised Code, 1369
or which are sold in transactions not exempt under section 1370

1707.03 or 1707.04 of the Revised Code; 1371

(G) Issue and cause to be served by certified mail upon 1372
all persons affected an order requiring the person or persons to 1373
cease and desist from the acts or practices appearing to the 1374
division to constitute violations of this chapter or rules 1375
adopted under this chapter by the division. The order shall 1376
state specifically the section or sections of this chapter or 1377
the rule or rules adopted under this chapter by the division 1378
that appear to the division to have been violated and the facts 1379
constituting the violation. If after the issuance of the order 1380
it appears to the division that any person or persons affected 1381
by the order have engaged in any act or practice from which the 1382
person or persons shall have been required, by the order, to 1383
cease and desist, the director of commerce may apply to the 1384
court of common pleas of any county for, and upon proof of the 1385
validity of the order of the division, the delivery of the order 1386
to the person or persons affected, and of the illegality and the 1387
continuation of the acts or practices that are the subject of 1388
the order, the court may grant an injunction implementing the 1389
order of the division. 1390

(H) Issue and initiate contempt proceedings in this state 1391
regarding subpoenas and subpoenas duces tecum at the request of 1392
the securities administrator of another state, if it appears to 1393
the division that the activities for which the information is 1394
sought would violate this chapter if the activities had occurred 1395
in this state. 1396

(I) The remedies provided by this section are cumulative 1397
and concurrent with any other remedy provided in this chapter, 1398
and the exercise of one remedy does not preclude or require the 1399
exercise of any other remedy. 1400

Sec. 1707.44. (A) (1) No person shall engage in any act or practice that violates division (A), (B), or (C) of section 1707.14 of the Revised Code, and no salesperson shall sell securities in this state without being licensed pursuant to section 1707.16 of the Revised Code.

(2) No person shall engage in any act or practice that violates division (A) of section 1707.141 or section 1707.161 of the Revised Code.

(3) No person shall engage in any act or practice that violates section 1707.162 of the Revised Code.

(4) No person shall engage in any act or practice that violates section 1707.164 of the Revised Code.

(5) No person shall recklessly engage in any act or practice that violates division (A) of section 1707.054 of the Revised Code.

(B) No person shall knowingly make or cause to be made any false representation concerning a material and relevant fact, in any oral statement or in any prospectus, circular, description, application, or written statement, for any of the following purposes:

(1) Registering securities or transactions, or exempting securities or transactions from registration, under this chapter;

(2) Securing the qualification of any securities under this chapter;

(3) Procuring the licensing of any dealer, salesperson, investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, ~~or~~ state

retirement system investment officer, <u>or portal operator as</u>	1429
<u>defined in section 1707.05 of the Revised Code</u> under this	1430
chapter;	1431
(4) Selling any securities in this state;	1432
(5) Advising for compensation, as to the value of	1433
securities or as to the advisability of investing in,	1434
purchasing, or selling securities;	1435
(6) Submitting a notice filing to the division under	1436
division (X) of section 1707.03 or section 1707.092 or 1707.141	1437
of the Revised Code.	1438
(C) No person shall knowingly sell, cause to be sold,	1439
offer for sale, or cause to be offered for sale, any security	1440
which comes under any of the following descriptions:	1441
(1) Is not exempt under section 1707.02 of the Revised	1442
Code, nor the subject matter of one of the transactions exempted	1443
in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has	1444
not been registered by coordination or qualification, and is not	1445
the subject matter of a transaction that has been registered by	1446
description;	1447
(2) The prescribed fees for registering by description, by	1448
coordination, or by qualification have not been paid in respect	1449
to such security;	1450
(3) The person has been notified by the division, or has	1451
knowledge of the notice, that the right to buy, sell, or deal in	1452
such security has been suspended or revoked, or that the	1453
registration by description, by coordination, or by	1454
qualification under which it may be sold has been suspended or	1455
revoked;	1456

(4) The offer or sale is accompanied by a statement that 1457
the security offered or sold has been or is to be in any manner 1458
indorsed by the division. 1459

(D) No person who is an officer, director, or trustee of, 1460
or a dealer, or portal operator for, any issuer, and who knows 1461
such issuer to be insolvent in that the liabilities of the 1462
issuer exceed its assets, shall sell any securities of or for 1463
any such issuer, without disclosing the fact of the insolvency 1464
to the purchaser. 1465

(E) No person with intent to aid in the sale of any 1466
securities on behalf of the issuer, shall knowingly make any 1467
representation not authorized by such issuer or at material 1468
variance with statements and documents filed with the division 1469
by such issuer. 1470

(F) No person, with intent to deceive, shall sell, cause 1471
to be sold, offer for sale, or cause to be offered for sale, any 1472
securities of an insolvent issuer, with knowledge that such 1473
issuer is insolvent in that the liabilities of the issuer exceed 1474
its assets, taken at their fair market value. 1475

(G) No person in purchasing or selling securities shall 1476
knowingly engage in any act or practice that is, in this 1477
chapter, declared illegal, defined as fraudulent, or prohibited. 1478

(H) No licensed dealer shall refuse to buy from, sell to, 1479
or trade with any person because the person appears on a 1480
blacklist issued by, or is being boycotted by, any foreign 1481
corporate or governmental entity, nor sell any securities of or 1482
for any issuer who is known in relation to the issuance or sale 1483
of the securities to have engaged in such practices. 1484

(I) No dealer in securities, knowing that the dealer's 1485

liabilities exceed the reasonable value of the dealer's assets, 1486
shall accept money or securities, except in payment of or as 1487
security for an existing debt, from a customer who is ignorant 1488
of the dealer's insolvency, and thereby cause the customer to 1489
lose any part of the customer's securities or the value of those 1490
securities, by doing either of the following without the 1491
customer's consent: 1492

(1) Pledging, selling, or otherwise disposing of such 1493
securities, when the dealer has no lien on or any special 1494
property in such securities; 1495

(2) Pledging such securities for more than the amount due, 1496
or otherwise disposing of such securities for the dealer's own 1497
benefit, when the dealer has a lien or indebtedness on such 1498
securities. 1499

It is an affirmative defense to a charge under this 1500
division that, at the time the securities involved were pledged, 1501
sold, or disposed of, the dealer had in the dealer's possession 1502
or control, and available for delivery, securities of the same 1503
kinds and in amounts sufficient to satisfy all customers 1504
entitled to the securities, upon demand and tender of any amount 1505
due on the securities. 1506

(J) No person, with purpose to deceive, shall make, issue, 1507
publish, or cause to be made, issued, or published any statement 1508
or advertisement as to the value of securities, or as to alleged 1509
facts affecting the value of securities, or as to the financial 1510
condition of any issuer of securities, when the person knows 1511
that the statement or advertisement is false in any material 1512
respect. 1513

(K) No person, with purpose to deceive, shall make, 1514

record, or publish or cause to be made, recorded, or published, 1515
a report of any transaction in securities which is false in any 1516
material respect. 1517

