

**As Reported by the Senate Finance Committee**

**133rd General Assembly**

**Regular Session**

**2019-2020**

**Sub. H. B. No. 312**

**Representative Powell**

**Cosponsors: Representatives Merrin, Roemer, Brent, Crossman, DeVitis, Greenspan, Grendell, Hambley, Hillyer, Holmes, A., Hood, Hoops, Jordan, Lanese, Lang, Leland, Lepore-Hagan, Manning, G., McClain, O'Brien, Oelslager, Patterson, Patton, Reineke, Richardson, Riedel, Rogers, Romanchuk, Russo, Scherer, Seitz, Sobecki, Stephens, Swearingen, Upchurch, Weinstein, West, Zeltwanger**

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**A BILL**

To amend sections 145.114, 742.114, 1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 4582.06, 4582.31, and 5505.068 and to enact sections 1707.05, 1707.051, 1707.052, 1707.053, 1707.054, 1707.055, 1707.056, 1707.057, 1707.058, and 1707.50 of the Revised Code and to amend Section 259.50 of H.B. 166 of the 133rd General Assembly to permit intrastate equity crowdfunding under certain circumstances and to make an appropriation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Sec. 1707.01.** As used in this chapter: 142

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

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

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

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

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

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

confined in this state exclusively to institutional investors 187  
and licensed dealers." 188

(4) The offering of securities by any person in 189  
conjunction with a licensed dealer by use of advertisement, 190  
circular, or pamphlet is not a sale if that person does not 191  
otherwise attempt to sell securities in this state. 192

(5) Any security given with, or as a bonus on account of, 193  
any purchase of securities is conclusively presumed to 194  
constitute a part of the subject of that purchase and has been 195  
"sold." 196

(6) "Sale" by an owner, pledgee, or mortgagee, or by a 197  
person acting in a representative capacity, includes sale on 198  
behalf of such party by an agent, including a licensed dealer or 199  
salesperson. 200

(D) "Person," except as otherwise provided in this 201  
chapter, means a natural person, firm, partnership, limited 202  
partnership, partnership association, syndicate, joint-stock 203  
company, unincorporated association, trust or trustee except 204  
where the trust was created or the trustee designated by law or 205  
judicial authority or by a will, and a corporation or limited 206  
liability company organized under the laws of any state, any 207  
foreign government, or any political subdivision of a state or 208  
foreign government. 209

(E) (1) "Dealer," except as otherwise provided in this 210  
chapter, means every person, other than a salesperson, who 211  
engages or professes to engage, in this state, for either all or 212  
part of the person's time, directly or indirectly, either in the 213  
business of the sale of securities for the person's own account, 214  
or in the business of the purchase or sale of securities for the 215



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

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

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

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

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

(e) Any bank; 242

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(f) Any licensed dealer or licensed salesperson whose 475  
performance of investment advisory services described in 476  
division (X)(1) of this section is solely incidental to the 477  
conduct of the dealer's or salesperson's business as a licensed 478  
dealer or licensed salesperson and who receives no special 479  
compensation for the services; 480

(g) Any person, the advice, analyses, or reports of which 481  
do not relate to securities other than securities that are 482  
direct obligations of, or obligations guaranteed as to principal 483  
or interest by, the United States, or securities issued or 484  
guaranteed by corporations in which the United States has a 485  
direct or indirect interest, and that have been designated by 486  
the secretary of the treasury as exempt securities as defined in 487  
the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 488  
78c; 489

(h) Any person that is excluded from the definition of 490  
investment adviser pursuant to section 202(a)(11)(A) to (E) of 491  
the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), 492  
or that has received an order from the securities and exchange 493  
commission under section 202(a)(11)(F) of the "Investment 494  
Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that 495  
the person is not within the intent of section 202(a)(11) of the 496  
Investment Advisers Act of 1940. 497

(i) A person who acts solely as a state retirement system 498  
investment officer or as a bureau of workers' compensation chief 499  
investment officer; 500

(j) Any other person that the division designates by rule, 501  
if the division finds that the designation is necessary or 502  
appropriate in the public interest or for the protection of 503  
investors or clients and consistent with the purposes fairly 504

intended by the policy and provisions of this chapter. 505

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) An employee of an investment adviser; 611

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

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

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

(2) The investment adviser reasonably believes either of 622

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

of avoiding this chapter.	973
(Q) The sale of any security is exempt if all of the following conditions are satisfied:	974 975
(1) The provisions of section 5 of the Securities Act of 1933 do not apply to the sale by reason of an exemption under section 4 (2) of that act.	976 977 978
(2) The aggregate commission, discount, and other remuneration, excluding legal, accounting, and printing fees, paid or given directly or indirectly does not exceed ten per cent of the initial offering price.	979 980 981 982
(3) Any such commission, discount, or other remuneration for sales in this state is paid or given only to dealers or salespersons registered under this chapter.	983 984 985
(4) The issuer or dealer files with the division of securities, not later than sixty days after the sale, a report setting forth the name and address of the issuer, the total amount of the securities sold under this division, the number of persons to whom the securities were sold, the price at which the securities were sold, and the commissions or discounts paid or given.	986 987 988 989 990 991 992
(5) The issuer pays a filing fee of one hundred dollars for the first filing and fifty dollars for every subsequent filing during each calendar year.	993 994 995
(R) A sale of a money order, travelers' check, or other instrument for the transmission of money by a person qualified to engage in such business under Chapter 1315. of the Revised Code is exempt.	996 997 998 999
(S) A sale by a licensed dealer of securities that are in	1000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

material fact. 1091

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

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

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

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

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

legal, accounting, and printing fees. 1120

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

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

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

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

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

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

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



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

purchase or sale of any security; 1178

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) A merger or consolidation. 1294

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

"I am an Ohio resident. 1405

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(H) (1) Subject to division (H) (2) of this section, an investor may cancel the investment commitment for any reason for a period of time specified in the issuer's offering materials, which period shall be at least five business days after the date of commitment. 1463  
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(2) During the forty-eight hours prior to the deadline identified in the issuer's offering materials, an investment commitment may not be canceled. 1468  
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(I) The issuer requires the portal operator to do all of the following: 1471  
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(1) Provide or make available to each prospective purchaser through the OhioInvests portal the following, as applicable: 1473  
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(a) A copy of the issuer's balance sheet and income statement for the issuer's most recent fiscal year, if the issuer was in existence for that period; 1476  
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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. 1479  
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(2) Make available to each prospective purchaser through the OhioInvests portal a printable or downloadable disclosure document that meets the requirements of section 1707.052 of the Revised Code; 1488  
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(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. 1492  
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(J) All of the following apply: 1496

(1) All payments for the purchase of securities are held in escrow until the aggregate capital deposited into escrow from all purchasers is equal to or greater than the stated minimum offering amount. 1497  
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(2) The escrow agent used is a bank, trust company, savings bank, savings association, or credit union authorized to do business in this state. 1501  
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(3) Prior to the execution of the escrow agreement between the issuer and the escrow agent, the escrow agent conducts a search of the issuer and its executive management, as provided to the escrow agent by the portal operator, against the specially designated nationals list maintained by the office of foreign assets control of the United States department of the treasury. 1504  
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(4) The escrow agent is only responsible to act at the direction of the party establishing the escrow account and does not have a duty or liability, contractual or otherwise, to an investor or other person except as set forth in the applicable escrow agreement or other contract. 1511  
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(5) If the minimum offering amount is not raised by the expiration date stipulated in the disclosure document provided to the purchasers, all purchasers will receive a return of all their subscription funds. 1516  
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(K) Not less than ten days before the beginning of an 1520

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

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

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

(3) A filing fee of fifty dollars. 1530

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

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

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

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

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

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

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

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

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

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

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

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

(f) The issuer's logo; 1559

(g) The OhioInvests portal through which the offering is being made. 1560  
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(3) The advertisement complies with all applicable state and federal laws. 1562  
1563

(M) Meets such other requirements as the division may, by rule, prescribe for the protection of investors and in the public interest. 1564  
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**Sec. 1707.052.** The disclosure document provided to each prospective purchaser through an OhioInvests portal shall contain all of the following: 1567  
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(A) The following information regarding the OhioInvests issuer: 1570  
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(1) The type of entity it is; 1572

