

As Passed by the Senate

132nd General Assembly

Regular Session

2017-2018

Sub. H. B. No. 10

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**

**Senators LaRose, Tavares, Burke, Coley, Manning, Obhof, O'Brien, Oelslager,
Peterson, Schiavoni**

A BILL

To amend sections 145.114, 187.01, 742.114, 1
1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 2
1707.13, 1707.161, 1707.17, 1707.19, 1707.20, 3
1707.21, 1707.23, 1707.24, 1707.25, 1707.26, 4
1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 5
1707.31, 1707.32, 1707.34, 1707.35, 1707.38, 6
1707.39, 1707.391, 1707.40, 1707.431, 1707.44, 7
1707.99, 1724.02, 3307.152, 3309.157, 4582.06, 8
4582.31, and 5505.068 and to enact sections 9
1707.05, 1707.051, 1707.052, 1707.053, 1707.054, 10
1707.055, 1707.056, 1707.057, 1707.058, and 11
1707.50 of the Revised Code to permit intrastate 12
equity crowdfunding under certain circumstances, 13
to provide for a hardship exemption from the 14
requirement that financial statements filed 15
under the Securities Law be audited, and to 16
provide for performance audits of JobsOhio. 17

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

Section 1. That sections 145.114, 187.01, 742.114, 18
1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 19
1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 20
1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 21
1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 22
1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 23
4582.06, 4582.31, and 5505.068 be amended and sections 1707.05, 24
1707.051, 1707.052, 1707.053, 1707.054, 1707.055, 1707.056, 25
1707.057, 1707.058, and 1707.50 of the Revised Code be enacted 26
to read as follows: 27

Sec. 145.114. (A) As used in this section and in section 28
145.116 of the Revised Code: 29

(1) "Agent" means a dealer, as defined in section 1707.01 30
of the Revised Code, who is licensed under sections 1707.01 to 31
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 32
another state or of the United States. 33

(2) "Minority business enterprise" has the same meaning as 34
in section 122.71 of the Revised Code. 35

(3) "Ohio-qualified agent" means an agent designated as 36
such by the public employees retirement board. 37

(4) "Ohio-qualified investment manager" means an 38
investment manager designated as such by the public employees 39
retirement board. 40

(5) "Principal place of business" means an office in which 41
the agent regularly provides securities or investment advisory 42
services and solicits, meets with, or otherwise communicates 43
with clients. 44

(B) The public employees retirement board shall, for the 45
purposes of this section, designate an agent as an Ohio- 46

qualified agent if the agent meets all of the following	47
requirements:	48
(1) The agent is subject to taxation under Chapter 5725.,	49
5726., 5733., 5747., or 5751. of the Revised Code;	50
(2) The agent is authorized to conduct business in this	51
state;	52
(3) The agent maintains a principal place of business in	53
this state and employs at least five residents of this state.	54
(C) The public employees retirement board shall adopt and	55
implement a written policy to establish criteria and procedures	56
used to select agents to execute securities transactions on	57
behalf of the retirement system. The policy shall address each	58
of the following:	59
(1) Commissions charged by the agent, both in the	60
aggregate and on a per share basis;	61
(2) The execution speed and trade settlement capabilities	62
of the agent;	63
(3) The responsiveness, reliability, and integrity of the	64
agent;	65
(4) The nature and value of research provided by the	66
agent;	67
(5) Any special capabilities of the agent.	68
(D) (1) The board shall, at least annually, establish a	69
policy with the goal to increase utilization by the board of	70
Ohio-qualified agents for the execution of domestic equity and	71
fixed income trades on behalf of the retirement system, when an	72
Ohio-qualified agent offers quality, services, and safety	73

comparable to other agents otherwise available to the board and 74
meets the criteria established under division (C) of this 75
section. 76

(2) The board shall review, at least annually, the 77
performance of the agents that execute securities transactions 78
on behalf of the board. 79

(3) The board shall determine whether an agent is an Ohio- 80
qualified agent, meets the criteria established by the board 81
pursuant to division (C) of this section, and offers quality, 82
services, and safety comparable to other agents otherwise 83
available to the board. The board's determination shall be 84
final. 85

Sec. 187.01. As used in this chapter, "JobsOhio" means the 86
nonprofit corporation formed under this section, and includes 87
any subsidiary of that corporation. In any section of law that 88
refers to the nonprofit corporation formed under this section, 89
reference to the corporation includes reference to any such 90
subsidiary unless otherwise specified or clearly appearing from 91
the context. 92

The governor is hereby authorized to form a nonprofit 93
corporation, to be named "JobsOhio," with the purposes of 94
promoting economic development, job creation, job retention, job 95
training, and the recruitment of business to this state. Except 96
as otherwise provided in this chapter, the corporation shall be 97
organized and operated in accordance with Chapter 1702. of the 98
Revised Code. The governor shall sign and file articles of 99
incorporation for the corporation with the secretary of state. 100
The legal existence of the corporation shall begin upon the 101
filing of the articles. 102

In addition to meeting the requirements for articles of incorporation in Chapter 1702. of the Revised Code, the articles of incorporation for the nonprofit corporation shall set forth the following:

(A) The designation of the name of the corporation as JobsOhio;

(B) The creation of a board of directors consisting of nine directors, to be appointed by the governor, who satisfy the qualifications prescribed by section 187.02 of the Revised Code;

(C) A requirement that the governor make initial appointments to the board within sixty days after the filing of the articles of incorporation. Of the initial appointments made to the board, two shall be for a term ending one year after the date the articles were filed, two shall be for a term ending two years after the date the articles were filed, and five shall be for a term ending four years after the date the articles were filed. The articles shall state that, following the initial appointments, the governor shall appoint directors to terms of office of four years, with each term of office ending on the same day of the same month as did the term that it succeeds. If any director dies, resigns, or the director's status changes such that any of the requirements of division (C) of section 187.02 of the Revised Code are no longer met, that director's seat on the board shall become immediately vacant. The governor shall forthwith fill the vacancy by appointment for the remainder of the term of office of the vacated seat.

(D) A requirement that the governor appoint one director to be chairperson of the board and procedures for electing directors to serve as officers of the corporation and members of an executive committee;

(E) A provision for the appointment of a chief investment officer of the corporation by the recommendation of the board and approval of the governor. The chief investment officer shall serve at the pleasure of the board and shall have the power to execute contracts, spend corporation funds, and hire employees on behalf of the corporation. If the position of chief investment officer becomes vacant for any reason, the vacancy shall be filled in the same manner as provided in this division.	133 134 135 136 137 138 139 140
(F) Provisions requiring the board to do all of the following:	141 142
(1) Adopt one or more resolutions providing for compensation of the chief investment officer;	143 144
(2) Approve an employee compensation plan recommended by the chief investment officer;	145 146
(3) Approve a contract with the director of development services for the corporation to assist the director and the development services agency with providing services or otherwise carrying out the functions or duties of the agency, including the operation and management of programs, offices, divisions, or boards, as may be determined by the director of development services in consultation with the governor;	147 148 149 150 151 152 153
(4) Approve all major contracts for services recommended by the chief investment officer;	154 155
(5) Establish an annual strategic plan and standards of measure to be used in evaluating the corporation's success in executing the plan;	156 157 158
(6) Establish a conflicts of interest policy that, at a minimum, complies with section 187.06 of the Revised Code;	159 160

(7) Hold a minimum of four board of directors meetings per 161
year at which a quorum of the board is physically present, and 162
such other meetings, at which directors' physical presence is 163
not required, as may be necessary. Meetings at which a quorum of 164
the board is required to be physically present are subject to 165
divisions (C), (D), and (E) of section 187.03 of the Revised 166
Code. 167

(8) Establish a records retention policy and present the 168
policy, and any subsequent changes to the policy, at a meeting 169
of the board of directors at which a quorum of the board is 170
required to be physically present pursuant to division (F) (7) of 171
this section; 172

(9) Adopt standards of conduct for the directors. 173

(G) A statement that directors shall not receive any 174
compensation from the corporation, except that directors may be 175
reimbursed for actual and necessary expenses incurred in 176
connection with services performed for the corporation; 177

(H) A provision authorizing the board to amend provisions 178
of the corporation's articles of incorporation or regulations, 179
except provisions required by this chapter; 180

(I) Procedures by which the corporation would be dissolved 181
and by which all corporation rights and assets would be 182
distributed to the state or to another corporation organized 183
under this chapter. These procedures shall incorporate any 184
separate procedures subsequently set forth in this chapter for 185
the dissolution of the corporation. The articles shall state 186
that no dissolution shall take effect until the corporation has 187
made adequate provision for the payment of any outstanding 188
bonds, notes, or other obligations. 189

(J) A provision establishing an audit committee to be 190
comprised of directors. The articles shall require that the 191
audit committee hire a firm of independent certified public 192
accountants, selected in consultation with the auditor of state, 193
to perform, once each year, a financial audit of the corporation 194
and of any nonprofit entity the sole member of which is 195
JobsOhio. The articles also shall require all of the following: 196

(1) Commencing with JobsOhio's fiscal year beginning July 197
1, 2012, the financial statements to be audited are to be 198
prepared in accordance with accounting principles and standards 199
set forth in all applicable pronouncements of the governmental 200
accounting standards board; 201

(2) The firm of independent certified public accountants 202
hired is to conduct a supplemental compliance and control review 203
pursuant to a written agreement by and among the firm, the 204
auditor of state, JobsOhio, and any nonprofit entity the sole 205
member of which is JobsOhio; ~~and~~ 206

(3) A copy of each financial audit report and each report 207
of the results of the compliance and control review are to be 208
provided to the governor, the auditor of state, the speaker of 209
the house of representatives, and the president of the senate; 210

(4) A performance audit of JobsOhio is to be conducted in 211
fiscal year 2021 and in every fourth fiscal year thereafter 212
pursuant to a written agreement by and among a firm of 213
independent certified public accountants or a management 214
consulting firm, the auditor of state, JobsOhio, and any 215
nonprofit entity the sole member of which is JobsOhio. 216

(K) A provision authorizing a majority of the 217
disinterested directors to remove a director for misconduct, as 218

that term may be defined in the articles or regulations of the 219
corporation. The removal of a director under this division 220
creates a vacancy on the board that the governor shall fill by 221
appointment for the remainder of the term of office of the 222
vacated seat. 223

Sec. 742.114. (A) As used in this section and in section 224
742.116 of the Revised Code: 225

(1) "Agent" means a dealer, as defined in section 1707.01 226
of the Revised Code, who is licensed under sections 1707.01 to 227
~~1707.45-1707.50~~ of the Revised Code or under comparable laws of 228
another state or of the United States. 229

(2) "Minority business enterprise" has the same meaning as 230
in section 122.71 of the Revised Code. 231

(3) "Ohio-qualified agent" means an agent designated as 232
such by the board of trustees of the fund. 233

(4) "Ohio-qualified investment manager" means an 234
investment manager designated as such by the board of trustees 235
of the fund. 236

(5) "Principal place of business" means an office in which 237
the agent regularly provides securities or investment advisory 238
services and solicits, meets with, or otherwise communicates 239
with clients. 240

(B) The board of trustees of the fund shall, for the 241
purposes of this section, designate an agent as an Ohio- 242
qualified agent if the agent meets all of the following 243
requirements: 244

(1) The agent is subject to taxation under Chapter 5725., 245
5726., 5733., 5747., or 5751. of the Revised Code; 246

(2) The agent is authorized to conduct business in this state;	247 248
(3) The agent maintains a principal place of business in this state and employs at least five residents of this state.	249 250
(C) The board shall adopt and implement a written policy to establish criteria and procedures used to select agents to execute securities transactions on behalf of the retirement system. The policy shall address each of the following:	251 252 253 254
(1) Commissions charged by the agent, both in the aggregate and on a per share basis;	255 256
(2) The execution speed and trade settlement capabilities of the agent;	257 258
(3) The responsiveness, reliability, and integrity of the agent;	259 260
(4) The nature and value of research provided by the agent;	261 262
(5) Any special capabilities of the agent.	263
(D)(1) The board shall, at least annually, establish a policy with the goal to increase utilization by the board of Ohio-qualified agents for the execution of domestic equity and fixed-income trades on behalf of the retirement system, when an Ohio-qualified agent offers quality, services, and safety comparable to other agents otherwise available to the board and meets the criteria established under division (C) of this section.	264 265 266 267 268 269 270 271
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board.	272 273 274

(3) The board shall determine whether an agent is an Ohio-qualified agent, meets the criteria established by the board pursuant to division (C) of this section, and offers quality, services, and safety comparable to other agents otherwise available to the board. The board's determination shall be final.

Sec. 1707.01. As used in this chapter:

(A) Whenever the context requires it, "division" or "division of securities" may be read as "director of commerce" or as "commissioner of securities."

(B) "Security" means any certificate or instrument, or any oral, written, or electronic agreement, understanding, or opportunity, that represents title to or interest in, or is secured by any lien or charge upon, the capital, assets, profits, property, or credit of any person or of any public or governmental body, subdivision, or agency. It includes shares of stock, certificates for shares of stock, an uncertificated security, membership interests in limited liability companies, voting-trust certificates, warrants and options to purchase securities, subscription rights, interim receipts, interim certificates, promissory notes, all forms of commercial paper, evidences of indebtedness, bonds, debentures, land trust certificates, fee certificates, leasehold certificates, syndicate certificates, endowment certificates, interests in or under profit-sharing or participation agreements, interests in or under oil, gas, or mining leases, preorganization or reorganization subscriptions, preorganization certificates, reorganization certificates, interests in any trust or pretended trust, any investment contract, any life settlement interest, any instrument evidencing a promise or an agreement to pay

money, warehouse receipts for intoxicating liquor, and the 305
currency of any government other than those of the United States 306
and Canada, but sections 1707.01 to ~~1707.45~~1707.50 of the 307
Revised Code do not apply to the sale of real estate. 308

(C) (1) "Sale" has the full meaning of "sale" as applied by 309
or accepted in courts of law or equity, and includes every 310
disposition, or attempt to dispose, of a security or of an 311
interest in a security. "Sale" also includes a contract to sell, 312
an exchange, an attempt to sell, an option of sale, a 313
solicitation of a sale, a solicitation of an offer to buy, a 314
subscription, or an offer to sell, directly or indirectly, by 315
agent, circular, pamphlet, advertisement, or otherwise. 316

(2) "Sell" means any act by which a sale is made. 317

(3) The use of advertisements, circulars, or pamphlets in 318
connection with the sale of securities in this state exclusively 319
to the purchasers specified in division (D) of section 1707.03 320
of the Revised Code is not a sale when the advertisements, 321
circulars, and pamphlets describing and offering those 322
securities bear a readily legible legend in substance as 323
follows: "This offer is made on behalf of dealers licensed under 324
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, and is 325
confined in this state exclusively to institutional investors 326
and licensed dealers." 327

(4) The offering of securities by any person in 328
conjunction with a licensed dealer by use of advertisement, 329
circular, or pamphlet is not a sale if that person does not 330
otherwise attempt to sell securities in this state. 331

(5) Any security given with, or as a bonus on account of, 332
any purchase of securities is conclusively presumed to 333

constitute a part of the subject of that purchase and has been 334
"sold." 335

(6) "Sale" by an owner, pledgee, or mortgagee, or by a 336
person acting in a representative capacity, includes sale on 337
behalf of such party by an agent, including a licensed dealer or 338
salesperson. 339

(D) "Person," except as otherwise provided in this 340
chapter, means a natural person, firm, partnership, limited 341
partnership, partnership association, syndicate, joint-stock 342
company, unincorporated association, trust or trustee except 343
where the trust was created or the trustee designated by law or 344
judicial authority or by a will, and a corporation or limited 345
liability company organized under the laws of any state, any 346
foreign government, or any political subdivision of a state or 347
foreign government. 348

(E) (1) "Dealer," except as otherwise provided in this 349
chapter, means every person, other than a salesperson, who 350
engages or professes to engage, in this state, for either all or 351
part of the person's time, directly or indirectly, either in the 352
business of the sale of securities for the person's own account, 353
or in the business of the purchase or sale of securities for the 354
account of others in the reasonable expectation of receiving a 355
commission, fee, or other remuneration as a result of engaging 356
in the purchase and sale of securities. "Dealer" does not mean 357
any of the following: 358

(a) Any issuer, including any officer, director, employee, 359
or trustee of, or member or manager of, or partner in, or any 360
general partner of, any issuer, that sells, offers for sale, or 361
does any act in furtherance of the sale of a security that 362
represents an economic interest in that issuer, provided no 363

commission, fee, or other similar remuneration is paid to or 364
received by the issuer for the sale; 365

(b) Any licensed attorney, public accountant, or firm of 366
such attorneys or accountants, whose activities are incidental 367
to the practice of the attorney's, accountant's, or firm's 368
profession; 369

(c) Any person that, for the account of others, engages in 370
the purchase or sale of securities that are issued and 371
outstanding before such purchase and sale, if a majority or more 372
of the equity interest of an issuer is sold in that transaction, 373
and if, in the case of a corporation, the securities sold in 374
that transaction represent a majority or more of the voting 375
power of the corporation in the election of directors; 376

(d) Any person that brings an issuer together with a 377
potential investor and whose compensation is not directly or 378
indirectly based on the sale of any securities by the issuer to 379
the investor; 380

(e) Any bank; 381

(f) Any person that the division of securities by rule 382
exempts from the definition of "dealer" under division (E)(1) of 383
this section. 384

(2) "Licensed dealer" means a dealer licensed under this 385
chapter. 386

(F)(1) "Salesman" or "salesperson" means every natural 387
person, other than a dealer, who is employed, authorized, or 388
appointed by a dealer to sell securities within this state. 389

(2) The general partners of a partnership, and the 390
executive officers of a corporation or unincorporated 391

association, licensed as a dealer are not salespersons within 392
the meaning of this definition, nor are clerical or other 393
employees of an issuer or dealer that are employed for work to 394
which the sale of securities is secondary and incidental; but 395
the division of securities may require a license from any such 396
partner, executive officer, or employee if it determines that 397
protection of the public necessitates the licensing. 398

(3) "Licensed salesperson" means a salesperson licensed 399
under this chapter. 400

(G) "Issuer" means every person who has issued, proposes 401
to issue, or issues any security. 402

(H) "Director" means each director or trustee of a 403
corporation, each trustee of a trust, each general partner of a 404
partnership, except a partnership association, each manager of a 405
partnership association, and any person vested with managerial 406
or directory power over an issuer not having a board of 407
directors or trustees. 408

(I) "Incorporator" means any incorporator of a corporation 409
and any organizer of, or any person participating, other than in 410
a representative or professional capacity, in the organization 411
of an unincorporated issuer. 412

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent 413
practices," or "fraudulent transactions" means anything 414
recognized on or after July 22, 1929, as such in courts of law 415
or equity; any device, scheme, or artifice to defraud or to 416
obtain money or property by means of any false pretense, 417
representation, or promise; any fictitious or pretended purchase 418
or sale of securities; and any act, practice, transaction, or 419
course of business relating to the purchase or sale of 420

securities that is fraudulent or that has operated or would 421
operate as a fraud upon the seller or purchaser. 422

(K) Except as otherwise specifically provided, whenever 423
any classification or computation is based upon "par value," as 424
applied to securities without par value, the average of the 425
aggregate consideration received or to be received by the issuer 426
for each class of those securities shall be used as the basis 427
for that classification or computation. 428

(L) (1) "Intangible property" means patents, copyrights, 429
secret processes, formulas, services, good will, promotion and 430
organization fees and expenses, trademarks, trade brands, trade 431
names, licenses, franchises, any other assets treated as 432
intangible according to generally accepted accounting 433
principles, and securities, accounts receivable, or contract 434
rights having no readily determinable value. 435

(2) "Tangible property" means all property other than 436
intangible property and includes securities, accounts 437
receivable, and contract rights, when the securities, accounts 438
receivable, or contract rights have a readily determinable 439
value. 440

(M) "Public utilities" means those utilities defined in 441
sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised 442
Code; in the case of a foreign corporation, it means those 443
utilities defined as public utilities by the laws of its 444
domicile; and in the case of any other foreign issuer, it means 445
those utilities defined as public utilities by the laws of the 446
situs of its principal place of business. The term always 447
includes railroads whether or not they are so defined as public 448
utilities. 449

(N) "State" means any state of the United States, any territory or possession of the United States, the District of Columbia, and any province of Canada.

(O) "Bank" means any bank, trust company, savings and loan association, savings bank, or credit union that is incorporated or organized under the laws of the United States, any state of the United States, Canada, or any province of Canada and that is subject to regulation or supervision by that country, state, or province.

(P) "Include," when used in a definition, does not exclude other things or persons otherwise within the meaning of the term defined.

(Q) (1) "Registration by description" means that the requirements of section 1707.08 of the Revised Code have been complied with.

(2) "Registration by qualification" means that the requirements of sections 1707.09 and 1707.11 of the Revised Code have been complied with.

(3) "Registration by coordination" means that there has been compliance with section 1707.091 of the Revised Code. Reference in this chapter to registration by qualification also includes registration by coordination unless the context otherwise indicates.

(R) "Intoxicating liquor" includes all liquids and compounds that contain more than three and two-tenths per cent of alcohol by weight and are fit for use for beverage purposes.

(S) "Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity:

(1) A bank or international banking institution;	478
(2) An insurance company;	479
(3) A separate account of an insurance company;	480
(4) An investment company as defined in the "Investment Company Act of 1940," 15 U.S.C. 80a-3;	481 482
(5) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by the division of securities as a dealer;	483 484 485
(6) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following:	486 487 488 489 490
(a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended;	491 492
(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	493 494 495
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	496 497
(7) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the	498 499 500 501 502 503 504 505

following:	506
(a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended;	507 508
(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	509 510 511
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	512 513
(8) A trust, if it has total assets in excess of ten million dollars, its trustee is a bank, and its participants are exclusively plans of the types identified in division (S) (6) or (7) of this section, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans;	514 515 516 517 518 519
(9) An organization described in section 501(c) (3) of the "Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars;	520 521 522 523 524 525
(10) A small business investment company licensed by the small business administration under section 301(c) of the "Small Business Investment Act of 1958," 15 U.S.C. 681(c), with total assets in excess of ten million dollars;	526 527 528 529
(11) A private business development company as defined in section 202(a) (22) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a) (22), with total assets in excess of ten million dollars;	530 531 532 533

(12) A federal covered investment adviser acting for its own account;	534 535
(13) A "qualified institutional buyer" as defined in 17 C.F.R. 230.144A(a) (1), other than 17 C.F.R. 230.144A(a) (1) (H);	536 537
(14) A "major U.S. institutional investor" as defined in 17 C.F.R. 240.15a-6(b) (4) (i);	538 539
(15) Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this chapter;	540 541 542 543
(16) Any other person specified by rule adopted or order issued under this chapter.	544 545
(T) A reference to a statute of the United States or to a rule, regulation, or form promulgated by the securities and exchange commission or by another federal agency means the statute, rule, regulation, or form as it exists at the time of the act, omission, event, or transaction to which it is applied under this chapter.	546 547 548 549 550 551
(U) "Securities and exchange commission" means the securities and exchange commission established by the Securities Exchange Act of 1934.	552 553 554
(V) (1) "Control bid" means the purchase of or offer to purchase any equity security of a subject company from a resident of this state if either of the following applies:	555 556 557
(a) After the purchase of that security, the offeror would be directly or indirectly the beneficial owner of more than ten per cent of any class of the issued and outstanding equity securities of the issuer.	558 559 560 561

(b) The offeror is the subject company, there is a pending control bid by a person other than the issuer, and the number of the issued and outstanding shares of the subject company would be reduced by more than ten per cent.

(2) For purposes of division (V) (1) of this section, "control bid" does not include any of the following:

(a) A bid made by a dealer for the dealer's own account in the ordinary course of business of buying and selling securities;

(b) An offer to acquire any equity security solely in exchange for any other security, or the acquisition of any equity security pursuant to an offer, for the sole account of the offeror, in good faith and not for the purpose of avoiding the provisions of this chapter, and not involving any public offering of the other security within the meaning of Section 4 of Title I of the "Securities Act of 1933," 48 Stat. 77, 15 U.S.C.A. 77d(2), as amended;

(c) Any other offer to acquire any equity security, or the acquisition of any equity security pursuant to an offer, for the sole account of the offeror, from not more than fifty persons, in good faith and not for the purpose of avoiding the provisions of this chapter.

(W) "Offeror" means a person who makes, or in any way participates or aids in making, a control bid and includes persons acting jointly or in concert, or who intend to exercise jointly or in concert any voting rights attached to the securities for which the control bid is made and also includes any subject company making a control bid for its own securities.

