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Committee**

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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

A BILL

To amend sections 145.114, 742.114, 1707.01, 1
1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 2
1707.161, 1707.17, 1707.19, 1707.20, 1707.21, 3
1707.23, 1707.24, 1707.25, 1707.26, 1707.261, 4
1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 5
1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 6
1707.391, 1707.40, 1707.431, 1707.44, 1707.99, 7
1724.02, 3307.152, 3309.157, 4582.06, 4582.31, 8
and 5505.068 and to enact sections 1707.05, 9
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
and to provide for a hardship exemption from the 14
requirement that financial statements filed 15
under the Securities Law be audited. 16

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

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

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

(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~~ 1707.50 of the Revised Code or under comparable laws of another state or of the United States.

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

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

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

(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.

(B) The public 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	46
requirements:	47
(1) The agent is subject to taxation under Chapter 5725.,	48
5726., 5733., 5747., or 5751. of the Revised Code;	49
(2) The agent is authorized to conduct business in this	50
state;	51
(3) The agent maintains a principal place of business in	52
this state and employs at least five residents of this state.	53
(C) The public employees retirement board shall adopt and	54
implement a written policy to establish criteria and procedures	55
used to select agents to execute securities transactions on	56
behalf of the retirement system. The policy shall address each	57
of the following:	58
(1) Commissions charged by the agent, both in the	59
aggregate and on a per share basis;	60
(2) The execution speed and trade settlement capabilities	61
of the agent;	62
(3) The responsiveness, reliability, and integrity of the	63
agent;	64
(4) The nature and value of research provided by the	65
agent;	66
(5) Any special capabilities of the agent.	67
(D) (1) The board shall, at least annually, establish a	68
policy with the goal to increase utilization by the board of	69
Ohio-qualified agents for the execution of domestic equity and	70
fixed income trades on behalf of the retirement system, when an	71
Ohio-qualified agent offers quality, services, and safety	72

comparable to other agents otherwise available to the board and 73
meets the criteria established under division (C) of this 74
section. 75

(2) The board shall review, at least annually, the 76
performance of the agents that execute securities transactions 77
on behalf of the board. 78

(3) The board shall determine whether an agent is an Ohio- 79
qualified agent, meets the criteria established by the board 80
pursuant to division (C) of this section, and offers quality, 81
services, and safety comparable to other agents otherwise 82
available to the board. The board's determination shall be 83
final. 84

Sec. 742.114. (A) As used in this section and in section 85
742.116 of the Revised Code: 86

(1) "Agent" means a dealer, as defined in section 1707.01 87
of the Revised Code, who is licensed under sections 1707.01 to 88
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 89
another state or of the United States. 90

(2) "Minority business enterprise" has the same meaning as 91
in section 122.71 of the Revised Code. 92

(3) "Ohio-qualified agent" means an agent designated as 93
such by the board of trustees of the fund. 94

(4) "Ohio-qualified investment manager" means an 95
investment manager designated as such by the board of trustees 96
of the fund. 97

(5) "Principal place of business" means an office in which 98
the agent regularly provides securities or investment advisory 99
services and solicits, meets with, or otherwise communicates 100

with clients.	101
(B) The board of trustees of the fund shall, for the	102
purposes of this section, designate an agent as an Ohio-	103
qualified agent if the agent meets all of the following	104
requirements:	105
(1) The agent is subject to taxation under Chapter 5725.,	106
5726., 5733., 5747., or 5751. of the Revised Code;	107
(2) The agent is authorized to conduct business in this	108
state;	109
(3) The agent maintains a principal place of business in	110
this state and employs at least five residents of this state.	111
(C) The board shall adopt and implement a written policy	112
to establish criteria and procedures used to select agents to	113
execute securities transactions on behalf of the retirement	114
system. The policy shall address each of the following:	115
(1) Commissions charged by the agent, both in the	116
aggregate and on a per share basis;	117
(2) The execution speed and trade settlement capabilities	118
of the agent;	119
(3) The responsiveness, reliability, and integrity of the	120
agent;	121
(4) The nature and value of research provided by the	122
agent;	123
(5) Any special capabilities of the agent.	124
(D) (1) The board shall, at least annually, establish a	125
policy with the goal to increase utilization by the board of	126
Ohio-qualified agents for the execution of domestic equity and	127

fixed-income trades on behalf of the retirement system, when an 128
Ohio-qualified agent offers quality, services, and safety 129
comparable to other agents otherwise available to the board and 130
meets the criteria established under division (C) of this 131
section. 132

(2) The board shall review, at least annually, the 133
performance of the agents that execute securities transactions 134
on behalf of the board. 135

(3) The board shall determine whether an agent is an Ohio- 136
qualified agent, meets the criteria established by the board 137
pursuant to division (C) of this section, and offers quality, 138
services, and safety comparable to other agents otherwise 139
available to the board. The board's determination shall be 140
final. 141

Sec. 1707.01. As used in this chapter: 142

(A) Whenever the context requires it, "division" or 143
"division of securities" may be read as "director of commerce" 144
or as "commissioner of securities." 145

(B) "Security" means any certificate or instrument, or any 146
oral, written, or electronic agreement, understanding, or 147
opportunity, that represents title to or interest in, or is 148
secured by any lien or charge upon, the capital, assets, 149
profits, property, or credit of any person or of any public or 150
governmental body, subdivision, or agency. It includes shares of 151
stock, certificates for shares of stock, an uncertificated 152
security, membership interests in limited liability companies, 153
voting-trust certificates, warrants and options to purchase 154
securities, subscription rights, interim receipts, interim 155
certificates, promissory notes, all forms of commercial paper, 156

evidences of indebtedness, bonds, debentures, land trust 157
certificates, fee certificates, leasehold certificates, 158
syndicate certificates, endowment certificates, interests in or 159
under profit-sharing or participation agreements, interests in 160
or under oil, gas, or mining leases, preorganization or 161
reorganization subscriptions, preorganization certificates, 162
reorganization certificates, interests in any trust or pretended 163
trust, any investment contract, any life settlement interest, 164
any instrument evidencing a promise or an agreement to pay 165
money, warehouse receipts for intoxicating liquor, and the 166
currency of any government other than those of the United States 167
and Canada, but sections 1707.01 to ~~1707.45~~1707.50 of the 168
Revised Code do not apply to the sale of real estate. 169

(C) (1) "Sale" has the full meaning of "sale" as applied by 170
or accepted in courts of law or equity, and includes every 171
disposition, or attempt to dispose, of a security or of an 172
interest in a security. "Sale" also includes a contract to sell, 173
an exchange, an attempt to sell, an option of sale, a 174
solicitation of a sale, a solicitation of an offer to buy, a 175
subscription, or an offer to sell, directly or indirectly, by 176
agent, circular, pamphlet, advertisement, or otherwise. 177

(2) "Sell" means any act by which a sale is made. 178

(3) The use of advertisements, circulars, or pamphlets in 179
connection with the sale of securities in this state exclusively 180
to the purchasers specified in division (D) of section 1707.03 181
of the Revised Code is not a sale when the advertisements, 182
circulars, and pamphlets describing and offering those 183
securities bear a readily legible legend in substance as 184
follows: "This offer is made on behalf of dealers licensed under 185
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, and is 186

confined in this state exclusively to institutional investors	187
and licensed dealers."	188
(4) The offering of securities by any person in	189
conjunction with a licensed dealer by use of advertisement,	190
circular, or pamphlet is not a sale if that person does not	191
otherwise attempt to sell securities in this state.	192
(5) Any security given with, or as a bonus on account of,	193
any purchase of securities is conclusively presumed to	194
constitute a part of the subject of that purchase and has been	195
"sold."	196
(6) "Sale" by an owner, pledgee, or mortgagee, or by a	197
person acting in a representative capacity, includes sale on	198
behalf of such party by an agent, including a licensed dealer or	199
salesperson.	200
(D) "Person," except as otherwise provided in this	201
chapter, means a natural person, firm, partnership, limited	202
partnership, partnership association, syndicate, joint-stock	203
company, unincorporated association, trust or trustee except	204
where the trust was created or the trustee designated by law or	205
judicial authority or by a will, and a corporation or limited	206
liability company organized under the laws of any state, any	207
foreign government, or any political subdivision of a state or	208
foreign government.	209
(E) (1) "Dealer," except as otherwise provided in this	210
chapter, means every person, other than a salesperson, who	211
engages or professes to engage, in this state, for either all or	212
part of the person's time, directly or indirectly, either in the	213
business of the sale of securities for the person's own account,	214
or in the business of the purchase or sale of securities for the	215

account of others in the reasonable expectation of receiving a 216
commission, fee, or other remuneration as a result of engaging 217
in the purchase and sale of securities. "Dealer" does not mean 218
any of the following: 219

(a) Any issuer, including any officer, director, employee, 220
or trustee of, or member or manager of, or partner in, or any 221
general partner of, any issuer, that sells, offers for sale, or 222
does any act in furtherance of the sale of a security that 223
represents an economic interest in that issuer, provided no 224
commission, fee, or other similar remuneration is paid to or 225
received by the issuer for the sale; 226

(b) Any licensed attorney, public accountant, or firm of 227
such attorneys or accountants, whose activities are incidental 228
to the practice of the attorney's, accountant's, or firm's 229
profession; 230

(c) Any person that, for the account of others, engages in 231
the purchase or sale of securities that are issued and 232
outstanding before such purchase and sale, if a majority or more 233
of the equity interest of an issuer is sold in that transaction, 234
and if, in the case of a corporation, the securities sold in 235
that transaction represent a majority or more of the voting 236
power of the corporation in the election of directors; 237

(d) Any person that brings an issuer together with a 238
potential investor and whose compensation is not directly or 239
indirectly based on the sale of any securities by the issuer to 240
the investor; 241

(e) Any bank; 242

(f) Any person that the division of securities by rule 243
exempts from the definition of "dealer" under division (E) (1) of 244

this section.	245
(2) "Licensed dealer" means a dealer licensed under this chapter.	246 247
(F) (1) "Salesman" or "salesperson" means every natural person, other than a dealer, who is employed, authorized, or appointed by a dealer to sell securities within this state.	248 249 250
(2) The general partners of a partnership, and the executive officers of a corporation or unincorporated association, licensed as a dealer are not salespersons within the meaning of this definition, nor are clerical or other employees of an issuer or dealer that are employed for work to which the sale of securities is secondary and incidental; but the division of securities may require a license from any such partner, executive officer, or employee if it determines that protection of the public necessitates the licensing.	251 252 253 254 255 256 257 258 259
(3) "Licensed salesperson" means a salesperson licensed under this chapter.	260 261
(G) "Issuer" means every person who has issued, proposes to issue, or issues any security.	262 263
(H) "Director" means each director or trustee of a corporation, each trustee of a trust, each general partner of a partnership, except a partnership association, each manager of a partnership association, and any person vested with managerial or directory power over an issuer not having a board of directors or trustees.	264 265 266 267 268 269
(I) "Incorporator" means any incorporator of a corporation and any organizer of, or any person participating, other than in a representative or professional capacity, in the organization of an unincorporated issuer.	270 271 272 273

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent practices," or "fraudulent transactions" means anything recognized on or after July 22, 1929, as such in courts of law or equity; any device, scheme, or artifice to defraud or to obtain money or property by means of any false pretense, representation, or promise; any fictitious or pretended purchase or sale of securities; and any act, practice, transaction, or course of business relating to the purchase or sale of securities that is fraudulent or that has operated or would operate as a fraud upon the seller or purchaser.

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

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

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

(M) "Public utilities" means those utilities defined in sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised

Code; in the case of a foreign corporation, it means those 304
utilities defined as public utilities by the laws of its 305
domicile; and in the case of any other foreign issuer, it means 306
those utilities defined as public utilities by the laws of the 307
situs of its principal place of business. The term always 308
includes railroads whether or not they are so defined as public 309
utilities. 310

(N) "State" means any state of the United States, any 311
territory or possession of the United States, the District of 312
Columbia, and any province of Canada. 313

(O) "Bank" means any bank, trust company, savings and loan 314
association, savings bank, or credit union that is incorporated 315
or organized under the laws of the United States, any state of 316
the United States, Canada, or any province of Canada and that is 317
subject to regulation or supervision by that country, state, or 318
province. 319

(P) "Include," when used in a definition, does not exclude 320
other things or persons otherwise within the meaning of the term 321
defined. 322

(Q) (1) "Registration by description" means that the 323
requirements of section 1707.08 of the Revised Code have been 324
complied with. 325

(2) "Registration by qualification" means that the 326
requirements of sections 1707.09 and 1707.11 of the Revised Code 327
have been complied with. 328

(3) "Registration by coordination" means that there has 329
been compliance with section 1707.091 of the Revised Code. 330
Reference in this chapter to registration by qualification also 331
includes registration by coordination unless the context 332

otherwise indicates.	333
(R) "Intoxicating liquor" includes all liquids and	334
compounds that contain more than three and two-tenths per cent	335
of alcohol by weight and are fit for use for beverage purposes.	336
(S) "Institutional investor" means any of the following,	337
whether acting for itself or for others in a fiduciary capacity:	338
(1) A bank or international banking institution;	339
(2) An insurance company;	340
(3) A separate account of an insurance company;	341
(4) An investment company as defined in the "Investment	342
Company Act of 1940," 15 U.S.C. 80a-3;	343
(5) A broker-dealer registered under the "Securities	344
Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by	345
the division of securities as a dealer;	346
(6) An employee pension, profit-sharing, or benefit plan	347
if the plan has total assets in excess of ten million dollars or	348
its investment decisions are made by a named fiduciary, as	349
defined in the "Employee Retirement Income Security Act of	350
1974," 29 U.S.C. 1001, that is one of the following:	351
(a) A broker-dealer registered under the "Securities	352
Exchange Act of 1934," 15 U.S.C. 78o, as amended;	353
(b) An investment adviser registered or exempt from	354
registration under the "Investment Advisers Act of 1940," 15	355
U.S.C. 80b-3;	356
(c) An investment adviser registered under this chapter, a	357
bank, or an insurance company.	358
(7) A plan established and maintained by a state, a	359

political subdivision of a state, or an agency or 360
instrumentality of a state or a political subdivision of a state 361
for the benefit of its employees, if the plan has total assets 362
in excess of ten million dollars or its investment decisions are 363
made by a duly designated public official or by a named 364
fiduciary, as defined in the "Employee Retirement Income 365
Security Act of 1974," 29 U.S.C. 1001, that is one of the 366
following: 367

(a) A broker-dealer registered under the "Securities 368
Exchange Act of 1934," 15 U.S.C. 78o, as amended; 369

(b) An investment adviser registered or exempt from 370
registration under the "Investment Advisers Act of 1940," 15 371
U.S.C. 80b-3; 372

(c) An investment adviser registered under this chapter, a 373
bank, or an insurance company. 374

(8) A trust, if it has total assets in excess of ten 375
million dollars, its trustee is a bank, and its participants are 376
exclusively plans of the types identified in division (S) (6) or 377
(7) of this section, regardless of the size of their assets, 378
except a trust that includes as participants self-directed 379
individual retirement accounts or similar self-directed plans; 380

(9) An organization described in section 501(c) (3) of the 381
"Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, 382
corporation, Massachusetts trust or similar business trust, 383
limited liability company, or partnership, not formed for the 384
specific purpose of acquiring the securities offered, with total 385
assets in excess of ten million dollars; 386

(10) A small business investment company licensed by the 387
small business administration under section 301(c) of the "Small 388

Business Investment Act of 1958," 15 U.S.C. 681(c), with total	389
assets in excess of ten million dollars;	390
(11) A private business development company as defined in	391
section 202(a)(22) of the "Investment Advisers Act of 1940," 15	392
U.S.C. 80b-2(a)(22), with total assets in excess of ten million	393
dollars;	394
(12) A federal covered investment adviser acting for its	395
own account;	396
(13) A "qualified institutional buyer" as defined in 17	397
C.F.R. 230.144A(a)(1), other than 17 C.F.R. 230.144A(a)(1)(H);	398
(14) A "major U.S. institutional investor" as defined in	399
17 C.F.R. 240.15a-6(b)(4)(i);	400
(15) Any other person, other than an individual, of	401
institutional character with total assets in excess of ten	402
million dollars not organized for the specific purpose of	403
evading this chapter;	404
(16) Any other person specified by rule adopted or order	405
issued under this chapter.	406
(T) A reference to a statute of the United States or to a	407
rule, regulation, or form promulgated by the securities and	408
exchange commission or by another federal agency means the	409
statute, rule, regulation, or form as it exists at the time of	410
the act, omission, event, or transaction to which it is applied	411
under this chapter.	412
(U) "Securities and exchange commission" means the	413
securities and exchange commission established by the Securities	414
Exchange Act of 1934.	415
(V) (1) "Control bid" means the purchase of or offer to	416

purchase any equity security of a subject company from a 417
resident of this state if either of the following applies: 418

(a) After the purchase of that security, the offeror would 419
be directly or indirectly the beneficial owner of more than ten 420
per cent of any class of the issued and outstanding equity 421
securities of the issuer. 422

(b) The offeror is the subject company, there is a pending 423
control bid by a person other than the issuer, and the number of 424
the issued and outstanding shares of the subject company would 425
be reduced by more than ten per cent. 426

(2) For purposes of division (V) (1) of this section, 427
"control bid" does not include any of the following: 428

(a) A bid made by a dealer for the dealer's own account in 429
the ordinary course of business of buying and selling 430
securities; 431

(b) An offer to acquire any equity security solely in 432
exchange for any other security, or the acquisition of any 433
equity security pursuant to an offer, for the sole account of 434
the offeror, in good faith and not for the purpose of avoiding 435
the provisions of this chapter, and not involving any public 436
offering of the other security within the meaning of Section 4 437
of Title I of the "Securities Act of 1933," 48 Stat. 77, 15 438
U.S.C.A. 77d(2), as amended; 439

(c) Any other offer to acquire any equity security, or the 440
acquisition of any equity security pursuant to an offer, for the 441
sole account of the offeror, from not more than fifty persons, 442
in good faith and not for the purpose of avoiding the provisions 443
of this chapter. 444

(W) "Offeror" means a person who makes, or in any way 445

participates or aids in making, a control bid and includes 446
persons acting jointly or in concert, or who intend to exercise 447
jointly or in concert any voting rights attached to the 448
securities for which the control bid is made and also includes 449
any subject company making a control bid for its own securities. 450

(X) (1) "Investment adviser" means any person who, for 451
compensation, engages in the business of advising others, either 452
directly or through publications or writings, as to the value of 453
securities or as to the advisability of investing in, 454
purchasing, or selling securities, or who, for compensation and 455
as a part of regular business, issues or promulgates analyses or 456
reports concerning securities. 457

(2) "Investment adviser" does not mean any of the 458
following: 459

(a) Any attorney, accountant, engineer, or teacher, whose 460
performance of investment advisory services described in 461
division (X) (1) of this section is solely incidental to the 462
practice of the attorney's, accountant's, engineer's, or 463
teacher's profession; 464

(b) A publisher of any bona fide newspaper, news magazine, 465
or business or financial publication of general and regular 466
circulation; 467

(c) A person who acts solely as an investment adviser 468
representative; 469

(d) A bank holding company, as defined in the "Bank 470
Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that 471
is not an investment company; 472

(e) A bank, or any receiver, conservator, or other 473
liquidating agent of a bank; 474

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

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

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

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

(j) Any other person that the division designates by rule, if the division finds that the designation is necessary or appropriate in the public interest or for the protection of investors or clients and consistent with the purposes fairly

intended by the policy and provisions of this chapter. 505

(Y) (1) "Subject company" means an issuer that satisfies 506
both of the following: 507

(a) Its principal place of business or its principal 508
executive office is located in this state, or it owns or 509
controls assets located within this state that have a fair 510
market value of at least one million dollars. 511

(b) More than ten per cent of its beneficial or record 512
equity security holders are resident in this state, more than 513
ten per cent of its equity securities are owned beneficially or 514
of record by residents in this state, or more than one thousand 515
of its beneficial or record equity security holders are resident 516
in this state. 517

(2) The division of securities may adopt rules to 518
establish more specific application of the provisions set forth 519
in division (Y) (1) of this section. Notwithstanding the 520
provisions set forth in division (Y) (1) of this section and any 521
rules adopted under this division, the division, by rule or in 522
an adjudicatory proceeding, may make a determination that an 523
issuer does not constitute a "subject company" under division 524
(Y) (1) of this section if appropriate review of control bids 525
involving the issuer is to be made by any regulatory authority 526
of another jurisdiction. 527

(Z) "Beneficial owner" includes any person who directly or 528
indirectly through any contract, arrangement, understanding, or 529
relationship has or shares, or otherwise has or shares, the 530
power to vote or direct the voting of a security or the power to 531
dispose of, or direct the disposition of, the security. 532
"Beneficial ownership" includes the right, exercisable within 533

sixty days, to acquire any security through the exercise of any 534
option, warrant, or right, the conversion of any convertible 535
security, or otherwise. Any security subject to any such option, 536
warrant, right, or conversion privilege held by any person shall 537
be deemed to be outstanding for the purpose of computing the 538
percentage of outstanding securities of the class owned by that 539
person, but shall not be deemed to be outstanding for the 540
purpose of computing the percentage of the class owned by any 541
other person. A person shall be deemed the beneficial owner of 542
any security beneficially owned by any relative or spouse or 543
relative of the spouse residing in the home of that person, any 544
trust or estate in which that person owns ten per cent or more 545
of the total beneficial interest or serves as trustee or 546
executor, any corporation or entity in which that person owns 547
ten per cent or more of the equity, and any affiliate or 548
associate of that person. 549

(AA) "Offeree" means the beneficial or record owner of any 550
security that an offeror acquires or offers to acquire in 551
connection with a control bid. 552

(BB) "Equity security" means any share or similar 553
security, or any security convertible into any such security, or 554
carrying any warrant or right to subscribe to or purchase any 555
such security, or any such warrant or right, or any other 556
security that, for the protection of security holders, is 557
treated as an equity security pursuant to rules of the division 558
of securities. 559

(CC) (1) "Investment adviser representative" means a 560
supervised person of an investment adviser, provided that the 561
supervised person has more than five clients who are natural 562
persons other than excepted persons defined in division (EE) of 563

this section, and that more than ten per cent of the supervised 564
person's clients are natural persons other than excepted persons 565
defined in division (EE) of this section. "Investment adviser 566
representative" does not mean any of the following: 567

(a) A supervised person that does not on a regular basis 568
solicit, meet with, or otherwise communicate with clients of the 569
investment adviser; 570

(b) A supervised person that provides only investment 571
advisory services described in division (X)(1) of this section 572
by means of written materials or oral statements that do not 573
purport to meet the objectives or needs of specific individuals 574
or accounts; 575

(c) Any other person that the division designates by rule, 576
if the division finds that the designation is necessary or 577
appropriate in the public interest or for the protection of 578
investors or clients and is consistent with the provisions 579
fairly intended by the policy and provisions of this chapter. 580

(2) For the purpose of the calculation of clients in 581
division (CC)(1) of this section, a natural person and the 582
following persons are deemed a single client: Any minor child of 583
the natural person; any relative, spouse, or relative of the 584
spouse of the natural person who has the same principal 585
residence as the natural person; all accounts of which the 586
natural person or the persons referred to in division (CC)(2) of 587
this section are the only primary beneficiaries; and all trusts 588
of which the natural person or persons referred to in division 589
(CC)(2) of this section are the only primary beneficiaries. 590
Persons who are not residents of the United States need not be 591
included in the calculation of clients under division (CC)(1) of 592
this section. 593

(3) If subsequent to March 18, 1999, amendments are 594
enacted or adopted defining "investment adviser representative" 595
for purposes of the Investment Advisers Act of 1940 or 596
additional rules or regulations are promulgated by the 597
securities and exchange commission regarding the definition of 598
"investment adviser representative" for purposes of the 599
Investment Advisers Act of 1940, the division of securities 600
shall, by rule, adopt the substance of the amendments, rules, or 601
regulations, unless the division finds that the amendments, 602
rules, or regulations are not necessary for the protection of 603
investors or in the public interest. 604

(DD) "Supervised person" means a natural person who is any 605
of the following: 606

(1) A partner, officer, or director of an investment 607
adviser, or other person occupying a similar status or 608
performing similar functions with respect to an investment 609
adviser; 610