(L) No dealer shall engage in any act that violates the 1518
provisions of section 15(c) or 15(g) of the "Securities Exchange 1519
Act of 1934," 48 Stat. 881, 15 U.S.C.A. 78o(c) or (g), or any 1520
rule or regulation promulgated by the securities and exchange 1521
commission thereunder. 1522

(M) (1) No investment adviser or investment adviser 1523
representative shall do any of the following: 1524

(a) Employ any device, scheme, or artifice to defraud any 1525
person; 1526

(b) Engage in any act, practice, or course of business 1527
that operates or would operate as a fraud or deceit upon any 1528
person; 1529

(c) In acting as principal for the investment adviser's or 1530
investment adviser representative's own account, knowingly sell 1531
any security to or purchase any security from a client, or in 1532
acting as salesperson for a person other than such client, 1533
knowingly effect any sale or purchase of any security for the 1534
account of such client, without disclosing to the client in 1535
writing before the completion of the transaction the capacity in 1536
which the investment adviser or investment adviser 1537
representative is acting and obtaining the consent of the client 1538
to the transaction. Division (M) (1) (c) of this section does not 1539
apply to any investment adviser registered with the securities 1540
and exchange commission under section 203 of the "Investment 1541
Advisers Act of 1940," 15 U.S.C. 80b-3, or to any transaction 1542
with a customer of a licensed dealer or salesperson if the 1543

licensed dealer or salesperson is not acting as an investment 1544
adviser or investment adviser representative in relation to the 1545
transaction. 1546

(d) Engage in any act, practice, or course of business 1547
that is fraudulent, deceptive, or manipulative. The division of 1548
securities may adopt rules reasonably designed to prevent acts, 1549
practices, or courses of business that are fraudulent, 1550
deceptive, or manipulative. 1551

(2) No investment adviser or investment adviser 1552
representative licensed or required to be licensed under this 1553
chapter shall take or have custody of any securities or funds of 1554
any person, except as provided in rules adopted by the division. 1555

(3) In the solicitation of clients or prospective clients, 1556
no person shall make any untrue statement of a material fact or 1557
omit to state a material fact necessary in order to make the 1558
statements made not misleading in light of the circumstances 1559
under which the statements were made. 1560

(N) No person knowingly shall influence, coerce, 1561
manipulate, or mislead any person engaged in the preparation, 1562
compilation, review, or audit of financial statements to be used 1563
in the purchase or sale of securities for the purpose of 1564
rendering the financial statements materially misleading. 1565

(O) No state retirement system investment officer shall do 1566
any of the following: 1567

(1) Employ any device, scheme, or artifice to defraud any 1568
state retirement system; 1569

(2) Engage in any act, practice, or course of business 1570
that operates or would operate as a fraud or deceit on any state 1571
retirement system; 1572

(3) Engage in any act, practice, or course of business 1573
that is fraudulent, deceptive, or manipulative. The division of 1574
securities may adopt rules reasonably designed to prevent such 1575
acts, practices, or courses of business as are fraudulent, 1576
deceptive, or manipulative; 1577

(4) Knowingly fail to comply with any policy adopted 1578
regarding the officer established pursuant to section 145.094, 1579
742.104, 3307.043, 3309.043, or 5505.065 of the Revised Code. 1580

(P) No bureau of workers' compensation chief investment 1581
officer shall do any of the following: 1582

(1) Employ any device, scheme, or artifice to defraud the 1583
workers' compensation system; 1584

(2) Engage in any act, practice, or course of business 1585
that operates or would operate as a fraud or deceit on the 1586
workers' compensation system; 1587

(3) Engage in any act, practice, or course of business 1588
that is fraudulent, deceptive, or manipulative. The division of 1589
securities may adopt rules reasonably designed to prevent such 1590
acts, practices, or courses of business as are fraudulent, 1591
deceptive, or manipulative; 1592

(4) Knowingly fail to comply with any policy adopted 1593
regarding the officer established pursuant to section 4123.441 1594
of the Revised Code. 1595

(Q) (1) No portal operator shall recklessly do any of the 1596
following: 1597

(a) Employ any device, scheme, or artifice to defraud; 1598

(b) Engage in any act, practice, or course of business 1599
that operates as a fraud or deceit; 1600

(c) Engage in any act, practice, or course of business 1601
that is fraudulent, deceptive, or manipulative. 1602

(2) The division of securities may adopt rules reasonably 1603
designed to prevent such acts, practices, or courses of business 1604
as are fraudulent, deceptive, or manipulative. 1605

Sec. 1707.50. (A) As used in this section: 1606

(1) "Crowdfunding" means the process by which capital for 1607
commercial purposes is raised from a source other than regulated 1608
financial institutions as those institutions are defined in 1609
Title XI of the Revised Code. 1610

(2) "Investor" means any person who provided money or 1611
goods to any crowdfunding person or entity and against whom one 1612
or more alleged violations was committed. 1613

(3) "Violation" means a violation of the provisions of 1614
this section or any other provision of the Revised Code with 1615
regard to a single investor. 1616

(B) (1) Notwithstanding any other provision of law, any 1617
provision of the Revised Code that provides for a civil claim on 1618
behalf of the state or any investor, or any provision of the 1619
Revised Code that provides for a penalty to be assessed and 1620
collected by any department, division, commission, board, 1621
agency, or employee of the state against any person or entity 1622
engaging in crowdfunding, may, in lieu of an enforcement action 1623
as described in division (D) of this section, be recovered 1624
through a civil action brought by an aggrieved investor on 1625
behalf of that investor and other current or former investors 1626
pursuant to the procedures specified in this section. 1627

(2) (a) Subject to division (B) (2) (b) of this section, when 1628
any department, division, commission, board, agency, or employee 1629

of the state has discretion to assess a civil penalty, either as 1630
set forth in division (C) of this section or any other provision 1631
providing such a civil penalty under the Revised Code, and if 1632
such entity or person does not assess a civil penalty, a court 1633
is authorized to exercise the same discretion, subject to the 1634
same limitations and conditions, to assess a civil penalty under 1635
this section. 1636

(b) Either an administrative action or a court action, as 1637
described in division (B)(2)(a) of this section, may be pursued 1638
on the same facts and theories, but not both. 1639

(3) In any action by an aggrieved investor seeking 1640
recovery of a civil penalty available under this section or any 1641
other section of the Revised Code, a court may award a lesser 1642
amount than the maximum civil penalty amount specified if, based 1643
on the facts and circumstances of the particular case, to do 1644
otherwise would result in an award that is unjust, arbitrary and 1645
oppressive, or confiscatory. 1646

(4) An aggrieved investor may recover the civil penalty 1647
described in division (C) of this section in a civil action 1648
pursuant to the procedures specified in this section filed on 1649
behalf of the investor and other current or former investors 1650
against who one or more of the alleged violations was committed. 1651

(5) Any investor who prevails in any action shall be 1652
entitled to reasonable attorney's fees and costs in the action 1653
as determined by the court. 1654

(C) For all provisions of the Revised Code except those 1655
for which a civil penalty is specifically provided, the civil 1656
penalty shall be as follows: 1657

(1) If, at the time of the alleged violation, the total 1658

amount of money raised by the crowdfunding person or entity is 1659
less than twenty-five thousand dollars, the civil penalty is one 1660
hundred dollars per violation. 1661

