

As Introduced

**133rd General Assembly
Regular Session
2019-2020**

H. B. No. 312

Representative Powell

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

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

Section 1. That sections 145.114, 742.114, 1707.01, 14
1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 1707.17, 15
1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 1707.26, 16
1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 1707.32, 17
1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 1707.431, 18
1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 4582.06, 4582.31, 19
and 5505.068 be amended and sections 1707.05, 1707.051, 20

1707.052, 1707.053, 1707.054, 1707.055, 1707.056, 1707.057, 21
1707.058, and 1707.50 of the Revised Code be enacted to read as 22
follows: 23

Sec. 145.114. (A) As used in this section and in section 24
145.116 of the Revised Code: 25

(1) "Agent" means a dealer, as defined in section 1707.01 26
of the Revised Code, who is licensed under sections 1707.01 to 27
~~1707.45~~1707.50 of the Revised Code or under comparable laws of 28
another state or of the United States. 29

(2) "Minority business enterprise" has the same meaning as 30
in section 122.71 of the Revised Code. 31

(3) "Ohio-qualified agent" means an agent designated as 32
such by the public employees retirement board. 33

(4) "Ohio-qualified investment manager" means an 34
investment manager designated as such by the public employees 35
retirement board. 36

(5) "Principal place of business" means an office in which 37
the agent regularly provides securities or investment advisory 38
services and solicits, meets with, or otherwise communicates 39
with clients. 40

(B) The public employees retirement board shall, for the 41
purposes of this section, designate an agent as an Ohio- 42
qualified agent if the agent meets all of the following 43
requirements: 44

(1) The agent is subject to taxation under Chapter 5725., 45
5726., 5733., 5747., or 5751. of the Revised Code; 46

(2) The agent is authorized to conduct business in this 47
state; 48

(3) The agent maintains a principal place of business in 49
this state and employs at least five residents of this state. 50

(C) The public employees retirement board shall adopt and 51
implement a written policy to establish criteria and procedures 52
used to select agents to execute securities transactions on 53
behalf of the retirement system. The policy shall address each 54
of the following: 55

(1) Commissions charged by the agent, both in the 56
aggregate and on a per share basis; 57

(2) The execution speed and trade settlement capabilities 58
of the agent; 59

(3) The responsiveness, reliability, and integrity of the 60
agent; 61

(4) The nature and value of research provided by the 62
agent; 63

(5) Any special capabilities of the agent. 64

(D) (1) The board shall, at least annually, establish a 65
policy with the goal to increase utilization by the board of 66
Ohio-qualified agents for the execution of domestic equity and 67
fixed income trades on behalf of the retirement system, when an 68
Ohio-qualified agent offers quality, services, and safety 69
comparable to other agents otherwise available to the board and 70
meets the criteria established under division (C) of this 71
section. 72

(2) The board shall review, at least annually, the 73
performance of the agents that execute securities transactions 74
on behalf of the board. 75

(3) The board shall determine whether an agent is an Ohio- 76

qualified agent, meets the criteria established by the board 77
pursuant to division (C) of this section, and offers quality, 78
services, and safety comparable to other agents otherwise 79
available to the board. The board's determination shall be 80
final. 81

Sec. 742.114. (A) As used in this section and in section 82
742.116 of the Revised Code: 83

(1) "Agent" means a dealer, as defined in section 1707.01 84
of the Revised Code, who is licensed under sections 1707.01 to 85
~~1707.45-1707.50~~ of the Revised Code or under comparable laws of 86
another state or of the United States. 87

(2) "Minority business enterprise" has the same meaning as 88
in section 122.71 of the Revised Code. 89

(3) "Ohio-qualified agent" means an agent designated as 90
such by the board of trustees of the fund. 91

(4) "Ohio-qualified investment manager" means an 92
investment manager designated as such by the board of trustees 93
of the fund. 94

(5) "Principal place of business" means an office in which 95
the agent regularly provides securities or investment advisory 96
services and solicits, meets with, or otherwise communicates 97
with clients. 98

(B) The board of trustees of the fund shall, for the 99
purposes of this section, designate an agent as an Ohio- 100
qualified agent if the agent meets all of the following 101
requirements: 102

(1) The agent is subject to taxation under Chapter 5725., 103
5726., 5733., 5747., or 5751. of the Revised Code; 104

(2) The agent is authorized to conduct business in this state;	105 106
(3) The agent maintains a principal place of business in this state and employs at least five residents of this state.	107 108
(C) The board shall adopt and implement a written policy to establish criteria and procedures used to select agents to execute securities transactions on behalf of the retirement system. The policy shall address each of the following:	109 110 111 112
(1) Commissions charged by the agent, both in the aggregate and on a per share basis;	113 114
(2) The execution speed and trade settlement capabilities of the agent;	115 116
(3) The responsiveness, reliability, and integrity of the agent;	117 118
(4) The nature and value of research provided by the agent;	119 120
(5) Any special capabilities of the agent.	121
(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.	122 123 124 125 126 127 128 129
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board.	130 131 132

(3) The board shall determine whether an agent is an Ohio- 133
qualified agent, meets the criteria established by the board 134
pursuant to division (C) of this section, and offers quality, 135
services, and safety comparable to other agents otherwise 136
available to the board. The board's determination shall be 137
final. 138

Sec. 1707.01. As used in this chapter: 139

(A) Whenever the context requires it, "division" or 140
"division of securities" may be read as "director of commerce" 141
or as "commissioner of securities." 142

(B) "Security" means any certificate or instrument, or any 143
oral, written, or electronic agreement, understanding, or 144
opportunity, that represents title to or interest in, or is 145
secured by any lien or charge upon, the capital, assets, 146
profits, property, or credit of any person or of any public or 147
governmental body, subdivision, or agency. It includes shares of 148
stock, certificates for shares of stock, an uncertificated 149
security, membership interests in limited liability companies, 150
voting-trust certificates, warrants and options to purchase 151
securities, subscription rights, interim receipts, interim 152
certificates, promissory notes, all forms of commercial paper, 153
evidences of indebtedness, bonds, debentures, land trust 154
certificates, fee certificates, leasehold certificates, 155
syndicate certificates, endowment certificates, interests in or 156
under profit-sharing or participation agreements, interests in 157
or under oil, gas, or mining leases, preorganization or 158
reorganization subscriptions, preorganization certificates, 159
reorganization certificates, interests in any trust or pretended 160
trust, any investment contract, any life settlement interest, 161
any instrument evidencing a promise or an agreement to pay 162

money, warehouse receipts for intoxicating liquor, and the 163
currency of any government other than those of the United States 164
and Canada, but sections 1707.01 to ~~1707.45~~1707.50 of the 165
Revised Code do not apply to the sale of real estate. 166

(C) (1) "Sale" has the full meaning of "sale" as applied by 167
or accepted in courts of law or equity, and includes every 168
disposition, or attempt to dispose, of a security or of an 169
interest in a security. "Sale" also includes a contract to sell, 170
an exchange, an attempt to sell, an option of sale, a 171
solicitation of a sale, a solicitation of an offer to buy, a 172
subscription, or an offer to sell, directly or indirectly, by 173
agent, circular, pamphlet, advertisement, or otherwise. 174

(2) "Sell" means any act by which a sale is made. 175

(3) The use of advertisements, circulars, or pamphlets in 176
connection with the sale of securities in this state exclusively 177
to the purchasers specified in division (D) of section 1707.03 178
of the Revised Code is not a sale when the advertisements, 179
circulars, and pamphlets describing and offering those 180
securities bear a readily legible legend in substance as 181
follows: "This offer is made on behalf of dealers licensed under 182
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, and is 183
confined in this state exclusively to institutional investors 184
and licensed dealers." 185

(4) The offering of securities by any person in 186
conjunction with a licensed dealer by use of advertisement, 187
circular, or pamphlet is not a sale if that person does not 188
otherwise attempt to sell securities in this state. 189

(5) Any security given with, or as a bonus on account of, 190
any purchase of securities is conclusively presumed to 191

constitute a part of the subject of that purchase and has been 192
"sold." 193

(6) "Sale" by an owner, pledgee, or mortgagee, or by a 194
person acting in a representative capacity, includes sale on 195
behalf of such party by an agent, including a licensed dealer or 196
salesperson. 197

(D) "Person," except as otherwise provided in this 198
chapter, means a natural person, firm, partnership, limited 199
partnership, partnership association, syndicate, joint-stock 200
company, unincorporated association, trust or trustee except 201
where the trust was created or the trustee designated by law or 202
judicial authority or by a will, and a corporation or limited 203
liability company organized under the laws of any state, any 204
foreign government, or any political subdivision of a state or 205
foreign government. 206

(E) (1) "Dealer," except as otherwise provided in this 207
chapter, means every person, other than a salesperson, who 208
engages or professes to engage, in this state, for either all or 209
part of the person's time, directly or indirectly, either in the 210
business of the sale of securities for the person's own account, 211
or in the business of the purchase or sale of securities for the 212
account of others in the reasonable expectation of receiving a 213
commission, fee, or other remuneration as a result of engaging 214
in the purchase and sale of securities. "Dealer" does not mean 215
any of the following: 216

(a) Any issuer, including any officer, director, employee, 217
or trustee of, or member or manager of, or partner in, or any 218
general partner of, any issuer, that sells, offers for sale, or 219
does any act in furtherance of the sale of a security that 220
represents an economic interest in that issuer, provided no 221

commission, fee, or other similar remuneration is paid to or	222
received by the issuer for the sale;	223
(b) Any licensed attorney, public accountant, or firm of	224
such attorneys or accountants, whose activities are incidental	225
to the practice of the attorney's, accountant's, or firm's	226
profession;	227
(c) Any person that, for the account of others, engages in	228
the purchase or sale of securities that are issued and	229
outstanding before such purchase and sale, if a majority or more	230
of the equity interest of an issuer is sold in that transaction,	231
and if, in the case of a corporation, the securities sold in	232
that transaction represent a majority or more of the voting	233
power of the corporation in the election of directors;	234
(d) Any person that brings an issuer together with a	235
potential investor and whose compensation is not directly or	236
indirectly based on the sale of any securities by the issuer to	237
the investor;	238
(e) Any bank;	239
(f) Any person that the division of securities by rule	240
exempts from the definition of "dealer" under division (E) (1) of	241
this section.	242
(2) "Licensed dealer" means a dealer licensed under this	243
chapter.	244
(F) (1) "Salesman" or "salesperson" means every natural	245
person, other than a dealer, who is employed, authorized, or	246
appointed by a dealer to sell securities within this state.	247
(2) The general partners of a partnership, and the	248
executive officers of a corporation or unincorporated	249

association, licensed as a dealer are not salespersons within 250
the meaning of this definition, nor are clerical or other 251
employees of an issuer or dealer that are employed for work to 252
which the sale of securities is secondary and incidental; but 253
the division of securities may require a license from any such 254
partner, executive officer, or employee if it determines that 255
protection of the public necessitates the licensing. 256

(3) "Licensed salesperson" means a salesperson licensed 257
under this chapter. 258

(G) "Issuer" means every person who has issued, proposes 259
to issue, or issues any security. 260

(H) "Director" means each director or trustee of a 261
corporation, each trustee of a trust, each general partner of a 262
partnership, except a partnership association, each manager of a 263
partnership association, and any person vested with managerial 264
or directory power over an issuer not having a board of 265
directors or trustees. 266

(I) "Incorporator" means any incorporator of a corporation 267
and any organizer of, or any person participating, other than in 268
a representative or professional capacity, in the organization 269
of an unincorporated issuer. 270

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent 271
practices," or "fraudulent transactions" means anything 272
recognized on or after July 22, 1929, as such in courts of law 273
or equity; any device, scheme, or artifice to defraud or to 274
obtain money or property by means of any false pretense, 275
representation, or promise; any fictitious or pretended purchase 276
or sale of securities; and any act, practice, transaction, or 277
course of business relating to the purchase or sale of 278

securities that is fraudulent or that has operated or would 279
operate as a fraud upon the seller or purchaser. 280

(K) Except as otherwise specifically provided, whenever 281
any classification or computation is based upon "par value," as 282
applied to securities without par value, the average of the 283
aggregate consideration received or to be received by the issuer 284
for each class of those securities shall be used as the basis 285
for that classification or computation. 286

(L) (1) "Intangible property" means patents, copyrights, 287
secret processes, formulas, services, good will, promotion and 288
organization fees and expenses, trademarks, trade brands, trade 289
names, licenses, franchises, any other assets treated as 290
intangible according to generally accepted accounting 291
principles, and securities, accounts receivable, or contract 292
rights having no readily determinable value. 293

(2) "Tangible property" means all property other than 294
intangible property and includes securities, accounts 295
receivable, and contract rights, when the securities, accounts 296
receivable, or contract rights have a readily determinable 297
value. 298

(M) "Public utilities" means those utilities defined in 299
sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised 300
Code; in the case of a foreign corporation, it means those 301
utilities defined as public utilities by the laws of its 302
domicile; and in the case of any other foreign issuer, it means 303
those utilities defined as public utilities by the laws of the 304
situs of its principal place of business. The term always 305
includes railroads whether or not they are so defined as public 306
utilities. 307

(N) "State" means any state of the United States, any 308
territory or possession of the United States, the District of 309
Columbia, and any province of Canada. 310

(O) "Bank" means any bank, trust company, savings and loan 311
association, savings bank, or credit union that is incorporated 312
or organized under the laws of the United States, any state of 313
the United States, Canada, or any province of Canada and that is 314
subject to regulation or supervision by that country, state, or 315
province. 316

(P) "Include," when used in a definition, does not exclude 317
other things or persons otherwise within the meaning of the term 318
defined. 319

(Q) (1) "Registration by description" means that the 320
requirements of section 1707.08 of the Revised Code have been 321
complied with. 322

(2) "Registration by qualification" means that the 323
requirements of sections 1707.09 and 1707.11 of the Revised Code 324
have been complied with. 325

(3) "Registration by coordination" means that there has 326
been compliance with section 1707.091 of the Revised Code. 327
Reference in this chapter to registration by qualification also 328
includes registration by coordination unless the context 329
otherwise indicates. 330

(R) "Intoxicating liquor" includes all liquids and 331
compounds that contain more than three and two-tenths per cent 332
of alcohol by weight and are fit for use for beverage purposes. 333

(S) "Institutional investor" means any of the following, 334
whether acting for itself or for others in a fiduciary capacity: 335

(1) A bank or international banking institution;	336
(2) An insurance company;	337
(3) A separate account of an insurance company;	338
(4) An investment company as defined in the "Investment Company Act of 1940," 15 U.S.C. 80a-3;	339 340
(5) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by the division of securities as a dealer;	341 342 343
(6) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following:	344 345 346 347 348
(a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended;	349 350
(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	351 352 353
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	354 355
(7) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the	356 357 358 359 360 361 362 363

following:	364
(a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended;	365 366
(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	367 368 369
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	370 371
(8) A trust, if it has total assets in excess of ten million dollars, its trustee is a bank, and its participants are exclusively plans of the types identified in division (S) (6) or (7) of this section, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans;	372 373 374 375 376 377
(9) An organization described in section 501(c) (3) of the "Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars;	378 379 380 381 382 383
(10) A small business investment company licensed by the small business administration under section 301(c) of the "Small Business Investment Act of 1958," 15 U.S.C. 681(c), with total assets in excess of ten million dollars;	384 385 386 387
(11) A private business development company as defined in section 202(a) (22) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a) (22), with total assets in excess of ten million dollars;	388 389 390 391

(12) A federal covered investment adviser acting for its own account;	392 393
(13) A "qualified institutional buyer" as defined in 17 C.F.R. 230.144A(a) (1), other than 17 C.F.R. 230.144A(a) (1) (H);	394 395
(14) A "major U.S. institutional investor" as defined in 17 C.F.R. 240.15a-6(b) (4) (i);	396 397
(15) Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this chapter;	398 399 400 401
(16) Any other person specified by rule adopted or order issued under this chapter.	402 403
(T) A reference to a statute of the United States or to a rule, regulation, or form promulgated by the securities and exchange commission or by another federal agency means the statute, rule, regulation, or form as it exists at the time of the act, omission, event, or transaction to which it is applied under this chapter.	404 405 406 407 408 409
(U) "Securities and exchange commission" means the securities and exchange commission established by the Securities Exchange Act of 1934.	410 411 412
(V) (1) "Control bid" means the purchase of or offer to purchase any equity security of a subject company from a resident of this state if either of the following applies:	413 414 415
(a) After the purchase of that security, the offeror would be directly or indirectly the beneficial owner of more than ten per cent of any class of the issued and outstanding equity securities of the issuer.	416 417 418 419

(b) The offeror is the subject company, there is a pending 420
control bid by a person other than the issuer, and the number of 421
the issued and outstanding shares of the subject company would 422
be reduced by more than ten per cent. 423

(2) For purposes of division (V) (1) of this section, 424
"control bid" does not include any of the following: 425

(a) A bid made by a dealer for the dealer's own account in 426
the ordinary course of business of buying and selling 427
securities; 428

(b) An offer to acquire any equity security solely in 429
exchange for any other security, or the acquisition of any 430
equity security pursuant to an offer, for the sole account of 431
the offeror, in good faith and not for the purpose of avoiding 432
the provisions of this chapter, and not involving any public 433
offering of the other security within the meaning of Section 4 434
of Title I of the "Securities Act of 1933," 48 Stat. 77, 15 435
U.S.C.A. 77d(2), as amended; 436

(c) Any other offer to acquire any equity security, or the 437
acquisition of any equity security pursuant to an offer, for the 438
sole account of the offeror, from not more than fifty persons, 439
in good faith and not for the purpose of avoiding the provisions 440
of this chapter. 441

(W) "Offeror" means a person who makes, or in any way 442
participates or aids in making, a control bid and includes 443
persons acting jointly or in concert, or who intend to exercise 444
jointly or in concert any voting rights attached to the 445
securities for which the control bid is made and also includes 446
any subject company making a control bid for its own securities. 447

(X) (1) "Investment adviser" means any person who, for 448

compensation, engages in the business of advising others, either 449
directly or through publications or writings, as to the value of 450
securities or as to the advisability of investing in, 451
purchasing, or selling securities, or who, for compensation and 452
as a part of regular business, issues or promulgates analyses or 453
reports concerning securities. 454

(2) "Investment adviser" does not mean any of the 455
following: 456

(a) Any attorney, accountant, engineer, or teacher, whose 457
performance of investment advisory services described in 458
division (X)(1) of this section is solely incidental to the 459
practice of the attorney's, accountant's, engineer's, or 460
teacher's profession; 461

(b) A publisher of any bona fide newspaper, news magazine, 462
or business or financial publication of general and regular 463
circulation; 464

(c) A person who acts solely as an investment adviser 465
representative; 466

(d) A bank holding company, as defined in the "Bank 467
Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that 468
is not an investment company; 469

(e) A bank, or any receiver, conservator, or other 470
liquidating agent of a bank; 471

(f) Any licensed dealer or licensed salesperson whose 472
performance of investment advisory services described in 473
division (X)(1) of this section is solely incidental to the 474
conduct of the dealer's or salesperson's business as a licensed 475
dealer or licensed salesperson and who receives no special 476
compensation for the services; 477

(g) Any person, the advice, analyses, or reports of which 478
do not relate to securities other than securities that are 479
direct obligations of, or obligations guaranteed as to principal 480
or interest by, the United States, or securities issued or 481
guaranteed by corporations in which the United States has a 482
direct or indirect interest, and that have been designated by 483
the secretary of the treasury as exempt securities as defined in 484
the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 485
78c; 486

(h) Any person that is excluded from the definition of 487
investment adviser pursuant to section 202(a)(11)(A) to (E) of 488
the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), 489
or that has received an order from the securities and exchange 490
commission under section 202(a)(11)(F) of the "Investment 491
Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that 492
the person is not within the intent of section 202(a)(11) of the 493
Investment Advisers Act of 1940. 494

(i) A person who acts solely as a state retirement system 495
investment officer or as a bureau of workers' compensation chief 496
investment officer; 497

(j) Any other person that the division designates by rule, 498
if the division finds that the designation is necessary or 499
appropriate in the public interest or for the protection of 500
investors or clients and consistent with the purposes fairly 501
intended by the policy and provisions of this chapter. 502

(Y) (1) "Subject company" means an issuer that satisfies 503
both of the following: 504

(a) Its principal place of business or its principal 505
executive office is located in this state, or it owns or 506

controls assets located within this state that have a fair 507
market value of at least one million dollars. 508

(b) More than ten per cent of its beneficial or record 509
equity security holders are resident in this state, more than 510
ten per cent of its equity securities are owned beneficially or 511
of record by residents in this state, or more than one thousand 512
of its beneficial or record equity security holders are resident 513
in this state. 514

(2) The division of securities may adopt rules to 515
establish more specific application of the provisions set forth 516
in division (Y)(1) of this section. Notwithstanding the 517
provisions set forth in division (Y)(1) of this section and any 518
rules adopted under this division, the division, by rule or in 519
an adjudicatory proceeding, may make a determination that an 520
issuer does not constitute a "subject company" under division 521
(Y)(1) of this section if appropriate review of control bids 522
involving the issuer is to be made by any regulatory authority 523
of another jurisdiction. 524

(Z) "Beneficial owner" includes any person who directly or 525
indirectly through any contract, arrangement, understanding, or 526
relationship has or shares, or otherwise has or shares, the 527
power to vote or direct the voting of a security or the power to 528
dispose of, or direct the disposition of, the security. 529
"Beneficial ownership" includes the right, exercisable within 530
sixty days, to acquire any security through the exercise of any 531
option, warrant, or right, the conversion of any convertible 532
security, or otherwise. Any security subject to any such option, 533
warrant, right, or conversion privilege held by any person shall 534
be deemed to be outstanding for the purpose of computing the 535
percentage of outstanding securities of the class owned by that 536

person, but shall not be deemed to be outstanding for the 537
purpose of computing the percentage of the class owned by any 538
other person. A person shall be deemed the beneficial owner of 539
any security beneficially owned by any relative or spouse or 540
relative of the spouse residing in the home of that person, any 541
trust or estate in which that person owns ten per cent or more 542
of the total beneficial interest or serves as trustee or 543
executor, any corporation or entity in which that person owns 544
ten per cent or more of the equity, and any affiliate or 545
associate of that person. 546

(AA) "Offeree" means the beneficial or record owner of any 547
security that an offeror acquires or offers to acquire in 548
connection with a control bid. 549

(BB) "Equity security" means any share or similar 550
security, or any security convertible into any such security, or 551
carrying any warrant or right to subscribe to or purchase any 552
such security, or any such warrant or right, or any other 553
security that, for the protection of security holders, is 554
treated as an equity security pursuant to rules of the division 555
of securities. 556

(CC) (1) "Investment adviser representative" means a 557
supervised person of an investment adviser, provided that the 558
supervised person has more than five clients who are natural 559
persons other than excepted persons defined in division (EE) of 560
this section, and that more than ten per cent of the supervised 561
person's clients are natural persons other than excepted persons 562
defined in division (EE) of this section. "Investment adviser 563
representative" does not mean any of the following: 564

(a) A supervised person that does not on a regular basis 565
solicit, meet with, or otherwise communicate with clients of the 566

investment adviser; 567

(b) A supervised person that provides only investment 568
advisory services described in division (X)(1) of this section 569
by means of written materials or oral statements that do not 570
purport to meet the objectives or needs of specific individuals 571
or accounts; 572