(X) (1) "Investment adviser" means any person who, for

compensation, engages in the business of advising others, either 591
directly or through publications or writings, as to the value of 592
securities or as to the advisability of investing in, 593
purchasing, or selling securities, or who, for compensation and 594
as a part of regular business, issues or promulgates analyses or 595
reports concerning securities. 596

(2) "Investment adviser" does not mean any of the 597
following: 598

(a) Any attorney, accountant, engineer, or teacher, whose 599
performance of investment advisory services described in 600
division (X)(1) of this section is solely incidental to the 601
practice of the attorney's, accountant's, engineer's, or 602
teacher's profession; 603

(b) A publisher of any bona fide newspaper, news magazine, 604
or business or financial publication of general and regular 605
circulation; 606

(c) A person who acts solely as an investment adviser 607
representative; 608

(d) A bank holding company, as defined in the "Bank 609
Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that 610
is not an investment company; 611

(e) A bank, or any receiver, conservator, or other 612
liquidating agent of a bank; 613

(f) Any licensed dealer or licensed salesperson whose 614
performance of investment advisory services described in 615
division (X)(1) of this section is solely incidental to the 616
conduct of the dealer's or salesperson's business as a licensed 617
dealer or licensed salesperson and who receives no special 618
compensation for the services; 619

(g) Any person, the advice, analyses, or reports of which 620
do not relate to securities other than securities that are 621
direct obligations of, or obligations guaranteed as to principal 622
or interest by, the United States, or securities issued or 623
guaranteed by corporations in which the United States has a 624
direct or indirect interest, and that have been designated by 625
the secretary of the treasury as exempt securities as defined in 626
the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 627
78c; 628

(h) Any person that is excluded from the definition of 629
investment adviser pursuant to section 202(a)(11)(A) to (E) of 630
the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), 631
or that has received an order from the securities and exchange 632
commission under section 202(a)(11)(F) of the "Investment 633
Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that 634
the person is not within the intent of section 202(a)(11) of the 635
Investment Advisers Act of 1940. 636

(i) A person who acts solely as a state retirement system 637
investment officer or as a bureau of workers' compensation chief 638
investment officer; 639

(j) Any other person that the division designates by rule, 640
if the division finds that the designation is necessary or 641
appropriate in the public interest or for the protection of 642
investors or clients and consistent with the purposes fairly 643
intended by the policy and provisions of this chapter. 644

(Y) (1) "Subject company" means an issuer that satisfies 645
both of the following: 646

(a) Its principal place of business or its principal 647
executive office is located in this state, or it owns or 648

controls assets located within this state that have a fair 649
market value of at least one million dollars. 650

(b) More than ten per cent of its beneficial or record 651
equity security holders are resident in this state, more than 652
ten per cent of its equity securities are owned beneficially or 653
of record by residents in this state, or more than one thousand 654
of its beneficial or record equity security holders are resident 655
in this state. 656

(2) The division of securities may adopt rules to 657
establish more specific application of the provisions set forth 658
in division (Y)(1) of this section. Notwithstanding the 659
provisions set forth in division (Y)(1) of this section and any 660
rules adopted under this division, the division, by rule or in 661
an adjudicatory proceeding, may make a determination that an 662
issuer does not constitute a "subject company" under division 663
(Y)(1) of this section if appropriate review of control bids 664
involving the issuer is to be made by any regulatory authority 665
of another jurisdiction. 666

(Z) "Beneficial owner" includes any person who directly or 667
indirectly through any contract, arrangement, understanding, or 668
relationship has or shares, or otherwise has or shares, the 669
power to vote or direct the voting of a security or the power to 670
dispose of, or direct the disposition of, the security. 671
"Beneficial ownership" includes the right, exercisable within 672
sixty days, to acquire any security through the exercise of any 673
option, warrant, or right, the conversion of any convertible 674
security, or otherwise. Any security subject to any such option, 675
warrant, right, or conversion privilege held by any person shall 676
be deemed to be outstanding for the purpose of computing the 677
percentage of outstanding securities of the class owned by that 678

person, but shall not be deemed to be outstanding for the 679
purpose of computing the percentage of the class owned by any 680
other person. A person shall be deemed the beneficial owner of 681
any security beneficially owned by any relative or spouse or 682
relative of the spouse residing in the home of that person, any 683
trust or estate in which that person owns ten per cent or more 684
of the total beneficial interest or serves as trustee or 685
executor, any corporation or entity in which that person owns 686
ten per cent or more of the equity, and any affiliate or 687
associate of that person. 688

(AA) "Offeree" means the beneficial or record owner of any 689
security that an offeror acquires or offers to acquire in 690
connection with a control bid. 691

(BB) "Equity security" means any share or similar 692
security, or any security convertible into any such security, or 693
carrying any warrant or right to subscribe to or purchase any 694
such security, or any such warrant or right, or any other 695
security that, for the protection of security holders, is 696
treated as an equity security pursuant to rules of the division 697
of securities. 698

(CC) (1) "Investment adviser representative" means a 699
supervised person of an investment adviser, provided that the 700
supervised person has more than five clients who are natural 701
persons other than excepted persons defined in division (EE) of 702
this section, and that more than ten per cent of the supervised 703
person's clients are natural persons other than excepted persons 704
defined in division (EE) of this section. "Investment adviser 705
representative" does not mean any of the following: 706

(a) A supervised person that does not on a regular basis 707
solicit, meet with, or otherwise communicate with clients of the 708

investment adviser; 709

(b) A supervised person that provides only investment 710
advisory services described in division (X)(1) of this section 711
by means of written materials or oral statements that do not 712
purport to meet the objectives or needs of specific individuals 713
or accounts; 714

(c) Any other person that the division designates by rule, 715
if the division finds that the designation is necessary or 716
appropriate in the public interest or for the protection of 717
investors or clients and is consistent with the provisions 718
fairly intended by the policy and provisions of this chapter. 719

(2) For the purpose of the calculation of clients in 720
division (CC)(1) of this section, a natural person and the 721
following persons are deemed a single client: Any minor child of 722
the natural person; any relative, spouse, or relative of the 723
spouse of the natural person who has the same principal 724
residence as the natural person; all accounts of which the 725
natural person or the persons referred to in division (CC)(2) of 726
this section are the only primary beneficiaries; and all trusts 727
of which the natural person or persons referred to in division 728
(CC)(2) of this section are the only primary beneficiaries. 729
Persons who are not residents of the United States need not be 730
included in the calculation of clients under division (CC)(1) of 731
this section. 732

(3) If subsequent to March 18, 1999, amendments are 733
enacted or adopted defining "investment adviser representative" 734
for purposes of the Investment Advisers Act of 1940 or 735
additional rules or regulations are promulgated by the 736
securities and exchange commission regarding the definition of 737
"investment adviser representative" for purposes of the 738

Investment Advisers Act of 1940, the division of securities 739
shall, by rule, adopt the substance of the amendments, rules, or 740
regulations, unless the division finds that the amendments, 741
rules, or regulations are not necessary for the protection of 742
investors or in the public interest. 743

(DD) "Supervised person" means a natural person who is any 744
of the following: 745

(1) A partner, officer, or director of an investment 746
adviser, or other person occupying a similar status or 747
performing similar functions with respect to an investment 748
adviser; 749

(2) An employee of an investment adviser; 750

(3) A person who provides investment advisory services 751
described in division (X) (1) of this section on behalf of the 752
investment adviser and is subject to the supervision and control 753
of the investment adviser. 754

(EE) "Excepted person" means a natural person to whom any 755
of the following applies: 756

(1) Immediately after entering into the investment 757
advisory contract with the investment adviser, the person has at 758
least seven hundred fifty thousand dollars under the management 759
of the investment adviser. 760

(2) The investment adviser reasonably believes either of 761
the following at the time the investment advisory contract is 762
entered into with the person: 763

(a) The person has a net worth, together with assets held 764
jointly with a spouse, of more than one million five hundred 765
thousand dollars. 766

(b) The person is a qualified purchaser as defined in 767
division (FF) of this section. 768

(3) Immediately prior to entering into an investment 769
advisory contract with the investment adviser, the person is 770
either of the following: 771

(a) An executive officer, director, trustee, general 772
partner, or person serving in a similar capacity, of the 773
investment adviser; 774

(b) An employee of the investment adviser, other than an 775
employee performing solely clerical, secretarial, or 776
administrative functions or duties for the investment adviser, 777
which employee, in connection with the employee's regular 778
functions or duties, participates in the investment activities 779
of the investment adviser, provided that, for at least twelve 780
months, the employee has been performing such nonclerical, 781
nonsecretarial, or nonadministrative functions or duties for or 782
on behalf of the investment adviser or performing substantially 783
similar functions or duties for or on behalf of another company. 784

If subsequent to March 18, 1999, amendments are enacted or 785
adopted defining "excepted person" for purposes of the 786
Investment Advisers Act of 1940 or additional rules or 787
regulations are promulgated by the securities and exchange 788
commission regarding the definition of "excepted person" for 789
purposes of the Investment Advisers Act of 1940, the division of 790
securities shall, by rule, adopt the substance of the 791
amendments, rules, or regulations, unless the division finds 792
that the amendments, rules, or regulations are not necessary for 793
the protection of investors or in the public interest. 794

(FF) (1) "Qualified purchaser" means either of the 795

following:	796
(a) A natural person who owns not less than five million dollars in investments as defined by rule by the division of securities;	797 798 799
(b) A natural person, acting for the person's own account or accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than twenty-five million dollars in investments as defined by rule by the division of securities.	800 801 802 803 804
(2) If subsequent to March 18, 1999, amendments are enacted or adopted defining "qualified purchaser" for purposes of the Investment Advisers Act of 1940 or additional rules or regulations are promulgated by the securities and exchange commission regarding the definition of "qualified purchaser" for purposes of the Investment Advisers Act of 1940, the division of securities shall, by rule, adopt the amendments, rules, or regulations, unless the division finds that the amendments, rules, or regulations are not necessary for the protection of investors or in the public interest.	805 806 807 808 809 810 811 812 813 814
(GG) (1) "Purchase" has the full meaning of "purchase" as applied by or accepted in courts of law or equity and includes every acquisition of, or attempt to acquire, a security or an interest in a security. "Purchase" also includes a contract to purchase, an exchange, an attempt to purchase, an option to purchase, a solicitation of a purchase, a solicitation of an offer to sell, a subscription, or an offer to purchase, directly or indirectly, by agent, circular, pamphlet, advertisement, or otherwise.	815 816 817 818 819 820 821 822 823
(2) "Purchase" means any act by which a purchase is made.	824

(3) Any security given with, or as a bonus on account of, 825
any purchase of securities is conclusively presumed to 826
constitute a part of the subject of that purchase. 827

(HH) "Life settlement interest" means the entire interest 828
or any fractional interest in an insurance policy or certificate 829
of insurance, or in an insurance benefit under such a policy or 830
certificate, that is the subject of a life settlement contract. 831

For purposes of this division, "life settlement contract" 832
means an agreement for the purchase, sale, assignment, transfer, 833
devise, or bequest of any portion of the death benefit or 834
ownership of any life insurance policy or contract, in return 835
for consideration or any other thing of value that is less than 836
the expected death benefit of the life insurance policy or 837
contract. "Life settlement contract" includes a viatical 838
settlement contract as defined in section 3916.01 of the Revised 839
Code, but does not include any of the following: 840

(1) A loan by an insurer under the terms of a life 841
insurance policy, including, but not limited to, a loan secured 842
by the cash value of the policy; 843

(2) An agreement with a bank that takes an assignment of a 844
life insurance policy as collateral for a loan; 845

(3) The provision of accelerated benefits as defined in 846
section 3915.21 of the Revised Code; 847

(4) Any agreement between an insurer and a reinsurer; 848

(5) An agreement by an individual to purchase an existing 849
life insurance policy or contract from the original owner of the 850
policy or contract, if the individual does not enter into more 851
than one life settlement contract per calendar year; 852

(6) The initial purchase of an insurance policy or 853
certificate of insurance from its owner by a viatical settlement 854
provider, as defined in section 3916.01 of the Revised Code, 855
that is licensed under Chapter 3916. of the Revised Code. 856

(II) "State retirement system" means the public employees 857
retirement system, Ohio police and fire pension fund, state 858
teachers retirement system, school employees retirement system, 859
and state highway patrol retirement system. 860

(JJ) "State retirement system investment officer" means an 861
individual employed by a state retirement system as a chief 862
investment officer, assistant investment officer, or the person 863
in charge of a class of assets or in a position that is 864
substantially equivalent to chief investment officer, assistant 865
investment officer, or person in charge of a class of assets. 866

(KK) "Bureau of workers' compensation chief investment 867
officer" means an individual employed by the administrator of 868
workers' compensation as a chief investment officer or in a 869
position that is substantially equivalent to a chief investment 870
officer. 871

Sec. 1707.03. (A) As used in this section, "exempt" means 872
that, except in the case of securities the right to buy, sell, 873
or deal in which has been suspended or revoked under an existing 874
order of the division of securities under section 1707.13 of the 875
Revised Code or under a cease and desist order under division 876
(G) of section 1707.23 of the Revised Code, transactions in 877
securities may be carried on and completed without compliance 878
with sections 1707.08 to 1707.11 of the Revised Code. 879

(B) A sale of securities made by or on behalf of a bona 880
fide owner, neither the issuer nor a dealer, is exempt if the 881

sale is made in good faith and not for the purpose of avoiding 882
this chapter and is not made in the course of repeated and 883
successive transactions of a similar character. Any sale of 884
securities over a stock exchange that is lawfully conducted in 885
this state and regularly open for public patronage and that has 886
been established and operated for a period of at least five 887
years prior to the sale at a commission not exceeding the 888
commission regularly charged in such transactions also is 889
exempt. 890

(C) The sale of securities by executors, administrators, 891
receivers, trustees, or anyone acting in a fiduciary capacity is 892
exempt, where such relationship was created by law, by a will, 893
or by judicial authority, and where such sales are subject to 894
approval by, or are made in pursuance to authority granted by, 895
any court of competent jurisdiction or are otherwise authorized 896
and lawfully made by such fiduciary. 897

(D) A sale to the issuer, to a dealer, or to an 898
institutional investor is exempt. 899

(E) A sale in good faith, and not for the purpose of 900
avoiding this chapter, by a pledgee of a security pledged for a 901
bona fide debt is exempt. 902

(F) The sale at public auction by a corporation of shares 903
of its stock because of delinquency in payment for the shares is 904
exempt. 905

(G) (1) The giving of any conversion right with, or on 906
account of the purchase of, any security that is exempt, is the 907
subject matter of an exempt transaction, has been registered by 908
description, by coordination, or by qualification, or is the 909
subject matter of a transaction that has been registered by 910

description is exempt. 911

(2) The giving of any subscription right, warrant, or 912
option to purchase a security or right to receive a security 913
upon exchange, which security is exempt at the time the right, 914
warrant, or option to purchase or right to receive is given, is 915
the subject matter of an exempt transaction, is registered by 916
description, by coordination, or by qualification, or is the 917
subject matter of a transaction that has been registered by 918
description is exempt. 919

(3) The giving of any subscription right or any warrant or 920
option to purchase a security, which right, warrant, or option 921
expressly provides that it shall not be exercisable except for a 922
security that at the time of the exercise is exempt, is the 923
subject matter of an exempt transaction, is registered by 924
description, by coordination, or by qualification, or at such 925
time is the subject matter of a transaction that has been 926
registered by description is exempt. 927

(H) The sale of notes, bonds, or other evidences of 928
indebtedness that are secured by a mortgage lien upon real 929
estate, leasehold estate other than oil, gas, or mining 930
leasehold, or tangible personal property, or which evidence of 931
indebtedness is due under or based upon a conditional-sale 932
contract, if all such notes, bonds, or other evidences of 933
indebtedness are sold to a single purchaser at a single sale, is 934
exempt. 935

(I) The delivery of securities by the issuer on the 936
exercise of conversion rights, the sale of securities by the 937
issuer on exercise of subscription rights or of warrants or 938
options to purchase securities, the delivery of voting-trust 939
certificates for securities deposited under a voting-trust 940

agreement, the delivery of deposited securities on surrender of 941
voting-trust certificates, and the delivery of final 942
certificates on surrender of interim certificates are exempt; 943
but the sale of securities on exercise of subscription rights, 944
warrants, or options is not an exempt transaction unless those 945
rights, warrants, or options when granted were the subject 946
matter of an exempt transaction under division (G) of this 947
section or were registered by description, by coordination, or 948
by qualification. 949

(J) The sale of securities by a bank, savings and loan 950
association, savings bank, or credit union organized under the 951
laws of the United States or of this state is exempt if at a 952
profit to that seller of not more than two per cent of the total 953
sale price of the securities. 954

(K) (1) The distribution by a corporation of its securities 955
to its security holders as a share dividend or other 956
distribution out of earnings or surplus is exempt. 957

(2) The exchange or distribution by the issuer of any of 958
its securities or of the securities of any of the issuer's 959
wholly owned subsidiaries exclusively with or to its existing 960
security holders, if no commission or other remuneration is 961
given directly or indirectly for soliciting the exchange, is 962
exempt. 963

(3) The sale of preorganization subscriptions for shares 964
of stock of a corporation prior to the incorporation of the 965
corporation is exempt, when the sale is evidenced by a written 966
agreement, no remuneration is given, or promised, directly or 967
indirectly, for or in connection with the sale of those 968
securities, and no consideration is received, directly or 969
indirectly, by any person from the purchasers of those 970

securities until registration by qualification, by coordination, 971
or by description of those securities is made under this 972
chapter. 973

(L) The issuance of securities in exchange for one or more 974
bona fide outstanding securities, claims, or property interests, 975
not including securities sold for a consideration payable in 976
whole or in part in cash, under a plan of reorganization, 977
recapitalization, or refinancing approved by a court pursuant to 978
the Bankruptcy Act of the United States or to any other federal 979
act giving any federal court jurisdiction over such plan of 980
reorganization, or under a plan of reorganization approved by a 981
court of competent jurisdiction of any state of the United 982
States is exempt. As used in this division, "reorganization," 983
"recapitalization," and "refinancing" have the same meanings as 984
in section 1707.04 of the Revised Code. 985

(M) A sale by a licensed dealer, acting either as 986
principal or as agent, of securities issued and outstanding 987
before the sale is exempt, unless the sale is of one or more of 988
the following: 989

(1) Securities constituting the whole or a part of an 990
unsold allotment to or subscription by a dealer as an 991
underwriter or other participant in the distribution of those 992
securities by the issuer, whether that distribution is direct or 993
through an underwriter, provided that, if the issuer is such by 994
reason of owning one-fourth or more of those securities, the 995
dealer has knowledge of this fact or reasonable cause to believe 996
this fact; 997

(2) Any class of shares issued by a corporation when the 998
number of beneficial owners of that class is less than twenty- 999
five, with the record owner of securities being deemed the 1000

beneficial owner for this purpose, in the absence of actual 1001
knowledge to the contrary; 1002

(3) Securities that within one year were purchased outside 1003
this state or within one year were transported into this state, 1004
if the dealer has knowledge or reasonable cause to believe, 1005
before the sale of those securities, that within one year they 1006
were purchased outside this state or within one year were 1007
transported into this state; but such a sale of those securities 1008
is exempt if any of the following occurs: 1009

(a) A recognized securities manual contains the names of 1010
the issuer's officers and directors, a balance sheet of the 1011
issuer as of a date within eighteen months, and a profit and 1012
loss statement for either the fiscal year preceding that date or 1013
the most recent year of operations; 1014

(b) Those securities, or securities of the same class, 1015
within one year were registered or qualified under section 1016
1707.09 or 1707.091 of the Revised Code, and that registration 1017
or qualification is in full force and effect; 1018

(c) The sale is made by a licensed dealer on behalf of the 1019
bona fide owner of those securities in accordance with division 1020
(B) of this section; 1021

(d) Those securities were transported into Ohio in a 1022
transaction of the type described in division (L), (K), or (I) 1023
of this section, or in a transaction registered under division 1024
(A) of section 1707.06 of the Revised Code. 1025

(N) For the purpose of this division and division (M) of 1026
this section, "underwriter" means any person who has purchased 1027
from an issuer with a view to, or sells for an issuer in 1028
connection with, the distribution of any security, or who 1029

participates directly or indirectly in any such undertaking or 1030
in the underwriting thereof, but "underwriter" does not include 1031
a person whose interest is limited to a discount, commission, or 1032
profit from the underwriter or from a dealer that is not in 1033
excess of the customary distributors' or sellers' discount, 1034
commission, or profit; and "issuer" includes any person or any 1035
group of persons acting in concert in the sale of such 1036
securities, owning beneficially one-fourth or more of the 1037
outstanding securities of the class involved in the transactions 1038
in question, with the record owner of securities being deemed 1039
the beneficial owner for this purpose, in the absence of actual 1040
knowledge to the contrary. 1041

(O) (1) The sale of any equity security is exempt if all 1042
the following conditions are satisfied: 1043

(a) The sale is by the issuer of the security. 1044

(b) The total number of purchasers in this state of all 1045
securities issued or sold by the issuer in reliance upon this 1046
exemption during the period of one year ending with the date of 1047
the sale does not exceed ten. A sale of securities registered 1048
under this chapter or sold pursuant to an exemption under this 1049
chapter other than this exemption shall not be integrated with a 1050
sale pursuant to this exemption in computing the number of 1051
purchasers under this exemption. 1052

(c) No advertisement, article, notice, or other 1053
communication published in any newspaper, magazine, or similar 1054
medium or broadcast over television or radio is used in 1055
connection with the sale, but the use of an offering circular or 1056
other communication delivered by the issuer to selected 1057
individuals does not destroy this exemption. 1058

(d) The issuer reasonably believes after reasonable 1059
investigation that the purchaser is purchasing for investment. 1060

(e) The aggregate commission, discount, and other 1061
remuneration, excluding legal, accounting, and printing fees, 1062
paid or given directly or indirectly does not exceed ten per 1063
cent of the initial offering price. 1064

(f) Any such commission, discount, or other remuneration 1065
for sales in this state is paid or given only to dealers or 1066
salespersons registered pursuant to this chapter. 1067

(2) For the purposes of division (O)(1) of this section, 1068
each of the following is deemed to be a single purchaser of a 1069
security: husband and wife, a child and its parent or guardian 1070
when the parent or guardian holds the security for the benefit 1071
of the child, a corporation, a limited liability company, a 1072
partnership, an association or other unincorporated entity, a 1073
joint-stock company, or a trust, but only if the corporation, 1074
limited liability company, partnership, association, entity, 1075
joint-stock company, or trust was not formed for the purpose of 1076
purchasing the security. 1077

(3) As used in division (O)(1) of this section, "equity 1078
security" means any stock or similar security of a corporation 1079
or any membership interest in a limited liability company; or 1080
any security convertible, with or without consideration, into 1081
such a security, or carrying any warrant or right to subscribe 1082
to or purchase such a security; or any such warrant or right; or 1083
any other security that the division considers necessary or 1084
appropriate, by such rules as it may prescribe in the public 1085
interest or for the protection of investors, to treat as an 1086
equity security. 1087

(P) The sale of securities representing interests in or 1088
under profit-sharing or participation agreements relating to oil 1089
or gas wells located in this state, or representing interests in 1090
or under oil or gas leases of real estate situated in this 1091
state, is exempt if the securities are issued by an individual, 1092
partnership, limited partnership, partnership association, 1093
syndicate, pool, trust or trust fund, or other unincorporated 1094
association and if each of the following conditions is complied 1095
with: 1096

(1) The beneficial owners of the securities do not, and 1097
will not after the sale, exceed five natural persons; 1098

(2) The securities constitute or represent interests in 1099
not more than one oil or gas well; 1100

(3) A certificate or other instrument in writing is 1101
furnished to each purchaser of the securities at or before the 1102
consummation of the sale, disclosing the maximum commission, 1103
compensation for services, cost of lease, and expenses with 1104
respect to the sale of such interests and with respect to the 1105
promotion, development, and management of the oil or gas well, 1106
and the total of that commission, compensation, costs, and 1107
expenses does not exceed twenty-five per cent of the aggregate 1108
interests in the oil or gas well, exclusive of any landowner's 1109
rental or royalty; 1110

(4) The sale is made in good faith and not for the purpose 1111
of avoiding this chapter. 1112

(Q) The sale of any security is exempt if all of the 1113
following conditions are satisfied: 1114

(1) The provisions of section 5 of the Securities Act of 1115
1933 do not apply to the sale by reason of an exemption under 1116

section 4 (2) of that act. 1117

(2) The aggregate commission, discount, and other 1118
remuneration, excluding legal, accounting, and printing fees, 1119
paid or given directly or indirectly does not exceed ten per 1120
cent of the initial offering price. 1121

(3) Any such commission, discount, or other remuneration 1122
for sales in this state is paid or given only to dealers or 1123
salespersons registered under this chapter. 1124

(4) The issuer or dealer files with the division of 1125
securities, not later than sixty days after the sale, a report 1126
setting forth the name and address of the issuer, the total 1127
amount of the securities sold under this division, the number of 1128
persons to whom the securities were sold, the price at which the 1129
securities were sold, and the commissions or discounts paid or 1130
given. 1131

(5) The issuer pays a filing fee of one hundred dollars 1132
for the first filing and fifty dollars for every subsequent 1133
filing during each calendar year. 1134