(2) If, at the time of the alleged violation, the total 1662
amount of money raised by the crowdfunding person or entity is 1663
equal to or greater than twenty-five thousand dollars, the civil 1664
penalty is two hundred fifty dollars per violation. 1665

(D) No action may be brought under this section by an 1666
aggrieved investor if the division of securities or any of its 1667
departments, divisions, commissions, boards, agencies, or 1668
employees, on the same facts and theories, cites the 1669
crowdfunding person or entity within the time frames set forth 1670
in division (F) of this section a violation of the same section 1671
or sections of the Revised Code under which the aggrieved 1672
investor is attempting to recover a civil penalty on behalf of 1673
the investor or investors. 1674

(E) Civil penalties recovered by an aggrieved investor or 1675
investors shall be distributed as follows: 1676

(1) Fifty per cent to the state to be deposited into the 1677
general revenue fund and set aside for payment of debt service 1678
on outstanding bonds that are direct obligations of the state; 1679

(2) Fifty per cent to the aggrieved investor or investors. 1680

(F) A civil action by an aggrieved investor pursuant to 1681
this section alleging a violation of any provision of the 1682
Revised Code shall commence only after both of the following 1683
requirements have been met: 1684

(1) The aggrieved investor or the investor's 1685
representative shall give written notice by an online filing 1686
with the attorney general and by certified mail to the 1687

crowdfunding person or entity of the specific provisions of the 1688
Revised Code alleged to have been violated, including the facts 1689
and theories to support the alleged violation. 1690

(2) The attorney general has provided notification, within 1691
sixty calendar days of the postmark date of the notice described 1692
in division (F)(1) of this section, to the crowdfunding person 1693
or entity and the aggrieved investor or representative of the 1694
investor by certified mail that it does not intend to 1695
investigate the alleged violation, and the aggrieved investor 1696
may commence the civil action. 1697

(G) Notwithstanding any other provision of law, a 1698
plaintiff may, as a matter of right, amend an existing complaint 1699
to add a cause of action arising under this section at any time 1700
within sixty days after the person is authorized pursuant to 1701
division (F) of this section to commence the action. 1702

(H) Within ten days following commencement of a civil 1703
action pursuant to this section, the aggrieved investor shall 1704
provide the attorney general with a file-stamped copy of the 1705
complaint that includes the case number assigned by the court. 1706

(I) The division of securities may adopt rules in 1707
accordance with Chapter 119. of the Revised Code to implement 1708
the provisions of this section. 1709

Sec. 1724.02. (A) In furtherance of the purposes set forth 1710
in section 1724.01 of the Revised Code, a community improvement 1711
corporation shall have the following powers: 1712

(1) (a) To borrow money for any of the purposes of the 1713
community improvement corporation by means of loans, lines of 1714
credit, or any other financial instruments or securities, 1715
including the issuance of its bonds, debentures, notes, or other 1716

evidences of indebtedness, whether secured or unsecured, and to 1717
secure the same by mortgage, pledge, deed of trust, or other 1718
lien on its property, franchises, rights, and privileges of 1719
every kind and nature or any part thereof or interest therein; 1720
and 1721

(b) If the community improvement corporation is a county 1722
land reutilization corporation, the corporation may request, by 1723
resolution: 1724

(i) That the board of county commissioners of the county 1725
served by the corporation pledge a specifically identified 1726
source or sources of revenue pursuant to division (C) of section 1727
307.78 of the Revised Code as security for such borrowing by the 1728
corporation; and 1729

(ii) (I) If the land subject to reutilization is located 1730
within an unincorporated area of the county, that the board of 1731
county commissioners issue notes under section 307.082 of the 1732
Revised Code for the purpose of constructing public 1733
infrastructure improvements and take other actions as the board 1734
determines are in the interest of the county and are authorized 1735
under sections 5709.78 to 5709.81 of the Revised Code or bonds 1736
or notes under section 5709.81 of the Revised Code for the 1737
refunding purposes set forth in that section; or 1738

(II) If the land subject to reutilization is located 1739
within the corporate boundaries of a municipal corporation, that 1740
the municipal corporation issue bonds for the purpose of 1741
constructing public infrastructure improvements and take such 1742
other actions as the municipal corporation determines are in its 1743
interest and are authorized under sections 5709.40 to 5709.43 of 1744
the Revised Code. 1745

(2) To make loans to any person, firm, partnership, 1746
corporation, joint stock company, association, or trust, and to 1747
establish and regulate the terms and conditions with respect to 1748
any such loans; provided that an economic development 1749
corporation shall not approve any application for a loan unless 1750
and until the person applying for said loan shows that the 1751
person has applied for the loan through ordinary banking or 1752
commercial channels and that the loan has been refused by at 1753
least one bank or other financial institution. Nothing in this 1754
division shall preclude a county land reutilization corporation 1755
from making revolving loans to community development 1756
corporations, private entities, or any person for the purposes 1757
contained in the corporation's plan under section 1724.10 of the 1758
Revised Code. 1759

(3) To purchase, receive, hold, manage, lease, lease- 1760
purchase, or otherwise acquire and to sell, convey, transfer, 1761
lease, sublease, or otherwise dispose of real and personal 1762
property, together with such rights and privileges as may be 1763
incidental and appurtenant thereto and the use thereof, 1764
including but not restricted to, any real or personal property 1765
acquired by the community improvement corporation from time to 1766
time in the satisfaction of debts or enforcement of obligations, 1767
and to enter into contracts with third parties, including the 1768
federal government, the state, any political subdivision, or any 1769
other entity. A county land reutilization corporation shall not 1770
acquire an interest in real property if such acquisition causes 1771
the number of occupied real properties held by the corporation 1772
to exceed the greater of either fifty properties or twenty-five 1773
per cent of all real property held by the corporation for 1774
reutilization, reclamation, or rehabilitation. For the purposes 1775
of this division, "occupied real properties" includes all real 1776

properties that are not unoccupied as that term is defined in 1777
section 323.65 of the Revised Code. 1778

(4) To acquire the good will, business, rights, real and 1779
personal property, and other assets, or any part thereof, or 1780
interest therein, of any persons, firms, partnerships, 1781
corporations, joint stock companies, associations, or trusts, 1782
and to assume, undertake, or pay the obligations, debts, and 1783
liabilities of any such person, firm, partnership, corporation, 1784
joint stock company, association, or trust; to acquire, reclaim, 1785
manage, or contract for the management of improved or unimproved 1786
and underutilized real estate for the purpose of constructing 1787
industrial plants, other business establishments, or housing 1788
thereon, or causing the same to occur, for the purpose of 1789
assembling and enhancing utilization of the real estate, or for 1790
the purpose of disposing of such real estate to others in whole 1791
or in part for the construction of industrial plants, other 1792
business establishments, or housing; and to acquire, reclaim, 1793
manage, contract for the management of, construct or 1794
reconstruct, alter, repair, maintain, operate, sell, convey, 1795
transfer, lease, sublease, or otherwise dispose of industrial 1796
plants, business establishments, or housing. 1797