(2) An employee of an investment adviser; 611

(3) A person who provides investment advisory services 612
described in division (X) (1) of this section on behalf of the 613
investment adviser and is subject to the supervision and control 614
of the investment adviser. 615

(EE) "Excepted person" means a natural person to whom any 616
of the following applies: 617

(1) Immediately after entering into the investment 618
advisory contract with the investment adviser, the person has at 619
least seven hundred fifty thousand dollars under the management 620
of the investment adviser. 621

(2) The investment adviser reasonably believes either of 622

the following at the time the investment advisory contract is 623
entered into with the person: 624

(a) The person has a net worth, together with assets held 625
jointly with a spouse, of more than one million five hundred 626
thousand dollars. 627

(b) The person is a qualified purchaser as defined in 628
division (FF) of this section. 629

(3) Immediately prior to entering into an investment 630
advisory contract with the investment adviser, the person is 631
either of the following: 632

(a) An executive officer, director, trustee, general 633
partner, or person serving in a similar capacity, of the 634
investment adviser; 635

(b) An employee of the investment adviser, other than an 636
employee performing solely clerical, secretarial, or 637
administrative functions or duties for the investment adviser, 638
which employee, in connection with the employee's regular 639
functions or duties, participates in the investment activities 640
of the investment adviser, provided that, for at least twelve 641
months, the employee has been performing such nonclerical, 642
nonsecretarial, or nonadministrative functions or duties for or 643
on behalf of the investment adviser or performing substantially 644
similar functions or duties for or on behalf of another company. 645

If subsequent to March 18, 1999, amendments are enacted or 646
adopted defining "excepted person" for purposes of the 647
Investment Advisers Act of 1940 or additional rules or 648
regulations are promulgated by the securities and exchange 649
commission regarding the definition of "excepted person" for 650
purposes of the Investment Advisers Act of 1940, the division of 651

securities shall, by rule, adopt the substance of the 652
amendments, rules, or regulations, unless the division finds 653
that the amendments, rules, or regulations are not necessary for 654
the protection of investors or in the public interest. 655

(FF) (1) "Qualified purchaser" means either of the 656
following: 657

(a) A natural person who owns not less than five million 658
dollars in investments as defined by rule by the division of 659
securities; 660

(b) A natural person, acting for the person's own account 661
or accounts of other qualified purchasers, who in the aggregate 662
owns and invests on a discretionary basis, not less than twenty- 663
five million dollars in investments as defined by rule by the 664
division of securities. 665

(2) If subsequent to March 18, 1999, amendments are 666
enacted or adopted defining "qualified purchaser" for purposes 667
of the Investment Advisers Act of 1940 or additional rules or 668
regulations are promulgated by the securities and exchange 669
commission regarding the definition of "qualified purchaser" for 670
purposes of the Investment Advisers Act of 1940, the division of 671
securities shall, by rule, adopt the amendments, rules, or 672
regulations, unless the division finds that the amendments, 673
rules, or regulations are not necessary for the protection of 674
investors or in the public interest. 675

(GG) (1) "Purchase" has the full meaning of "purchase" as 676
applied by or accepted in courts of law or equity and includes 677
every acquisition of, or attempt to acquire, a security or an 678
interest in a security. "Purchase" also includes a contract to 679
purchase, an exchange, an attempt to purchase, an option to 680

purchase, a solicitation of a purchase, a solicitation of an 681
offer to sell, a subscription, or an offer to purchase, directly 682
or indirectly, by agent, circular, pamphlet, advertisement, or 683
otherwise. 684

(2) "Purchase" means any act by which a purchase is made. 685

(3) Any security given with, or as a bonus on account of, 686
any purchase of securities is conclusively presumed to 687
constitute a part of the subject of that purchase. 688

(HH) "Life settlement interest" means the entire interest 689
or any fractional interest in an insurance policy or certificate 690
of insurance, or in an insurance benefit under such a policy or 691
certificate, that is the subject of a life settlement contract. 692

For purposes of this division, "life settlement contract" 693
means an agreement for the purchase, sale, assignment, transfer, 694
devise, or bequest of any portion of the death benefit or 695
ownership of any life insurance policy or contract, in return 696
for consideration or any other thing of value that is less than 697
the expected death benefit of the life insurance policy or 698
contract. "Life settlement contract" includes a viatical 699
settlement contract as defined in section 3916.01 of the Revised 700
Code, but does not include any of the following: 701

(1) A loan by an insurer under the terms of a life 702
insurance policy, including, but not limited to, a loan secured 703
by the cash value of the policy; 704

(2) An agreement with a bank that takes an assignment of a 705
life insurance policy as collateral for a loan; 706

(3) The provision of accelerated benefits as defined in 707
section 3915.21 of the Revised Code; 708

(4) Any agreement between an insurer and a reinsurer;	709
(5) An agreement by an individual to purchase an existing life insurance policy or contract from the original owner of the policy or contract, if the individual does not enter into more than one life settlement contract per calendar year;	710 711 712 713
(6) The initial purchase of an insurance policy or certificate of insurance from its owner by a viatical settlement provider, as defined in section 3916.01 of the Revised Code, that is licensed under Chapter 3916. of the Revised Code.	714 715 716 717
(II) "State retirement system" means the public employees retirement system, Ohio police and fire pension fund, state teachers retirement system, school employees retirement system, and state highway patrol retirement system.	718 719 720 721
(JJ) "State retirement system investment officer" means an individual employed by a state retirement system as a chief investment officer, assistant investment officer, or the person in charge of a class of assets or in a position that is substantially equivalent to chief investment officer, assistant investment officer, or person in charge of a class of assets.	722 723 724 725 726 727
(KK) "Bureau of workers' compensation chief investment officer" means an individual employed by the administrator of workers' compensation as a chief investment officer or in a position that is substantially equivalent to a chief investment officer.	728 729 730 731 732
Sec. 1707.03. (A) As used in this section, "exempt" means that, except in the case of securities the right to buy, sell, or deal in which has been suspended or revoked under an existing order of the division of securities under section 1707.13 of the Revised Code or under a cease and desist order under division	733 734 735 736 737

(G) of section 1707.23 of the Revised Code, transactions in 738
securities may be carried on and completed without compliance 739
with sections 1707.08 to 1707.11 of the Revised Code. 740

(B) A sale of securities made by or on behalf of a bona 741
fide owner, neither the issuer nor a dealer, is exempt if the 742
sale is made in good faith and not for the purpose of avoiding 743
this chapter and is not made in the course of repeated and 744
successive transactions of a similar character. Any sale of 745
securities over a stock exchange that is lawfully conducted in 746
this state and regularly open for public patronage and that has 747
been established and operated for a period of at least five 748
years prior to the sale at a commission not exceeding the 749
commission regularly charged in such transactions also is 750
exempt. 751

(C) The sale of securities by executors, administrators, 752
receivers, trustees, or anyone acting in a fiduciary capacity is 753
exempt, where such relationship was created by law, by a will, 754
or by judicial authority, and where such sales are subject to 755
approval by, or are made in pursuance to authority granted by, 756
any court of competent jurisdiction or are otherwise authorized 757
and lawfully made by such fiduciary. 758

(D) A sale to the issuer, to a dealer, or to an 759
institutional investor is exempt. 760

(E) A sale in good faith, and not for the purpose of 761
avoiding this chapter, by a pledgee of a security pledged for a 762
bona fide debt is exempt. 763

(F) The sale at public auction by a corporation of shares 764
of its stock because of delinquency in payment for the shares is 765
exempt. 766

(G) (1) The giving of any conversion right with, or on 767
account of the purchase of, any security that is exempt, is the 768
subject matter of an exempt transaction, has been registered by 769
description, by coordination, or by qualification, or is the 770
subject matter of a transaction that has been registered by 771
description is exempt. 772

(2) The giving of any subscription right, warrant, or 773
option to purchase a security or right to receive a security 774
upon exchange, which security is exempt at the time the right, 775
warrant, or option to purchase or right to receive is given, is 776
the subject matter of an exempt transaction, is registered by 777
description, by coordination, or by qualification, or is the 778
subject matter of a transaction that has been registered by 779
description is exempt. 780

(3) The giving of any subscription right or any warrant or 781
option to purchase a security, which right, warrant, or option 782
expressly provides that it shall not be exercisable except for a 783
security that at the time of the exercise is exempt, is the 784
subject matter of an exempt transaction, is registered by 785
description, by coordination, or by qualification, or at such 786
time is the subject matter of a transaction that has been 787
registered by description is exempt. 788

(H) The sale of notes, bonds, or other evidences of 789
indebtedness that are secured by a mortgage lien upon real 790
estate, leasehold estate other than oil, gas, or mining 791
leasehold, or tangible personal property, or which evidence of 792
indebtedness is due under or based upon a conditional-sale 793
contract, if all such notes, bonds, or other evidences of 794
indebtedness are sold to a single purchaser at a single sale, is 795
exempt. 796

(I) The delivery of securities by the issuer on the 797
exercise of conversion rights, the sale of securities by the 798
issuer on exercise of subscription rights or of warrants or 799
options to purchase securities, the delivery of voting-trust 800
certificates for securities deposited under a voting-trust 801
agreement, the delivery of deposited securities on surrender of 802
voting-trust certificates, and the delivery of final 803
certificates on surrender of interim certificates are exempt; 804
but the sale of securities on exercise of subscription rights, 805
warrants, or options is not an exempt transaction unless those 806
rights, warrants, or options when granted were the subject 807
matter of an exempt transaction under division (G) of this 808
section or were registered by description, by coordination, or 809
by qualification. 810

(J) The sale of securities by a bank, savings and loan 811
association, savings bank, or credit union organized under the 812
laws of the United States or of this state is exempt if at a 813
profit to that seller of not more than two per cent of the total 814
sale price of the securities. 815

(K) (1) The distribution by a corporation of its securities 816
to its security holders as a share dividend or other 817
distribution out of earnings or surplus is exempt. 818

(2) The exchange or distribution by the issuer of any of 819
its securities or of the securities of any of the issuer's 820
wholly owned subsidiaries exclusively with or to its existing 821
security holders, if no commission or other remuneration is 822
given directly or indirectly for soliciting the exchange, is 823
exempt. 824

(3) The sale of preorganization subscriptions for shares 825
of stock of a corporation prior to the incorporation of the 826

corporation is exempt, when the sale is evidenced by a written 827
agreement, no remuneration is given, or promised, directly or 828
indirectly, for or in connection with the sale of those 829
securities, and no consideration is received, directly or 830
indirectly, by any person from the purchasers of those 831
securities until registration by qualification, by coordination, 832
or by description of those securities is made under this 833
chapter. 834

(L) The issuance of securities in exchange for one or more 835
bona fide outstanding securities, claims, or property interests, 836
not including securities sold for a consideration payable in 837
whole or in part in cash, under a plan of reorganization, 838
recapitalization, or refinancing approved by a court pursuant to 839
the Bankruptcy Act of the United States or to any other federal 840
act giving any federal court jurisdiction over such plan of 841
reorganization, or under a plan of reorganization approved by a 842
court of competent jurisdiction of any state of the United 843
States is exempt. As used in this division, "reorganization," 844
"recapitalization," and "refinancing" have the same meanings as 845
in section 1707.04 of the Revised Code. 846

(M) A sale by a licensed dealer, acting either as 847
principal or as agent, of securities issued and outstanding 848
before the sale is exempt, unless the sale is of one or more of 849
the following: 850

(1) Securities constituting the whole or a part of an 851
unsold allotment to or subscription by a dealer as an 852
underwriter or other participant in the distribution of those 853
securities by the issuer, whether that distribution is direct or 854
through an underwriter, provided that, if the issuer is such by 855
reason of owning one-fourth or more of those securities, the 856

dealer has knowledge of this fact or reasonable cause to believe 857
this fact; 858

(2) Any class of shares issued by a corporation when the 859
number of beneficial owners of that class is less than twenty- 860
five, with the record owner of securities being deemed the 861
beneficial owner for this purpose, in the absence of actual 862
knowledge to the contrary; 863

(3) Securities that within one year were purchased outside 864
this state or within one year were transported into this state, 865
if the dealer has knowledge or reasonable cause to believe, 866
before the sale of those securities, that within one year they 867
were purchased outside this state or within one year were 868
transported into this state; but such a sale of those securities 869
is exempt if any of the following occurs: 870

(a) A recognized securities manual contains the names of 871
the issuer's officers and directors, a balance sheet of the 872
issuer as of a date within eighteen months, and a profit and 873
loss statement for either the fiscal year preceding that date or 874
the most recent year of operations; 875

(b) Those securities, or securities of the same class, 876
within one year were registered or qualified under section 877
1707.09 or 1707.091 of the Revised Code, and that registration 878
or qualification is in full force and effect; 879

(c) The sale is made by a licensed dealer on behalf of the 880
bona fide owner of those securities in accordance with division 881
(B) of this section; 882

(d) Those securities were transported into Ohio in a 883
transaction of the type described in division (L), (K), or (I) 884
of this section, or in a transaction registered under division 885

(A) of section 1707.06 of the Revised Code. 886

(N) For the purpose of this division and division (M) of 887
this section, "underwriter" means any person who has purchased 888
from an issuer with a view to, or sells for an issuer in 889
connection with, the distribution of any security, or who 890
participates directly or indirectly in any such undertaking or 891
in the underwriting thereof, but "underwriter" does not include 892
a person whose interest is limited to a discount, commission, or 893
profit from the underwriter or from a dealer that is not in 894
excess of the customary distributors' or sellers' discount, 895
commission, or profit; and "issuer" includes any person or any 896
group of persons acting in concert in the sale of such 897
securities, owning beneficially one-fourth or more of the 898
outstanding securities of the class involved in the transactions 899
in question, with the record owner of securities being deemed 900
the beneficial owner for this purpose, in the absence of actual 901
knowledge to the contrary. 902

(O) (1) The sale of any equity security is exempt if all 903
the following conditions are satisfied: 904

(a) The sale is by the issuer of the security. 905

(b) The total number of purchasers in this state of all 906
securities issued or sold by the issuer in reliance upon this 907
exemption during the period of one year ending with the date of 908
the sale does not exceed ten. A sale of securities registered 909
under this chapter or sold pursuant to an exemption under this 910
chapter other than this exemption shall not be integrated with a 911
sale pursuant to this exemption in computing the number of 912
purchasers under this exemption. 913

(c) No advertisement, article, notice, or other 914

communication published in any newspaper, magazine, or similar 915
medium or broadcast over television or radio is used in 916
connection with the sale, but the use of an offering circular or 917
other communication delivered by the issuer to selected 918
individuals does not destroy this exemption. 919

(d) The issuer reasonably believes after reasonable 920
investigation that the purchaser is purchasing for investment. 921

(e) The aggregate commission, discount, and other 922
remuneration, excluding legal, accounting, and printing fees, 923
paid or given directly or indirectly does not exceed ten per 924
cent of the initial offering price. 925

(f) Any such commission, discount, or other remuneration 926
for sales in this state is paid or given only to dealers or 927
salespersons registered pursuant to this chapter. 928

(2) For the purposes of division (O) (1) of this section, 929
each of the following is deemed to be a single purchaser of a 930
security: husband and wife, a child and its parent or guardian 931
when the parent or guardian holds the security for the benefit 932
of the child, a corporation, a limited liability company, a 933
partnership, an association or other unincorporated entity, a 934
joint-stock company, or a trust, but only if the corporation, 935
limited liability company, partnership, association, entity, 936
joint-stock company, or trust was not formed for the purpose of 937
purchasing the security. 938

(3) As used in division (O) (1) of this section, "equity 939
security" means any stock or similar security of a corporation 940
or any membership interest in a limited liability company; or 941
any security convertible, with or without consideration, into 942
such a security, or carrying any warrant or right to subscribe 943

to or purchase such a security; or any such warrant or right; or 944
any other security that the division considers necessary or 945
appropriate, by such rules as it may prescribe in the public 946
interest or for the protection of investors, to treat as an 947
equity security. 948

(P) The sale of securities representing interests in or 949
under profit-sharing or participation agreements relating to oil 950
or gas wells located in this state, or representing interests in 951
or under oil or gas leases of real estate situated in this 952
state, is exempt if the securities are issued by an individual, 953
partnership, limited partnership, partnership association, 954
syndicate, pool, trust or trust fund, or other unincorporated 955
association and if each of the following conditions is complied 956
with: 957

(1) The beneficial owners of the securities do not, and 958
will not after the sale, exceed five natural persons; 959

(2) The securities constitute or represent interests in 960
not more than one oil or gas well; 961

(3) A certificate or other instrument in writing is 962
furnished to each purchaser of the securities at or before the 963
consummation of the sale, disclosing the maximum commission, 964
compensation for services, cost of lease, and expenses with 965
respect to the sale of such interests and with respect to the 966
promotion, development, and management of the oil or gas well, 967
and the total of that commission, compensation, costs, and 968
expenses does not exceed twenty-five per cent of the aggregate 969
interests in the oil or gas well, exclusive of any landowner's 970
rental or royalty; 971

(4) The sale is made in good faith and not for the purpose 972

of avoiding this chapter.	973
(Q) The sale of any security is exempt if all of the following conditions are satisfied:	974
	975
(1) The provisions of section 5 of the Securities Act of 1933 do not apply to the sale by reason of an exemption under section 4 (2) of that act.	976
	977
	978
(2) The aggregate commission, discount, and other remuneration, excluding legal, accounting, and printing fees, paid or given directly or indirectly does not exceed ten per cent of the initial offering price.	979
	980
	981
	982
(3) Any such commission, discount, or other remuneration for sales in this state is paid or given only to dealers or salespersons registered under this chapter.	983
	984
	985
(4) The issuer or dealer files with the division of securities, not later than sixty days after the sale, a report setting forth the name and address of the issuer, the total amount of the securities sold under this division, the number of persons to whom the securities were sold, the price at which the securities were sold, and the commissions or discounts paid or given.	986
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(5) The issuer pays a filing fee of one hundred dollars for the first filing and fifty dollars for every subsequent filing during each calendar year.	993
	994
	995
(R) A sale of a money order, travelers' check, or other instrument for the transmission of money by a person qualified to engage in such business under Chapter 1315. of the Revised Code is exempt.	996
	997
	998
	999
(S) A sale by a licensed dealer of securities that are in	1000

the process of registration under the Securities Act of 1933, 1001
unless exempt under that act, and that are in the process of 1002
registration, if registration is required under this chapter, is 1003
exempt, provided that no sale of that nature shall be 1004
consummated prior to the registration by description or 1005
qualification of the securities. 1006

(T) The execution by a licensed dealer of orders for the 1007
purchase of any security is exempt, provided that the dealer 1008
acts only as agent for the purchaser, has made no solicitation 1009
of the order to purchase the security, has no interest in the 1010
distribution of the security, and delivers to the purchaser 1011
written confirmation of the transaction that clearly itemizes 1012
the dealer's commission. "Solicitation," as used in this 1013
division, means solicitation of the order for the specific 1014
security purchased and does not include general solicitations or 1015
advertisements of any kind. 1016

(U) The sale insofar as the security holders of a person 1017
are concerned, where, pursuant to statutory provisions of the 1018
jurisdiction under which that person is organized or pursuant to 1019
provisions contained in its articles of incorporation, 1020
certificate of incorporation, partnership agreement, declaration 1021
of trust, trust indenture, or similar controlling instrument, 1022
there is submitted to the security holders, for their vote or 1023
consent, (1) a plan or agreement for a reclassification of 1024
securities of that person that involves the substitution of a 1025
security of that person for another security of that person, (2) 1026
a plan or agreement of merger or consolidation or a similar plan 1027
or agreement of acquisition in which the securities of that 1028
person held by the security holders will become or be exchanged 1029
for securities of any other person, or (3) a plan or agreement 1030
for a combination as defined in division (Q) of section 1701.01 1031

of the Revised Code or a similar plan or agreement for the 1032
transfer of assets of that person to another person in 1033
consideration of the issuance of securities of any person, is 1034
exempt if, with respect to any of the foregoing transactions, 1035
either of the following conditions is satisfied: 1036

(a) The securities to be issued to the security holders 1037
are effectively registered under sections 6 to 8 of the 1038
Securities Act of 1933 and offered and sold in compliance with 1039
section 5 of that act; 1040

(b) At least twenty days prior to the date on which a 1041
meeting of the security holders is held or the earliest date on 1042
which corporate action may be taken when no meeting is held, 1043
there is submitted to the security holders, by that person, or 1044
by the person whose securities are to be issued in the 1045
transaction, information substantially equivalent to the 1046
information that would be required to be included in a proxy 1047
statement or information statement prepared by or on behalf of 1048
the management of an issuer subject to section 14(a) or 14(c) of 1049
the Securities Exchange Act of 1934. 1050

(V) The sale of any security is exempt if the division by 1051
rule finds that registration is not necessary or appropriate in 1052
the public interest or for the protection of investors. 1053

(W) Any offer or sale of securities made in reliance on 1054
the exemptions provided by Rule 505 of Regulation D made 1055
pursuant to the Securities Act of 1933 and the conditions and 1056
definitions provided by Rules 501 to 503 thereunder is exempt if 1057
the offer or sale satisfies all of the following conditions: 1058

(1) No commission or other remuneration is given, directly 1059
or indirectly, to any person for soliciting or selling to any 1060

person in this state in reliance on the exemption under this 1061
division, except to dealers licensed in this state. 1062

(2) (a) Unless the cause for disqualification is waived 1063
under division (W) (2) (b) of this section, no exemption under 1064
this section is available for the securities of an issuer unless 1065
the issuer did not know and in the exercise of reasonable care 1066
could not have known that any of the following applies to any of 1067
the persons described in Rule 262(a) to (c) of Regulation A 1068
under the Securities Act of 1933: 1069

(i) The person has filed an application for registration 1070
or qualification that is the subject of an effective order 1071
entered against the issuer, its officers, directors, general 1072
partners, controlling persons or affiliates thereof, pursuant to 1073
the law of any state within five years before the filing of a 1074
notice required under division (W) (3) of this section denying 1075
effectiveness to, or suspending or revoking the effectiveness 1076
of, the registration statement. 1077

(ii) The person has been convicted of any offense in 1078
connection with the offer, sale, or purchase of any security or 1079
franchise, or any felony involving fraud or deceit, including, 1080
but not limited to, forgery, embezzlement, fraud, theft, or 1081
conspiracy to defraud. 1082

(iii) The person is subject to an effective administrative 1083
order or judgment that was entered by a state securities 1084
administrator within five years before the filing of a notice 1085
required under division (W) (3) of this section and that 1086
prohibits, denies, or revokes the use of any exemption from 1087
securities registration, prohibits the transaction of business 1088
by the person as a dealer, or is based on fraud, deceit, an 1089
untrue statement of a material fact, or an omission to state a 1090

material fact. 1091

(iv) The person is subject to any order, judgment, or 1092
decree of any court entered within five years before the filing 1093
of a notice required under division (W)(3) of this section, 1094
temporarily, preliminarily, or permanently restraining or 1095
enjoining the person from engaging in or continuing any conduct 1096
or practice in connection with the offer, sale, or purchase of 1097
any security, or the making of any false filing with any state. 1098

(b) (i) Any disqualification under this division involving 1099
a dealer may be waived if the dealer is or continues to be 1100
licensed in this state as a dealer after notifying the 1101
commissioner of the act or event causing disqualification. 1102

(ii) The commissioner may waive any disqualification under 1103
this paragraph upon a showing of good cause that it is not 1104
necessary under the circumstances that use of the exemption be 1105
denied. 1106

(3) Not later than five business days before the earlier 1107
of the date on which the first use of an offering document or 1108
the first sale is made in this state in reliance on the 1109
exemption under this division, there is filed with the 1110
commissioner a notice comprised of offering material in 1111
compliance with the requirements of Rule 502 of Regulation D 1112
under the Securities Act of 1933 and a fee of one hundred 1113
dollars. Material amendments to the offering document shall be 1114
filed with the commissioner not later than the date of their 1115
first use in this state. 1116

(4) The aggregate commission, discount, and other 1117
remuneration paid or given, directly or indirectly, does not 1118
exceed twelve per cent of the initial offering price, excluding 1119

legal, accounting, and printing fees. 1120

(X) Any offer or sale of securities made in reliance on 1121
the exemption provided in Rule 506 of Regulation D under the 1122
Securities Act of 1933, and in accordance with Rules 501 to 503 1123
of Regulation D under the Securities Act of 1933, is exempt 1124
provided that all of the following apply: 1125