(c) Any other person that the division designates by rule, 573
if the division finds that the designation is necessary or 574
appropriate in the public interest or for the protection of 575
investors or clients and is consistent with the provisions 576
fairly intended by the policy and provisions of this chapter. 577

(2) For the purpose of the calculation of clients in 578
division (CC)(1) of this section, a natural person and the 579
following persons are deemed a single client: Any minor child of 580
the natural person; any relative, spouse, or relative of the 581
spouse of the natural person who has the same principal 582
residence as the natural person; all accounts of which the 583
natural person or the persons referred to in division (CC)(2) of 584
this section are the only primary beneficiaries; and all trusts 585
of which the natural person or persons referred to in division 586
(CC)(2) of this section are the only primary beneficiaries. 587
Persons who are not residents of the United States need not be 588
included in the calculation of clients under division (CC)(1) of 589
this section. 590

(3) If subsequent to March 18, 1999, amendments are 591
enacted or adopted defining "investment adviser representative" 592
for purposes of the Investment Advisers Act of 1940 or 593
additional rules or regulations are promulgated by the 594
securities and exchange commission regarding the definition of 595
"investment adviser representative" for purposes of the 596

Investment Advisers Act of 1940, the division of securities 597
shall, by rule, adopt the substance of the amendments, rules, or 598
regulations, unless the division finds that the amendments, 599
rules, or regulations are not necessary for the protection of 600
investors or in the public interest. 601

(DD) "Supervised person" means a natural person who is any 602
of the following: 603

(1) A partner, officer, or director of an investment 604
adviser, or other person occupying a similar status or 605
performing similar functions with respect to an investment 606
adviser; 607

(2) An employee of an investment adviser; 608

(3) A person who provides investment advisory services 609
described in division (X) (1) of this section on behalf of the 610
investment adviser and is subject to the supervision and control 611
of the investment adviser. 612

(EE) "Excepted person" means a natural person to whom any 613
of the following applies: 614

(1) Immediately after entering into the investment 615
advisory contract with the investment adviser, the person has at 616
least seven hundred fifty thousand dollars under the management 617
of the investment adviser. 618

(2) The investment adviser reasonably believes either of 619
the following at the time the investment advisory contract is 620
entered into with the person: 621

(a) The person has a net worth, together with assets held 622
jointly with a spouse, of more than one million five hundred 623
thousand dollars. 624

(b) The person is a qualified purchaser as defined in 625
division (FF) of this section. 626

(3) Immediately prior to entering into an investment 627
advisory contract with the investment adviser, the person is 628
either of the following: 629

(a) An executive officer, director, trustee, general 630
partner, or person serving in a similar capacity, of the 631
investment adviser; 632

(b) An employee of the investment adviser, other than an 633
employee performing solely clerical, secretarial, or 634
administrative functions or duties for the investment adviser, 635
which employee, in connection with the employee's regular 636
functions or duties, participates in the investment activities 637
of the investment adviser, provided that, for at least twelve 638
months, the employee has been performing such nonclerical, 639
nonsecretarial, or nonadministrative functions or duties for or 640
on behalf of the investment adviser or performing substantially 641
similar functions or duties for or on behalf of another company. 642

If subsequent to March 18, 1999, amendments are enacted or 643
adopted defining "excepted person" for purposes of the 644
Investment Advisers Act of 1940 or additional rules or 645
regulations are promulgated by the securities and exchange 646
commission regarding the definition of "excepted person" for 647
purposes of the Investment Advisers Act of 1940, the division of 648
securities shall, by rule, adopt the substance of the 649
amendments, rules, or regulations, unless the division finds 650
that the amendments, rules, or regulations are not necessary for 651
the protection of investors or in the public interest. 652

(FF) (1) "Qualified purchaser" means either of the 653

following: 654

(a) A natural person who owns not less than five million 655
dollars in investments as defined by rule by the division of 656
securities; 657

(b) A natural person, acting for the person's own account 658
or accounts of other qualified purchasers, who in the aggregate 659
owns and invests on a discretionary basis, not less than twenty- 660
five million dollars in investments as defined by rule by the 661
division of securities. 662

(2) If subsequent to March 18, 1999, amendments are 663
enacted or adopted defining "qualified purchaser" for purposes 664
of the Investment Advisers Act of 1940 or additional rules or 665
regulations are promulgated by the securities and exchange 666
commission regarding the definition of "qualified purchaser" for 667
purposes of the Investment Advisers Act of 1940, the division of 668
securities shall, by rule, adopt the amendments, rules, or 669
regulations, unless the division finds that the amendments, 670
rules, or regulations are not necessary for the protection of 671
investors or in the public interest. 672

(GG) (1) "Purchase" has the full meaning of "purchase" as 673
applied by or accepted in courts of law or equity and includes 674
every acquisition of, or attempt to acquire, a security or an 675
interest in a security. "Purchase" also includes a contract to 676
purchase, an exchange, an attempt to purchase, an option to 677
purchase, a solicitation of a purchase, a solicitation of an 678
offer to sell, a subscription, or an offer to purchase, directly 679
or indirectly, by agent, circular, pamphlet, advertisement, or 680
otherwise. 681

(2) "Purchase" means any act by which a purchase is made. 682

(3) Any security given with, or as a bonus on account of, 683
any purchase of securities is conclusively presumed to 684
constitute a part of the subject of that purchase. 685

(HH) "Life settlement interest" means the entire interest 686
or any fractional interest in an insurance policy or certificate 687
of insurance, or in an insurance benefit under such a policy or 688
certificate, that is the subject of a life settlement contract. 689

For purposes of this division, "life settlement contract" 690
means an agreement for the purchase, sale, assignment, transfer, 691
devise, or bequest of any portion of the death benefit or 692
ownership of any life insurance policy or contract, in return 693
for consideration or any other thing of value that is less than 694
the expected death benefit of the life insurance policy or 695
contract. "Life settlement contract" includes a viatical 696
settlement contract as defined in section 3916.01 of the Revised 697
Code, but does not include any of the following: 698

(1) A loan by an insurer under the terms of a life 699
insurance policy, including, but not limited to, a loan secured 700
by the cash value of the policy; 701

(2) An agreement with a bank that takes an assignment of a 702
life insurance policy as collateral for a loan; 703

(3) The provision of accelerated benefits as defined in 704
section 3915.21 of the Revised Code; 705

(4) Any agreement between an insurer and a reinsurer; 706

(5) An agreement by an individual to purchase an existing 707
life insurance policy or contract from the original owner of the 708
policy or contract, if the individual does not enter into more 709
than one life settlement contract per calendar year; 710

(6) The initial purchase of an insurance policy or 711
certificate of insurance from its owner by a viatical settlement 712
provider, as defined in section 3916.01 of the Revised Code, 713
that is licensed under Chapter 3916. of the Revised Code. 714

(II) "State retirement system" means the public employees 715
retirement system, Ohio police and fire pension fund, state 716
teachers retirement system, school employees retirement system, 717
and state highway patrol retirement system. 718

(JJ) "State retirement system investment officer" means an 719
individual employed by a state retirement system as a chief 720
investment officer, assistant investment officer, or the person 721
in charge of a class of assets or in a position that is 722
substantially equivalent to chief investment officer, assistant 723
investment officer, or person in charge of a class of assets. 724

(KK) "Bureau of workers' compensation chief investment 725
officer" means an individual employed by the administrator of 726
workers' compensation as a chief investment officer or in a 727
position that is substantially equivalent to a chief investment 728
officer. 729

Sec. 1707.03. (A) As used in this section, "exempt" means 730
that, except in the case of securities the right to buy, sell, 731
or deal in which has been suspended or revoked under an existing 732
order of the division of securities under section 1707.13 of the 733
Revised Code or under a cease and desist order under division 734
(G) of section 1707.23 of the Revised Code, transactions in 735
securities may be carried on and completed without compliance 736
with sections 1707.08 to 1707.11 of the Revised Code. 737

(B) A sale of securities made by or on behalf of a bona 738
fide owner, neither the issuer nor a dealer, is exempt if the 739

sale is made in good faith and not for the purpose of avoiding 740
this chapter and is not made in the course of repeated and 741
successive transactions of a similar character. Any sale of 742
securities over a stock exchange that is lawfully conducted in 743
this state and regularly open for public patronage and that has 744
been established and operated for a period of at least five 745
years prior to the sale at a commission not exceeding the 746
commission regularly charged in such transactions also is 747
exempt. 748

(C) The sale of securities by executors, administrators, 749
receivers, trustees, or anyone acting in a fiduciary capacity is 750
exempt, where such relationship was created by law, by a will, 751
or by judicial authority, and where such sales are subject to 752
approval by, or are made in pursuance to authority granted by, 753
any court of competent jurisdiction or are otherwise authorized 754
and lawfully made by such fiduciary. 755

(D) A sale to the issuer, to a dealer, or to an 756
institutional investor is exempt. 757

(E) A sale in good faith, and not for the purpose of 758
avoiding this chapter, by a pledgee of a security pledged for a 759
bona fide debt is exempt. 760

(F) The sale at public auction by a corporation of shares 761
of its stock because of delinquency in payment for the shares is 762
exempt. 763

(G) (1) The giving of any conversion right with, or on 764
account of the purchase of, any security that is exempt, is the 765
subject matter of an exempt transaction, has been registered by 766
description, by coordination, or by qualification, or is the 767
subject matter of a transaction that has been registered by 768

description is exempt. 769

(2) The giving of any subscription right, warrant, or 770
option to purchase a security or right to receive a security 771
upon exchange, which security is exempt at the time the right, 772
warrant, or option to purchase or right to receive is given, is 773
the subject matter of an exempt transaction, is registered by 774
description, by coordination, or by qualification, or is the 775
subject matter of a transaction that has been registered by 776
description is exempt. 777

(3) The giving of any subscription right or any warrant or 778
option to purchase a security, which right, warrant, or option 779
expressly provides that it shall not be exercisable except for a 780
security that at the time of the exercise is exempt, is the 781
subject matter of an exempt transaction, is registered by 782
description, by coordination, or by qualification, or at such 783
time is the subject matter of a transaction that has been 784
registered by description is exempt. 785

(H) The sale of notes, bonds, or other evidences of 786
indebtedness that are secured by a mortgage lien upon real 787
estate, leasehold estate other than oil, gas, or mining 788
leasehold, or tangible personal property, or which evidence of 789
indebtedness is due under or based upon a conditional-sale 790
contract, if all such notes, bonds, or other evidences of 791
indebtedness are sold to a single purchaser at a single sale, is 792
exempt. 793

(I) The delivery of securities by the issuer on the 794
exercise of conversion rights, the sale of securities by the 795
issuer on exercise of subscription rights or of warrants or 796
options to purchase securities, the delivery of voting-trust 797
certificates for securities deposited under a voting-trust 798

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

(J) The sale of securities by a bank, savings and loan 808
association, savings bank, or credit union organized under the 809
laws of the United States or of this state is exempt if at a 810
profit to that seller of not more than two per cent of the total 811
sale price of the securities. 812

(K) (1) The distribution by a corporation of its securities 813
to its security holders as a share dividend or other 814
distribution out of earnings or surplus is exempt. 815

(2) The exchange or distribution by the issuer of any of 816
its securities or of the securities of any of the issuer's 817
wholly owned subsidiaries exclusively with or to its existing 818
security holders, if no commission or other remuneration is 819
given directly or indirectly for soliciting the exchange, is 820
exempt. 821

(3) The sale of preorganization subscriptions for shares 822
of stock of a corporation prior to the incorporation of the 823
corporation is exempt, when the sale is evidenced by a written 824
agreement, no remuneration is given, or promised, directly or 825
indirectly, for or in connection with the sale of those 826
securities, and no consideration is received, directly or 827
indirectly, by any person from the purchasers of those 828

securities until registration by qualification, by coordination, 829
or by description of those securities is made under this 830
chapter. 831

(L) The issuance of securities in exchange for one or more 832
bona fide outstanding securities, claims, or property interests, 833
not including securities sold for a consideration payable in 834
whole or in part in cash, under a plan of reorganization, 835
recapitalization, or refinancing approved by a court pursuant to 836
the Bankruptcy Act of the United States or to any other federal 837
act giving any federal court jurisdiction over such plan of 838
reorganization, or under a plan of reorganization approved by a 839
court of competent jurisdiction of any state of the United 840
States is exempt. As used in this division, "reorganization," 841
"recapitalization," and "refinancing" have the same meanings as 842
in section 1707.04 of the Revised Code. 843

(M) A sale by a licensed dealer, acting either as 844
principal or as agent, of securities issued and outstanding 845
before the sale is exempt, unless the sale is of one or more of 846
the following: 847

(1) Securities constituting the whole or a part of an 848
unsold allotment to or subscription by a dealer as an 849
underwriter or other participant in the distribution of those 850
securities by the issuer, whether that distribution is direct or 851
through an underwriter, provided that, if the issuer is such by 852
reason of owning one-fourth or more of those securities, the 853
dealer has knowledge of this fact or reasonable cause to believe 854
this fact; 855

(2) Any class of shares issued by a corporation when the 856
number of beneficial owners of that class is less than twenty- 857
five, with the record owner of securities being deemed the 858

beneficial owner for this purpose, in the absence of actual 859
knowledge to the contrary; 860

(3) Securities that within one year were purchased outside 861
this state or within one year were transported into this state, 862
if the dealer has knowledge or reasonable cause to believe, 863
before the sale of those securities, that within one year they 864
were purchased outside this state or within one year were 865
transported into this state; but such a sale of those securities 866
is exempt if any of the following occurs: 867

(a) A recognized securities manual contains the names of 868
the issuer's officers and directors, a balance sheet of the 869
issuer as of a date within eighteen months, and a profit and 870
loss statement for either the fiscal year preceding that date or 871
the most recent year of operations; 872

(b) Those securities, or securities of the same class, 873
within one year were registered or qualified under section 874
1707.09 or 1707.091 of the Revised Code, and that registration 875
or qualification is in full force and effect; 876

(c) The sale is made by a licensed dealer on behalf of the 877
bona fide owner of those securities in accordance with division 878
(B) of this section; 879

(d) Those securities were transported into Ohio in a 880
transaction of the type described in division (L), (K), or (I) 881
of this section, or in a transaction registered under division 882
(A) of section 1707.06 of the Revised Code. 883

(N) For the purpose of this division and division (M) of 884
this section, "underwriter" means any person who has purchased 885
from an issuer with a view to, or sells for an issuer in 886
connection with, the distribution of any security, or who 887

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

(O) (1) The sale of any equity security is exempt if all 900
the following conditions are satisfied: 901

(a) The sale is by the issuer of the security. 902

(b) The total number of purchasers in this state of all 903
securities issued or sold by the issuer in reliance upon this 904
exemption during the period of one year ending with the date of 905
the sale does not exceed ten. A sale of securities registered 906
under this chapter or sold pursuant to an exemption under this 907
chapter other than this exemption shall not be integrated with a 908
sale pursuant to this exemption in computing the number of 909
purchasers under this exemption. 910

(c) No advertisement, article, notice, or other 911
communication published in any newspaper, magazine, or similar 912
medium or broadcast over television or radio is used in 913
connection with the sale, but the use of an offering circular or 914
other communication delivered by the issuer to selected 915
individuals does not destroy this exemption. 916

(d) The issuer reasonably believes after reasonable 917
investigation that the purchaser is purchasing for investment. 918

(e) The aggregate commission, discount, and other 919
remuneration, excluding legal, accounting, and printing fees, 920
paid or given directly or indirectly does not exceed ten per 921
cent of the initial offering price. 922

(f) Any such commission, discount, or other remuneration 923
for sales in this state is paid or given only to dealers or 924
salespersons registered pursuant to this chapter. 925

(2) For the purposes of division (O)(1) of this section, 926
each of the following is deemed to be a single purchaser of a 927
security: husband and wife, a child and its parent or guardian 928
when the parent or guardian holds the security for the benefit 929
of the child, a corporation, a limited liability company, a 930
partnership, an association or other unincorporated entity, a 931
joint-stock company, or a trust, but only if the corporation, 932
limited liability company, partnership, association, entity, 933
joint-stock company, or trust was not formed for the purpose of 934
purchasing the security. 935

(3) As used in division (O)(1) of this section, "equity 936
security" means any stock or similar security of a corporation 937
or any membership interest in a limited liability company; or 938
any security convertible, with or without consideration, into 939
such a security, or carrying any warrant or right to subscribe 940
to or purchase such a security; or any such warrant or right; or 941
any other security that the division considers necessary or 942
appropriate, by such rules as it may prescribe in the public 943
interest or for the protection of investors, to treat as an 944
equity security. 945

(P) The sale of securities representing interests in or 946
under profit-sharing or participation agreements relating to oil 947
or gas wells located in this state, or representing interests in 948
or under oil or gas leases of real estate situated in this 949
state, is exempt if the securities are issued by an individual, 950
partnership, limited partnership, partnership association, 951
syndicate, pool, trust or trust fund, or other unincorporated 952
association and if each of the following conditions is complied 953
with: 954

(1) The beneficial owners of the securities do not, and 955
will not after the sale, exceed five natural persons; 956

(2) The securities constitute or represent interests in 957
not more than one oil or gas well; 958

(3) A certificate or other instrument in writing is 959
furnished to each purchaser of the securities at or before the 960
consummation of the sale, disclosing the maximum commission, 961
compensation for services, cost of lease, and expenses with 962
respect to the sale of such interests and with respect to the 963
promotion, development, and management of the oil or gas well, 964
and the total of that commission, compensation, costs, and 965
expenses does not exceed twenty-five per cent of the aggregate 966
interests in the oil or gas well, exclusive of any landowner's 967
rental or royalty; 968

(4) The sale is made in good faith and not for the purpose 969
of avoiding this chapter. 970

(Q) The sale of any security is exempt if all of the 971
following conditions are satisfied: 972

(1) The provisions of section 5 of the Securities Act of 973
1933 do not apply to the sale by reason of an exemption under 974

section 4 (2) of that act.	975
(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.	976 977 978 979
(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.	980 981 982
(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.	983 984 985 986 987 988 989
(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.	990 991 992
(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.	993 994 995 996
(S) A sale by a licensed dealer of securities that are in the process of registration under the Securities Act of 1933, unless exempt under that act, and that are in the process of registration, if registration is required under this chapter, is exempt, provided that no sale of that nature shall be consummated prior to the registration by description or qualification of the securities.	997 998 999 1000 1001 1002 1003

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

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

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

are effectively registered under sections 6 to 8 of the 1035
Securities Act of 1933 and offered and sold in compliance with 1036
section 5 of that act; 1037

(b) At least twenty days prior to the date on which a 1038
meeting of the security holders is held or the earliest date on 1039
which corporate action may be taken when no meeting is held, 1040
there is submitted to the security holders, by that person, or 1041
by the person whose securities are to be issued in the 1042
transaction, information substantially equivalent to the 1043
information that would be required to be included in a proxy 1044
statement or information statement prepared by or on behalf of 1045
the management of an issuer subject to section 14(a) or 14(c) of 1046
the Securities Exchange Act of 1934. 1047

(V) The sale of any security is exempt if the division by 1048
rule finds that registration is not necessary or appropriate in 1049
the public interest or for the protection of investors. 1050

(W) Any offer or sale of securities made in reliance on 1051
the exemptions provided by Rule 505 of Regulation D made 1052
pursuant to the Securities Act of 1933 and the conditions and 1053
definitions provided by Rules 501 to 503 thereunder is exempt if 1054
the offer or sale satisfies all of the following conditions: 1055

(1) No commission or other remuneration is given, directly 1056
or indirectly, to any person for soliciting or selling to any 1057
person in this state in reliance on the exemption under this 1058
division, except to dealers licensed in this state. 1059

(2) (a) Unless the cause for disqualification is waived 1060
under division (W) (2) (b) of this section, no exemption under 1061
this section is available for the securities of an issuer unless 1062
the issuer did not know and in the exercise of reasonable care 1063

could not have known that any of the following applies to any of 1064
the persons described in Rule 262(a) to (c) of Regulation A 1065
under the Securities Act of 1933: 1066

(i) The person has filed an application for registration 1067
or qualification that is the subject of an effective order 1068
entered against the issuer, its officers, directors, general 1069
partners, controlling persons or affiliates thereof, pursuant to 1070
the law of any state within five years before the filing of a 1071
notice required under division (W) (3) of this section denying 1072
effectiveness to, or suspending or revoking the effectiveness 1073
of, the registration statement. 1074

(ii) The person has been convicted of any offense in 1075
connection with the offer, sale, or purchase of any security or 1076
franchise, or any felony involving fraud or deceit, including, 1077
but not limited to, forgery, embezzlement, fraud, theft, or 1078
conspiracy to defraud. 1079

(iii) The person is subject to an effective administrative 1080
order or judgment that was entered by a state securities 1081
administrator within five years before the filing of a notice 1082
required under division (W) (3) of this section and that 1083
prohibits, denies, or revokes the use of any exemption from 1084
securities registration, prohibits the transaction of business 1085
by the person as a dealer, or is based on fraud, deceit, an 1086
untrue statement of a material fact, or an omission to state a 1087
material fact. 1088

(iv) The person is subject to any order, judgment, or 1089
decree of any court entered within five years before the filing 1090
of a notice required under division (W) (3) of this section, 1091
temporarily, preliminarily, or permanently restraining or 1092
enjoining the person from engaging in or continuing any conduct 1093

or practice in connection with the offer, sale, or purchase of 1094
any security, or the making of any false filing with any state. 1095

(b) (i) Any disqualification under this division involving 1096
a dealer may be waived if the dealer is or continues to be 1097
licensed in this state as a dealer after notifying the 1098
commissioner of the act or event causing disqualification. 1099

(ii) The commissioner may waive any disqualification under 1100
this paragraph upon a showing of good cause that it is not 1101
necessary under the circumstances that use of the exemption be 1102
denied. 1103

(3) Not later than five business days before the earlier 1104
of the date on which the first use of an offering document or 1105
the first sale is made in this state in reliance on the 1106
exemption under this division, there is filed with the 1107
commissioner a notice comprised of offering material in 1108
compliance with the requirements of Rule 502 of Regulation D 1109
under the Securities Act of 1933 and a fee of one hundred 1110
dollars. Material amendments to the offering document shall be 1111
filed with the commissioner not later than the date of their 1112
first use in this state. 1113

(4) The aggregate commission, discount, and other 1114
remuneration paid or given, directly or indirectly, does not 1115
exceed twelve per cent of the initial offering price, excluding 1116
legal, accounting, and printing fees. 1117

(X) Any offer or sale of securities made in reliance on 1118
the exemption provided in Rule 506 of Regulation D under the 1119
Securities Act of 1933, and in accordance with Rules 501 to 503 1120
of Regulation D under the Securities Act of 1933, is exempt 1121
provided that all of the following apply: 1122

(1) The issuer makes a notice filing with the division on 1123
form D of the securities and exchange commission within fifteen 1124
days of the first sale in this state; 1125

(2) Any commission, discount, or other remuneration for 1126
sales of securities in this state is paid or given only to 1127
dealers or salespersons licensed under this chapter; 1128

(3) The issuer pays a filing fee of one hundred dollars to 1129
the division; however, no filing fee shall be required to file 1130
amendments to the form D of the securities and exchange 1131
commission. 1132

(Y) The offer or sale of securities by an issuer is exempt 1133
provided that all of the following apply: 1134

(1) The sale of securities is made only to persons who 1135
are, or who the issuer reasonably believes are, accredited 1136
investors as defined in Rule 501 of Regulation D under the 1137
Securities Act of 1933. 1138