(R) A sale of a money order, travelers' check, or other 1135
instrument for the transmission of money by a person qualified 1136
to engage in such business under Chapter 1315. of the Revised 1137
Code is exempt. 1138

(S) A sale by a licensed dealer of securities that are in 1139
the process of registration under the Securities Act of 1933, 1140
unless exempt under that act, and that are in the process of 1141
registration, if registration is required under this chapter, is 1142
exempt, provided that no sale of that nature shall be 1143
consummated prior to the registration by description or 1144
qualification of the securities. 1145

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

(U) The sale insofar as the security holders of a person are concerned, where, pursuant to statutory provisions of the jurisdiction under which that person is organized or pursuant to provisions contained in its articles of incorporation, certificate of incorporation, partnership agreement, declaration of trust, trust indenture, or similar controlling instrument, there is submitted to the security holders, for their vote or consent, (1) a plan or agreement for a reclassification of securities of that person that involves the substitution of a security of that person for another security of that person, (2) a plan or agreement of merger or consolidation or a similar plan or agreement of acquisition in which the securities of that person held by the security holders will become or be exchanged for securities of any other person, or (3) a plan or agreement for a combination as defined in division (Q) of section 1701.01 of the Revised Code or a similar plan or agreement for the transfer of assets of that person to another person in consideration of the issuance of securities of any person, is exempt if, with respect to any of the foregoing transactions, either of the following conditions is satisfied:

(a) The securities to be issued to the security holders

are effectively registered under sections 6 to 8 of the 1177
Securities Act of 1933 and offered and sold in compliance with 1178
section 5 of that act; 1179

(b) At least twenty days prior to the date on which a 1180
meeting of the security holders is held or the earliest date on 1181
which corporate action may be taken when no meeting is held, 1182
there is submitted to the security holders, by that person, or 1183
by the person whose securities are to be issued in the 1184
transaction, information substantially equivalent to the 1185
information that would be required to be included in a proxy 1186
statement or information statement prepared by or on behalf of 1187
the management of an issuer subject to section 14(a) or 14(c) of 1188
the Securities Exchange Act of 1934. 1189

(V) The sale of any security is exempt if the division by 1190
rule finds that registration is not necessary or appropriate in 1191
the public interest or for the protection of investors. 1192

(W) Any offer or sale of securities made in reliance on 1193
the exemptions provided by Rule 505 of Regulation D made 1194
pursuant to the Securities Act of 1933 and the conditions and 1195
definitions provided by Rules 501 to 503 thereunder is exempt if 1196
the offer or sale satisfies all of the following conditions: 1197

(1) No commission or other remuneration is given, directly 1198
or indirectly, to any person for soliciting or selling to any 1199
person in this state in reliance on the exemption under this 1200
division, except to dealers licensed in this state. 1201

(2) (a) Unless the cause for disqualification is waived 1202
under division (W) (2) (b) of this section, no exemption under 1203
this section is available for the securities of an issuer unless 1204
the issuer did not know and in the exercise of reasonable care 1205

could not have known that any of the following applies to any of 1206
the persons described in Rule 262(a) to (c) of Regulation A 1207
under the Securities Act of 1933: 1208

(i) The person has filed an application for registration 1209
or qualification that is the subject of an effective order 1210
entered against the issuer, its officers, directors, general 1211
partners, controlling persons or affiliates thereof, pursuant to 1212
the law of any state within five years before the filing of a 1213
notice required under division (W) (3) of this section denying 1214
effectiveness to, or suspending or revoking the effectiveness 1215
of, the registration statement. 1216

(ii) The person has been convicted of any offense in 1217
connection with the offer, sale, or purchase of any security or 1218
franchise, or any felony involving fraud or deceit, including, 1219
but not limited to, forgery, embezzlement, fraud, theft, or 1220
conspiracy to defraud. 1221

(iii) The person is subject to an effective administrative 1222
order or judgment that was entered by a state securities 1223
administrator within five years before the filing of a notice 1224
required under division (W) (3) of this section and that 1225
prohibits, denies, or revokes the use of any exemption from 1226
securities registration, prohibits the transaction of business 1227
by the person as a dealer, or is based on fraud, deceit, an 1228
untrue statement of a material fact, or an omission to state a 1229
material fact. 1230

(iv) The person is subject to any order, judgment, or 1231
decree of any court entered within five years before the filing 1232
of a notice required under division (W) (3) of this section, 1233
temporarily, preliminarily, or permanently restraining or 1234
enjoining the person from engaging in or continuing any conduct 1235

or practice in connection with the offer, sale, or purchase of 1236
any security, or the making of any false filing with any state. 1237

(b) (i) Any disqualification under this division involving 1238
a dealer may be waived if the dealer is or continues to be 1239
licensed in this state as a dealer after notifying the 1240
commissioner of the act or event causing disqualification. 1241

(ii) The commissioner may waive any disqualification under 1242
this paragraph upon a showing of good cause that it is not 1243
necessary under the circumstances that use of the exemption be 1244
denied. 1245

(3) Not later than five business days before the earlier 1246
of the date on which the first use of an offering document or 1247
the first sale is made in this state in reliance on the 1248
exemption under this division, there is filed with the 1249
commissioner a notice comprised of offering material in 1250
compliance with the requirements of Rule 502 of Regulation D 1251
under the Securities Act of 1933 and a fee of one hundred 1252
dollars. Material amendments to the offering document shall be 1253
filed with the commissioner not later than the date of their 1254
first use in this state. 1255

(4) The aggregate commission, discount, and other 1256
remuneration paid or given, directly or indirectly, does not 1257
exceed twelve per cent of the initial offering price, excluding 1258
legal, accounting, and printing fees. 1259

(X) Any offer or sale of securities made in reliance on 1260
the exemption provided in Rule 506 of Regulation D under the 1261
Securities Act of 1933, and in accordance with Rules 501 to 503 1262
of Regulation D under the Securities Act of 1933, is exempt 1263
provided that all of the following apply: 1264

(1) The issuer makes a notice filing with the division on 1265
form D of the securities and exchange commission within fifteen 1266
days of the first sale in this state; 1267

(2) Any commission, discount, or other remuneration for 1268
sales of securities in this state is paid or given only to 1269
dealers or salespersons licensed under this chapter; 1270

(3) The issuer pays a filing fee of one hundred dollars to 1271
the division; however, no filing fee shall be required to file 1272
amendments to the form D of the securities and exchange 1273
commission. 1274

(Y) The offer or sale of securities by an issuer is exempt 1275
provided that all of the following apply: 1276

(1) The sale of securities is made only to persons who 1277
are, or who the issuer reasonably believes are, accredited 1278
investors as defined in Rule 501 of Regulation D under the 1279
Securities Act of 1933. 1280

(2) The issuer reasonably believes that all purchasers are 1281
purchasing for investment and not with a view to or for sale in 1282
connection with a distribution of the security. Any resale of a 1283
security sold in reliance on this exemption within twelve months 1284
of sale shall be presumed to be with a view to distribution and 1285
not for investment, except a resale to which any of the 1286
following applies: 1287

(a) The resale is pursuant to a registration statement 1288
effective under section 1707.09 or 1707.091 of the Revised Code. 1289

(b) The resale is to an accredited investor, as defined in 1290
Rule 501 of Regulation D under the Securities Act of 1933. 1291

(c) The resale is to an institutional investor pursuant to 1292

the exemptions under division (B) or (D) of this section. 1293

(3) The exemption under this division is not available to 1294
an issuer that is in the development stage and that either has 1295
no specific business plan or purpose or has indicated that its 1296
business plan is to engage in a merger or acquisition with an 1297
unidentified company or companies, or other entities or persons. 1298

(4) The exemption under this division is not available to 1299
an issuer, if the issuer, any of the issuer's predecessors, any 1300
affiliated issuer, any of the issuer's directors, officers, 1301
general partners, or beneficial owners of ten per cent or more 1302
of any class of its equity securities, any of the issuer's 1303
promoters presently connected with the issuer in any capacity, 1304
any underwriter of the securities to be offered, or any partner, 1305
director, or officer of such underwriter: 1306

(a) Within the past five years, has filed a registration 1307
statement that is the subject of a currently effective 1308
registration stop order entered by any state securities 1309
administrator or the securities and exchange commission; 1310

(b) Within the past five years, has been convicted of any 1311
criminal offense in connection with the offer, purchase, or sale 1312
of any security, or involving fraud or deceit; 1313

(c) Is currently subject to any state or federal 1314
administrative enforcement order or judgment, entered within the 1315
past five years, finding fraud or deceit in connection with the 1316
purchase or sale of any security; 1317

(d) Is currently subject to any order, judgment, or decree 1318
of any court of competent jurisdiction, entered within the past 1319
five years, that temporarily, preliminarily, or permanently 1320
restrains or enjoins the party from engaging in or continuing to 1321

engage in any conduct or practice involving fraud or deceit in 1322
connection with the purchase or sale of any security. 1323

(5) Division (Y) (4) of this section is inapplicable if any 1324
of the following applies: 1325

(a) The party subject to the disqualification is licensed 1326
or registered to conduct securities business in the state in 1327
which the order, judgment, or decree creating the 1328
disqualification was entered against the party described in 1329
division (Y) (4) of this section. 1330

(b) Before the first offer is made under this exemption, 1331
the state securities administrator, or the court or regulatory 1332
authority that entered the order, judgment, or decree, waives 1333
the disqualification. 1334

(c) The issuer did not know and, in the exercise of 1335
reasonable care based on reasonable investigation, could not 1336
have known that a disqualification from the exemption existed 1337
under division (Y) (4) of this section. 1338

(6) A general announcement of the proposed offering may be 1339
made by any means; however, the general announcement shall 1340
include only the following information, unless additional 1341
information is specifically permitted by the division by rule: 1342

(a) The name, address, and telephone number of the issuer 1343
of the securities; 1344

(b) The name, a brief description, and price of any 1345
security to be issued; 1346

(c) A brief description of the business of the issuer; 1347

(d) The type, number, and aggregate amount of securities 1348
being offered; 1349

- (e) The name, address, and telephone number of the person 1350
to contact for additional information; and 1351
- (f) A statement indicating all of the following: 1352
- (i) Sales will only be made to accredited investors as 1353
defined in Rule 501 of Regulation D under the Securities Act of 1354
1933; 1355
- (ii) No money or other consideration is being solicited or 1356
will be accepted by way of this general announcement; 1357
- (iii) The securities have not been registered with or 1358
approved by any state securities administrator or the securities 1359
and exchange commission and are being offered and sold pursuant 1360
to an exemption from registration. 1361
- (7) The issuer, in connection with an offer, may provide 1362
information in addition to the general announcement described in 1363
division (Y)(6) of this section, provided that either of the 1364
following applies: 1365
- (a) The information is delivered through an electronic 1366
database that is restricted to persons that are accredited 1367
investors as defined in Rule 501 of Regulation D under the 1368
Securities Act of 1933. 1369
- (b) The information is delivered after the issuer 1370
reasonably believes that the prospective purchaser is an 1371
accredited investor as defined in Rule 501 of Regulation D under 1372
the Securities Act of 1933. 1373
- (8) No telephone solicitation shall be done, unless prior 1374
to placing the telephone call, the issuer reasonably believes 1375
that the prospective purchaser to be solicited is an accredited 1376
investor as defined in Rule 501 of Regulation D under the 1377

Securities Act of 1933. 1378

(9) Dissemination of the general announcement described in 1379
division (Y)(6) of this section to persons that are not 1380
accredited investors, as defined in Rule 501 of Regulation D 1381
under the Securities Act of 1933, does not disqualify the issuer 1382
from claiming an exemption under this division. 1383

(10) The issuer shall file with the division notice of the 1384
offering of securities within fifteen days after notice of the 1385
offering is made or a general announcement is made in this 1386
state. The filing shall be on forms adopted by the division and 1387
shall include a copy of the general announcement, if one is made 1388
regarding the proposed offering, and copies of any offering 1389
materials, circulars, or prospectuses. A filing fee of one 1390
hundred dollars also shall be included. 1391

(Z) The offer or sale of securities by an OhioInvests 1392
issuer under sections 1707.05 to 1707.058 of the Revised Code is 1393
exempt. 1394

Sec. 1707.04. (A) The division of securities may consider 1395
and conduct hearings upon any plan of reorganization, 1396
recapitalization, or refinancing of a corporation organized 1397
under the laws of this state, or having its principal place of 1398
business within this state, when such plan is proposed by such 1399
corporation or by any of its shareholders or creditors and 1400
contains a proposal to issue securities in exchange for one or 1401
more bona fide outstanding securities, claims, or property 1402
interests, or partly in such exchange or partly for cash. The 1403
division may also approve the terms of such issuance and 1404
exchange and the fairness of such terms, after a hearing upon 1405
such fairness at which all persons to whom it is proposed to 1406
issue securities in such exchange have the right to appear, if 1407

application for such a hearing is made by such corporation, by 1408
the holders of a majority in amount of its debts, or by the 1409
holders of a majority in amount of any outstanding class of 1410
securities issued by it. Notice in person or by mail of the time 1411
and place of such hearing shall be given to all persons to whom 1412
it is proposed to issue such securities, and evidence 1413
satisfactory to the division that such notice has been given 1414
shall be filed with the division. Securities issued in 1415
accordance with a plan so approved by the division are exempt 1416
from sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, 1417
relating to registration or qualification of securities or the 1418
registration of transactions therein. 1419

(B) "Reorganization," "recapitalization," and 1420
"refinancing," as used in this section, include the following: 1421

(1) A readjustment by modification of the terms of 1422
securities by agreement; 1423

(2) A readjustment by the exchange of securities by the 1424
issuer for others of its securities; 1425

(3) The exchange of securities by the issuer for 1426
securities of another issuer; 1427

(4) The acquisition of assets of a person, directly or 1428
indirectly, partly or wholly in consideration for securities 1429
distributed or to be distributed as part of the same 1430
transaction, directly or indirectly, to holders of securities 1431
issued by such person or secured by assets of such person; 1432

(5) A merger or consolidation. 1433

(C) Upon filing an application with the division under 1434
this section, the applicant shall pay to the division a filing 1435
fee of one hundred dollars and shall deposit with the division 1436

such sum, not in excess of one thousand dollars, as the division 1437
requires for the purpose of defraying the costs of the hearing 1438
provided for in this section and of any investigation which the 1439
division may make in connection herewith. 1440

Sec. 1707.042. (A) No person who makes or opposes a 1441
control bid to offerees in this state shall knowingly do any of 1442
the following: 1443

(1) Make any untrue statement of a material fact or omit 1444
to state a material fact necessary in order to make the 1445
statements made, in light of the circumstances under which they 1446
were made, not misleading; 1447

(2) Engage in any act, practice, or course of business 1448
which operates or would operate as a fraud or deceit upon any 1449
such offeree; 1450

(3) Engage in any manipulative act or practice. 1451

(B) Any person who makes or opposes a control bid to 1452
offerees in this state, or who realizes any profit which inures 1453
to and is recoverable by a corporation, formed in this state, 1454
pursuant to section 1707.043 of the Revised Code, is 1455
conclusively presumed to have designated the secretary of state 1456
as its agent for the service of process in any action or 1457
proceeding under this chapter. Upon receipt of any such process, 1458
together with an affidavit showing the last known address of the 1459
person who made or opposed the control bid or who realized such 1460
profit, the secretary of state shall forthwith give notice by 1461
telegraph of the fact of the service of process and forward a 1462
copy of such process to such address by certified mail, return 1463
receipt requested. This section does not affect any right to 1464
serve process in any other manner permitted by law. 1465

(C) Any person who makes or opposes a control bid is 1466
subject to the liabilities and penalties applicable to a seller, 1467
and an offeree is entitled to the remedies applicable to a 1468
purchaser, as set forth in sections 1707.41 to ~~1707.45~~1707.50 1469
of the Revised Code. 1470

(D) In case any provision or application of any provision 1471
of this section is for any reason held to be illegal or invalid, 1472
such illegality or invalidity shall not affect any legal and 1473
valid provision or application of this section. 1474

Sec. 1707.05. As used in sections 1707.05 to 1707.058 of 1475
the Revised Code: 1476

(A) "OhioInvests issuer" means an entity organized under 1477
the laws of this state, other than a general partnership, that 1478
meets all of the following requirements: 1479

(1) The entity satisfies the requirements of 17 C.F.R. 1480
230.147A. 1481

(2) The entity meets at least one of the following 1482
conditions: 1483

(a) The principal office of the entity is located in this 1484
state. 1485

(b) As of the last day of the most recent semiannual 1486
fiscal period of the entity, at least eighty per cent, as 1487
described under 17 C.F.R. 230.147A, of the entity's assets were 1488
located in this state. 1489

(c) (i) The entity derived at least eighty per cent, or 1490
other threshold permitted under 17 C.F.R. 230.147A, of the 1491
entity's gross revenues from the operation of a business in this 1492
state during the previous fiscal year, if the OhioInvests 1493

offering begins during the first six months of the entity's 1494
fiscal year, or during the twelve months ending on the last day 1495
of the sixth month of the entity's current fiscal year, if the 1496
OhioInvests offering begins following the last day. 1497

(ii) Division (A) (2) (c) (i) of this section does not apply 1498
to any entity whose gross revenue during the most recent period 1499
of twelve months did not exceed five thousand dollars. 1500

(3) As to itself or any other person, the entity does not 1501
attempt to limit any liability under, or avoid any prohibition 1502
in, this chapter. 1503

(4) The entity is not any of the following: 1504

(a) Engaged in the business of investing, reinvesting, 1505
owning, holding, or trading in securities, except that the 1506
entity may hold securities of one class in an entity that is not 1507
itself engaged in the business of investing, reinvesting, 1508
owning, holding, or trading in securities; 1509

(b) Subject to the reporting requirement of 15 U.S.C. 78m 1510
and 78o(d); 1511

(c) Issuing fractional undivided interests in oil or gas 1512
rights, or a similar interest in other mineral rights, or 1513
engaging primarily in petroleum, gas, or hydraulic fracturing 1514
exploration, production, mining, or other extractive industries; 1515

(d) Issuing life settlement interests; 1516

(e) Engaged as a substantial part of its business in the 1517
purchase, sale, or development of commercial paper, notes, or 1518
other indebtedness, financial instruments, securities, or real 1519
property; purchasing, selling, or holding for investment 1520
commercial paper, notes, or other indebtedness, financial 1521

instruments, securities, or real property; or otherwise making 1522
investments; 1523

(f) A commodity pool, equipment leasing program, or a real 1524
estate investment trust. 1525

(B) "OhioInvests offering" means an offer, or an offer and 1526
sale, of securities by an OhioInvests issuer that is exempt from 1527
registration under section 1707.051 of the Revised Code. 1528

(C) "OhioInvests portal" means a web site that is operated 1529
by a portal operator for the offer or sale of securities of an 1530
OhioInvests issuer and meets all of the following requirements: 1531

(1) When conducting an OhioInvests offering, it implements 1532
steps to limit web site access to residents of only this state 1533
in accordance with 17 C.F.R. 230.147A. 1534

(2) It does not allow an OhioInvests offering to be viewed 1535
by a prospective purchaser until both of the following occur: 1536

(a) The portal operator verifies, through its exercise of 1537
reasonable steps, such as using a third-party verification 1538
service or as otherwise approved by the division of securities, 1539
that the prospective purchaser is a resident of this state. 1540

(b) The prospective purchaser makes an affirmative 1541
acknowledgment, electronically through the portal, of the 1542
following: 1543

"I am an Ohio resident. 1544

The securities and investment opportunities listed on this 1545
web site involve high-risk, speculative business ventures. If I 1546
choose to invest in any securities or investment opportunity 1547
listed on this web site, I may lose all of my investment, and I 1548
can afford such a loss. 1549

The securities and investment opportunities listed on this 1550
web site have not been reviewed or approved by any state or 1551
federal securities commission or division or other regulatory 1552
authority, and no such person or authority has confirmed the 1553
accuracy or determined the adequacy of any disclosure made to 1554
prospective investors relating to any offering. 1555

If I choose to invest in any securities or investment 1556
opportunity listed on this web site, I understand that the 1557
securities I will acquire may be difficult to transfer or sell, 1558
that there is no ready market for the sale of such securities, 1559
that it may be difficult or impossible for me to sell or 1560
otherwise dispose of this investment at any price, and that, 1561
accordingly, I may be required to hold this investment 1562
indefinitely." 1563

(3) It does not contain the word "OhioInvests" in its 1564
internet address. 1565

(D) "Portal operator" means an entity, including an 1566
issuer, that is authorized to do business in this state, is 1567
licensed with the division of securities under section 1707.054 1568
of the Revised Code or is a licensed dealer, and satisfies any 1569
other conditions determined by the division. 1570

(E) "Executive management" includes executive officers, 1571
directors, governors, and managers. 1572

Sec. 1707.051. Subject to section 1707.058 of the Revised 1573
Code, the offer, sale, and issuance of securities is exempt from 1574
the requirements of sections 1707.08 to 1707.11 of the Revised 1575
Code if all of the following conditions are met: 1576

(A) The issuer is an OhioInvests issuer on the date that 1577
its securities are first offered for sale in the offering and 1578

continuously through the closing of the offering. 1579

(B) The offering meets the requirements of the federal 1580
exemption for intrastate offerings in 17 C.F.R. 230.147A. 1581

(C) The offering expires not more than twelve months after 1582
the offering commences. 1583

(D) In any twelve-month period, the issuer does not raise 1584
more than five million dollars, either in cash or other 1585
consideration, in connection with one or more OhioInvests 1586
offerings. 1587

(E) The issuer uses at least eighty per cent of the net 1588
proceeds of the offering in connection with the operation of its 1589
business in this state. 1590

(F) No single purchaser purchases more than ten thousand 1591
dollars in the aggregate in a twelve-month period of securities 1592
in connection with OhioInvests offerings unless the purchaser is 1593
an accredited investor, as defined in Rule 501 of Regulation D 1594
under the Securities Act of 1933. An accredited investor may 1595
purchase from all OhioInvests offerings in a twelve-month period 1596
up to ten thousand dollars or such greater amount that does not 1597
exceed ten per cent of the accredited investor's annual income 1598
or net worth, whichever is less. 1599

(G) The sale of the securities is conducted exclusively 1600
through an OhioInvests portal. 1601

(H) (1) Subject to division (H) (2) of this section, an 1602
investor may cancel the investment commitment for any reason for 1603
a period of time specified in the issuer's offering materials, 1604
which period shall be at least five business days after the date 1605
of commitment. 1606

(2) During the forty-eight hours prior to the deadline identified in the issuer's offering materials, an investment commitment may not be canceled. 1607
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1609

(I) The issuer requires the portal operator to do all of the following: 1610
1611

(1) Provide or make available to each prospective purchaser through the OhioInvests portal the following, as applicable: 1612
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(a) A copy of the issuer's balance sheet and income statement for the issuer's most recent fiscal year, if the issuer was in existence for that period; 1615
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(b) For offerings beginning more than ninety days after the issuer's most recent fiscal year end or if the issuer was not in existence the previous calendar year, a copy of the issuer's balance sheet as of a date not more than ninety days before the commencement of the offering for the issuer's most recently completed fiscal year, or such shorter portion the issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet. 1618
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(2) Make available to each prospective purchaser through the OhioInvests portal a printable or downloadable disclosure document that meets the requirements of section 1707.052 of the Revised Code; 1627
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(3) Obtain from each prospective purchaser through the OhioInvests portal the certification described in section 1707.053 of the Revised Code, in either written or electronic form. 1631
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1634

(J) All of the following apply: 1635

(1) All payments for the purchase of securities are held 1636
in escrow until the aggregate capital deposited into escrow from 1637
all purchasers is equal to or greater than the stated minimum 1638
offering amount. 1639

(2) The escrow agent used is a bank, trust company, 1640
savings bank, savings association, or credit union authorized to 1641
do business in this state. 1642

(3) Prior to the execution of the escrow agreement between 1643
the issuer and the escrow agent, the escrow agent conducts a 1644
search of the issuer and its executive management, as provided 1645
to the escrow agent by the portal operator, against the 1646
specially designated nationals list maintained by the office of 1647
foreign assets control of the United States department of the 1648
treasury. 1649

(4) The escrow agent is only responsible to act at the 1650
direction of the party establishing the escrow account and does 1651
not have a duty or liability, contractual or otherwise, to an 1652
investor or other person except as set forth in the applicable 1653
escrow agreement or other contract. 1654

(5) If the minimum offering amount is not raised by the 1655
expiration date stipulated in the disclosure document provided 1656
to the purchasers, all purchasers will receive a return of all 1657
their subscription funds. 1658

(K) Not less than ten days before the beginning of an 1659
offering of securities in reliance on the exemption provided 1660
under this section, the issuer provides all of the following to 1661
the division of securities: 1662

(1) A notice of claim of exemption from registration, 1663
specifying that the issuer will be conducting an offering in 1664

reliance on the exemption provided under this section; 1665

(2) A copy of the disclosure document described in section 1666
1707.052 of the Revised Code that will be provided to 1667
prospective purchasers in connection with the offering; 1668