(5) To acquire, subscribe for, own, hold, sell, assign, 1798
transfer, mortgage, pledge, or otherwise dispose of the stock, 1799
shares, bonds, debentures, notes, or other securities and 1800
evidences of interest in, or indebtedness of, any person, firm, 1801
corporation, joint stock company, association, or trust, and 1802
while the owner or holder thereof, to exercise all the rights, 1803
powers, and privileges of ownership, including the right to vote 1804
therein, provided that no tax revenue, if any, received by a 1805
community improvement corporation shall be used for such 1806
acquisition or subscription. 1807

(6) To mortgage, pledge, or otherwise encumber any 1808
property acquired pursuant to the powers contained in division 1809
(A) (3), (4), or (5) of this section. 1810

(7) Nothing in this section shall limit the right of a 1811
community improvement corporation to become a member of or a 1812
stockholder in a corporation formed under Chapter 1726. of the 1813
Revised Code. 1814

(8) To serve as an agent for grant applications and for 1815
the administration of grants, or to make applications as 1816
principal for grants for county land reutilization corporations. 1817

(9) To exercise the powers enumerated under Chapter 5722. 1818
of the Revised Code on behalf of a county that organizes or 1819
contracts with a county land reutilization corporation. 1820

(10) To engage in code enforcement and nuisance abatement, 1821
including, but not limited to, cutting grass and weeds, boarding 1822
up vacant or abandoned structures, and demolishing condemned 1823
structures on properties that are subject to a delinquent tax or 1824
assessment lien, or property for which a municipal corporation 1825
or township has contracted with a county land reutilization 1826
corporation to provide code enforcement or nuisance abatement 1827
assistance. 1828

(11) To charge fees or exchange in-kind goods or services 1829
for services rendered to political subdivisions and other 1830
persons or entities for whom services are rendered. 1831

(12) To employ and provide compensation for an executive 1832
director who shall manage the operations of a county land 1833
reutilization corporation and employ others for the benefit of 1834
the corporation as approved and funded by the board of 1835
directors. No employee of the corporation is or shall be deemed 1836

to be an employee of the political subdivision for whose benefit 1837
the corporation is organized solely because the employee is 1838
employed by the corporation. 1839

(13) To purchase tax certificates at auction, negotiated 1840
sale, or from a third party who purchased and is a holder of one 1841
or more tax certificates issued pursuant to sections 5721.30 to 1842
5721.43 of the Revised Code. 1843

(14) To be assigned a mortgage on real property from a 1844
mortgagee in lieu of acquiring such real property subject to a 1845
mortgage. 1846

(15) To act as a portal operator for purposes of an 1847
OhioInvests offering under sections 1707.05 to 1707.058 of the 1848
Revised Code. 1849

(16) To do all acts and things necessary or convenient to 1850
carry out the purposes of section 1724.01 of the Revised Code 1851
and the powers especially created for a community improvement 1852
corporation in Chapter 1724. of the Revised Code, including, but 1853
not limited to, contracting with the federal government, the 1854
state or any political subdivision, a board of county 1855
commissioners pursuant to section 307.07 of the Revised Code, a 1856
county auditor pursuant to section 319.10 of the Revised Code, a 1857
county treasurer pursuant to section 321.49 of the Revised Code, 1858
and any other party, whether nonprofit or for-profit. An 1859
employee of a board of county commissioners, county auditor, or 1860
county treasurer who, pursuant to a contract entered into in 1861
accordance with section 307.07, 319.10, or 321.49 of the Revised 1862
Code, provides services to a county land reutilization 1863
corporation shall remain an employee of the county during the 1864
provision of those services. 1865

(B) The powers enumerated in this chapter shall not be 1866
construed to limit the general powers of a community improvement 1867
corporation. The powers granted under this chapter are in 1868
addition to those powers granted by any other chapter of the 1869
Revised Code, but, as to a county land reutilization 1870
corporation, shall be used only for the purposes enumerated 1871
under division (B) (2) of section 1724.01 of the Revised Code. 1872

(C) Ownership of real property by an economic development 1873
corporation does not constitute public ownership unless the 1874
economic development corporation has applied for and been 1875
granted a tax exemption for the property under section 5709.08 1876
of the Revised Code. 1877

Sec. 4582.06. (A) A port authority created in accordance 1878
with section 4582.02 of the Revised Code may: 1879

(1) Acquire, construct, furnish, equip, maintain, repair, 1880
sell, exchange, lease to or from, lease with an option to 1881
purchase, convey other interests in, or operate real or personal 1882
property, or any combination thereof, related to, useful for, or 1883
in furtherance of any authorized purpose, and make charges for 1884
the use of any port authority facility, which shall be not less 1885
than the charges established for the same services furnished by 1886
a public utility or common carrier in the jurisdiction of the 1887
particular port authority; 1888

(2) Straighten, deepen, and improve any canal, channel, 1889
river, stream, or other water course or way that may be 1890
necessary or proper in the development of the facilities of the 1891
port authority; 1892

(3) Issue bonds or notes for the acquisition, 1893
construction, furnishing, or equipping of any real or personal 1894

property, or any combination thereof, related to, useful for, or 1895
in furtherance of any authorized purpose, in compliance with 1896
Chapter 133. of the Revised Code, except that the bonds or notes 1897
only may be issued pursuant to a vote of the electors residing 1898
within the territory of the port authority. The net indebtedness 1899
incurred by a port authority shall never exceed two per cent of 1900
the total value of all property within the territory comprising 1901
the authority as listed and assessed for taxation. 1902

(4) By resolution of its board of directors, issue revenue 1903
bonds beyond the limit of bonded indebtedness provided by law, 1904
for the acquisition, construction, furnishing, or equipping of 1905
any real or personal property, or any combination thereof, 1906
related to, useful for, or in furtherance of any authorized 1907
purpose, including all costs in connection with or incidental 1908
thereto. 1909

The revenue bonds of the port authority shall be secured 1910
only by a pledge of and a lien on the revenues of the port 1911
authority derived from those loan payments, rentals, fees, 1912
charges, or other revenues that are designated in the 1913
resolution, including, but not limited to, any property to be 1914
acquired, constructed, furnished, or equipped with the proceeds 1915
of the bond issue, after provision only for the reasonable cost 1916
of operating, maintaining, and repairing the property of the 1917
port authority so designated. The bonds may further be secured 1918
by the covenant of the port authority to maintain rates or 1919
charges that will produce revenues sufficient to meet the costs 1920
of operating, maintaining, and repairing such property and to 1921
meet the interest and principal requirements of the bonds and to 1922
establish and maintain reserves for the foregoing purposes. The 1923
board of directors, by resolution, may provide for the issuance 1924
of additional revenue bonds from time to time, to be secured 1925

equally and ratably, without preference, priority, or 1926
distinction, with outstanding revenue bonds, but subject to the 1927
terms and limitations of any trust agreement described in this 1928
section, and of any resolution authorizing bonds then 1929
outstanding. The board of directors, by resolution, may 1930
designate additional property of the port authority, the 1931
revenues of which shall be pledged and be subject to a lien for 1932
the payment of the debt charges on revenue bonds theretofore 1933
authorized by resolution of the board of directors, to the same 1934
extent as the revenues above described. 1935