(2) The issuer reasonably believes that all purchasers are 1139
purchasing for investment and not with a view to or for sale in 1140
connection with a distribution of the security. Any resale of a 1141
security sold in reliance on this exemption within twelve months 1142
of sale shall be presumed to be with a view to distribution and 1143
not for investment, except a resale to which any of the 1144
following applies: 1145

(a) The resale is pursuant to a registration statement 1146
effective under section 1707.09 or 1707.091 of the Revised Code. 1147

(b) The resale is to an accredited investor, as defined in 1148
Rule 501 of Regulation D under the Securities Act of 1933. 1149

(c) The resale is to an institutional investor pursuant to 1150

the exemptions under division (B) or (D) of this section. 1151

(3) The exemption under this division is not available to 1152
an issuer that is in the development stage and that either has 1153
no specific business plan or purpose or has indicated that its 1154
business plan is to engage in a merger or acquisition with an 1155
unidentified company or companies, or other entities or persons. 1156

(4) The exemption under this division is not available to 1157
an issuer, if the issuer, any of the issuer's predecessors, any 1158
affiliated issuer, any of the issuer's directors, officers, 1159
general partners, or beneficial owners of ten per cent or more 1160
of any class of its equity securities, any of the issuer's 1161
promoters presently connected with the issuer in any capacity, 1162
any underwriter of the securities to be offered, or any partner, 1163
director, or officer of such underwriter: 1164

(a) Within the past five years, has filed a registration 1165
statement that is the subject of a currently effective 1166
registration stop order entered by any state securities 1167
administrator or the securities and exchange commission; 1168

(b) Within the past five years, has been convicted of any 1169
criminal offense in connection with the offer, purchase, or sale 1170
of any security, or involving fraud or deceit; 1171

(c) Is currently subject to any state or federal 1172
administrative enforcement order or judgment, entered within the 1173
past five years, finding fraud or deceit in connection with the 1174
purchase or sale of any security; 1175

(d) Is currently subject to any order, judgment, or decree 1176
of any court of competent jurisdiction, entered within the past 1177
five years, that temporarily, preliminarily, or permanently 1178
restrains or enjoins the party from engaging in or continuing to 1179

engage in any conduct or practice involving fraud or deceit in 1180
connection with the purchase or sale of any security. 1181

(5) Division (Y)(4) of this section is inapplicable if any 1182
of the following applies: 1183

(a) The party subject to the disqualification is licensed 1184
or registered to conduct securities business in the state in 1185
which the order, judgment, or decree creating the 1186
disqualification was entered against the party described in 1187
division (Y)(4) of this section. 1188

(b) Before the first offer is made under this exemption, 1189
the state securities administrator, or the court or regulatory 1190
authority that entered the order, judgment, or decree, waives 1191
the disqualification. 1192

(c) The issuer did not know and, in the exercise of 1193
reasonable care based on reasonable investigation, could not 1194
have known that a disqualification from the exemption existed 1195
under division (Y)(4) of this section. 1196

(6) A general announcement of the proposed offering may be 1197
made by any means; however, the general announcement shall 1198
include only the following information, unless additional 1199
information is specifically permitted by the division by rule: 1200

(a) The name, address, and telephone number of the issuer 1201
of the securities; 1202

(b) The name, a brief description, and price of any 1203
security to be issued; 1204

(c) A brief description of the business of the issuer; 1205

(d) The type, number, and aggregate amount of securities 1206
being offered; 1207

(e) The name, address, and telephone number of the person 1208
to contact for additional information; and 1209

(f) A statement indicating all of the following: 1210

(i) Sales will only be made to accredited investors as 1211
defined in Rule 501 of Regulation D under the Securities Act of 1212
1933; 1213

(ii) No money or other consideration is being solicited or 1214
will be accepted by way of this general announcement; 1215

(iii) The securities have not been registered with or 1216
approved by any state securities administrator or the securities 1217
and exchange commission and are being offered and sold pursuant 1218
to an exemption from registration. 1219

(7) The issuer, in connection with an offer, may provide 1220
information in addition to the general announcement described in 1221
division (Y)(6) of this section, provided that either of the 1222
following applies: 1223

(a) The information is delivered through an electronic 1224
database that is restricted to persons that are accredited 1225
investors as defined in Rule 501 of Regulation D under the 1226
Securities Act of 1933. 1227

(b) The information is delivered after the issuer 1228
reasonably believes that the prospective purchaser is an 1229
accredited investor as defined in Rule 501 of Regulation D under 1230
the Securities Act of 1933. 1231

(8) No telephone solicitation shall be done, unless prior 1232
to placing the telephone call, the issuer reasonably believes 1233
that the prospective purchaser to be solicited is an accredited 1234
investor as defined in Rule 501 of Regulation D under the 1235

Securities Act of 1933. 1236

(9) Dissemination of the general announcement described in 1237
division (Y)(6) of this section to persons that are not 1238
accredited investors, as defined in Rule 501 of Regulation D 1239
under the Securities Act of 1933, does not disqualify the issuer 1240
from claiming an exemption under this division. 1241

(10) The issuer shall file with the division notice of the 1242
offering of securities within fifteen days after notice of the 1243
offering is made or a general announcement is made in this 1244
state. The filing shall be on forms adopted by the division and 1245
shall include a copy of the general announcement, if one is made 1246
regarding the proposed offering, and copies of any offering 1247
materials, circulars, or prospectuses. A filing fee of one 1248
hundred dollars also shall be included. 1249

(Z) The offer or sale of securities by an OhioInvests 1250
issuer under sections 1707.05 to 1707.058 of the Revised Code is 1251
exempt. 1252

Sec. 1707.04. (A) The division of securities may consider 1253
and conduct hearings upon any plan of reorganization, 1254
recapitalization, or refinancing of a corporation organized 1255
under the laws of this state, or having its principal place of 1256
business within this state, when such plan is proposed by such 1257
corporation or by any of its shareholders or creditors and 1258
contains a proposal to issue securities in exchange for one or 1259
more bona fide outstanding securities, claims, or property 1260
interests, or partly in such exchange or partly for cash. The 1261
division may also approve the terms of such issuance and 1262
exchange and the fairness of such terms, after a hearing upon 1263
such fairness at which all persons to whom it is proposed to 1264
issue securities in such exchange have the right to appear, if 1265

application for such a hearing is made by such corporation, by 1266
the holders of a majority in amount of its debts, or by the 1267
holders of a majority in amount of any outstanding class of 1268
securities issued by it. Notice in person or by mail of the time 1269
and place of such hearing shall be given to all persons to whom 1270
it is proposed to issue such securities, and evidence 1271
satisfactory to the division that such notice has been given 1272
shall be filed with the division. Securities issued in 1273
accordance with a plan so approved by the division are exempt 1274
from sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, 1275
relating to registration or qualification of securities or the 1276
registration of transactions therein. 1277

(B) "Reorganization," "recapitalization," and 1278
"refinancing," as used in this section, include the following: 1279

(1) A readjustment by modification of the terms of 1280
securities by agreement; 1281

(2) A readjustment by the exchange of securities by the 1282
issuer for others of its securities; 1283

(3) The exchange of securities by the issuer for 1284
securities of another issuer; 1285

(4) The acquisition of assets of a person, directly or 1286
indirectly, partly or wholly in consideration for securities 1287
distributed or to be distributed as part of the same 1288
transaction, directly or indirectly, to holders of securities 1289
issued by such person or secured by assets of such person; 1290

(5) A merger or consolidation. 1291

(C) Upon filing an application with the division under 1292
this section, the applicant shall pay to the division a filing 1293
fee of one hundred dollars and shall deposit with the division 1294

such sum, not in excess of one thousand dollars, as the division 1295
requires for the purpose of defraying the costs of the hearing 1296
provided for in this section and of any investigation which the 1297
division may make in connection herewith. 1298

Sec. 1707.042. (A) No person who makes or opposes a 1299
control bid to offerees in this state shall knowingly do any of 1300
the following: 1301

(1) Make any untrue statement of a material fact or omit 1302
to state a material fact necessary in order to make the 1303
statements made, in light of the circumstances under which they 1304
were made, not misleading; 1305

(2) Engage in any act, practice, or course of business 1306
which operates or would operate as a fraud or deceit upon any 1307
such offeree; 1308

(3) Engage in any manipulative act or practice. 1309

(B) Any person who makes or opposes a control bid to 1310
offerees in this state, or who realizes any profit which inures 1311
to and is recoverable by a corporation, formed in this state, 1312
pursuant to section 1707.043 of the Revised Code, is 1313
conclusively presumed to have designated the secretary of state 1314
as its agent for the service of process in any action or 1315
proceeding under this chapter. Upon receipt of any such process, 1316
together with an affidavit showing the last known address of the 1317
person who made or opposed the control bid or who realized such 1318
profit, the secretary of state shall forthwith give notice by 1319
telegraph of the fact of the service of process and forward a 1320
copy of such process to such address by certified mail, return 1321
receipt requested. This section does not affect any right to 1322
serve process in any other manner permitted by law. 1323

(C) Any person who makes or opposes a control bid is 1324
subject to the liabilities and penalties applicable to a seller, 1325
and an offeree is entitled to the remedies applicable to a 1326
purchaser, as set forth in sections 1707.41 to ~~1707.45~~1707.50 1327
of the Revised Code. 1328

(D) In case any provision or application of any provision 1329
of this section is for any reason held to be illegal or invalid, 1330
such illegality or invalidity shall not affect any legal and 1331
valid provision or application of this section. 1332

Sec. 1707.05. As used in sections 1707.05 to 1707.058 of 1333
the Revised Code: 1334

(A) "OhioInvests issuer" means an entity organized under 1335
the laws of this state, other than a general partnership, that 1336
meets all of the following requirements: 1337

(1) The entity satisfies the requirements of 17 C.F.R. 1338
230.147A. 1339

(2) The entity meets at least one of the following 1340
conditions: 1341

(a) The principal office of the entity is located in this 1342
state. 1343

(b) As of the last day of the most recent semiannual 1344
fiscal period of the entity, at least eighty per cent, as 1345
described under 17 C.F.R. 230.147A, of the entity's assets were 1346
located in this state. 1347

(c) (i) The entity derived at least eighty per cent, or 1348
other threshold permitted under 17 C.F.R. 230.147A, of the 1349
entity's gross revenues from the operation of a business in this 1350
state during the previous fiscal year, if the OhioInvests 1351

offering begins during the first six months of the entity's 1352
fiscal year, or during the twelve months ending on the last day 1353
of the sixth month of the entity's current fiscal year, if the 1354
OhioInvests offering begins following the last day. 1355

(ii) Division (A) (2) (c) (i) of this section does not apply 1356
to any entity whose gross revenue during the most recent period 1357
of twelve months did not exceed five thousand dollars. 1358

(3) As to itself or any other person, the entity does not 1359
attempt to limit any liability under, or avoid any prohibition 1360
in, this chapter. 1361

(4) The entity is not any of the following: 1362

(a) Engaged in the business of investing, reinvesting, 1363
owning, holding, or trading in securities, except that the 1364
entity may hold securities of one class in an entity that is not 1365
itself engaged in the business of investing, reinvesting, 1366
owning, holding, or trading in securities; 1367

(b) Subject to the reporting requirement of 15 U.S.C. 78m 1368
and 78o(d); 1369

(c) Issuing fractional undivided interests in oil or gas 1370
rights, or a similar interest in other mineral rights, or 1371
engaging primarily in petroleum, gas, or hydraulic fracturing 1372
exploration, production, mining, or other extractive industries; 1373

(d) Issuing life settlement interests; 1374

(e) Engaged as a substantial part of its business in the 1375
purchase, sale, or development of commercial paper, notes, or 1376
other indebtedness, financial instruments, securities, or real 1377
property; purchasing, selling, or holding for investment 1378
commercial paper, notes, or other indebtedness, financial 1379

instruments, securities, or real property; or otherwise making 1380
investments; 1381

(f) A commodity pool, equipment leasing program, or a real 1382
estate investment trust. 1383

(B) "OhioInvests offering" means an offer, or an offer and 1384
sale, of securities by an OhioInvests issuer that is exempt from 1385
registration under section 1707.051 of the Revised Code. 1386

(C) "OhioInvests portal" means a web site that is operated 1387
by a portal operator for the offer or sale of securities of an 1388
OhioInvests issuer and meets all of the following requirements: 1389

(1) When conducting an OhioInvests offering, it implements 1390
steps to limit web site access to residents of only this state 1391
in accordance with 17 C.F.R. 230.147A. 1392

(2) It does not allow an OhioInvests offering to be viewed 1393
by a prospective purchaser until both of the following occur: 1394

(a) The portal operator verifies, through its exercise of 1395
reasonable steps, such as using a third-party verification 1396
service or as otherwise approved by the division of securities, 1397
that the prospective purchaser is a resident of this state. 1398

(b) The prospective purchaser makes an affirmative 1399
acknowledgment, electronically through the portal, of the 1400
following: 1401

"I am an Ohio resident. 1402

The securities and investment opportunities listed on this 1403
web site involve high-risk, speculative business ventures. If I 1404
choose to invest in any securities or investment opportunity 1405
listed on this web site, I may lose all of my investment, and I 1406
can afford such a loss. 1407

The securities and investment opportunities listed on this 1408
web site have not been reviewed or approved by any state or 1409
federal securities commission or division or other regulatory 1410
authority, and no such person or authority has confirmed the 1411
accuracy or determined the adequacy of any disclosure made to 1412
prospective investors relating to any offering. 1413

If I choose to invest in any securities or investment 1414
opportunity listed on this web site, I understand that the 1415
securities I will acquire may be difficult to transfer or sell, 1416
that there is no ready market for the sale of such securities, 1417
that it may be difficult or impossible for me to sell or 1418
otherwise dispose of this investment at any price, and that, 1419
accordingly, I may be required to hold this investment 1420
indefinitely." 1421

(3) It does not contain the word "OhioInvests" in its 1422
internet address. 1423

(D) "Portal operator" means an entity, including an 1424
issuer, that is authorized to do business in this state, is 1425
licensed with the division of securities under section 1707.054 1426
of the Revised Code or is a licensed dealer, and satisfies any 1427
other conditions determined by the division. 1428

(E) "Executive management" includes executive officers, 1429
directors, governors, and managers. 1430

Sec. 1707.051. Subject to section 1707.058 of the Revised 1431
Code, the offer, sale, and issuance of securities is exempt from 1432
the requirements of sections 1707.08 to 1707.11 of the Revised 1433
Code if all of the following conditions are met: 1434

(A) The issuer is an OhioInvests issuer on the date that 1435
its securities are first offered for sale in the offering and 1436

continuously through the closing of the offering. 1437

(B) The offering meets the requirements of the federal 1438
exemption for intrastate offerings in 17 C.F.R. 230.147A. 1439

(C) The offering expires not more than twelve months after 1440
the offering commences. 1441

(D) In any twelve-month period, the issuer does not raise 1442
more than five million dollars, either in cash or other 1443
consideration, in connection with one or more OhioInvests 1444
offerings. 1445

(E) The issuer uses at least eighty per cent of the net 1446
proceeds of the offering in connection with the operation of its 1447
business in this state. 1448

(F) No single purchaser purchases more than ten thousand 1449
dollars in the aggregate in a twelve-month period of securities 1450
in connection with OhioInvests offerings unless the purchaser is 1451
an accredited investor, as defined in Rule 501 of Regulation D 1452
under the Securities Act of 1933. An accredited investor may 1453
purchase from all OhioInvests offerings in a twelve-month period 1454
up to ten thousand dollars or such greater amount that does not 1455
exceed ten per cent of the accredited investor's annual income 1456
or net worth, whichever is less. 1457

(G) The sale of the securities is conducted exclusively 1458
through an OhioInvests portal. 1459

(H) (1) Subject to division (H) (2) of this section, an 1460
investor may cancel the investment commitment for any reason for 1461
a period of time specified in the issuer's offering materials, 1462
which period shall be at least five business days after the date 1463
of commitment. 1464

(2) During the forty-eight hours prior to the deadline identified in the issuer's offering materials, an investment commitment may not be canceled. 1465
1466
1467

(I) The issuer requires the portal operator to do all of the following: 1468
1469

(1) Provide or make available to each prospective purchaser through the OhioInvests portal the following, as applicable: 1470
1471
1472

(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; 1473
1474
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(b) For offerings beginning more than ninety days after the issuer's most recent fiscal year end or if the issuer was not in existence the previous calendar year, a copy of the issuer's balance sheet as of a date not more than ninety days before the commencement of the offering for the issuer's most recently completed fiscal year, or such shorter portion the issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet. 1476
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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; 1485
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1488

(3) Obtain from each prospective purchaser through the OhioInvests portal the certification described in section 1707.053 of the Revised Code, in either written or electronic form. 1489
1490
1491
1492

(J) All of the following apply: 1493

(1) All payments for the purchase of securities are held 1494
in escrow until the aggregate capital deposited into escrow from 1495
all purchasers is equal to or greater than the stated minimum 1496
offering amount. 1497

(2) The escrow agent used is a bank, trust company, 1498
savings bank, savings association, or credit union authorized to 1499
do business in this state. 1500

(3) Prior to the execution of the escrow agreement between 1501
the issuer and the escrow agent, the escrow agent conducts a 1502
search of the issuer and its executive management, as provided 1503
to the escrow agent by the portal operator, against the 1504
specially designated nationals list maintained by the office of 1505
foreign assets control of the United States department of the 1506
treasury. 1507

(4) The escrow agent is only responsible to act at the 1508
direction of the party establishing the escrow account and does 1509
not have a duty or liability, contractual or otherwise, to an 1510
investor or other person except as set forth in the applicable 1511
escrow agreement or other contract. 1512

(5) If the minimum offering amount is not raised by the 1513
expiration date stipulated in the disclosure document provided 1514
to the purchasers, all purchasers will receive a return of all 1515
their subscription funds. 1516

(K) Not less than ten days before the beginning of an 1517
offering of securities in reliance on the exemption provided 1518
under this section, the issuer provides all of the following to 1519
the division of securities: 1520

(1) A notice of claim of exemption from registration, 1521
specifying that the issuer will be conducting an offering in 1522

<u>reliance on the exemption provided under this section;</u>	1523
<u>(2) A copy of the disclosure document described in section 1707.052 of the Revised Code that will be provided to prospective purchasers in connection with the offering;</u>	1524 1525 1526
<u>(3) A filing fee of fifty dollars.</u>	1527
<u>(4) Any other information that the division requires from the issuer or portal for the protection of investors and to enable the division to determine that the sale of securities is entitled to an exemption.</u>	1528 1529 1530 1531
<u>(L) The issuer and the portal operator engage in solicitation and advertising of the OhioInvests offering only if all of the following apply:</u>	1532 1533 1534
<u>(1) The advertisement contains disclaiming language that clearly states all of the following:</u>	1535 1536
<u>(a) The advertisement is not the offer and is for informational purposes only;</u>	1537 1538
<u>(b) The offering is being made in reliance on the exemption provided under this section;</u>	1539 1540
<u>(c) The offering is directed only to residents of this state;</u>	1541 1542
<u>(d) All offers and sales are made through an OhioInvests portal.</u>	1543 1544
<u>(2) In addition to the items listed in division (L)(1) of this section, the advertisement contains not more than the following:</u>	1545 1546 1547
<u>(a) The name and contact information of the issuer;</u>	1548
<u>(b) A brief description of the general type of business</u>	1549

<u>conducted by the issuer;</u>	1550
<u>(c) The minimum offering amount the issuer is attempting to raise through its offering;</u>	1551
<u>(d) A description of how the issuer will use the funds raised through the offering;</u>	1552
<u>(e) The duration that the offering will remain open;</u>	1553
<u>(f) The issuer's logo;</u>	1554
<u>(g) The OhioInvests portal through which the offering is being made.</u>	1555
<u>(3) The advertisement complies with all applicable state and federal laws.</u>	1556
<u>(M) Meets such other requirements as the division may, by rule, prescribe for the protection of investors and in the public interest.</u>	1557
<u>Sec. 1707.052. The disclosure document provided to each prospective purchaser through an OhioInvests portal shall contain all of the following:</u>	1558
<u>(A) The following information regarding the OhioInvests issuer:</u>	1559
<u>(1) The type of entity it is;</u>	1560
<u>(2) The address and telephone number of its principal office;</u>	1561
<u>(3) Its formation history for the previous five years;</u>	1562
<u>(4) The identity of all persons owning more than ten per cent of any class of equity interest in the issuer;</u>	1563
<u>(5) The identity of its members, executive management, and</u>	1564

any other persons occupying a similar status or performing 1576
similar functions in the name of and on behalf of the issuer, 1577
including their titles and their relevant experience; 1578

(6) The material facts of its business plan and capital 1579
structure; 1580

(7) Any material risks to the issuer and its business 1581
plan; 1582

(8) Its intended use of the offering proceeds, including 1583
any amounts to be paid, as compensation or otherwise, to an 1584
owner, member, person in executive management, or other person 1585
occupying a similar status or performing similar functions on 1586
behalf of the issuer. 1587

(B) The following information regarding the securities 1588
being offered: 1589

(1) The terms and conditions of the securities and a 1590
description of any outstanding securities of the issuer; 1591

(2) The minimum and maximum amount of securities being 1592
offered; 1593

(3) Either of the following: 1594

(a) The percentage economic ownership of the issuer 1595
represented by the offered securities, assuming the minimum and, 1596
if applicable, maximum number of securities being offered is 1597
sold; 1598

(b) The valuation of the issuer implied by the price of 1599
the offered securities. 1600

(4) The price per share, unit, or interest of the 1601
securities; 1602

- (5) Any restrictions on transfer of the securities; 1603
- (6) A statement that any future issuance of securities 1604
might dilute the value of the securities being offered; 1605
- (7) The date on which the offering will expire. 1606
- (C) The identity of and consideration payable to a person 1607
who has been or will be retained by the issuer to assist the 1608
issuer in conducting the offering and sale of the securities, 1609
including a portal operator. This requirement does not apply to 1610
persons acting primarily as accountants or attorneys and 1611
employees whose primary job responsibilities involve operating 1612
the business of the issuer rather than assisting the issuer in 1613
raising capital. 1614
- (D) A description of any pending material litigation, 1615
legal proceedings, or regulatory action involving the issuer or 1616
any members, persons in executive management, or other persons 1617
occupying a similar status or performing similar functions in 1618
the name of and on behalf of the issuer; 1619
- (E) A copy of the escrow agreement between the escrow 1620
agent, the issuer, and, if applicable, the portal operator; 1621
- (F) A statement that the securities have not been 1622
registered under federal or state securities law and that the 1623
securities are subject to limitations on resale; 1624
- (G) A statement, printed in boldface type of the minimum 1625
size of ten points, as follows: "IN MAKING AN INVESTMENT 1626
DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE 1627
ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND 1628
RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY 1629
ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER 1630
REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES 1631

HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF 1632
THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL 1633
OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON 1634
TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD 1635
EXCEPT AS PERMITTED BY 17 C.F.R. 230.147A(e) AND THE APPLICABLE 1636
STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION 1637
THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED 1638
TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE 1639
PERIOD OF TIME." 1640

(H) All material information necessary in order to make 1641
the statements made, in light of the circumstances under which 1642
they were made, not misleading and such other information as the 1643
division may require. 1644

Sec. 1707.053. The certification obtained by the portal 1645
operator from each prospective purchaser through an OhioInvests 1646
portal shall, at a minimum, state the following: 1647