(1) The issuer makes a notice filing with the division on 1126
form D of the securities and exchange commission within fifteen 1127
days of the first sale in this state; 1128

(2) Any commission, discount, or other remuneration for 1129
sales of securities in this state is paid or given only to 1130
dealers or salespersons licensed under this chapter; 1131

(3) The issuer pays a filing fee of one hundred dollars to 1132
the division; however, no filing fee shall be required to file 1133
amendments to the form D of the securities and exchange 1134
commission. 1135

(Y) The offer or sale of securities by an issuer is exempt 1136
provided that all of the following apply: 1137

(1) The sale of securities is made only to persons who 1138
are, or who the issuer reasonably believes are, accredited 1139
investors as defined in Rule 501 of Regulation D under the 1140
Securities Act of 1933. 1141

(2) The issuer reasonably believes that all purchasers are 1142
purchasing for investment and not with a view to or for sale in 1143
connection with a distribution of the security. Any resale of a 1144
security sold in reliance on this exemption within twelve months 1145
of sale shall be presumed to be with a view to distribution and 1146
not for investment, except a resale to which any of the 1147
following applies: 1148

(a) The resale is pursuant to a registration statement	1149
effective under section 1707.09 or 1707.091 of the Revised Code.	1150
(b) The resale is to an accredited investor, as defined in	1151
Rule 501 of Regulation D under the Securities Act of 1933.	1152
(c) The resale is to an institutional investor pursuant to	1153
the exemptions under division (B) or (D) of this section.	1154
(3) The exemption under this division is not available to	1155
an issuer that is in the development stage and that either has	1156
no specific business plan or purpose or has indicated that its	1157
business plan is to engage in a merger or acquisition with an	1158
unidentified company or companies, or other entities or persons.	1159
(4) The exemption under this division is not available to	1160
an issuer, if the issuer, any of the issuer's predecessors, any	1161
affiliated issuer, any of the issuer's directors, officers,	1162
general partners, or beneficial owners of ten per cent or more	1163
of any class of its equity securities, any of the issuer's	1164
promoters presently connected with the issuer in any capacity,	1165
any underwriter of the securities to be offered, or any partner,	1166
director, or officer of such underwriter:	1167
(a) Within the past five years, has filed a registration	1168
statement that is the subject of a currently effective	1169
registration stop order entered by any state securities	1170
administrator or the securities and exchange commission;	1171
(b) Within the past five years, has been convicted of any	1172
criminal offense in connection with the offer, purchase, or sale	1173
of any security, or involving fraud or deceit;	1174
(c) Is currently subject to any state or federal	1175
administrative enforcement order or judgment, entered within the	1176
past five years, finding fraud or deceit in connection with the	1177

purchase or sale of any security; 1178

(d) Is currently subject to any order, judgment, or decree 1179
of any court of competent jurisdiction, entered within the past 1180
five years, that temporarily, preliminarily, or permanently 1181
restrains or enjoins the party from engaging in or continuing to 1182
engage in any conduct or practice involving fraud or deceit in 1183
connection with the purchase or sale of any security. 1184

(5) Division (Y) (4) of this section is inapplicable if any 1185
of the following applies: 1186

(a) The party subject to the disqualification is licensed 1187
or registered to conduct securities business in the state in 1188
which the order, judgment, or decree creating the 1189
disqualification was entered against the party described in 1190
division (Y) (4) of this section. 1191

(b) Before the first offer is made under this exemption, 1192
the state securities administrator, or the court or regulatory 1193
authority that entered the order, judgment, or decree, waives 1194
the disqualification. 1195

(c) The issuer did not know and, in the exercise of 1196
reasonable care based on reasonable investigation, could not 1197
have known that a disqualification from the exemption existed 1198
under division (Y) (4) of this section. 1199

(6) A general announcement of the proposed offering may be 1200
made by any means; however, the general announcement shall 1201
include only the following information, unless additional 1202
information is specifically permitted by the division by rule: 1203

(a) The name, address, and telephone number of the issuer 1204
of the securities; 1205

(b) The name, a brief description, and price of any security to be issued;	1206 1207
(c) A brief description of the business of the issuer;	1208
(d) The type, number, and aggregate amount of securities being offered;	1209 1210
(e) The name, address, and telephone number of the person to contact for additional information; and	1211 1212
(f) A statement indicating all of the following:	1213
(i) Sales will only be made to accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933;	1214 1215 1216
(ii) No money or other consideration is being solicited or will be accepted by way of this general announcement;	1217 1218
(iii) The securities have not been registered with or approved by any state securities administrator or the securities and exchange commission and are being offered and sold pursuant to an exemption from registration.	1219 1220 1221 1222
(7) The issuer, in connection with an offer, may provide information in addition to the general announcement described in division (Y)(6) of this section, provided that either of the following applies:	1223 1224 1225 1226
(a) The information is delivered through an electronic database that is restricted to persons that are accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933.	1227 1228 1229 1230
(b) The information is delivered after the issuer reasonably believes that the prospective purchaser is an	1231 1232

accredited investor as defined in Rule 501 of Regulation D under 1233
the Securities Act of 1933. 1234

(8) No telephone solicitation shall be done, unless prior 1235
to placing the telephone call, the issuer reasonably believes 1236
that the prospective purchaser to be solicited is an accredited 1237
investor as defined in Rule 501 of Regulation D under the 1238
Securities Act of 1933. 1239

(9) Dissemination of the general announcement described in 1240
division (Y) (6) of this section to persons that are not 1241
accredited investors, as defined in Rule 501 of Regulation D 1242
under the Securities Act of 1933, does not disqualify the issuer 1243
from claiming an exemption under this division. 1244

(10) The issuer shall file with the division notice of the 1245
offering of securities within fifteen days after notice of the 1246
offering is made or a general announcement is made in this 1247
state. The filing shall be on forms adopted by the division and 1248
shall include a copy of the general announcement, if one is made 1249
regarding the proposed offering, and copies of any offering 1250
materials, circulars, or prospectuses. A filing fee of one 1251
hundred dollars also shall be included. 1252

(Z) The offer or sale of securities by an OhioInvests 1253
issuer under sections 1707.05 to 1707.058 of the Revised Code is 1254
exempt. 1255

Sec. 1707.04. (A) The division of securities may consider 1256
and conduct hearings upon any plan of reorganization, 1257
recapitalization, or refinancing of a corporation organized 1258
under the laws of this state, or having its principal place of 1259
business within this state, when such plan is proposed by such 1260
corporation or by any of its shareholders or creditors and 1261

contains a proposal to issue securities in exchange for one or 1262
more bona fide outstanding securities, claims, or property 1263
interests, or partly in such exchange or partly for cash. The 1264
division may also approve the terms of such issuance and 1265
exchange and the fairness of such terms, after a hearing upon 1266
such fairness at which all persons to whom it is proposed to 1267
issue securities in such exchange have the right to appear, if 1268
application for such a hearing is made by such corporation, by 1269
the holders of a majority in amount of its debts, or by the 1270
holders of a majority in amount of any outstanding class of 1271
securities issued by it. Notice in person or by mail of the time 1272
and place of such hearing shall be given to all persons to whom 1273
it is proposed to issue such securities, and evidence 1274
satisfactory to the division that such notice has been given 1275
shall be filed with the division. Securities issued in 1276
accordance with a plan so approved by the division are exempt 1277
from sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, 1278
relating to registration or qualification of securities or the 1279
registration of transactions therein. 1280

(B) "Reorganization," "recapitalization," and 1281
"refinancing," as used in this section, include the following: 1282

(1) A readjustment by modification of the terms of 1283
securities by agreement; 1284

(2) A readjustment by the exchange of securities by the 1285
issuer for others of its securities; 1286

(3) The exchange of securities by the issuer for 1287
securities of another issuer; 1288

(4) The acquisition of assets of a person, directly or 1289
indirectly, partly or wholly in consideration for securities 1290

distributed or to be distributed as part of the same 1291
transaction, directly or indirectly, to holders of securities 1292
issued by such person or secured by assets of such person; 1293

(5) A merger or consolidation. 1294

(C) Upon filing an application with the division under 1295
this section, the applicant shall pay to the division a filing 1296
fee of one hundred dollars and shall deposit with the division 1297
such sum, not in excess of one thousand dollars, as the division 1298
requires for the purpose of defraying the costs of the hearing 1299
provided for in this section and of any investigation which the 1300
division may make in connection herewith. 1301

Sec. 1707.042. (A) No person who makes or opposes a 1302
control bid to offerees in this state shall knowingly do any of 1303
the following: 1304

(1) Make any untrue statement of a material fact or omit 1305
to state a material fact necessary in order to make the 1306
statements made, in light of the circumstances under which they 1307
were made, not misleading; 1308

(2) Engage in any act, practice, or course of business 1309
which operates or would operate as a fraud or deceit upon any 1310
such offeree; 1311

(3) Engage in any manipulative act or practice. 1312

(B) Any person who makes or opposes a control bid to 1313
offerees in this state, or who realizes any profit which inures 1314
to and is recoverable by a corporation, formed in this state, 1315
pursuant to section 1707.043 of the Revised Code, is 1316
conclusively presumed to have designated the secretary of state 1317
as its agent for the service of process in any action or 1318
proceeding under this chapter. Upon receipt of any such process, 1319

together with an affidavit showing the last known address of the 1320
person who made or opposed the control bid or who realized such 1321
profit, the secretary of state shall forthwith give notice by 1322
telegraph of the fact of the service of process and forward a 1323
copy of such process to such address by certified mail, return 1324
receipt requested. This section does not affect any right to 1325
serve process in any other manner permitted by law. 1326

(C) Any person who makes or opposes a control bid is 1327
subject to the liabilities and penalties applicable to a seller, 1328
and an offeree is entitled to the remedies applicable to a 1329
purchaser, as set forth in sections 1707.41 to ~~1707.45~~ 1707.50 1330
of the Revised Code. 1331

(D) In case any provision or application of any provision 1332
of this section is for any reason held to be illegal or invalid, 1333
such illegality or invalidity shall not affect any legal and 1334
valid provision or application of this section. 1335

Sec. 1707.05. As used in sections 1707.05 to 1707.058 of 1336
the Revised Code: 1337

(A) "OhioInvests issuer" means an entity organized under 1338
the laws of this state, other than a general partnership, that 1339
meets all of the following requirements: 1340

(1) The entity satisfies the requirements of 17 C.F.R. 1341
230.147A. 1342

(2) The entity meets at least one of the following 1343
conditions: 1344

(a) The principal office of the entity is located in this 1345
state. 1346

(b) As of the last day of the most recent semiannual 1347

fiscal period of the entity, at least eighty per cent, as 1348
described under 17 C.F.R. 230.147A, of the entity's assets were 1349
located in this state. 1350

(c) (i) The entity derived at least eighty per cent, or 1351
other threshold permitted under 17 C.F.R. 230.147A, of the 1352
entity's gross revenues from the operation of a business in this 1353
state during the previous fiscal year, if the OhioInvests 1354
offering begins during the first six months of the entity's 1355
fiscal year, or during the twelve months ending on the last day 1356
of the sixth month of the entity's current fiscal year, if the 1357
OhioInvests offering begins following the last day. 1358

(ii) Division (A) (2) (c) (i) of this section does not apply 1359
to any entity whose gross revenue during the most recent period 1360
of twelve months did not exceed five thousand dollars. 1361

(3) As to itself or any other person, the entity does not 1362
attempt to limit any liability under, or avoid any prohibition 1363
in, this chapter. 1364

(4) The entity is not any of the following: 1365

(a) Engaged in the business of investing, reinvesting, 1366
owning, holding, or trading in securities, except that the 1367
entity may hold securities of one class in an entity that is not 1368
itself engaged in the business of investing, reinvesting, 1369
owning, holding, or trading in securities; 1370

(b) Subject to the reporting requirement of 15 U.S.C. 78m 1371
and 78o(d); 1372

(c) Issuing fractional undivided interests in oil or gas 1373
rights, or a similar interest in other mineral rights, or 1374
engaging primarily in petroleum, gas, or hydraulic fracturing 1375
exploration, production, mining, or other extractive industries; 1376

<u>(d) Issuing life settlement interests;</u>	1377
<u>(e) Engaged as a substantial part of its business in the</u>	1378
<u>purchase, sale, or development of commercial paper, notes, or</u>	1379
<u>other indebtedness, financial instruments, securities, or real</u>	1380
<u>property; purchasing, selling, or holding for investment</u>	1381
<u>commercial paper, notes, or other indebtedness, financial</u>	1382
<u>instruments, securities, or real property; or otherwise making</u>	1383
<u>investments;</u>	1384
<u>(f) A commodity pool, equipment leasing program, or a real</u>	1385
<u>estate investment trust.</u>	1386
<u>(B) "OhioInvests offering" means an offer, or an offer and</u>	1387
<u>sale, of securities by an OhioInvests issuer that is exempt from</u>	1388
<u>registration under section 1707.051 of the Revised Code.</u>	1389
<u>(C) "OhioInvests portal" means a web site that is operated</u>	1390
<u>by a portal operator for the offer or sale of securities of an</u>	1391
<u>OhioInvests issuer and meets all of the following requirements:</u>	1392
<u>(1) When conducting an OhioInvests offering, it implements</u>	1393
<u>steps to limit web site access to residents of only this state</u>	1394
<u>in accordance with 17 C.F.R. 230.147A.</u>	1395
<u>(2) It does not allow an OhioInvests offering to be viewed</u>	1396
<u>by a prospective purchaser until both of the following occur:</u>	1397
<u>(a) The portal operator verifies, through its exercise of</u>	1398
<u>reasonable steps, such as using a third-party verification</u>	1399
<u>service or as otherwise approved by the division of securities,</u>	1400
<u>that the prospective purchaser is a resident of this state.</u>	1401
<u>(b) The prospective purchaser makes an affirmative</u>	1402
<u>acknowledgment, electronically through the portal, of the</u>	1403
<u>following:</u>	1404

"I am an Ohio resident. 1405

The securities and investment opportunities listed on this 1406
web site involve high-risk, speculative business ventures. If I 1407
choose to invest in any securities or investment opportunity 1408
listed on this web site, I may lose all of my investment, and I 1409
can afford such a loss. 1410

The securities and investment opportunities listed on this 1411
web site have not been reviewed or approved by any state or 1412
federal securities commission or division or other regulatory 1413
authority, and no such person or authority has confirmed the 1414
accuracy or determined the adequacy of any disclosure made to 1415
prospective investors relating to any offering. 1416

If I choose to invest in any securities or investment 1417
opportunity listed on this web site, I understand that the 1418
securities I will acquire may be difficult to transfer or sell, 1419
that there is no ready market for the sale of such securities, 1420
that it may be difficult or impossible for me to sell or 1421
otherwise dispose of this investment at any price, and that, 1422
accordingly, I may be required to hold this investment 1423
indefinitely." 1424

(3) It does not contain the word "OhioInvests" in its 1425
internet address. 1426

(D) "Portal operator" means an entity, including an 1427
issuer, that is authorized to do business in this state, is 1428
licensed with the division of securities under section 1707.054 1429
of the Revised Code or is a licensed dealer, and satisfies any 1430
other conditions determined by the division. 1431

(E) "Executive management" includes executive officers, 1432
directors, governors, and managers. 1433

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

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

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

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

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

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

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

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

(H) (1) Subject to division (H) (2) of this section, an investor may cancel the investment commitment for any reason for a period of time specified in the issuer's offering materials, which period shall be at least five business days after the date of commitment. 1463
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(2) During the forty-eight hours prior to the deadline identified in the issuer's offering materials, an investment commitment may not be canceled. 1468
1469
1470

(I) The issuer requires the portal operator to do all of the following: 1471
1472

(1) Provide or make available to each prospective purchaser through the OhioInvests portal the following, as applicable: 1473
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1475

(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; 1476
1477
1478

(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. 1479
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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; 1488
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<u>(3) Obtain from each prospective purchaser through the</u>	1492
<u>OhioInvests portal the certification described in section</u>	1493
<u>1707.053 of the Revised Code, in either written or electronic</u>	1494
<u>form.</u>	1495
<u>(J) All of the following apply:</u>	1496
<u>(1) All payments for the purchase of securities are held</u>	1497
<u>in escrow until the aggregate capital deposited into escrow from</u>	1498
<u>all purchasers is equal to or greater than the stated minimum</u>	1499
<u>offering amount.</u>	1500
<u>(2) The escrow agent used is a bank, trust company,</u>	1501
<u>savings bank, savings association, or credit union authorized to</u>	1502
<u>do business in this state.</u>	1503
<u>(3) Prior to the execution of the escrow agreement between</u>	1504
<u>the issuer and the escrow agent, the escrow agent conducts a</u>	1505
<u>search of the issuer and its executive management, as provided</u>	1506
<u>to the escrow agent by the portal operator, against the</u>	1507
<u>specially designated nationals list maintained by the office of</u>	1508
<u>foreign assets control of the United States department of the</u>	1509
<u>treasury.</u>	1510
<u>(4) The escrow agent is only responsible to act at the</u>	1511
<u>direction of the party establishing the escrow account and does</u>	1512
<u>not have a duty or liability, contractual or otherwise, to an</u>	1513
<u>investor or other person except as set forth in the applicable</u>	1514
<u>escrow agreement or other contract.</u>	1515
<u>(5) If the minimum offering amount is not raised by the</u>	1516
<u>expiration date stipulated in the disclosure document provided</u>	1517
<u>to the purchasers, all purchasers will receive a return of all</u>	1518
<u>their subscription funds.</u>	1519
<u>(K) Not less than ten days before the beginning of an</u>	1520

offering of securities in reliance on the exemption provided 1521
under this section, the issuer provides all of the following to 1522
the division of securities: 1523

(1) A notice of claim of exemption from registration, 1524
specifying that the issuer will be conducting an offering in 1525
reliance on the exemption provided under this section; 1526

(2) A copy of the disclosure document described in section 1527
1707.052 of the Revised Code that will be provided to 1528
prospective purchasers in connection with the offering; 1529

(3) A filing fee of fifty dollars. 1530

(4) Any other information that the division requires from 1531
the issuer or portal for the protection of investors and to 1532
enable the division to determine that the sale of securities is 1533
entitled to an exemption. 1534

(L) The issuer and the portal operator engage in 1535
solicitation and advertising of the OhioInvests offering only if 1536
all of the following apply: 1537

(1) The advertisement contains disclaiming language that 1538
clearly states all of the following: 1539

(a) The advertisement is not the offer and is for 1540
informational purposes only; 1541

(b) The offering is being made in reliance on the 1542
exemption provided under this section; 1543

(c) The offering is directed only to residents of this 1544
state; 1545

(d) All offers and sales are made through an OhioInvests 1546
portal. 1547

(2) In addition to the items listed in division (L)(1) of this section, the advertisement contains not more than the following: 1548
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(a) The name and contact information of the issuer; 1551

(b) A brief description of the general type of business conducted by the issuer; 1552
1553

(c) The minimum offering amount the issuer is attempting to raise through its offering; 1554
1555

(d) A description of how the issuer will use the funds raised through the offering; 1556
1557

(e) The duration that the offering will remain open; 1558

(f) The issuer's logo; 1559

(g) The OhioInvests portal through which the offering is being made. 1560
1561

(3) The advertisement complies with all applicable state and federal laws. 1562
1563

(M) Meets such other requirements as the division may, by rule, prescribe for the protection of investors and in the public interest. 1564
1565
1566

Sec. 1707.052. The disclosure document provided to each prospective purchaser through an OhioInvests portal shall contain all of the following: 1567
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(A) The following information regarding the OhioInvests issuer: 1570
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(1) The type of entity it is; 1572

(2) The address and telephone number of its principal 1573

<u>office;</u>	1574
<u>(3) Its formation history for the previous five years;</u>	1575
<u>(4) The identity of all persons owning more than ten per cent of any class of equity interest in the issuer;</u>	1576 1577
<u>(5) The identity of its members, executive management, and any other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer, including their titles and their relevant experience;</u>	1578 1579 1580 1581
<u>(6) The material facts of its business plan and capital structure;</u>	1582 1583
<u>(7) Any material risks to the issuer and its business plan;</u>	1584 1585
<u>(8) Its intended use of the offering proceeds, including any amounts to be paid, as compensation or otherwise, to an owner, member, person in executive management, or other person occupying a similar status or performing similar functions on behalf of the issuer.</u>	1586 1587 1588 1589 1590
<u>(B) The following information regarding the securities being offered:</u>	1591 1592
<u>(1) The terms and conditions of the securities and a description of any outstanding securities of the issuer;</u>	1593 1594
<u>(2) The minimum and maximum amount of securities being offered;</u>	1595 1596
<u>(3) Either of the following:</u>	1597
<u>(a) The percentage economic ownership of the issuer represented by the offered securities, assuming the minimum and, if applicable, maximum number of securities being offered is</u>	1598 1599 1600

<u>sold;</u>	1601
<u>(b) The valuation of the issuer implied by the price of the offered securities.</u>	1602 1603
<u>(4) The price per share, unit, or interest of the securities;</u>	1604 1605
<u>(5) Any restrictions on transfer of the securities;</u>	1606
<u>(6) A statement that any future issuance of securities might dilute the value of the securities being offered;</u>	1607 1608
<u>(7) The date on which the offering will expire.</u>	1609
<u>(C) The identity of and consideration payable to a person who has been or will be retained by the issuer to assist the issuer in conducting the offering and sale of the securities, including a portal operator. This requirement does not apply to persons acting primarily as accountants or attorneys and employees whose primary job responsibilities involve operating the business of the issuer rather than assisting the issuer in raising capital.</u>	1610 1611 1612 1613 1614 1615 1616 1617
<u>(D) A description of any pending material litigation, legal proceedings, or regulatory action involving the issuer or any members, persons in executive management, or other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer;</u>	1618 1619 1620 1621 1622
<u>(E) A copy of the escrow agreement between the escrow agent, the issuer, and, if applicable, the portal operator;</u>	1623 1624
<u>(F) A statement that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale;</u>	1625 1626 1627

(G) A statement, printed in boldface type of the minimum 1628
size of ten points, as follows: "IN MAKING AN INVESTMENT 1629
DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE 1630
ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND 1631
RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY 1632
ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER 1633
REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES 1634
HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF 1635
THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL 1636
OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON 1637
TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD 1638
EXCEPT AS PERMITTED BY 17 C.F.R. 230.147A(e) AND THE APPLICABLE 1639
STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION 1640
THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED 1641
TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE 1642
PERIOD OF TIME." 1643

(H) All material information necessary in order to make 1644
the statements made, in light of the circumstances under which 1645
they were made, not misleading and such other information as the 1646
division may require. 1647

Sec. 1707.053. The certification obtained by the portal 1648
operator from each prospective purchaser through an OhioInvests 1649
portal shall, at a minimum, state the following: 1650

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1651

If I make an investment in an offering through this 1652
OhioInvests portal, it is very likely that I am investing in a 1653
high-risk, speculative business venture that could result in the 1654
complete loss of my investment, and I need to be able to afford 1655
such a loss. 1656

This offering has not been reviewed or approved by any 1657
state or federal securities commission or division or other 1658
regulatory authority and that no such person or authority has 1659
confirmed the accuracy or determined the adequacy of any 1660
disclosure made to me relating to this offering. 1661

If I make an investment in an offering through this 1662
OhioInvests portal, it is very likely that the investment will 1663
be difficult to transfer or sell and, accordingly, I may be 1664
required to hold the investment indefinitely. 1665

By entering into this transaction with the company, I am 1666
affirmatively representing myself as being an Ohio resident at 1667
the time that this contract is formed, and if this 1668
representation is subsequently shown to be false, the contract 1669
is void." 1670

Sec. 1707.054. (A) No person other than a dealer licensed 1671
under this chapter shall offer or sell securities pursuant to an 1672
OhioInvests offering or otherwise act as a portal operator 1673
unless the person is licensed as a portal operator by the 1674
division of securities or is transacting business through a 1675
portal operator licensed by the division. Application for a 1676
portal operator's license shall be made in accordance with this 1677
section and by filing with the division of securities the 1678
information, materials, and forms specified in rules adopted by 1679
the division, along with all of the following: 1680