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

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



sold; 1601

(b) The valuation of the issuer implied by the price of 1602  
the offered securities. 1603

(4) The price per share, unit, or interest of the 1604  
securities; 1605

(5) Any restrictions on transfer of the securities; 1606

(6) A statement that any future issuance of securities 1607  
might dilute the value of the securities being offered; 1608

(7) The date on which the offering will expire. 1609

(C) The identity of and consideration payable to a person 1610  
who has been or will be retained by the issuer to assist the 1611  
issuer in conducting the offering and sale of the securities, 1612  
including a portal operator. This requirement does not apply to 1613  
persons acting primarily as accountants or attorneys and 1614  
employees whose primary job responsibilities involve operating 1615  
the business of the issuer rather than assisting the issuer in 1616  
raising capital. 1617

(D) A description of any pending material litigation, 1618  
legal proceedings, or regulatory action involving the issuer or 1619  
any members, persons in executive management, or other persons 1620  
occupying a similar status or performing similar functions in 1621  
the name of and on behalf of the issuer; 1622

(E) A copy of the escrow agreement between the escrow 1623  
agent, the issuer, and, if applicable, the portal operator; 1624

(F) A statement that the securities have not been 1625  
registered under federal or state securities law and that the 1626  
securities are subject to limitations on resale; 1627

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

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

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

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1651

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

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

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

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

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

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

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

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

Revised Code. 1686

(B) If the division approves the entity as a portal operator, the division shall issue a license certificate to the entity. 1687  
1688  
1689

Sec. 1707.055. No portal operator that is not also a licensed dealer shall do any of the following: 1690  
1691

(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. 1692  
1693  
1694  
1695  
1696  
1697  
1698

(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. 1699  
1700  
1701  
1702

(C) Charge a fee to the issuer for an offering of securities on an OhioInvests portal unless the fee is one of the following: 1703  
1704  
1705

(1) A fixed amount for each offering; 1706

(2) A variable amount based on the length of time that the securities are offered on the portal; 1707  
1708

(3) A combination of such fixed or variable amounts. 1709

(D) Hold, manage, possess, or otherwise handle purchaser funds or securities, unless the portal operator is the issuer. 1710  
1711

(E) No portal operator shall allow its officers, 1712

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

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

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

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

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

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

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

to the extent required or authorized under other law. 1742

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) If, before the relevant offering, the court of regulatory authority that entered the relevant order, judgment, or decree advises in writing that the disqualification under division (B) of this section should not arise as a consequence of the order, judgment, or decree, whether the advice is contained in the relevant judgment, order, or decree or separately to the securities and exchange commission or a state securities commissioner or their staff; or 1916  
1917  
1918  
1919  
1920  
1921  
1922  
1923

(4) If the issuer establishes to the division that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under division (B) of this section. 1924  
1925  
1926  
1927

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

(1) In control of the issuer; 1932

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Is not of good business repute; 2205

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

state. 2234

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

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

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

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

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

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

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

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

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

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



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

(2) Notwithstanding sections 121.71 to 121.75 of the 2302  
Revised Code, the division may incorporate by reference into its 2303  
rules any statute enacted by the United States congress or any 2304  
rule, regulation, or form promulgated by the securities and 2305  
exchange commission, or by another federal agency, in a manner 2306  
that also incorporates all future amendments to the statute, 2307  
rule, regulation, or form. 2308

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

(C) The division may by rule or order prescribe:	2324
(1) The form and content of financial statements required under sections 1707.01 to <del>1707.45</del> <u>1707.50</u> of the Revised Code;	2325 2326
(2) The circumstances under which consolidated financial statements will be filed;	2327 2328
(3) Whether any required financial statements shall be certified by independent or certified public accountants. All financial statements shall be prepared in accordance with generally accepted accounting practices.	2329 2330 2331 2332
(D) All rules and forms of the division shall be published; and in addition to fulfilling the requirements of Chapter 119. of the Revised Code, the division shall prescribe, and shall publish and make available its rules regarding the sale of securities, the administration of sections 1707.01 to <del>1707.45</del> <u>1707.50</u> of the Revised Code, and the procedure and practice before the division.	2333 2334 2335 2336 2337 2338 2339
(E) (1) No provision of sections 1707.01 to <del>1707.45</del> <u>1707.50</u> of the Revised Code imposing any liability applies to any act done or omitted in good faith in conformity with any rule, form, or order of the division of securities, notwithstanding that the rule, form, or order may later be amended or rescinded or be determined by judicial or other authority to be invalid for any reason, except that the issuance of an order granting effectiveness to a registration under section 1707.09 or 1707.091 of the Revised Code for the purposes of this division shall not be deemed an order other than as the establishment of the fact of registration.	2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350
(2) No provision of sections 1707.01 to <del>1707.45</del> <u>1707.50</u> of the Revised Code imposing any liability, penalty, sanction, or	2351 2352

disqualification applies to any act done or omitted in good 2353  
faith in conformity with either of the following: 2354

(a) Any provision of sections 1707.01 to ~~1707.45~~1707.50 2355  
of the Revised Code that incorporates by reference a federal 2356  
statute, rule, regulation, or form; 2357

(b) Any rule, form, or order of the division that 2358  
incorporates by reference a federal statute, rule, regulation, 2359  
or form. 2360

Division (E) (2) of this section applies notwithstanding 2361  
that the incorporation by reference, or any application of the 2362  
incorporated provision, is later determined by judicial or other 2363  
authority to be unconstitutional or invalid for any reason. 2364

**Sec. 1707.21.** In so far as any information required to be 2365  
filed with the division of securities under sections 1707.01 to 2366  
~~1707.45~~1707.50, inclusive, of the Revised Code, is contained in 2367  
a registration statement filed with the securities and exchange 2368  
commission of the United States and such registration statement 2369  
is in effect, such required information may, with the consent of 2370  
the division, be furnished by filing with the division a copy of 2371  
such registration statement together with an affidavit of an 2372  
interested party that it is in effect. 2373

**Sec. 1707.23.** Whenever it appears to the division of 2374  
securities, from its files, upon complaint, or otherwise, that 2375  
any person has engaged in, is engaged in, or is about to engage 2376  
in any practice declared to be illegal or prohibited by this 2377  
chapter or rules adopted under this chapter by the division, or 2378  
defined as fraudulent in this chapter or rules adopted under 2379  
this chapter by the division, or any other deceptive scheme or 2380  
practice in connection with the sale of securities, or acting as 2381

a dealer, a salesperson, an investment adviser, investment 2382  
adviser representative, bureau of workers' compensation chief 2383  
investment officer, ~~or~~ state retirement system investment 2384  
officer, or portal operator as defined in section 1707.05 of the 2385  
Revised Code or when the division believes it to be in the best 2386  
interests of the public and necessary for the protection of 2387  
investors, the division may do any of the following: 2388

(A) Require any person to file with it, on such forms as 2389  
it prescribes, an original or additional statement or report in 2390  
writing, under oath or otherwise, as to any facts or 2391  
circumstances concerning the issuance, sale, or offer for sale 2392  
of securities within this state by the person, as to the 2393  
person's acts or practices as a dealer, a salesperson, an 2394  
investment adviser, investment adviser representative, bureau of 2395  
workers' compensation chief investment officer, ~~or~~ state 2396  
retirement system investment officer, or portal operator within 2397  
this state, and as to other information as it deems material or 2398  
relevant thereto; 2399

(B) Examine any investment adviser, investment adviser 2400  
representative, state retirement system investment officer, 2401  
bureau of workers' compensation chief investment officer, or any 2402  
seller, dealer, salesperson, or issuer of any securities, or any 2403  
portal operator, and any of their agents, employees, partners, 2404  
officers, directors, members, or shareholders, wherever located, 2405  
under oath; and examine and produce records, books, documents, 2406  
accounts, and papers as the division deems material or relevant 2407  
to the inquiry; 2408