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1648

If I make an investment in an offering through this 1649
OhioInvests portal, it is very likely that I am investing in a 1650
high-risk, speculative business venture that could result in the 1651
complete loss of my investment, and I need to be able to afford 1652
such a loss. 1653

This offering has not been reviewed or approved by any 1654
state or federal securities commission or division or other 1655
regulatory authority and that no such person or authority has 1656
confirmed the accuracy or determined the adequacy of any 1657
disclosure made to me relating to this offering. 1658

If I make an investment in an offering through this 1659
OhioInvests portal, it is very likely that the investment will 1660

be difficult to transfer or sell and, accordingly, I may be 1661
required to hold the investment indefinitely. 1662

By entering into this transaction with the company, I am 1663
affirmatively representing myself as being an Ohio resident at 1664
the time that this contract is formed, and if this 1665
representation is subsequently shown to be false, the contract 1666
is void." 1667

Sec. 1707.054. (A) No person other than a dealer licensed 1668
under this chapter shall offer or sell securities pursuant to an 1669
OhioInvests offering or otherwise act as a portal operator 1670
unless the person is licensed as a portal operator by the 1671
division of securities or is transacting business through a 1672
portal operator licensed by the division. Application for a 1673
portal operator's license shall be made in accordance with this 1674
section and by filing with the division of securities the 1675
information, materials, and forms specified in rules adopted by 1676
the division, along with all of the following: 1677

(1) An application in the form prescribed by the division 1678
and all applicable schedules and supplemental information; 1679

(2) A copy of the articles of incorporation or other 1680
documents that indicate the entity's form of organization; 1681

(3) The filing fee as prescribed in section 1707.17 of the 1682
Revised Code. 1683

(B) If the division approves the entity as a portal 1684
operator, the division shall issue a license certificate to the 1685
entity. 1686

Sec. 1707.055. No portal operator that is not also a 1687
licensed dealer shall do any of the following: 1688

(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. 1689
1690
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(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. 1696
1697
1698
1699

(C) Charge a fee to the issuer for an offering of securities on an OhioInvests portal unless the fee is one of the following: 1700
1701
1702

(1) A fixed amount for each offering; 1703

(2) A variable amount based on the length of time that the securities are offered on the portal; 1704
1705

(3) A combination of such fixed or variable amounts. 1706

(D) Hold, manage, possess, or otherwise handle purchaser funds or securities, unless the portal operator is the issuer. 1707
1708

(E) No portal operator shall allow its officers, directors, or partners, or any person occupying similar status or performing similar function, to have a financial interest in an OhioInvests issuer using the services of the portal operator, or receive a financial interest in the OhioInvests issuer as compensation for services provided to, or for the benefit of, the OhioInvests issuer, in connection with the offer and sale of its securities. 1709
1710
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Sec. 1707.056. (A) Each portal operator shall do all of
the following: 1717
1718

(1) Provide the division of securities with read-only
access to the administrative sections of its OhioInvests portal; 1719
1720

(2) Upon the written request of the division, furnish to
the division any of the records required to be maintained and
preserved under section 1707.057 of the Revised Code. 1721
1722
1723

(3) Take reasonable efforts to verify that no purchaser
exceeds the purchase limitations set forth in division (F) of
section 1707.051 of the Revised Code. 1724
1725
1726

(B) (1) A portal operator shall not disclose, except to the
division of securities, personal information without the written
or electronic consent of the prospective purchaser or purchaser.
For purposes of division (B) of this section, "personal
information" means information provided to a portal operator by
a prospective purchaser or purchaser that identifies, or can be
used to identify, the prospective purchaser or purchaser. 1727
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(2) Division (B) (1) of this section does not apply with
respect to records required to be furnished to the division
under division (A) (2) of this section, the disclosure of
personal information to an OhioInvests issuer relating to its
OhioInvests offering, or the disclosure of personal information
to the extent required or authorized under other law. 1734
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Sec. 1707.057. (A) Each portal operator shall maintain and
preserve, for a period of at least five years from either the
date of the closing or date of the termination of the securities
offering, all of the following: 1740
1741
1742
1743

(1) The name of each issuer whose securities have been
listed on its OhioInvests portal and the full name, residential 1744
1745

address, social security number, date of birth, and copy of a 1746
state-issued identification of all owners with greater than ten 1747
per cent voting equity in the issuer; 1748

(2) Copies of all offering materials that have been 1749
displayed on its OhioInvests portal; 1750

(3) The names and other personal information of each 1751
purchaser who has registered at its OhioInvests portal; 1752

(4) Any agreements and contracts between the portal 1753
operator and an issuer; 1754

(5) Any information used to establish that a prospective 1755
purchaser or purchaser of securities through its OhioInvests 1756
portal is a resident of this state and that an issuer whose 1757
securities are listed on the portal has its principal office in 1758
this state; 1759

(6) Any other records the division requires by rule to be 1760
maintained and preserved. 1761

(B)(1) The records described in division (A) of this 1762
section shall be maintained and preserved in a manner, including 1763
by any electronic storage media, that does all of the following: 1764

(a) Permits the immediate location of any particular 1765
document; 1766

(b) Retains the documents exclusively in a nonrewriteable, 1767
nonerasable format; 1768

(c) Verifies automatically the quality and accuracy of the 1769
storage recording process; 1770

(d) Serializes the originals; 1771

(e) Allows indexes and records preserved to be downloaded 1772

to an acceptable medium. 1773

(2) If the records retention system commingles records 1774
required to be retained under this section with other records, 1775
the division of securities may review all of the commingled 1776
records. 1777

(C) Notwithstanding divisions (A) and (B) of this section, 1778
the failure of a portal operator that is not the issuer to 1779
comply with those divisions does not affect the OhioInvests 1780
issuers' exemption from registration under section 1707.051 of 1781
the Revised Code. 1782

Sec. 1707.058. (A) As used in this section, "affiliated 1783
party" means any of the following: 1784

(1) Any predecessor to the issuer; 1785

(2) Any affiliated issuer; 1786

(3) Any director, executive officer, other officer 1787
participating in the offering, general partner, or managing 1788
member of the issuer; 1789

(4) Any beneficial owner of twenty per cent or more of the 1790
issuer's outstanding voting equity securities, calculated on the 1791
basis of voting power; 1792

(5) Any promoter connected with the issuer in any capacity 1793
at the time of the sale; 1794

(6) Any investment manager of an issuer that is a pooled 1795
investment fund; 1796

(7) Any general partner or managing member of any 1797
investment manager participating in the offering; 1798

(8) Any director, executive officer, or other officer 1799

participating in the offering of any investment manager or 1800
general partner or managing member of the investment manager 1801
participating in the offering. 1802

(B) The exemption from registration provided under section 1803
1707.051 of the Revised Code is not available with respect to an 1804
offer, sale, and issuance of securities if the issuer of the 1805
securities or any affiliated party: 1806

(1) Has been convicted, within ten years before the 1807
offering of any felony or misdemeanor: 1808

(a) In connection with the purchase or sale of any 1809
security; 1810

(b) Involving the making of any false filing with the 1811
securities and exchange commission or a state securities 1812
commissioner; or 1813

(c) Arising out of the conduct of the business of an 1814
underwriter, broker, dealer, municipal securities dealer, 1815
investment adviser, or paid solicitor of purchasers of 1816
securities. 1817

(2) Is subject to any order, judgment, or decree of any 1818
court of competent jurisdiction, entered within five years 1819
before the sale, that, at the time of the sale, restrains or 1820
enjoins the person from engaging or continuing to engage in any 1821
conduct or practice: 1822

(a) In connection with the purchase or sale of any 1823
security; 1824

(b) Involving the making of any false filing with the 1825
securities and exchange commission or a state securities 1826
commissioner; or 1827

(c) Arising out of the conduct of the business of an 1828
underwriter, broker, dealer, municipal securities dealer, 1829
investment adviser, or paid solicitor of purchasers of 1830
securities. 1831

(3) Is subject to a final order of the securities and 1832
exchange commission; a state securities commission or an agency 1833
or officer of a state performing like functions; a state 1834
authority that supervises or examines banks, savings 1835
associations, or credit unions; a state insurance commission or 1836
an agency or officer of a state performing like functions; an 1837
appropriate federal banking agency; the United States commodity 1838
futures trading commission; or the national credit union 1839
administration that: 1840

(a) At the time of the offering, bars the person from 1841
associating with an entity regulated by the commission, 1842
authority, agency, or officer; engaging in the business of 1843
securities, insurance, or banking; or engaging in savings 1844
association or credit union activities; or 1845

(b) Constitutes a final order based on a violation of any 1846
law or regulation that prohibits fraudulent, manipulative, or 1847
deceptive conduct entered within ten years before the offering. 1848

(4) Is subject to an order of the securities and exchange 1849
commission entered pursuant to 15 U.S.C. 78o(b), 78o-4(c), 80b- 1850
3(e), or 80b-3(f), or an order of a state securities commission 1851
or an agency or officer of a state performing like functions, 1852
that, at the time of the offering, does any of the following: 1853

(a) Suspends or revokes the person's license or 1854
registration as a broker, dealer, municipal securities dealer, 1855
or investment adviser; 1856

(b) Places limitations on the activities, functions, or operations of the person; 1857
1858

(c) Bars the person from being associated with any entity or from participating in the offering of any penny stock. 1859
1860

(5) Is subject to any order of the securities exchange commission, or an order of a state securities commission or an agency or officer of a state performing like functions, entered within ten years before the sale, that, at the time of the sale, orders the person to cease and desist from committing or causing a violation or future violation of any of the following: 1861
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1864
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1866

(a) Any scienter-based antifraud provision of the federal securities laws, including, but not limited to, 15 U.S.C. 77q(a)(1), 78j(b), 78o(c)(1), and 80b-6(1), and 17 C.F.R. 240.10b-5 or any other regulation adopted thereunder; 1867
1868
1869
1870

(b) 15 U.S.C. 77e, division (C)(1) of section 1707.44 of the Revised Code, or any state securities law that requires the registration of securities; 1871
1872
1873

(c) Any state securities law requiring state registration as a broker dealer, investment adviser, agent, salesperson, investment adviser, or OhioInvests portal; 1874
1875
1876

(d) Any state securities law involving fraudulent, manipulative, or deceptive conduct. 1877
1878

(6) Is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade; 1879
1880
1881
1882
1883
1884

(7) Has filed as a registrant or issuer, or was or was 1885
named as an underwriter in, any registration statement or 1886
Regulation A offering statement filed with the securities and 1887
exchange commission or a state securities commissioner that, 1888
within five years before the sale, was the subject of a refusal 1889
order, stop order, or order suspending the Regulation A 1890
exemption; 1891

(8) Is, at the time of the sale, the subject of an 1892
investigation or proceeding to determine whether a stop order or 1893
a suspension order of the type described in division (B) (7) of 1894
this section should be issued; 1895

(9) Is subject to a United States postal service false 1896
representation order entered within five years before the 1897
offering; 1898

(10) Is, at the time of the offering, subject to a 1899
temporary restraining order or preliminary injunction with 1900
respect to conduct alleged by the United States postal service 1901
to constitute a scheme or device for obtaining money or property 1902
through the mail by means of false representations. 1903

(C) Division (B) of this section does not apply: 1904

(1) With respect to any conviction, order, judgment, 1905
decree, suspension, expulsion, or bar that occurred or was 1906
issued before the effective date of this section; 1907

(2) Upon a showing of good cause and without prejudice to 1908
any other action by the securities and exchange commission or a 1909
state securities commissioner, if the division determines that 1910
it is not necessary under the circumstance that an exemption be 1911
denied; 1912

(3) If, before the relevant offering, the court of 1913

regulatory authority that entered the relevant order, judgment, 1914
or decree advises in writing that the disqualification under 1915
division (B) of this section should not arise as a consequence 1916
of the order, judgment, or decree, whether the advice is 1917
contained in the relevant judgment, order, or decree or 1918
separately to the securities and exchange commission or a state 1919
securities commissioner or their staff; or 1920

(4) If the issuer establishes to the division that it did 1921
not know and, in the exercise of reasonable care, could not have 1922
known that a disqualification existed under division (B) of this 1923
section. 1924

(D) For purposes of division (B) of this section, events 1925
relating to any affiliated issuer that occurred before the 1926
affiliation arose will not be considered disqualifying if the 1927
affiliated entity is not either of the following: 1928

(1) In control of the issuer; 1929

(2) Under common control with the issuer by a third party 1930
that was in control of the affiliated entity at the time of the 1931
events. 1932

Sec. 1707.10. Any securities required by sections 1707.01 1933
to ~~1707.45~~1707.50, inclusive, of the Revised Code, to be 1934
registered by qualification before being sold in this state may 1935
be offered for sale and sold preliminary to and pending their 1936
full qualification, where the division of securities is 1937
satisfied that the issuer is solvent and of good business repute 1938
and that such preliminary offering will not deceive or tend to 1939
deceive the public; but no such preliminary offering shall be 1940
made until the division consents thereto in writing, and such 1941
consent shall be on condition that within thirty days from the 1942

date thereof, or within such further time as the division 1943
allows, there is filed in the office of the division application 1944
under such sections for the full qualification of said 1945
securities, or for a registration of such securities by 1946
description if, within such time, such securities become 1947
entitled to registration by description; and the entire proceeds 1948
of the sale of such securities, without deduction for 1949
commissions or other charges, shall be segregated or deposited 1950
in escrow in such manner and for such time as the division 1951
directs. 1952

No applicant which is an issuer not a resident of this 1953
state shall be entitled to the benefit of this section unless 1954
there shall also be on file with the division a consent to 1955
service as provided in section 1707.11 of the Revised Code. 1956

At the time of filing the statement prescribed in this 1957
section, the applicant shall pay to the division the filing fee 1958
prescribed by section 1707.09 of the Revised Code; and upon 1959
receipt of notice of the division's favorable action on the 1960
application, the applicant shall pay to the division the 1961
registration fee prescribed by such section for the 1962
qualification of securities. 1963

If the dealer is unable to complete such qualification or 1964
such registration by description, or if the division, acting 1965
upon more complete information furnished or obtained from its 1966
examination, does not finally register such security by 1967
description or qualification, the issuer or dealer who has sold 1968
it or offered it for sale shall withdraw the security from the 1969
market and return or tender to purchasers of the security, 1970
within such time as the division specifies, the amounts paid for 1971
it by them. 1972

Sec. 1707.13. The division of securities may suspend the 1973
registration by description or by qualification of any 1974
securities, or the right of any dealers or of the issuer, or of 1975
both, to buy, sell, or deal in any particular security whether 1976
it is registered, qualified, or exempt or even though 1977
transactions in it are registered or exempt, if the division 1978
finds that the issuer has violated sections 1707.01 to 1979
~~1707.45~~1707.50, inclusive, of the Revised Code, or any lawful 1980
order or requirement of the division, has fraudulently conducted 1981
its business, or has been engaged in or is engaged or about to 1982
engage in deceptive or fraudulent acts, practices, or 1983
transactions; that such security is being disposed of or 1984
purchased on grossly unfair terms, in such manner as to deceive 1985
or defraud or as to tend to deceive or defraud purchasers or 1986
sellers, or in disregard of the lawful rules and regulations of 1987
the division applicable to such security or to transactions 1988
therein; or, in the case of securities being sold under a 1989
registration or qualification, that the issuer is insolvent. 1990
Notice of such suspension shall be mailed by the division to the 1991
issuer and to all licensed dealers concerned. Such notice shall 1992
specify the particular security whose registration is being 1993
suspended and shall set a date, not more than ten days later 1994
than the date of the order of suspension, for a hearing on the 1995
continuation or revocation of such suspension. For good cause 1996
the division may continue such hearing on application of any 1997
interested party. In conducting such hearing the division shall 1998
have all the authority and powers set forth in section 1707.23 1999
of the Revised Code. Following such hearing the division shall 2000
either confirm or revoke such suspension. No such suspension 2001
shall invalidate any sale of securities made prior thereto; and 2002
the rights of persons defrauded by any sale shall in no wise be 2003
impaired. 2004

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

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

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

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

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

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

investment adviser by the division may act as an investment 2034
adviser representative for another investment adviser if the 2035
natural person also is licensed by the division, or is properly 2036
excepted from licensure, as an investment adviser representative 2037
of the other investment adviser. 2038

(3) The person is employed by or associated with an 2039
investment adviser registered under section 203 of the 2040
"Investment Advisers Act of 1940," 15 U.S.C. 80b-3, and does not 2041
have a place of business in this state. 2042

(4) The person is employed by or associated with an 2043
investment adviser that is excepted from licensure pursuant to 2044
division (A) (3), (4), (5), or (6) of section 1707.141 of the 2045
Revised Code or excepted from notice filing pursuant to division 2046
(B) (3) of section 1707.141 of the Revised Code. 2047

(B) (1) No investment adviser representative required to be 2048
licensed under this section shall act as an investment adviser 2049
representative for more than two investment advisers. An 2050
investment adviser representative that acts as an investment 2051
adviser representative for two investment advisers shall do so 2052
only after the occurrence of both of the following: 2053

(a) Being properly licensed, or properly excepted from 2054
licensure under this section, as an investment adviser 2055
representative for both investment advisers; 2056

(b) Complying with the requirements set forth in rules 2057
adopted by the division regarding consent of both investment 2058
advisers and notice. 2059

(2) Nothing in this section shall be construed to prohibit 2060
a natural person from being licensed by the division as both an 2061
investment adviser and an investment adviser representative. 2062

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

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

(C) An investment adviser representative's license issued 2069
under this section shall not be effective during any period when 2070
the investment adviser representative is not employed by or 2071
associated with an investment adviser that is licensed by the 2072
division or that is in compliance with the notice filing 2073
requirements of division (B) of section 1707.141 of the Revised 2074
Code. Notice of the commencement and termination of the 2075
employment or association of an investment adviser 2076
representative licensed under this section shall be given to the 2077
division within thirty days after the commencement or 2078
termination by either of the following: 2079

(1) The investment adviser, in the case of an investment 2080
adviser representative licensed under this section and employed 2081
by or associated with, or formerly employed by or associated 2082
with, an investment adviser licensed under section 1707.141 of 2083
the Revised Code; 2084

(2) The investment adviser representative, in the case of 2085
an investment adviser representative licensed under this section 2086
and employed by or associated with, or formerly employed by or 2087
associated with, an investment adviser that is subject to the 2088
notice filings requirements of division (B) of section 1707.141 2089
of the Revised Code. 2090

(D) (1) Application for an investment adviser 2091

representative license shall be made in accordance with this 2092
section and by filing with the division the information, 2093
materials, and forms specified in rules adopted by the division. 2094

(2) The division shall by rule require an applicant to 2095
pass an examination designated by the division or achieve a 2096
specified professional designation. 2097

(3) Prior to issuing the investment adviser representative 2098
license, the division may require the applicant to reimburse the 2099
division for the actual expenses incurred in investigating the 2100
applicant. An itemized statement of any such expenses that the 2101
applicant is required to pay shall be furnished to the applicant 2102
by the division. 2103

(E) If the division finds that the applicant is of good 2104
business repute, appears to be qualified to act as an investment 2105
adviser representative, and has complied with sections 1707.01 2106
to ~~1707.45~~ 1707.50 of the Revised Code and the rules adopted 2107
under those sections by the division, the division, upon payment 2108
of the fees prescribed by division (B) of section 1707.17 of the 2109
Revised Code, shall issue to the applicant a license authorizing 2110
the applicant to act as an investment adviser representative for 2111
the investment adviser, or investment advisers that are under 2112
common ownership or control, named in the application. 2113

Sec. 1707.17. (A) (1) The license of every dealer in and 2114
salesperson of securities shall expire on the thirty-first day 2115
of December of each year, and may be renewed upon the filing 2116
with the division of securities of an application for renewal, 2117
and the payment of the fee prescribed in this section. The 2118
division shall give notice, without unreasonable delay, of its 2119
action on any application for renewal of a dealer's or 2120
salesperson's license. 2121

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

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

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

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

(B) (1) The fee for each dealer's license, and for each annual renewal thereof, shall be two hundred dollars. 2152
2153

(2) The fee for each salesperson's license, and for each annual renewal thereof, shall be sixty dollars. 2154
2155

(3) The fee for each investment adviser's license, and for each annual renewal thereof, shall be one hundred dollars. 2156
2157

(4) The fee for each investment adviser notice filing required by division (B) of section 1707.141 of the Revised Code shall be one hundred dollars. 2158
2159
2160

(5) The fee for each investment adviser representative's license, and for each annual renewal thereof, shall be thirty-five dollars. 2161
2162
2163

(6) The fee for each state retirement system investment officer's license, and for each annual renewal thereof, shall be fifty dollars. 2164
2165
2166

(7) The fee for a bureau of workers' compensation chief investment officer's license, and for each annual renewal thereof, shall be fifty dollars. 2167
2168
2169

(8) The fee for a portal operator license, and for each annual renewal thereof, shall be one hundred dollars. 2170
2171

(C) A dealer's, salesperson's, investment adviser's, investment adviser representative's, bureau of workers' compensation chief investment officer's, ~~or~~ state retirement system investment officer's, or portal operator's license may be issued at any time for the remainder of the calendar year. In that event, the annual fee shall not be reduced. 2172
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(D) The division may, by rule or order, waive, in whole or in part, any of the fee requirements of this section for any 2178
2179

person or class of persons if, in the same calendar year, the 2180
person or class of persons is required to pay an additional fee 2181
as a result of changes in federal law and regulations 2182
implemented under Title IV of the "Dodd-Frank Wall Street Reform 2183
and Consumer Protection Act of 2010," 124 Stat. 1576 (2010), 15 2184
U.S.C. 80b-3a(a), under which a person or class of persons 2185
formerly subject to regulation under the United States 2186
securities and exchange commission is subject to state 2187
regulation under Chapter 1707. of the Revised Code. 2188

Sec. 1707.19. (A) An original license, or a renewal 2189
thereof, applied for by a dealer or salesperson of securities, 2190
or by an investment adviser, investment adviser representative, 2191
bureau of workers' compensation chief investment officer, ~~or~~ 2192
state retirement system investment officer, or portal operator 2193
as defined in section 1707.05 of the Revised Code may be 2194
refused, and any such license granted may be suspended and, 2195
after notice and hearing in accordance with Chapter 119. of the 2196
Revised Code, may be revoked, by the division of securities, if 2197
the division determines that the applicant or the licensed 2198
dealer, salesperson, investment adviser, investment adviser 2199
representative, bureau of workers' compensation chief investment 2200
officer, or state retirement system investment officer: 2201

(1) Is not of good business repute; 2202

(2) Is conducting an illegitimate or fraudulent business; 2203

(3) Is, in the case of a dealer~~or~~, investment adviser, 2204
or portal operator, insolvent; 2205

(4) Has knowingly violated any provision of sections 2206
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or any 2207
regulation or order made thereunder; 2208

- (5) Has knowingly made a false statement of a material 2209
fact or an omission of a material fact in an application for a 2210
license, in a description or application that has been filed, or 2211
in any statement made to the division under such sections; 2212
- (6) Has refused to comply with any lawful order or 2213
requirement of the division under section 1707.23 of the Revised 2214
Code; 2215
- (7) Has been guilty of any fraudulent act in connection 2216
with the sale of any securities or in connection with acting as 2217
an investment adviser, investment adviser representative, bureau 2218
of workers' compensation chief investment officer, ~~or~~-state 2219
retirement system investment officer, or portal operator; 2220
- (8) Conducts business in purchasing or selling securities 2221
at such variations from the existing market as in the light of 2222
all the circumstances are unconscionable; 2223
- (9) Conducts business in violation of such rules and 2224
regulations as the division prescribes for the protection of 2225
investors, clients, or prospective clients; 2226
- (10) (a) Has failed to furnish to the division any 2227
information with respect to the purchases or sales of securities 2228
within this state that may be reasonably requested by the 2229
division as pertinent to the protection of investors in this 2230
state. 2231
- (b) Has failed to furnish to the division any information 2232
with respect to acting as an investment adviser, investment 2233
adviser representative, bureau of workers' compensation chief 2234
investment officer, ~~or~~-state retirement system investment 2235
officer, or portal operator within this state that may be 2236
reasonably requested by the division. 2237