(1) An application in the form prescribed by the division 1681
and all applicable schedules and supplemental information; 1682

(2) A copy of the articles of incorporation or other 1683
documents that indicate the entity's form of organization; 1684

(3) The filing fee as prescribed in section 1707.17 of the 1685

<u>Revised Code.</u>	1686
<u>(B) If the division approves the entity as a portal operator, the division shall issue a license certificate to the entity.</u>	1687 1688 1689
<u>Sec. 1707.055. No portal operator that is not also a licensed dealer shall do any of the following:</u>	1690 1691
<u>(A) Offer investment advice or recommendations, or solicit the purchase or sale of securities. For purposes of this division, a portal operator shall not be considered to be offering investment advice or recommendations merely because it selects, or may perform due diligence with respect to, issuers or offerings to be listed or merely because it provides general investor educational materials.</u>	1692 1693 1694 1695 1696 1697 1698
<u>(B) Provide transaction-based compensation for securities sold under this chapter to employees, agents, or other persons unless the employees, agents, or other persons are licensed under this chapter and permitted to receive such compensation.</u>	1699 1700 1701 1702
<u>(C) Charge a fee to the issuer for an offering of securities on an OhioInvests portal unless the fee is one of the following:</u>	1703 1704 1705
<u>(1) A fixed amount for each offering;</u>	1706
<u>(2) A variable amount based on the length of time that the securities are offered on the portal;</u>	1707 1708
<u>(3) A combination of such fixed or variable amounts.</u>	1709
<u>(D) Hold, manage, possess, or otherwise handle purchaser funds or securities, unless the portal operator is the issuer.</u>	1710 1711
<u>(E) No portal operator shall allow its officers,</u>	1712

directors, or partners, or any person occupying similar status 1713
or performing similar function, to have a financial interest in 1714
an OhioInvests issuer using the services of the portal operator, 1715
or receive a financial interest in the OhioInvests issuer as 1716
compensation for services provided to, or for the benefit of, 1717
the OhioInvests issuer, in connection with the offer and sale of 1718
its securities. 1719

Sec. 1707.056. (A) Each portal operator shall do all of 1720
the following: 1721

(1) Provide the division of securities with read-only 1722
access to the administrative sections of its OhioInvests portal; 1723

(2) Upon the written request of the division, furnish to 1724
the division any of the records required to be maintained and 1725
preserved under section 1707.057 of the Revised Code. 1726

(3) Take reasonable efforts to verify that no purchaser 1727
exceeds the purchase limitations set forth in division (F) of 1728
section 1707.051 of the Revised Code. 1729

(B) (1) A portal operator shall not disclose, except to the 1730
division of securities, personal information without the written 1731
or electronic consent of the prospective purchaser or purchaser. 1732
For purposes of division (B) of this section, "personal 1733
information" means information provided to a portal operator by 1734
a prospective purchaser or purchaser that identifies, or can be 1735
used to identify, the prospective purchaser or purchaser. 1736

(2) Division (B) (1) of this section does not apply with 1737
respect to records required to be furnished to the division 1738
under division (A) (2) of this section, the disclosure of 1739
personal information to an OhioInvests issuer relating to its 1740
OhioInvests offering, or the disclosure of personal information 1741

to the extent required or authorized under other law. 1742

Sec. 1707.057. (A) Each portal operator shall maintain and 1743
preserve, for a period of at least five years from either the 1744
date of the closing or date of the termination of the securities 1745
offering, all of the following: 1746

(1) The name of each issuer whose securities have been 1747
listed on its OhioInvests portal and the full name, residential 1748
address, social security number, date of birth, and copy of a 1749
state-issued identification of all owners with greater than ten 1750
per cent voting equity in the issuer; 1751

(2) Copies of all offering materials that have been 1752
displayed on its OhioInvests portal; 1753

(3) The names and other personal information of each 1754
purchaser who has registered at its OhioInvests portal; 1755

(4) Any agreements and contracts between the portal 1756
operator and an issuer; 1757

(5) Any information used to establish that a prospective 1758
purchaser or purchaser of securities through its OhioInvests 1759
portal is a resident of this state and that an issuer whose 1760
securities are listed on the portal has its principal office in 1761
this state; 1762

(6) Any other records the division requires by rule to be 1763
maintained and preserved. 1764

(B) (1) The records described in division (A) of this 1765
section shall be maintained and preserved in a manner, including 1766
by any electronic storage media, that does all of the following: 1767

(a) Permits the immediate location of any particular 1768
document; 1769

<u>(b) Retains the documents exclusively in a nonrewriteable,</u>	1770
<u>nonerasable format;</u>	1771
<u>(c) Verifies automatically the quality and accuracy of the</u>	1772
<u>storage recording process;</u>	1773
<u>(d) Serializes the originals;</u>	1774
<u>(e) Allows indexes and records preserved to be downloaded</u>	1775
<u>to an acceptable medium.</u>	1776
<u>(2) If the records retention system commingles records</u>	1777
<u>required to be retained under this section with other records,</u>	1778
<u>the division of securities may review all of the commingled</u>	1779
<u>records.</u>	1780
<u>(C) Notwithstanding divisions (A) and (B) of this section,</u>	1781
<u>the failure of a portal operator that is not the issuer to</u>	1782
<u>comply with those divisions does not affect the OhioInvests</u>	1783
<u>issuers' exemption from registration under section 1707.051 of</u>	1784
<u>the Revised Code.</u>	1785
<u>Sec. 1707.058.</u> (A) <u>As used in this section, "affiliated</u>	1786
<u>party" means any of the following:</u>	1787
<u>(1) Any predecessor to the issuer;</u>	1788
<u>(2) Any affiliated issuer;</u>	1789
<u>(3) Any director, executive officer, other officer</u>	1790
<u>participating in the offering, general partner, or managing</u>	1791
<u>member of the issuer;</u>	1792
<u>(4) Any beneficial owner of twenty per cent or more of the</u>	1793
<u>issuer's outstanding voting equity securities, calculated on the</u>	1794
<u>basis of voting power;</u>	1795
<u>(5) Any promoter connected with the issuer in any capacity</u>	1796

<u>at the time of the sale;</u>	1797
<u>(6) Any investment manager of an issuer that is a pooled investment fund;</u>	1798
<u>(7) Any general partner or managing member of any investment manager participating in the offering;</u>	1800
<u>(8) Any director, executive officer, or other officer participating in the offering of any investment manager or general partner or managing member of the investment manager participating in the offering.</u>	1802
<u>(B) The exemption from registration provided under section 1707.051 of the Revised Code is not available with respect to an offer, sale, and issuance of securities if the issuer of the securities or any affiliated party:</u>	1806
<u>(1) Has been convicted, within ten years before the offering of any felony or misdemeanor:</u>	1810
<u>(a) In connection with the purchase or sale of any security;</u>	1812
<u>(b) Involving the making of any false filing with the securities and exchange commission or a state securities commissioner; or</u>	1814
<u>(c) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities.</u>	1817
<u>(2) Is subject to any order, judgment, or decree of any court of competent jurisdiction, entered within five years before the sale, that, at the time of the sale, restrains or enjoins the person from engaging or continuing to engage in any</u>	1821

<u>conduct or practice:</u>	1825
<u>(a) In connection with the purchase or sale of any</u>	1826
<u>security;</u>	1827
<u>(b) Involving the making of any false filing with the</u>	1828
<u>securities and exchange commission or a state securities</u>	1829
<u>commissioner; or</u>	1830
<u>(c) Arising out of the conduct of the business of an</u>	1831
<u>underwriter, broker, dealer, municipal securities dealer,</u>	1832
<u>investment adviser, or paid solicitor of purchasers of</u>	1833
<u>securities.</u>	1834
<u>(3) Is subject to a final order of the securities and</u>	1835
<u>exchange commission; a state securities commission or an agency</u>	1836
<u>or officer of a state performing like functions; a state</u>	1837
<u>authority that supervises or examines banks, savings</u>	1838
<u>associations, or credit unions; a state insurance commission or</u>	1839
<u>an agency or officer of a state performing like functions; an</u>	1840
<u>appropriate federal banking agency; the United States commodity</u>	1841
<u>futures trading commission; or the national credit union</u>	1842
<u>administration that:</u>	1843
<u>(a) At the time of the offering, bars the person from</u>	1844
<u>associating with an entity regulated by the commission,</u>	1845
<u>authority, agency, or officer; engaging in the business of</u>	1846
<u>securities, insurance, or banking; or engaging in savings</u>	1847
<u>association or credit union activities; or</u>	1848
<u>(b) Constitutes a final order based on a violation of any</u>	1849
<u>law or regulation that prohibits fraudulent, manipulative, or</u>	1850
<u>deceptive conduct entered within ten years before the offering.</u>	1851
<u>(4) Is subject to an order of the securities and exchange</u>	1852
<u>commission entered pursuant to 15 U.S.C. 78o(b), 78o-4(c), 80b-</u>	1853

3(e), or 80b-3(f), or an order of a state securities commission 1854
or an agency or officer of a state performing like functions, 1855
that, at the time of the offering, does any of the following: 1856

(a) Suspends or revokes the person's license or 1857
registration as a broker, dealer, municipal securities dealer, 1858
or investment adviser; 1859

(b) Places limitations on the activities, functions, or 1860
operations of the person; 1861

(c) Bars the person from being associated with any entity 1862
or from participating in the offering of any penny stock. 1863

(5) Is subject to any order of the securities exchange 1864
commission, or an order of a state securities commission or an 1865
agency or officer of a state performing like functions, entered 1866
within ten years before the sale, that, at the time of the sale, 1867
orders the person to cease and desist from committing or causing 1868
a violation or future violation of any of the following: 1869

(a) Any scienter-based antifraud provision of the federal 1870
securities laws, including, but not limited to, 15 U.S.C. 77q(a) 1871
(1), 78j(b), 78o(c)(1), and 80b-6(1), and 17 C.F.R. 240.10b-5 or 1872
any other regulation adopted thereunder; 1873

(b) 15 U.S.C. 77e, division (C)(1) of section 1707.44 of 1874
the Revised Code, or any state securities law that requires the 1875
registration of securities; 1876

(c) Any state securities law requiring state registration 1877
as a broker dealer, investment adviser, agent, salesperson, 1878
investment adviser, or OhioInvests portal; 1879

(d) Any state securities law involving fraudulent, 1880
manipulative, or deceptive conduct. 1881

(6) Is suspended or expelled from membership in, or 1882
suspended or barred from association with a member of, a 1883
registered national securities exchange or a registered national 1884
or affiliated securities association for any act or omission to 1885
act constituting conduct inconsistent with just and equitable 1886
principles of trade; 1887

(7) Has filed as a registrant or issuer, or was or was 1888
named as an underwriter in, any registration statement or 1889
Regulation A offering statement filed with the securities and 1890
exchange commission or a state securities commissioner that, 1891
within five years before the sale, was the subject of a refusal 1892
order, stop order, or order suspending the Regulation A 1893
exemption; 1894

(8) Is, at the time of the sale, the subject of an 1895
investigation or proceeding to determine whether a stop order or 1896
a suspension order of the type described in division (B) (7) of 1897
this section should be issued; 1898

(9) Is subject to a United States postal service false 1899
representation order entered within five years before the 1900
offering; 1901

(10) Is, at the time of the offering, subject to a 1902
temporary restraining order or preliminary injunction with 1903
respect to conduct alleged by the United States postal service 1904
to constitute a scheme or device for obtaining money or property 1905
through the mail by means of false representations. 1906

(C) Division (B) of this section does not apply: 1907

(1) With respect to any conviction, order, judgment, 1908
decree, suspension, expulsion, or bar that occurred or was 1909
issued before the effective date of this section; 1910

(2) Upon a showing of good cause and without prejudice to any other action by the securities and exchange commission or a state securities commissioner, if the division determines that it is not necessary under the circumstance that an exemption be denied; 1911
1912
1913
1914
1915

(3) If, before the relevant offering, the court of regulatory authority that entered the relevant order, judgment, or decree advises in writing that the disqualification under division (B) of this section should not arise as a consequence of the order, judgment, or decree, whether the advice is contained in the relevant judgment, order, or decree or separately to the securities and exchange commission or a state securities commissioner or their staff; or 1916
1917
1918
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(4) If the issuer establishes to the division that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under division (B) of this section. 1924
1925
1926
1927

(D) For purposes of division (B) of this section, events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not either of the following: 1928
1929
1930
1931

(1) In control of the issuer; 1932

(2) Under common control with the issuer by a third party that was in control of the affiliated entity at the time of the events. 1933
1934
1935

Sec. 1707.10. Any securities required by sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised Code, to be registered by qualification before being sold in this state may be offered for sale and sold preliminary to and pending their 1936
1937
1938
1939

full qualification, where the division of securities is 1940
satisfied that the issuer is solvent and of good business repute 1941
and that such preliminary offering will not deceive or tend to 1942
deceive the public; but no such preliminary offering shall be 1943
made until the division consents thereto in writing, and such 1944
consent shall be on condition that within thirty days from the 1945
date thereof, or within such further time as the division 1946
allows, there is filed in the office of the division application 1947
under such sections for the full qualification of said 1948
securities, or for a registration of such securities by 1949
description if, within such time, such securities become 1950
entitled to registration by description; and the entire proceeds 1951
of the sale of such securities, without deduction for 1952
commissions or other charges, shall be segregated or deposited 1953
in escrow in such manner and for such time as the division 1954
directs. 1955

No applicant which is an issuer not a resident of this 1956
state shall be entitled to the benefit of this section unless 1957
there shall also be on file with the division a consent to 1958
service as provided in section 1707.11 of the Revised Code. 1959

At the time of filing the statement prescribed in this 1960
section, the applicant shall pay to the division the filing fee 1961
prescribed by section 1707.09 of the Revised Code; and upon 1962
receipt of notice of the division's favorable action on the 1963
application, the applicant shall pay to the division the 1964
registration fee prescribed by such section for the 1965
qualification of securities. 1966

If the dealer is unable to complete such qualification or 1967
such registration by description, or if the division, acting 1968
upon more complete information furnished or obtained from its 1969

examination, does not finally register such security by 1970
description or qualification, the issuer or dealer who has sold 1971
it or offered it for sale shall withdraw the security from the 1972
market and return or tender to purchasers of the security, 1973
within such time as the division specifies, the amounts paid for 1974
it by them. 1975

Sec. 1707.13. The division of securities may suspend the 1976
registration by description or by qualification of any 1977
securities, or the right of any dealers or of the issuer, or of 1978
both, to buy, sell, or deal in any particular security whether 1979
it is registered, qualified, or exempt or even though 1980
transactions in it are registered or exempt, if the division 1981
finds that the issuer has violated sections 1707.01 to 1982
~~1707.45~~1707.50, inclusive, of the Revised Code, or any lawful 1983
order or requirement of the division, has fraudulently conducted 1984
its business, or has been engaged in or is engaged or about to 1985
engage in deceptive or fraudulent acts, practices, or 1986
transactions; that such security is being disposed of or 1987
purchased on grossly unfair terms, in such manner as to deceive 1988
or defraud or as to tend to deceive or defraud purchasers or 1989
sellers, or in disregard of the lawful rules and regulations of 1990
the division applicable to such security or to transactions 1991
therein; or, in the case of securities being sold under a 1992
registration or qualification, that the issuer is insolvent. 1993
Notice of such suspension shall be mailed by the division to the 1994
issuer and to all licensed dealers concerned. Such notice shall 1995
specify the particular security whose registration is being 1996
suspended and shall set a date, not more than ten days later 1997
than the date of the order of suspension, for a hearing on the 1998
continuation or revocation of such suspension. For good cause 1999
the division may continue such hearing on application of any 2000

interested party. In conducting such hearing the division shall 2001
have all the authority and powers set forth in section 1707.23 2002
of the Revised Code. Following such hearing the division shall 2003
either confirm or revoke such suspension. No such suspension 2004
shall invalidate any sale of securities made prior thereto; and 2005
the rights of persons defrauded by any sale shall in no wise be 2006
impaired. 2007

If the issuer of a security refuses to permit an 2008
examination to be made by the division of its books, records, 2009
and property, or refuses to furnish the division any information 2010
which it may lawfully require under sections 1707.01 to 2011
~~1707.45~~1707.50, inclusive, of the Revised Code, such refusal is 2012
a sufficient ground for the division to suspend the registration 2013
by description or by qualification of such security, or the 2014
right of any dealers or of the issuer, or of both, to buy, sell, 2015
or deal in such security. 2016

If any interested party desires an investigation at a 2017
place other than the office of the division, such person may be 2018
required by the division to advance sufficient funds to pay the 2019
actual expenses of such investigation. 2020

Whenever the division determines, upon hearing, that any 2021
application for qualification was made, or that any securities 2022
or any transaction was registered by description, by a person 2023
who knew that untrue statements were contained in such 2024
application or description, the division may proceed under 2025
sections 1707.19, 1707.23, and 1707.44 of the Revised Code, or 2026
any of them, against the person who filed such application or 2027
such registration by description. 2028

Sec. 1707.161. (A) No person shall act as an investment 2029
adviser representative, unless one of the following applies: 2030

(1) The person is licensed as an investment adviser 2031
representative by the division of securities. 2032

(2) The person is a natural person who is licensed as an 2033
investment adviser by the division, and does not act as an 2034
investment adviser representative for another investment 2035
adviser; however, a natural person who is licensed as an 2036
investment adviser by the division may act as an investment 2037
adviser representative for another investment adviser if the 2038
natural person also is licensed by the division, or is properly 2039
excepted from licensure, as an investment adviser representative 2040
of the other investment adviser. 2041

(3) The person is employed by or associated with an 2042
investment adviser registered under section 203 of the 2043
"Investment Advisers Act of 1940," 15 U.S.C. 80b-3, and does not 2044
have a place of business in this state. 2045

(4) The person is employed by or associated with an 2046
investment adviser that is excepted from licensure pursuant to 2047
division (A) (3), (4), (5), or (6) of section 1707.141 of the 2048
Revised Code or excepted from notice filing pursuant to division 2049
(B) (3) of section 1707.141 of the Revised Code. 2050

(B) (1) No investment adviser representative required to be 2051
licensed under this section shall act as an investment adviser 2052
representative for more than two investment advisers. An 2053
investment adviser representative that acts as an investment 2054
adviser representative for two investment advisers shall do so 2055
only after the occurrence of both of the following: 2056

(a) Being properly licensed, or properly excepted from 2057
licensure under this section, as an investment adviser 2058
representative for both investment advisers; 2059

(b) Complying with the requirements set forth in rules 2060
adopted by the division regarding consent of both investment 2061
advisers and notice. 2062

(2) Nothing in this section shall be construed to prohibit 2063
a natural person from being licensed by the division as both an 2064
investment adviser and an investment adviser representative. 2065

(3) Nothing in this section shall be construed to prohibit 2066
a natural person from being licensed by the division as both a 2067
salesperson and an investment adviser representative. 2068

(4) Nothing in this section shall be construed to prohibit 2069
a natural person from being licensed by the division as both a 2070
dealer and an investment adviser representative. 2071

(C) An investment adviser representative's license issued 2072
under this section shall not be effective during any period when 2073
the investment adviser representative is not employed by or 2074
associated with an investment adviser that is licensed by the 2075
division or that is in compliance with the notice filing 2076
requirements of division (B) of section 1707.141 of the Revised 2077
Code. Notice of the commencement and termination of the 2078
employment or association of an investment adviser 2079
representative licensed under this section shall be given to the 2080
division within thirty days after the commencement or 2081
termination by either of the following: 2082

(1) The investment adviser, in the case of an investment 2083
adviser representative licensed under this section and employed 2084
by or associated with, or formerly employed by or associated 2085
with, an investment adviser licensed under section 1707.141 of 2086
the Revised Code; 2087

(2) The investment adviser representative, in the case of 2088

an investment adviser representative licensed under this section 2089
and employed by or associated with, or formerly employed by or 2090
associated with, an investment adviser that is subject to the 2091
notice filings requirements of division (B) of section 1707.141 2092
of the Revised Code. 2093

(D) (1) Application for an investment adviser 2094
representative license shall be made in accordance with this 2095
section and by filing with the division the information, 2096
materials, and forms specified in rules adopted by the division. 2097

(2) The division shall by rule require an applicant to 2098
pass an examination designated by the division or achieve a 2099
specified professional designation. 2100

(3) Prior to issuing the investment adviser representative 2101
license, the division may require the applicant to reimburse the 2102
division for the actual expenses incurred in investigating the 2103
applicant. An itemized statement of any such expenses that the 2104
applicant is required to pay shall be furnished to the applicant 2105
by the division. 2106

(E) If the division finds that the applicant is of good 2107
business repute, appears to be qualified to act as an investment 2108
adviser representative, and has complied with sections 1707.01 2109
to ~~1707.45~~ 1707.50 of the Revised Code and the rules adopted 2110
under those sections by the division, the division, upon payment 2111
of the fees prescribed by division (B) of section 1707.17 of the 2112
Revised Code, shall issue to the applicant a license authorizing 2113
the applicant to act as an investment adviser representative for 2114
the investment adviser, or investment advisers that are under 2115
common ownership or control, named in the application. 2116

Sec. 1707.17. (A) (1) The license of every dealer in and 2117

salesperson of securities shall expire on the thirty-first day 2118
of December of each year, and may be renewed upon the filing 2119
with the division of securities of an application for renewal, 2120
and the payment of the fee prescribed in this section. The 2121
division shall give notice, without unreasonable delay, of its 2122
action on any application for renewal of a dealer's or 2123
salesperson's license. 2124

(2) The license of every investment adviser and investment 2125
adviser representative licensed under section 1707.141 or 2126
1707.161 of the Revised Code shall expire on the thirty-first 2127
day of December of each year. The licenses may be renewed upon 2128
the filing with the division of an application for renewal, and 2129
the payment of the fee prescribed in division (B) of this 2130
section. The division shall give notice, without unreasonable 2131
delay, of its action on any application for renewal. 2132

(3) An investment adviser required to make a notice filing 2133
under division (B) of section 1707.141 of the Revised Code 2134
annually shall file with the division the notice filing and the 2135
fee prescribed in division (B) of this section, no later than 2136
the thirty-first day of December of each year. 2137

(4) The license of every state retirement system 2138
investment officer licensed under section 1707.163 of the 2139
Revised Code and the license of a bureau of workers' 2140
compensation chief investment officer issued under section 2141
1707.165 of the Revised Code shall expire on the thirtieth day 2142
of June of each year. The licenses may be renewed on the filing 2143
with the division of an application for renewal, and the payment 2144
of the fee prescribed in division (B) of this section. The 2145
division shall give notice, without unreasonable delay, of its 2146
action on any application for renewal. 2147

(5) The license of every portal operator licensed under 2148
section 1707.054 of the Revised Code shall expire on the thirty- 2149
first day of December of each year. The license may be renewed 2150
upon the filing with the division an application for renewal, 2151
and payment of the fee prescribed in division (B) of this 2152
section. The division shall give notice, without unreasonable 2153
delay, of its action on any application for renewal. 2154

(B) (1) The fee for each dealer's license, and for each 2155
annual renewal thereof, shall be two hundred dollars. 2156

(2) The fee for each salesperson's license, and for each 2157
annual renewal thereof, shall be sixty dollars. 2158

(3) The fee for each investment adviser's license, and for 2159
each annual renewal thereof, shall be one hundred dollars. 2160

(4) The fee for each investment adviser notice filing 2161
required by division (B) of section 1707.141 of the Revised Code 2162
shall be one hundred dollars. 2163

(5) The fee for each investment adviser representative's 2164
license, and for each annual renewal thereof, shall be thirty- 2165
five dollars. 2166

(6) The fee for each state retirement system investment 2167
officer's license, and for each annual renewal thereof, shall be 2168
fifty dollars. 2169

(7) The fee for a bureau of workers' compensation chief 2170
investment officer's license, and for each annual renewal 2171
thereof, shall be fifty dollars. 2172

(8) The fee for a portal operator license, and for each 2173
annual renewal thereof, shall be one hundred dollars. 2174

(C) A dealer's, salesperson's, investment adviser's, 2175

investment adviser representative's, bureau of workers' 2176
compensation chief investment officer's, ~~or~~ state retirement 2177
system investment officer's, or portal operator's license may be 2178
issued at any time for the remainder of the calendar year. In 2179
that event, the annual fee shall not be reduced. 2180