In the discretion of the board of directors, the revenue 1936
bonds of the port authority may be secured by a trust agreement 1937
between the board of directors on behalf of the port authority 1938
and a corporate trustee, that may be any trust company or bank 1939
having powers of a trust company, within or without the state. 1940

The trust agreement may provide for the pledge or 1941
assignment of the revenues to be received, but shall not pledge 1942
the general credit and taxing power of the port authority. A 1943
trust agreement securing revenue bonds issued to acquire, 1944
construct, furnish, or equip real property, plants, factories, 1945
offices, and other structures and facilities for authorized 1946
purposes consistent with Section 13 or 16 of Article VIII, Ohio 1947
Constitution, may mortgage the real or personal property, or a 1948
combination thereof, to be acquired, constructed, furnished, or 1949
equipped from the proceeds of such revenue bonds, as further 1950
security for the bonds. The trust agreement or the resolution 1951
providing for the issuance of revenue bonds may set forth the 1952
rights and remedies of the bondholders and trustee, and may 1953
contain other provisions for protecting and enforcing their 1954
rights and remedies that are determined in the discretion of the 1955
board of directors to be reasonable and proper. The agreement or 1956

resolution may provide for the custody, investment, and 1957
disbursement of all moneys derived from the sale of such bonds, 1958
or from the revenues of the port authority, other than those 1959
moneys received from taxes levied pursuant to section 4582.14 of 1960
the Revised Code, and may provide for the deposit of such funds 1961
without regard to section 4582.15 of the Revised Code. 1962

All bonds issued under authority of this chapter, 1963
regardless of form or terms and regardless of any other law to 1964
the contrary, shall have all qualities and incidents of 1965
negotiable instruments, subject to provisions for registration, 1966
and may be issued in coupon, fully registered, or other form, or 1967
any combination thereof, as the board of directors determines. 1968
Provision may be made for the registration of any coupon bonds 1969
as to principal alone or as to both principal and interest, and 1970
for the conversion into coupon bonds of any fully registered 1971
bonds or bonds registered as to both principal and interest. 1972

The revenue bonds shall bear interest at such rate or 1973
rates, shall bear such date or dates, and shall mature within 1974
forty-five years following the date of issuance and in such 1975
amount, at such time or times, and in such number of 1976
installments, as may be provided in or pursuant to the 1977
resolution authorizing their issuance. The final maturity of any 1978
original issue of revenue bonds shall not be later than forty- 1979
five years from their date of issue. Such resolution also shall 1980
provide for the execution of the bonds, which may be by 1981
facsimile signatures unless prohibited by the resolution, and 1982
the manner of sale of the bonds. The resolution shall provide 1983
for, or provide for the determination of, any other terms and 1984
conditions relative to the issuance, sale, and retirement of the 1985
bonds that the board of directors in its discretion determines 1986
to be reasonable and proper. 1987

Whenever a port authority considers it expedient, it may 1988
issue renewal notes and refund any bonds, whether the bonds to 1989
be refunded have or have not matured. The final maturity of any 1990
notes, including any renewal notes, shall not be later than five 1991
years from the date of issue of the original issue of notes. The 1992
final maturity of any refunding bonds shall not be later than 1993
the later of forty-five years from the date of issue of the 1994
original issue of bonds. The refunding bonds shall be sold and 1995
the proceeds applied to the purchase, redemption, or payment of 1996
the bonds to be refunded and the costs of issuance of the 1997
refunding bonds. The bonds and notes issued under this chapter, 1998
their transfer, and the income therefrom, shall at all times be 1999
free from taxation within the state. 2000

(5) Do any of the following, in regard to any interests in 2001
any real or personal property, or any combination thereof, 2002
including, without limitation, machinery, equipment, plants, 2003
factories, offices, and other structures and facilities related 2004
to, useful for, or in furtherance of any authorized purpose, for 2005
such consideration and in such manner, consistent with Article 2006
VIII, Ohio Constitution, as the board in its sole discretion may 2007
determine: 2008

(a) Loan moneys to any person or governmental entity for 2009
the acquisition, construction, furnishing, and equipping of the 2010
property; 2011

(b) Acquire, construct, maintain, repair, furnish, and 2012
equip the property; 2013

(c) Sell to, exchange with, lease, convey other interests 2014
in, or lease with an option to purchase the same or any lesser 2015
interest in the property to the same or any other person or 2016
governmental entity; 2017

(d) Guarantee the obligations of any person or governmental entity. 2018
2019

A port authority may accept and hold as consideration for the conveyance of property or any interest therein such property or interests therein as the board in its discretion may determine, notwithstanding any restrictions that apply to the investment of funds by a port authority. 2020
2021
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2024

(6) Construct, maintain, repair, furnish, equip, sell, exchange, lease, or lease with an option to purchase, any property that it is authorized to acquire. A port authority that is subject to this section also may operate any property in connection with transportation, recreational, governmental operations, or cultural activities. 2025
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(a) Any purchase, exchange, sale, lease, lease with an option to purchase, conveyance of other interests in, or other contract with a person or governmental entity that pertains to the acquisition, construction, maintenance, repair, furnishing, equipping, or operation of any real or personal property, or any combination thereof, related to, useful for, or in furtherance of an activity contemplated by Section 13 or 16 of Article VIII, Ohio Constitution, shall be made in such manner and subject to such terms and conditions as may be determined by the board of directors in its discretion. 2031
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(b) Division (A) (6) (a) of this section applies to all contracts that are subject to the division, notwithstanding any other provision of law that might otherwise apply, including, without limitation, any requirement of notice, any requirement of competitive bidding or selection, or any requirement for the provision of security. 2041
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(c) Divisions (A) (6) (a) and (b) of this section do not 2047
apply to either of the following: 2048

(i) Any contract secured by or to be paid from moneys 2049
raised by taxation or the proceeds of obligations secured by a 2050
pledge of moneys raised by taxation; 2051

(ii) Any contract secured exclusively by or to be paid 2052
exclusively from the general revenues of the port authority. For 2053
the purposes of this section, any revenues derived by the port 2054
authority under a lease or other agreement that, by its terms, 2055
contemplates the use of amounts payable under the agreement 2056
either to pay the costs of the improvement that is the subject 2057
of the contract or to secure obligations of the port authority 2058
issued to finance costs of such improvement, are excluded from 2059
general revenues. 2060

(7) Apply to the proper authorities of the United States 2061
pursuant to appropriate law for the right to establish, operate, 2062
and maintain foreign trade zones and to establish, operate, and 2063
maintain foreign trade zones; and to acquire land or property 2064
therefor, in a manner consistent with section 4582.17 of the 2065
Revised Code; 2066