(B) For the protection of investors the division may 2238
prescribe reasonable rules defining fraudulent, evasive, 2239
deceptive, or grossly unfair practices or devices in the 2240
purchase or sale of securities. 2241

(C) For the protection of investors, clients, or 2242
prospective clients, the division may prescribe reasonable rules 2243
regarding the acts and practices of an investment adviser or an 2244
investment adviser representative. 2245

(D) For the protection of investors, the division may 2246
prescribe reasonable rules regarding the acts and practices of a 2247
portal operator. 2248

(E) Pending any investigation or hearing provided for in 2249
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, the 2250
division may order the suspension of any dealer's, 2251
salesperson's, investment adviser's, investment adviser 2252
representative's, bureau of workers' compensation chief 2253
investment officer's, ~~or~~ state retirement system investment 2254
officer's, or portal operator's license by notifying the party 2255
concerned of such suspension and the cause for it. If it is a 2256
salesperson whose license is suspended, the division shall also 2257
notify the dealer employing the salesperson. If it is an 2258
investment adviser representative whose license is suspended, 2259
the division also shall notify the investment adviser with whom 2260
the investment adviser representative is employed or associated. 2261
If it is a state retirement system investment officer whose 2262
license is suspended, the division shall also notify the state 2263
retirement system with whom the state retirement system 2264
investment officer is employed. If it is a bureau of workers' 2265
compensation chief investment officer whose license is 2266
suspended, the division shall also notify the bureau of workers' 2267

compensation. 2268

~~(E)~~ (F) (1) The suspension or revocation of the dealer's 2269
license suspends the licenses of all the dealer's salespersons. 2270

(2) The suspension or revocation of the investment 2271
adviser's license suspends the licenses of all the investment 2272
adviser's investment adviser representatives. The suspension or 2273
revocation of an investment adviser's registration under section 2274
203 of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3, 2275
suspends the licenses of all the investment adviser's investment 2276
adviser representatives. 2277

~~(F)~~ (G) It is sufficient cause for refusal, revocation, or 2278
suspension of the license in case of a partnership, partnership 2279
association, corporation, or unincorporated association if any 2280
general partner of the partnership, manager of the partnership 2281
association, or executive officer of the corporation or 2282
unincorporated association is not of good business repute or has 2283
been guilty of any act or omission which would be cause for 2284
refusing or revoking the license of an individual dealer, 2285
salesperson, investment adviser, ~~or~~ investment adviser 2286
representative, or portal operator. 2287

Sec. 1707.20. (A) (1) The division of securities may adopt, 2288
amend, and rescind such rules, forms, and orders as are 2289
necessary to carry out sections 1707.01 to ~~1707.45~~ 1707.50 of 2290
the Revised Code, including rules and forms governing 2291
registration statements, applications, and reports, and defining 2292
any terms, whether or not used in sections 1707.01 to ~~1707.45~~ 2293
1707.50 of the Revised Code, insofar as the definitions are not 2294
inconsistent with these sections. For the purpose of rules and 2295
forms, the division may classify securities, persons, and 2296
matters within its jurisdiction, and prescribe different 2297

requirements for different classes. 2298

(2) Notwithstanding sections 121.71 to 121.75 of the 2299
Revised Code, the division may incorporate by reference into its 2300
rules any statute enacted by the United States congress or any 2301
rule, regulation, or form promulgated by the securities and 2302
exchange commission, or by another federal agency, in a manner 2303
that also incorporates all future amendments to the statute, 2304
rule, regulation, or form. 2305

(B) No rule, form, or order may be made, amended, or 2306
rescinded unless the division finds that the action is necessary 2307
or appropriate in the public interest or for the protection of 2308
investors, clients, prospective clients, state retirement 2309
systems, or the workers' compensation system and consistent with 2310
the purposes fairly intended by the policy and provisions of 2311
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code. In 2312
prescribing rules and forms and in otherwise administering 2313
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, the 2314
division may cooperate with the securities administrators of the 2315
other states and the securities and exchange commission with a 2316
view of effectuating the policy of this section to achieve 2317
maximum uniformity in the form and content of registration 2318
statements, applications, reports, and overall securities 2319
regulation wherever practicable. 2320

(C) The division may by rule or order prescribe: 2321

(1) The form and content of financial statements required 2322
under sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code; 2323

(2) The circumstances under which consolidated financial 2324
statements will be filed; 2325

(3) Whether any required financial statements shall be 2326

certified by independent or certified public accountants. All 2327
financial statements shall be prepared in accordance with 2328
generally accepted accounting practices. 2329

(D) All rules and forms of the division shall be 2330
published; and in addition to fulfilling the requirements of 2331
Chapter 119. of the Revised Code, the division shall prescribe, 2332
and shall publish and make available its rules regarding the 2333
sale of securities, the administration of sections 1707.01 to 2334
~~1707.45~~1707.50 of the Revised Code, and the procedure and 2335
practice before the division. 2336

(E) (1) No provision of sections 1707.01 to ~~1707.45~~1707.50 2337
of the Revised Code imposing any liability applies to any act 2338
done or omitted in good faith in conformity with any rule, form, 2339
or order of the division of securities, notwithstanding that the 2340
rule, form, or order may later be amended or rescinded or be 2341
determined by judicial or other authority to be invalid for any 2342
reason, except that the issuance of an order granting 2343
effectiveness to a registration under section 1707.09 or 2344
1707.091 of the Revised Code for the purposes of this division 2345
shall not be deemed an order other than as the establishment of 2346
the fact of registration. 2347

(2) No provision of sections 1707.01 to ~~1707.45~~1707.50 of 2348
the Revised Code imposing any liability, penalty, sanction, or 2349
disqualification applies to any act done or omitted in good 2350
faith in conformity with either of the following: 2351

(a) Any provision of sections 1707.01 to ~~1707.45~~1707.50 2352
of the Revised Code that incorporates by reference a federal 2353
statute, rule, regulation, or form; 2354

(b) Any rule, form, or order of the division that 2355

incorporates by reference a federal statute, rule, regulation, 2356
or form. 2357

Division (E) (2) of this section applies notwithstanding 2358
that the incorporation by reference, or any application of the 2359
incorporated provision, is later determined by judicial or other 2360
authority to be unconstitutional or invalid for any reason. 2361

Sec. 1707.21. In so far as any information required to be 2362
filed with the division of securities under sections 1707.01 to 2363
~~1707.45~~1707.50, inclusive, of the Revised Code, is contained in 2364
a registration statement filed with the securities and exchange 2365
commission of the United States and such registration statement 2366
is in effect, such required information may, with the consent of 2367
the division, be furnished by filing with the division a copy of 2368
such registration statement together with an affidavit of an 2369
interested party that it is in effect. 2370

Sec. 1707.23. Whenever it appears to the division of 2371
securities, from its files, upon complaint, or otherwise, that 2372
any person has engaged in, is engaged in, or is about to engage 2373
in any practice declared to be illegal or prohibited by this 2374
chapter or rules adopted under this chapter by the division, or 2375
defined as fraudulent in this chapter or rules adopted under 2376
this chapter by the division, or any other deceptive scheme or 2377
practice in connection with the sale of securities, or acting as 2378
a dealer, a salesperson, an investment adviser, investment 2379
adviser representative, bureau of workers' compensation chief 2380
investment officer, ~~or~~ state retirement system investment 2381
officer, or portal operator as defined in section 1707.05 of the 2382
Revised Code or when the division believes it to be in the best 2383
interests of the public and necessary for the protection of 2384
investors, the division may do any of the following: 2385

(A) Require any person to file with it, on such forms as 2386
it prescribes, an original or additional statement or report in 2387
writing, under oath or otherwise, as to any facts or 2388
circumstances concerning the issuance, sale, or offer for sale 2389
of securities within this state by the person, as to the 2390
person's acts or practices as a dealer, a salesperson, an 2391
investment adviser, investment adviser representative, bureau of 2392
workers' compensation chief investment officer, ~~or~~ state 2393
retirement system investment officer, or portal operator within 2394
this state, and as to other information as it deems material or 2395
relevant thereto; 2396

(B) Examine any investment adviser, investment adviser 2397
representative, state retirement system investment officer, 2398
bureau of workers' compensation chief investment officer, or any 2399
seller, dealer, salesperson, or issuer of any securities, or any 2400
portal operator, and any of their agents, employees, partners, 2401
officers, directors, members, or shareholders, wherever located, 2402
under oath; and examine and produce records, books, documents, 2403
accounts, and papers as the division deems material or relevant 2404
to the inquiry; 2405

(C) Require the attendance of witnesses, and the 2406
production of books, records, and papers, as are required either 2407
by the division or by any party to a hearing before the 2408
division, and for that purpose issue a subpoena for any witness, 2409
or a subpoena duces tecum to compel the production of any books, 2410
records, or papers. The subpoena shall be served by personal 2411
service or by certified mail, return receipt requested. If the 2412
subpoena is returned because of inability to deliver, or if no 2413
return is received within thirty days of the date of mailing, 2414
the subpoena may be served by ordinary mail. If no return of 2415
ordinary mail is received within thirty days after the date of 2416

mailing, service shall be deemed to have been made. If the 2417
subpoena is returned because of inability to deliver, the 2418
division may designate a person or persons to effect either 2419
personal or residence service upon the witness. The person 2420
designated to effect personal or residence service under this 2421
division may be the sheriff of the county in which the witness 2422
resides or may be found or any other duly designated person. The 2423
fees and mileage of the person serving the subpoena shall be the 2424
same as those allowed by the courts of common pleas in criminal 2425
cases, and shall be paid from the funds of the division. Fees 2426
and mileage for the witness shall be determined under section 2427
119.094 of the Revised Code, and shall be paid from the funds of 2428
the division upon request of the witness following the hearing. 2429

(D) Initiate criminal proceedings under section 1707.042 2430
or 1707.44 of the Revised Code or rules adopted under those 2431
sections by the division by laying before the prosecuting 2432
attorney of the proper county any evidence of criminality which 2433
comes to its knowledge; and in the event of the neglect or 2434
refusal of the prosecuting attorney to prosecute such 2435
violations, or at the request of the prosecuting attorney, the 2436
division shall submit the evidence to the attorney general, who 2437
may proceed in the prosecution with all the rights, privileges, 2438
and powers conferred by law on prosecuting attorneys, including 2439
the power to appear before grand juries and to interrogate 2440
witnesses before such grand juries. 2441

(E) Require any dealers immediately to furnish to the 2442
division copies of prospectuses, circulars, or advertisements 2443
respecting securities that they publish or generally distribute, 2444
or require any investment advisers immediately to furnish to the 2445
division copies of brochures, advertisements, publications, 2446
analyses, reports, or other writings that they publish or 2447

distribute; 2448

(F) Require any dealers to mail to the division, prior to 2449
sale, notices of intention to sell, in respect to all securities 2450
which are not exempt under section 1707.02 of the Revised Code, 2451
or which are sold in transactions not exempt under section 2452
1707.03 or 1707.04 of the Revised Code; 2453

(G) Issue and cause to be served by certified mail upon 2454
all persons affected an order requiring the person or persons to 2455
cease and desist from the acts or practices appearing to the 2456
division to constitute violations of this chapter or rules 2457
adopted under this chapter by the division. The order shall 2458
state specifically the section or sections of this chapter or 2459
the rule or rules adopted under this chapter by the division 2460
that appear to the division to have been violated and the facts 2461
constituting the violation. If after the issuance of the order 2462
it appears to the division that any person or persons affected 2463
by the order have engaged in any act or practice from which the 2464
person or persons shall have been required, by the order, to 2465
cease and desist, the director of commerce may apply to the 2466
court of common pleas of any county for, and upon proof of the 2467
validity of the order of the division, the delivery of the order 2468
to the person or persons affected, and of the illegality and the 2469
continuation of the acts or practices that are the subject of 2470
the order, the court may grant an injunction implementing the 2471
order of the division. 2472

(H) Issue and initiate contempt proceedings in this state 2473
regarding subpoenas and subpoenas duces tecum at the request of 2474
the securities administrator of another state, if it appears to 2475
the division that the activities for which the information is 2476
sought would violate this chapter if the activities had occurred 2477

in this state. 2478

(I) The remedies provided by this section are cumulative 2479
and concurrent with any other remedy provided in this chapter, 2480
and the exercise of one remedy does not preclude or require the 2481
exercise of any other remedy. 2482

Sec. 1707.24. In case any person fails to file any 2483
statement or report, to obey any subpoena, to give testimony, to 2484
answer questions, or to produce any books, records, or papers as 2485
required by the division of securities under sections 1707.01 to 2486
~~1707.45~~1707.50, inclusive, of the Revised Code, the court of 2487
common pleas of any county in the state, upon application made 2488
to it by the division and upon proof made to it by the division 2489
of such failure, may make an order awarding process of subpoena 2490
or subpoena duces tecum for such person to appear and testify 2491
before the division, and may order any person to give testimony 2492
and answer questions, and to produce books, records, or papers, 2493
as required by the division. Upon the filing of such order in 2494
the office of the clerk of the court of common pleas, said 2495
clerk, under the seal of said court, shall issue process of 2496
subpoena for such person to appear before the division at a time 2497
and place named in such subpoena, and thereafter from day to day 2498
until the examination of such person is completed. Such subpoena 2499
may contain a direction that such witness bring with ~~him~~ the 2500
witness to such examination any books, records, or papers 2501
mentioned in such subpoena. Said clerk shall also issue, under 2502
the seal of said court, such other orders, in reference to such 2503
examination, appearance, and production of books, records, or 2504
papers, as said court directs. If any person so summoned by 2505
subpoena fails to obey such subpoena, to give testimony, to 2506
answer questions as required, to produce any books, records, or 2507
papers so required, or to obey an order of the court, the court, 2508

on motion supported by proof, may order an attachment for 2509
contempt to be issued against the person charged with 2510
disobedience of any order or injunction issued by such court 2511
under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the 2512
Revised Code. If such person is brought before the court by 2513
virtue of said attachment, and if upon a hearing such 2514
disobedience appears, such court may order such offender to be 2515
committed and kept in close custody. 2516

Sec. 1707.25. In case any person fails to file any 2517
statement or report required by sections 1707.01 to ~~1707.45~~ 2518
1707.50 of the Revised Code, to obey any subpoena the issuance 2519
of which is provided for in those sections, or to produce books, 2520
records, or papers, give testimony, or answer questions, as 2521
required by those sections, the director of commerce may apply 2522
to a court of common pleas of any county for, and upon proof of 2523
such failure the court may grant, an injunction restraining the 2524
acting as an investment adviser, investment adviser 2525
representative, bureau of workers' compensation chief investment 2526
officer, or state retirement system investment officer, or the 2527
issuance, sale, or offer for sale of any securities by the 2528
person or by its agents, employees, partners, officers, 2529
directors, or shareholders, until such failure has been remedied 2530
and other relief as the facts may warrant has been had. Such 2531
injunctive relief is available in addition to the other remedies 2532
provided for in sections 1707.01 to ~~1707.45~~1707.50 of the 2533
Revised Code. 2534

Where the person refusing to comply with such order of 2535
court is an issuer of securities, the court may enjoin the sale 2536
by any dealer of any securities of the issuer, and the division 2537
of securities may revoke the qualification of the securities of 2538
the issuer, or suspend or revoke the sale of any securities of 2539

the issuer which have been registered by description, and such 2540
securities shall not thereafter be sold by any dealer until the 2541
order of the court or of the division is withdrawn. 2542

Sec. 1707.26. Whenever it appears to the division of 2543
securities, upon complaint or otherwise, that any person has 2544
engaged in, is engaging in, or is about to engage in, any 2545
deceptive, fraudulent, or manipulative act, practice, or 2546
transaction, in violation of sections 1707.01 to ~~1707.45~~1707.50 2547
of the Revised Code, the director of commerce may apply to a 2548
court of common pleas of any county in this state for, and upon 2549
proof of any of such offenses such court shall grant an 2550
injunction restraining such person and its agents, employees, 2551
partners, officers, directors, and shareholders from continuing, 2552
engaging in, or doing any acts in furtherance of, such acts, 2553
practices, or transactions, and may order such other equitable 2554
relief as the facts warrant. 2555

Sec. 1707.261. (A) If a court of common pleas grants an 2556
injunction pursuant to section 1707.26 of the Revised Code, 2557
after consultation with the attorney general the director of 2558
commerce may request that court to order the defendant or 2559
defendants that are subject to the injunction to make 2560
restitution or rescission to any purchaser or holder of 2561
securities damaged by the defendant's or defendants' violation 2562
of any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2563
Revised Code. 2564

(B) If the court of common pleas is satisfied with the 2565
sufficiency of the director's request for restitution or 2566
rescission under division (A) of this section and with the 2567
sufficiency of the proof of a substantial violation of any 2568
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2569

Code, or of the use of any act, practice, or transaction 2570
declared to be illegal or prohibited or defined as fraudulent by 2571
those sections or rules adopted under those sections by the 2572
division of securities, to the material prejudice of a purchaser 2573
or holder of securities, the court may order the defendant or 2574
defendants subject to the injunction to make restitution or 2575
rescission to any purchaser or holder of securities damaged by 2576
the defendant's or defendants' violation of sections 1707.01 to 2577
~~1707.45~~1707.50 of the Revised Code. 2578

(C) A court order granting restitution or rescission based 2579
upon a request made pursuant to division (A) of this section 2580
shall meet the requirements of division (B) of this section and 2581
may not be based solely upon a final order issued by the 2582
division of securities pursuant to Chapter 119. of the Revised 2583
Code or upon an action to enforce a final order issued by the 2584
division pursuant to that chapter. Notwithstanding the foregoing 2585
provision, a request for restitution or rescission pursuant to 2586
division (A) of this section may concern the same acts, 2587
practices, or transactions that were, or may later be, the 2588
subject of a division of securities action for a violation of 2589
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2590
Revised Code. If a request for restitution or rescission 2591
pursuant to division (A) of this section concerns the same acts, 2592
practices, or transactions that were the subject of a final 2593
order issued by the division of securities pursuant to Chapter 2594
119. of the Revised Code, the court shall review the request in 2595
accordance with division (B) of this section, and the standard 2596
of review in section 119.12 of the Revised Code shall not apply 2597
to the request. 2598

(D) No purchaser or holder of securities who is entitled 2599
to restitution or rescission under this section shall recover, 2600

pursuant to this section or any other proceeding, a total amount 2601
in excess of the person's purchase price for the securities sold 2602
in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 2603
Revised Code. 2604

(E) (1) If a court of common pleas grants an injunction 2605
pursuant to section 1707.26 of the Revised Code against any 2606
state retirement system investment officer, after consultation 2607
with the attorney general, the director of commerce may request 2608
that court to order the state retirement system investment 2609
officer or officers that are subject to the injunction to make 2610
restitution to the state retirement system damaged by the state 2611
retirement system investment officer's or officers' violation of 2612
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2613
Revised Code. 2614

(2) If the court of common pleas is satisfied with the 2615
sufficiency of the director's request for restitution under 2616
division (E) (1) of this section and with the sufficiency of the 2617
proof of a substantial violation of any provision of sections 2618
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2619
any act, practice, or transaction declared to be illegal or 2620
prohibited or defined as fraudulent by those sections or rules 2621
adopted under those sections by the division of securities, to 2622
the material prejudice of a state retirement system, the court 2623
may order the state retirement system investment officer or 2624
officers subject to the injunction to make restitution to the 2625
state retirement system damaged by the state retirement system 2626
investment officer's or officers' violation of sections 1707.01 2627
to ~~1707.45~~1707.50 of the Revised Code. A request for 2628
restitution pursuant to division (E) (1) of this section may 2629
concern the same acts, practices, or transactions that were, or 2630
may later be, the subject of a division of securities action for 2631

a violation of any provision of section 1707.01 to ~~1707.45~~ 2632
1707.50 of the Revised Code. 2633

(F) (1) If a court of common pleas grants an injunction 2634
pursuant to section 1707.26 of the Revised Code against a bureau 2635
of workers' compensation chief investment officer, after 2636
consultation with the attorney general, the director of commerce 2637
may request that court to order the bureau of workers' 2638
compensation chief investment officer who is subject to the 2639
injunction to make restitution to the bureau of workers' 2640
compensation damaged by the bureau of workers' compensation 2641
chief investment officer's violation of any provision of 2642
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code. 2643

(2) If the court of common pleas is satisfied with the 2644
sufficiency of the director's request for restitution under 2645
division (F) (1) of this section and with the sufficiency of the 2646
proof of a substantial violation of any provision of sections 2647
1707.01 to ~~1707.45~~ 1707.50 of the Revised Code, or of the use of 2648
any act, practice, or transaction declared to be illegal or 2649
prohibited or defined as fraudulent by those sections or rules 2650
adopted under those sections by the division of securities, to 2651
the material prejudice of the bureau of workers' compensation, 2652
the court may order the bureau of workers' compensation chief 2653
investment officer subject to the injunction to make restitution 2654
to the bureau of workers' compensation damaged by the bureau of 2655
workers' compensation chief investment officer's violation of 2656
sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised Code. A 2657
request for restitution pursuant to division (F) (1) of this 2658
section may concern the same acts, practices, or transactions 2659
that were, or may later be, the subject of a division of 2660
securities action for a violation of any provision of section 2661
1707.01 to ~~1707.45~~ 1707.50 of the Revised Code. 2662

Sec. 1707.27. If the court of common pleas is satisfied 2663
with the sufficiency of the application for a receivership, and 2664
of the sufficiency of the proof of substantial violation of 2665
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of 2666
the use of any act, practice, or transaction declared to be 2667
illegal or prohibited, or defined as fraudulent by those 2668
sections or rules adopted under those sections by the division 2669
of securities, to the material prejudice of a purchaser or 2670
holder of securities, or client of an investment adviser or 2671
investment adviser representative, the court may appoint a 2672
receiver, for any person so violating sections 1707.01 to 2673
~~1707.45~~1707.50 of the Revised Code or rules adopted under those 2674
sections by the division, with power to sue for, collect, 2675
receive, and take into the receiver's possession all the books, 2676
records, and papers of the person and all rights, credits, 2677
property, and choses in action acquired by the person by means 2678
of any such act, practice, or transaction, and also all property 2679
with which the property has been mingled, if the property cannot 2680
be identified in kind because of the commingling, and with power 2681
to sell, convey, and assign the property, and to hold and 2682
dispose of the proceeds under the direction of the court of 2683
common pleas. The court shall have jurisdiction of all questions 2684
arising in the proceedings and may make orders and decrees 2685
therein as justice and equity require. 2686

Sec. 1707.28. No prosecution or action by the division of 2687
securities or the director of commerce for a violation of any 2688
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2689
Code shall bar any prosecution or action by the division of 2690
securities or the director of commerce, or be barred by any 2691
prosecution or other action, for the violation of any other 2692
provision of any of those sections or of any other statute; but 2693

prosecutions and actions by the division of securities or the 2694
director of commerce for a violation of any provision of 2695
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code must be 2696
commenced within five years after the commission of the alleged 2697
violation. 2698