(C) Require the attendance of witnesses, and the 2409  
production of books, records, and papers, as are required either 2410  
by the division or by any party to a hearing before the 2411

division, and for that purpose issue a subpoena for any witness, 2412  
or a subpoena duces tecum to compel the production of any books, 2413  
records, or papers. The subpoena shall be served by personal 2414  
service or by certified mail, return receipt requested. If the 2415  
subpoena is returned because of inability to deliver, or if no 2416  
return is received within thirty days of the date of mailing, 2417  
the subpoena may be served by ordinary mail. If no return of 2418  
ordinary mail is received within thirty days after the date of 2419  
mailing, service shall be deemed to have been made. If the 2420  
subpoena is returned because of inability to deliver, the 2421  
division may designate a person or persons to effect either 2422  
personal or residence service upon the witness. The person 2423  
designated to effect personal or residence service under this 2424  
division may be the sheriff of the county in which the witness 2425  
resides or may be found or any other duly designated person. The 2426  
fees and mileage of the person serving the subpoena shall be the 2427  
same as those allowed by the courts of common pleas in criminal 2428  
cases, and shall be paid from the funds of the division. Fees 2429  
and mileage for the witness shall be determined under section 2430  
119.094 of the Revised Code, and shall be paid from the funds of 2431  
the division upon request of the witness following the hearing. 2432

(D) Initiate criminal proceedings under section 1707.042 2433  
or 1707.44 of the Revised Code or rules adopted under those 2434  
sections by the division by laying before the prosecuting 2435  
attorney of the proper county any evidence of criminality which 2436  
comes to its knowledge; and in the event of the neglect or 2437  
refusal of the prosecuting attorney to prosecute such 2438  
violations, or at the request of the prosecuting attorney, the 2439  
division shall submit the evidence to the attorney general, who 2440  
may proceed in the prosecution with all the rights, privileges, 2441  
and powers conferred by law on prosecuting attorneys, including 2442

the power to appear before grand juries and to interrogate 2443  
witnesses before such grand juries. 2444

(E) Require any dealers immediately to furnish to the 2445  
division copies of prospectuses, circulars, or advertisements 2446  
respecting securities that they publish or generally distribute, 2447  
or require any investment advisers immediately to furnish to the 2448  
division copies of brochures, advertisements, publications, 2449  
analyses, reports, or other writings that they publish or 2450  
distribute; 2451

(F) Require any dealers to mail to the division, prior to 2452  
sale, notices of intention to sell, in respect to all securities 2453  
which are not exempt under section 1707.02 of the Revised Code, 2454  
or which are sold in transactions not exempt under section 2455  
1707.03 or 1707.04 of the Revised Code; 2456

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

continuation of the acts or practices that are the subject of 2473  
the order, the court may grant an injunction implementing the 2474  
order of the division. 2475

(H) Issue and initiate contempt proceedings in this state 2476  
regarding subpoenas and subpoenas duces tecum at the request of 2477  
the securities administrator of another state, if it appears to 2478  
the division that the activities for which the information is 2479  
sought would violate this chapter if the activities had occurred 2480  
in this state. 2481

(I) The remedies provided by this section are cumulative 2482  
and concurrent with any other remedy provided in this chapter, 2483  
and the exercise of one remedy does not preclude or require the 2484  
exercise of any other remedy. 2485

**Sec. 1707.24.** In case any person fails to file any 2486  
statement or report, to obey any subpoena, to give testimony, to 2487  
answer questions, or to produce any books, records, or papers as 2488  
required by the division of securities under sections 1707.01 to 2489  
~~1707.45~~1707.50, inclusive, of the Revised Code, the court of 2490  
common pleas of any county in the state, upon application made 2491  
to it by the division and upon proof made to it by the division 2492  
of such failure, may make an order awarding process of subpoena 2493  
or subpoena duces tecum for such person to appear and testify 2494  
before the division, and may order any person to give testimony 2495  
and answer questions, and to produce books, records, or papers, 2496  
as required by the division. Upon the filing of such order in 2497  
the office of the clerk of the court of common pleas, said 2498  
clerk, under the seal of said court, shall issue process of 2499  
subpoena for such person to appear before the division at a time 2500  
and place named in such subpoena, and thereafter from day to day 2501  
until the examination of such person is completed. Such subpoena 2502

may contain a direction that such witness bring with ~~him~~ the 2503  
witness to such examination any books, records, or papers 2504  
mentioned in such subpoena. Said clerk shall also issue, under 2505  
the seal of said court, such other orders, in reference to such 2506  
examination, appearance, and production of books, records, or 2507  
papers, as said court directs. If any person so summoned by 2508  
subpoena fails to obey such subpoena, to give testimony, to 2509  
answer questions as required, to produce any books, records, or 2510  
papers so required, or to obey an order of the court, the court, 2511  
on motion supported by proof, may order an attachment for 2512  
contempt to be issued against the person charged with 2513  
disobedience of any order or injunction issued by such court 2514  
under sections 1707.01 to ~~1707.45~~ 1707.50, inclusive, of the 2515  
Revised Code. If such person is brought before the court by 2516  
virtue of said attachment, and if upon a hearing such 2517  
disobedience appears, such court may order such offender to be 2518  
committed and kept in close custody. 2519

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



and other relief as the facts may warrant has been had. Such 2534  
injunctive relief is available in addition to the other remedies 2535  
provided for in sections 1707.01 to ~~1707.45~~1707.50 of the 2536  
Revised Code. 2537

Where the person refusing to comply with such order of 2538  
court is an issuer of securities, the court may enjoin the sale 2539  
by any dealer of any securities of the issuer, and the division 2540  
of securities may revoke the qualification of the securities of 2541  
the issuer, or suspend or revoke the sale of any securities of 2542  
the issuer which have been registered by description, and such 2543  
securities shall not thereafter be sold by any dealer until the 2544  
order of the court or of the division is withdrawn. 2545

**Sec. 1707.26.** Whenever it appears to the division of 2546  
securities, upon complaint or otherwise, that any person has 2547  
engaged in, is engaging in, or is about to engage in, any 2548  
deceptive, fraudulent, or manipulative act, practice, or 2549  
transaction, in violation of sections 1707.01 to ~~1707.45~~1707.50 2550  
of the Revised Code, the director of commerce may apply to a 2551  
court of common pleas of any county in this state for, and upon 2552  
proof of any of such offenses such court shall grant an 2553  
injunction restraining such person and its agents, employees, 2554  
partners, officers, directors, and shareholders from continuing, 2555  
engaging in, or doing any acts in furtherance of, such acts, 2556  
practices, or transactions, and may order such other equitable 2557  
relief as the facts warrant. 2558

**Sec. 1707.261.** (A) If a court of common pleas grants an 2559  
injunction pursuant to section 1707.26 of the Revised Code, 2560  
after consultation with the attorney general the director of 2561  
commerce may request that court to order the defendant or 2562  
defendants that are subject to the injunction to make 2563

restitution or rescission to any purchaser or holder of 2564  
securities damaged by the defendant's or defendants' violation 2565  
of any provision of sections 1707.01 to ~~1707.45~~ 1707.50 of the 2566  
Revised Code. 2567

(B) If the court of common pleas is satisfied with the 2568  
sufficiency of the director's request for restitution or 2569  
rescission under division (A) of this section and with the 2570  
sufficiency of the proof of a substantial violation of any 2571  
provision of sections 1707.01 to ~~1707.45~~ 1707.50 of the Revised 2572  
Code, or of the use of any act, practice, or transaction 2573  
declared to be illegal or prohibited or defined as fraudulent by 2574  
those sections or rules adopted under those sections by the 2575  
division of securities, to the material prejudice of a purchaser 2576  
or holder of securities, the court may order the defendant or 2577  
defendants subject to the injunction to make restitution or 2578  
rescission to any purchaser or holder of securities damaged by 2579  
the defendant's or defendants' violation of sections 1707.01 to 2580  
~~1707.45~~ 1707.50 of the Revised Code. 2581

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

pursuant to division (A) of this section concerns the same acts, 2595  
practices, or transactions that were the subject of a final 2596  
order issued by the division of securities pursuant to Chapter 2597  
119. of the Revised Code, the court shall review the request in 2598  
accordance with division (B) of this section, and the standard 2599  
of review in section 119.12 of the Revised Code shall not apply 2600  
to the request. 2601

(D) No purchaser or holder of securities who is entitled 2602  
to restitution or rescission under this section shall recover, 2603  
pursuant to this section or any other proceeding, a total amount 2604  
in excess of the person's purchase price for the securities sold 2605  
in violation of sections 1707.01 to ~~1707.45~~1707.50 of the 2606  
Revised Code. 2607