(D) The division may, by rule or order, waive, in whole or 2181
in part, any of the fee requirements of this section for any 2182
person or class of persons if, in the same calendar year, the 2183
person or class of persons is required to pay an additional fee 2184
as a result of changes in federal law and regulations 2185
implemented under Title IV of the "Dodd-Frank Wall Street Reform 2186
and Consumer Protection Act of 2010," 124 Stat. 1576 (2010), 15 2187
U.S.C. 80b-3a(a), under which a person or class of persons 2188
formerly subject to regulation under the United States 2189
securities and exchange commission is subject to state 2190
regulation under Chapter 1707. of the Revised Code. 2191

Sec. 1707.19. (A) An original license, or a renewal 2192
thereof, applied for by a dealer or salesperson of securities, 2193
or by an investment adviser, investment adviser representative, 2194
bureau of workers' compensation chief investment officer, ~~or~~ 2195
state retirement system investment officer, or portal operator 2196
as defined in section 1707.05 of the Revised Code may be 2197
refused, and any such license granted may be suspended and, 2198
after notice and hearing in accordance with Chapter 119. of the 2199
Revised Code, may be revoked, by the division of securities, if 2200
the division determines that the applicant or the licensed 2201
dealer, salesperson, investment adviser, investment adviser 2202
representative, bureau of workers' compensation chief investment 2203
officer, or state retirement system investment officer: 2204

(1) Is not of good business repute; 2205

(2) Is conducting an illegitimate or fraudulent business;	2206
(3) Is, in the case of a dealer or , investment adviser,	2207
<u>or portal operator</u> , insolvent;	2208
(4) Has knowingly violated any provision of sections	2209
1707.01 to 1707.45 <u>1707.50</u> of the Revised Code, or any	2210
regulation or order made thereunder;	2211
(5) Has knowingly made a false statement of a material	2212
fact or an omission of a material fact in an application for a	2213
license, in a description or application that has been filed, or	2214
in any statement made to the division under such sections;	2215
(6) Has refused to comply with any lawful order or	2216
requirement of the division under section 1707.23 of the Revised	2217
Code;	2218
(7) Has been guilty of any fraudulent act in connection	2219
with the sale of any securities or in connection with acting as	2220
an investment adviser, investment adviser representative, bureau	2221
of workers' compensation chief investment officer, or state	2222
retirement system investment officer, <u>or portal operator</u> ;	2223
(8) Conducts business in purchasing or selling securities	2224
at such variations from the existing market as in the light of	2225
all the circumstances are unconscionable;	2226
(9) Conducts business in violation of such rules and	2227
regulations as the division prescribes for the protection of	2228
investors, clients, or prospective clients;	2229
(10) (a) Has failed to furnish to the division any	2230
information with respect to the purchases or sales of securities	2231
within this state that may be reasonably requested by the	2232
division as pertinent to the protection of investors in this	2233

state. 2234

(b) Has failed to furnish to the division any information 2235
with respect to acting as an investment adviser, investment 2236
adviser representative, bureau of workers' compensation chief 2237
investment officer, ~~or~~ state retirement system investment 2238
officer, or portal operator within this state that may be 2239
reasonably requested by the division. 2240

(B) For the protection of investors the division may 2241
prescribe reasonable rules defining fraudulent, evasive, 2242
deceptive, or grossly unfair practices or devices in the 2243
purchase or sale of securities. 2244

(C) For the protection of investors, clients, or 2245
prospective clients, the division may prescribe reasonable rules 2246
regarding the acts and practices of an investment adviser or an 2247
investment adviser representative. 2248

(D) For the protection of investors, the division may 2249
prescribe reasonable rules regarding the acts and practices of a 2250
portal operator. 2251

(E) Pending any investigation or hearing provided for in 2252
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, the 2253
division may order the suspension of any dealer's, 2254
salesperson's, investment adviser's, investment adviser 2255
representative's, bureau of workers' compensation chief 2256
investment officer's, ~~or~~ state retirement system investment 2257
officer's, or portal operator's license by notifying the party 2258
concerned of such suspension and the cause for it. If it is a 2259
salesperson whose license is suspended, the division shall also 2260
notify the dealer employing the salesperson. If it is an 2261
investment adviser representative whose license is suspended, 2262

the division also shall notify the investment adviser with whom 2263
the investment adviser representative is employed or associated. 2264
If it is a state retirement system investment officer whose 2265
license is suspended, the division shall also notify the state 2266
retirement system with whom the state retirement system 2267
investment officer is employed. If it is a bureau of workers' 2268
compensation chief investment officer whose license is 2269
suspended, the division shall also notify the bureau of workers' 2270
compensation. 2271

~~(E)~~ (F) (1) The suspension or revocation of the dealer's 2272
license suspends the licenses of all the dealer's salespersons. 2273

(2) The suspension or revocation of the investment 2274
adviser's license suspends the licenses of all the investment 2275
adviser's investment adviser representatives. The suspension or 2276
revocation of an investment adviser's registration under section 2277
203 of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3, 2278
suspends the licenses of all the investment adviser's investment 2279
adviser representatives. 2280

~~(F)~~ (G) It is sufficient cause for refusal, revocation, or 2281
suspension of the license in case of a partnership, partnership 2282
association, corporation, or unincorporated association if any 2283
general partner of the partnership, manager of the partnership 2284
association, or executive officer of the corporation or 2285
unincorporated association is not of good business repute or has 2286
been guilty of any act or omission which would be cause for 2287
refusing or revoking the license of an individual dealer, 2288
salesperson, investment adviser, ~~or~~ investment adviser 2289
representative, or portal operator. 2290

Sec. 1707.20. (A) (1) The division of securities may adopt, 2291
amend, and rescind such rules, forms, and orders as are 2292

necessary to carry out sections 1707.01 to ~~1707.45~~1707.50 of 2293
the Revised Code, including rules and forms governing 2294
registration statements, applications, and reports, and defining 2295
any terms, whether or not used in sections 1707.01 to ~~1707.45~~ 2296
1707.50 of the Revised Code, insofar as the definitions are not 2297
inconsistent with these sections. For the purpose of rules and 2298
forms, the division may classify securities, persons, and 2299
matters within its jurisdiction, and prescribe different 2300
requirements for different classes. 2301

(2) Notwithstanding sections 121.71 to 121.76 of the 2302
Revised Code, the division may incorporate by reference into its 2303
rules any statute enacted by the United States congress or any 2304
rule, regulation, or form promulgated by the securities and 2305
exchange commission, or by another federal agency, in a manner 2306
that also incorporates all future amendments to the statute, 2307
rule, regulation, or form. 2308

(B) No rule, form, or order may be made, amended, or 2309
rescinded unless the division finds that the action is necessary 2310
or appropriate in the public interest or for the protection of 2311
investors, clients, prospective clients, state retirement 2312
systems, or the workers' compensation system and consistent with 2313
the purposes fairly intended by the policy and provisions of 2314
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. In 2315
prescribing rules and forms and in otherwise administering 2316
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, the 2317
division may cooperate with the securities administrators of the 2318
other states and the securities and exchange commission with a 2319
view of effectuating the policy of this section to achieve 2320
maximum uniformity in the form and content of registration 2321
statements, applications, reports, and overall securities 2322
regulation wherever practicable. 2323

(C) The division may by rule or order prescribe:	2324
(1) The form and content of financial statements required	2325
under sections 1707.01 to 1707.45 <u>1707.50</u> of the Revised Code;	2326
(2) The circumstances under which consolidated financial	2327
statements will be filed;	2328
(3) Whether any required financial statements shall be	2329
certified <u>audited</u> by independent or certified public	2330
accountants, <u>specifying by rule the criteria necessary to be</u>	2331
<u>granted a hardship exemption from the audit requirement.</u> All	2332
financial statements shall be prepared in accordance with	2333
generally accepted accounting practices <u>principles and comply</u>	2334
<u>with other requirements specified by rule adopted or order</u>	2335
<u>issued under sections 1707.01 to 1707.50 of the Revised Code.</u>	2336
(D) All rules and forms of the division shall be	2337
published; and in addition to fulfilling the requirements of	2338
Chapter 119. of the Revised Code, the division shall prescribe,	2339
and shall publish and make available its rules regarding the	2340
sale of securities, the administration of sections 1707.01 to	2341
1707.45 <u>1707.50</u> of the Revised Code, and the procedure and	2342
practice before the division.	2343
(E) (1) No provision of sections 1707.01 to 1707.45 <u>1707.50</u>	2344
of the Revised Code imposing any liability applies to any act	2345
done or omitted in good faith in conformity with any rule, form,	2346
or order of the division of securities, notwithstanding that the	2347
rule, form, or order may later be amended or rescinded or be	2348
determined by judicial or other authority to be invalid for any	2349
reason, except that the issuance of an order granting	2350
effectiveness to a registration under section 1707.09 or	2351
1707.091 of the Revised Code for the purposes of this division	2352

shall not be deemed an order other than as the establishment of 2353
the fact of registration. 2354

(2) No provision of sections 1707.01 to ~~1707.45~~1707.50 of 2355
the Revised Code imposing any liability, penalty, sanction, or 2356
disqualification applies to any act done or omitted in good 2357
faith in conformity with either of the following: 2358

(a) Any provision of sections 1707.01 to ~~1707.45~~1707.50 2359
of the Revised Code that incorporates by reference a federal 2360
statute, rule, regulation, or form; 2361

(b) Any rule, form, or order of the division that 2362
incorporates by reference a federal statute, rule, regulation, 2363
or form. 2364

Division (E) (2) of this section applies notwithstanding 2365
that the incorporation by reference, or any application of the 2366
incorporated provision, is later determined by judicial or other 2367
authority to be unconstitutional or invalid for any reason. 2368

Sec. 1707.21. In so far as any information required to be 2369
filed with the division of securities under sections 1707.01 to 2370
~~1707.45~~1707.50, inclusive, of the Revised Code, is contained in 2371
a registration statement filed with the securities and exchange 2372
commission of the United States and such registration statement 2373
is in effect, such required information may, with the consent of 2374
the division, be furnished by filing with the division a copy of 2375
such registration statement together with an affidavit of an 2376
interested party that it is in effect. 2377

Sec. 1707.23. Whenever it appears to the division of 2378
securities, from its files, upon complaint, or otherwise, that 2379
any person has engaged in, is engaged in, or is about to engage 2380
in any practice declared to be illegal or prohibited by this 2381

chapter or rules adopted under this chapter by the division, or 2382
defined as fraudulent in this chapter or rules adopted under 2383
this chapter by the division, or any other deceptive scheme or 2384
practice in connection with the sale of securities, or acting as 2385
a dealer, a salesperson, an investment adviser, investment 2386
adviser representative, bureau of workers' compensation chief 2387
investment officer, ~~or~~ state retirement system investment 2388
officer, or portal operator as defined in section 1707.05 of the 2389
Revised Code or when the division believes it to be in the best 2390
interests of the public and necessary for the protection of 2391
investors, the division may do any of the following: 2392

(A) Require any person to file with it, on such forms as 2393
it prescribes, an original or additional statement or report in 2394
writing, under oath or otherwise, as to any facts or 2395
circumstances concerning the issuance, sale, or offer for sale 2396
of securities within this state by the person, as to the 2397
person's acts or practices as a dealer, a salesperson, an 2398
investment adviser, investment adviser representative, bureau of 2399
workers' compensation chief investment officer, ~~or~~ state 2400
retirement system investment officer, or portal operator within 2401
this state, and as to other information as it deems material or 2402
relevant thereto; 2403

(B) Examine any investment adviser, investment adviser 2404
representative, state retirement system investment officer, 2405
bureau of workers' compensation chief investment officer, or any 2406
seller, dealer, salesperson, or issuer of any securities, or any 2407
portal operator, and any of their agents, employees, partners, 2408
officers, directors, members, or shareholders, wherever located, 2409
under oath; and examine and produce records, books, documents, 2410
accounts, and papers as the division deems material or relevant 2411
to the inquiry; 2412

(C) Require the attendance of witnesses, and the 2413
production of books, records, and papers, as are required either 2414
by the division or by any party to a hearing before the 2415
division, and for that purpose issue a subpoena for any witness, 2416
or a subpoena duces tecum to compel the production of any books, 2417
records, or papers. The subpoena shall be served by personal 2418
service or by certified mail, return receipt requested. If the 2419
subpoena is returned because of inability to deliver, or if no 2420
return is received within thirty days of the date of mailing, 2421
the subpoena may be served by ordinary mail. If no return of 2422
ordinary mail is received within thirty days after the date of 2423
mailing, service shall be deemed to have been made. If the 2424
subpoena is returned because of inability to deliver, the 2425
division may designate a person or persons to effect either 2426
personal or residence service upon the witness. The person 2427
designated to effect personal or residence service under this 2428
division may be the sheriff of the county in which the witness 2429
resides or may be found or any other duly designated person. The 2430
fees and mileage of the person serving the subpoena shall be the 2431
same as those allowed by the courts of common pleas in criminal 2432
cases, and shall be paid from the funds of the division. Fees 2433
and mileage for the witness shall be determined under section 2434
119.094 of the Revised Code, and shall be paid from the funds of 2435
the division upon request of the witness following the hearing. 2436

(D) Initiate criminal proceedings under section 1707.042 2437
or 1707.44 of the Revised Code or rules adopted under those 2438
sections by the division by laying before the prosecuting 2439
attorney of the proper county any evidence of criminality which 2440
comes to its knowledge; and in the event of the neglect or 2441
refusal of the prosecuting attorney to prosecute such 2442
violations, or at the request of the prosecuting attorney, the 2443

division shall submit the evidence to the attorney general, who 2444
may proceed in the prosecution with all the rights, privileges, 2445
and powers conferred by law on prosecuting attorneys, including 2446
the power to appear before grand juries and to interrogate 2447
witnesses before such grand juries. 2448

(E) Require any dealers immediately to furnish to the 2449
division copies of prospectuses, circulars, or advertisements 2450
respecting securities that they publish or generally distribute, 2451
or require any investment advisers immediately to furnish to the 2452
division copies of brochures, advertisements, publications, 2453
analyses, reports, or other writings that they publish or 2454
distribute; 2455

(F) Require any dealers to mail to the division, prior to 2456
sale, notices of intention to sell, in respect to all securities 2457
which are not exempt under section 1707.02 of the Revised Code, 2458
or which are sold in transactions not exempt under section 2459
1707.03 or 1707.04 of the Revised Code; 2460

(G) Issue and cause to be served by certified mail upon 2461
all persons affected an order requiring the person or persons to 2462
cease and desist from the acts or practices appearing to the 2463
division to constitute violations of this chapter or rules 2464
adopted under this chapter by the division. The order shall 2465
state specifically the section or sections of this chapter or 2466
the rule or rules adopted under this chapter by the division 2467
that appear to the division to have been violated and the facts 2468
constituting the violation. If after the issuance of the order 2469
it appears to the division that any person or persons affected 2470
by the order have engaged in any act or practice from which the 2471
person or persons shall have been required, by the order, to 2472
cease and desist, the director of commerce may apply to the 2473

court of common pleas of any county for, and upon proof of the 2474
validity of the order of the division, the delivery of the order 2475
to the person or persons affected, and of the illegality and the 2476
continuation of the acts or practices that are the subject of 2477
the order, the court may grant an injunction implementing the 2478
order of the division. 2479

(H) Issue and initiate contempt proceedings in this state 2480
regarding subpoenas and subpoenas duces tecum at the request of 2481
the securities administrator of another state, if it appears to 2482
the division that the activities for which the information is 2483
sought would violate this chapter if the activities had occurred 2484
in this state. 2485

(I) The remedies provided by this section are cumulative 2486
and concurrent with any other remedy provided in this chapter, 2487
and the exercise of one remedy does not preclude or require the 2488
exercise of any other remedy. 2489

Sec. 1707.24. In case any person fails to file any 2490
statement or report, to obey any subpoena, to give testimony, to 2491
answer questions, or to produce any books, records, or papers as 2492
required by the division of securities under sections 1707.01 to 2493
~~1707.45~~1707.50, inclusive, of the Revised Code, the court of 2494
common pleas of any county in the state, upon application made 2495
to it by the division and upon proof made to it by the division 2496
of such failure, may make an order awarding process of subpoena 2497
or subpoena duces tecum for such person to appear and testify 2498
before the division, and may order any person to give testimony 2499
and answer questions, and to produce books, records, or papers, 2500
as required by the division. Upon the filing of such order in 2501
the office of the clerk of the court of common pleas, said 2502
clerk, under the seal of said court, shall issue process of 2503

subpoena for such person to appear before the division at a time 2504
and place named in such subpoena, and thereafter from day to day 2505
until the examination of such person is completed. Such subpoena 2506
may contain a direction that such witness bring with ~~him~~ the 2507
witness to such examination any books, records, or papers 2508
mentioned in such subpoena. Said clerk shall also issue, under 2509
the seal of said court, such other orders, in reference to such 2510
examination, appearance, and production of books, records, or 2511
papers, as said court directs. If any person so summoned by 2512
subpoena fails to obey such subpoena, to give testimony, to 2513
answer questions as required, to produce any books, records, or 2514
papers so required, or to obey an order of the court, the court, 2515
on motion supported by proof, may order an attachment for 2516
contempt to be issued against the person charged with 2517
disobedience of any order or injunction issued by such court 2518
under sections 1707.01 to ~~1707.45~~ 1707.50, inclusive, of the 2519
Revised Code. If such person is brought before the court by 2520
virtue of said attachment, and if upon a hearing such 2521
disobedience appears, such court may order such offender to be 2522
committed and kept in close custody. 2523

Sec. 1707.25. In case any person fails to file any 2524
statement or report required by sections 1707.01 to ~~1707.45~~ 2525
1707.50 of the Revised Code, to obey any subpoena the issuance 2526
of which is provided for in those sections, or to produce books, 2527
records, or papers, give testimony, or answer questions, as 2528
required by those sections, the director of commerce may apply 2529
to a court of common pleas of any county for, and upon proof of 2530
such failure the court may grant, an injunction restraining the 2531
acting as an investment adviser, investment adviser 2532
representative, bureau of workers' compensation chief investment 2533
officer, or state retirement system investment officer, or the 2534

issuance, sale, or offer for sale of any securities by the 2535
person or by its agents, employees, partners, officers, 2536
directors, or shareholders, until such failure has been remedied 2537
and other relief as the facts may warrant has been had. Such 2538
injunctive relief is available in addition to the other remedies 2539
provided for in sections 1707.01 to ~~1707.45~~1707.50 of the 2540
Revised Code. 2541

Where the person refusing to comply with such order of 2542
court is an issuer of securities, the court may enjoin the sale 2543
by any dealer of any securities of the issuer, and the division 2544
of securities may revoke the qualification of the securities of 2545
the issuer, or suspend or revoke the sale of any securities of 2546
the issuer which have been registered by description, and such 2547
securities shall not thereafter be sold by any dealer until the 2548
order of the court or of the division is withdrawn. 2549

Sec. 1707.26. Whenever it appears to the division of 2550
securities, upon complaint or otherwise, that any person has 2551
engaged in, is engaging in, or is about to engage in, any 2552
deceptive, fraudulent, or manipulative act, practice, or 2553
transaction, in violation of sections 1707.01 to ~~1707.45~~1707.50 2554
of the Revised Code, the director of commerce may apply to a 2555
court of common pleas of any county in this state for, and upon 2556
proof of any of such offenses such court shall grant an 2557
injunction restraining such person and its agents, employees, 2558
partners, officers, directors, and shareholders from continuing, 2559
engaging in, or doing any acts in furtherance of, such acts, 2560
practices, or transactions, and may order such other equitable 2561
relief as the facts warrant. 2562

Sec. 1707.261. (A) If a court of common pleas grants an 2563
injunction pursuant to section 1707.26 of the Revised Code, 2564

after consultation with the attorney general the director of 2565
commerce may request that court to order the defendant or 2566
defendants that are subject to the injunction to make 2567
restitution or rescission to any purchaser or holder of 2568
securities damaged by the defendant's or defendants' violation 2569
of any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2570
Revised Code. 2571

(B) If the court of common pleas is satisfied with the 2572
sufficiency of the director's request for restitution or 2573
rescission under division (A) of this section and with the 2574
sufficiency of the proof of a substantial violation of any 2575
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2576
Code, or of the use of any act, practice, or transaction 2577
declared to be illegal or prohibited or defined as fraudulent by 2578
those sections or rules adopted under those sections by the 2579
division of securities, to the material prejudice of a purchaser 2580
or holder of securities, the court may order the defendant or 2581
defendants subject to the injunction to make restitution or 2582
rescission to any purchaser or holder of securities damaged by 2583
the defendant's or defendants' violation of sections 1707.01 to 2584
~~1707.45~~1707.50 of the Revised Code. 2585

(C) A court order granting restitution or rescission based 2586
upon a request made pursuant to division (A) of this section 2587
shall meet the requirements of division (B) of this section and 2588
may not be based solely upon a final order issued by the 2589
division of securities pursuant to Chapter 119. of the Revised 2590
Code or upon an action to enforce a final order issued by the 2591
division pursuant to that chapter. Notwithstanding the foregoing 2592
provision, a request for restitution or rescission pursuant to 2593
division (A) of this section may concern the same acts, 2594
practices, or transactions that were, or may later be, the 2595

subject of a division of securities action for a violation of 2596
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2597
Revised Code. If a request for restitution or rescission 2598
pursuant to division (A) of this section concerns the same acts, 2599
practices, or transactions that were the subject of a final 2600
order issued by the division of securities pursuant to Chapter 2601
119. of the Revised Code, the court shall review the request in 2602
accordance with division (B) of this section, and the standard 2603
of review in section 119.12 of the Revised Code shall not apply 2604
to the request. 2605

(D) No purchaser or holder of securities who is entitled 2606
to restitution or rescission under this section shall recover, 2607
pursuant to this section or any other proceeding, a total amount 2608
in excess of the person's purchase price for the securities sold 2609
in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 2610
Revised Code. 2611

(E) (1) If a court of common pleas grants an injunction 2612
pursuant to section 1707.26 of the Revised Code against any 2613
state retirement system investment officer, after consultation 2614
with the attorney general, the director of commerce may request 2615
that court to order the state retirement system investment 2616
officer or officers that are subject to the injunction to make 2617
restitution to the state retirement system damaged by the state 2618
retirement system investment officer's or officers' violation of 2619
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2620
Revised Code. 2621

(2) If the court of common pleas is satisfied with the 2622
sufficiency of the director's request for restitution under 2623
division (E) (1) of this section and with the sufficiency of the 2624
proof of a substantial violation of any provision of sections 2625

1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2626
any act, practice, or transaction declared to be illegal or 2627
prohibited or defined as fraudulent by those sections or rules 2628
adopted under those sections by the division of securities, to 2629
the material prejudice of a state retirement system, the court 2630
may order the state retirement system investment officer or 2631
officers subject to the injunction to make restitution to the 2632
state retirement system damaged by the state retirement system 2633
investment officer's or officers' violation of sections 1707.01 2634
to ~~1707.45~~1707.50 of the Revised Code. A request for 2635
restitution pursuant to division (E) (1) of this section may 2636
concern the same acts, practices, or transactions that were, or 2637
may later be, the subject of a division of securities action for 2638
a violation of any provision of section 1707.01 to ~~1707.45~~ 2639
1707.50 of the Revised Code. 2640

(F) (1) If a court of common pleas grants an injunction 2641
pursuant to section 1707.26 of the Revised Code against a bureau 2642
of workers' compensation chief investment officer, after 2643
consultation with the attorney general, the director of commerce 2644
may request that court to order the bureau of workers' 2645
compensation chief investment officer who is subject to the 2646
injunction to make restitution to the bureau of workers' 2647
compensation damaged by the bureau of workers' compensation 2648
chief investment officer's violation of any provision of 2649
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2650

(2) If the court of common pleas is satisfied with the 2651
sufficiency of the director's request for restitution under 2652
division (F) (1) of this section and with the sufficiency of the 2653
proof of a substantial violation of any provision of sections 2654
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2655
any act, practice, or transaction declared to be illegal or 2656

prohibited or defined as fraudulent by those sections or rules 2657
adopted under those sections by the division of securities, to 2658
the material prejudice of the bureau of workers' compensation, 2659
the court may order the bureau of workers' compensation chief 2660
investment officer subject to the injunction to make restitution 2661
to the bureau of workers' compensation damaged by the bureau of 2662
workers' compensation chief investment officer's violation of 2663
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. A 2664
request for restitution pursuant to division (F)(1) of this 2665
section may concern the same acts, practices, or transactions 2666
that were, or may later be, the subject of a division of 2667
securities action for a violation of any provision of section 2668
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2669