(3) A filing fee of fifty dollars. 1669

(4) Any other information that the division requires from 1670
the issuer or portal for the protection of investors and to 1671
enable the division to determine that the sale of securities is 1672
entitled to an exemption. 1673

(L) The issuer and the portal operator engage in 1674
solicitation and advertising of the OhioInvests offering only if 1675
all of the following apply: 1676

(1) The advertisement contains disclaiming language that 1677
clearly states all of the following: 1678

(a) The advertisement is not the offer and is for 1679
informational purposes only; 1680

(b) The offering is being made in reliance on the 1681
exemption provided under this section; 1682

(c) The offering is directed only to residents of this 1683
state; 1684

(d) All offers and sales are made through an OhioInvests 1685
portal. 1686

(2) In addition to the items listed in division (L)(1) of 1687
this section, the advertisement contains not more than the 1688
following: 1689

(a) The name and contact information of the issuer; 1690

(b) A brief description of the general type of business 1691

<u>conducted by the issuer;</u>	1692
<u>(c) The minimum offering amount the issuer is attempting to raise through its offering;</u>	1693
<u>(d) A description of how the issuer will use the funds raised through the offering;</u>	1694
<u>(e) The duration that the offering will remain open;</u>	1695
<u>(f) The issuer's logo;</u>	1696
<u>(g) The OhioInvests portal through which the offering is being made.</u>	1697
<u>(3) The advertisement complies with all applicable state and federal laws.</u>	1698
<u>(M) Meets such other requirements as the division may, by rule, prescribe for the protection of investors and in the public interest.</u>	1699
<u>Sec. 1707.052. The disclosure document provided to each prospective purchaser through an OhioInvests portal shall contain all of the following:</u>	1700
<u>(A) The following information regarding the OhioInvests issuer:</u>	1701
<u>(1) The type of entity it is;</u>	1702
<u>(2) The address and telephone number of its principal office;</u>	1703
<u>(3) Its formation history for the previous five years;</u>	1704
<u>(4) The identity of all persons owning more than ten per cent of any class of equity interest in the issuer;</u>	1705
<u>(5) The identity of its members, executive management, and</u>	1706

<u>any other persons occupying a similar status or performing</u>	1718
<u>similar functions in the name of and on behalf of the issuer,</u>	1719
<u>including their titles and their relevant experience;</u>	1720
<u>(6) The material facts of its business plan and capital</u>	1721
<u>structure;</u>	1722
<u>(7) Any material risks to the issuer and its business</u>	1723
<u>plan;</u>	1724
<u>(8) Its intended use of the offering proceeds, including</u>	1725
<u>any amounts to be paid, as compensation or otherwise, to an</u>	1726
<u>owner, member, person in executive management, or other person</u>	1727
<u>occupying a similar status or performing similar functions on</u>	1728
<u>behalf of the issuer.</u>	1729
<u>(B) The following information regarding the securities</u>	1730
<u>being offered:</u>	1731
<u>(1) The terms and conditions of the securities and a</u>	1732
<u>description of any outstanding securities of the issuer;</u>	1733
<u>(2) The minimum and maximum amount of securities being</u>	1734
<u>offered;</u>	1735
<u>(3) Either of the following:</u>	1736
<u>(a) The percentage economic ownership of the issuer</u>	1737
<u>represented by the offered securities, assuming the minimum and,</u>	1738
<u>if applicable, maximum number of securities being offered is</u>	1739
<u>sold;</u>	1740
<u>(b) The valuation of the issuer implied by the price of</u>	1741
<u>the offered securities.</u>	1742
<u>(4) The price per share, unit, or interest of the</u>	1743
<u>securities;</u>	1744

<u>(5) Any restrictions on transfer of the securities;</u>	1745
<u>(6) A statement that any future issuance of securities</u>	1746
<u>might dilute the value of the securities being offered;</u>	1747
<u>(7) The date on which the offering will expire.</u>	1748
<u>(C) The identity of and consideration payable to a person</u>	1749
<u>who has been or will be retained by the issuer to assist the</u>	1750
<u>issuer in conducting the offering and sale of the securities,</u>	1751
<u>including a portal operator. This requirement does not apply to</u>	1752
<u>persons acting primarily as accountants or attorneys and</u>	1753
<u>employees whose primary job responsibilities involve operating</u>	1754
<u>the business of the issuer rather than assisting the issuer in</u>	1755
<u>raising capital.</u>	1756
<u>(D) A description of any pending material litigation,</u>	1757
<u>legal proceedings, or regulatory action involving the issuer or</u>	1758
<u>any members, persons in executive management, or other persons</u>	1759
<u>occupying a similar status or performing similar functions in</u>	1760
<u>the name of and on behalf of the issuer;</u>	1761
<u>(E) A copy of the escrow agreement between the escrow</u>	1762
<u>agent, the issuer, and, if applicable, the portal operator;</u>	1763
<u>(F) A statement that the securities have not been</u>	1764
<u>registered under federal or state securities law and that the</u>	1765
<u>securities are subject to limitations on resale;</u>	1766
<u>(G) A statement, printed in boldface type of the minimum</u>	1767
<u>size of ten points, as follows: "IN MAKING AN INVESTMENT</u>	1768
<u>DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE</u>	1769
<u>ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND</u>	1770
<u>RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY</u>	1771
<u>ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER</u>	1772
<u>REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES</u>	1773

HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF 1774
THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL 1775
OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON 1776
TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD 1777
EXCEPT AS PERMITTED BY 17 C.F.R. 230.147A(e) AND THE APPLICABLE 1778
STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION 1779
THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED 1780
TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE 1781
PERIOD OF TIME." 1782

(H) All material information necessary in order to make 1783
the statements made, in light of the circumstances under which 1784
they were made, not misleading and such other information as the 1785
division may require. 1786

Sec. 1707.053. The certification obtained by the portal 1787
operator from each prospective purchaser through an OhioInvests 1788
portal shall, at a minimum, state the following: 1789

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1790

If I make an investment in an offering through this 1791
OhioInvests portal, it is very likely that I am investing in a 1792
high-risk, speculative business venture that could result in the 1793
complete loss of my investment, and I need to be able to afford 1794
such a loss. 1795

This offering has not been reviewed or approved by any 1796
state or federal securities commission or division or other 1797
regulatory authority and that no such person or authority has 1798
confirmed the accuracy or determined the adequacy of any 1799
disclosure made to me relating to this offering. 1800

If I make an investment in an offering through this 1801
OhioInvests portal, it is very likely that the investment will 1802

be difficult to transfer or sell and, accordingly, I may be 1803
required to hold the investment indefinitely. 1804

By entering into this transaction with the company, I am 1805
affirmatively representing myself as being an Ohio resident at 1806
the time that this contract is formed, and if this 1807
representation is subsequently shown to be false, the contract 1808
is void." 1809

Sec. 1707.054. (A) No person other than a dealer licensed 1810
under this chapter shall offer or sell securities pursuant to an 1811
OhioInvests offering or otherwise act as a portal operator 1812
unless the person is licensed as a portal operator by the 1813
division of securities or is transacting business through a 1814
portal operator licensed by the division. Application for a 1815
portal operator's license shall be made in accordance with this 1816
section and by filing with the division of securities the 1817
information, materials, and forms specified in rules adopted by 1818
the division, along with all of the following: 1819

(1) An application in the form prescribed by the division 1820
and all applicable schedules and supplemental information; 1821

(2) A copy of the articles of incorporation or other 1822
documents that indicate the entity's form of organization; 1823

(3) The filing fee as prescribed in section 1707.17 of the 1824
Revised Code. 1825

(B) If the division approves the entity as a portal 1826
operator, the division shall issue a license certificate to the 1827
entity. 1828

Sec. 1707.055. No portal operator that is not also a 1829
licensed dealer shall do any of the following: 1830

(A) Offer investment advice or recommendations, or solicit 1831
the purchase or sale of securities. For purposes of this 1832
division, a portal operator shall not be considered to be 1833
offering investment advice or recommendations merely because it 1834
selects, or may perform due diligence with respect to, issuers 1835
or offerings to be listed or merely because it provides general 1836
investor educational materials. 1837

(B) Provide transaction-based compensation for securities 1838
sold under this chapter to employees, agents, or other persons 1839
unless the employees, agents, or other persons are licensed 1840
under this chapter and permitted to receive such compensation. 1841

(C) Charge a fee to the issuer for an offering of 1842
securities on an OhioInvests portal unless the fee is one of the 1843
following: 1844

(1) A fixed amount for each offering; 1845

(2) A variable amount based on the length of time that the 1846
securities are offered on the portal; 1847

(3) A combination of such fixed or variable amounts. 1848

(D) Hold, manage, possess, or otherwise handle purchaser 1849
funds or securities, unless the portal operator is the issuer. 1850

(E) No portal operator shall allow its officers, 1851
directors, or partners, or any person occupying similar status 1852
or performing similar function, to have a financial interest in 1853
an OhioInvests issuer using the services of the portal operator, 1854
or receive a financial interest in the OhioInvests issuer as 1855
compensation for services provided to, or for the benefit of, 1856
the OhioInvests issuer, in connection with the offer and sale of 1857
its securities. 1858

Sec. 1707.056. (A) Each portal operator shall do all of
the following: 1859
1860

(1) Provide the division of securities with read-only
access to the administrative sections of its OhioInvests portal; 1861
1862

(2) Upon the written request of the division, furnish to
the division any of the records required to be maintained and
preserved under section 1707.057 of the Revised Code. 1863
1864
1865

(3) Take reasonable efforts to verify that no purchaser
exceeds the purchase limitations set forth in division (F) of
section 1707.051 of the Revised Code. 1866
1867
1868

(B)(1) A portal operator shall not disclose, except to the
division of securities, personal information without the written
or electronic consent of the prospective purchaser or purchaser.
For purposes of division (B) of this section, "personal
information" means information provided to a portal operator by
a prospective purchaser or purchaser that identifies, or can be
used to identify, the prospective purchaser or purchaser. 1869
1870
1871
1872
1873
1874
1875

(2) Division (B)(1) of this section does not apply with
respect to records required to be furnished to the division
under division (A)(2) of this section, the disclosure of
personal information to an OhioInvests issuer relating to its
OhioInvests offering, or the disclosure of personal information
to the extent required or authorized under other law. 1876
1877
1878
1879
1880
1881

Sec. 1707.057. (A) Each portal operator shall maintain and
preserve, for a period of at least five years from either the
date of the closing or date of the termination of the securities
offering, all of the following: 1882
1883
1884
1885

(1) The name of each issuer whose securities have been
listed on its OhioInvests portal and the full name, residential 1886
1887

address, social security number, date of birth, and copy of a 1888
state-issued identification of all owners with greater than ten 1889
per cent voting equity in the issuer; 1890

(2) Copies of all offering materials that have been 1891
displayed on its OhioInvests portal; 1892

(3) The names and other personal information of each 1893
purchaser who has registered at its OhioInvests portal; 1894

(4) Any agreements and contracts between the portal 1895
operator and an issuer; 1896

(5) Any information used to establish that a prospective 1897
purchaser or purchaser of securities through its OhioInvests 1898
portal is a resident of this state and that an issuer whose 1899
securities are listed on the portal has its principal office in 1900
this state; 1901

(6) Any other records the division requires by rule to be 1902
maintained and preserved. 1903

(B) (1) The records described in division (A) of this 1904
section shall be maintained and preserved in a manner, including 1905
by any electronic storage media, that does all of the following: 1906

(a) Permits the immediate location of any particular 1907
document; 1908

(b) Retains the documents exclusively in a nonrewriteable, 1909
nonerasable format; 1910

(c) Verifies automatically the quality and accuracy of the 1911
storage recording process; 1912

(d) Serializes the originals; 1913

(e) Allows indexes and records preserved to be downloaded 1914

to an acceptable medium. 1915

(2) If the records retention system commingles records 1916
required to be retained under this section with other records, 1917
the division of securities may review all of the commingled 1918
records. 1919

(C) Notwithstanding divisions (A) and (B) of this section, 1920
the failure of a portal operator that is not the issuer to 1921
comply with those divisions does not affect the OhioInvests 1922
issuers' exemption from registration under section 1707.051 of 1923
the Revised Code. 1924

Sec. 1707.058. (A) As used in this section, "affiliated 1925
party" means any of the following: 1926

(1) Any predecessor to the issuer; 1927

(2) Any affiliated issuer; 1928

(3) Any director, executive officer, other officer 1929
participating in the offering, general partner, or managing 1930
member of the issuer; 1931

(4) Any beneficial owner of twenty per cent or more of the 1932
issuer's outstanding voting equity securities, calculated on the 1933
basis of voting power; 1934

(5) Any promoter connected with the issuer in any capacity 1935
at the time of the sale; 1936

(6) Any investment manager of an issuer that is a pooled 1937
investment fund; 1938

(7) Any general partner or managing member of any 1939
investment manager participating in the offering; 1940

(8) Any director, executive officer, or other officer 1941

participating in the offering of any investment manager or 1942
general partner or managing member of the investment manager 1943
participating in the offering. 1944

(B) The exemption from registration provided under section 1945
1707.051 of the Revised Code is not available with respect to an 1946
offer, sale, and issuance of securities if the issuer of the 1947
securities or any affiliated party: 1948

(1) Has been convicted, within ten years before the 1949
offering of any felony or misdemeanor: 1950

(a) In connection with the purchase or sale of any 1951
security; 1952

(b) Involving the making of any false filing with the 1953
securities and exchange commission or a state securities 1954
commissioner; or 1955

(c) Arising out of the conduct of the business of an 1956
underwriter, broker, dealer, municipal securities dealer, 1957
investment adviser, or paid solicitor of purchasers of 1958
securities. 1959

(2) Is subject to any order, judgment, or decree of any 1960
court of competent jurisdiction, entered within five years 1961
before the sale, that, at the time of the sale, restrains or 1962
enjoins the person from engaging or continuing to engage in any 1963
conduct or practice: 1964

(a) In connection with the purchase or sale of any 1965
security; 1966

(b) Involving the making of any false filing with the 1967
securities and exchange commission or a state securities 1968
commissioner; or 1969

(c) Arising out of the conduct of the business of an 1970
underwriter, broker, dealer, municipal securities dealer, 1971
investment adviser, or paid solicitor of purchasers of 1972
securities. 1973

(3) Is subject to a final order of the securities and 1974
exchange commission; a state securities commission or an agency 1975
or officer of a state performing like functions; a state 1976
authority that supervises or examines banks, savings 1977
associations, or credit unions; a state insurance commission or 1978
an agency or officer of a state performing like functions; an 1979
appropriate federal banking agency; the United States commodity 1980
futures trading commission; or the national credit union 1981
administration that: 1982

(a) At the time of the offering, bars the person from 1983
associating with an entity regulated by the commission, 1984
authority, agency, or officer; engaging in the business of 1985
securities, insurance, or banking; or engaging in savings 1986
association or credit union activities; or 1987

(b) Constitutes a final order based on a violation of any 1988
law or regulation that prohibits fraudulent, manipulative, or 1989
deceptive conduct entered within ten years before the offering. 1990

(4) Is subject to an order of the securities and exchange 1991
commission entered pursuant to 15 U.S.C. 78o(b), 78o-4(c), 80b- 1992
3(e), or 80b-3(f), or an order of a state securities commission 1993
or an agency or officer of a state performing like functions, 1994
that, at the time of the offering, does any of the following: 1995

(a) Suspends or revokes the person's license or 1996
registration as a broker, dealer, municipal securities dealer, 1997
or investment adviser; 1998

<u>(b) Places limitations on the activities, functions, or operations of the person;</u>	1999
	2000
<u>(c) Bars the person from being associated with any entity or from participating in the offering of any penny stock.</u>	2001
	2002
<u>(5) Is subject to any order of the securities exchange commission, or an order of a state securities commission or an agency or officer of a state performing like functions, entered within ten years before the sale, that, at the time of the sale, orders the person to cease and desist from committing or causing a violation or future violation of any of the following:</u>	2003
	2004
	2005
	2006
	2007
	2008
<u>(a) Any scienter-based antifraud provision of the federal securities laws, including, but not limited to, 15 U.S.C. 77q(a)(1), 78j(b), 78o(c)(1), and 80b-6(1), and 17 C.F.R. 240.10b-5 or any other regulation adopted thereunder;</u>	2009
	2010
	2011
	2012
<u>(b) 15 U.S.C. 77e, division (C)(1) of section 1707.44 of the Revised Code, or any state securities law that requires the registration of securities;</u>	2013
	2014
	2015
<u>(c) Any state securities law requiring state registration as a broker dealer, investment adviser, agent, salesperson, investment adviser, or OhioInvests portal;</u>	2016
	2017
	2018
<u>(d) Any state securities law involving fraudulent, manipulative, or deceptive conduct.</u>	2019
	2020
<u>(6) Is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;</u>	2021
	2022
	2023
	2024
	2025
	2026

(7) Has filed as a registrant or issuer, or was or was 2027
named as an underwriter in, any registration statement or 2028
Regulation A offering statement filed with the securities and 2029
exchange commission or a state securities commissioner that, 2030
within five years before the sale, was the subject of a refusal 2031
order, stop order, or order suspending the Regulation A 2032
exemption; 2033

(8) Is, at the time of the sale, the subject of an 2034
investigation or proceeding to determine whether a stop order or 2035
a suspension order of the type described in division (B) (7) of 2036
this section should be issued; 2037

(9) Is subject to a United States postal service false 2038
representation order entered within five years before the 2039
offering; 2040

(10) Is, at the time of the offering, subject to a 2041
temporary restraining order or preliminary injunction with 2042
respect to conduct alleged by the United States postal service 2043
to constitute a scheme or device for obtaining money or property 2044
through the mail by means of false representations. 2045

(C) Division (B) of this section does not apply: 2046

(1) With respect to any conviction, order, judgment, 2047
decree, suspension, expulsion, or bar that occurred or was 2048
issued before the effective date of this section; 2049

(2) Upon a showing of good cause and without prejudice to 2050
any other action by the securities and exchange commission or a 2051
state securities commissioner, if the division determines that 2052
it is not necessary under the circumstance that an exemption be 2053
denied; 2054

(3) If, before the relevant offering, the court of 2055

regulatory authority that entered the relevant order, judgment, 2056
or decree advises in writing that the disqualification under 2057
division (B) of this section should not arise as a consequence 2058
of the order, judgment, or decree, whether the advice is 2059
contained in the relevant judgment, order, or decree or 2060
separately to the securities and exchange commission or a state 2061
securities commissioner or their staff; or 2062

(4) If the issuer establishes to the division that it did 2063
not know and, in the exercise of reasonable care, could not have 2064
known that a disqualification existed under division (B) of this 2065
section. 2066

(D) For purposes of division (B) of this section, events 2067
relating to any affiliated issuer that occurred before the 2068
affiliation arose will not be considered disqualifying if the 2069
affiliated entity is not either of the following: 2070

(1) In control of the issuer; 2071

(2) Under common control with the issuer by a third party 2072
that was in control of the affiliated entity at the time of the 2073
events. 2074

Sec. 1707.10. Any securities required by sections 1707.01 2075
to ~~1707.45~~1707.50, inclusive, of the Revised Code, to be 2076
registered by qualification before being sold in this state may 2077
be offered for sale and sold preliminary to and pending their 2078
full qualification, where the division of securities is 2079
satisfied that the issuer is solvent and of good business repute 2080
and that such preliminary offering will not deceive or tend to 2081
deceive the public; but no such preliminary offering shall be 2082
made until the division consents thereto in writing, and such 2083
consent shall be on condition that within thirty days from the 2084

date thereof, or within such further time as the division 2085
allows, there is filed in the office of the division application 2086
under such sections for the full qualification of said 2087
securities, or for a registration of such securities by 2088
description if, within such time, such securities become 2089
entitled to registration by description; and the entire proceeds 2090
of the sale of such securities, without deduction for 2091
commissions or other charges, shall be segregated or deposited 2092
in escrow in such manner and for such time as the division 2093
directs. 2094

No applicant which is an issuer not a resident of this 2095
state shall be entitled to the benefit of this section unless 2096
there shall also be on file with the division a consent to 2097
service as provided in section 1707.11 of the Revised Code. 2098

At the time of filing the statement prescribed in this 2099
section, the applicant shall pay to the division the filing fee 2100
prescribed by section 1707.09 of the Revised Code; and upon 2101
receipt of notice of the division's favorable action on the 2102
application, the applicant shall pay to the division the 2103
registration fee prescribed by such section for the 2104
qualification of securities. 2105

If the dealer is unable to complete such qualification or 2106
such registration by description, or if the division, acting 2107
upon more complete information furnished or obtained from its 2108
examination, does not finally register such security by 2109
description or qualification, the issuer or dealer who has sold 2110
it or offered it for sale shall withdraw the security from the 2111
market and return or tender to purchasers of the security, 2112
within such time as the division specifies, the amounts paid for 2113
it by them. 2114

Sec. 1707.13. The division of securities may suspend the 2115
registration by description or by qualification of any 2116
securities, or the right of any dealers or of the issuer, or of 2117
both, to buy, sell, or deal in any particular security whether 2118
it is registered, qualified, or exempt or even though 2119
transactions in it are registered or exempt, if the division 2120
finds that the issuer has violated sections 1707.01 to 2121
~~1707.45~~1707.50, inclusive, of the Revised Code, or any lawful 2122
order or requirement of the division, has fraudulently conducted 2123
its business, or has been engaged in or is engaged or about to 2124
engage in deceptive or fraudulent acts, practices, or 2125
transactions; that such security is being disposed of or 2126
purchased on grossly unfair terms, in such manner as to deceive 2127
or defraud or as to tend to deceive or defraud purchasers or 2128
sellers, or in disregard of the lawful rules and regulations of 2129
the division applicable to such security or to transactions 2130
therein; or, in the case of securities being sold under a 2131
registration or qualification, that the issuer is insolvent. 2132
Notice of such suspension shall be mailed by the division to the 2133
issuer and to all licensed dealers concerned. Such notice shall 2134
specify the particular security whose registration is being 2135
suspended and shall set a date, not more than ten days later 2136
than the date of the order of suspension, for a hearing on the 2137
continuation or revocation of such suspension. For good cause 2138
the division may continue such hearing on application of any 2139
interested party. In conducting such hearing the division shall 2140
have all the authority and powers set forth in section 1707.23 2141
of the Revised Code. Following such hearing the division shall 2142
either confirm or revoke such suspension. No such suspension 2143
shall invalidate any sale of securities made prior thereto; and 2144
the rights of persons defrauded by any sale shall in no wise be 2145
impaired. 2146

If the issuer of a security refuses to permit an examination to be made by the division of its books, records, and property, or refuses to furnish the division any information which it may lawfully require under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised Code, such refusal is a sufficient ground for the division to suspend the registration by description or by qualification of such security, or the right of any dealers or of the issuer, or of both, to buy, sell, or deal in such security.

If any interested party desires an investigation at a place other than the office of the division, such person may be required by the division to advance sufficient funds to pay the actual expenses of such investigation.

Whenever the division determines, upon hearing, that any application for qualification was made, or that any securities or any transaction was registered by description, by a person who knew that untrue statements were contained in such application or description, the division may proceed under sections 1707.19, 1707.23, and 1707.44 of the Revised Code, or any of them, against the person who filed such application or such registration by description.

Sec. 1707.161. (A) No person shall act as an investment adviser representative, unless one of the following applies:

(1) The person is licensed as an investment adviser representative by the division of securities.