(E) (1) If a court of common pleas grants an injunction 2608  
pursuant to section 1707.26 of the Revised Code against any 2609  
state retirement system investment officer, after consultation 2610  
with the attorney general, the director of commerce may request 2611  
that court to order the state retirement system investment 2612  
officer or officers that are subject to the injunction to make 2613  
restitution to the state retirement system damaged by the state 2614  
retirement system investment officer's or officers' violation of 2615  
any provision of sections 1707.01 to ~~1707.45~~1707.50 of the 2616  
Revised Code. 2617

(2) If the court of common pleas is satisfied with the 2618  
sufficiency of the director's request for restitution under 2619  
division (E) (1) of this section and with the sufficiency of the 2620  
proof of a substantial violation of any provision of sections 2621  
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2622  
any act, practice, or transaction declared to be illegal or 2623  
prohibited or defined as fraudulent by those sections or rules 2624

adopted under those sections by the division of securities, to 2625  
the material prejudice of a state retirement system, the court 2626  
may order the state retirement system investment officer or 2627  
officers subject to the injunction to make restitution to the 2628  
state retirement system damaged by the state retirement system 2629  
investment officer's or officers' violation of sections 1707.01 2630  
to ~~1707.45~~1707.50 of the Revised Code. A request for 2631  
restitution pursuant to division (E)(1) of this section may 2632  
concern the same acts, practices, or transactions that were, or 2633  
may later be, the subject of a division of securities action for 2634  
a violation of any provision of section 1707.01 to ~~1707.45~~ 2635  
1707.50 of the Revised Code. 2636

(F)(1) If a court of common pleas grants an injunction 2637  
pursuant to section 1707.26 of the Revised Code against a bureau 2638  
of workers' compensation chief investment officer, after 2639  
consultation with the attorney general, the director of commerce 2640  
may request that court to order the bureau of workers' 2641  
compensation chief investment officer who is subject to the 2642  
injunction to make restitution to the bureau of workers' 2643  
compensation damaged by the bureau of workers' compensation 2644  
chief investment officer's violation of any provision of 2645  
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2646

(2) If the court of common pleas is satisfied with the 2647  
sufficiency of the director's request for restitution under 2648  
division (F)(1) of this section and with the sufficiency of the 2649  
proof of a substantial violation of any provision of sections 2650  
1707.01 to ~~1707.45~~1707.50 of the Revised Code, or of the use of 2651  
any act, practice, or transaction declared to be illegal or 2652  
prohibited or defined as fraudulent by those sections or rules 2653  
adopted under those sections by the division of securities, to 2654  
the material prejudice of the bureau of workers' compensation, 2655

the court may order the bureau of workers' compensation chief 2656  
investment officer subject to the injunction to make restitution 2657  
to the bureau of workers' compensation damaged by the bureau of 2658  
workers' compensation chief investment officer's violation of 2659  
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code. A 2660  
request for restitution pursuant to division (F)(1) of this 2661  
section may concern the same acts, practices, or transactions 2662  
that were, or may later be, the subject of a division of 2663  
securities action for a violation of any provision of section 2664  
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2665

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

common pleas. The court shall have jurisdiction of all questions 2687  
arising in the proceedings and may make orders and decrees 2688  
therein as justice and equity require. 2689

**Sec. 1707.28.** No prosecution or action by the division of 2690  
securities or the director of commerce for a violation of any 2691  
provision of sections 1707.01 to ~~1707.45~~1707.50 of the Revised 2692  
Code shall bar any prosecution or action by the division of 2693  
securities or the director of commerce, or be barred by any 2694  
prosecution or other action, for the violation of any other 2695  
provision of any of those sections or of any other statute; but 2696  
prosecutions and actions by the division of securities or the 2697  
director of commerce for a violation of any provision of 2698  
sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code must be 2699  
commenced within five years after the commission of the alleged 2700  
violation. 2701

**Sec. 1707.29.** In any prosecution brought under sections 2702  
1707.01 to ~~1707.45~~1707.50 of the Revised Code, except 2703  
prosecutions brought for violation of division (A) of section 2704  
1707.042 of the Revised Code, the accused shall be deemed to 2705  
have had knowledge of any matter of fact, where in the exercise 2706  
of reasonable diligence, ~~he~~ the accused should, prior to the 2707  
alleged commission of the offense in question, have secured such 2708  
knowledge. 2709

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

in any action at law or in equity to enforce sections 1707.01 to 2717  
~~1707.45~~1707.50, inclusive, of the Revised Code, or to prosecute 2718  
violations of such sections. 2719

**Sec. 1707.31.** Copies of any statements and documents filed 2720  
in the office of the division of securities and of any records 2721  
of the division, if such copies are certified to by the 2722  
division, shall be admissible in any prosecution, action, or 2723  
proceeding based upon sections 1707.01 to ~~1707.45~~1707.50, 2724  
inclusive, of the Revised Code, to the same effect as the 2725  
originals of such statements, documents, or records would be. 2726

**Sec. 1707.32.** If an issuer of securities is incorporated 2727  
or organized to make any insurance named in Title XXXIX of the 2728  
Revised Code, the superintendent of insurance shall, for all the 2729  
purposes of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2730  
the Revised Code, be substituted for the division of securities 2731  
and the issuer and the beneficial owners of shares thereof shall 2732  
be subject to section 3901.31 of the Revised Code. The 2733  
superintendent of insurance shall have over any company 2734  
disposing or attempting to dispose of any of its securities 2735  
within this state the powers of regulation, supervision, and 2736  
examination conferred on ~~him~~ the superintendent by law, with 2737  
reference to companies licensed to transact the business of 2738  
insurance within this state. 2739

No person shall, for the purpose of organizing or 2740  
promoting any insurance company, or of assisting in the sale of 2741  
the securities of any insurance company after its organization, 2742  
dispose or offer to dispose, within this state, of any such 2743  
securities, unless the contract of subscription or disposal is 2744  
in writing and contains a provision substantially in the 2745  
following language: 2746

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

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

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

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



the subscriptions. 2777

**Sec. 1707.34.** (A) Sections 1707.01 to ~~1707.45~~1707.50 of 2778  
the Revised Code do not apply to the sale of warehouse receipts 2779  
for intoxicating liquor to distillers, to rectifiers, or to any 2780  
person engaged in the business of dealing in warehouse receipts. 2781

(B) Warehouse receipts for intoxicating liquor may be sold 2782  
in this state in accord with and upon compliance with sections 2783  
1707.01 to ~~1707.45~~1707.50 of the Revised Code. 2784

**Sec. 1707.35.** All securities which were "certificated" by 2785  
the division of securities before July 22, 1929, are, if the 2786  
"certification" remained unrevoked on such date, qualified for 2787  
all purposes under sections 1707.01 to ~~1707.45~~1707.50, 2788  
inclusive, of the Revised Code. 2789

All securities authorized to be sold by reason of the 2790  
filing of information relative thereto before July 22, 1929, 2791  
shall for all purposes be deemed registered by description under 2792  
such sections, but the division shall have the same power to 2793  
require further information with respect to the further sale of 2794  
such securities as with respect to the further sale of 2795  
securities registered by description or by qualification under 2796  
sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised 2797  
Code. 2798

**Sec. 1707.38.** The issuance or sale of any security in 2799  
violation of sections 1707.01 to ~~1707.45~~1707.50, inclusive, of 2800  
the Revised Code, does not invalidate such security; but the 2801  
rights of persons defrauded by any such issuance or sale shall 2802  
not be impaired. 2803

**Sec. 1707.39.** When any securities have been sold without 2804  
compliance with sections 1707.01 to ~~1707.45~~1707.50 of the 2805