(8) Exercise the right of eminent domain to appropriate 2067
any land, rights, rights-of-way, franchises, easements, or other 2068
property, necessary or proper for any authorized purpose, 2069
pursuant to the procedure provided in sections 163.01 to 163.22 2070
of the Revised Code, if funds equal to the appraised value of 2071
the property to be acquired as a result of such proceedings are 2072
available for that purpose, except that nothing contained in 2073
sections 4582.01 to 4582.20 of the Revised Code shall authorize 2074
a port authority to take or disturb property or facilities 2075
belonging to any agency or political subdivision of this state, 2076

public utility, or common carrier, which property or facilities 2077
are necessary and convenient in the operation of the agency or 2078
political subdivision, public utility, or common carrier, unless 2079
provision is made for the restoration, relocation, or 2080
duplication of the property or facilities, or upon the election 2081
of the agency or political subdivision, public utility, or 2082
common carrier, for the payment of compensation, if any, at the 2083
sole cost of the port authority, provided that: 2084

(a) If any restoration or duplication proposed to be made 2085
pursuant to this section involves a relocation of such property 2086
or facilities, the new facilities and location shall be of at 2087
least comparable utilitarian value and effectiveness, and the 2088
relocation shall not impair the ability of the public utility or 2089
common carrier to compete in its original area of operation. 2090

(b) If any restoration or duplication made pursuant to 2091
this section involves a relocation of such property or 2092
facilities, the port authority shall acquire no interest or 2093
right in or to the appropriated property or facilities, except 2094
as provided in division (A)(11) of this section, until the 2095
relocated property or facilities are available for use and until 2096
marketable title thereto has been transferred to the public 2097
utility or common carrier. 2098

(c) Provisions for restoration or duplication shall be 2099
described in detail in the resolution for appropriation passed 2100
by the port authority. 2101

(9) Enjoy and possess the same rights, privileges, and 2102
powers granted municipal corporations under sections 721.04 to 2103
721.11 of the Revised Code; 2104

(10) Maintain such funds as it considers necessary; 2105

(11) Direct its agents or employees, when properly 2106
identified in writing, and after at least five days' written 2107
notice, to enter upon lands within the confines of its 2108
jurisdiction in order to make surveys and examinations 2109
preliminary to location and construction of works for the 2110
purposes of the port authority, without liability of the port 2111
authority or its agents or employees except for actual damage 2112
done; 2113

(12) Sell, lease, or convey other interests in real and 2114
personal property and grant easements or rights-of-way over 2115
property of the port authority. The board of directors shall 2116
specify the consideration and any terms thereof for the sale, 2117
lease, or conveyance of other interests in real and personal 2118
property. Any determinations made by the board of directors 2119
under this division shall be conclusive. The sale, lease, or 2120
conveyance may be made without advertising and the receipt of 2121
bids. 2122

(13) Promote, advertise, and publicize the port authority 2123
facilities and its authorized purposes, provide information to 2124
persons with an interest in transportation and other port 2125
authority activities, and appear before rate-making authorities 2126
to represent and promote the interests of the port authority and 2127
its authorized purposes; 2128

(14) Adopt rules, not in conflict with general law, 2129
governing the use of and the safeguarding of its property, 2130
grounds, buildings, equipment, and facilities, safeguarding 2131
persons and their property located on or in port authority 2132
property, and governing the conduct of its employees and the 2133
public, in order to promote the public safety and convenience in 2134
and about its terminals and grounds, and to maintain order. Any 2135

such regulation shall be posted at no less than five public 2136
places in the port authority, as determined by the board of 2137
directors, for a period of not fewer than fifteen days, and 2138
shall be available for public inspection at the principal office 2139
of the port authority during regular business hours. No person 2140
shall violate any lawful regulation adopted and posted as 2141
provided in this division. 2142

(15) Establish and administer one or more payment card 2143
programs for purposes of paying expenses related to port 2144
authority business. Any obligation incurred as a result of the 2145
use of such a payment card shall be paid from port authority 2146
funds. 2147

(16) Act as a portal operator for purposes of an 2148
OhioInvests offering under sections 1707.05 to 1707.058 of the 2149
Revised Code; 2150

(17) Do all acts necessary or appropriate to carry out its 2151
authorized purposes. The port authority shall have the powers 2152
and rights granted to other subdivisions under section 9.20 of 2153
the Revised Code. 2154

(B) Any instrument by which real property is acquired 2155
pursuant to this section shall identify the agency of the state 2156
that has the use and benefit of the real property as specified 2157
in section 5301.012 of the Revised Code. 2158

(C) Whoever violates division (A) (14) of this section is 2159
guilty of a minor misdemeanor. 2160

Sec. 4582.31. (A) A port authority created in accordance 2161
with section 4582.22 of the Revised Code may: 2162

(1) Adopt bylaws for the regulation of its affairs and the 2163
conduct of its business; 2164

- (2) Adopt an official seal; 2165
- (3) Maintain a principal office within its jurisdiction, 2166
and maintain such branch offices as it may require; 2167
- (4) Acquire, construct, furnish, equip, maintain, repair, 2168
sell, exchange, lease to or from, or lease with an option to 2169
purchase, convey other interests in real or personal property, 2170
or any combination thereof, related to, useful for, or in 2171
furtherance of any authorized purpose and operate any property 2172
in connection with transportation, recreational, governmental 2173
operations, or cultural activities; 2174
- (5) Straighten, deepen, and improve any channel, river, 2175
stream, or other water course or way which may be necessary or 2176
proper in the development of the facilities of a port authority; 2177
- (6) Make available the use or services of any port 2178
authority facility to one or more persons, one or more 2179
governmental agencies, or any combination thereof; 2180
- (7) Issue bonds or notes for the acquisition, 2181
construction, furnishing, or equipping of any port authority 2182
facility or other permanent improvement that a port authority is 2183
authorized to acquire, construct, furnish, or equip, in 2184
compliance with Chapter 133. of the Revised Code, except that 2185
such bonds or notes may only be issued pursuant to a vote of the 2186
electors residing within the area of jurisdiction of the port 2187
authority. The net indebtedness incurred by a port authority 2188
shall never exceed two per cent of the total value of all 2189
property within the territory comprising the port authority as 2190
listed and assessed for taxation. 2191
- (8) Issue port authority revenue bonds beyond the limit of 2192
bonded indebtedness provided by law, payable solely from 2193

revenues as provided in section 4582.48 of the Revised Code, for 2194
the purpose of providing funds to pay the costs of any port 2195
authority facility or facilities or parts thereof; 2196

(9) Apply to the proper authorities of the United States 2197
pursuant to appropriate law for the right to establish, operate, 2198
and maintain foreign trade zones and establish, operate, and 2199
maintain foreign trade zones and to acquire, exchange, sell, 2200
lease to or from, lease with an option to purchase, or operate 2201
facilities, land, or property therefor in accordance with the 2202
"Foreign Trade Zones Act," 48 Stat. 998 (1934), 19 U.S.C. 81a to 2203
81u; 2204

(10) Enjoy and possess the same rights, privileges, and 2205
powers granted municipal corporations under sections 721.04 to 2206
721.11 of the Revised Code; 2207

(11) Maintain such funds as it considers necessary; 2208

(12) Direct its agents or employees, when properly 2209
identified in writing, and after at least five days' written 2210
notice, to enter upon lands within the confines of its 2211
jurisdiction in order to make surveys and examinations 2212
preliminary to location and construction of works for the 2213
purposes of the port authority, without liability of the port 2214
authority or its agents or employees except for actual damage 2215
done; 2216