(2) The person is a natural person who is licensed as an investment adviser by the division, and does not act as an investment adviser representative for another investment adviser; however, a natural person who is licensed as an

investment adviser by the division may act as an investment 2176
adviser representative for another investment adviser if the 2177
natural person also is licensed by the division, or is properly 2178
excepted from licensure, as an investment adviser representative 2179
of the other investment adviser. 2180

(3) The person is employed by or associated with an 2181
investment adviser registered under section 203 of the 2182
"Investment Advisers Act of 1940," 15 U.S.C. 80b-3, and does not 2183
have a place of business in this state. 2184

(4) The person is employed by or associated with an 2185
investment adviser that is excepted from licensure pursuant to 2186
division (A) (3), (4), (5), or (6) of section 1707.141 of the 2187
Revised Code or excepted from notice filing pursuant to division 2188
(B) (3) of section 1707.141 of the Revised Code. 2189

(B) (1) No investment adviser representative required to be 2190
licensed under this section shall act as an investment adviser 2191
representative for more than two investment advisers. An 2192
investment adviser representative that acts as an investment 2193
adviser representative for two investment advisers shall do so 2194
only after the occurrence of both of the following: 2195

(a) Being properly licensed, or properly excepted from 2196
licensure under this section, as an investment adviser 2197
representative for both investment advisers; 2198

(b) Complying with the requirements set forth in rules 2199
adopted by the division regarding consent of both investment 2200
advisers and notice. 2201

(2) Nothing in this section shall be construed to prohibit 2202
a natural person from being licensed by the division as both an 2203
investment adviser and an investment adviser representative. 2204

(3) Nothing in this section shall be construed to prohibit 2205
a natural person from being licensed by the division as both a 2206
salesperson and an investment adviser representative. 2207

(4) Nothing in this section shall be construed to prohibit 2208
a natural person from being licensed by the division as both a 2209
dealer and an investment adviser representative. 2210

(C) An investment adviser representative's license issued 2211
under this section shall not be effective during any period when 2212
the investment adviser representative is not employed by or 2213
associated with an investment adviser that is licensed by the 2214
division or that is in compliance with the notice filing 2215
requirements of division (B) of section 1707.141 of the Revised 2216
Code. Notice of the commencement and termination of the 2217
employment or association of an investment adviser 2218
representative licensed under this section shall be given to the 2219
division within thirty days after the commencement or 2220
termination by either of the following: 2221

(1) The investment adviser, in the case of an investment 2222
adviser representative licensed under this section and employed 2223
by or associated with, or formerly employed by or associated 2224
with, an investment adviser licensed under section 1707.141 of 2225
the Revised Code; 2226

(2) The investment adviser representative, in the case of 2227
an investment adviser representative licensed under this section 2228
and employed by or associated with, or formerly employed by or 2229
associated with, an investment adviser that is subject to the 2230
notice filings requirements of division (B) of section 1707.141 2231
of the Revised Code. 2232

(D) (1) Application for an investment adviser 2233

representative license shall be made in accordance with this 2234
section and by filing with the division the information, 2235
materials, and forms specified in rules adopted by the division. 2236

(2) The division shall by rule require an applicant to 2237
pass an examination designated by the division or achieve a 2238
specified professional designation. 2239

(3) Prior to issuing the investment adviser representative 2240
license, the division may require the applicant to reimburse the 2241
division for the actual expenses incurred in investigating the 2242
applicant. An itemized statement of any such expenses that the 2243
applicant is required to pay shall be furnished to the applicant 2244
by the division. 2245

(E) If the division finds that the applicant is of good 2246
business repute, appears to be qualified to act as an investment 2247
adviser representative, and has complied with sections 1707.01 2248
to ~~1707.45~~ 1707.50 of the Revised Code and the rules adopted 2249
under those sections by the division, the division, upon payment 2250
of the fees prescribed by division (B) of section 1707.17 of the 2251
Revised Code, shall issue to the applicant a license authorizing 2252
the applicant to act as an investment adviser representative for 2253
the investment adviser, or investment advisers that are under 2254
common ownership or control, named in the application. 2255

Sec. 1707.17. (A) (1) The license of every dealer in and 2256
salesperson of securities shall expire on the thirty-first day 2257
of December of each year, and may be renewed upon the filing 2258
with the division of securities of an application for renewal, 2259
and the payment of the fee prescribed in this section. The 2260
division shall give notice, without unreasonable delay, of its 2261
action on any application for renewal of a dealer's or 2262
salesperson's license. 2263

(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.

(3) An investment adviser required to make a notice filing under division (B) of section 1707.141 of the Revised Code annually shall file with the division the notice filing and the fee prescribed in division (B) of this section, no later than the thirty-first day of December of each year.

(4) The license of every state retirement system investment officer licensed under section 1707.163 of the Revised Code and the license of a bureau of workers' compensation chief investment officer issued under section 1707.165 of the Revised Code shall expire on the thirtieth day of June of each year. The licenses may be renewed on 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.

(5) The license of every portal operator licensed under section 1707.054 of the Revised Code shall expire on the thirty-first day of December of each year. The license may be renewed upon the filing with the division an application for renewal, and 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.

(B) (1) The fee for each dealer's license, and for each annual renewal thereof, shall be two hundred dollars.	2294 2295
(2) The fee for each salesperson's license, and for each annual renewal thereof, shall be sixty dollars.	2296 2297
(3) The fee for each investment adviser's license, and for each annual renewal thereof, shall be one hundred dollars.	2298 2299
(4) The fee for each investment adviser notice filing required by division (B) of section 1707.141 of the Revised Code shall be one hundred dollars.	2300 2301 2302
(5) The fee for each investment adviser representative's license, and for each annual renewal thereof, shall be thirty-five dollars.	2303 2304 2305
(6) The fee for each state retirement system investment officer's license, and for each annual renewal thereof, shall be fifty dollars.	2306 2307 2308
(7) The fee for a bureau of workers' compensation chief investment officer's license, and for each annual renewal thereof, shall be fifty dollars.	2309 2310 2311
<u>(8) The fee for a portal operator license, and for each annual renewal thereof, shall be one hundred dollars.</u>	2312 2313
(C) A dealer's, salesperson's, investment adviser's, investment adviser representative's, bureau of workers' compensation chief investment officer's, or state retirement system investment officer's, <u>or portal operator's</u> license may be issued at any time for the remainder of the calendar year. In that event, the annual fee shall not be reduced.	2314 2315 2316 2317 2318 2319
(D) The division may, by rule or order, waive, in whole or in part, any of the fee requirements of this section for any	2320 2321

person or class of persons if, in the same calendar year, the 2322
person or class of persons is required to pay an additional fee 2323
as a result of changes in federal law and regulations 2324
implemented under Title IV of the "Dodd-Frank Wall Street Reform 2325
and Consumer Protection Act of 2010," 124 Stat. 1576 (2010), 15 2326
U.S.C. 80b-3a(a), under which a person or class of persons 2327
formerly subject to regulation under the United States 2328
securities and exchange commission is subject to state 2329
regulation under Chapter 1707. of the Revised Code. 2330

Sec. 1707.19. (A) An original license, or a renewal 2331
thereof, applied for by a dealer or salesperson of securities, 2332
or by an investment adviser, investment adviser representative, 2333
bureau of workers' compensation chief investment officer, ~~or~~ 2334
state retirement system investment officer, or portal operator 2335
as defined in section 1707.05 of the Revised Code may be 2336
refused, and any such license granted may be suspended and, 2337
after notice and hearing in accordance with Chapter 119. of the 2338
Revised Code, may be revoked, by the division of securities, if 2339
the division determines that the applicant or the licensed 2340
dealer, salesperson, investment adviser, investment adviser 2341
representative, bureau of workers' compensation chief investment 2342
officer, or state retirement system investment officer: 2343

(1) Is not of good business repute; 2344

(2) Is conducting an illegitimate or fraudulent business; 2345

(3) Is, in the case of a dealer~~or~~, investment adviser, 2346
or portal operator, insolvent; 2347

(4) Has knowingly violated any provision of sections 2348
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or any 2349
regulation or order made thereunder; 2350

(5) Has knowingly made a false statement of a material 2351
fact or an omission of a material fact in an application for a 2352
license, in a description or application that has been filed, or 2353
in any statement made to the division under such sections; 2354

(6) Has refused to comply with any lawful order or 2355
requirement of the division under section 1707.23 of the Revised 2356
Code; 2357

(7) Has been guilty of any fraudulent act in connection 2358
with the sale of any securities or in connection with acting as 2359
an investment adviser, investment adviser representative, bureau 2360
of workers' compensation chief investment officer, ~~or~~-state 2361
retirement system investment officer, or portal operator; 2362

(8) Conducts business in purchasing or selling securities 2363
at such variations from the existing market as in the light of 2364
all the circumstances are unconscionable; 2365

(9) Conducts business in violation of such rules and 2366
regulations as the division prescribes for the protection of 2367
investors, clients, or prospective clients; 2368

(10) (a) Has failed to furnish to the division any 2369
information with respect to the purchases or sales of securities 2370
within this state that may be reasonably requested by the 2371
division as pertinent to the protection of investors in this 2372
state. 2373

(b) Has failed to furnish to the division any information 2374
with respect to acting as an investment adviser, investment 2375
adviser representative, bureau of workers' compensation chief 2376
investment officer, ~~or~~-state retirement system investment 2377
officer, or portal operator within this state that may be 2378
reasonably requested by the division. 2379

(B) For the protection of investors the division may 2380
prescribe reasonable rules defining fraudulent, evasive, 2381
deceptive, or grossly unfair practices or devices in the 2382
purchase or sale of securities. 2383

(C) For the protection of investors, clients, or 2384
prospective clients, the division may prescribe reasonable rules 2385
regarding the acts and practices of an investment adviser or an 2386
investment adviser representative. 2387

(D) For the protection of investors, the division may 2388
prescribe reasonable rules regarding the acts and practices of a 2389
portal operator. 2390

(E) Pending any investigation or hearing provided for in 2391
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, the 2392
division may order the suspension of any dealer's, 2393
salesperson's, investment adviser's, investment adviser 2394
representative's, bureau of workers' compensation chief 2395
investment officer's, ~~or~~ state retirement system investment 2396
officer's, or portal operator's license by notifying the party 2397
concerned of such suspension and the cause for it. If it is a 2398
salesperson whose license is suspended, the division shall also 2399
notify the dealer employing the salesperson. If it is an 2400
investment adviser representative whose license is suspended, 2401
the division also shall notify the investment adviser with whom 2402
the investment adviser representative is employed or associated. 2403
If it is a state retirement system investment officer whose 2404
license is suspended, the division shall also notify the state 2405
retirement system with whom the state retirement system 2406
investment officer is employed. If it is a bureau of workers' 2407
compensation chief investment officer whose license is 2408
suspended, the division shall also notify the bureau of workers' 2409

compensation. 2410

~~(E)~~ (F) (1) The suspension or revocation of the dealer's 2411
license suspends the licenses of all the dealer's salespersons. 2412

(2) The suspension or revocation of the investment 2413
adviser's license suspends the licenses of all the investment 2414
adviser's investment adviser representatives. The suspension or 2415
revocation of an investment adviser's registration under section 2416
203 of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3, 2417
suspends the licenses of all the investment adviser's investment 2418
adviser representatives. 2419

~~(F)~~ (G) It is sufficient cause for refusal, revocation, or 2420
suspension of the license in case of a partnership, partnership 2421
association, corporation, or unincorporated association if any 2422
general partner of the partnership, manager of the partnership 2423
association, or executive officer of the corporation or 2424
unincorporated association is not of good business repute or has 2425
been guilty of any act or omission which would be cause for 2426
refusing or revoking the license of an individual dealer, 2427
salesperson, investment adviser, ~~or~~ investment adviser 2428
representative, or portal operator. 2429

Sec. 1707.20. (A) (1) The division of securities may adopt, 2430
amend, and rescind such rules, forms, and orders as are 2431
necessary to carry out sections 1707.01 to ~~1707.45~~ 1707.50 of 2432
the Revised Code, including rules and forms governing 2433
registration statements, applications, and reports, and defining 2434
any terms, whether or not used in sections 1707.01 to ~~1707.45~~ 2435
1707.50 of the Revised Code, insofar as the definitions are not 2436
inconsistent with these sections. For the purpose of rules and 2437
forms, the division may classify securities, persons, and 2438
matters within its jurisdiction, and prescribe different 2439

requirements for different classes. 2440

(2) Notwithstanding sections 121.71 to 121.76 of the 2441
Revised Code, the division may incorporate by reference into its 2442
rules any statute enacted by the United States congress or any 2443
rule, regulation, or form promulgated by the securities and 2444
exchange commission, or by another federal agency, in a manner 2445
that also incorporates all future amendments to the statute, 2446
rule, regulation, or form. 2447

(B) No rule, form, or order may be made, amended, or 2448
rescinded unless the division finds that the action is necessary 2449
or appropriate in the public interest or for the protection of 2450
investors, clients, prospective clients, state retirement 2451
systems, or the workers' compensation system and consistent with 2452
the purposes fairly intended by the policy and provisions of 2453
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code. In 2454
prescribing rules and forms and in otherwise administering 2455
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, the 2456
division may cooperate with the securities administrators of the 2457
other states and the securities and exchange commission with a 2458
view of effectuating the policy of this section to achieve 2459
maximum uniformity in the form and content of registration 2460
statements, applications, reports, and overall securities 2461
regulation wherever practicable. 2462

(C) The division may ~~by rule or order~~ prescribe: 2463

(1) The form and content of financial statements required 2464
under sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code; 2465

(2) The circumstances under which consolidated financial 2466
statements will be filed; 2467

(3) Whether any required financial statements shall be 2468

~~certified audited~~ by independent ~~or~~ certified public 2469
accountants, specifying by rule the criteria necessary to be 2470
granted a hardship exemption from the audit requirement. All 2471
financial statements shall be prepared in accordance with 2472
generally accepted accounting ~~practices~~ principles and comply 2473
with other requirements specified by rule adopted or order 2474
issued under sections 1707.01 to 1707.50 of the Revised Code. 2475

(D) All rules and forms of the division shall be 2476
published; and in addition to fulfilling the requirements of 2477
Chapter 119. of the Revised Code, the division shall prescribe, 2478
and shall publish and make available its rules regarding the 2479
sale of securities, the administration of sections 1707.01 to 2480
~~1707.45-1707.50~~ of the Revised Code, and the procedure and 2481
practice before the division. 2482

(E) (1) No provision of sections 1707.01 to ~~1707.45-1707.50~~ 2483
of the Revised Code imposing any liability applies to any act 2484
done or omitted in good faith in conformity with any rule, form, 2485
or order of the division of securities, notwithstanding that the 2486
rule, form, or order may later be amended or rescinded or be 2487
determined by judicial or other authority to be invalid for any 2488
reason, except that the issuance of an order granting 2489
effectiveness to a registration under section 1707.09 or 2490
1707.091 of the Revised Code for the purposes of this division 2491
shall not be deemed an order other than as the establishment of 2492
the fact of registration. 2493

(2) No provision of sections 1707.01 to ~~1707.45-1707.50~~ of 2494
the Revised Code imposing any liability, penalty, sanction, or 2495
disqualification applies to any act done or omitted in good 2496
faith in conformity with either of the following: 2497

(a) Any provision of sections 1707.01 to ~~1707.45-1707.50~~ 2498

of the Revised Code that incorporates by reference a federal statute, rule, regulation, or form;

(b) Any rule, form, or order of the division that incorporates by reference a federal statute, rule, regulation, or form.

Division (E) (2) of this section applies notwithstanding that the incorporation by reference, or any application of the incorporated provision, is later determined by judicial or other authority to be unconstitutional or invalid for any reason.

Sec. 1707.21. In so far as any information required to be filed with the division of securities under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised Code, is contained in a registration statement filed with the securities and exchange commission of the United States and such registration statement is in effect, such required information may, with the consent of the division, be furnished by filing with the division a copy of such registration statement together with an affidavit of an interested party that it is in effect.

Sec. 1707.23. Whenever it appears to the division of securities, from its files, upon complaint, or otherwise, that any person has engaged in, is engaged in, or is about to engage in any practice declared to be illegal or prohibited by this chapter or rules adopted under this chapter by the division, or defined as fraudulent in this chapter or rules adopted under this chapter by the division, or any other deceptive scheme or practice in connection with the sale of securities, or acting as a dealer, a salesperson, an investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, ~~or~~ state retirement system investment officer, or portal operator as defined in section 1707.05 of the

Revised Code or when the division believes it to be in the best 2529
interests of the public and necessary for the protection of 2530
investors, the division may do any of the following: 2531

(A) Require any person to file with it, on such forms as 2532
it prescribes, an original or additional statement or report in 2533
writing, under oath or otherwise, as to any facts or 2534
circumstances concerning the issuance, sale, or offer for sale 2535
of securities within this state by the person, as to the 2536
person's acts or practices as a dealer, a salesperson, an 2537
investment adviser, investment adviser representative, bureau of 2538
workers' compensation chief investment officer, ~~or~~ state 2539
retirement system investment officer, or portal operator within 2540
this state, and as to other information as it deems material or 2541
relevant thereto; 2542

(B) Examine any investment adviser, investment adviser 2543
representative, state retirement system investment officer, 2544
bureau of workers' compensation chief investment officer, or any 2545
seller, dealer, salesperson, or issuer of any securities, or any 2546
portal operator, and any of their agents, employees, partners, 2547
officers, directors, members, or shareholders, wherever located, 2548
under oath; and examine and produce records, books, documents, 2549
accounts, and papers as the division deems material or relevant 2550
to the inquiry; 2551

(C) Require the attendance of witnesses, and the 2552
production of books, records, and papers, as are required either 2553
by the division or by any party to a hearing before the 2554
division, and for that purpose issue a subpoena for any witness, 2555
or a subpoena duces tecum to compel the production of any books, 2556
records, or papers. The subpoena shall be served by personal 2557
service or by certified mail, return receipt requested. If the 2558

subpoena is returned because of inability to deliver, or if no 2559
return is received within thirty days of the date of mailing, 2560
the subpoena may be served by ordinary mail. If no return of 2561
ordinary mail is received within thirty days after the date of 2562
mailing, service shall be deemed to have been made. If the 2563
subpoena is returned because of inability to deliver, the 2564
division may designate a person or persons to effect either 2565
personal or residence service upon the witness. The person 2566
designated to effect personal or residence service under this 2567
division may be the sheriff of the county in which the witness 2568
resides or may be found or any other duly designated person. The 2569
fees and mileage of the person serving the subpoena shall be the 2570
same as those allowed by the courts of common pleas in criminal 2571
cases, and shall be paid from the funds of the division. Fees 2572
and mileage for the witness shall be determined under section 2573
119.094 of the Revised Code, and shall be paid from the funds of 2574
the division upon request of the witness following the hearing. 2575

(D) Initiate criminal proceedings under section 1707.042 2576
or 1707.44 of the Revised Code or rules adopted under those 2577
sections by the division by laying before the prosecuting 2578
attorney of the proper county any evidence of criminality which 2579
comes to its knowledge; and in the event of the neglect or 2580
refusal of the prosecuting attorney to prosecute such 2581
violations, or at the request of the prosecuting attorney, the 2582
division shall submit the evidence to the attorney general, who 2583
may proceed in the prosecution with all the rights, privileges, 2584
and powers conferred by law on prosecuting attorneys, including 2585
the power to appear before grand juries and to interrogate 2586
witnesses before such grand juries. 2587

(E) Require any dealers immediately to furnish to the 2588
division copies of prospectuses, circulars, or advertisements 2589

respecting securities that they publish or generally distribute, 2590
or require any investment advisers immediately to furnish to the 2591
division copies of brochures, advertisements, publications, 2592
analyses, reports, or other writings that they publish or 2593
distribute; 2594

(F) Require any dealers to mail to the division, prior to 2595
sale, notices of intention to sell, in respect to all securities 2596
which are not exempt under section 1707.02 of the Revised Code, 2597
or which are sold in transactions not exempt under section 2598
1707.03 or 1707.04 of the Revised Code; 2599

(G) Issue and cause to be served by certified mail upon 2600
all persons affected an order requiring the person or persons to 2601
cease and desist from the acts or practices appearing to the 2602
division to constitute violations of this chapter or rules 2603
adopted under this chapter by the division. The order shall 2604
state specifically the section or sections of this chapter or 2605
the rule or rules adopted under this chapter by the division 2606
that appear to the division to have been violated and the facts 2607
constituting the violation. If after the issuance of the order 2608
it appears to the division that any person or persons affected 2609
by the order have engaged in any act or practice from which the 2610
person or persons shall have been required, by the order, to 2611
cease and desist, the director of commerce may apply to the 2612
court of common pleas of any county for, and upon proof of the 2613
validity of the order of the division, the delivery of the order 2614
to the person or persons affected, and of the illegality and the 2615
continuation of the acts or practices that are the subject of 2616
the order, the court may grant an injunction implementing the 2617
order of the division. 2618

(H) Issue and initiate contempt proceedings in this state 2619

regarding subpoenas and subpoenas duces tecum at the request of 2620
the securities administrator of another state, if it appears to 2621
the division that the activities for which the information is 2622
sought would violate this chapter if the activities had occurred 2623
in this state. 2624

(I) The remedies provided by this section are cumulative 2625
and concurrent with any other remedy provided in this chapter, 2626
and the exercise of one remedy does not preclude or require the 2627
exercise of any other remedy. 2628

Sec. 1707.24. In case any person fails to file any 2629
statement or report, to obey any subpoena, to give testimony, to 2630
answer questions, or to produce any books, records, or papers as 2631
required by the division of securities under sections 1707.01 to 2632
~~1707.45~~1707.50, inclusive, of the Revised Code, the court of 2633
common pleas of any county in the state, upon application made 2634
to it by the division and upon proof made to it by the division 2635
of such failure, may make an order awarding process of subpoena 2636
or subpoena duces tecum for such person to appear and testify 2637
before the division, and may order any person to give testimony 2638
and answer questions, and to produce books, records, or papers, 2639
as required by the division. Upon the filing of such order in 2640
the office of the clerk of the court of common pleas, said 2641
clerk, under the seal of said court, shall issue process of 2642
subpoena for such person to appear before the division at a time 2643
and place named in such subpoena, and thereafter from day to day 2644
until the examination of such person is completed. Such subpoena 2645
may contain a direction that such witness bring with ~~him~~ the 2646
witness to such examination any books, records, or papers 2647
mentioned in such subpoena. Said clerk shall also issue, under 2648
the seal of said court, such other orders, in reference to such 2649
examination, appearance, and production of books, records, or 2650

papers, as said court directs. If any person so summoned by 2651
subpoena fails to obey such subpoena, to give testimony, to 2652
answer questions as required, to produce any books, records, or 2653
papers so required, or to obey an order of the court, the court, 2654
on motion supported by proof, may order an attachment for 2655
contempt to be issued against the person charged with 2656
disobedience of any order or injunction issued by such court 2657
under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the 2658
Revised Code. If such person is brought before the court by 2659
virtue of said attachment, and if upon a hearing such 2660
disobedience appears, such court may order such offender to be 2661
committed and kept in close custody. 2662

Sec. 1707.25. In case any person fails to file any 2663
statement or report required by sections 1707.01 to ~~1707.45~~— 2664
1707.50 of the Revised Code, to obey any subpoena the issuance 2665
of which is provided for in those sections, or to produce books, 2666
records, or papers, give testimony, or answer questions, as 2667
required by those sections, the director of commerce may apply 2668
to a court of common pleas of any county for, and upon proof of 2669
such failure the court may grant, an injunction restraining the 2670
acting as an investment adviser, investment adviser 2671
representative, bureau of workers' compensation chief investment 2672
officer, or state retirement system investment officer, or the 2673
issuance, sale, or offer for sale of any securities by the 2674
person or by its agents, employees, partners, officers, 2675
directors, or shareholders, until such failure has been remedied 2676
and other relief as the facts may warrant has been had. Such 2677
injunctive relief is available in addition to the other remedies 2678
provided for in sections 1707.01 to ~~1707.45~~1707.50 of the 2679
Revised Code. 2680

Where the person refusing to comply with such order of 2681

court is an issuer of securities, the court may enjoin the sale 2682
by any dealer of any securities of the issuer, and the division 2683
of securities may revoke the qualification of the securities of 2684
the issuer, or suspend or revoke the sale of any securities of 2685
the issuer which have been registered by description, and such 2686
securities shall not thereafter be sold by any dealer until the 2687
order of the court or of the division is withdrawn. 2688

Sec. 1707.26. Whenever it appears to the division of 2689
securities, upon complaint or otherwise, that any person has 2690
engaged in, is engaging in, or is about to engage in, any 2691
deceptive, fraudulent, or manipulative act, practice, or 2692
transaction, in violation of sections 1707.01 to ~~1707.45~~1707.50 2693
of the Revised Code, the director of commerce may apply to a 2694
court of common pleas of any county in this state for, and upon 2695
proof of any of such offenses such court shall grant an 2696
injunction restraining such person and its agents, employees, 2697
partners, officers, directors, and shareholders from continuing, 2698
engaging in, or doing any acts in furtherance of, such acts, 2699
practices, or transactions, and may order such other equitable 2700
relief as the facts warrant. 2701

Sec. 1707.261. (A) If a court of common pleas grants an 2702
injunction pursuant to section 1707.26 of the Revised Code, 2703
after consultation with the attorney general the director of 2704
commerce may request that court to order the defendant or 2705
defendants that are subject to the injunction to make 2706
restitution or rescission to any purchaser or holder of 2707
securities damaged by the defendant's or defendants' violation 2708
of any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2709
Revised Code. 2710

(B) If the court of common pleas is satisfied with the 2711

sufficiency of the director's request for restitution or 2712
rescission under division (A) of this section and with the 2713
sufficiency of the proof of a substantial violation of any 2714
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2715
Code, or of the use of any act, practice, or transaction 2716
declared to be illegal or prohibited or defined as fraudulent by 2717
those sections or rules adopted under those sections by the 2718
division of securities, to the material prejudice of a purchaser 2719
or holder of securities, the court may order the defendant or 2720
defendants subject to the injunction to make restitution or 2721
rescission to any purchaser or holder of securities damaged by 2722
the defendant's or defendants' violation of sections 1707.01 to 2723
~~1707.45~~1707.50 of the Revised Code. 2724