Sec. 1707.27. If the court of common pleas is satisfied 2670
with the sufficiency of the application for a receivership, and 2671
of the sufficiency of the proof of substantial violation of 2672
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of 2673
the use of any act, practice, or transaction declared to be 2674
illegal or prohibited, or defined as fraudulent by those 2675
sections or rules adopted under those sections by the division 2676
of securities, to the material prejudice of a purchaser or 2677
holder of securities, or client of an investment adviser or 2678
investment adviser representative, the court may appoint a 2679
receiver, for any person so violating sections 1707.01 to 2680
~~1707.45~~1707.50 of the Revised Code or rules adopted under those 2681
sections by the division, with power to sue for, collect, 2682
receive, and take into the receiver's possession all the books, 2683
records, and papers of the person and all rights, credits, 2684
property, and choses in action acquired by the person by means 2685
of any such act, practice, or transaction, and also all property 2686
with which the property has been mingled, if the property cannot 2687

be identified in kind because of the commingling, and with power 2688
to sell, convey, and assign the property, and to hold and 2689
dispose of the proceeds under the direction of the court of 2690
common pleas. The court shall have jurisdiction of all questions 2691
arising in the proceedings and may make orders and decrees 2692
therein as justice and equity require. 2693

Sec. 1707.28. No prosecution or action by the division of 2694
securities or the director of commerce for a violation of any 2695
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2696
Code shall bar any prosecution or action by the division of 2697
securities or the director of commerce, or be barred by any 2698
prosecution or other action, for the violation of any other 2699
provision of any of those sections or of any other statute; but 2700
prosecutions and actions by the division of securities or the 2701
director of commerce for a violation of any provision of 2702
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code must be 2703
commenced within five years after the commission of the alleged 2704
violation. 2705

Sec. 1707.29. In any prosecution brought under sections 2706
1707.01 to ~~1707.45~~1707.50 of the Revised Code, except 2707
prosecutions brought for violation of division (A) of section 2708
1707.042 of the Revised Code, the accused shall be deemed to 2709
have had knowledge of any matter of fact, where in the exercise 2710
of reasonable diligence, ~~he~~ the accused should, prior to the 2711
alleged commission of the offense in question, have secured such 2712
knowledge. 2713

Sec. 1707.30. In any prosecution, action, or proceeding 2714
based upon sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the 2715
Revised Code, a certificate signed by the division of 2716
securities, showing the filing of or the failure to file any 2717

statement, description, or application required by such 2718
sections, shall constitute prima-facie evidence of such filing 2719
or of such failure to file, and shall be admissible in evidence 2720
in any action at law or in equity to enforce sections 1707.01 to 2721
~~1707.45~~1707.50, inclusive, of the Revised Code, or to prosecute 2722
violations of such sections. 2723

Sec. 1707.31. Copies of any statements and documents filed 2724
in the office of the division of securities and of any records 2725
of the division, if such copies are certified to by the 2726
division, shall be admissible in any prosecution, action, or 2727
proceeding based upon sections 1707.01 to ~~1707.45~~1707.50, 2728
inclusive, of the Revised Code, to the same effect as the 2729
originals of such statements, documents, or records would be. 2730

Sec. 1707.32. If an issuer of securities is incorporated 2731
or organized to make any insurance named in Title XXXIX of the 2732
Revised Code, the superintendent of insurance shall, for all the 2733
purposes of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2734
the Revised Code, be substituted for the division of securities 2735
and the issuer and the beneficial owners of shares thereof shall 2736
be subject to section 3901.31 of the Revised Code. The 2737
superintendent of insurance shall have over any company 2738
disposing or attempting to dispose of any of its securities 2739
within this state the powers of regulation, supervision, and 2740
examination conferred on ~~him~~ the superintendent by law, with 2741
reference to companies licensed to transact the business of 2742
insurance within this state. 2743

No person shall, for the purpose of organizing or 2744
promoting any insurance company, or of assisting in the sale of 2745
the securities of any insurance company after its organization, 2746
dispose or offer to dispose, within this state, of any such 2747

securities, unless the contract of subscription or disposal is 2748
in writing and contains a provision substantially in the 2749
following language: 2750

No sum shall be used for commission, promotion, and 2751
organization expenses on account of any share of stock in this 2752
company in excess of per cent of the amount 2753
actually paid upon separate subscriptions, and the remainder of 2754
such payment shall be invested as authorized by the law 2755
governing such company and shall be held by the organizers of 2756
such company before organization, and by its directors and 2757
officers after organization, as bailees for the subscriber, to 2758
be used only in the conduct of the business of such company 2759
after the company has been licensed and authorized for such 2760
business by proper authority. 2761

In lieu of "in excess of per cent of the 2762
amount actually paid upon separate subscriptions," the language 2763
of such contract may be, "..... dollars per share 2764
from every fully paid subscription"; and in lieu of "organizers" 2765
it may be "trustees" if such payments are to be held by 2766
trustees. 2767

Funds and securities held by such organizers, trustees, 2768
directors, or officers, as bailees, shall be deposited with a 2769
bank or trust company of this state, or invested as provided in 2770
sections 3925.05 and 3925.08 of the Revised Code, until such 2771
company has been licensed to transact the business of insurance 2772
in this state. 2773

The amount of such commission, promotion, and organization 2774
expenses shall in no case exceed fifteen per cent of the amount 2775
actually received upon the subscriptions; except that in the 2776
case of joint-stock life insurance companies and joint-stock 2777

insurance companies other than life, the amount of such 2778
commission, promotion, and organization expenses shall in no 2779
case exceed ten per cent of the amount actually received upon 2780
the subscriptions. 2781

Sec. 1707.34. (A) Sections 1707.01 to ~~1707.45~~1707.50 of 2782
the Revised Code do not apply to the sale of warehouse receipts 2783
for intoxicating liquor to distillers, to rectifiers, or to any 2784
person engaged in the business of dealing in warehouse receipts. 2785

(B) Warehouse receipts for intoxicating liquor may be sold 2786
in this state in accord with and upon compliance with sections 2787
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2788

Sec. 1707.35. All securities which were "certificated" by 2789
the division of securities before July 22, 1929, are, if the 2790
"certification" remained unrevoked on such date, qualified for 2791
all purposes under sections 1707.01 to ~~1707.45~~1707.50, 2792
inclusive, of the Revised Code. 2793

All securities authorized to be sold by reason of the 2794
filing of information relative thereto before July 22, 1929, 2795
shall for all purposes be deemed registered by description under 2796
such sections, but the division shall have the same power to 2797
require further information with respect to the further sale of 2798
such securities as with respect to the further sale of 2799
securities registered by description or by qualification under 2800
sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised 2801
Code. 2802

Sec. 1707.38. The issuance or sale of any security in 2803
violation of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2804
the Revised Code, does not invalidate such security; but the 2805
rights of persons defrauded by any such issuance or sale shall 2806

not be impaired. 2807

Sec. 1707.39. When any securities have been sold without 2808
compliance with sections 1707.01 to ~~1707.45~~1707.50 of the 2809
Revised Code, or any former law in force at the time of such 2810
sale, any interested person may apply in writing to the division 2811
of securities for the qualification of such securities under 2812
such sections. If it appears to the division that no person has 2813
been defrauded, prejudiced, or damaged by such noncompliance or 2814
sale and that no person will be defrauded, prejudiced, or 2815
damaged by such qualification, the division may permit such 2816
securities to be so qualified upon the payment of a fee of one 2817
hundred dollars plus a fee of one-fifth of one per cent of the 2818
aggregate price at which the securities have been sold in this 2819
state, which fee shall in no case be less than one hundred 2820
dollars nor more than two thousand dollars. In addition, the 2821
division may require the applicant to advance sufficient funds 2822
to pay the actual expenses of an examination or investigation by 2823
the division, whether to be conducted in this state or outside 2824
this state. An itemized statement of such expenses shall be 2825
furnished to the applicant. 2826

Such qualification shall estop the division from 2827
proceeding under division (D) of section 1707.23 of the Revised 2828
Code against anyone who has violated division (C)(1) of section 2829
1707.44 of the Revised Code for acts within the scope of the 2830
application, or from proceeding with administrative action 2831
pursuant to section 1707.13 of the Revised Code. 2832

Sec. 1707.391. When any securities have been sold in 2833
reliance upon division (Q), (W), (X), or (Y) of section 1707.03 2834
of the Revised Code, section 1707.08 of the Revised Code, or any 2835
other section of this chapter that the division of securities 2836

may specify by rule, but such reliance was improper because the 2837
required filings were not timely or properly made due to 2838
excusable neglect, upon the effective date of an application 2839
made to the division and payment of any applicable fee, if 2840
required and not already paid, and upon payment of a penalty fee 2841
equal to the greater of the fee or one hundred dollars, the sale 2842
of the securities shall be deemed exempt, qualified, or 2843
registered, as though timely and properly filed. The application 2844
shall become effective upon the expiration of fourteen days 2845
after the date of the filing in question if prior thereto the 2846
division did not give notice to the applicant that the 2847
application was denied based on a finding of lack of excusable 2848
neglect. The division shall promptly adopt and promulgate rules 2849
establishing provisions defining excusable neglect and otherwise 2850
establishing reasonable standards for determining excusable 2851
neglect. 2852

The effectiveness of an application under this section 2853
does not relieve anyone who has, other than for excusable 2854
neglect, violated sections 1707.01 to ~~1707.45~~ 1707.50 of the 2855
Revised Code, or any previous law in force at the time of sale, 2856
from prosecution thereunder. 2857

Sec. 1707.40. Except as provided in section 1707.261 of 2858
the Revised Code, sections 1707.01 to ~~1707.45~~ 1707.50 of the 2859
Revised Code create no new civil liabilities, and do not limit 2860
or restrict common law liabilities for deception or fraud other 2861
than as specified in sections 1707.042, 1707.043, 1707.41, 2862
1707.42, and 1707.43 of the Revised Code, and there is no civil 2863
liability for noncompliance with orders, requirements, rules, or 2864
regulations made by the division of securities under sections 2865
1707.19, 1707.20, 1707.201, and 1707.23 of the Revised Code. 2866

Sec. 1707.431. For purposes of this section, the following 2867
persons shall not be deemed to have effected, participated in, 2868
or aided the seller in any way in making, a sale or contract of 2869
sale in violation of sections 1707.01 to ~~1707.45~~ 1707.50 of the 2870
Revised Code: 2871

(A) Any attorney, accountant, or engineer whose 2872
performance is incidental to the practice of the person's 2873
profession; 2874

(B) Any person, other than an investment adviser, 2875
investment adviser representative, bureau of workers' 2876
compensation chief investment officer, or state retirement 2877
system investment officer, who brings any issuer together with 2878
any potential investor, without receiving, directly or 2879
indirectly, a commission, fee, or other remuneration based on 2880
the sale of any securities by the issuer to the investor. 2881
Remuneration received by the person solely for the purpose of 2882
offsetting the reasonable out-of-pocket costs incurred by the 2883
person shall not be deemed a commission, fee, or other 2884
remuneration. 2885

Any person claiming exemption under this division for a 2886
publicly advertised meeting shall file a notice with the 2887
division of securities indicating an intent to cause or hold 2888
such a meeting at least twenty-one days prior to the meeting. 2889
The division may, upon receipt of such notice, issue an order 2890
denying the availability of an exemption under this division not 2891
more than fourteen days after receipt of the notice based on a 2892
finding that the applicant is not entitled to the exemption. 2893
Notwithstanding the notice described in this section, a failure 2894
to file the notice does not create a presumption that a person 2895
was participating in or aiding in the making of a sale or 2896

contract of sale in violation of this chapter. 2897

(C) Any person whom the division exempts from this 2898
provision by rule. 2899

Sec. 1707.44. (A) (1) No person shall engage in any act or 2900
practice that violates division (A), (B), or (C) of section 2901
1707.14 of the Revised Code, and no salesperson shall sell 2902
securities in this state without being licensed pursuant to 2903
section 1707.16 of the Revised Code. 2904

(2) No person shall engage in any act or practice that 2905
violates division (A) of section 1707.141 or section 1707.161 of 2906
the Revised Code. 2907

(3) No person shall engage in any act or practice that 2908
violates section 1707.162 of the Revised Code. 2909

(4) No person shall engage in any act or practice that 2910
violates section 1707.164 of the Revised Code. 2911

(5) No person shall knowingly engage in any act or 2912
practice that violates division (A) of section 1707.054 or 2913
section 1707.055 of the Revised Code. 2914

(B) No person shall knowingly make or cause to be made any 2915
false representation concerning a material and relevant fact, in 2916
any oral statement or in any prospectus, circular, description, 2917
application, or written statement, for any of the following 2918
purposes: 2919

(1) Registering securities or transactions, or exempting 2920
securities or transactions from registration, under this 2921
chapter; 2922

(2) Securing the qualification of any securities under 2923
this chapter; 2924

(3) Procuring the licensing of any dealer, salesperson,	2925
investment adviser, investment adviser representative, bureau of	2926
workers' compensation chief investment officer, or state	2927
retirement system investment officer, <u>or portal operator as</u>	2928
<u>defined in section 1707.05 of the Revised Code</u> under this	2929
chapter;	2930
(4) Selling any securities in this state;	2931
(5) Advising for compensation, as to the value of	2932
securities or as to the advisability of investing in,	2933
purchasing, or selling securities;	2934
(6) Submitting a notice filing to the division under	2935
division (X) of section 1707.03 or section 1707.092 or 1707.141	2936
of the Revised Code.	2937
(C) No person shall knowingly sell, cause to be sold,	2938
offer for sale, or cause to be offered for sale, any security	2939
which comes under any of the following descriptions:	2940
(1) Is not exempt under section 1707.02 of the Revised	2941
Code, nor the subject matter of one of the transactions exempted	2942
in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has	2943
not been registered by coordination or qualification, and is not	2944
the subject matter of a transaction that has been registered by	2945
description;	2946
(2) The prescribed fees for registering by description, by	2947
coordination, or by qualification have not been paid in respect	2948
to such security;	2949
(3) The person has been notified by the division, or has	2950
knowledge of the notice, that the right to buy, sell, or deal in	2951
such security has been suspended or revoked, or that the	2952
registration by description, by coordination, or by	2953

qualification under which it may be sold has been suspended or 2954
revoked; 2955

(4) The offer or sale is accompanied by a statement that 2956
the security offered or sold has been or is to be in any manner 2957
indorsed by the division. 2958

(D) No person who is an officer, director, or trustee of, 2959
or a dealer, or portal operator for, any issuer, and who knows 2960
such issuer to be insolvent in that the liabilities of the 2961
issuer exceed its assets, shall sell any securities of or for 2962
any such issuer, without disclosing the fact of the insolvency 2963
to the purchaser. 2964

(E) No person with intent to aid in the sale of any 2965
securities on behalf of the issuer, shall knowingly make any 2966
representation not authorized by such issuer or at material 2967
variance with statements and documents filed with the division 2968
by such issuer. 2969

(F) No person, with intent to deceive, shall sell, cause 2970
to be sold, offer for sale, or cause to be offered for sale, any 2971
securities of an insolvent issuer, with knowledge that such 2972
issuer is insolvent in that the liabilities of the issuer exceed 2973
its assets, taken at their fair market value. 2974

(G) No person in purchasing or selling securities shall 2975
knowingly engage in any act or practice that is, in this 2976
chapter, declared illegal, defined as fraudulent, or prohibited. 2977

(H) No licensed dealer shall refuse to buy from, sell to, 2978
or trade with any person because the person appears on a 2979
blacklist issued by, or is being boycotted by, any foreign 2980
corporate or governmental entity, nor sell any securities of or 2981
for any issuer who is known in relation to the issuance or sale 2982

of the securities to have engaged in such practices. 2983

(I) No dealer in securities, knowing that the dealer's 2984
liabilities exceed the reasonable value of the dealer's assets, 2985
shall accept money or securities, except in payment of or as 2986
security for an existing debt, from a customer who is ignorant 2987
of the dealer's insolvency, and thereby cause the customer to 2988
lose any part of the customer's securities or the value of those 2989
securities, by doing either of the following without the 2990
customer's consent: 2991

(1) Pledging, selling, or otherwise disposing of such 2992
securities, when the dealer has no lien on or any special 2993
property in such securities; 2994

(2) Pledging such securities for more than the amount due, 2995
or otherwise disposing of such securities for the dealer's own 2996
benefit, when the dealer has a lien or indebtedness on such 2997
securities. 2998

It is an affirmative defense to a charge under this 2999
division that, at the time the securities involved were pledged, 3000
sold, or disposed of, the dealer had in the dealer's possession 3001
or control, and available for delivery, securities of the same 3002
kinds and in amounts sufficient to satisfy all customers 3003
entitled to the securities, upon demand and tender of any amount 3004
due on the securities. 3005

(J) No person, with purpose to deceive, shall make, issue, 3006
publish, or cause to be made, issued, or published any statement 3007
or advertisement as to the value of securities, or as to alleged 3008
facts affecting the value of securities, or as to the financial 3009
condition of any issuer of securities, when the person knows 3010
that the statement or advertisement is false in any material 3011

respect. 3012

(K) No person, with purpose to deceive, shall make, 3013
record, or publish or cause to be made, recorded, or published, 3014
a report of any transaction in securities which is false in any 3015
material respect. 3016

(L) No dealer shall engage in any act that violates the 3017
provisions of section 15(c) or 15(g) of the "Securities Exchange 3018
Act of 1934," 48 Stat. 881, 15 U.S.C.A. 78o(c) or (g), or any 3019
rule or regulation promulgated by the securities and exchange 3020
commission thereunder. 3021

(M) (1) No investment adviser or investment adviser 3022
representative shall do any of the following: 3023

(a) Employ any device, scheme, or artifice to defraud any 3024
person; 3025

(b) Engage in any act, practice, or course of business 3026
that operates or would operate as a fraud or deceit upon any 3027
person; 3028

(c) In acting as principal for the investment adviser's or 3029
investment adviser representative's own account, knowingly sell 3030
any security to or purchase any security from a client, or in 3031
acting as salesperson for a person other than such client, 3032
knowingly effect any sale or purchase of any security for the 3033
account of such client, without disclosing to the client in 3034
writing before the completion of the transaction the capacity in 3035
which the investment adviser or investment adviser 3036
representative is acting and obtaining the consent of the client 3037
to the transaction. Division (M) (1) (c) of this section does not 3038
apply to any investment adviser registered with the securities 3039
and exchange commission under section 203 of the "Investment 3040

Advisers Act of 1940," 15 U.S.C. 80b-3, or to any transaction 3041
with a customer of a licensed dealer or salesperson if the 3042
licensed dealer or salesperson is not acting as an investment 3043
adviser or investment adviser representative in relation to the 3044
transaction. 3045

(d) Engage in any act, practice, or course of business 3046
that is fraudulent, deceptive, or manipulative. The division of 3047
securities may adopt rules reasonably designed to prevent acts, 3048
practices, or courses of business that are fraudulent, 3049
deceptive, or manipulative. 3050

(2) No investment adviser or investment adviser 3051
representative licensed or required to be licensed under this 3052
chapter shall take or have custody of any securities or funds of 3053
any person, except as provided in rules adopted by the division. 3054

(3) In the solicitation of clients or prospective clients, 3055
no person shall make any untrue statement of a material fact or 3056
omit to state a material fact necessary in order to make the 3057
statements made not misleading in light of the circumstances 3058
under which the statements were made. 3059

(N) No person knowingly shall influence, coerce, 3060
manipulate, or mislead any person engaged in the preparation, 3061
compilation, review, or audit of financial statements to be used 3062
in the purchase or sale of securities for the purpose of 3063
rendering the financial statements materially misleading. 3064

(O) No state retirement system investment officer shall do 3065
any of the following: 3066

(1) Employ any device, scheme, or artifice to defraud any 3067
state retirement system; 3068

(2) Engage in any act, practice, or course of business 3069

that operates or would operate as a fraud or deceit on any state retirement system; 3070
3071

(3) Engage in any act, practice, or course of business 3072
that is fraudulent, deceptive, or manipulative. The division of 3073
securities may adopt rules reasonably designed to prevent such 3074
acts, practices, or courses of business as are fraudulent, 3075
deceptive, or manipulative; 3076

(4) Knowingly fail to comply with any policy adopted 3077
regarding the officer established pursuant to section 145.094, 3078
742.104, 3307.043, 3309.043, or 5505.065 of the Revised Code. 3079

(P) No bureau of workers' compensation chief investment 3080
officer shall do any of the following: 3081

(1) Employ any device, scheme, or artifice to defraud the 3082
workers' compensation system; 3083

(2) Engage in any act, practice, or course of business 3084
that operates or would operate as a fraud or deceit on the 3085
workers' compensation system; 3086

(3) Engage in any act, practice, or course of business 3087
that is fraudulent, deceptive, or manipulative. The division of 3088
securities may adopt rules reasonably designed to prevent such 3089
acts, practices, or courses of business as are fraudulent, 3090
deceptive, or manipulative; 3091

(4) Knowingly fail to comply with any policy adopted 3092
regarding the officer established pursuant to section 4123.441 3093
of the Revised Code. 3094

(Q) (1) No portal operator shall knowingly do any of the 3095
following: 3096

(a) Employ any device, scheme, or artifice to defraud; 3097

(b) Engage in any act, practice, or course of business 3098
that operates as a fraud or deceit; 3099

(c) Engage in any act, practice, or course of business 3100
that is fraudulent, deceptive, or manipulative. 3101

(2) The division of securities may adopt rules reasonably 3102
designed to prevent such acts, practices, or courses of business 3103
that are fraudulent, deceptive, or manipulative. 3104

Sec. 1707.50. (A) As used in this section, "violation" 3105
means a violation of any provision of this chapter in connection 3106
with the sale of securities under sections 1707.05 to 1707.058 3107
of the Revised Code where the filing is made pursuant to 3108
division (K) of section 1707.051 of the Revised Code and the 3109
securities are sold through an OhioInvests portal. 3110

(B)(1) If the division of securities finds, after notice 3111
and opportunity for a hearing in accordance with Chapter 119. of 3112
the Revised Code, that any person has committed a violation, the 3113
division may, in its discretion and in addition to or in lieu of 3114
any other remedy or sanction provided in this chapter, order the 3115
payment of an administrative penalty of up to one thousand 3116
dollars per violation, provided that the total penalty shall not 3117
exceed the total amount of the OhioInvests offering or offerings 3118
involved in the violation. 3119

(2) All administrative penalties collected by the division 3120
under division (B)(1) of this section shall be deposited into 3121
the state treasury to the credit of the division of securities 3122
investor education and enforcement expense fund created in 3123
section 1707.37 of the Revised Code. 3124

(C)(1) A purchaser may commence an individual or putative 3125
class action to seek recovery of the civil penalty provided for 3126

under division (C) (2) of this section for an alleged violation 3127
if all of the following requirements are met: 3128

(a) The purchaser or the purchaser's representative brings 3129
the action within two years after commission of the alleged 3130
violation or within two years after the purchaser discovered or 3131
should have discovered the ground for the violation, whichever 3132
is later. 3133

(b) Not later than ten days after the commencement of the 3134
action, the purchaser or purchaser's representative mails to the 3135
division, by certified mail, a file-stamped copy of the 3136
complaint that includes the case number assigned by the court. 3137

(c) Not later than ten days from a judgment becoming final 3138
and any subsequent appeals becoming final, the purchaser or 3139
purchaser's representative mails to the division, by certified 3140
mail, a file-stamped copy of the final judgment and appellate 3141
decisions. 3142

(2) The civil penalty provided for under this section 3143
shall be as follows: 3144

(a) One hundred dollars per violation, if at the time of 3145
the violation the total amount of money raised in the 3146
OhioInvests offering is less than twenty-five thousand dollars, 3147
provided that the total penalty shall not exceed the total 3148
amount of the OhioInvests offering or offerings involved in the 3149
violation. 3150