Sec. 1707.29. In any prosecution brought under sections 2699
1707.01 to ~~1707.45~~1707.50 of the Revised Code, except 2700
prosecutions brought for violation of division (A) of section 2701
1707.042 of the Revised Code, the accused shall be deemed to 2702
have had knowledge of any matter of fact, where in the exercise 2703
of reasonable diligence, ~~he~~ the accused should, prior to the 2704
alleged commission of the offense in question, have secured such 2705
knowledge. 2706

Sec. 1707.30. In any prosecution, action, or proceeding 2707
based upon sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the 2708
Revised Code, a certificate signed by the division of 2709
securities, showing the filing of or the failure to file any 2710
statement, description, or application required by such 2711
sections, shall constitute prima-facie evidence of such filing 2712
or of such failure to file, and shall be admissible in evidence 2713
in any action at law or in equity to enforce sections 1707.01 to 2714
~~1707.45~~1707.50, inclusive, of the Revised Code, or to prosecute 2715
violations of such sections. 2716

Sec. 1707.31. Copies of any statements and documents filed 2717
in the office of the division of securities and of any records 2718
of the division, if such copies are certified to by the 2719
division, shall be admissible in any prosecution, action, or 2720
proceeding based upon sections 1707.01 to ~~1707.45~~1707.50, 2721
inclusive, of the Revised Code, to the same effect as the 2722
originals of such statements, documents, or records would be. 2723

Sec. 1707.32. If an issuer of securities is incorporated 2724
or organized to make any insurance named in Title XXXIX of the 2725
Revised Code, the superintendent of insurance shall, for all the 2726
purposes of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2727
the Revised Code, be substituted for the division of securities 2728
and the issuer and the beneficial owners of shares thereof shall 2729
be subject to section 3901.31 of the Revised Code. The 2730
superintendent of insurance shall have over any company 2731
disposing or attempting to dispose of any of its securities 2732
within this state the powers of regulation, supervision, and 2733
examination conferred on ~~him~~ the superintendent by law, with 2734
reference to companies licensed to transact the business of 2735
insurance within this state. 2736

No person shall, for the purpose of organizing or 2737
promoting any insurance company, or of assisting in the sale of 2738
the securities of any insurance company after its organization, 2739
dispose or offer to dispose, within this state, of any such 2740
securities, unless the contract of subscription or disposal is 2741
in writing and contains a provision substantially in the 2742
following language: 2743

No sum shall be used for commission, promotion, and 2744
organization expenses on account of any share of stock in this 2745
company in excess of per cent of the amount 2746
actually paid upon separate subscriptions, and the remainder of 2747
such payment shall be invested as authorized by the law 2748
governing such company and shall be held by the organizers of 2749
such company before organization, and by its directors and 2750
officers after organization, as bailees for the subscriber, to 2751
be used only in the conduct of the business of such company 2752
after the company has been licensed and authorized for such 2753
business by proper authority. 2754

In lieu of "in excess of per cent of the 2755
amount actually paid upon separate subscriptions," the language 2756
of such contract may be, "..... dollars per share 2757
from every fully paid subscription"; and in lieu of "organizers" 2758
it may be "trustees" if such payments are to be held by 2759
trustees. 2760

Funds and securities held by such organizers, trustees, 2761
directors, or officers, as bailees, shall be deposited with a 2762
bank or trust company of this state, or invested as provided in 2763
sections 3925.05 and 3925.08 of the Revised Code, until such 2764
company has been licensed to transact the business of insurance 2765
in this state. 2766

The amount of such commission, promotion, and organization 2767
expenses shall in no case exceed fifteen per cent of the amount 2768
actually received upon the subscriptions; except that in the 2769
case of joint-stock life insurance companies and joint-stock 2770
insurance companies other than life, the amount of such 2771
commission, promotion, and organization expenses shall in no 2772
case exceed ten per cent of the amount actually received upon 2773
the subscriptions. 2774

Sec. 1707.34. (A) Sections 1707.01 to ~~1707.45~~1707.50 of 2775
the Revised Code do not apply to the sale of warehouse receipts 2776
for intoxicating liquor to distillers, to rectifiers, or to any 2777
person engaged in the business of dealing in warehouse receipts. 2778

(B) Warehouse receipts for intoxicating liquor may be sold 2779
in this state in accord with and upon compliance with sections 2780
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2781

Sec. 1707.35. All securities which were "certificated" by 2782
the division of securities before July 22, 1929, are, if the 2783

"certification" remained unrevoked on such date, qualified for 2784
all purposes under sections 1707.01 to ~~1707.45~~1707.50, 2785
inclusive, of the Revised Code. 2786

All securities authorized to be sold by reason of the 2787
filing of information relative thereto before July 22, 1929, 2788
shall for all purposes be deemed registered by description under 2789
such sections, but the division shall have the same power to 2790
require further information with respect to the further sale of 2791
such securities as with respect to the further sale of 2792
securities registered by description or by qualification under 2793
sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised 2794
Code. 2795

Sec. 1707.38. The issuance or sale of any security in 2796
violation of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2797
the Revised Code, does not invalidate such security; but the 2798
rights of persons defrauded by any such issuance or sale shall 2799
not be impaired. 2800

Sec. 1707.39. When any securities have been sold without 2801
compliance with sections 1707.01 to ~~1707.45~~1707.50 of the 2802
Revised Code, or any former law in force at the time of such 2803
sale, any interested person may apply in writing to the division 2804
of securities for the qualification of such securities under 2805
such sections. If it appears to the division that no person has 2806
been defrauded, prejudiced, or damaged by such noncompliance or 2807
sale and that no person will be defrauded, prejudiced, or 2808
damaged by such qualification, the division may permit such 2809
securities to be so qualified upon the payment of a fee of one 2810
hundred dollars plus a fee of one-fifth of one per cent of the 2811
aggregate price at which the securities have been sold in this 2812
state, which fee shall in no case be less than one hundred 2813

dollars nor more than two thousand dollars. In addition, the 2814
division may require the applicant to advance sufficient funds 2815
to pay the actual expenses of an examination or investigation by 2816
the division, whether to be conducted in this state or outside 2817
this state. An itemized statement of such expenses shall be 2818
furnished to the applicant. 2819

Such qualification shall estop the division from 2820
proceeding under division (D) of section 1707.23 of the Revised 2821
Code against anyone who has violated division (C)(1) of section 2822
1707.44 of the Revised Code for acts within the scope of the 2823
application, or from proceeding with administrative action 2824
pursuant to section 1707.13 of the Revised Code. 2825

Sec. 1707.391. When any securities have been sold in 2826
reliance upon division (Q), (W), (X), or (Y) of section 1707.03 2827
of the Revised Code, section 1707.08 of the Revised Code, or any 2828
other section of this chapter that the division of securities 2829
may specify by rule, but such reliance was improper because the 2830
required filings were not timely or properly made due to 2831
excusable neglect, upon the effective date of an application 2832
made to the division and payment of any applicable fee, if 2833
required and not already paid, and upon payment of a penalty fee 2834
equal to the greater of the fee or one hundred dollars, the sale 2835
of the securities shall be deemed exempt, qualified, or 2836
registered, as though timely and properly filed. The application 2837
shall become effective upon the expiration of fourteen days 2838
after the date of the filing in question if prior thereto the 2839
division did not give notice to the applicant that the 2840
application was denied based on a finding of lack of excusable 2841
neglect. The division shall promptly adopt and promulgate rules 2842
establishing provisions defining excusable neglect and otherwise 2843
establishing reasonable standards for determining excusable 2844

neglect. 2845

The effectiveness of an application under this section 2846
does not relieve anyone who has, other than for excusable 2847
neglect, violated sections 1707.01 to ~~1707.45~~1707.50 of the 2848
Revised Code, or any previous law in force at the time of sale, 2849
from prosecution thereunder. 2850

Sec. 1707.40. Except as provided in section 1707.261 of 2851
the Revised Code, sections 1707.01 to ~~1707.45~~1707.50 of the 2852
Revised Code create no new civil liabilities, and do not limit 2853
or restrict common law liabilities for deception or fraud other 2854
than as specified in sections 1707.042, 1707.043, 1707.41, 2855
1707.42, and 1707.43 of the Revised Code, and there is no civil 2856
liability for noncompliance with orders, requirements, rules, or 2857
regulations made by the division of securities under sections 2858
1707.19, 1707.20, 1707.201, and 1707.23 of the Revised Code. 2859

Sec. 1707.431. For purposes of this section, the following 2860
persons shall not be deemed to have effected, participated in, 2861
or aided the seller in any way in making, a sale or contract of 2862
sale in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 2863
Revised Code: 2864

(A) Any attorney, accountant, or engineer whose 2865
performance is incidental to the practice of the person's 2866
profession; 2867

(B) Any person, other than an investment adviser, 2868
investment adviser representative, bureau of workers' 2869
compensation chief investment officer, or state retirement 2870
system investment officer, who brings any issuer together with 2871
any potential investor, without receiving, directly or 2872
indirectly, a commission, fee, or other remuneration based on 2873

the sale of any securities by the issuer to the investor. 2874
Remuneration received by the person solely for the purpose of 2875
offsetting the reasonable out-of-pocket costs incurred by the 2876
person shall not be deemed a commission, fee, or other 2877
remuneration. 2878

Any person claiming exemption under this division for a 2879
publicly advertised meeting shall file a notice with the 2880
division of securities indicating an intent to cause or hold 2881
such a meeting at least twenty-one days prior to the meeting. 2882
The division may, upon receipt of such notice, issue an order 2883
denying the availability of an exemption under this division not 2884
more than fourteen days after receipt of the notice based on a 2885
finding that the applicant is not entitled to the exemption. 2886
Notwithstanding the notice described in this section, a failure 2887
to file the notice does not create a presumption that a person 2888
was participating in or aiding in the making of a sale or 2889
contract of sale in violation of this chapter. 2890

(C) Any person whom the division exempts from this 2891
provision by rule. 2892

Sec. 1707.44. (A) (1) No person shall engage in any act or 2893
practice that violates division (A), (B), or (C) of section 2894
1707.14 of the Revised Code, and no salesperson shall sell 2895
securities in this state without being licensed pursuant to 2896
section 1707.16 of the Revised Code. 2897

(2) No person shall engage in any act or practice that 2898
violates division (A) of section 1707.141 or section 1707.161 of 2899
the Revised Code. 2900

(3) No person shall engage in any act or practice that 2901
violates section 1707.162 of the Revised Code. 2902

(4) No person shall engage in any act or practice that violates section 1707.164 of the Revised Code.	2903 2904
<u>(5) No person shall knowingly engage in any act or practice that violates division (A) of section 1707.054 or section 1707.055 of the Revised Code.</u>	2905 2906 2907
(B) No person shall knowingly make or cause to be made any false representation concerning a material and relevant fact, in any oral statement or in any prospectus, circular, description, application, or written statement, for any of the following purposes:	2908 2909 2910 2911 2912
(1) Registering securities or transactions, or exempting securities or transactions from registration, under this chapter;	2913 2914 2915
(2) Securing the qualification of any securities under this chapter;	2916 2917
(3) Procuring the licensing of any dealer, salesperson, investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer, <u>or portal operator as defined in section 1707.05 of the Revised Code</u> under this chapter;	2918 2919 2920 2921 2922 2923
(4) Selling any securities in this state;	2924
(5) Advising for compensation, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities;	2925 2926 2927
(6) Submitting a notice filing to the division under division (X) of section 1707.03 or section 1707.092 or 1707.141 of the Revised Code.	2928 2929 2930

(C) No person shall knowingly sell, cause to be sold, 2931
offer for sale, or cause to be offered for sale, any security 2932
which comes under any of the following descriptions: 2933

(1) Is not exempt under section 1707.02 of the Revised 2934
Code, nor the subject matter of one of the transactions exempted 2935
in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has 2936
not been registered by coordination or qualification, and is not 2937
the subject matter of a transaction that has been registered by 2938
description; 2939

(2) The prescribed fees for registering by description, by 2940
coordination, or by qualification have not been paid in respect 2941
to such security; 2942

(3) The person has been notified by the division, or has 2943
knowledge of the notice, that the right to buy, sell, or deal in 2944
such security has been suspended or revoked, or that the 2945
registration by description, by coordination, or by 2946
qualification under which it may be sold has been suspended or 2947
revoked; 2948

(4) The offer or sale is accompanied by a statement that 2949
the security offered or sold has been or is to be in any manner 2950
indorsed by the division. 2951

(D) No person who is an officer, director, or trustee of, 2952
or a dealer, or portal operator for, any issuer, and who knows 2953
such issuer to be insolvent in that the liabilities of the 2954
issuer exceed its assets, shall sell any securities of or for 2955
any such issuer, without disclosing the fact of the insolvency 2956
to the purchaser. 2957

(E) No person with intent to aid in the sale of any 2958
securities on behalf of the issuer, shall knowingly make any 2959

representation not authorized by such issuer or at material 2960
variance with statements and documents filed with the division 2961
by such issuer. 2962

(F) No person, with intent to deceive, shall sell, cause 2963
to be sold, offer for sale, or cause to be offered for sale, any 2964
securities of an insolvent issuer, with knowledge that such 2965
issuer is insolvent in that the liabilities of the issuer exceed 2966
its assets, taken at their fair market value. 2967

(G) No person in purchasing or selling securities shall 2968
knowingly engage in any act or practice that is, in this 2969
chapter, declared illegal, defined as fraudulent, or prohibited. 2970

(H) No licensed dealer shall refuse to buy from, sell to, 2971
or trade with any person because the person appears on a 2972
blacklist issued by, or is being boycotted by, any foreign 2973
corporate or governmental entity, nor sell any securities of or 2974
for any issuer who is known in relation to the issuance or sale 2975
of the securities to have engaged in such practices. 2976

(I) No dealer in securities, knowing that the dealer's 2977
liabilities exceed the reasonable value of the dealer's assets, 2978
shall accept money or securities, except in payment of or as 2979
security for an existing debt, from a customer who is ignorant 2980
of the dealer's insolvency, and thereby cause the customer to 2981
lose any part of the customer's securities or the value of those 2982
securities, by doing either of the following without the 2983
customer's consent: 2984

(1) Pledging, selling, or otherwise disposing of such 2985
securities, when the dealer has no lien on or any special 2986
property in such securities; 2987

(2) Pledging such securities for more than the amount due, 2988

or otherwise disposing of such securities for the dealer's own 2989
benefit, when the dealer has a lien or indebtedness on such 2990
securities. 2991

It is an affirmative defense to a charge under this 2992
division that, at the time the securities involved were pledged, 2993
sold, or disposed of, the dealer had in the dealer's possession 2994
or control, and available for delivery, securities of the same 2995
kinds and in amounts sufficient to satisfy all customers 2996
entitled to the securities, upon demand and tender of any amount 2997
due on the securities. 2998

(J) No person, with purpose to deceive, shall make, issue, 2999
publish, or cause to be made, issued, or published any statement 3000
or advertisement as to the value of securities, or as to alleged 3001
facts affecting the value of securities, or as to the financial 3002
condition of any issuer of securities, when the person knows 3003
that the statement or advertisement is false in any material 3004
respect. 3005

(K) No person, with purpose to deceive, shall make, 3006
record, or publish or cause to be made, recorded, or published, 3007
a report of any transaction in securities which is false in any 3008
material respect. 3009

(L) No dealer shall engage in any act that violates the 3010
provisions of section 15(c) or 15(g) of the "Securities Exchange 3011
Act of 1934," 48 Stat. 881, 15 U.S.C.A. 78o(c) or (g), or any 3012
rule or regulation promulgated by the securities and exchange 3013
commission thereunder. 3014

(M) (1) No investment adviser or investment adviser 3015
representative shall do any of the following: 3016

(a) Employ any device, scheme, or artifice to defraud any 3017

person; 3018

(b) Engage in any act, practice, or course of business 3019
that operates or would operate as a fraud or deceit upon any 3020
person; 3021

(c) In acting as principal for the investment adviser's or 3022
investment adviser representative's own account, knowingly sell 3023
any security to or purchase any security from a client, or in 3024
acting as salesperson for a person other than such client, 3025
knowingly effect any sale or purchase of any security for the 3026
account of such client, without disclosing to the client in 3027
writing before the completion of the transaction the capacity in 3028
which the investment adviser or investment adviser 3029
representative is acting and obtaining the consent of the client 3030
to the transaction. Division (M) (1) (c) of this section does not 3031
apply to any investment adviser registered with the securities 3032
and exchange commission under section 203 of the "Investment 3033
Advisers Act of 1940," 15 U.S.C. 80b-3, or to any transaction 3034
with a customer of a licensed dealer or salesperson if the 3035
licensed dealer or salesperson is not acting as an investment 3036
adviser or investment adviser representative in relation to the 3037
transaction. 3038

(d) Engage in any act, practice, or course of business 3039
that is fraudulent, deceptive, or manipulative. The division of 3040
securities may adopt rules reasonably designed to prevent acts, 3041
practices, or courses of business that are fraudulent, 3042
deceptive, or manipulative. 3043

(2) No investment adviser or investment adviser 3044
representative licensed or required to be licensed under this 3045
chapter shall take or have custody of any securities or funds of 3046
any person, except as provided in rules adopted by the division. 3047

(3) In the solicitation of clients or prospective clients, 3048
no person shall make any untrue statement of a material fact or 3049
omit to state a material fact necessary in order to make the 3050
statements made not misleading in light of the circumstances 3051
under which the statements were made. 3052

(N) No person knowingly shall influence, coerce, 3053
manipulate, or mislead any person engaged in the preparation, 3054
compilation, review, or audit of financial statements to be used 3055
in the purchase or sale of securities for the purpose of 3056
rendering the financial statements materially misleading. 3057

(O) No state retirement system investment officer shall do 3058
any of the following: 3059

(1) Employ any device, scheme, or artifice to defraud any 3060
state retirement system; 3061

(2) Engage in any act, practice, or course of business 3062
that operates or would operate as a fraud or deceit on any state 3063
retirement system; 3064

(3) Engage in any act, practice, or course of business 3065
that is fraudulent, deceptive, or manipulative. The division of 3066
securities may adopt rules reasonably designed to prevent such 3067
acts, practices, or courses of business as are fraudulent, 3068
deceptive, or manipulative; 3069

(4) Knowingly fail to comply with any policy adopted 3070
regarding the officer established pursuant to section 145.094, 3071
742.104, 3307.043, 3309.043, or 5505.065 of the Revised Code. 3072

(P) No bureau of workers' compensation chief investment 3073
officer shall do any of the following: 3074

(1) Employ any device, scheme, or artifice to defraud the 3075

workers' compensation system;	3076
(2) Engage in any act, practice, or course of business	3077
that operates or would operate as a fraud or deceit on the	3078
workers' compensation system;	3079
(3) Engage in any act, practice, or course of business	3080
that is fraudulent, deceptive, or manipulative. The division of	3081
securities may adopt rules reasonably designed to prevent such	3082
acts, practices, or courses of business as are fraudulent,	3083
deceptive, or manipulative;	3084
(4) Knowingly fail to comply with any policy adopted	3085
regarding the officer established pursuant to section 4123.441	3086
of the Revised Code.	3087
<u>(Q) (1) No portal operator shall knowingly do any of the</u>	3088
<u>following:</u>	3089
<u>(a) Employ any device, scheme, or artifice to defraud;</u>	3090
<u>(b) Engage in any act, practice, or course of business</u>	3091
<u>that operates as a fraud or deceit;</u>	3092
<u>(c) Engage in any act, practice, or course of business</u>	3093
<u>that is fraudulent, deceptive, or manipulative.</u>	3094
<u>(2) The division of securities may adopt rules reasonably</u>	3095
<u>designed to prevent such acts, practices, or courses of business</u>	3096
<u>that are fraudulent, deceptive, or manipulative.</u>	3097
<u>Sec. 1707.50. (A) As used in this section, "violation"</u>	3098
<u>means a violation of any provision of this chapter in connection</u>	3099
<u>with the sale of securities under sections 1707.05 to 1707.058</u>	3100
<u>of the Revised Code where the filing is made pursuant to</u>	3101
<u>division (K) of section 1707.051 of the Revised Code and the</u>	3102
<u>securities are sold through an OhioInvests portal.</u>	3103

(B) (1) If the division of securities finds, after notice 3104
and opportunity for a hearing in accordance with Chapter 119. of 3105
the Revised Code, that any person has committed a violation, the 3106
division may, in its discretion and in addition to or in lieu of 3107
any other remedy or sanction provided in this chapter, order the 3108
payment of an administrative penalty of up to one thousand 3109
dollars per violation, provided that the total penalty shall not 3110
exceed the total amount of the OhioInvests offering or offerings 3111
involved in the violation. 3112

(2) All administrative penalties collected by the division 3113
under division (B) (1) of this section shall be deposited into 3114
the state treasury to the credit of the division of securities 3115
investor education and enforcement expense fund created in 3116
section 1707.37 of the Revised Code. 3117

(C) (1) A purchaser may commence an individual or putative 3118
class action to seek recovery of the civil penalty provided for 3119
under division (C) (2) of this section for an alleged violation 3120
if all of the following requirements are met: 3121

(a) The purchaser or the purchaser's representative brings 3122
the action within two years after commission of the alleged 3123
violation or within two years after the purchaser discovered or 3124
should have discovered the ground for the violation, whichever 3125
is later. 3126

(b) Not later than ten days after the commencement of the 3127
action, the purchaser or purchaser's representative mails to the 3128
division, by certified mail, a file-stamped copy of the 3129
complaint that includes the case number assigned by the court. 3130

(c) Not later than ten days from a judgment becoming final 3131
and any subsequent appeals becoming final, the purchaser or 3132

purchaser's representative mails to the division, by certified 3133
mail, a file-stamped copy of the final judgment and appellate 3134
decisions. 3135

(2) The civil penalty provided for under this section 3136
shall be as follows: 3137

(a) One hundred dollars per violation, if at the time of 3138
the violation the total amount of money raised in the 3139
OhioInvests offering is less than twenty-five thousand dollars, 3140
provided that the total penalty shall not exceed the total 3141
amount of the OhioInvests offering or offerings involved in the 3142
violation. 3143

(b) Two hundred fifty dollars per violation, if at the 3144
time of the violation the total amount of money raised in the 3145
OhioInvests offering is twenty-five thousand dollars or more, 3146
provided that the total penalty shall not exceed the total 3147
amount of the OhioInvests offering or offerings involved in the 3148
violation. 3149

(3) In any civil action by a purchaser or purchaser's 3150
representative seeking recovery of a civil penalty under this 3151
section, a court may award a lesser amount than the amount 3152
specified in division (C) (2) of this section if, based on the 3153
facts and circumstances of the particular case, to do otherwise 3154
would result in an award that is unjust, arbitrary and 3155
oppressive, or confiscatory. 3156

(4) Civil penalties recovered by a purchaser or purchasers 3157
in accordance with this section shall be distributed as follows: 3158

(a) Twenty-five per cent to the state to be deposited into 3159
the state treasury to the credit of the general revenue fund and 3160
set aside for payment of debt service on outstanding bonds that 3161

are direct obligations of the state; 3162

(b) Seventy-five per cent to the purchaser, purchasers, or purchaser class. 3163
3164