Revised Code, or any former law in force at the time of such 2806  
sale, any interested person may apply in writing to the division 2807  
of securities for the qualification of such securities under 2808  
such sections. If it appears to the division that no person has 2809  
been defrauded, prejudiced, or damaged by such noncompliance or 2810  
sale and that no person will be defrauded, prejudiced, or 2811  
damaged by such qualification, the division may permit such 2812  
securities to be so qualified upon the payment of a fee of one 2813  
hundred dollars plus a fee of one-fifth of one per cent of the 2814  
aggregate price at which the securities have been sold in this 2815  
state, which fee shall in no case be less than one hundred 2816  
dollars nor more than two thousand dollars. In addition, the 2817  
division may require the applicant to advance sufficient funds 2818  
to pay the actual expenses of an examination or investigation by 2819  
the division, whether to be conducted in this state or outside 2820  
this state. An itemized statement of such expenses shall be 2821  
furnished to the applicant. 2822

Such qualification shall estop the division from 2823  
proceeding under division (D) of section 1707.23 of the Revised 2824  
Code against anyone who has violated division (C)(1) of section 2825  
1707.44 of the Revised Code for acts within the scope of the 2826  
application, or from proceeding with administrative action 2827  
pursuant to section 1707.13 of the Revised Code. 2828

**Sec. 1707.391.** When any securities have been sold in 2829  
reliance upon division (Q), (W), (X), or (Y) of section 1707.03 2830  
of the Revised Code, section 1707.08 of the Revised Code, or any 2831  
other section of this chapter that the division of securities 2832  
may specify by rule, but such reliance was improper because the 2833  
required filings were not timely or properly made due to 2834  
excusable neglect, upon the effective date of an application 2835  
made to the division and payment of any applicable fee, if 2836

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

The effectiveness of an application under this section 2849  
does not relieve anyone who has, other than for excusable 2850  
neglect, violated sections 1707.01 to ~~1707.45~~ 1707.50 of the 2851  
Revised Code, or any previous law in force at the time of sale, 2852  
from prosecution thereunder. 2853

**Sec. 1707.40.** Except as provided in section 1707.261 of 2854  
the Revised Code, sections 1707.01 to ~~1707.45~~ 1707.50 of the 2855  
Revised Code create no new civil liabilities, and do not limit 2856  
or restrict common law liabilities for deception or fraud other 2857  
than as specified in sections 1707.042, 1707.043, 1707.41, 2858  
1707.42, and 1707.43 of the Revised Code, and there is no civil 2859  
liability for noncompliance with orders, requirements, rules, or 2860  
regulations made by the division of securities under sections 2861  
1707.19, 1707.20, 1707.201, and 1707.23 of the Revised Code. 2862

**Sec. 1707.431.** For purposes of this section, the following 2863  
persons shall not be deemed to have effected, participated in, 2864  
or aided the seller in any way in making, a sale or contract of 2865  
sale in violation of sections 1707.01 to ~~1707.45~~ 1707.50 of the 2866

Revised Code:	2867
(A) Any attorney, accountant, or engineer whose performance is incidental to the practice of the person's profession;	2868 2869 2870
(B) Any person, other than an investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer, who brings any issuer together with any potential investor, without receiving, directly or indirectly, a commission, fee, or other remuneration based on the sale of any securities by the issuer to the investor. Remuneration received by the person solely for the purpose of offsetting the reasonable out-of-pocket costs incurred by the person shall not be deemed a commission, fee, or other remuneration.	2871 2872 2873 2874 2875 2876 2877 2878 2879 2880 2881
Any person claiming exemption under this division for a publicly advertised meeting shall file a notice with the division of securities indicating an intent to cause or hold such a meeting at least twenty-one days prior to the meeting. The division may, upon receipt of such notice, issue an order denying the availability of an exemption under this division not more than fourteen days after receipt of the notice based on a finding that the applicant is not entitled to the exemption. Notwithstanding the notice described in this section, a failure to file the notice does not create a presumption that a person was participating in or aiding in the making of a sale or contract of sale in violation of this chapter.	2882 2883 2884 2885 2886 2887 2888 2889 2890 2891 2892 2893
(C) Any person whom the division exempts from this provision by rule.	2894 2895

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

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

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

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

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

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

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

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

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

retirement system investment officer, <u>or portal operator as</u>	2924
<u>defined in section 1707.05 of the Revised Code</u> under this	2925
chapter;	2926
(4) Selling any securities in this state;	2927
(5) Advising for compensation, as to the value of	2928
securities or as to the advisability of investing in,	2929
purchasing, or selling securities;	2930
(6) Submitting a notice filing to the division under	2931
division (X) of section 1707.03 or section 1707.092 or 1707.141	2932
of the Revised Code.	2933
(C) No person shall knowingly sell, cause to be sold,	2934
offer for sale, or cause to be offered for sale, any security	2935
which comes under any of the following descriptions:	2936
(1) Is not exempt under section 1707.02 of the Revised	2937
Code, nor the subject matter of one of the transactions exempted	2938
in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has	2939
not been registered by coordination or qualification, and is not	2940
the subject matter of a transaction that has been registered by	2941
description;	2942
(2) The prescribed fees for registering by description, by	2943
coordination, or by qualification have not been paid in respect	2944
to such security;	2945
(3) The person has been notified by the division, or has	2946
knowledge of the notice, that the right to buy, sell, or deal in	2947
such security has been suspended or revoked, or that the	2948
registration by description, by coordination, or by	2949
qualification under which it may be sold has been suspended or	2950
revoked;	2951

(4) The offer or sale is accompanied by a statement that 2952  
the security offered or sold has been or is to be in any manner 2953  
indorsed by the division. 2954

(D) No person who is an officer, director, or trustee of, 2955  
or a dealer, or portal operator for, any issuer, and who knows 2956  
such issuer to be insolvent in that the liabilities of the 2957  
issuer exceed its assets, shall sell any securities of or for 2958  
any such issuer, without disclosing the fact of the insolvency 2959  
to the purchaser. 2960

(E) No person with intent to aid in the sale of any 2961  
securities on behalf of the issuer, shall knowingly make any 2962  
representation not authorized by such issuer or at material 2963  
variance with statements and documents filed with the division 2964  
by such issuer. 2965

(F) No person, with intent to deceive, shall sell, cause 2966  
to be sold, offer for sale, or cause to be offered for sale, any 2967  
securities of an insolvent issuer, with knowledge that such 2968  
issuer is insolvent in that the liabilities of the issuer exceed 2969  
its assets, taken at their fair market value. 2970

(G) No person in purchasing or selling securities shall 2971  
knowingly engage in any act or practice that is, in this 2972  
chapter, declared illegal, defined as fraudulent, or prohibited. 2973

(H) No licensed dealer shall refuse to buy from, sell to, 2974  
or trade with any person because the person appears on a 2975  
blacklist issued by, or is being boycotted by, any foreign 2976  
corporate or governmental entity, nor sell any securities of or 2977  
for any issuer who is known in relation to the issuance or sale 2978  
of the securities to have engaged in such practices. 2979

(I) No dealer in securities, knowing that the dealer's 2980

liabilities exceed the reasonable value of the dealer's assets, 2981  
shall accept money or securities, except in payment of or as 2982  
security for an existing debt, from a customer who is ignorant 2983  
of the dealer's insolvency, and thereby cause the customer to 2984  
lose any part of the customer's securities or the value of those 2985  
securities, by doing either of the following without the 2986  
customer's consent: 2987

(1) Pledging, selling, or otherwise disposing of such 2988  
securities, when the dealer has no lien on or any special 2989  
property in such securities; 2990

(2) Pledging such securities for more than the amount due, 2991  
or otherwise disposing of such securities for the dealer's own 2992  
benefit, when the dealer has a lien or indebtedness on such 2993  
securities. 2994

It is an affirmative defense to a charge under this 2995  
division that, at the time the securities involved were pledged, 2996  
sold, or disposed of, the dealer had in the dealer's possession 2997  
or control, and available for delivery, securities of the same 2998  
kinds and in amounts sufficient to satisfy all customers 2999  
entitled to the securities, upon demand and tender of any amount 3000  
due on the securities. 3001

(J) No person, with purpose to deceive, shall make, issue, 3002  
publish, or cause to be made, issued, or published any statement 3003  
or advertisement as to the value of securities, or as to alleged 3004  
facts affecting the value of securities, or as to the financial 3005  
condition of any issuer of securities, when the person knows 3006  
that the statement or advertisement is false in any material 3007  
respect. 3008

(K) No person, with purpose to deceive, shall make, 3009



record, or publish or cause to be made, recorded, or published, 3010  
a report of any transaction in securities which is false in any 3011  
material respect. 3012