(b) Two hundred fifty dollars per violation, if at the 3151
time of the violation the total amount of money raised in the 3152
OhioInvests offering is twenty-five thousand dollars or more, 3153
provided that the total penalty shall not exceed the total 3154
amount of the OhioInvests offering or offerings involved in the 3155

violation. 3156

(3) In any civil action by a purchaser or purchaser's representative seeking recovery of a civil penalty under this section, a court may award a lesser amount than the amount specified in division (C) (2) of this section if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory. 3157
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(4) Civil penalties recovered by a purchaser or purchasers in accordance with this section shall be distributed as follows: 3164
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(a) Twenty-five per cent to the state to be deposited into the state treasury to the credit of the general revenue fund and set aside for payment of debt service on outstanding bonds that are direct obligations of the state; 3166
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(b) Seventy-five per cent to the purchaser, purchasers, or purchaser class. 3170
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(5) Purchasers or purchaser classes that prevail in a civil action brought under this section shall be entitled to reasonable attorney's fees and costs in the action as determined by the court. 3172
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(6) Nothing in division (C) of this section shall preclude a purchaser or purchaser's representative from also proceeding with a cause of action otherwise available under any other provision of this chapter or other theory of law. 3176
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(D) No person shall knowingly engage in any act, practice, or course of business that would interfere with a purchaser's ability to bring an individual or putative class action pursuant to division (C) of this section. 3180
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(E) Nothing in this section shall be construed to alter or 3184
limit the authority of the division under any other provision of 3185
this chapter, including but not limited to the ability of the 3186
division to investigate or prosecute any complaints or 3187
allegations under this chapter. Upon timely application, the 3188
division may intervene as of right on behalf of the state in any 3189
private action or appeal that is pending under this section. 3190

(F) The division may adopt rules in accordance with 3191
Chapter 119. of the Revised Code to implement the provisions of 3192
this section. 3193

Sec. 1707.99. Whoever commits any act described in 3194
division (A) of section 1707.042 or section 1707.44 of the 3195
Revised Code is guilty of a violation of sections 1707.01 to 3196
~~1707.45~~1707.50 of the Revised Code and the following apply to 3197
the offender: 3198

(A) If the value of the funds or securities involved in 3199
the offense or the loss to the victim is less than one thousand 3200
dollars, the offender is guilty of a felony of the fifth degree, 3201
and the court may impose upon the offender an additional fine of 3202
not more than two thousand five hundred dollars. 3203

(B) If the value of the funds or securities involved in 3204
the offense or the loss to the victim is one thousand dollars or 3205
more but less than seven thousand five hundred dollars, the 3206
offender is guilty of a felony of the fourth degree, and the 3207
court may impose upon the offender an additional fine of not 3208
more than five thousand dollars. 3209

(C) If the value of the funds or securities involved in 3210
the offense or the loss to the victim is seven thousand five 3211
hundred dollars or more but less than thirty-seven thousand five 3212

hundred dollars, the offender is guilty of a felony of the third 3213
degree, and the court may impose upon the offender an additional 3214
fine of not more than ten thousand dollars. 3215

(D) If the value of the funds or securities involved in 3216
the offense or the loss to the victim is thirty-seven thousand 3217
five hundred dollars or more but less than one hundred fifty 3218
thousand dollars, the offender is guilty of a felony of the 3219
second degree, and the court may impose upon the offender an 3220
additional fine of not more than fifteen thousand dollars. 3221

(E) If the value of the funds or securities involved in 3222
the offense or the loss to the victim is one hundred fifty 3223
thousand dollars or more, the offender is guilty of a felony of 3224
the first degree, and the court may impose upon the offender an 3225
additional fine of not more than twenty thousand dollars. 3226

Sec. 1724.02. (A) In furtherance of the purposes set forth 3227
in section 1724.01 of the Revised Code, a community improvement 3228
corporation shall have the following powers: 3229

(1) (a) To borrow money for any of the purposes of the 3230
community improvement corporation by means of loans, lines of 3231
credit, or any other financial instruments or securities, 3232
including the issuance of its bonds, debentures, notes, or other 3233
evidences of indebtedness, whether secured or unsecured, and to 3234
secure the same by mortgage, pledge, deed of trust, or other 3235
lien on its property, franchises, rights, and privileges of 3236
every kind and nature or any part thereof or interest therein; 3237
and 3238

(b) If the community improvement corporation is a county 3239
land reutilization corporation, the corporation may request, by 3240
resolution: 3241

(i) That the board of county commissioners of the county 3242
served by the corporation pledge a specifically identified 3243
source or sources of revenue pursuant to division (C) of section 3244
307.78 of the Revised Code as security for such borrowing by the 3245
corporation; and 3246

(ii) (I) If the land subject to reutilization is located 3247
within an unincorporated area of the county, that the board of 3248
county commissioners issue notes under section 307.082 of the 3249
Revised Code for the purpose of constructing public 3250
infrastructure improvements and take other actions as the board 3251
determines are in the interest of the county and are authorized 3252
under sections 5709.78 to 5709.81 of the Revised Code or bonds 3253
or notes under section 5709.81 of the Revised Code for the 3254
refunding purposes set forth in that section; or 3255

(II) If the land subject to reutilization is located 3256
within the corporate boundaries of a municipal corporation, that 3257
the municipal corporation issue bonds for the purpose of 3258
constructing public infrastructure improvements and take such 3259
other actions as the municipal corporation determines are in its 3260
interest and are authorized under sections 5709.40 to 5709.43 of 3261
the Revised Code. 3262

(2) To make loans to any person, firm, partnership, 3263
corporation, joint stock company, association, or trust, and to 3264
establish and regulate the terms and conditions with respect to 3265
any such loans; provided that an economic development 3266
corporation shall not approve any application for a loan unless 3267
and until the person applying for said loan shows that the 3268
person has applied for the loan through ordinary banking or 3269
commercial channels and that the loan has been refused by at 3270
least one bank or other financial institution. Nothing in this 3271

division shall preclude a county land reutilization corporation 3272
from making revolving loans to community development 3273
corporations, private entities, or any person for the purposes 3274
contained in the corporation's plan under section 1724.10 of the 3275
Revised Code. 3276

(3) To purchase, receive, hold, manage, lease, lease- 3277
purchase, or otherwise acquire and to sell, convey, transfer, 3278
lease, sublease, or otherwise dispose of real and personal 3279
property, together with such rights and privileges as may be 3280
incidental and appurtenant thereto and the use thereof, 3281
including but not restricted to, any real or personal property 3282
acquired by the community improvement corporation from time to 3283
time in the satisfaction of debts or enforcement of obligations, 3284
and to enter into contracts with third parties, including the 3285
federal government, the state, any political subdivision, or any 3286
other entity. A county land reutilization corporation shall not 3287
acquire an interest in real property if such acquisition causes 3288
the number of occupied real properties held by the corporation 3289
to exceed the greater of either fifty properties or twenty-five 3290
per cent of all real property held by the corporation for 3291
reutilization, reclamation, or rehabilitation. For the purposes 3292
of this division, "occupied real properties" includes all real 3293
properties that are not unoccupied as that term is defined in 3294
section 323.65 of the Revised Code. 3295

(4) To acquire the good will, business, rights, real and 3296
personal property, and other assets, or any part thereof, or 3297
interest therein, of any persons, firms, partnerships, 3298
corporations, joint stock companies, associations, or trusts, 3299
and to assume, undertake, or pay the obligations, debts, and 3300
liabilities of any such person, firm, partnership, corporation, 3301
joint stock company, association, or trust; to acquire, reclaim, 3302

manage, or contract for the management of improved or unimproved 3303
and underutilized real estate for the purpose of constructing 3304
industrial plants, other business establishments, or housing 3305
thereon, or causing the same to occur, for the purpose of 3306
assembling and enhancing utilization of the real estate, or for 3307
the purpose of disposing of such real estate to others in whole 3308
or in part for the construction of industrial plants, other 3309
business establishments, or housing; and to acquire, reclaim, 3310
manage, contract for the management of, construct or 3311
reconstruct, alter, repair, maintain, operate, sell, convey, 3312
transfer, lease, sublease, or otherwise dispose of industrial 3313
plants, business establishments, or housing. 3314

(5) To acquire, subscribe for, own, hold, sell, assign, 3315
transfer, mortgage, pledge, or otherwise dispose of the stock, 3316
shares, bonds, debentures, notes, or other securities and 3317
evidences of interest in, or indebtedness of, any person, firm, 3318
corporation, joint stock company, association, or trust, and 3319
while the owner or holder thereof, to exercise all the rights, 3320
powers, and privileges of ownership, including the right to vote 3321
therein, provided that no tax revenue, if any, received by a 3322
community improvement corporation shall be used for such 3323
acquisition or subscription. 3324

(6) To mortgage, pledge, or otherwise encumber any 3325
property acquired pursuant to the powers contained in division 3326
(A) (3), (4), or (5) of this section. 3327

(7) Nothing in this section shall limit the right of a 3328
community improvement corporation to become a member of or a 3329
stockholder in a corporation formed under Chapter 1726. of the 3330
Revised Code. 3331

(8) To serve as an agent for grant applications and for 3332

the administration of grants, or to make applications as 3333
principal for grants for county land reutilization corporations. 3334

(9) To exercise the powers enumerated under Chapter 5722. 3335
of the Revised Code on behalf of a county that organizes or 3336
contracts with a county land reutilization corporation. 3337

(10) To engage in code enforcement and nuisance abatement, 3338
including, but not limited to, cutting grass and weeds, boarding 3339
up vacant or abandoned structures, and demolishing condemned 3340
structures on properties that are subject to a delinquent tax or 3341
assessment lien, or property for which a municipal corporation 3342
or township has contracted with a county land reutilization 3343
corporation to provide code enforcement or nuisance abatement 3344
assistance. 3345

(11) To charge fees or exchange in-kind goods or services 3346
for services rendered to political subdivisions and other 3347
persons or entities for whom services are rendered. 3348

(12) To employ and provide compensation for an executive 3349
director who shall manage the operations of a county land 3350
reutilization corporation and employ others for the benefit of 3351
the corporation as approved and funded by the board of 3352
directors. No employee of the corporation is or shall be deemed 3353
to be an employee of the political subdivision for whose benefit 3354
the corporation is organized solely because the employee is 3355
employed by the corporation. 3356

(13) To purchase tax certificates at auction, negotiated 3357
sale, or from a third party who purchased and is a holder of one 3358
or more tax certificates issued pursuant to sections 5721.30 to 3359
5721.43 of the Revised Code. 3360

(14) To be assigned a mortgage on real property from a 3361

mortgagee in lieu of acquiring such real property subject to a mortgage. 3362
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(15) To act as a portal operator for purposes of an OhioInvests offering under sections 1707.05 to 1707.058 of the Revised Code. 3364
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(16) To do all acts and things necessary or convenient to carry out the purposes of section 1724.01 of the Revised Code and the powers especially created for a community improvement corporation in Chapter 1724. of the Revised Code, including, but not limited to, contracting with the federal government, the state or any political subdivision, a board of county commissioners pursuant to section 307.07 of the Revised Code, a county auditor pursuant to section 319.10 of the Revised Code, a county treasurer pursuant to section 321.49 of the Revised Code, and any other party, whether nonprofit or for-profit. An employee of a board of county commissioners, county auditor, or county treasurer who, pursuant to a contract entered into in accordance with section 307.07, 319.10, or 321.49 of the Revised Code, provides services to a county land reutilization corporation shall remain an employee of the county during the provision of those services. 3367
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(B) The powers enumerated in this chapter shall not be construed to limit the general powers of a community improvement corporation. The powers granted under this chapter are in addition to those powers granted by any other chapter of the Revised Code, but, as to a county land reutilization corporation, shall be used only for the purposes enumerated under division (B) (2) of section 1724.01 of the Revised Code. 3383
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(C) Ownership of real property by an economic development corporation does not constitute public ownership unless the 3390
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economic development corporation has applied for and been 3392
granted a tax exemption for the property under section 5709.08 3393
of the Revised Code. 3394

Sec. 3307.152. (A) As used in this section and in section 3395
3307.154 of the Revised Code: 3396

(1) "Agent" means a dealer, as defined in section 1707.01 3397
of the Revised Code, who is licensed under sections 1707.01 to 3398
~~1707.45~~1707.50 of the Revised Code or under comparable laws of 3399
another state or of the United States. 3400

(2) "Minority business enterprise" has the same meaning as 3401
in section 122.71 of the Revised Code. 3402

(3) "Ohio-qualified agent" means an agent designated as 3403
such by the state teachers retirement board. 3404

(4) "Ohio-qualified investment manager" means an 3405
investment manager designated as such by the state teachers 3406
retirement board. 3407

(5) "Principal place of business" means an office in which 3408
the agent regularly provides securities or investment advisory 3409
services and solicits, meets with, or otherwise communicates 3410
with clients. 3411

(B) The state teachers retirement board shall, for the 3412
purposes of this section, designate an agent as an Ohio- 3413
qualified agent if the agent meets all of the following 3414
requirements: 3415

(1) The agent is subject to taxation under Chapter 5725., 3416
5726., 5733., 5747., or 5751. of the Revised Code. 3417

(2) The agent is authorized to conduct business in this 3418
state. 3419

(3) The agent maintains a principal place of business in 3420
this state and employs at least five residents of this state. 3421

(C) The state teachers retirement board shall adopt and 3422
implement a written policy to establish criteria and procedures 3423
used to select agents to execute securities transactions on 3424
behalf of the retirement system. The policy shall address each 3425
of the following: 3426

(1) Commissions charged by the agent, both in the 3427
aggregate and on a per share basis; 3428

(2) The execution speed and trade settlement capabilities 3429
of the agent; 3430

(3) The responsiveness, reliability, and integrity of the 3431
agent; 3432

(4) The nature and value of research provided by the 3433
agent; 3434

(5) Any special capabilities of the agent. 3435

(D) (1) The board shall, at least annually, establish a 3436
policy with the goal to increase utilization by the board of 3437
Ohio-qualified agents for the execution of domestic equity and 3438
fixed income trades on behalf of the retirement system, when an 3439
Ohio-qualified agent offers quality, services, and safety 3440
comparable to other agents otherwise available to the board and 3441
meets the criteria established under division (C) of this 3442
section. 3443

(2) The board shall review, at least annually, the 3444
performance of the agents that execute securities transactions 3445
on behalf of the board. 3446

(3) The board shall determine whether an agent is an Ohio- 3447

qualified agent, meets the criteria established by the board 3448
pursuant to division (C) of this section, and offers quality, 3449
services, and safety comparable to other agents otherwise 3450
available to the board. The board's determination shall be 3451
final. 3452

Sec. 3309.157. (A) As used in this section and in section 3453
3309.159 of the Revised Code: 3454

(1) "Agent" means a dealer, as defined in section 1707.01 3455
of the Revised Code, who is licensed under sections 1707.01 to 3456
~~1707.45-1707.50~~ of the Revised Code or under comparable laws of 3457
another state or of the United States. 3458

(2) "Minority business enterprise" has the same meaning as 3459
in section 122.71 of the Revised Code. 3460

(3) "Ohio-qualified agent" means an agent designated as 3461
such by the school employees retirement board. 3462

(4) "Ohio-qualified investment manager" means an 3463
investment manager designated as such by the school employees 3464
retirement board. 3465

(5) "Principal place of business" means an office in which 3466
the agent regularly provides securities or investment advisory 3467
services and solicits, meets with, or otherwise communicates 3468
with clients. 3469

(B) The school employees retirement board shall, for the 3470
purposes of this section, designate an agent as an Ohio- 3471
qualified agent if the agent meets all of the following 3472
requirements: 3473

(1) The agent is subject to taxation under Chapter 5725., 3474
5726., 5733., 5747., or 5751. of the Revised Code. 3475

(2) The agent is authorized to conduct business in this state.	3476 3477
(3) The agent maintains a principal place of business in this state and employs at least five residents of this state.	3478 3479
(C) The school employees retirement 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:	3480 3481 3482 3483 3484
(1) Commissions charged by the agent, both in the aggregate and on a per share basis;	3485 3486
(2) The execution speed and trade settlement capabilities of the agent;	3487 3488
(3) The responsiveness, reliability, and integrity of the agent;	3489 3490
(4) The nature and value of research provided by the agent;	3491 3492
(5) Any special capabilities of the agent.	3493
(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.	3494 3495 3496 3497 3498 3499 3500 3501
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions	3502 3503

on behalf of the board. 3504

(3) The board shall determine whether an agent is an Ohio- 3505
qualified agent, meets the criteria established by the board 3506
pursuant to division (C) of this section, and offers quality, 3507
services, and safety comparable to other agents otherwise 3508
available to the board. The board's determination shall be 3509
final. 3510

Sec. 4582.06. (A) A port authority created in accordance 3511
with section 4582.02 of the Revised Code may: 3512

(1) Acquire, construct, furnish, equip, maintain, repair, 3513
sell, exchange, lease to or from, lease with an option to 3514
purchase, convey other interests in, or operate real or personal 3515
property, or any combination thereof, related to, useful for, or 3516
in furtherance of any authorized purpose, and make charges for 3517
the use of any port authority facility, which shall be not less 3518
than the charges established for the same services furnished by 3519
a public utility or common carrier in the jurisdiction of the 3520
particular port authority; 3521

(2) Straigten, deepen, and improve any canal, channel, 3522
river, stream, or other water course or way that may be 3523
necessary or proper in the development of the facilities of the 3524
port authority; 3525

(3) Issue bonds or notes for the acquisition, 3526
construction, furnishing, or equipping of any real or personal 3527
property, or any combination thereof, related to, useful for, or 3528
in furtherance of any authorized purpose, in compliance with 3529
Chapter 133. of the Revised Code, except that the bonds or notes 3530
only may be issued pursuant to a vote of the electors residing 3531
within the territory of the port authority. The net indebtedness 3532

incurred by a port authority shall never exceed two per cent of 3533
the total value of all property within the territory comprising 3534
the authority as listed and assessed for taxation. 3535

(4) By resolution of its board of directors, issue revenue 3536
bonds beyond the limit of bonded indebtedness provided by law, 3537
for the acquisition, construction, furnishing, or equipping of 3538
any real or personal property, or any combination thereof, 3539
related to, useful for, or in furtherance of any authorized 3540
purpose, including all costs in connection with or incidental 3541
thereto. 3542

The revenue bonds of the port authority shall be secured 3543
only by a pledge of and a lien on the revenues of the port 3544
authority derived from those loan payments, rentals, fees, 3545
charges, or other revenues that are designated in the 3546
resolution, including, but not limited to, any property to be 3547
acquired, constructed, furnished, or equipped with the proceeds 3548
of the bond issue, after provision only for the reasonable cost 3549
of operating, maintaining, and repairing the property of the 3550
port authority so designated. The bonds may further be secured 3551
by the covenant of the port authority to maintain rates or 3552
charges that will produce revenues sufficient to meet the costs 3553
of operating, maintaining, and repairing such property and to 3554
meet the interest and principal requirements of the bonds and to 3555
establish and maintain reserves for the foregoing purposes. The 3556
board of directors, by resolution, may provide for the issuance 3557
of additional revenue bonds from time to time, to be secured 3558
equally and ratably, without preference, priority, or 3559
distinction, with outstanding revenue bonds, but subject to the 3560
terms and limitations of any trust agreement described in this 3561
section, and of any resolution authorizing bonds then 3562
outstanding. The board of directors, by resolution, may 3563

designate additional property of the port authority, the 3564
revenues of which shall be pledged and be subject to a lien for 3565
the payment of the debt charges on revenue bonds theretofore 3566
authorized by resolution of the board of directors, to the same 3567
extent as the revenues above described. 3568

In the discretion of the board of directors, the revenue 3569
bonds of the port authority may be secured by a trust agreement 3570
between the board of directors on behalf of the port authority 3571
and a corporate trustee, that may be any trust company or bank 3572
having powers of a trust company, within or without the state. 3573

The trust agreement may provide for the pledge or 3574
assignment of the revenues to be received, but shall not pledge 3575
the general credit and taxing power of the port authority. A 3576
trust agreement securing revenue bonds issued to acquire, 3577
construct, furnish, or equip real property, plants, factories, 3578
offices, and other structures and facilities for authorized 3579
purposes consistent with Section 13 or 16 of Article VIII, Ohio 3580
Constitution, may mortgage the real or personal property, or a 3581
combination thereof, to be acquired, constructed, furnished, or 3582
equipped from the proceeds of such revenue bonds, as further 3583
security for the bonds. The trust agreement or the resolution 3584
providing for the issuance of revenue bonds may set forth the 3585
rights and remedies of the bondholders and trustee, and may 3586
contain other provisions for protecting and enforcing their 3587
rights and remedies that are determined in the discretion of the 3588
board of directors to be reasonable and proper. The agreement or 3589
resolution may provide for the custody, investment, and 3590
disbursement of all moneys derived from the sale of such bonds, 3591
or from the revenues of the port authority, other than those 3592
moneys received from taxes levied pursuant to section 4582.14 of 3593
the Revised Code, and may provide for the deposit of such funds 3594

without regard to section 4582.15 of the Revised Code. 3595

All bonds issued under authority of this chapter, 3596
regardless of form or terms and regardless of any other law to 3597
the contrary, shall have all qualities and incidents of 3598
negotiable instruments, subject to provisions for registration, 3599
and may be issued in coupon, fully registered, or other form, or 3600
any combination thereof, as the board of directors determines. 3601
Provision may be made for the registration of any coupon bonds 3602
as to principal alone or as to both principal and interest, and 3603
for the conversion into coupon bonds of any fully registered 3604
bonds or bonds registered as to both principal and interest. 3605

The revenue bonds shall bear interest at such rate or 3606
rates, shall bear such date or dates, and shall mature within 3607
forty-five years following the date of issuance and in such 3608
amount, at such time or times, and in such number of 3609
installments, as may be provided in or pursuant to the 3610
resolution authorizing their issuance. The final maturity of any 3611
original issue of revenue bonds shall not be later than forty- 3612
five years from their date of issue. Such resolution also shall 3613
provide for the execution of the bonds, which may be by 3614
facsimile signatures unless prohibited by the resolution, and 3615
the manner of sale of the bonds. The resolution shall provide 3616
for, or provide for the determination of, any other terms and 3617
conditions relative to the issuance, sale, and retirement of the 3618
bonds that the board of directors in its discretion determines 3619
to be reasonable and proper. 3620

Whenever a port authority considers it expedient, it may 3621
issue renewal notes and refund any bonds, whether the bonds to 3622
be refunded have or have not matured. The final maturity of any 3623
notes, including any renewal notes, shall not be later than five 3624

years from the date of issue of the original issue of notes. The 3625
final maturity of any refunding bonds shall not be later than 3626
the later of forty-five years from the date of issue of the 3627
original issue of bonds. The refunding bonds shall be sold and 3628
the proceeds applied to the purchase, redemption, or payment of 3629
the bonds to be refunded and the costs of issuance of the 3630
refunding bonds. The bonds and notes issued under this chapter, 3631
their transfer, and the income therefrom, shall at all times be 3632
free from taxation within the state. 3633

(5) Do any of the following, in regard to any interests in 3634
any real or personal property, or any combination thereof, 3635
including, without limitation, machinery, equipment, plants, 3636
factories, offices, and other structures and facilities related 3637
to, useful for, or in furtherance of any authorized purpose, for 3638
such consideration and in such manner, consistent with Article 3639
VIII, Ohio Constitution, as the board in its sole discretion may 3640
determine: 3641

(a) Loan moneys to any person or governmental entity for 3642
the acquisition, construction, furnishing, and equipping of the 3643
property; 3644

(b) Acquire, construct, maintain, repair, furnish, and 3645
equip the property; 3646

(c) Sell to, exchange with, lease, convey other interests 3647
in, or lease with an option to purchase the same or any lesser 3648
interest in the property to the same or any other person or 3649
governmental entity; 3650

(d) Guarantee the obligations of any person or 3651
governmental entity. 3652

A port authority may accept and hold as consideration for 3653

the conveyance of property or any interest therein such property 3654
or interests therein as the board in its discretion may 3655
determine, notwithstanding any restrictions that apply to the 3656
investment of funds by a port authority. 3657

(6) Construct, maintain, repair, furnish, equip, sell, 3658
exchange, lease, or lease with an option to purchase, any 3659
property that it is authorized to acquire. A port authority that 3660
is subject to this section also may operate any property in 3661
connection with transportation, recreational, governmental 3662
operations, or cultural activities. 3663