(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. 3165
3166
3167
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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. 3169
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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. 3173
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(E) Nothing in this section shall be construed to alter or limit the authority of the division under any other provision of this chapter, including but not limited to the ability of the division to investigate or prosecute any complaints or allegations under this chapter. Upon timely application, the division may intervene as of right on behalf of the state in any private action or appeal that is pending under this section. 3177
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(F) The division may adopt rules in accordance with Chapter 119. of the Revised Code to implement the provisions of this section. 3184
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Sec. 1707.99. Whoever commits any act described in 3187
division (A) of section 1707.042 or section 1707.44 of the 3188
Revised Code is guilty of a violation of sections 1707.01 to 3189
~~1707.45~~1707.50 of the Revised Code and the following apply to 3190

the offender: 3191

(A) If the value of the funds or securities involved in 3192
the offense or the loss to the victim is less than one thousand 3193
dollars, the offender is guilty of a felony of the fifth degree, 3194
and the court may impose upon the offender an additional fine of 3195
not more than two thousand five hundred dollars. 3196

(B) If the value of the funds or securities involved in 3197
the offense or the loss to the victim is one thousand dollars or 3198
more but less than seven thousand five hundred dollars, the 3199
offender is guilty of a felony of the fourth degree, and the 3200
court may impose upon the offender an additional fine of not 3201
more than five thousand dollars. 3202

(C) If the value of the funds or securities involved in 3203
the offense or the loss to the victim is seven thousand five 3204
hundred dollars or more but less than thirty-seven thousand five 3205
hundred dollars, the offender is guilty of a felony of the third 3206
degree, and the court may impose upon the offender an additional 3207
fine of not more than ten thousand dollars. 3208

(D) If the value of the funds or securities involved in 3209
the offense or the loss to the victim is thirty-seven thousand 3210
five hundred dollars or more but less than one hundred fifty 3211
thousand dollars, the offender is guilty of a felony of the 3212
second degree, and the court may impose upon the offender an 3213
additional fine of not more than fifteen thousand dollars. 3214

(E) If the value of the funds or securities involved in 3215
the offense or the loss to the victim is one hundred fifty 3216
thousand dollars or more, the offender is guilty of a felony of 3217
the first degree, and the court may impose upon the offender an 3218
additional fine of not more than twenty thousand dollars. 3219

Sec. 1724.02. (A) In furtherance of the purposes set forth 3220
in section 1724.01 of the Revised Code, a community improvement 3221
corporation shall have the following powers: 3222

(1) (a) To borrow money for any of the purposes of the 3223
community improvement corporation by means of loans, lines of 3224
credit, or any other financial instruments or securities, 3225
including the issuance of its bonds, debentures, notes, or other 3226
evidences of indebtedness, whether secured or unsecured, and to 3227
secure the same by mortgage, pledge, deed of trust, or other 3228
lien on its property, franchises, rights, and privileges of 3229
every kind and nature or any part thereof or interest therein; 3230
and 3231

(b) If the community improvement corporation is a county 3232
land reutilization corporation, the corporation may request, by 3233
resolution: 3234

(i) That the board of county commissioners of the county 3235
served by the corporation pledge a specifically identified 3236
source or sources of revenue pursuant to division (C) of section 3237
307.78 of the Revised Code as security for such borrowing by the 3238
corporation; and 3239

(ii) (I) If the land subject to reutilization is located 3240
within an unincorporated area of the county, that the board of 3241
county commissioners issue notes under section 307.082 of the 3242
Revised Code for the purpose of constructing public 3243
infrastructure improvements and take other actions as the board 3244
determines are in the interest of the county and are authorized 3245
under sections 5709.78 to 5709.81 of the Revised Code or bonds 3246
or notes under section 5709.81 of the Revised Code for the 3247
refunding purposes set forth in that section; or 3248

(II) If the land subject to reutilization is located 3249
within the corporate boundaries of a municipal corporation, that 3250
the municipal corporation issue bonds for the purpose of 3251
constructing public infrastructure improvements and take such 3252
other actions as the municipal corporation determines are in its 3253
interest and are authorized under sections 5709.40 to 5709.43 of 3254
the Revised Code. 3255

(2) To make loans to any person, firm, partnership, 3256
corporation, joint stock company, association, or trust, and to 3257
establish and regulate the terms and conditions with respect to 3258
any such loans; provided that an economic development 3259
corporation shall not approve any application for a loan unless 3260
and until the person applying for said loan shows that the 3261
person has applied for the loan through ordinary banking or 3262
commercial channels and that the loan has been refused by at 3263
least one bank or other financial institution. Nothing in this 3264
division shall preclude a county land reutilization corporation 3265
from making revolving loans to community development 3266
corporations, private entities, or any person for the purposes 3267
contained in the corporation's plan under section 1724.10 of the 3268
Revised Code. 3269

(3) To purchase, receive, hold, manage, lease, lease- 3270
purchase, or otherwise acquire and to sell, convey, transfer, 3271
lease, sublease, or otherwise dispose of real and personal 3272
property, together with such rights and privileges as may be 3273
incidental and appurtenant thereto and the use thereof, 3274
including but not restricted to, any real or personal property 3275
acquired by the community improvement corporation from time to 3276
time in the satisfaction of debts or enforcement of obligations, 3277
and to enter into contracts with third parties, including the 3278
federal government, the state, any political subdivision, or any 3279

other entity. A county land reutilization corporation shall not 3280
acquire an interest in real property if such acquisition causes 3281
the number of occupied real properties held by the corporation 3282
to exceed the greater of either fifty properties or twenty-five 3283
per cent of all real property held by the corporation for 3284
reutilization, reclamation, or rehabilitation. For the purposes 3285
of this division, "occupied real properties" includes all real 3286
properties that are not unoccupied as that term is defined in 3287
section 323.65 of the Revised Code. 3288

(4) To acquire the good will, business, rights, real and 3289
personal property, and other assets, or any part thereof, or 3290
interest therein, of any persons, firms, partnerships, 3291
corporations, joint stock companies, associations, or trusts, 3292
and to assume, undertake, or pay the obligations, debts, and 3293
liabilities of any such person, firm, partnership, corporation, 3294
joint stock company, association, or trust; to acquire, reclaim, 3295
manage, or contract for the management of improved or unimproved 3296
and underutilized real estate for the purpose of constructing 3297
industrial plants, other business establishments, or housing 3298
thereon, or causing the same to occur, for the purpose of 3299
assembling and enhancing utilization of the real estate, or for 3300
the purpose of disposing of such real estate to others in whole 3301
or in part for the construction of industrial plants, other 3302
business establishments, or housing; and to acquire, reclaim, 3303
manage, contract for the management of, construct or 3304
reconstruct, alter, repair, maintain, operate, sell, convey, 3305
transfer, lease, sublease, or otherwise dispose of industrial 3306
plants, business establishments, or housing. 3307

(5) To acquire, subscribe for, own, hold, sell, assign, 3308
transfer, mortgage, pledge, or otherwise dispose of the stock, 3309
shares, bonds, debentures, notes, or other securities and 3310

evidences of interest in, or indebtedness of, any person, firm, 3311
corporation, joint stock company, association, or trust, and 3312
while the owner or holder thereof, to exercise all the rights, 3313
powers, and privileges of ownership, including the right to vote 3314
therein, provided that no tax revenue, if any, received by a 3315
community improvement corporation shall be used for such 3316
acquisition or subscription. 3317

(6) To mortgage, pledge, or otherwise encumber any 3318
property acquired pursuant to the powers contained in division 3319
(A) (3), (4), or (5) of this section. 3320

(7) Nothing in this section shall limit the right of a 3321
community improvement corporation to become a member of or a 3322
stockholder in a corporation formed under Chapter 1726. of the 3323
Revised Code. 3324

(8) To serve as an agent for grant applications and for 3325
the administration of grants, or to make applications as 3326
principal for grants for county land reutilization corporations. 3327

(9) To exercise the powers enumerated under Chapter 5722. 3328
of the Revised Code on behalf of a county that organizes or 3329
contracts with a county land reutilization corporation. 3330

(10) To engage in code enforcement and nuisance abatement, 3331
including, but not limited to, cutting grass and weeds, boarding 3332
up vacant or abandoned structures, and demolishing condemned 3333
structures on properties that are subject to a delinquent tax or 3334
assessment lien, or property for which a municipal corporation 3335
or township has contracted with a county land reutilization 3336
corporation to provide code enforcement or nuisance abatement 3337
assistance. 3338

(11) To charge fees or exchange in-kind goods or services 3339

for services rendered to political subdivisions and other 3340
persons or entities for whom services are rendered. 3341

(12) To employ and provide compensation for an executive 3342
director who shall manage the operations of a county land 3343
reutilization corporation and employ others for the benefit of 3344
the corporation as approved and funded by the board of 3345
directors. No employee of the corporation is or shall be deemed 3346
to be an employee of the political subdivision for whose benefit 3347
the corporation is organized solely because the employee is 3348
employed by the corporation. 3349

(13) To purchase tax certificates at auction, negotiated 3350
sale, or from a third party who purchased and is a holder of one 3351
or more tax certificates issued pursuant to sections 5721.30 to 3352
5721.43 of the Revised Code. 3353

(14) To be assigned a mortgage on real property from a 3354
mortgagee in lieu of acquiring such real property subject to a 3355
mortgage. 3356

(15) To act as a portal operator for purposes of an 3357
OhioInvests offering under sections 1707.05 to 1707.058 of the 3358
Revised Code. 3359

(16) To do all acts and things necessary or convenient to 3360
carry out the purposes of section 1724.01 of the Revised Code 3361
and the powers especially created for a community improvement 3362
corporation in Chapter 1724. of the Revised Code, including, but 3363
not limited to, contracting with the federal government, the 3364
state or any political subdivision, a board of county 3365
commissioners pursuant to section 307.07 of the Revised Code, a 3366
county auditor pursuant to section 319.10 of the Revised Code, a 3367
county treasurer pursuant to section 321.49 of the Revised Code, 3368

and any other party, whether nonprofit or for-profit. An 3369
employee of a board of county commissioners, county auditor, or 3370
county treasurer who, pursuant to a contract entered into in 3371
accordance with section 307.07, 319.10, or 321.49 of the Revised 3372
Code, provides services to a county land reutilization 3373
corporation shall remain an employee of the county during the 3374
provision of those services. 3375

(B) The powers enumerated in this chapter shall not be 3376
construed to limit the general powers of a community improvement 3377
corporation. The powers granted under this chapter are in 3378
addition to those powers granted by any other chapter of the 3379
Revised Code, but, as to a county land reutilization 3380
corporation, shall be used only for the purposes enumerated 3381
under division (B) (2) of section 1724.01 of the Revised Code. 3382

(C) Ownership of real property by an economic development 3383
corporation does not constitute public ownership unless the 3384
economic development corporation has applied for and been 3385
granted a tax exemption for the property under section 5709.08 3386
of the Revised Code. 3387

Sec. 3307.152. (A) As used in this section and in section 3388
3307.154 of the Revised Code: 3389

(1) "Agent" means a dealer, as defined in section 1707.01 3390
of the Revised Code, who is licensed under sections 1707.01 to 3391
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 3392
another state or of the United States. 3393

(2) "Minority business enterprise" has the same meaning as 3394
in section 122.71 of the Revised Code. 3395

(3) "Ohio-qualified agent" means an agent designated as 3396
such by the state teachers retirement board. 3397

(4) "Ohio-qualified investment manager" means an 3398
investment manager designated as such by the state teachers 3399
retirement board. 3400

(5) "Principal place of business" means an office in which 3401
the agent regularly provides securities or investment advisory 3402
services and solicits, meets with, or otherwise communicates 3403
with clients. 3404

(B) The state teachers retirement board shall, for the 3405
purposes of this section, designate an agent as an Ohio- 3406
qualified agent if the agent meets all of the following 3407
requirements: 3408

(1) The agent is subject to taxation under Chapter 5725., 3409
5726., 5733., 5747., or 5751. of the Revised Code. 3410

(2) The agent is authorized to conduct business in this 3411
state. 3412

(3) The agent maintains a principal place of business in 3413
this state and employs at least five residents of this state. 3414

(C) The state teachers retirement board shall adopt and 3415
implement a written policy to establish criteria and procedures 3416
used to select agents to execute securities transactions on 3417
behalf of the retirement system. The policy shall address each 3418
of the following: 3419

(1) Commissions charged by the agent, both in the 3420
aggregate and on a per share basis; 3421

(2) The execution speed and trade settlement capabilities 3422
of the agent; 3423

(3) The responsiveness, reliability, and integrity of the 3424
agent; 3425

(4) The nature and value of research provided by the agent; 3426
3427

(5) Any special capabilities of the agent. 3428

(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. 3429
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(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board. 3437
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(3) The board shall determine whether an agent is an Ohio-qualified agent, meets the criteria established by the board pursuant to division (C) of this section, and offers quality, services, and safety comparable to other agents otherwise available to the board. The board's determination shall be final. 3440
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Sec. 3309.157. (A) As used in this section and in section 3309.159 of the Revised Code: 3446
3447

(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. 3448
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(2) "Minority business enterprise" has the same meaning as in section 122.71 of the Revised Code. 3452
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(3) "Ohio-qualified agent" means an agent designated as 3454
such by the school employees retirement board. 3455

(4) "Ohio-qualified investment manager" means an 3456
investment manager designated as such by the school employees 3457
retirement board. 3458

(5) "Principal place of business" means an office in which 3459
the agent regularly provides securities or investment advisory 3460
services and solicits, meets with, or otherwise communicates 3461
with clients. 3462

(B) The school employees retirement board shall, for the 3463
purposes of this section, designate an agent as an Ohio- 3464
qualified agent if the agent meets all of the following 3465
requirements: 3466

(1) The agent is subject to taxation under Chapter 5725., 3467
5726., 5733., 5747., or 5751. of the Revised Code. 3468

(2) The agent is authorized to conduct business in this 3469
state. 3470

(3) The agent maintains a principal place of business in 3471
this state and employs at least five residents of this state. 3472

(C) The school employees retirement board shall adopt and 3473
implement a written policy to establish criteria and procedures 3474
used to select agents to execute securities transactions on 3475
behalf of the retirement system. The policy shall address each 3476
of the following: 3477

(1) Commissions charged by the agent, both in the 3478
aggregate and on a per share basis; 3479

(2) The execution speed and trade settlement capabilities 3480
of the agent; 3481

(3) The responsiveness, reliability, and integrity of the agent;	3482 3483
(4) The nature and value of research provided by the agent;	3484 3485
(5) Any special capabilities of the agent.	3486
(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.	3487 3488 3489 3490 3491 3492 3493 3494
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board.	3495 3496 3497
(3) The board shall determine whether an agent is an Ohio-qualified agent, meets the criteria established by the board pursuant to division (C) of this section, and offers quality, services, and safety comparable to other agents otherwise available to the board. The board's determination shall be final.	3498 3499 3500 3501 3502 3503
Sec. 4582.06. (A) A port authority created in accordance with section 4582.02 of the Revised Code may:	3504 3505
(1) Acquire, construct, furnish, equip, maintain, repair, sell, exchange, lease to or from, lease with an option to purchase, convey other interests in, or operate real or personal property, or any combination thereof, related to, useful for, or in furtherance of any authorized purpose, and make charges for	3506 3507 3508 3509 3510

the use of any port authority facility, which shall be not less 3511
than the charges established for the same services furnished by 3512
a public utility or common carrier in the jurisdiction of the 3513
particular port authority; 3514

(2) Straigten, deepen, and improve any canal, channel, 3515
river, stream, or other water course or way that may be 3516
necessary or proper in the development of the facilities of the 3517
port authority; 3518

(3) Issue bonds or notes for the acquisition, 3519
construction, furnishing, or equipping of any real or personal 3520
property, or any combination thereof, related to, useful for, or 3521
in furtherance of any authorized purpose, in compliance with 3522
Chapter 133. of the Revised Code, except that the bonds or notes 3523
only may be issued pursuant to a vote of the electors residing 3524
within the territory of the port authority. The net indebtedness 3525
incurred by a port authority shall never exceed two per cent of 3526
the total value of all property within the territory comprising 3527
the authority as listed and assessed for taxation. 3528

(4) By resolution of its board of directors, issue revenue 3529
bonds beyond the limit of bonded indebtedness provided by law, 3530
for the acquisition, construction, furnishing, or equipping of 3531
any real or personal property, or any combination thereof, 3532
related to, useful for, or in furtherance of any authorized 3533
purpose, including all costs in connection with or incidental 3534
thereto. 3535

The revenue bonds of the port authority shall be secured 3536
only by a pledge of and a lien on the revenues of the port 3537
authority derived from those loan payments, rentals, fees, 3538
charges, or other revenues that are designated in the 3539
resolution, including, but not limited to, any property to be 3540

acquired, constructed, furnished, or equipped with the proceeds 3541
of the bond issue, after provision only for the reasonable cost 3542
of operating, maintaining, and repairing the property of the 3543
port authority so designated. The bonds may further be secured 3544
by the covenant of the port authority to maintain rates or 3545
charges that will produce revenues sufficient to meet the costs 3546
of operating, maintaining, and repairing such property and to 3547
meet the interest and principal requirements of the bonds and to 3548
establish and maintain reserves for the foregoing purposes. The 3549
board of directors, by resolution, may provide for the issuance 3550
of additional revenue bonds from time to time, to be secured 3551
equally and ratably, without preference, priority, or 3552
distinction, with outstanding revenue bonds, but subject to the 3553
terms and limitations of any trust agreement described in this 3554
section, and of any resolution authorizing bonds then 3555
outstanding. The board of directors, by resolution, may 3556
designate additional property of the port authority, the 3557
revenues of which shall be pledged and be subject to a lien for 3558
the payment of the debt charges on revenue bonds theretofore 3559
authorized by resolution of the board of directors, to the same 3560
extent as the revenues above described. 3561

In the discretion of the board of directors, the revenue 3562
bonds of the port authority may be secured by a trust agreement 3563
between the board of directors on behalf of the port authority 3564
and a corporate trustee, that may be any trust company or bank 3565
having powers of a trust company, within or without the state. 3566

The trust agreement may provide for the pledge or 3567
assignment of the revenues to be received, but shall not pledge 3568
the general credit and taxing power of the port authority. A 3569
trust agreement securing revenue bonds issued to acquire, 3570
construct, furnish, or equip real property, plants, factories, 3571

offices, and other structures and facilities for authorized 3572
purposes consistent with Section 13 or 16 of Article VIII, Ohio 3573
Constitution, may mortgage the real or personal property, or a 3574
combination thereof, to be acquired, constructed, furnished, or 3575
equipped from the proceeds of such revenue bonds, as further 3576
security for the bonds. The trust agreement or the resolution 3577
providing for the issuance of revenue bonds may set forth the 3578
rights and remedies of the bondholders and trustee, and may 3579
contain other provisions for protecting and enforcing their 3580
rights and remedies that are determined in the discretion of the 3581
board of directors to be reasonable and proper. The agreement or 3582
resolution may provide for the custody, investment, and 3583
disbursement of all moneys derived from the sale of such bonds, 3584
or from the revenues of the port authority, other than those 3585
moneys received from taxes levied pursuant to section 4582.14 of 3586
the Revised Code, and may provide for the deposit of such funds 3587
without regard to section 4582.15 of the Revised Code. 3588

All bonds issued under authority of this chapter, 3589
regardless of form or terms and regardless of any other law to 3590
the contrary, shall have all qualities and incidents of 3591
negotiable instruments, subject to provisions for registration, 3592
and may be issued in coupon, fully registered, or other form, or 3593
any combination thereof, as the board of directors determines. 3594
Provision may be made for the registration of any coupon bonds 3595
as to principal alone or as to both principal and interest, and 3596
for the conversion into coupon bonds of any fully registered 3597
bonds or bonds registered as to both principal and interest. 3598

The revenue bonds shall bear interest at such rate or 3599
rates, shall bear such date or dates, and shall mature within 3600
forty-five years following the date of issuance and in such 3601
amount, at such time or times, and in such number of 3602

installments, as may be provided in or pursuant to the 3603
resolution authorizing their issuance. The final maturity of any 3604
original issue of revenue bonds shall not be later than forty- 3605
five years from their date of issue. Such resolution also shall 3606
provide for the execution of the bonds, which may be by 3607
facsimile signatures unless prohibited by the resolution, and 3608
the manner of sale of the bonds. The resolution shall provide 3609
for, or provide for the determination of, any other terms and 3610
conditions relative to the issuance, sale, and retirement of the 3611
bonds that the board of directors in its discretion determines 3612
to be reasonable and proper. 3613

Whenever a port authority considers it expedient, it may 3614
issue renewal notes and refund any bonds, whether the bonds to 3615
be refunded have or have not matured. The final maturity of any 3616
notes, including any renewal notes, shall not be later than five 3617
years from the date of issue of the original issue of notes. The 3618
final maturity of any refunding bonds shall not be later than 3619
the later of forty-five years from the date of issue of the 3620
original issue of bonds. The refunding bonds shall be sold and 3621
the proceeds applied to the purchase, redemption, or payment of 3622
the bonds to be refunded and the costs of issuance of the 3623
refunding bonds. The bonds and notes issued under this chapter, 3624
their transfer, and the income therefrom, shall at all times be 3625
free from taxation within the state. 3626

(5) Do any of the following, in regard to any interests in 3627
any real or personal property, or any combination thereof, 3628
including, without limitation, machinery, equipment, plants, 3629
factories, offices, and other structures and facilities related 3630
to, useful for, or in furtherance of any authorized purpose, for 3631
such consideration and in such manner, consistent with Article 3632
VIII, Ohio Constitution, as the board in its sole discretion may 3633

determine: 3634

(a) Loan moneys to any person or governmental entity for 3635
the acquisition, construction, furnishing, and equipping of the 3636
property; 3637

(b) Acquire, construct, maintain, repair, furnish, and 3638
equip the property; 3639

(c) Sell to, exchange with, lease, convey other interests 3640
in, or lease with an option to purchase the same or any lesser 3641
interest in the property to the same or any other person or 3642
governmental entity; 3643

(d) Guarantee the obligations of any person or 3644
governmental entity. 3645

A port authority may accept and hold as consideration for 3646
the conveyance of property or any interest therein such property 3647
or interests therein as the board in its discretion may 3648
determine, notwithstanding any restrictions that apply to the 3649
investment of funds by a port authority. 3650

(6) Construct, maintain, repair, furnish, equip, sell, 3651
exchange, lease, or lease with an option to purchase, any 3652
property that it is authorized to acquire. A port authority that 3653
is subject to this section also may operate any property in 3654
connection with transportation, recreational, governmental 3655
operations, or cultural activities. 3656

(a) Any purchase, exchange, sale, lease, lease with an 3657
option to purchase, conveyance of other interests in, or other 3658
contract with a person or governmental entity that pertains to 3659
the acquisition, construction, maintenance, repair, furnishing, 3660
equipping, or operation of any real or personal property, or any 3661
combination thereof, related to, useful for, or in furtherance 3662

of an activity contemplated by Section 13 or 16 of Article VIII, 3663
Ohio Constitution, shall be made in such manner and subject to 3664
such terms and conditions as may be determined by the board of 3665
directors in its discretion. 3666

(b) Division (A) (6) (a) of this section applies to all 3667
contracts that are subject to the division, notwithstanding any 3668
other provision of law that might otherwise apply, including, 3669
without limitation, any requirement of notice, any requirement 3670
of competitive bidding or selection, or any requirement for the 3671
provision of security. 3672

(c) Divisions (A) (6) (a) and (b) of this section do not 3673
apply to either of the following: 3674

(i) Any contract secured by or to be paid from moneys 3675
raised by taxation or the proceeds of obligations secured by a 3676
pledge of moneys raised by taxation; 3677