(L) No dealer shall engage in any act that violates the 3013  
provisions of section 15(c) or 15(g) of the "Securities Exchange 3014  
Act of 1934," 48 Stat. 881, 15 U.S.C.A. 78o(c) or (g), or any 3015  
rule or regulation promulgated by the securities and exchange 3016  
commission thereunder. 3017

(M) (1) No investment adviser or investment adviser 3018  
representative shall do any of the following: 3019

(a) Employ any device, scheme, or artifice to defraud any 3020  
person; 3021

(b) Engage in any act, practice, or course of business 3022  
that operates or would operate as a fraud or deceit upon any 3023  
person; 3024

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

licensed dealer or salesperson is not acting as an investment 3039  
adviser or investment adviser representative in relation to the 3040  
transaction. 3041

(d) Engage in any act, practice, or course of business 3042  
that is fraudulent, deceptive, or manipulative. The division of 3043  
securities may adopt rules reasonably designed to prevent acts, 3044  
practices, or courses of business that are fraudulent, 3045  
deceptive, or manipulative. 3046

(2) No investment adviser or investment adviser 3047  
representative licensed or required to be licensed under this 3048  
chapter shall take or have custody of any securities or funds of 3049  
any person, except as provided in rules adopted by the division. 3050

(3) In the solicitation of clients or prospective clients, 3051  
no person shall make any untrue statement of a material fact or 3052  
omit to state a material fact necessary in order to make the 3053  
statements made not misleading in light of the circumstances 3054  
under which the statements were made. 3055

(N) No person knowingly shall influence, coerce, 3056  
manipulate, or mislead any person engaged in the preparation, 3057  
compilation, review, or audit of financial statements to be used 3058  
in the purchase or sale of securities for the purpose of 3059  
rendering the financial statements materially misleading. 3060

(O) No state retirement system investment officer shall do 3061  
any of the following: 3062

(1) Employ any device, scheme, or artifice to defraud any 3063  
state retirement system; 3064

(2) Engage in any act, practice, or course of business 3065  
that operates or would operate as a fraud or deceit on any state 3066  
retirement system; 3067

(3) Engage in any act, practice, or course of business 3068  
that is fraudulent, deceptive, or manipulative. The division of 3069  
securities may adopt rules reasonably designed to prevent such 3070  
acts, practices, or courses of business as are fraudulent, 3071  
deceptive, or manipulative; 3072

(4) Knowingly fail to comply with any policy adopted 3073  
regarding the officer established pursuant to section 145.094, 3074  
742.104, 3307.043, 3309.043, or 5505.065 of the Revised Code. 3075

(P) No bureau of workers' compensation chief investment 3076  
officer shall do any of the following: 3077

(1) Employ any device, scheme, or artifice to defraud the 3078  
workers' compensation system; 3079

(2) Engage in any act, practice, or course of business 3080  
that operates or would operate as a fraud or deceit on the 3081  
workers' compensation system; 3082

(3) Engage in any act, practice, or course of business 3083  
that is fraudulent, deceptive, or manipulative. The division of 3084  
securities may adopt rules reasonably designed to prevent such 3085  
acts, practices, or courses of business as are fraudulent, 3086  
deceptive, or manipulative; 3087

(4) Knowingly fail to comply with any policy adopted 3088  
regarding the officer established pursuant to section 4123.441 3089  
of the Revised Code. 3090

(Q) (1) No portal operator shall knowingly do any of the 3091  
following: 3092

(a) Employ any device, scheme, or artifice to defraud; 3093

(b) Engage in any act, practice, or course of business 3094  
that operates as a fraud or deceit; 3095

<u>(c) Engage in any act, practice, or course of business</u>	3096
<u>that is fraudulent, deceptive, or manipulative.</u>	3097
<u>(2) The division of securities may adopt rules reasonably</u>	3098
<u>designed to prevent such acts, practices, or courses of business</u>	3099
<u>that are fraudulent, deceptive, or manipulative.</u>	3100
<u>Sec. 1707.50. (A) As used in this section, "violation"</u>	3101
<u>means a violation of any provision of this chapter in connection</u>	3102
<u>with the sale of securities under sections 1707.05 to 1707.058</u>	3103
<u>of the Revised Code where the filing is made pursuant to</u>	3104
<u>division (K) of section 1707.051 of the Revised Code and the</u>	3105
<u>securities are sold through an OhioInvests portal.</u>	3106
<u>(B) (1) If the division of securities finds, after notice</u>	3107
<u>and opportunity for a hearing in accordance with Chapter 119. of</u>	3108
<u>the Revised Code, that any person has committed a violation, the</u>	3109
<u>division may, in its discretion and in addition to or in lieu of</u>	3110
<u>any other remedy or sanction provided in this chapter, order the</u>	3111
<u>payment of an administrative penalty of up to one thousand</u>	3112
<u>dollars per violation, provided that the total penalty shall not</u>	3113
<u>exceed the total amount of the OhioInvests offering or offerings</u>	3114
<u>involved in the violation.</u>	3115
<u>(2) All administrative penalties collected by the division</u>	3116
<u>under division (B) (1) of this section shall be deposited into</u>	3117
<u>the state treasury to the credit of the division of securities</u>	3118
<u>investor education and enforcement expense fund created in</u>	3119
<u>section 1707.37 of the Revised Code.</u>	3120
<u>(C) (1) A purchaser may commence an individual or putative</u>	3121
<u>class action to seek recovery of the civil penalty provided for</u>	3122
<u>under division (C) (2) of this section for an alleged violation</u>	3123
<u>if all of the following requirements are met:</u>	3124

(a) The purchaser or the purchaser's representative brings the action within two years after commission of the alleged violation or within two years after the purchaser discovered or should have discovered the ground for the violation, whichever is later. 3125  
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(b) Not later than ten days after the commencement of the action, the purchaser or purchaser's representative mails to the division, by certified mail, a file-stamped copy of the complaint that includes the case number assigned by the court. 3130  
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(c) Not later than ten days from a judgment becoming final and any subsequent appeals becoming final, the purchaser or purchaser's representative mails to the division, by certified mail, a file-stamped copy of the final judgment and appellate decisions. 3134  
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(2) The civil penalty provided for under this section shall be as follows: 3139  
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(a) One hundred dollars per violation, if at the time of the violation the total amount of money raised in the OhioInvests offering is less than twenty-five thousand dollars, provided that the total penalty shall not exceed the total amount of the OhioInvests offering or offerings involved in the violation. 3141  
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(b) Two hundred fifty dollars per violation, if at the time of the violation the total amount of money raised in the OhioInvests offering is twenty-five thousand dollars or more, provided that the total penalty shall not exceed the total amount of the OhioInvests offering or offerings involved in the violation. 3147  
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(3) In any civil action by a purchaser or purchaser's 3153

representative seeking recovery of a civil penalty under this 3154  
section, a court may award a lesser amount than the amount 3155  
specified in division (C) (2) of this section if, based on the 3156  
facts and circumstances of the particular case, to do otherwise 3157  
would result in an award that is unjust, arbitrary and 3158  
oppressive, or confiscatory. 3159

(4) Civil penalties recovered by a purchaser or purchasers 3160  
in accordance with this section shall be distributed as follows: 3161

(a) Twenty-five per cent to the state to be deposited into 3162  
the state treasury to the credit of the general revenue fund and 3163  
set aside for payment of debt service on outstanding bonds that 3164  
are direct obligations of the state; 3165

(b) Seventy-five per cent to the purchaser, purchasers, or 3166  
purchaser class. 3167

(5) Purchasers or purchaser classes that prevail in a 3168  
civil action brought under this section shall be entitled to 3169  
reasonable attorney's fees and costs in the action as determined 3170  
by the court. 3171

(6) Nothing in division (C) of this section shall preclude 3172  
a purchaser or purchaser's representative from also proceeding 3173  
with a cause of action otherwise available under any other 3174  
provision of this chapter or other theory of law. 3175

(D) No person shall knowingly engage in any act, practice, 3176  
or course of business that would interfere with a purchaser's 3177  
ability to bring an individual or putative class action pursuant 3178  
to division (C) of this section. 3179