(C) A court order granting restitution or rescission based 2725
upon a request made pursuant to division (A) of this section 2726
shall meet the requirements of division (B) of this section and 2727
may not be based solely upon a final order issued by the 2728
division of securities pursuant to Chapter 119. of the Revised 2729
Code or upon an action to enforce a final order issued by the 2730
division pursuant to that chapter. Notwithstanding the foregoing 2731
provision, a request for restitution or rescission pursuant to 2732
division (A) of this section may concern the same acts, 2733
practices, or transactions that were, or may later be, the 2734
subject of a division of securities action for a violation of 2735
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2736
Revised Code. If a request for restitution or rescission 2737
pursuant to division (A) of this section concerns the same acts, 2738
practices, or transactions that were the subject of a final 2739
order issued by the division of securities pursuant to Chapter 2740
119. of the Revised Code, the court shall review the request in 2741
accordance with division (B) of this section, and the standard 2742

of review in section 119.12 of the Revised Code shall not apply 2743
to the request. 2744

(D) No purchaser or holder of securities who is entitled 2745
to restitution or rescission under this section shall recover, 2746
pursuant to this section or any other proceeding, a total amount 2747
in excess of the person's purchase price for the securities sold 2748
in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 2749
Revised Code. 2750

(E) (1) If a court of common pleas grants an injunction 2751
pursuant to section 1707.26 of the Revised Code against any 2752
state retirement system investment officer, after consultation 2753
with the attorney general, the director of commerce may request 2754
that court to order the state retirement system investment 2755
officer or officers that are subject to the injunction to make 2756
restitution to the state retirement system damaged by the state 2757
retirement system investment officer's or officers' violation of 2758
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2759
Revised Code. 2760

(2) If the court of common pleas is satisfied with the 2761
sufficiency of the director's request for restitution under 2762
division (E) (1) of this section and with the sufficiency of the 2763
proof of a substantial violation of any provision of sections 2764
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2765
any act, practice, or transaction declared to be illegal or 2766
prohibited or defined as fraudulent by those sections or rules 2767
adopted under those sections by the division of securities, to 2768
the material prejudice of a state retirement system, the court 2769
may order the state retirement system investment officer or 2770
officers subject to the injunction to make restitution to the 2771
state retirement system damaged by the state retirement system 2772

investment officer's or officers' violation of sections 1707.01 2773
to ~~1707.45~~1707.50 of the Revised Code. A request for 2774
restitution pursuant to division (E)(1) of this section may 2775
concern the same acts, practices, or transactions that were, or 2776
may later be, the subject of a division of securities action for 2777
a violation of any provision of section 1707.01 to ~~1707.45~~ 2778
1707.50 of the Revised Code. 2779

(F)(1) If a court of common pleas grants an injunction 2780
pursuant to section 1707.26 of the Revised Code against a bureau 2781
of workers' compensation chief investment officer, after 2782
consultation with the attorney general, the director of commerce 2783
may request that court to order the bureau of workers' 2784
compensation chief investment officer who is subject to the 2785
injunction to make restitution to the bureau of workers' 2786
compensation damaged by the bureau of workers' compensation 2787
chief investment officer's violation of any provision of 2788
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2789

(2) If the court of common pleas is satisfied with the 2790
sufficiency of the director's request for restitution under 2791
division (F)(1) of this section and with the sufficiency of the 2792
proof of a substantial violation of any provision of sections 2793
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2794
any act, practice, or transaction declared to be illegal or 2795
prohibited or defined as fraudulent by those sections or rules 2796
adopted under those sections by the division of securities, to 2797
the material prejudice of the bureau of workers' compensation, 2798
the court may order the bureau of workers' compensation chief 2799
investment officer subject to the injunction to make restitution 2800
to the bureau of workers' compensation damaged by the bureau of 2801
workers' compensation chief investment officer's violation of 2802
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. A 2803

request for restitution pursuant to division (F) (1) of this 2804
section may concern the same acts, practices, or transactions 2805
that were, or may later be, the subject of a division of 2806
securities action for a violation of any provision of section 2807
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2808

Sec. 1707.27. If the court of common pleas is satisfied 2809
with the sufficiency of the application for a receivership, and 2810
of the sufficiency of the proof of substantial violation of 2811
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of 2812
the use of any act, practice, or transaction declared to be 2813
illegal or prohibited, or defined as fraudulent by those 2814
sections or rules adopted under those sections by the division 2815
of securities, to the material prejudice of a purchaser or 2816
holder of securities, or client of an investment adviser or 2817
investment adviser representative, the court may appoint a 2818
receiver, for any person so violating sections 1707.01 to 2819
~~1707.45~~1707.50 of the Revised Code or rules adopted under those 2820
sections by the division, with power to sue for, collect, 2821
receive, and take into the receiver's possession all the books, 2822
records, and papers of the person and all rights, credits, 2823
property, and choses in action acquired by the person by means 2824
of any such act, practice, or transaction, and also all property 2825
with which the property has been mingled, if the property cannot 2826
be identified in kind because of the commingling, and with power 2827
to sell, convey, and assign the property, and to hold and 2828
dispose of the proceeds under the direction of the court of 2829
common pleas. The court shall have jurisdiction of all questions 2830
arising in the proceedings and may make orders and decrees 2831
therein as justice and equity require. 2832

Sec. 1707.28. No prosecution or action by the division of 2833
securities or the director of commerce for a violation of any 2834

provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2835
Code shall bar any prosecution or action by the division of 2836
securities or the director of commerce, or be barred by any 2837
prosecution or other action, for the violation of any other 2838
provision of any of those sections or of any other statute; but 2839
prosecutions and actions by the division of securities or the 2840
director of commerce for a violation of any provision of 2841
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code must be 2842
commenced within five years after the commission of the alleged 2843
violation. 2844

Sec. 1707.29. In any prosecution brought under sections 2845
1707.01 to ~~1707.45~~1707.50 of the Revised Code, except 2846
prosecutions brought for violation of division (A) of section 2847
1707.042 of the Revised Code, the accused shall be deemed to 2848
have had knowledge of any matter of fact, where in the exercise 2849
of reasonable diligence, ~~he~~ the accused should, prior to the 2850
alleged commission of the offense in question, have secured such 2851
knowledge. 2852

Sec. 1707.30. In any prosecution, action, or proceeding 2853
based upon sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the 2854
Revised Code, a certificate signed by the division of 2855
securities, showing the filing of or the failure to file any 2856
statement, description, or application required by such 2857
sections, shall constitute prima-facie evidence of such filing 2858
or of such failure to file, and shall be admissible in evidence 2859
in any action at law or in equity to enforce sections 1707.01 to 2860
~~1707.45~~1707.50, inclusive, of the Revised Code, or to prosecute 2861
violations of such sections. 2862

Sec. 1707.31. Copies of any statements and documents filed 2863
in the office of the division of securities and of any records 2864

of the division, if such copies are certified to by the 2865
division, shall be admissible in any prosecution, action, or 2866
proceeding based upon sections 1707.01 to ~~1707.45~~1707.50, 2867
inclusive, of the Revised Code, to the same effect as the 2868
originals of such statements, documents, or records would be. 2869

Sec. 1707.32. If an issuer of securities is incorporated 2870
or organized to make any insurance named in Title XXXIX of the 2871
Revised Code, the superintendent of insurance shall, for all the 2872
purposes of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2873
the Revised Code, be substituted for the division of securities 2874
and the issuer and the beneficial owners of shares thereof shall 2875
be subject to section 3901.31 of the Revised Code. The 2876
superintendent of insurance shall have over any company 2877
disposing or attempting to dispose of any of its securities 2878
within this state the powers of regulation, supervision, and 2879
examination conferred on ~~him~~ the superintendent by law, with 2880
reference to companies licensed to transact the business of 2881
insurance within this state. 2882

No person shall, for the purpose of organizing or 2883
promoting any insurance company, or of assisting in the sale of 2884
the securities of any insurance company after its organization, 2885
dispose or offer to dispose, within this state, of any such 2886
securities, unless the contract of subscription or disposal is 2887
in writing and contains a provision substantially in the 2888
following language: 2889

No sum shall be used for commission, promotion, and 2890
organization expenses on account of any share of stock in this 2891
company in excess of per cent of the amount 2892
actually paid upon separate subscriptions, and the remainder of 2893
such payment shall be invested as authorized by the law 2894

governing such company and shall be held by the organizers of 2895
such company before organization, and by its directors and 2896
officers after organization, as bailees for the subscriber, to 2897
be used only in the conduct of the business of such company 2898
after the company has been licensed and authorized for such 2899
business by proper authority. 2900

In lieu of "in excess of per cent of the 2901
amount actually paid upon separate subscriptions," the language 2902
of such contract may be, "..... dollars per share 2903
from every fully paid subscription"; and in lieu of "organizers" 2904
it may be "trustees" if such payments are to be held by 2905
trustees. 2906

Funds and securities held by such organizers, trustees, 2907
directors, or officers, as bailees, shall be deposited with a 2908
bank or trust company of this state, or invested as provided in 2909
sections 3925.05 and 3925.08 of the Revised Code, until such 2910
company has been licensed to transact the business of insurance 2911
in this state. 2912

The amount of such commission, promotion, and organization 2913
expenses shall in no case exceed fifteen per cent of the amount 2914
actually received upon the subscriptions; except that in the 2915
case of joint-stock life insurance companies and joint-stock 2916
insurance companies other than life, the amount of such 2917
commission, promotion, and organization expenses shall in no 2918
case exceed ten per cent of the amount actually received upon 2919
the subscriptions. 2920

Sec. 1707.34. (A) Sections 1707.01 to ~~1707.45~~ 1707.50 of 2921
the Revised Code do not apply to the sale of warehouse receipts 2922
for intoxicating liquor to distillers, to rectifiers, or to any 2923
person engaged in the business of dealing in warehouse receipts. 2924

(B) Warehouse receipts for intoxicating liquor may be sold 2925
in this state in accord with and upon compliance with sections 2926
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2927

Sec. 1707.35. All securities which were "certificated" by 2928
the division of securities before July 22, 1929, are, if the 2929
"certification" remained unrevoked on such date, qualified for 2930
all purposes under sections 1707.01 to ~~1707.45~~1707.50, 2931
inclusive, of the Revised Code. 2932

All securities authorized to be sold by reason of the 2933
filing of information relative thereto before July 22, 1929, 2934
shall for all purposes be deemed registered by description under 2935
such sections, but the division shall have the same power to 2936
require further information with respect to the further sale of 2937
such securities as with respect to the further sale of 2938
securities registered by description or by qualification under 2939
sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised 2940
Code. 2941

Sec. 1707.38. The issuance or sale of any security in 2942
violation of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2943
the Revised Code, does not invalidate such security; but the 2944
rights of persons defrauded by any such issuance or sale shall 2945
not be impaired. 2946

Sec. 1707.39. When any securities have been sold without 2947
compliance with sections 1707.01 to ~~1707.45~~1707.50 of the 2948
Revised Code, or any former law in force at the time of such 2949
sale, any interested person may apply in writing to the division 2950
of securities for the qualification of such securities under 2951
such sections. If it appears to the division that no person has 2952
been defrauded, prejudiced, or damaged by such noncompliance or 2953
sale and that no person will be defrauded, prejudiced, or 2954

damaged by such qualification, the division may permit such 2955
securities to be so qualified upon the payment of a fee of one 2956
hundred dollars plus a fee of one-fifth of one per cent of the 2957
aggregate price at which the securities have been sold in this 2958
state, which fee shall in no case be less than one hundred 2959
dollars nor more than two thousand dollars. In addition, the 2960
division may require the applicant to advance sufficient funds 2961
to pay the actual expenses of an examination or investigation by 2962
the division, whether to be conducted in this state or outside 2963
this state. An itemized statement of such expenses shall be 2964
furnished to the applicant. 2965

Such qualification shall estop the division from 2966
proceeding under division (D) of section 1707.23 of the Revised 2967
Code against anyone who has violated division (C) (1) of section 2968
1707.44 of the Revised Code for acts within the scope of the 2969
application, or from proceeding with administrative action 2970
pursuant to section 1707.13 of the Revised Code. 2971

Sec. 1707.391. When any securities have been sold in 2972
reliance upon division (Q), (W), (X), or (Y) of section 1707.03 2973
of the Revised Code, section 1707.08 of the Revised Code, or any 2974
other section of this chapter that the division of securities 2975
may specify by rule, but such reliance was improper because the 2976
required filings were not timely or properly made due to 2977
excusable neglect, upon the effective date of an application 2978
made to the division and payment of any applicable fee, if 2979
required and not already paid, and upon payment of a penalty fee 2980
equal to the greater of the fee or one hundred dollars, the sale 2981
of the securities shall be deemed exempt, qualified, or 2982
registered, as though timely and properly filed. The application 2983
shall become effective upon the expiration of fourteen days 2984
after the date of the filing in question if prior thereto the 2985

division did not give notice to the applicant that the 2986
application was denied based on a finding of lack of excusable 2987
neglect. The division shall promptly adopt and promulgate rules 2988
establishing provisions defining excusable neglect and otherwise 2989
establishing reasonable standards for determining excusable 2990
neglect. 2991

The effectiveness of an application under this section 2992
does not relieve anyone who has, other than for excusable 2993
neglect, violated sections 1707.01 to ~~1707.45~~1707.50 of the 2994
Revised Code, or any previous law in force at the time of sale, 2995
from prosecution thereunder. 2996

Sec. 1707.40. Except as provided in section 1707.261 of 2997
the Revised Code, sections 1707.01 to ~~1707.45~~1707.50 of the 2998
Revised Code create no new civil liabilities, and do not limit 2999
or restrict common law liabilities for deception or fraud other 3000
than as specified in sections 1707.042, 1707.043, 1707.41, 3001
1707.42, and 1707.43 of the Revised Code, and there is no civil 3002
liability for noncompliance with orders, requirements, rules, or 3003
regulations made by the division of securities under sections 3004
1707.19, 1707.20, 1707.201, and 1707.23 of the Revised Code. 3005

Sec. 1707.431. For purposes of this section, the following 3006
persons shall not be deemed to have effected, participated in, 3007
or aided the seller in any way in making, a sale or contract of 3008
sale in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 3009
Revised Code: 3010

(A) Any attorney, accountant, or engineer whose 3011
performance is incidental to the practice of the person's 3012
profession; 3013

(B) Any person, other than an investment adviser, 3014

investment adviser representative, bureau of workers' 3015
compensation chief investment officer, or state retirement 3016
system investment officer, who brings any issuer together with 3017
any potential investor, without receiving, directly or 3018
indirectly, a commission, fee, or other remuneration based on 3019
the sale of any securities by the issuer to the investor. 3020
Remuneration received by the person solely for the purpose of 3021
offsetting the reasonable out-of-pocket costs incurred by the 3022
person shall not be deemed a commission, fee, or other 3023
remuneration. 3024

Any person claiming exemption under this division for a 3025
publicly advertised meeting shall file a notice with the 3026
division of securities indicating an intent to cause or hold 3027
such a meeting at least twenty-one days prior to the meeting. 3028
The division may, upon receipt of such notice, issue an order 3029
denying the availability of an exemption under this division not 3030
more than fourteen days after receipt of the notice based on a 3031
finding that the applicant is not entitled to the exemption. 3032
Notwithstanding the notice described in this section, a failure 3033
to file the notice does not create a presumption that a person 3034
was participating in or aiding in the making of a sale or 3035
contract of sale in violation of this chapter. 3036

(C) Any person whom the division exempts from this 3037
provision by rule. 3038

Sec. 1707.44. (A) (1) No person shall engage in any act or 3039
practice that violates division (A), (B), or (C) of section 3040
1707.14 of the Revised Code, and no salesperson shall sell 3041
securities in this state without being licensed pursuant to 3042
section 1707.16 of the Revised Code. 3043

(2) No person shall engage in any act or practice that 3044

violates division (A) of section 1707.141 or section 1707.161 of 3045
the Revised Code. 3046

(3) No person shall engage in any act or practice that 3047
violates section 1707.162 of the Revised Code. 3048

(4) No person shall engage in any act or practice that 3049
violates section 1707.164 of the Revised Code. 3050

(5) No person shall knowingly engage in any act or 3051
practice that violates division (A) of section 1707.054 or 3052
section 1707.055 of the Revised Code. 3053

(B) No person shall knowingly make or cause to be made any 3054
false representation concerning a material and relevant fact, in 3055
any oral statement or in any prospectus, circular, description, 3056
application, or written statement, for any of the following 3057
purposes: 3058

(1) Registering securities or transactions, or exempting 3059
securities or transactions from registration, under this 3060
chapter; 3061

(2) Securing the qualification of any securities under 3062
this chapter; 3063

(3) Procuring the licensing of any dealer, salesperson, 3064
investment adviser, investment adviser representative, bureau of 3065
workers' compensation chief investment officer, ~~or~~ state 3066
retirement system investment officer, or portal operator as 3067
defined in section 1707.05 of the Revised Code under this 3068
chapter; 3069

(4) Selling any securities in this state; 3070

(5) Advising for compensation, as to the value of 3071
securities or as to the advisability of investing in, 3072

purchasing, or selling securities; 3073

(6) Submitting a notice filing to the division under 3074
division (X) of section 1707.03 or section 1707.092 or 1707.141 3075
of the Revised Code. 3076

(C) No person shall knowingly sell, cause to be sold, 3077
offer for sale, or cause to be offered for sale, any security 3078
which comes under any of the following descriptions: 3079

(1) Is not exempt under section 1707.02 of the Revised 3080
Code, nor the subject matter of one of the transactions exempted 3081
in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has 3082
not been registered by coordination or qualification, and is not 3083
the subject matter of a transaction that has been registered by 3084
description; 3085

(2) The prescribed fees for registering by description, by 3086
coordination, or by qualification have not been paid in respect 3087
to such security; 3088

(3) The person has been notified by the division, or has 3089
knowledge of the notice, that the right to buy, sell, or deal in 3090
such security has been suspended or revoked, or that the 3091
registration by description, by coordination, or by 3092
qualification under which it may be sold has been suspended or 3093
revoked; 3094

(4) The offer or sale is accompanied by a statement that 3095
the security offered or sold has been or is to be in any manner 3096
indorsed by the division. 3097

(D) No person who is an officer, director, or trustee of, 3098
or a dealer, or portal operator for, any issuer, and who knows 3099
such issuer to be insolvent in that the liabilities of the 3100
issuer exceed its assets, shall sell any securities of or for 3101

any such issuer, without disclosing the fact of the insolvency 3102
to the purchaser. 3103

(E) No person with intent to aid in the sale of any 3104
securities on behalf of the issuer, shall knowingly make any 3105
representation not authorized by such issuer or at material 3106
variance with statements and documents filed with the division 3107
by such issuer. 3108

(F) No person, with intent to deceive, shall sell, cause 3109
to be sold, offer for sale, or cause to be offered for sale, any 3110
securities of an insolvent issuer, with knowledge that such 3111
issuer is insolvent in that the liabilities of the issuer exceed 3112
its assets, taken at their fair market value. 3113

(G) No person in purchasing or selling securities shall 3114
knowingly engage in any act or practice that is, in this 3115
chapter, declared illegal, defined as fraudulent, or prohibited. 3116

(H) No licensed dealer shall refuse to buy from, sell to, 3117
or trade with any person because the person appears on a 3118
blacklist issued by, or is being boycotted by, any foreign 3119
corporate or governmental entity, nor sell any securities of or 3120
for any issuer who is known in relation to the issuance or sale 3121
of the securities to have engaged in such practices. 3122

(I) No dealer in securities, knowing that the dealer's 3123
liabilities exceed the reasonable value of the dealer's assets, 3124
shall accept money or securities, except in payment of or as 3125
security for an existing debt, from a customer who is ignorant 3126
of the dealer's insolvency, and thereby cause the customer to 3127
lose any part of the customer's securities or the value of those 3128
securities, by doing either of the following without the 3129
customer's consent: 3130

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

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

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

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

(K) No person, with purpose to deceive, shall make, record, or publish or cause to be made, recorded, or published, a report of any transaction in securities which is false in any material respect.

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

commission thereunder. 3160

(M) (1) No investment adviser or investment adviser 3161
representative shall do any of the following: 3162

(a) Employ any device, scheme, or artifice to defraud any 3163
person; 3164

(b) Engage in any act, practice, or course of business 3165
that operates or would operate as a fraud or deceit upon any 3166
person; 3167

(c) In acting as principal for the investment adviser's or 3168
investment adviser representative's own account, knowingly sell 3169
any security to or purchase any security from a client, or in 3170
acting as salesperson for a person other than such client, 3171
knowingly effect any sale or purchase of any security for the 3172
account of such client, without disclosing to the client in 3173
writing before the completion of the transaction the capacity in 3174
which the investment adviser or investment adviser 3175
representative is acting and obtaining the consent of the client 3176
to the transaction. Division (M) (1) (c) of this section does not 3177
apply to any investment adviser registered with the securities 3178
and exchange commission under section 203 of the "Investment 3179
Advisers Act of 1940," 15 U.S.C. 80b-3, or to any transaction 3180
with a customer of a licensed dealer or salesperson if the 3181
licensed dealer or salesperson is not acting as an investment 3182
adviser or investment adviser representative in relation to the 3183
transaction. 3184

(d) Engage in any act, practice, or course of business 3185
that is fraudulent, deceptive, or manipulative. The division of 3186
securities may adopt rules reasonably designed to prevent acts, 3187
practices, or courses of business that are fraudulent, 3188

deceptive, or manipulative.	3189
(2) No investment adviser or investment adviser	3190
representative licensed or required to be licensed under this	3191
chapter shall take or have custody of any securities or funds of	3192
any person, except as provided in rules adopted by the division.	3193
(3) In the solicitation of clients or prospective clients,	3194
no person shall make any untrue statement of a material fact or	3195
omit to state a material fact necessary in order to make the	3196
statements made not misleading in light of the circumstances	3197
under which the statements were made.	3198
(N) No person knowingly shall influence, coerce,	3199
manipulate, or mislead any person engaged in the preparation,	3200
compilation, review, or audit of financial statements to be used	3201
in the purchase or sale of securities for the purpose of	3202
rendering the financial statements materially misleading.	3203
(O) No state retirement system investment officer shall do	3204
any of the following:	3205
(1) Employ any device, scheme, or artifice to defraud any	3206
state retirement system;	3207
(2) Engage in any act, practice, or course of business	3208
that operates or would operate as a fraud or deceit on any state	3209
retirement system;	3210
(3) Engage in any act, practice, or course of business	3211
that is fraudulent, deceptive, or manipulative. The division of	3212
securities may adopt rules reasonably designed to prevent such	3213
acts, practices, or courses of business as are fraudulent,	3214
deceptive, or manipulative;	3215
(4) Knowingly fail to comply with any policy adopted	3216

regarding the officer established pursuant to section 145.094,	3217
742.104, 3307.043, 3309.043, or 5505.065 of the Revised Code.	3218
(P) No bureau of workers' compensation chief investment	3219
officer shall do any of the following:	3220
(1) Employ any device, scheme, or artifice to defraud the	3221
workers' compensation system;	3222
(2) Engage in any act, practice, or course of business	3223
that operates or would operate as a fraud or deceit on the	3224
workers' compensation system;	3225
(3) Engage in any act, practice, or course of business	3226
that is fraudulent, deceptive, or manipulative. The division of	3227
securities may adopt rules reasonably designed to prevent such	3228
acts, practices, or courses of business as are fraudulent,	3229
deceptive, or manipulative;	3230
(4) Knowingly fail to comply with any policy adopted	3231
regarding the officer established pursuant to section 4123.441	3232
of the Revised Code.	3233
<u>(Q) (1) No portal operator shall knowingly do any of the</u>	3234
<u>following:</u>	3235
<u>(a) Employ any device, scheme, or artifice to defraud;</u>	3236
<u>(b) Engage in any act, practice, or course of business</u>	3237
<u>that operates as a fraud or deceit;</u>	3238
<u>(c) Engage in any act, practice, or course of business</u>	3239
<u>that is fraudulent, deceptive, or manipulative.</u>	3240
<u>(2) The division of securities may adopt rules reasonably</u>	3241
<u>designed to prevent such acts, practices, or courses of business</u>	3242
<u>that are fraudulent, deceptive, or manipulative.</u>	3243

Sec. 1707.50. (A) As used in this section, "violation" 3244
means a violation of any provision of this chapter in connection 3245
with the sale of securities under sections 1707.05 to 1707.058 3246
of the Revised Code where the filing is made pursuant to 3247
division (K) of section 1707.051 of the Revised Code and the 3248
securities are sold through an OhioInvests portal. 3249

(B) (1) If the division of securities finds, after notice 3250
and opportunity for a hearing in accordance with Chapter 119. of 3251
the Revised Code, that any person has committed a violation, the 3252
division may, in its discretion and in addition to or in lieu of 3253
any other remedy or sanction provided in this chapter, order the 3254
payment of an administrative penalty of up to one thousand 3255
dollars per violation, provided that the total penalty shall not 3256
exceed the total amount of the OhioInvests offering or offerings 3257
involved in the violation. 3258