(ii) Any contract secured exclusively by or to be paid 3678
exclusively from the general revenues of the port authority. For 3679
the purposes of this section, any revenues derived by the port 3680
authority under a lease or other agreement that, by its terms, 3681
contemplates the use of amounts payable under the agreement 3682
either to pay the costs of the improvement that is the subject 3683
of the contract or to secure obligations of the port authority 3684
issued to finance costs of such improvement, are excluded from 3685
general revenues. 3686

(7) Apply to the proper authorities of the United States 3687
pursuant to appropriate law for the right to establish, operate, 3688
and maintain foreign trade zones and to establish, operate, and 3689
maintain foreign trade zones; and to acquire land or property 3690
therefor, in a manner consistent with section 4582.17 of the 3691

Revised Code; 3692

(8) Exercise the right of eminent domain to appropriate 3693
any land, rights, rights-of-way, franchises, easements, or other 3694
property, necessary or proper for any authorized purpose, 3695
pursuant to the procedure provided in sections 163.01 to 163.22 3696
of the Revised Code, if funds equal to the appraised value of 3697
the property to be acquired as a result of such proceedings are 3698
available for that purpose, except that nothing contained in 3699
sections 4582.01 to 4582.20 of the Revised Code shall authorize 3700
a port authority to take or disturb property or facilities 3701
belonging to any agency or political subdivision of this state, 3702
public utility, or common carrier, which property or facilities 3703
are necessary and convenient in the operation of the agency or 3704
political subdivision, public utility, or common carrier, unless 3705
provision is made for the restoration, relocation, or 3706
duplication of the property or facilities, or upon the election 3707
of the agency or political subdivision, public utility, or 3708
common carrier, for the payment of compensation, if any, at the 3709
sole cost of the port authority, provided that: 3710

(a) If any restoration or duplication proposed to be made 3711
pursuant to this section involves a relocation of such property 3712
or facilities, the new facilities and location shall be of at 3713
least comparable utilitarian value and effectiveness, and the 3714
relocation shall not impair the ability of the public utility or 3715
common carrier to compete in its original area of operation. 3716

(b) If any restoration or duplication made pursuant to 3717
this section involves a relocation of such property or 3718
facilities, the port authority shall acquire no interest or 3719
right in or to the appropriated property or facilities, except 3720
as provided in division (A)(11) of this section, until the 3721

relocated property or facilities are available for use and until 3722
marketable title thereto has been transferred to the public 3723
utility or common carrier. 3724

(c) Provisions for restoration or duplication shall be 3725
described in detail in the resolution for appropriation passed 3726
by the port authority. 3727

(9) Enjoy and possess the same rights, privileges, and 3728
powers granted municipal corporations under sections 721.04 to 3729
721.11 of the Revised Code; 3730

(10) Maintain such funds as it considers necessary; 3731

(11) Direct its agents or employees, when properly 3732
identified in writing, and after at least five days' written 3733
notice, to enter upon lands within the confines of its 3734
jurisdiction in order to make surveys and examinations 3735
preliminary to location and construction of works for the 3736
purposes of the port authority, without liability of the port 3737
authority or its agents or employees except for actual damage 3738
done; 3739

(12) Sell, lease, or convey other interests in real and 3740
personal property and grant easements or rights-of-way over 3741
property of the port authority. The board of directors shall 3742
specify the consideration and any terms thereof for the sale, 3743
lease, or conveyance of other interests in real and personal 3744
property. Any determinations made by the board of directors 3745
under this division shall be conclusive. The sale, lease, or 3746
conveyance may be made without advertising and the receipt of 3747
bids. 3748

(13) Promote, advertise, and publicize the port authority 3749
facilities and its authorized purposes, provide information to 3750

persons with an interest in transportation and other port 3751
authority activities, and appear before rate-making authorities 3752
to represent and promote the interests of the port authority and 3753
its authorized purposes; 3754

(14) Adopt rules, not in conflict with general law, 3755
governing the use of and the safeguarding of its property, 3756
grounds, buildings, equipment, and facilities, safeguarding 3757
persons and their property located on or in port authority 3758
property, and governing the conduct of its employees and the 3759
public, in order to promote the public safety and convenience in 3760
and about its terminals and grounds, and to maintain order. Any 3761
such regulation shall be posted at no less than five public 3762
places in the port authority, as determined by the board of 3763
directors, for a period of not fewer than fifteen days, and 3764
shall be available for public inspection at the principal office 3765
of the port authority during regular business hours. No person 3766
shall violate any lawful regulation adopted and posted as 3767
provided in this division. 3768

(15) Establish and administer one or more payment card 3769
programs for purposes of paying expenses related to port 3770
authority business. Any obligation incurred as a result of the 3771
use of such a payment card shall be paid from port authority 3772
funds. 3773

(16) Act as a portal operator for purposes of an 3774
OhioInvests offering under sections 1707.05 to 1707.058 of the 3775
Revised Code; 3776

(17) Do all acts necessary or appropriate to carry out its 3777
authorized purposes. The port authority shall have the powers 3778
and rights granted to other subdivisions under section 9.20 of 3779
the Revised Code. 3780

(B) Any instrument by which real property is acquired 3781
pursuant to this section shall identify the agency of the state 3782
that has the use and benefit of the real property as specified 3783
in section 5301.012 of the Revised Code. 3784

(C) Whoever violates division (A) (14) of this section is 3785
guilty of a minor misdemeanor. 3786

Sec. 4582.31. (A) A port authority created in accordance 3787
with section 4582.22 of the Revised Code may: 3788

(1) Adopt bylaws for the regulation of its affairs and the 3789
conduct of its business; 3790

(2) Adopt an official seal; 3791

(3) Maintain a principal office within its jurisdiction, 3792
and maintain such branch offices as it may require; 3793

(4) Acquire, construct, furnish, equip, maintain, repair, 3794
sell, exchange, lease to or from, or lease with an option to 3795
purchase, convey other interests in real or personal property, 3796
or any combination thereof, related to, useful for, or in 3797
furtherance of any authorized purpose and operate any property 3798
in connection with transportation, recreational, governmental 3799
operations, or cultural activities; 3800

(5) Straighten, deepen, and improve any channel, river, 3801
stream, or other water course or way which may be necessary or 3802
proper in the development of the facilities of a port authority; 3803

(6) Make available the use or services of any port 3804
authority facility to one or more persons, one or more 3805
governmental agencies, or any combination thereof; 3806

(7) Issue bonds or notes for the acquisition, 3807
construction, furnishing, or equipping of any port authority 3808

facility or other permanent improvement that a port authority is 3809
authorized to acquire, construct, furnish, or equip, in 3810
compliance with Chapter 133. of the Revised Code, except that 3811
such bonds or notes may only be issued pursuant to a vote of the 3812
electors residing within the area of jurisdiction of the port 3813
authority. The net indebtedness incurred by a port authority 3814
shall never exceed two per cent of the total value of all 3815
property within the territory comprising the port authority as 3816
listed and assessed for taxation. 3817

(8) Issue port authority revenue bonds beyond the limit of 3818
bonded indebtedness provided by law, payable solely from 3819
revenues as provided in section 4582.48 of the Revised Code, for 3820
the purpose of providing funds to pay the costs of any port 3821
authority facility or facilities or parts thereof; 3822

(9) Apply to the proper authorities of the United States 3823
pursuant to appropriate law for the right to establish, operate, 3824
and maintain foreign trade zones and establish, operate, and 3825
maintain foreign trade zones and to acquire, exchange, sell, 3826
lease to or from, lease with an option to purchase, or operate 3827
facilities, land, or property therefor in accordance with the 3828
"Foreign Trade Zones Act," 48 Stat. 998 (1934), 19 U.S.C. 81a to 3829
81u; 3830

(10) Enjoy and possess the same rights, privileges, and 3831
powers granted municipal corporations under sections 721.04 to 3832
721.11 of the Revised Code; 3833

(11) Maintain such funds as it considers necessary; 3834

(12) Direct its agents or employees, when properly 3835
identified in writing, and after at least five days' written 3836
notice, to enter upon lands within the confines of its 3837

jurisdiction in order to make surveys and examinations 3838
preliminary to location and construction of works for the 3839
purposes of the port authority, without liability of the port 3840
authority or its agents or employees except for actual damage 3841
done; 3842

(13) Promote, advertise, and publicize the port authority 3843
and its facilities; provide information to shippers and other 3844
commercial interests; and appear before rate-making authorities 3845
to represent and promote the interests of the port authority; 3846

(14) Adopt rules, not in conflict with general law, it 3847
finds necessary or incidental to the performance of its duties 3848
and the execution of its powers under sections 4582.21 to 3849
4582.54 of the Revised Code. Any such rule shall be posted at no 3850
less than five public places in the port authority, as 3851
determined by the board of directors, for a period of not fewer 3852
than fifteen days, and shall be available for public inspection 3853
at the principal office of the port authority during regular 3854
business hours. No person shall violate any lawful rule adopted 3855
and posted as provided in this division. 3856

(15) Do any of the following, in regard to any interests 3857
in any real or personal property, or any combination thereof, 3858
including, without limitation, machinery, equipment, plants, 3859
factories, offices, and other structures and facilities related 3860
to, useful for, or in furtherance of any authorized purpose, for 3861
such consideration and in such manner, consistent with Article 3862
VIII of the Ohio Constitution, as the board in its sole 3863
discretion may determine: 3864

(a) Loan moneys to any person or governmental entity for 3865
the acquisition, construction, furnishing, and equipping of the 3866
property; 3867

(b) Acquire, construct, maintain, repair, furnish, and equip the property;	3868 3869
(c) Sell to, exchange with, lease, convey other interests in, or lease with an option to purchase the same or any lesser interest in the property to the same or any other person or governmental entity;	3870 3871 3872 3873
(d) Guarantee the obligations of any person or governmental entity.	3874 3875
A port authority may accept and hold as consideration for the conveyance of property or any interest therein such property or interests therein as the board in its discretion may determine, notwithstanding any restrictions that apply to the investment of funds by a port authority.	3876 3877 3878 3879 3880
(16) Sell, lease, or convey other interests in real and personal property, and grant easements or rights-of-way over property of the port authority. The board of directors shall specify the consideration and any terms for the sale, lease, or conveyance of other interests in real and personal property. Any determination made by the board under this division shall be conclusive. The sale, lease, or conveyance may be made without advertising and the receipt of bids.	3881 3882 3883 3884 3885 3886 3887 3888
(17) Exercise the right of eminent domain to appropriate any land, rights, rights-of-way, franchises, easements, or other property, necessary or proper for any authorized purpose, pursuant to the procedure provided in sections 163.01 to 163.22 of the Revised Code, if funds equal to the appraised value of the property to be acquired as a result of such proceedings are available for that purpose. However, nothing contained in sections 4582.201 to 4582.59 of the Revised Code shall authorize	3889 3890 3891 3892 3893 3894 3895 3896

a port authority to take or disturb property or facilities 3897
belonging to any agency or political subdivision of this state, 3898
public utility, cable operator, or common carrier, which 3899
property or facilities are necessary and convenient in the 3900
operation of the agency or political subdivision, public 3901
utility, cable operator, or common carrier, unless provision is 3902
made for the restoration, relocation, or duplication of such 3903
property or facilities, or upon the election of the agency or 3904
political subdivision, public utility, cable operator, or common 3905
carrier, for the payment of compensation, if any, at the sole 3906
cost of the port authority, provided that: 3907

(a) If any restoration or duplication proposed to be made 3908
under this section involves a relocation of the property or 3909
facilities, the new facilities and location shall be of at least 3910
comparable utilitarian value and effectiveness and shall not 3911
impair the ability of the public utility, cable operator, or 3912
common carrier to compete in its original area of operation; 3913

(b) If any restoration or duplication made under this 3914
section involves a relocation of the property or facilities, the 3915
port authority shall acquire no interest or right in or to the 3916
appropriated property or facilities, except as provided in 3917
division (A)(15) of this section, until the relocated property 3918
or facilities are available for use and until marketable title 3919
thereto has been transferred to the public utility, cable 3920
operator, or common carrier. 3921

As used in division (A)(17) of this section, "cable 3922
operator" has the same meaning as in the "Cable Communications 3923
Policy Act of 1984," Pub. L. No. 98-549, 98 Stat. 2780, 47 3924
U.S.C. 522, as amended by the "Telecommunications Act of 1996," 3925
Pub. L. No. 104-104, 110 Stat. 56. 3926

(18) (a) Make and enter into all contracts and agreements 3927
and execute all instruments necessary or incidental to the 3928
performance of its duties and the execution of its powers under 3929
sections 4582.21 to 4582.59 of the Revised Code. 3930

(b) Except as provided in division (A) (18) (c) of this 3931
section or except when the port authority elects to construct a 3932
building, structure, or other improvement pursuant to a contract 3933
made with a construction manager at risk under sections 9.33 to 3934
9.335 of the Revised Code or with a design-build firm under 3935
section 153.65 to 153.73 of the Revised Code, when the cost of a 3936
contract for the construction of any building, structure, or 3937
other improvement undertaken by a port authority involves an 3938
expenditure exceeding one hundred fifty thousand dollars and the 3939
port authority is the contracting entity, the port authority 3940
shall make a written contract after notice calling for bids for 3941
the award of the contract has been given by publication twice, 3942
with at least seven days between publications, in a newspaper of 3943
general circulation in the area of the port authority or as 3944
provided in section 7.16 of the Revised Code. Each such contract 3945
shall be let to the lowest responsive and responsible bidder in 3946
accordance with section 9.312 of the Revised Code. Every 3947
contract shall be accompanied by or shall refer to plans and 3948
specifications for the work to be done, prepared for and 3949
approved by the port authority, and signed by an authorized 3950
officer of the port authority and by the contractor. 3951

Each bid shall be awarded in accordance with sections 3952
153.54, 153.57, and 153.571 of the Revised Code. The port 3953
authority may reject any and all bids. 3954

(c) The board of directors by rule may provide criteria 3955
for the negotiation and award without competitive bidding of any 3956

contract as to which the port authority is the contracting 3957
entity for the construction of any building or structure or 3958
other improvement under any of the following circumstances: 3959

(i) There exists a real and present emergency that 3960
threatens damage or injury to persons or property of the port 3961
authority or other persons, provided that a statement specifying 3962
the nature of the emergency that is the basis for the 3963
negotiation and award of a contract without competitive bidding 3964
shall be signed by the officer of the port authority that 3965
executes that contract at the time of the contract's execution 3966
and shall be attached to the contract. 3967

(ii) A commonly recognized industry or other standard or 3968
specification does not exist and cannot objectively be 3969
articulated for the improvement. 3970

(iii) The contract is for any energy conservation measure 3971
as defined in section 307.041 of the Revised Code. 3972

(iv) With respect to material to be incorporated into the 3973
improvement, only a single source or supplier exists for the 3974
material. 3975

(v) A single bid is received by the port authority after 3976
complying with the provisions of division (A) (18) (b) of this 3977
section. 3978

(d) (i) If a contract is to be negotiated and awarded 3979
without competitive bidding for the reason set forth in division 3980
(A) (18) (c) (ii) of this section, the port authority shall publish 3981
a notice calling for technical proposals twice, with at least 3982
seven days between publications, in a newspaper of general 3983
circulation in the area of the port authority or as provided in 3984
section 7.16 of the Revised Code. After receipt of the technical 3985

proposals, the port authority may negotiate with and award a 3986
contract for the improvement to the proposer making the proposal 3987
considered to be the most advantageous to the port authority. 3988

(ii) If a contract is to be negotiated and awarded without 3989
competitive bidding for the reason set forth in division (A)(18) 3990
(c)(iv) of this section, any construction activities related to 3991
the incorporation of the material into the improvement also may 3992
be provided without competitive bidding by the source or 3993
supplier of that material. 3994

(e)(i) Any purchase, exchange, sale, lease, lease with an 3995
option to purchase, conveyance of other interests in, or other 3996
contract with a person or governmental entity that pertains to 3997
the acquisition, construction, maintenance, repair, furnishing, 3998
equipping, or operation of any real or personal property, or any 3999
combination thereof, related to, useful for, or in furtherance 4000
of an activity contemplated by Section 13 or 16 of Article VIII, 4001
Ohio Constitution, shall be made in such manner and subject to 4002
such terms and conditions as may be determined by the board of 4003
directors in its discretion. 4004

(ii) Division (A)(18)(e)(i) of this section applies to all 4005
contracts that are subject to the division, notwithstanding any 4006
other provision of law that might otherwise apply, including, 4007
without limitation, any requirement of notice, any requirement 4008
of competitive bidding or selection, or any requirement for the 4009
provision of security. 4010

(iii) Divisions (A)(18)(e)(i) and (ii) of this section do 4011
not apply to either of the following: any contract secured by or 4012
to be paid from moneys raised by taxation or the proceeds of 4013
obligations secured by a pledge of moneys raised by taxation; or 4014
any contract secured exclusively by or to be paid exclusively 4015

from the general revenues of the port authority. For the 4016
purposes of this section, any revenues derived by the port 4017
authority under a lease or other agreement that, by its terms, 4018
contemplates the use of amounts payable under the agreement 4019
either to pay the costs of the improvement that is the subject 4020
of the contract or to secure obligations of the port authority 4021
issued to finance costs of such improvement, are excluded from 4022
general revenues. 4023

(19) Employ managers, superintendents, and other employees 4024
and retain or contract with consulting engineers, financial 4025
consultants, accounting experts, architects, attorneys, and any 4026
other consultants and independent contractors as are necessary 4027
in its judgment to carry out this chapter, and fix the 4028
compensation thereof. All expenses thereof shall be payable from 4029
any available funds of the port authority or from funds 4030
appropriated for that purpose by a political subdivision 4031
creating or participating in the creation of the port authority. 4032

(20) Receive and accept from any state or federal agency 4033
grants and loans for or in aid of the construction of any port 4034
authority facility or for research and development with respect 4035
to port authority facilities, and receive and accept aid or 4036
contributions from any source of money, property, labor, or 4037
other things of value, to be held, used, and applied only for 4038
the purposes for which the grants and contributions are made; 4039

(21) Engage in research and development with respect to 4040
port authority facilities; 4041

(22) Purchase fire and extended coverage and liability 4042
insurance for any port authority facility and for the principal 4043
office and branch offices of the port authority, insurance 4044
protecting the port authority and its officers and employees 4045

against liability for damage to property or injury to or death 4046
of persons arising from its operations, and any other insurance 4047
the port authority may agree to provide under any resolution 4048
authorizing its port authority revenue bonds or in any trust 4049
agreement securing the same; 4050

(23) Charge, alter, and collect rentals and other charges 4051
for the use or services of any port authority facility as 4052
provided in section 4582.43 of the Revised Code; 4053

(24) Provide coverage for its employees under Chapters 4054
145., 4123., and 4141. of the Revised Code; 4055

(25) Establish and administer one or more payment card 4056
programs for purposes of paying expenses related to port 4057
authority business. Any obligation incurred as a result of the 4058
use of such a payment card shall be paid from port authority 4059
funds. 4060

(26) Act as a portal operator for purposes of an 4061
OhioInvests offering under sections 1707.05 to 1707.058 of the 4062
Revised Code; 4063

(27) Do all acts necessary or proper to carry out the 4064
powers expressly granted in sections 4582.21 to 4582.59 of the 4065
Revised Code. 4066

(B) Any instrument by which real property is acquired 4067
pursuant to this section shall identify the agency of the state 4068
that has the use and benefit of the real property as specified 4069
in section 5301.012 of the Revised Code. 4070

(C) Whoever violates division (A) (14) of this section is 4071
guilty of a minor misdemeanor. 4072

Sec. 5505.068. (A) As used in this section and in section 4073

5505.0610 of the Revised Code: 4074

(1) "Agent" means a dealer, as defined in section 1707.01 4075
of the Revised Code, who is licensed under sections 1707.01 to 4076
~~1707.45-1707.50~~ of the Revised Code or under comparable laws of 4077
another state or of the United States. 4078

(2) "Minority business enterprise" has the same meaning as 4079
in section 122.71 of the Revised Code. 4080

(3) "Ohio-qualified agent" means an agent designated as 4081
such by the state highway patrol retirement board. 4082

(4) "Ohio-qualified investment manager" means an 4083
investment manager designated as such by the state highway 4084
patrol retirement board. 4085

(5) "Principal place of business" means an office in which 4086
the agent regularly provides securities or investment advisory 4087
services and solicits, meets with, or otherwise communicates 4088
with clients. 4089

(B) The state highway patrol retirement board shall, for 4090
the purposes of this section, designate an agent as an Ohio- 4091
qualified agent if the agent meets all of the following 4092
requirements: 4093

(1) The agent is subject to taxation under Chapter 5725., 4094
5726., 5733., 5747., or 5751. of the Revised Code. 4095

(2) The agent is authorized to conduct business in this 4096
state; 4097

(3) The agent maintains a principal place of business in 4098
this state and employs at least five residents of this state. 4099

(C) The state highway patrol retirement board shall adopt 4100

and implement a written policy to establish criteria and 4101
procedures used to select agents to execute securities 4102
transactions on behalf of the retirement system. The policy 4103
shall address each of the following: 4104

(1) Commissions charged by the agent, both in the 4105
aggregate and on a per share basis; 4106

(2) The execution speed and trade settlement capabilities 4107
of the agent; 4108

(3) The responsiveness, reliability, and integrity of the 4109
agent; 4110

(4) The nature and value of research provided by the 4111
agent; 4112

(5) Any special capabilities of the agent. 4113

(D)(1) The board shall, at least annually, establish a 4114
policy with the goal to increase utilization by the board of 4115
Ohio-qualified agents for the execution of domestic equity and 4116
fixed income trades on behalf of the retirement system, when an 4117
Ohio-qualified agent offers quality, services, and safety 4118
comparable to other agents otherwise available to the board and 4119
meets the criteria established under division (C) of this 4120
section. 4121

(2) The board shall review, at least annually, the 4122
performance of the agents that execute securities transactions 4123
on behalf of the board. 4124

(3) The board shall determine whether an agent is an Ohio- 4125
qualified agent, meets the criteria established by the board 4126
pursuant to division (C) of this section, and offers quality, 4127
services, and safety comparable to other agents otherwise 4128

available to the board. The board's determination shall be 4129
final. 4130

Section 2. That existing sections 145.114, 742.114, 4131
1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 4132
1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 4133
1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 4134
1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 4135
1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 4136
4582.06, 4582.31, and 5505.068 of the Revised Code are hereby 4137
repealed. 4138

Section 3. In enacting section 1707.50 of the Revised Code 4139
in Section 1 of this act, the General Assembly finds all of the 4140
following: 4141

(A) Whereas adequate financing of essential investor 4142
protection enforcement is necessary to achieve maximum 4143
compliance with state law, to ensure, for businesses that raise 4144
money via crowdfunding, an effective disincentive to engage in 4145
unlawful, fraudulent, and anticompetitive business practices, 4146
and to provide appropriate regulation of an emerging and quickly 4147
evolving industry. 4148

(B) Although self-policing efforts by industry watchdog 4149
groups may have some success in educating some fundraisers about 4150
their obligations under state consumer and investor laws, in 4151
other cases the only meaningful deterrent to unlawful conduct is 4152
the vigorous assessment and collection of civil penalties. 4153

(C) It is in the public interest to provide that civil 4154
penalties for violations of law may also be assessed and 4155
collected by aggrieved crowdfunding investors acting as private 4156
attorneys general enforcement. 4157