(13) Promote, advertise, and publicize the port authority 2217
and its facilities; provide information to shippers and other 2218
commercial interests; and appear before rate-making authorities 2219
to represent and promote the interests of the port authority; 2220

(14) Adopt rules, not in conflict with general law, it 2221
finds necessary or incidental to the performance of its duties 2222

and the execution of its powers under sections 4582.21 to 2223
4582.54 of the Revised Code. Any such rule shall be posted at no 2224
less than five public places in the port authority, as 2225
determined by the board of directors, for a period of not fewer 2226
than fifteen days, and shall be available for public inspection 2227
at the principal office of the port authority during regular 2228
business hours. No person shall violate any lawful rule adopted 2229
and posted as provided in this division. 2230

(15) Do any of the following, in regard to any interests 2231
in any real or personal property, or any combination thereof, 2232
including, without limitation, machinery, equipment, plants, 2233
factories, offices, and other structures and facilities related 2234
to, useful for, or in furtherance of any authorized purpose, for 2235
such consideration and in such manner, consistent with Article 2236
VIII of the Ohio Constitution, as the board in its sole 2237
discretion may determine: 2238

(a) Loan moneys to any person or governmental entity for 2239
the acquisition, construction, furnishing, and equipping of the 2240
property; 2241

(b) Acquire, construct, maintain, repair, furnish, and 2242
equip the property; 2243

(c) Sell to, exchange with, lease, convey other interests 2244
in, or lease with an option to purchase the same or any lesser 2245
interest in the property to the same or any other person or 2246
governmental entity; 2247

(d) Guarantee the obligations of any person or 2248
governmental entity. 2249

A port authority may accept and hold as consideration for 2250
the conveyance of property or any interest therein such property 2251

or interests therein as the board in its discretion may 2252
determine, notwithstanding any restrictions that apply to the 2253
investment of funds by a port authority. 2254

(16) Sell, lease, or convey other interests in real and 2255
personal property, and grant easements or rights-of-way over 2256
property of the port authority. The board of directors shall 2257
specify the consideration and any terms for the sale, lease, or 2258
conveyance of other interests in real and personal property. Any 2259
determination made by the board under this division shall be 2260
conclusive. The sale, lease, or conveyance may be made without 2261
advertising and the receipt of bids. 2262

(17) Exercise the right of eminent domain to appropriate 2263
any land, rights, rights-of-way, franchises, easements, or other 2264
property, necessary or proper for any authorized purpose, 2265
pursuant to the procedure provided in sections 163.01 to 163.22 2266
of the Revised Code, if funds equal to the appraised value of 2267
the property to be acquired as a result of such proceedings are 2268
available for that purpose. However, nothing contained in 2269
sections 4582.201 to 4582.59 of the Revised Code shall authorize 2270
a port authority to take or disturb property or facilities 2271
belonging to any agency or political subdivision of this state, 2272
public utility, cable operator, or common carrier, which 2273
property or facilities are necessary and convenient in the 2274
operation of the agency or political subdivision, public 2275
utility, cable operator, or common carrier, unless provision is 2276
made for the restoration, relocation, or duplication of such 2277
property or facilities, or upon the election of the agency or 2278
political subdivision, public utility, cable operator, or common 2279
carrier, for the payment of compensation, if any, at the sole 2280
cost of the port authority, provided that: 2281

(a) If any restoration or duplication proposed to be made 2282
under this section involves a relocation of the property or 2283
facilities, the new facilities and location shall be of at least 2284
comparable utilitarian value and effectiveness and shall not 2285
impair the ability of the public utility, cable operator, or 2286
common carrier to compete in its original area of operation; 2287

(b) If any restoration or duplication made under this 2288
section involves a relocation of the property or facilities, the 2289
port authority shall acquire no interest or right in or to the 2290
appropriated property or facilities, except as provided in 2291
division (A) (15) of this section, until the relocated property 2292
or facilities are available for use and until marketable title 2293
thereto has been transferred to the public utility, cable 2294
operator, or common carrier. 2295

As used in division (A) (17) of this section, "cable 2296
operator" has the same meaning as in the "Cable Communications 2297
Policy Act of 1984," Pub. L. No. 98-549, 98 Stat. 2780, 47 2298
U.S.C. 522, as amended by the "Telecommunications Act of 1996," 2299
Pub. L. No. 104-104, 110 Stat. 56. 2300

(18) (a) Make and enter into all contracts and agreements 2301
and execute all instruments necessary or incidental to the 2302
performance of its duties and the execution of its powers under 2303
sections 4582.21 to 4582.59 of the Revised Code. 2304

(b) (i) Except as provided in division (A) (18) (c) of this 2305
section or except when the port authority elects to construct a 2306
building, structure, or other improvement pursuant to a contract 2307
made with a construction manager at risk under sections 9.33 to 2308
9.335 of the Revised Code or with a design-build firm under 2309
section 153.65 to 153.73 of the Revised Code, when the cost of a 2310
contract for the construction of any building, structure, or 2311

other improvement undertaken by a port authority involves an 2312
expenditure exceeding the higher of one hundred thousand dollars 2313
or the amount as adjusted under division (A) (18) (b) (ii) of this 2314
section, and the port authority is the contracting entity, the 2315
port authority shall make a written contract after notice 2316
calling for bids for the award of the contract has been given by 2317
publication twice, with at least seven days between 2318
publications, in a newspaper of general circulation in the area 2319
of the port authority or as provided in section 7.16 of the 2320
Revised Code. Each such contract shall be let to the lowest 2321
responsive and responsible bidder in accordance with section 2322
9.312 of the Revised Code. Every contract shall be accompanied 2323
by or shall refer to plans and specifications for the work to be 2324
done, prepared for and approved by the port authority, signed by 2325
an authorized officer of the port authority and by the 2326
contractor, and shall be executed in triplicate. 2327

Each bid shall be awarded in accordance with sections 2328
153.54, 153.57, and 153.571 of the Revised Code. The port 2329
authority may reject any and all bids. 2330

(ii) On January 1, 2012, and the first day of January of 2331
every even-numbered year thereafter, the director of commerce 2332
shall adjust the threshold level for contracts subject to the 2333
bidding requirements contained in division (A) (18) (b) (i) of this 2334
section. The director shall adjust this amount according to the 2335
average increase for each of the two years immediately preceding 2336
the adjustment as set forth in the producer price index for 2337
material and supply inputs for new nonresidential construction 2338
as determined by the bureau of labor statistics of the United 2339
States department of labor or, if that index no longer is 2340
published, a generally available comparable index. If there is 2341
no resulting increase, the threshold shall remain the same until 2342

the next scheduled adjustment on the first day of January of the 2343
next even-numbered year. 2344

(c) The board of directors by rule may provide criteria 2345
for the negotiation and award without competitive bidding of any 2346
contract as to which the port authority is the contracting 2347
entity for the construction of any building or structure or 2348
other improvement under any of the following circumstances: 2349