(2) All administrative penalties collected by the division 3259
under division (B) (1) of this section shall be deposited into 3260
the state treasury to the credit of the division of securities 3261
investor education and enforcement expense fund created in 3262
section 1707.37 of the Revised Code. 3263

(C) (1) A purchaser may commence an individual or putative 3264
class action to seek recovery of the civil penalty provided for 3265
under division (C) (2) of this section for an alleged violation 3266
if all of the following requirements are met: 3267

(a) The purchaser or the purchaser's representative brings 3268
the action within two years after commission of the alleged 3269
violation or within two years after the purchaser discovered or 3270
should have discovered the ground for the violation, whichever 3271
is later. 3272

(b) Not later than ten days after the commencement of the 3273
action, the purchaser or purchaser's representative mails to the 3274
division, by certified mail, a file-stamped copy of the 3275
complaint that includes the case number assigned by the court. 3276

(c) Not later than ten days from a judgment becoming final 3277
and any subsequent appeals becoming final, the purchaser or 3278
purchaser's representative mails to the division, by certified 3279
mail, a file-stamped copy of the final judgment and appellate 3280
decisions. 3281

(2) The civil penalty provided for under this section 3282
shall be as follows: 3283

(a) One hundred dollars per violation, if at the time of 3284
the violation the total amount of money raised in the 3285
OhioInvests offering is less than twenty-five thousand dollars, 3286
provided that the total penalty shall not exceed the total 3287
amount of the OhioInvests offering or offerings involved in the 3288
violation. 3289

(b) Two hundred fifty dollars per violation, if at the 3290
time of the violation the total amount of money raised in the 3291
OhioInvests offering is twenty-five thousand dollars or more, 3292
provided that the total penalty shall not exceed the total 3293
amount of the OhioInvests offering or offerings involved in the 3294
violation. 3295

(3) In any civil action by a purchaser or purchaser's 3296
representative seeking recovery of a civil penalty under this 3297
section, a court may award a lesser amount than the amount 3298
specified in division (C) (2) of this section if, based on the 3299
facts and circumstances of the particular case, to do otherwise 3300
would result in an award that is unjust, arbitrary and 3301

oppressive, or confiscatory. 3302

(4) Civil penalties recovered by a purchaser or purchasers 3303
in accordance with this section shall be distributed as follows: 3304

(a) Twenty-five per cent to the state to be deposited into 3305
the state treasury to the credit of the general revenue fund and 3306
set aside for payment of debt service on outstanding bonds that 3307
are direct obligations of the state; 3308

(b) Seventy-five per cent to the purchaser, purchasers, or 3309
purchaser class. 3310

(5) Purchasers or purchaser classes that prevail in a 3311
civil action brought under this section shall be entitled to 3312
reasonable attorney's fees and costs in the action as determined 3313
by the court. 3314

(6) Nothing in division (C) of this section shall preclude 3315
a purchaser or purchaser's representative from also proceeding 3316
with a cause of action otherwise available under any other 3317
provision of this chapter or other theory of law. 3318

(D) No person shall knowingly engage in any act, practice, 3319
or course of business that would interfere with a purchaser's 3320
ability to bring an individual or putative class action pursuant 3321
to division (C) of this section. 3322

(E) Nothing in this section shall be construed to alter or 3323
limit the authority of the division under any other provision of 3324
this chapter, including but not limited to the ability of the 3325
division to investigate or prosecute any complaints or 3326
allegations under this chapter. Upon timely application, the 3327
division may intervene as of right on behalf of the state in any 3328
private action or appeal that is pending under this section. 3329

(F) The division may adopt rules in accordance with 3330
Chapter 119. of the Revised Code to implement the provisions of 3331
this section. 3332

Sec. 1707.99. Whoever commits any act described in 3333
division (A) of section 1707.042 or section 1707.44 of the 3334
Revised Code is guilty of a violation of sections 1707.01 to 3335
~~1707.45~~ 1707.50 of the Revised Code and the following apply to 3336
the offender: 3337

(A) If the value of the funds or securities involved in 3338
the offense or the loss to the victim is less than one thousand 3339
dollars, the offender is guilty of a felony of the fifth degree, 3340
and the court may impose upon the offender an additional fine of 3341
not more than two thousand five hundred dollars. 3342

(B) If the value of the funds or securities involved in 3343
the offense or the loss to the victim is one thousand dollars or 3344
more but less than seven thousand five hundred dollars, the 3345
offender is guilty of a felony of the fourth degree, and the 3346
court may impose upon the offender an additional fine of not 3347
more than five thousand dollars. 3348

(C) If the value of the funds or securities involved in 3349
the offense or the loss to the victim is seven thousand five 3350
hundred dollars or more but less than thirty-seven thousand five 3351
hundred dollars, the offender is guilty of a felony of the third 3352
degree, and the court may impose upon the offender an additional 3353
fine of not more than ten thousand dollars. 3354

(D) If the value of the funds or securities involved in 3355
the offense or the loss to the victim is thirty-seven thousand 3356
five hundred dollars or more but less than one hundred fifty 3357
thousand dollars, the offender is guilty of a felony of the 3358

second degree, and the court may impose upon the offender an 3359
additional fine of not more than fifteen thousand dollars. 3360

(E) If the value of the funds or securities involved in 3361
the offense or the loss to the victim is one hundred fifty 3362
thousand dollars or more, the offender is guilty of a felony of 3363
the first degree, and the court may impose upon the offender an 3364
additional fine of not more than twenty thousand dollars. 3365

Sec. 1724.02. (A) In furtherance of the purposes set forth 3366
in section 1724.01 of the Revised Code, a community improvement 3367
corporation shall have the following powers: 3368

(1) (a) To borrow money for any of the purposes of the 3369
community improvement corporation by means of loans, lines of 3370
credit, or any other financial instruments or securities, 3371
including the issuance of its bonds, debentures, notes, or other 3372
evidences of indebtedness, whether secured or unsecured, and to 3373
secure the same by mortgage, pledge, deed of trust, or other 3374
lien on its property, franchises, rights, and privileges of 3375
every kind and nature or any part thereof or interest therein; 3376
and 3377

(b) If the community improvement corporation is a county 3378
land reutilization corporation, the corporation may request, by 3379
resolution: 3380

(i) That the board of county commissioners of the county 3381
served by the corporation pledge a specifically identified 3382
source or sources of revenue pursuant to division (C) of section 3383
307.78 of the Revised Code as security for such borrowing by the 3384
corporation; and 3385

(ii) (I) If the land subject to reutilization is located 3386
within an unincorporated area of the county, that the board of 3387

county commissioners issue notes under section 307.082 of the Revised Code for the purpose of constructing public infrastructure improvements and take other actions as the board determines are in the interest of the county and are authorized under sections 5709.78 to 5709.81 of the Revised Code or bonds or notes under section 5709.81 of the Revised Code for the refunding purposes set forth in that section; or

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

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

(3) To purchase, receive, hold, manage, lease, lease-purchase, or otherwise acquire and to sell, convey, transfer,

lease, sublease, or otherwise dispose of real and personal 3418
property, together with such rights and privileges as may be 3419
incidental and appurtenant thereto and the use thereof, 3420
including but not restricted to, any real or personal property 3421
acquired by the community improvement corporation from time to 3422
time in the satisfaction of debts or enforcement of obligations, 3423
and to enter into contracts with third parties, including the 3424
federal government, the state, any political subdivision, or any 3425
other entity. A county land reutilization corporation shall not 3426
acquire an interest in real property if such acquisition causes 3427
the number of occupied real properties held by the corporation 3428
to exceed the greater of either fifty properties or twenty-five 3429
per cent of all real property held by the corporation for 3430
reutilization, reclamation, or rehabilitation. For the purposes 3431
of this division, "occupied real properties" includes all real 3432
properties that are not unoccupied as that term is defined in 3433
section 323.65 of the Revised Code. 3434

(4) To acquire the good will, business, rights, real and 3435
personal property, and other assets, or any part thereof, or 3436
interest therein, of any persons, firms, partnerships, 3437
corporations, joint stock companies, associations, or trusts, 3438
and to assume, undertake, or pay the obligations, debts, and 3439
liabilities of any such person, firm, partnership, corporation, 3440
joint stock company, association, or trust; to acquire, reclaim, 3441
manage, or contract for the management of improved or unimproved 3442
and underutilized real estate for the purpose of constructing 3443
industrial plants, other business establishments, or housing 3444
thereon, or causing the same to occur, for the purpose of 3445
assembling and enhancing utilization of the real estate, or for 3446
the purpose of disposing of such real estate to others in whole 3447
or in part for the construction of industrial plants, other 3448

business establishments, or housing; and to acquire, reclaim, 3449
manage, contract for the management of, construct or 3450
reconstruct, alter, repair, maintain, operate, sell, convey, 3451
transfer, lease, sublease, or otherwise dispose of industrial 3452
plants, business establishments, or housing. 3453

(5) To acquire, subscribe for, own, hold, sell, assign, 3454
transfer, mortgage, pledge, or otherwise dispose of the stock, 3455
shares, bonds, debentures, notes, or other securities and 3456
evidences of interest in, or indebtedness of, any person, firm, 3457
corporation, joint stock company, association, or trust, and 3458
while the owner or holder thereof, to exercise all the rights, 3459
powers, and privileges of ownership, including the right to vote 3460
therein, provided that no tax revenue, if any, received by a 3461
community improvement corporation shall be used for such 3462
acquisition or subscription. 3463

(6) To mortgage, pledge, or otherwise encumber any 3464
property acquired pursuant to the powers contained in division 3465
(A) (3), (4), or (5) of this section. 3466

(7) Nothing in this section shall limit the right of a 3467
community improvement corporation to become a member of or a 3468
stockholder in a corporation formed under Chapter 1726. of the 3469
Revised Code. 3470

(8) To serve as an agent for grant applications and for 3471
the administration of grants, or to make applications as 3472
principal for grants for county land reutilization corporations. 3473

(9) To exercise the powers enumerated under Chapter 5722. 3474
of the Revised Code on behalf of a county that organizes or 3475
contracts with a county land reutilization corporation. 3476

(10) To engage in code enforcement and nuisance abatement, 3477

including, but not limited to, cutting grass and weeds, boarding 3478
up vacant or abandoned structures, and demolishing condemned 3479
structures on properties that are subject to a delinquent tax or 3480
assessment lien, or property for which a municipal corporation 3481
or township has contracted with a county land reutilization 3482
corporation to provide code enforcement or nuisance abatement 3483
assistance. 3484

(11) To charge fees or exchange in-kind goods or services 3485
for services rendered to political subdivisions and other 3486
persons or entities for whom services are rendered. 3487

(12) To employ and provide compensation for an executive 3488
director who shall manage the operations of a county land 3489
reutilization corporation and employ others for the benefit of 3490
the corporation as approved and funded by the board of 3491
directors. No employee of the corporation is or shall be deemed 3492
to be an employee of the political subdivision for whose benefit 3493
the corporation is organized solely because the employee is 3494
employed by the corporation. 3495

(13) To purchase tax certificates at auction, negotiated 3496
sale, or from a third party who purchased and is a holder of one 3497
or more tax certificates issued pursuant to sections 5721.30 to 3498
5721.43 of the Revised Code. 3499

(14) To be assigned a mortgage on real property from a 3500
mortgagee in lieu of acquiring such real property subject to a 3501
mortgage. 3502

(15) To act as a portal operator for purposes of an 3503
OhioInvests offering under sections 1707.05 to 1707.058 of the 3504
Revised Code. 3505

(16) To do all acts and things necessary or convenient to 3506

carry out the purposes of section 1724.01 of the Revised Code 3507
and the powers especially created for a community improvement 3508
corporation in Chapter 1724. of the Revised Code, including, but 3509
not limited to, contracting with the federal government, the 3510
state or any political subdivision, a board of county 3511
commissioners pursuant to section 307.07 of the Revised Code, a 3512
county auditor pursuant to section 319.10 of the Revised Code, a 3513
county treasurer pursuant to section 321.49 of the Revised Code, 3514
and any other party, whether nonprofit or for-profit. An 3515
employee of a board of county commissioners, county auditor, or 3516
county treasurer who, pursuant to a contract entered into in 3517
accordance with section 307.07, 319.10, or 321.49 of the Revised 3518
Code, provides services to a county land reutilization 3519
corporation shall remain an employee of the county during the 3520
provision of those services. 3521

(B) The powers enumerated in this chapter shall not be 3522
construed to limit the general powers of a community improvement 3523
corporation. The powers granted under this chapter are in 3524
addition to those powers granted by any other chapter of the 3525
Revised Code, but, as to a county land reutilization 3526
corporation, shall be used only for the purposes enumerated 3527
under division (B) (2) of section 1724.01 of the Revised Code. 3528

(C) Ownership of real property by an economic development 3529
corporation does not constitute public ownership unless the 3530
economic development corporation has applied for and been 3531
granted a tax exemption for the property under section 5709.08 3532
of the Revised Code. 3533

Sec. 3307.152. (A) As used in this section and in section 3534
3307.154 of the Revised Code: 3535

(1) "Agent" means a dealer, as defined in section 1707.01 3536

of the Revised Code, who is licensed under sections 1707.01 to 3537
~~1707.45~~1707.50 of the Revised Code or under comparable laws of 3538
another state or of the United States. 3539

(2) "Minority business enterprise" has the same meaning as 3540
in section 122.71 of the Revised Code. 3541

(3) "Ohio-qualified agent" means an agent designated as 3542
such by the state teachers retirement board. 3543

(4) "Ohio-qualified investment manager" means an 3544
investment manager designated as such by the state teachers 3545
retirement board. 3546

(5) "Principal place of business" means an office in which 3547
the agent regularly provides securities or investment advisory 3548
services and solicits, meets with, or otherwise communicates 3549
with clients. 3550

(B) The state teachers retirement board shall, for the 3551
purposes of this section, designate an agent as an Ohio- 3552
qualified agent if the agent meets all of the following 3553
requirements: 3554

(1) The agent is subject to taxation under Chapter 5725., 3555
5726., 5733., 5747., or 5751. of the Revised Code. 3556

(2) The agent is authorized to conduct business in this 3557
state. 3558

(3) The agent maintains a principal place of business in 3559
this state and employs at least five residents of this state. 3560

(C) The state teachers retirement board shall adopt and 3561
implement a written policy to establish criteria and procedures 3562
used to select agents to execute securities transactions on 3563
behalf of the retirement system. The policy shall address each 3564

of the following:	3565
(1) Commissions charged by the agent, both in the aggregate and on a per share basis;	3566 3567
(2) The execution speed and trade settlement capabilities of the agent;	3568 3569
(3) The responsiveness, reliability, and integrity of the agent;	3570 3571
(4) The nature and value of research provided by the agent;	3572 3573
(5) Any special capabilities of the agent.	3574
(D) (1) The board shall, at least annually, establish a policy with the goal to increase utilization by the board of Ohio-qualified agents for the execution of domestic equity and fixed income trades on behalf of the retirement system, when an Ohio-qualified agent offers quality, services, and safety comparable to other agents otherwise available to the board and meets the criteria established under division (C) of this section.	3575 3576 3577 3578 3579 3580 3581 3582
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board.	3583 3584 3585
(3) The board shall determine whether an agent is an Ohio-qualified agent, meets the criteria established by the board pursuant to division (C) of this section, and offers quality, services, and safety comparable to other agents otherwise available to the board. The board's determination shall be final.	3586 3587 3588 3589 3590 3591
Sec. 3309.157. (A) As used in this section and in section	3592

3309.159 of the Revised Code:	3593
(1) "Agent" means a dealer, as defined in section 1707.01 of the Revised Code, who is licensed under sections 1707.01 to 1707.45 <u>1707.50</u> of the Revised Code or under comparable laws of another state or of the United States.	3594 3595 3596 3597
(2) "Minority business enterprise" has the same meaning as in section 122.71 of the Revised Code.	3598 3599
(3) "Ohio-qualified agent" means an agent designated as such by the school employees retirement board.	3600 3601
(4) "Ohio-qualified investment manager" means an investment manager designated as such by the school employees retirement board.	3602 3603 3604
(5) "Principal place of business" means an office in which the agent regularly provides securities or investment advisory services and solicits, meets with, or otherwise communicates with clients.	3605 3606 3607 3608
(B) The school employees retirement board shall, for the purposes of this section, designate an agent as an Ohio-qualified agent if the agent meets all of the following requirements:	3609 3610 3611 3612
(1) The agent is subject to taxation under Chapter 5725., 5726., 5733., 5747., or 5751. of the Revised Code.	3613 3614
(2) The agent is authorized to conduct business in this state.	3615 3616
(3) The agent maintains a principal place of business in this state and employs at least five residents of this state.	3617 3618
(C) The school employees retirement board shall adopt and	3619

implement a written policy to establish criteria and procedures 3620
used to select agents to execute securities transactions on 3621
behalf of the retirement system. The policy shall address each 3622
of the following: 3623

(1) Commissions charged by the agent, both in the 3624
aggregate and on a per share basis; 3625

(2) The execution speed and trade settlement capabilities 3626
of the agent; 3627

(3) The responsiveness, reliability, and integrity of the 3628
agent; 3629

(4) The nature and value of research provided by the 3630
agent; 3631

(5) Any special capabilities of the agent. 3632

(D)(1) The board shall, at least annually, establish a 3633
policy with the goal to increase utilization by the board of 3634
Ohio-qualified agents for the execution of domestic equity and 3635
fixed income trades on behalf of the retirement system, when an 3636
Ohio-qualified agent offers quality, services, and safety 3637
comparable to other agents otherwise available to the board and 3638
meets the criteria established under division (C) of this 3639
section. 3640

(2) The board shall review, at least annually, the 3641
performance of the agents that execute securities transactions 3642
on behalf of the board. 3643

(3) The board shall determine whether an agent is an Ohio- 3644
qualified agent, meets the criteria established by the board 3645
pursuant to division (C) of this section, and offers quality, 3646
services, and safety comparable to other agents otherwise 3647

available to the board. The board's determination shall be 3648
final. 3649

Sec. 4582.06. (A) A port authority created in accordance 3650
with section 4582.02 of the Revised Code may: 3651

(1) Acquire, construct, furnish, equip, maintain, repair, 3652
sell, exchange, lease to or from, lease with an option to 3653
purchase, convey other interests in, or operate real or personal 3654
property, or any combination thereof, related to, useful for, or 3655
in furtherance of any authorized purpose, and make charges for 3656
the use of any port authority facility, which shall be not less 3657
than the charges established for the same services furnished by 3658
a public utility or common carrier in the jurisdiction of the 3659
particular port authority; 3660

(2) Straighten, deepen, and improve any canal, channel, 3661
river, stream, or other water course or way that may be 3662
necessary or proper in the development of the facilities of the 3663
port authority; 3664

(3) Issue bonds or notes for the acquisition, 3665
construction, furnishing, or equipping of any real or personal 3666
property, or any combination thereof, related to, useful for, or 3667
in furtherance of any authorized purpose, in compliance with 3668
Chapter 133. of the Revised Code, except that the bonds or notes 3669
only may be issued pursuant to a vote of the electors residing 3670
within the territory of the port authority. The net indebtedness 3671
incurred by a port authority shall never exceed two per cent of 3672
the total value of all property within the territory comprising 3673
the authority as listed and assessed for taxation. 3674

(4) By resolution of its board of directors, issue revenue 3675
bonds beyond the limit of bonded indebtedness provided by law, 3676

for the acquisition, construction, furnishing, or equipping of 3677
any real or personal property, or any combination thereof, 3678
related to, useful for, or in furtherance of any authorized 3679
purpose, including all costs in connection with or incidental 3680
thereto. 3681

The revenue bonds of the port authority shall be secured 3682
only by a pledge of and a lien on the revenues of the port 3683
authority derived from those loan payments, rentals, fees, 3684
charges, or other revenues that are designated in the 3685
resolution, including, but not limited to, any property to be 3686
acquired, constructed, furnished, or equipped with the proceeds 3687
of the bond issue, after provision only for the reasonable cost 3688
of operating, maintaining, and repairing the property of the 3689
port authority so designated. The bonds may further be secured 3690
by the covenant of the port authority to maintain rates or 3691
charges that will produce revenues sufficient to meet the costs 3692
of operating, maintaining, and repairing such property and to 3693
meet the interest and principal requirements of the bonds and to 3694
establish and maintain reserves for the foregoing purposes. The 3695
board of directors, by resolution, may provide for the issuance 3696
of additional revenue bonds from time to time, to be secured 3697
equally and ratably, without preference, priority, or 3698
distinction, with outstanding revenue bonds, but subject to the 3699
terms and limitations of any trust agreement described in this 3700
section, and of any resolution authorizing bonds then 3701
outstanding. The board of directors, by resolution, may 3702
designate additional property of the port authority, the 3703
revenues of which shall be pledged and be subject to a lien for 3704
the payment of the debt charges on revenue bonds theretofore 3705
authorized by resolution of the board of directors, to the same 3706
extent as the revenues above described. 3707

In the discretion of the board of directors, the revenue 3708
bonds of the port authority may be secured by a trust agreement 3709
between the board of directors on behalf of the port authority 3710
and a corporate trustee, that may be any trust company or bank 3711
having powers of a trust company, within or without the state. 3712

The trust agreement may provide for the pledge or 3713
assignment of the revenues to be received, but shall not pledge 3714
the general credit and taxing power of the port authority. A 3715
trust agreement securing revenue bonds issued to acquire, 3716
construct, furnish, or equip real property, plants, factories, 3717
offices, and other structures and facilities for authorized 3718
purposes consistent with Section 13 or 16 of Article VIII, Ohio 3719
Constitution, may mortgage the real or personal property, or a 3720
combination thereof, to be acquired, constructed, furnished, or 3721
equipped from the proceeds of such revenue bonds, as further 3722
security for the bonds. The trust agreement or the resolution 3723
providing for the issuance of revenue bonds may set forth the 3724
rights and remedies of the bondholders and trustee, and may 3725
contain other provisions for protecting and enforcing their 3726
rights and remedies that are determined in the discretion of the 3727
board of directors to be reasonable and proper. The agreement or 3728
resolution may provide for the custody, investment, and 3729
disbursement of all moneys derived from the sale of such bonds, 3730
or from the revenues of the port authority, other than those 3731
moneys received from taxes levied pursuant to section 4582.14 of 3732
the Revised Code, and may provide for the deposit of such funds 3733
without regard to section 4582.15 of the Revised Code. 3734

All bonds issued under authority of this chapter, 3735
regardless of form or terms and regardless of any other law to 3736
the contrary, shall have all qualities and incidents of 3737
negotiable instruments, subject to provisions for registration, 3738

and may be issued in coupon, fully registered, or other form, or 3739
any combination thereof, as the board of directors determines. 3740
Provision may be made for the registration of any coupon bonds 3741
as to principal alone or as to both principal and interest, and 3742
for the conversion into coupon bonds of any fully registered 3743
bonds or bonds registered as to both principal and interest. 3744

The revenue bonds shall bear interest at such rate or 3745
rates, shall bear such date or dates, and shall mature within 3746
forty-five years following the date of issuance and in such 3747
amount, at such time or times, and in such number of 3748
installments, as may be provided in or pursuant to the 3749
resolution authorizing their issuance. The final maturity of any 3750
original issue of revenue bonds shall not be later than forty- 3751
five years from their date of issue. Such resolution also shall 3752
provide for the execution of the bonds, which may be by 3753
facsimile signatures unless prohibited by the resolution, and 3754
the manner of sale of the bonds. The resolution shall provide 3755
for, or provide for the determination of, any other terms and 3756
conditions relative to the issuance, sale, and retirement of the 3757
bonds that the board of directors in its discretion determines 3758
to be reasonable and proper. 3759

Whenever a port authority considers it expedient, it may 3760
issue renewal notes and refund any bonds, whether the bonds to 3761
be refunded have or have not matured. The final maturity of any 3762
notes, including any renewal notes, shall not be later than five 3763
years from the date of issue of the original issue of notes. The 3764
final maturity of any refunding bonds shall not be later than 3765
the later of forty-five years from the date of issue of the 3766
original issue of bonds. The refunding bonds shall be sold and 3767
the proceeds applied to the purchase, redemption, or payment of 3768
the bonds to be refunded and the costs of issuance of the 3769

refunding bonds. The bonds and notes issued under this chapter, 3770
their transfer, and the income therefrom, shall at all times be 3771
free from taxation within the state. 3772

(5) Do any of the following, in regard to any interests in 3773
any real or personal property, or any combination thereof, 3774
including, without limitation, machinery, equipment, plants, 3775
factories, offices, and other structures and facilities related 3776
to, useful for, or in furtherance of any authorized purpose, for 3777
such consideration and in such manner, consistent with Article 3778
VIII, Ohio Constitution, as the board in its sole discretion may 3779
determine: 3780

(a) Loan moneys to any person or governmental entity for 3781
the acquisition, construction, furnishing, and equipping of the 3782
property; 3783