(E) Nothing in this section shall be construed to alter or 3180  
limit the authority of the division under any other provision of 3181  
this chapter, including but not limited to the ability of the 3182

division to investigate or prosecute any complaints or 3183  
allegations under this chapter. Upon timely application, the 3184  
division may intervene as of right on behalf of the state in any 3185  
private action or appeal that is pending under this section. 3186

(F) The division may adopt rules in accordance with 3187  
Chapter 119. of the Revised Code to implement the provisions of 3188  
this section. 3189

**Sec. 1707.99.** Whoever commits any act described in 3190  
division (A) of section 1707.042 or section 1707.44 of the 3191  
Revised Code is guilty of a violation of sections 1707.01 to 3192  
~~1707.45-1707.50~~ of the Revised Code and the following apply to 3193  
the offender: 3194

(A) If the value of the funds or securities involved in 3195  
the offense or the loss to the victim is less than one thousand 3196  
dollars, the offender is guilty of a felony of the fifth degree, 3197  
and the court may impose upon the offender an additional fine of 3198  
not more than two thousand five hundred dollars. 3199

(B) If the value of the funds or securities involved in 3200  
the offense or the loss to the victim is one thousand dollars or 3201  
more but less than seven thousand five hundred dollars, the 3202  
offender is guilty of a felony of the fourth degree, and the 3203  
court may impose upon the offender an additional fine of not 3204  
more than five thousand dollars. 3205

(C) If the value of the funds or securities involved in 3206  
the offense or the loss to the victim is seven thousand five 3207  
hundred dollars or more but less than thirty-seven thousand five 3208  
hundred dollars, the offender is guilty of a felony of the third 3209  
degree, and the court may impose upon the offender an additional 3210  
fine of not more than ten thousand dollars. 3211

(D) If the value of the funds or securities involved in 3212  
the offense or the loss to the victim is thirty-seven thousand 3213  
five hundred dollars or more but less than one hundred fifty 3214  
thousand dollars, the offender is guilty of a felony of the 3215  
second degree, and the court may impose upon the offender an 3216  
additional fine of not more than fifteen thousand dollars. 3217

(E) If the value of the funds or securities involved in 3218  
the offense or the loss to the victim is one hundred fifty 3219  
thousand dollars or more, the offender is guilty of a felony of 3220  
the first degree, and the court may impose upon the offender an 3221  
additional fine of not more than twenty thousand dollars. 3222

**Sec. 1724.02.** (A) In furtherance of the purposes set forth 3223  
in section 1724.01 of the Revised Code, a community improvement 3224  
corporation shall have the following powers: 3225

(1) (a) To borrow money for any of the purposes of the 3226  
community improvement corporation by means of loans, lines of 3227  
credit, or any other financial instruments or securities, 3228  
including the issuance of its bonds, debentures, notes, or other 3229  
evidences of indebtedness, whether secured or unsecured, and to 3230  
secure the same by mortgage, pledge, deed of trust, or other 3231  
lien on its property, franchises, rights, and privileges of 3232  
every kind and nature or any part thereof or interest therein; 3233  
and 3234

(b) If the community improvement corporation is a county 3235  
land reutilization corporation, the corporation may request, by 3236  
resolution: 3237

(i) That the board of county commissioners of the county 3238  
served by the corporation pledge a specifically identified 3239  
source or sources of revenue pursuant to division (C) of section 3240



307.78 of the Revised Code as security for such borrowing by the corporation; and

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

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

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

contained in the corporation's plan under section 1724.10 of the Revised Code. 3271  
3272

(3) To purchase, receive, hold, manage, lease, lease- 3273  
purchase, or otherwise acquire and to sell, convey, transfer, 3274  
lease, sublease, or otherwise dispose of real and personal 3275  
property, together with such rights and privileges as may be 3276  
incidental and appurtenant thereto and the use thereof, 3277  
including but not restricted to, any real or personal property 3278  
acquired by the community improvement corporation from time to 3279  
time in the satisfaction of debts or enforcement of obligations, 3280  
and to enter into contracts with third parties, including the 3281  
federal government, the state, any political subdivision, or any 3282  
other entity. A county land reutilization corporation shall not 3283  
acquire an interest in real property if such acquisition causes 3284  
the number of occupied real properties held by the corporation 3285  
to exceed the greater of either fifty properties or twenty-five 3286  
per cent of all real property held by the corporation for 3287  
reutilization, reclamation, or rehabilitation. For the purposes 3288  
of this division, "occupied real properties" includes all real 3289  
properties that are not unoccupied as that term is defined in 3290  
section 323.65 of the Revised Code. 3291

(4) To acquire the good will, business, rights, real and 3292  
personal property, and other assets, or any part thereof, or 3293  
interest therein, of any persons, firms, partnerships, 3294  
corporations, joint stock companies, associations, or trusts, 3295  
and to assume, undertake, or pay the obligations, debts, and 3296  
liabilities of any such person, firm, partnership, corporation, 3297  
joint stock company, association, or trust; to acquire, reclaim, 3298  
manage, or contract for the management of improved or unimproved 3299  
and underutilized real estate for the purpose of constructing 3300  
industrial plants, other business establishments, or housing 3301

thereon, or causing the same to occur, for the purpose of 3302  
assembling and enhancing utilization of the real estate, or for 3303  
the purpose of disposing of such real estate to others in whole 3304  
or in part for the construction of industrial plants, other 3305  
business establishments, or housing; and to acquire, reclaim, 3306  
manage, contract for the management of, construct or 3307  
reconstruct, alter, repair, maintain, operate, sell, convey, 3308  
transfer, lease, sublease, or otherwise dispose of industrial 3309  
plants, business establishments, or housing. 3310

(5) To acquire, subscribe for, own, hold, sell, assign, 3311  
transfer, mortgage, pledge, or otherwise dispose of the stock, 3312  
shares, bonds, debentures, notes, or other securities and 3313  
evidences of interest in, or indebtedness of, any person, firm, 3314  
corporation, joint stock company, association, or trust, and 3315  
while the owner or holder thereof, to exercise all the rights, 3316  
powers, and privileges of ownership, including the right to vote 3317  
therein, provided that no tax revenue, if any, received by a 3318  
community improvement corporation shall be used for such 3319  
acquisition or subscription. 3320

(6) To mortgage, pledge, or otherwise encumber any 3321  
property acquired pursuant to the powers contained in division 3322  
(A) (3), (4), or (5) of this section. 3323

(7) Nothing in this section shall limit the right of a 3324  
community improvement corporation to become a member of or a 3325  
stockholder in a corporation formed under Chapter 1726. of the 3326  
Revised Code. 3327

(8) To serve as an agent for grant applications and for 3328  
the administration of grants, or to make applications as 3329  
principal for grants for county land reutilization corporations. 3330

(9) To exercise the powers enumerated under Chapter 5722.	3331
of the Revised Code on behalf of a county that organizes or	3332
contracts with a county land reutilization corporation.	3333
(10) To engage in code enforcement and nuisance abatement,	3334
including, but not limited to, cutting grass and weeds, boarding	3335
up vacant or abandoned structures, and demolishing condemned	3336
structures on properties that are subject to a delinquent tax or	3337
assessment lien, or property for which a municipal corporation	3338
or township has contracted with a county land reutilization	3339
corporation to provide code enforcement or nuisance abatement	3340
assistance.	3341
(11) To charge fees or exchange in-kind goods or services	3342
for services rendered to political subdivisions and other	3343
persons or entities for whom services are rendered.	3344
(12) To employ and provide compensation for an executive	3345
director who shall manage the operations of a county land	3346
reutilization corporation and employ others for the benefit of	3347
the corporation as approved and funded by the board of	3348
directors. No employee of the corporation is or shall be deemed	3349
to be an employee of the political subdivision for whose benefit	3350
the corporation is organized solely because the employee is	3351
employed by the corporation.	3352
(13) To purchase tax certificates at auction, negotiated	3353
sale, or from a third party who purchased and is a holder of one	3354
or more tax certificates issued pursuant to sections 5721.30 to	3355
5721.43 of the Revised Code.	3356
(14) To be assigned a mortgage on real property from a	3357
mortgagee in lieu of acquiring such real property subject to a	3358
mortgage.	3359