(a) Any purchase, exchange, sale, lease, lease with an 3664
option to purchase, conveyance of other interests in, or other 3665
contract with a person or governmental entity that pertains to 3666
the acquisition, construction, maintenance, repair, furnishing, 3667
equipping, or operation of any real or personal property, or any 3668
combination thereof, related to, useful for, or in furtherance 3669
of an activity contemplated by Section 13 or 16 of Article VIII, 3670
Ohio Constitution, shall be made in such manner and subject to 3671
such terms and conditions as may be determined by the board of 3672
directors in its discretion. 3673

(b) Division (A) (6) (a) of this section applies to all 3674
contracts that are subject to the division, notwithstanding any 3675
other provision of law that might otherwise apply, including, 3676
without limitation, any requirement of notice, any requirement 3677
of competitive bidding or selection, or any requirement for the 3678
provision of security. 3679

(c) Divisions (A) (6) (a) and (b) of this section do not 3680
apply to either of the following: 3681

(i) Any contract secured by or to be paid from moneys 3682

raised by taxation or the proceeds of obligations secured by a 3683
pledge of moneys raised by taxation; 3684

(ii) Any contract secured exclusively by or to be paid 3685
exclusively from the general revenues of the port authority. For 3686
the purposes of this section, any revenues derived by the port 3687
authority under a lease or other agreement that, by its terms, 3688
contemplates the use of amounts payable under the agreement 3689
either to pay the costs of the improvement that is the subject 3690
of the contract or to secure obligations of the port authority 3691
issued to finance costs of such improvement, are excluded from 3692
general revenues. 3693

(7) Apply to the proper authorities of the United States 3694
pursuant to appropriate law for the right to establish, operate, 3695
and maintain foreign trade zones and to establish, operate, and 3696
maintain foreign trade zones; and to acquire land or property 3697
therefor, in a manner consistent with section 4582.17 of the 3698
Revised Code; 3699

(8) Exercise the right of eminent domain to appropriate 3700
any land, rights, rights-of-way, franchises, easements, or other 3701
property, necessary or proper for any authorized purpose, 3702
pursuant to the procedure provided in sections 163.01 to 163.22 3703
of the Revised Code, if funds equal to the appraised value of 3704
the property to be acquired as a result of such proceedings are 3705
available for that purpose, except that nothing contained in 3706
sections 4582.01 to 4582.20 of the Revised Code shall authorize 3707
a port authority to take or disturb property or facilities 3708
belonging to any agency or political subdivision of this state, 3709
public utility, or common carrier, which property or facilities 3710
are necessary and convenient in the operation of the agency or 3711
political subdivision, public utility, or common carrier, unless 3712

provision is made for the restoration, relocation, or 3713
duplication of the property or facilities, or upon the election 3714
of the agency or political subdivision, public utility, or 3715
common carrier, for the payment of compensation, if any, at the 3716
sole cost of the port authority, provided that: 3717

(a) If any restoration or duplication proposed to be made 3718
pursuant to this section involves a relocation of such property 3719
or facilities, the new facilities and location shall be of at 3720
least comparable utilitarian value and effectiveness, and the 3721
relocation shall not impair the ability of the public utility or 3722
common carrier to compete in its original area of operation. 3723

(b) If any restoration or duplication made pursuant to 3724
this section involves a relocation of such property or 3725
facilities, the port authority shall acquire no interest or 3726
right in or to the appropriated property or facilities, except 3727
as provided in division (A)(11) of this section, until the 3728
relocated property or facilities are available for use and until 3729
marketable title thereto has been transferred to the public 3730
utility or common carrier. 3731

(c) Provisions for restoration or duplication shall be 3732
described in detail in the resolution for appropriation passed 3733
by the port authority. 3734

(9) Enjoy and possess the same rights, privileges, and 3735
powers granted municipal corporations under sections 721.04 to 3736
721.11 of the Revised Code; 3737

(10) Maintain such funds as it considers necessary; 3738

(11) Direct its agents or employees, when properly 3739
identified in writing, and after at least five days' written 3740
notice, to enter upon lands within the confines of its 3741

jurisdiction in order to make surveys and examinations 3742
preliminary to location and construction of works for the 3743
purposes of the port authority, without liability of the port 3744
authority or its agents or employees except for actual damage 3745
done; 3746

(12) Sell, lease, or convey other interests in real and 3747
personal property and grant easements or rights-of-way over 3748
property of the port authority. The board of directors shall 3749
specify the consideration and any terms thereof for the sale, 3750
lease, or conveyance of other interests in real and personal 3751
property. Any determinations made by the board of directors 3752
under this division shall be conclusive. The sale, lease, or 3753
conveyance may be made without advertising and the receipt of 3754
bids. 3755

(13) Promote, advertise, and publicize the port authority 3756
facilities and its authorized purposes, provide information to 3757
persons with an interest in transportation and other port 3758
authority activities, and appear before rate-making authorities 3759
to represent and promote the interests of the port authority and 3760
its authorized purposes; 3761

(14) Adopt rules, not in conflict with general law, 3762
governing the use of and the safeguarding of its property, 3763
grounds, buildings, equipment, and facilities, safeguarding 3764
persons and their property located on or in port authority 3765
property, and governing the conduct of its employees and the 3766
public, in order to promote the public safety and convenience in 3767
and about its terminals and grounds, and to maintain order. Any 3768
such regulation shall be posted at no less than five public 3769
places in the port authority, as determined by the board of 3770
directors, for a period of not fewer than fifteen days, and 3771

shall be available for public inspection at the principal office 3772
of the port authority during regular business hours. No person 3773
shall violate any lawful regulation adopted and posted as 3774
provided in this division. 3775

(15) Establish and administer one or more payment card 3776
programs for purposes of paying expenses related to port 3777
authority business. Any obligation incurred as a result of the 3778
use of such a payment card shall be paid from port authority 3779
funds. 3780

(16) Act as a portal operator for purposes of an 3781
OhioInvests offering under sections 1707.05 to 1707.058 of the 3782
Revised Code; 3783

(17) Do all acts necessary or appropriate to carry out its 3784
authorized purposes. The port authority shall have the powers 3785
and rights granted to other subdivisions under section 9.20 of 3786
the Revised Code. 3787

(B) Any instrument by which real property is acquired 3788
pursuant to this section shall identify the agency of the state 3789
that has the use and benefit of the real property as specified 3790
in section 5301.012 of the Revised Code. 3791

(C) Whoever violates division (A) (14) of this section is 3792
guilty of a minor misdemeanor. 3793

Sec. 4582.31. (A) A port authority created in accordance 3794
with section 4582.22 of the Revised Code may: 3795

(1) Adopt bylaws for the regulation of its affairs and the 3796
conduct of its business; 3797

(2) Adopt an official seal; 3798

(3) Maintain a principal office within its jurisdiction, 3799

and maintain such branch offices as it may require;	3800
(4) Acquire, construct, furnish, equip, maintain, repair,	3801
sell, exchange, lease to or from, or lease with an option to	3802
purchase, convey other interests in real or personal property,	3803
or any combination thereof, related to, useful for, or in	3804
furtherance of any authorized purpose and operate any property	3805
in connection with transportation, recreational, governmental	3806
operations, or cultural activities;	3807
(5) Straigten, deepen, and improve any channel, river,	3808
stream, or other water course or way which may be necessary or	3809
proper in the development of the facilities of a port authority;	3810
(6) Make available the use or services of any port	3811
authority facility to one or more persons, one or more	3812
governmental agencies, or any combination thereof;	3813
(7) Issue bonds or notes for the acquisition,	3814
construction, furnishing, or equipping of any port authority	3815
facility or other permanent improvement that a port authority is	3816
authorized to acquire, construct, furnish, or equip, in	3817
compliance with Chapter 133. of the Revised Code, except that	3818
such bonds or notes may only be issued pursuant to a vote of the	3819
electors residing within the area of jurisdiction of the port	3820
authority. The net indebtedness incurred by a port authority	3821
shall never exceed two per cent of the total value of all	3822
property within the territory comprising the port authority as	3823
listed and assessed for taxation.	3824
(8) Issue port authority revenue bonds beyond the limit of	3825
bonded indebtedness provided by law, payable solely from	3826
revenues as provided in section 4582.48 of the Revised Code, for	3827
the purpose of providing funds to pay the costs of any port	3828

authority facility or facilities or parts thereof; 3829

(9) Apply to the proper authorities of the United States 3830
pursuant to appropriate law for the right to establish, operate, 3831
and maintain foreign trade zones and establish, operate, and 3832
maintain foreign trade zones and to acquire, exchange, sell, 3833
lease to or from, lease with an option to purchase, or operate 3834
facilities, land, or property therefor in accordance with the 3835
"Foreign Trade Zones Act," 48 Stat. 998 (1934), 19 U.S.C. 81a to 3836
81u; 3837

(10) Enjoy and possess the same rights, privileges, and 3838
powers granted municipal corporations under sections 721.04 to 3839
721.11 of the Revised Code; 3840

(11) Maintain such funds as it considers necessary; 3841

(12) Direct its agents or employees, when properly 3842
identified in writing, and after at least five days' written 3843
notice, to enter upon lands within the confines of its 3844
jurisdiction in order to make surveys and examinations 3845
preliminary to location and construction of works for the 3846
purposes of the port authority, without liability of the port 3847
authority or its agents or employees except for actual damage 3848
done; 3849

(13) Promote, advertise, and publicize the port authority 3850
and its facilities; provide information to shippers and other 3851
commercial interests; and appear before rate-making authorities 3852
to represent and promote the interests of the port authority; 3853

(14) Adopt rules, not in conflict with general law, it 3854
finds necessary or incidental to the performance of its duties 3855
and the execution of its powers under sections 4582.21 to 3856
4582.54 of the Revised Code. Any such rule shall be posted at no 3857

less than five public places in the port authority, as 3858
determined by the board of directors, for a period of not fewer 3859
than fifteen days, and shall be available for public inspection 3860
at the principal office of the port authority during regular 3861
business hours. No person shall violate any lawful rule adopted 3862
and posted as provided in this division. 3863

(15) Do any of the following, in regard to any interests 3864
in any real or personal property, or any combination thereof, 3865
including, without limitation, machinery, equipment, plants, 3866
factories, offices, and other structures and facilities related 3867
to, useful for, or in furtherance of any authorized purpose, for 3868
such consideration and in such manner, consistent with Article 3869
VIII of the Ohio Constitution, as the board in its sole 3870
discretion may determine: 3871

(a) Loan moneys to any person or governmental entity for 3872
the acquisition, construction, furnishing, and equipping of the 3873
property; 3874

(b) Acquire, construct, maintain, repair, furnish, and 3875
equip the property; 3876

(c) Sell to, exchange with, lease, convey other interests 3877
in, or lease with an option to purchase the same or any lesser 3878
interest in the property to the same or any other person or 3879
governmental entity; 3880

(d) Guarantee the obligations of any person or 3881
governmental entity. 3882

A port authority may accept and hold as consideration for 3883
the conveyance of property or any interest therein such property 3884
or interests therein as the board in its discretion may 3885
determine, notwithstanding any restrictions that apply to the 3886

investment of funds by a port authority. 3887

(16) Sell, lease, or convey other interests in real and 3888
personal property, and grant easements or rights-of-way over 3889
property of the port authority. The board of directors shall 3890
specify the consideration and any terms for the sale, lease, or 3891
conveyance of other interests in real and personal property. Any 3892
determination made by the board under this division shall be 3893
conclusive. The sale, lease, or conveyance may be made without 3894
advertising and the receipt of bids. 3895

(17) Exercise the right of eminent domain to appropriate 3896
any land, rights, rights-of-way, franchises, easements, or other 3897
property, necessary or proper for any authorized purpose, 3898
pursuant to the procedure provided in sections 163.01 to 163.22 3899
of the Revised Code, if funds equal to the appraised value of 3900
the property to be acquired as a result of such proceedings are 3901
available for that purpose. However, nothing contained in 3902
sections 4582.201 to 4582.59 of the Revised Code shall authorize 3903
a port authority to take or disturb property or facilities 3904
belonging to any agency or political subdivision of this state, 3905
public utility, cable operator, or common carrier, which 3906
property or facilities are necessary and convenient in the 3907
operation of the agency or political subdivision, public 3908
utility, cable operator, or common carrier, unless provision is 3909
made for the restoration, relocation, or duplication of such 3910
property or facilities, or upon the election of the agency or 3911
political subdivision, public utility, cable operator, or common 3912
carrier, for the payment of compensation, if any, at the sole 3913
cost of the port authority, provided that: 3914

(a) If any restoration or duplication proposed to be made 3915
under this section involves a relocation of the property or 3916

facilities, the new facilities and location shall be of at least 3917
comparable utilitarian value and effectiveness and shall not 3918
impair the ability of the public utility, cable operator, or 3919
common carrier to compete in its original area of operation; 3920

(b) If any restoration or duplication made under this 3921
section involves a relocation of the property or facilities, the 3922
port authority shall acquire no interest or right in or to the 3923
appropriated property or facilities, except as provided in 3924
division (A) (15) of this section, until the relocated property 3925
or facilities are available for use and until marketable title 3926
thereto has been transferred to the public utility, cable 3927
operator, or common carrier. 3928

As used in division (A) (17) of this section, "cable 3929
operator" has the same meaning as in the "Cable Communications 3930
Policy Act of 1984," Pub. L. No. 98-549, 98 Stat. 2780, 47 3931
U.S.C. 522, as amended by the "Telecommunications Act of 1996," 3932
Pub. L. No. 104-104, 110 Stat. 56. 3933

(18) (a) Make and enter into all contracts and agreements 3934
and execute all instruments necessary or incidental to the 3935
performance of its duties and the execution of its powers under 3936
sections 4582.21 to 4582.59 of the Revised Code. 3937

(b) Except as provided in division (A) (18) (c) of this 3938
section or except when the port authority elects to construct a 3939
building, structure, or other improvement pursuant to a contract 3940
made with a construction manager at risk under sections 9.33 to 3941
9.335 of the Revised Code or with a design-build firm under 3942
section 153.65 to 153.73 of the Revised Code, when the cost of a 3943
contract for the construction of any building, structure, or 3944
other improvement undertaken by a port authority involves an 3945
expenditure exceeding one hundred fifty thousand dollars and the 3946

port authority is the contracting entity, the port authority 3947
shall make a written contract after notice calling for bids for 3948
the award of the contract has been given by publication twice, 3949
with at least seven days between publications, in a newspaper of 3950
general circulation in the area of the port authority or as 3951
provided in section 7.16 of the Revised Code. Each such contract 3952
shall be let to the lowest responsive and responsible bidder in 3953
accordance with section 9.312 of the Revised Code. Every 3954
contract shall be accompanied by or shall refer to plans and 3955
specifications for the work to be done, prepared for and 3956
approved by the port authority, signed by an authorized officer 3957
of the port authority and by the contractor, and shall be 3958
executed in triplicate. 3959

Each bid shall be awarded in accordance with sections 3960
153.54, 153.57, and 153.571 of the Revised Code. The port 3961
authority may reject any and all bids. 3962

(c) The board of directors by rule may provide criteria 3963
for the negotiation and award without competitive bidding of any 3964
contract as to which the port authority is the contracting 3965
entity for the construction of any building or structure or 3966
other improvement under any of the following circumstances: 3967

(i) There exists a real and present emergency that 3968
threatens damage or injury to persons or property of the port 3969
authority or other persons, provided that a statement specifying 3970
the nature of the emergency that is the basis for the 3971
negotiation and award of a contract without competitive bidding 3972
shall be signed by the officer of the port authority that 3973
executes that contract at the time of the contract's execution 3974
and shall be attached to the contract. 3975

(ii) A commonly recognized industry or other standard or 3976

specification does not exist and cannot objectively be articulated for the improvement. 3977
3978

(iii) The contract is for any energy conservation measure as defined in section 307.041 of the Revised Code. 3979
3980

(iv) With respect to material to be incorporated into the improvement, only a single source or supplier exists for the material. 3981
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(v) A single bid is received by the port authority after complying with the provisions of division (A) (18) (b) of this section. 3984
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(d) (i) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in division (A) (18) (c) (ii) of this section, the port authority shall publish a notice calling for technical proposals twice, with at least seven days between publications, in a newspaper of general circulation in the area of the port authority or as provided in section 7.16 of the Revised Code. After receipt of the technical proposals, the port authority may negotiate with and award a contract for the improvement to the proposer making the proposal considered to be the most advantageous to the port authority. 3987
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(ii) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in division (A) (18) (c) (iv) of this section, any construction activities related to the incorporation of the material into the improvement also may be provided without competitive bidding by the source or supplier of that material. 3997
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(e) (i) Any purchase, exchange, sale, lease, lease with an option to purchase, conveyance of other interests in, or other contract with a person or governmental entity that pertains to 4003
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the acquisition, construction, maintenance, repair, furnishing, 4006
equipping, or operation of any real or personal property, or any 4007
combination thereof, related to, useful for, or in furtherance 4008
of an activity contemplated by Section 13 or 16 of Article VIII, 4009
Ohio Constitution, shall be made in such manner and subject to 4010
such terms and conditions as may be determined by the board of 4011
directors in its discretion. 4012

(ii) Division (A) (18) (e) (i) of this section applies to all 4013
contracts that are subject to the division, notwithstanding any 4014
other provision of law that might otherwise apply, including, 4015
without limitation, any requirement of notice, any requirement 4016
of competitive bidding or selection, or any requirement for the 4017
provision of security. 4018

(iii) Divisions (A) (18) (e) (i) and (ii) of this section do 4019
not apply to either of the following: any contract secured by or 4020
to be paid from moneys raised by taxation or the proceeds of 4021
obligations secured by a pledge of moneys raised by taxation; or 4022
any contract secured exclusively by or to be paid exclusively 4023
from the general revenues of the port authority. For the 4024
purposes of this section, any revenues derived by the port 4025
authority under a lease or other agreement that, by its terms, 4026
contemplates the use of amounts payable under the agreement 4027
either to pay the costs of the improvement that is the subject 4028
of the contract or to secure obligations of the port authority 4029
issued to finance costs of such improvement, are excluded from 4030
general revenues. 4031

(19) Employ managers, superintendents, and other employees 4032
and retain or contract with consulting engineers, financial 4033
consultants, accounting experts, architects, attorneys, and any 4034
other consultants and independent contractors as are necessary 4035

in its judgment to carry out this chapter, and fix the 4036
compensation thereof. All expenses thereof shall be payable from 4037
any available funds of the port authority or from funds 4038
appropriated for that purpose by a political subdivision 4039
creating or participating in the creation of the port authority. 4040

(20) Receive and accept from any state or federal agency 4041
grants and loans for or in aid of the construction of any port 4042
authority facility or for research and development with respect 4043
to port authority facilities, and receive and accept aid or 4044
contributions from any source of money, property, labor, or 4045
other things of value, to be held, used, and applied only for 4046
the purposes for which the grants and contributions are made; 4047

(21) Engage in research and development with respect to 4048
port authority facilities; 4049

(22) Purchase fire and extended coverage and liability 4050
insurance for any port authority facility and for the principal 4051
office and branch offices of the port authority, insurance 4052
protecting the port authority and its officers and employees 4053
against liability for damage to property or injury to or death 4054
of persons arising from its operations, and any other insurance 4055
the port authority may agree to provide under any resolution 4056
authorizing its port authority revenue bonds or in any trust 4057
agreement securing the same; 4058

(23) Charge, alter, and collect rentals and other charges 4059
for the use or services of any port authority facility as 4060
provided in section 4582.43 of the Revised Code; 4061

(24) Provide coverage for its employees under Chapters 4062
145., 4123., and 4141. of the Revised Code; 4063

(25) Establish and administer one or more payment card 4064

programs for purposes of paying expenses related to port 4065
authority business. Any obligation incurred as a result of the 4066
use of such a payment card shall be paid from port authority 4067
funds. 4068

(26) Act as a portal operator for purposes of an 4069
OhioInvests offering under sections 1707.05 to 1707.058 of the 4070
Revised Code; 4071

(27) Do all acts necessary or proper to carry out the 4072
powers expressly granted in sections 4582.21 to 4582.59 of the 4073
Revised Code. 4074

(B) Any instrument by which real property is acquired 4075
pursuant to this section shall identify the agency of the state 4076
that has the use and benefit of the real property as specified 4077
in section 5301.012 of the Revised Code. 4078

(C) Whoever violates division (A) (14) of this section is 4079
guilty of a minor misdemeanor. 4080

Sec. 5505.068. (A) As used in this section and in section 4081
5505.0610 of the Revised Code: 4082

(1) "Agent" means a dealer, as defined in section 1707.01 4083
of the Revised Code, who is licensed under sections 1707.01 to 4084
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 4085
another state or of the United States. 4086

(2) "Minority business enterprise" has the same meaning as 4087
in section 122.71 of the Revised Code. 4088

(3) "Ohio-qualified agent" means an agent designated as 4089
such by the state highway patrol retirement board. 4090

(4) "Ohio-qualified investment manager" means an 4091
investment manager designated as such by the state highway 4092

patrol retirement board. 4093

(5) "Principal place of business" means an office in which 4094
the agent regularly provides securities or investment advisory 4095
services and solicits, meets with, or otherwise communicates 4096
with clients. 4097

(B) The state highway patrol retirement board shall, for 4098
the purposes of this section, designate an agent as an Ohio- 4099
qualified agent if the agent meets all of the following 4100
requirements: 4101

(1) The agent is subject to taxation under Chapter 5725., 4102
5726., 5733., 5747., or 5751. of the Revised Code. 4103

(2) The agent is authorized to conduct business in this 4104
state; 4105

(3) The agent maintains a principal place of business in 4106
this state and employs at least five residents of this state. 4107

(C) The state highway patrol retirement board shall adopt 4108
and implement a written policy to establish criteria and 4109
procedures used to select agents to execute securities 4110
transactions on behalf of the retirement system. The policy 4111
shall address each of the following: 4112

(1) Commissions charged by the agent, both in the 4113
aggregate and on a per share basis; 4114

(2) The execution speed and trade settlement capabilities 4115
of the agent; 4116

(3) The responsiveness, reliability, and integrity of the 4117
agent; 4118

(4) The nature and value of research provided by the 4119

agent; 4120

(5) Any special capabilities of the agent. 4121

(D) (1) The board shall, at least annually, establish a 4122
policy with the goal to increase utilization by the board of 4123
Ohio-qualified agents for the execution of domestic equity and 4124
fixed income trades on behalf of the retirement system, when an 4125
Ohio-qualified agent offers quality, services, and safety 4126
comparable to other agents otherwise available to the board and 4127
meets the criteria established under division (C) of this 4128
section. 4129

(2) The board shall review, at least annually, the 4130
performance of the agents that execute securities transactions 4131
on behalf of the board. 4132

(3) The board shall determine whether an agent is an Ohio- 4133
qualified agent, meets the criteria established by the board 4134
pursuant to division (C) of this section, and offers quality, 4135
services, and safety comparable to other agents otherwise 4136
available to the board. The board's determination shall be 4137
final. 4138

Section 2. That existing sections 145.114, 742.114, 4139
1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 4140
1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 4141
1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 4142
1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 4143
1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 4144
4582.06, 4582.31, and 5505.068 of the Revised Code are hereby 4145
repealed. 4146

Section 3. In enacting section 1707.50 of the Revised Code 4147
in Section 1 of this act, the General Assembly finds all of the 4148

following: 4149

(A) Whereas adequate financing of essential investor 4150
protection enforcement is necessary to achieve maximum 4151
compliance with state law, to ensure, for businesses that raise 4152
money via crowdfunding, an effective disincentive to engage in 4153
unlawful, fraudulent, and anticompetitive business practices, 4154
and to provide appropriate regulation of an emerging and quickly 4155
evolving industry. 4156

(B) Although self-policing efforts by industry watchdog 4157
groups may have some success in educating some fundraisers about 4158
their obligations under state consumer and investor laws, in 4159
other cases the only meaningful deterrent to unlawful conduct is 4160
the vigorous assessment and collection of civil penalties. 4161

(C) It is in the public interest to provide that civil 4162
penalties for violations of law may also be assessed and 4163
collected by aggrieved crowdfunding investors acting as private 4164
attorneys general enforcement. 4165