(b) Acquire, construct, maintain, repair, furnish, and 3784
equip the property; 3785

(c) Sell to, exchange with, lease, convey other interests 3786
in, or lease with an option to purchase the same or any lesser 3787
interest in the property to the same or any other person or 3788
governmental entity; 3789

(d) Guarantee the obligations of any person or 3790
governmental entity. 3791

A port authority may accept and hold as consideration for 3792
the conveyance of property or any interest therein such property 3793
or interests therein as the board in its discretion may 3794
determine, notwithstanding any restrictions that apply to the 3795
investment of funds by a port authority. 3796

(6) Construct, maintain, repair, furnish, equip, sell, 3797
exchange, lease, or lease with an option to purchase, any 3798

property that it is authorized to acquire. A port authority that 3799
is subject to this section also may operate any property in 3800
connection with transportation, recreational, governmental 3801
operations, or cultural activities. 3802

(a) Any purchase, exchange, sale, lease, lease with an 3803
option to purchase, conveyance of other interests in, or other 3804
contract with a person or governmental entity that pertains to 3805
the acquisition, construction, maintenance, repair, furnishing, 3806
equipping, or operation of any real or personal property, or any 3807
combination thereof, related to, useful for, or in furtherance 3808
of an activity contemplated by Section 13 or 16 of Article VIII, 3809
Ohio Constitution, shall be made in such manner and subject to 3810
such terms and conditions as may be determined by the board of 3811
directors in its discretion. 3812

(b) Division (A) (6) (a) of this section applies to all 3813
contracts that are subject to the division, notwithstanding any 3814
other provision of law that might otherwise apply, including, 3815
without limitation, any requirement of notice, any requirement 3816
of competitive bidding or selection, or any requirement for the 3817
provision of security. 3818

(c) Divisions (A) (6) (a) and (b) of this section do not 3819
apply to either of the following: 3820

(i) Any contract secured by or to be paid from moneys 3821
raised by taxation or the proceeds of obligations secured by a 3822
pledge of moneys raised by taxation; 3823

(ii) Any contract secured exclusively by or to be paid 3824
exclusively from the general revenues of the port authority. For 3825
the purposes of this section, any revenues derived by the port 3826
authority under a lease or other agreement that, by its terms, 3827

contemplates the use of amounts payable under the agreement 3828
either to pay the costs of the improvement that is the subject 3829
of the contract or to secure obligations of the port authority 3830
issued to finance costs of such improvement, are excluded from 3831
general revenues. 3832

(7) Apply to the proper authorities of the United States 3833
pursuant to appropriate law for the right to establish, operate, 3834
and maintain foreign trade zones and to establish, operate, and 3835
maintain foreign trade zones; and to acquire land or property 3836
therefor, in a manner consistent with section 4582.17 of the 3837
Revised Code; 3838

(8) Exercise the right of eminent domain to appropriate 3839
any land, rights, rights-of-way, franchises, easements, or other 3840
property, necessary or proper for any authorized purpose, 3841
pursuant to the procedure provided in sections 163.01 to 163.22 3842
of the Revised Code, if funds equal to the appraised value of 3843
the property to be acquired as a result of such proceedings are 3844
available for that purpose, except that nothing contained in 3845
sections 4582.01 to 4582.20 of the Revised Code shall authorize 3846
a port authority to take or disturb property or facilities 3847
belonging to any agency or political subdivision of this state, 3848
public utility, or common carrier, which property or facilities 3849
are necessary and convenient in the operation of the agency or 3850
political subdivision, public utility, or common carrier, unless 3851
provision is made for the restoration, relocation, or 3852
duplication of the property or facilities, or upon the election 3853
of the agency or political subdivision, public utility, or 3854
common carrier, for the payment of compensation, if any, at the 3855
sole cost of the port authority, provided that: 3856

(a) If any restoration or duplication proposed to be made 3857

pursuant to this section involves a relocation of such property 3858
or facilities, the new facilities and location shall be of at 3859
least comparable utilitarian value and effectiveness, and the 3860
relocation shall not impair the ability of the public utility or 3861
common carrier to compete in its original area of operation. 3862

(b) If any restoration or duplication made pursuant to 3863
this section involves a relocation of such property or 3864
facilities, the port authority shall acquire no interest or 3865
right in or to the appropriated property or facilities, except 3866
as provided in division (A) (11) of this section, until the 3867
relocated property or facilities are available for use and until 3868
marketable title thereto has been transferred to the public 3869
utility or common carrier. 3870

(c) Provisions for restoration or duplication shall be 3871
described in detail in the resolution for appropriation passed 3872
by the port authority. 3873

(9) Enjoy and possess the same rights, privileges, and 3874
powers granted municipal corporations under sections 721.04 to 3875
721.11 of the Revised Code; 3876

(10) Maintain such funds as it considers necessary; 3877

(11) Direct its agents or employees, when properly 3878
identified in writing, and after at least five days' written 3879
notice, to enter upon lands within the confines of its 3880
jurisdiction in order to make surveys and examinations 3881
preliminary to location and construction of works for the 3882
purposes of the port authority, without liability of the port 3883
authority or its agents or employees except for actual damage 3884
done; 3885

(12) Sell, lease, or convey other interests in real and 3886

personal property and grant easements or rights-of-way over 3887
property of the port authority. The board of directors shall 3888
specify the consideration and any terms thereof for the sale, 3889
lease, or conveyance of other interests in real and personal 3890
property. Any determinations made by the board of directors 3891
under this division shall be conclusive. The sale, lease, or 3892
conveyance may be made without advertising and the receipt of 3893
bids. 3894

(13) Promote, advertise, and publicize the port authority 3895
facilities and its authorized purposes, provide information to 3896
persons with an interest in transportation and other port 3897
authority activities, and appear before rate-making authorities 3898
to represent and promote the interests of the port authority and 3899
its authorized purposes; 3900

(14) Adopt rules, not in conflict with general law, 3901
governing the use of and the safeguarding of its property, 3902
grounds, buildings, equipment, and facilities, safeguarding 3903
persons and their property located on or in port authority 3904
property, and governing the conduct of its employees and the 3905
public, in order to promote the public safety and convenience in 3906
and about its terminals and grounds, and to maintain order. Any 3907
such regulation shall be posted at no less than five public 3908
places in the port authority, as determined by the board of 3909
directors, for a period of not fewer than fifteen days, and 3910
shall be available for public inspection at the principal office 3911
of the port authority during regular business hours. No person 3912
shall violate any lawful regulation adopted and posted as 3913
provided in this division. 3914

(15) Establish and administer one or more payment card 3915
programs for purposes of paying expenses related to port 3916

authority business. Any obligation incurred as a result of the 3917
use of such a payment card shall be paid from port authority 3918
funds. 3919

(16) Act as a portal operator for purposes of an 3920
OhioInvests offering under sections 1707.05 to 1707.058 of the 3921
Revised Code; 3922

(17) Do all acts necessary or appropriate to carry out its 3923
authorized purposes. The port authority shall have the powers 3924
and rights granted to other subdivisions under section 9.20 of 3925
the Revised Code. 3926

(B) Any instrument by which real property is acquired 3927
pursuant to this section shall identify the agency of the state 3928
that has the use and benefit of the real property as specified 3929
in section 5301.012 of the Revised Code. 3930

(C) Whoever violates division (A) (14) of this section is 3931
guilty of a minor misdemeanor. 3932

Sec. 4582.31. (A) A port authority created in accordance 3933
with section 4582.22 of the Revised Code may: 3934

(1) Adopt bylaws for the regulation of its affairs and the 3935
conduct of its business; 3936

(2) Adopt an official seal; 3937

(3) Maintain a principal office within its jurisdiction, 3938
and maintain such branch offices as it may require; 3939

(4) Acquire, construct, furnish, equip, maintain, repair, 3940
sell, exchange, lease to or from, or lease with an option to 3941
purchase, convey other interests in real or personal property, 3942
or any combination thereof, related to, useful for, or in 3943
furtherance of any authorized purpose and operate any property 3944

in connection with transportation, recreational, governmental operations, or cultural activities;	3945 3946
(5) Straigten, deepen, and improve any channel, river, stream, or other water course or way which may be necessary or proper in the development of the facilities of a port authority;	3947 3948 3949
(6) Make available the use or services of any port authority facility to one or more persons, one or more governmental agencies, or any combination thereof;	3950 3951 3952
(7) Issue bonds or notes for the acquisition, construction, furnishing, or equipping of any port authority facility or other permanent improvement that a port authority is authorized to acquire, construct, furnish, or equip, in compliance with Chapter 133. of the Revised Code, except that such bonds or notes may only be issued pursuant to a vote of the electors residing within the area of jurisdiction of the port authority. The net indebtedness incurred by a port authority shall never exceed two per cent of the total value of all property within the territory comprising the port authority as listed and assessed for taxation.	3953 3954 3955 3956 3957 3958 3959 3960 3961 3962 3963
(8) Issue port authority revenue bonds beyond the limit of bonded indebtedness provided by law, payable solely from revenues as provided in section 4582.48 of the Revised Code, for the purpose of providing funds to pay the costs of any port authority facility or facilities or parts thereof;	3964 3965 3966 3967 3968
(9) Apply to the proper authorities of the United States pursuant to appropriate law for the right to establish, operate, and maintain foreign trade zones and establish, operate, and maintain foreign trade zones and to acquire, exchange, sell, lease to or from, lease with an option to purchase, or operate	3969 3970 3971 3972 3973

facilities, land, or property therefor in accordance with the 3974
"Foreign Trade Zones Act," 48 Stat. 998 (1934), 19 U.S.C. 81a to 3975
81u; 3976

(10) Enjoy and possess the same rights, privileges, and 3977
powers granted municipal corporations under sections 721.04 to 3978
721.11 of the Revised Code; 3979

(11) Maintain such funds as it considers necessary; 3980

(12) Direct its agents or employees, when properly 3981
identified in writing, and after at least five days' written 3982
notice, to enter upon lands within the confines of its 3983
jurisdiction in order to make surveys and examinations 3984
preliminary to location and construction of works for the 3985
purposes of the port authority, without liability of the port 3986
authority or its agents or employees except for actual damage 3987
done; 3988

(13) Promote, advertise, and publicize the port authority 3989
and its facilities; provide information to shippers and other 3990
commercial interests; and appear before rate-making authorities 3991
to represent and promote the interests of the port authority; 3992

(14) Adopt rules, not in conflict with general law, it 3993
finds necessary or incidental to the performance of its duties 3994
and the execution of its powers under sections 4582.21 to 3995
4582.54 of the Revised Code. Any such rule shall be posted at no 3996
less than five public places in the port authority, as 3997
determined by the board of directors, for a period of not fewer 3998
than fifteen days, and shall be available for public inspection 3999
at the principal office of the port authority during regular 4000
business hours. No person shall violate any lawful rule adopted 4001
and posted as provided in this division. 4002

(15) Do any of the following, in regard to any interests 4003
in any real or personal property, or any combination thereof, 4004
including, without limitation, machinery, equipment, plants, 4005
factories, offices, and other structures and facilities related 4006
to, useful for, or in furtherance of any authorized purpose, for 4007
such consideration and in such manner, consistent with Article 4008
VIII of the Ohio Constitution, as the board in its sole 4009
discretion may determine: 4010

(a) Loan moneys to any person or governmental entity for 4011
the acquisition, construction, furnishing, and equipping of the 4012
property; 4013

(b) Acquire, construct, maintain, repair, furnish, and 4014
equip the property; 4015

(c) Sell to, exchange with, lease, convey other interests 4016
in, or lease with an option to purchase the same or any lesser 4017
interest in the property to the same or any other person or 4018
governmental entity; 4019

(d) Guarantee the obligations of any person or 4020
governmental entity. 4021

A port authority may accept and hold as consideration for 4022
the conveyance of property or any interest therein such property 4023
or interests therein as the board in its discretion may 4024
determine, notwithstanding any restrictions that apply to the 4025
investment of funds by a port authority. 4026

(16) Sell, lease, or convey other interests in real and 4027
personal property, and grant easements or rights-of-way over 4028
property of the port authority. The board of directors shall 4029
specify the consideration and any terms for the sale, lease, or 4030
conveyance of other interests in real and personal property. Any 4031

determination made by the board under this division shall be 4032
conclusive. The sale, lease, or conveyance may be made without 4033
advertising and the receipt of bids. 4034

(17) Exercise the right of eminent domain to appropriate 4035
any land, rights, rights-of-way, franchises, easements, or other 4036
property, necessary or proper for any authorized purpose, 4037
pursuant to the procedure provided in sections 163.01 to 163.22 4038
of the Revised Code, if funds equal to the appraised value of 4039
the property to be acquired as a result of such proceedings are 4040
available for that purpose. However, nothing contained in 4041
sections 4582.201 to 4582.59 of the Revised Code shall authorize 4042
a port authority to take or disturb property or facilities 4043
belonging to any agency or political subdivision of this state, 4044
public utility, cable operator, or common carrier, which 4045
property or facilities are necessary and convenient in the 4046
operation of the agency or political subdivision, public 4047
utility, cable operator, or common carrier, unless provision is 4048
made for the restoration, relocation, or duplication of such 4049
property or facilities, or upon the election of the agency or 4050
political subdivision, public utility, cable operator, or common 4051
carrier, for the payment of compensation, if any, at the sole 4052
cost of the port authority, provided that: 4053

(a) If any restoration or duplication proposed to be made 4054
under this section involves a relocation of the property or 4055
facilities, the new facilities and location shall be of at least 4056
comparable utilitarian value and effectiveness and shall not 4057
impair the ability of the public utility, cable operator, or 4058
common carrier to compete in its original area of operation; 4059

(b) If any restoration or duplication made under this 4060
section involves a relocation of the property or facilities, the 4061

port authority shall acquire no interest or right in or to the 4062
appropriated property or facilities, except as provided in 4063
division (A) (15) of this section, until the relocated property 4064
or facilities are available for use and until marketable title 4065
thereto has been transferred to the public utility, cable 4066
operator, or common carrier. 4067

As used in division (A) (17) of this section, "cable 4068
operator" has the same meaning as in the "Cable Communications 4069
Policy Act of 1984," Pub. L. No. 98-549, 98 Stat. 2780, 47 4070
U.S.C. 522, as amended by the "Telecommunications Act of 1996," 4071
Pub. L. No. 104-104, 110 Stat. 56. 4072

(18) (a) Make and enter into all contracts and agreements 4073
and execute all instruments necessary or incidental to the 4074
performance of its duties and the execution of its powers under 4075
sections 4582.21 to 4582.59 of the Revised Code. 4076

(b) Except as provided in division (A) (18) (c) of this 4077
section or except when the port authority elects to construct a 4078
building, structure, or other improvement pursuant to a contract 4079
made with a construction manager at risk under sections 9.33 to 4080
9.335 of the Revised Code or with a design-build firm under 4081
section 153.65 to 153.73 of the Revised Code, when the cost of a 4082
contract for the construction of any building, structure, or 4083
other improvement undertaken by a port authority involves an 4084
expenditure exceeding one hundred fifty thousand dollars and the 4085
port authority is the contracting entity, the port authority 4086
shall make a written contract after notice calling for bids for 4087
the award of the contract has been given by publication twice, 4088
with at least seven days between publications, in a newspaper of 4089
general circulation in the area of the port authority or as 4090
provided in section 7.16 of the Revised Code. Each such contract 4091

shall be let to the lowest responsive and responsible bidder in 4092
accordance with section 9.312 of the Revised Code. Every 4093
contract shall be accompanied by or shall refer to plans and 4094
specifications for the work to be done, prepared for and 4095
approved by the port authority, signed by an authorized officer 4096
of the port authority and by the contractor, and shall be 4097
executed in triplicate. 4098

Each bid shall be awarded in accordance with sections 4099
153.54, 153.57, and 153.571 of the Revised Code. The port 4100
authority may reject any and all bids. 4101

(c) The board of directors by rule may provide criteria 4102
for the negotiation and award without competitive bidding of any 4103
contract as to which the port authority is the contracting 4104
entity for the construction of any building or structure or 4105
other improvement under any of the following circumstances: 4106

(i) There exists a real and present emergency that 4107
threatens damage or injury to persons or property of the port 4108
authority or other persons, provided that a statement specifying 4109
the nature of the emergency that is the basis for the 4110
negotiation and award of a contract without competitive bidding 4111
shall be signed by the officer of the port authority that 4112
executes that contract at the time of the contract's execution 4113
and shall be attached to the contract. 4114

(ii) A commonly recognized industry or other standard or 4115
specification does not exist and cannot objectively be 4116
articulated for the improvement. 4117

(iii) The contract is for any energy conservation measure 4118
as defined in section 307.041 of the Revised Code. 4119

(iv) With respect to material to be incorporated into the 4120

improvement, only a single source or supplier exists for the 4121
material. 4122

(v) A single bid is received by the port authority after 4123
complying with the provisions of division (A) (18) (b) of this 4124
section. 4125

(d) (i) If a contract is to be negotiated and awarded 4126
without competitive bidding for the reason set forth in division 4127
(A) (18) (c) (ii) of this section, the port authority shall publish 4128
a notice calling for technical proposals twice, with at least 4129
seven days between publications, in a newspaper of general 4130
circulation in the area of the port authority or as provided in 4131
section 7.16 of the Revised Code. After receipt of the technical 4132
proposals, the port authority may negotiate with and award a 4133
contract for the improvement to the proposer making the proposal 4134
considered to be the most advantageous to the port authority. 4135

(ii) If a contract is to be negotiated and awarded without 4136
competitive bidding for the reason set forth in division (A) (18) 4137
(c) (iv) of this section, any construction activities related to 4138
the incorporation of the material into the improvement also may 4139
be provided without competitive bidding by the source or 4140
supplier of that material. 4141

(e) (i) Any purchase, exchange, sale, lease, lease with an 4142
option to purchase, conveyance of other interests in, or other 4143
contract with a person or governmental entity that pertains to 4144
the acquisition, construction, maintenance, repair, furnishing, 4145
equipping, or operation of any real or personal property, or any 4146
combination thereof, related to, useful for, or in furtherance 4147
of an activity contemplated by Section 13 or 16 of Article VIII, 4148
Ohio Constitution, shall be made in such manner and subject to 4149
such terms and conditions as may be determined by the board of 4150

directors in its discretion. 4151

(ii) Division (A) (18) (e) (i) of this section applies to all 4152
contracts that are subject to the division, notwithstanding any 4153
other provision of law that might otherwise apply, including, 4154
without limitation, any requirement of notice, any requirement 4155
of competitive bidding or selection, or any requirement for the 4156
provision of security. 4157

(iii) Divisions (A) (18) (e) (i) and (ii) of this section do 4158
not apply to either of the following: any contract secured by or 4159
to be paid from moneys raised by taxation or the proceeds of 4160
obligations secured by a pledge of moneys raised by taxation; or 4161
any contract secured exclusively by or to be paid exclusively 4162
from the general revenues of the port authority. For the 4163
purposes of this section, any revenues derived by the port 4164
authority under a lease or other agreement that, by its terms, 4165
contemplates the use of amounts payable under the agreement 4166
either to pay the costs of the improvement that is the subject 4167
of the contract or to secure obligations of the port authority 4168
issued to finance costs of such improvement, are excluded from 4169
general revenues. 4170

(19) Employ managers, superintendents, and other employees 4171
and retain or contract with consulting engineers, financial 4172
consultants, accounting experts, architects, attorneys, and any 4173
other consultants and independent contractors as are necessary 4174
in its judgment to carry out this chapter, and fix the 4175
compensation thereof. All expenses thereof shall be payable from 4176
any available funds of the port authority or from funds 4177
appropriated for that purpose by a political subdivision 4178
creating or participating in the creation of the port authority. 4179

(20) Receive and accept from any state or federal agency 4180

grants and loans for or in aid of the construction of any port authority facility or for research and development with respect to port authority facilities, and receive and accept aid or contributions from any source of money, property, labor, or other things of value, to be held, used, and applied only for the purposes for which the grants and contributions are made;

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

(22) Purchase fire and extended coverage and liability insurance for any port authority facility and for the principal office and branch offices of the port authority, insurance protecting the port authority and its officers and employees against liability for damage to property or injury to or death of persons arising from its operations, and any other insurance the port authority may agree to provide under any resolution authorizing its port authority revenue bonds or in any trust agreement securing the same;

(23) Charge, alter, and collect rentals and other charges for the use or services of any port authority facility as provided in section 4582.43 of the Revised Code;

(24) Provide coverage for its employees under Chapters 145., 4123., and 4141. of the Revised Code;

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

(26) Act as a portal operator for purposes of an OhioInvests offering under sections 1707.05 to 1707.058 of the

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<u>Revised Code;</u>	4210
<u>(27)</u> Do all acts necessary or proper to carry out the powers expressly granted in sections 4582.21 to 4582.59 of the Revised Code.	4211 4212 4213
(B) Any instrument by which real property is acquired pursuant to this section shall identify the agency of the state that has the use and benefit of the real property as specified in section 5301.012 of the Revised Code.	4214 4215 4216 4217
(C) Whoever violates division (A) (14) of this section is guilty of a minor misdemeanor.	4218 4219
Sec. 5505.068. (A) As used in this section and in section 5505.0610 of the Revised Code:	4220 4221
(1) "Agent" means a dealer, as defined in section 1707.01 of the Revised Code, who is licensed under sections 1707.01 to 1707.45 <u>1707.50</u> of the Revised Code or under comparable laws of another state or of the United States.	4222 4223 4224 4225
(2) "Minority business enterprise" has the same meaning as in section 122.71 of the Revised Code.	4226 4227
(3) "Ohio-qualified agent" means an agent designated as such by the state highway patrol retirement board.	4228 4229
(4) "Ohio-qualified investment manager" means an investment manager designated as such by the state highway patrol retirement board.	4230 4231 4232
(5) "Principal place of business" means an office in which the agent regularly provides securities or investment advisory services and solicits, meets with, or otherwise communicates with clients.	4233 4234 4235 4236

(B) The state highway patrol retirement board shall, for 4237
the purposes of this section, designate an agent as an Ohio- 4238
qualified agent if the agent meets all of the following 4239
requirements: 4240

(1) The agent is subject to taxation under Chapter 5725., 4241
5726., 5733., 5747., or 5751. of the Revised Code. 4242

(2) The agent is authorized to conduct business in this 4243
state; 4244

(3) The agent maintains a principal place of business in 4245
this state and employs at least five residents of this state. 4246

(C) The state highway patrol retirement board shall adopt 4247
and implement a written policy to establish criteria and 4248
procedures used to select agents to execute securities 4249
transactions on behalf of the retirement system. The policy 4250
shall address each of the following: 4251

(1) Commissions charged by the agent, both in the 4252
aggregate and on a per share basis; 4253

(2) The execution speed and trade settlement capabilities 4254
of the agent; 4255

(3) The responsiveness, reliability, and integrity of the 4256
agent; 4257

(4) The nature and value of research provided by the 4258
agent; 4259

(5) Any special capabilities of the agent. 4260

(D) (1) The board shall, at least annually, establish a 4261
policy with the goal to increase utilization by the board of 4262
Ohio-qualified agents for the execution of domestic equity and 4263

fixed income trades on behalf of the retirement system, when an 4264
Ohio-qualified agent offers quality, services, and safety 4265
comparable to other agents otherwise available to the board and 4266
meets the criteria established under division (C) of this 4267
section. 4268

(2) The board shall review, at least annually, the 4269
performance of the agents that execute securities transactions 4270
on behalf of the board. 4271

(3) The board shall determine whether an agent is an Ohio- 4272
qualified agent, meets the criteria established by the board 4273
pursuant to division (C) of this section, and offers quality, 4274
services, and safety comparable to other agents otherwise 4275
available to the board. The board's determination shall be 4276
final. 4277

Section 2. That existing sections 145.114, 187.01, 4278
742.114, 1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 4279
1707.161, 1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 4280
1707.25, 1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 4281
1707.31, 1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 4282
1707.40, 1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 4283
3309.157, 4582.06, 4582.31, and 5505.068 of the Revised Code are 4284
hereby repealed. 4285

Section 3. In enacting section 1707.50 of the Revised Code 4286
in Section 1 of this act, the General Assembly finds all of the 4287
following: 4288

(A) Whereas adequate financing of essential investor 4289
protection enforcement is necessary to achieve maximum 4290
compliance with state law, to ensure, for businesses that raise 4291
money via crowdfunding, an effective disincentive to engage in 4292

unlawful, fraudulent, and anticompetitive business practices, 4293
and to provide appropriate regulation of an emerging and quickly 4294
evolving industry. 4295

(B) Although self-policing efforts by industry watchdog 4296
groups may have some success in educating some fundraisers about 4297
their obligations under state consumer and investor laws, in 4298
other cases the only meaningful deterrent to unlawful conduct is 4299
the vigorous assessment and collection of civil penalties. 4300

(C) It is in the public interest to provide that civil 4301
penalties for violations of law may also be assessed and 4302
collected by aggrieved crowdfunding investors acting as private 4303
attorneys general enforcement. 4304