(i) There exists a real and present emergency that 2350
threatens damage or injury to persons or property of the port 2351
authority or other persons, provided that a statement specifying 2352
the nature of the emergency that is the basis for the 2353
negotiation and award of a contract without competitive bidding 2354
shall be signed by the officer of the port authority that 2355
executes that contract at the time of the contract's execution 2356
and shall be attached to the contract. 2357

(ii) A commonly recognized industry or other standard or 2358
specification does not exist and cannot objectively be 2359
articulated for the improvement. 2360

(iii) The contract is for any energy conservation measure 2361
as defined in section 307.041 of the Revised Code. 2362

(iv) With respect to material to be incorporated into the 2363
improvement, only a single source or supplier exists for the 2364
material. 2365

(v) A single bid is received by the port authority after 2366
complying with the provisions of division (A) (18) (b) of this 2367
section. 2368

(d) (i) If a contract is to be negotiated and awarded 2369
without competitive bidding for the reason set forth in division 2370
(A) (18) (c) (ii) of this section, the port authority shall publish 2371

a notice calling for technical proposals twice, with at least 2372
seven days between publications, in a newspaper of general 2373
circulation in the area of the port authority or as provided in 2374
section 7.16 of the Revised Code. After receipt of the technical 2375
proposals, the port authority may negotiate with and award a 2376
contract for the improvement to the proposer making the proposal 2377
considered to be the most advantageous to the port authority. 2378

(ii) If a contract is to be negotiated and awarded without 2379
competitive bidding for the reason set forth in division (A)(18) 2380
(c)(iv) of this section, any construction activities related to 2381
the incorporation of the material into the improvement also may 2382
be provided without competitive bidding by the source or 2383
supplier of that material. 2384

(e)(i) Any purchase, exchange, sale, lease, lease with an 2385
option to purchase, conveyance of other interests in, or other 2386
contract with a person or governmental entity that pertains to 2387
the acquisition, construction, maintenance, repair, furnishing, 2388
equipping, or operation of any real or personal property, or any 2389
combination thereof, related to, useful for, or in furtherance 2390
of an activity contemplated by Section 13 or 16 of Article VIII, 2391
Ohio Constitution, shall be made in such manner and subject to 2392
such terms and conditions as may be determined by the board of 2393
directors in its discretion. 2394

(ii) Division (A)(18)(e)(i) of this section applies to all 2395
contracts that are subject to the division, notwithstanding any 2396
other provision of law that might otherwise apply, including, 2397
without limitation, any requirement of notice, any requirement 2398
of competitive bidding or selection, or any requirement for the 2399
provision of security. 2400

(iii) Divisions (A)(18)(e)(i) and (ii) of this section do 2401

not apply to either of the following: any contract secured by or 2402
to be paid from moneys raised by taxation or the proceeds of 2403
obligations secured by a pledge of moneys raised by taxation; or 2404
any contract secured exclusively by or to be paid exclusively 2405
from the general revenues of the port authority. For the 2406
purposes of this section, any revenues derived by the port 2407
authority under a lease or other agreement that, by its terms, 2408
contemplates the use of amounts payable under the agreement 2409
either to pay the costs of the improvement that is the subject 2410
of the contract or to secure obligations of the port authority 2411
issued to finance costs of such improvement, are excluded from 2412
general revenues. 2413

(19) Employ managers, superintendents, and other employees 2414
and retain or contract with consulting engineers, financial 2415
consultants, accounting experts, architects, attorneys, and any 2416
other consultants and independent contractors as are necessary 2417
in its judgment to carry out this chapter, and fix the 2418
compensation thereof. All expenses thereof shall be payable from 2419
any available funds of the port authority or from funds 2420
appropriated for that purpose by a political subdivision 2421
creating or participating in the creation of the port authority. 2422

(20) Receive and accept from any state or federal agency 2423
grants and loans for or in aid of the construction of any port 2424
authority facility or for research and development with respect 2425
to port authority facilities, and receive and accept aid or 2426
contributions from any source of money, property, labor, or 2427
other things of value, to be held, used, and applied only for 2428
the purposes for which the grants and contributions are made; 2429

(21) Engage in research and development with respect to 2430
port authority facilities; 2431

(22) Purchase fire and extended coverage and liability	2432
insurance for any port authority facility and for the principal	2433
office and branch offices of the port authority, insurance	2434
protecting the port authority and its officers and employees	2435
against liability for damage to property or injury to or death	2436
of persons arising from its operations, and any other insurance	2437
the port authority may agree to provide under any resolution	2438
authorizing its port authority revenue bonds or in any trust	2439
agreement securing the same;	2440
(23) Charge, alter, and collect rentals and other charges	2441
for the use or services of any port authority facility as	2442
provided in section 4582.43 of the Revised Code;	2443
(24) Provide coverage for its employees under Chapters	2444
145., 4123., and 4141. of the Revised Code;	2445
(25) Establish and administer one or more payment card	2446
programs for purposes of paying expenses related to port	2447
authority business. Any obligation incurred as a result of the	2448
use of such a payment card shall be paid from port authority	2449
funds.	2450
(26) <u>Act as a portal operator for purposes of an</u>	2451
<u>OhioInvests offering under sections 1707.05 to 1707.058 of the</u>	2452
<u>Revised Code;</u>	2453
<u>(27) Do all acts necessary or proper to carry out the</u>	2454
<u>powers expressly granted in sections 4582.21 to 4582.59 of the</u>	2455
<u>Revised Code.</u>	2456
(B) Any instrument by which real property is acquired	2457
pursuant to this section shall identify the agency of the state	2458
that has the use and benefit of the real property as specified	2459
in section 5301.012 of the Revised Code.	2460

(C) Whoever violates division (A) (14) of this section is 2461
guilty of a minor misdemeanor. 2462

Section 2. That existing sections 1707.03, 1707.17, 2463
1707.19, 1707.23, 1707.44, 1724.02, 4582.06, and 4582.31 of the 2464
Revised Code are hereby repealed. 2465

Section 3. In enacting section 1707.50 of the Revised Code 2466
in Section 1 of this act, the General Assembly finds all of the 2467
following: 2468

(A) Whereas adequate financing of essential investor 2469
protection enforcement is necessary to achieve maximum 2470
compliance with state law, to ensure, for businesses that raise 2471
money via crowdfunding, an effective disincentive to engage in 2472
unlawful, fraudulent, and anticompetitive business practices, 2473
and to provide appropriate regulation of an emerging and quickly 2474
evolving industry. 2475

(B) Although self-policing efforts by industry watchdog 2476
groups may have some success in educating some fundraisers about 2477
their obligations under state consumer and investor laws, in 2478
other cases the only meaningful deterrent to unlawful conduct is 2479
the vigorous assessment and collection of civil penalties. 2480

(C) It is in the public interest to provide that civil 2481
penalties for violations of law may also be assessed and 2482
collected by aggrieved crowdfunding investors acting as private 2483
attorneys general, while also ensuring that state law 2484
enforcement agencies' enforcement actions have primacy over any 2485
private enforcement efforts undertaken pursuant to this act. 2486