(15) To act as a portal operator for purposes of an 3360  
OhioInvests offering under sections 1707.05 to 1707.058 of the 3361  
Revised Code. 3362

(16) To do all acts and things necessary or convenient to 3363  
carry out the purposes of section 1724.01 of the Revised Code 3364  
and the powers especially created for a community improvement 3365  
corporation in Chapter 1724. of the Revised Code, including, but 3366  
not limited to, contracting with the federal government, the 3367  
state or any political subdivision, a board of county 3368  
commissioners pursuant to section 307.07 of the Revised Code, a 3369  
county auditor pursuant to section 319.10 of the Revised Code, a 3370  
county treasurer pursuant to section 321.49 of the Revised Code, 3371  
and any other party, whether nonprofit or for-profit. An 3372  
employee of a board of county commissioners, county auditor, or 3373  
county treasurer who, pursuant to a contract entered into in 3374  
accordance with section 307.07, 319.10, or 321.49 of the Revised 3375  
Code, provides services to a county land reutilization 3376  
corporation shall remain an employee of the county during the 3377  
provision of those services. 3378

(B) The powers enumerated in this chapter shall not be 3379  
construed to limit the general powers of a community improvement 3380  
corporation. The powers granted under this chapter are in 3381  
addition to those powers granted by any other chapter of the 3382  
Revised Code, but, as to a county land reutilization 3383  
corporation, shall be used only for the purposes enumerated 3384  
under division (B) (2) of section 1724.01 of the Revised Code. 3385

(C) Ownership of real property by an economic development 3386  
corporation does not constitute public ownership unless the 3387  
economic development corporation has applied for and been 3388  
granted a tax exemption for the property under section 5709.08 3389

of the Revised Code.	3390
<b>Sec. 3307.152.</b> (A) As used in this section and in section	3391
3307.154 of the Revised Code:	3392
(1) "Agent" means a dealer, as defined in section 1707.01	3393
of the Revised Code, who is licensed under sections 1707.01 to	3394
<del>1707.45</del> <u>1707.50</u> of the Revised Code or under comparable laws of	3395
another state or of the United States.	3396
(2) "Minority business enterprise" has the same meaning as	3397
in section 122.71 of the Revised Code.	3398
(3) "Ohio-qualified agent" means an agent designated as	3399
such by the state teachers retirement board.	3400
(4) "Ohio-qualified investment manager" means an	3401
investment manager designated as such by the state teachers	3402
retirement board.	3403
(5) "Principal place of business" means an office in which	3404
the agent regularly provides securities or investment advisory	3405
services and solicits, meets with, or otherwise communicates	3406
with clients.	3407
(B) The state teachers retirement board shall, for the	3408
purposes of this section, designate an agent as an Ohio-	3409
qualified agent if the agent meets all of the following	3410
requirements:	3411
(1) The agent is subject to taxation under Chapter 5725.,	3412
5726., 5733., 5747., or 5751. of the Revised Code.	3413
(2) The agent is authorized to conduct business in this	3414
state.	3415
(3) The agent maintains a principal place of business in	3416

this state and employs at least five residents of this state. 3417

(C) The state teachers retirement board shall adopt and 3418  
implement a written policy to establish criteria and procedures 3419  
used to select agents to execute securities transactions on 3420  
behalf of the retirement system. The policy shall address each 3421  
of the following: 3422

(1) Commissions charged by the agent, both in the 3423  
aggregate and on a per share basis; 3424

(2) The execution speed and trade settlement capabilities 3425  
of the agent; 3426

(3) The responsiveness, reliability, and integrity of the 3427  
agent; 3428

(4) The nature and value of research provided by the 3429  
agent; 3430

(5) Any special capabilities of the agent. 3431

(D) (1) The board shall, at least annually, establish a 3432  
policy with the goal to increase utilization by the board of 3433  
Ohio-qualified agents for the execution of domestic equity and 3434  
fixed income trades on behalf of the retirement system, when an 3435  
Ohio-qualified agent offers quality, services, and safety 3436  
comparable to other agents otherwise available to the board and 3437  
meets the criteria established under division (C) of this 3438  
section. 3439

(2) The board shall review, at least annually, the 3440  
performance of the agents that execute securities transactions 3441  
on behalf of the board. 3442

(3) The board shall determine whether an agent is an Ohio- 3443  
qualified agent, meets the criteria established by the board 3444

pursuant to division (C) of this section, and offers quality, 3445  
services, and safety comparable to other agents otherwise 3446  
available to the board. The board's determination shall be 3447  
final. 3448

**Sec. 3309.157.** (A) As used in this section and in section 3449  
3309.159 of the Revised Code: 3450

(1) "Agent" means a dealer, as defined in section 1707.01 3451  
of the Revised Code, who is licensed under sections 1707.01 to 3452  
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 3453  
another state or of the United States. 3454

(2) "Minority business enterprise" has the same meaning as 3455  
in section 122.71 of the Revised Code. 3456

(3) "Ohio-qualified agent" means an agent designated as 3457  
such by the school employees retirement board. 3458

(4) "Ohio-qualified investment manager" means an 3459  
investment manager designated as such by the school employees 3460  
retirement board. 3461

(5) "Principal place of business" means an office in which 3462  
the agent regularly provides securities or investment advisory 3463  
services and solicits, meets with, or otherwise communicates 3464  
with clients. 3465

(B) The school employees retirement board shall, for the 3466  
purposes of this section, designate an agent as an Ohio- 3467  
qualified agent if the agent meets all of the following 3468  
requirements: 3469

(1) The agent is subject to taxation under Chapter 5725., 3470  
5726., 5733., 5747., or 5751. of the Revised Code. 3471

(2) The agent is authorized to conduct business in this 3472



state.	3473
(3) The agent maintains a principal place of business in this state and employs at least five residents of this state.	3474 3475
(C) The school employees retirement board shall adopt and implement a written policy to establish criteria and procedures used to select agents to execute securities transactions on behalf of the retirement system. The policy shall address each of the following:	3476 3477 3478 3479 3480
(1) Commissions charged by the agent, both in the aggregate and on a per share basis;	3481 3482
(2) The execution speed and trade settlement capabilities of the agent;	3483 3484
(3) The responsiveness, reliability, and integrity of the agent;	3485 3486
(4) The nature and value of research provided by the agent;	3487 3488
(5) Any special capabilities of the agent.	3489
(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.	3490 3491 3492 3493 3494 3495 3496 3497
(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board.	3498 3499 3500

(3) The board shall determine whether an agent is an Ohio- 3501  
qualified agent, meets the criteria established by the board 3502  
pursuant to division (C) of this section, and offers quality, 3503  
services, and safety comparable to other agents otherwise 3504  
available to the board. The board's determination shall be 3505  
final. 3506

**Sec. 4582.06.** (A) A port authority created in accordance 3507  
with section 4582.02 of the Revised Code may: 3508

(1) Acquire, construct, furnish, equip, maintain, repair, 3509  
sell, exchange, lease to or from, lease with an option to 3510  
purchase, convey other interests in, or operate real or personal 3511  
property, or any combination thereof, related to, useful for, or 3512  
in furtherance of any authorized purpose, and make charges for 3513  
the use of any port authority facility, which shall be not less 3514  
than the charges established for the same services furnished by 3515  
a public utility or common carrier in the jurisdiction of the 3516  
particular port authority; 3517

(2) Straighten, deepen, and improve any canal, channel, 3518  
river, stream, or other water course or way that may be 3519  
necessary or proper in the development of the facilities of the 3520  
port authority; 3521

(3) Issue bonds or notes for the acquisition, 3522  
construction, furnishing, or equipping of any real or personal 3523  
property, or any combination thereof, related to, useful for, or 3524  
in furtherance of any authorized purpose, in compliance with 3525  
Chapter 133. of the Revised Code, except that the bonds or notes 3526  
only may be issued pursuant to a vote of the electors residing 3527  
within the territory of the port authority. The net indebtedness 3528  
incurred by a port authority shall never exceed two per cent of 3529  
the total value of all property within the territory comprising 3530

the authority as listed and assessed for taxation. 3531

(4) By resolution of its board of directors, issue revenue 3532  
bonds beyond the limit of bonded indebtedness provided by law, 3533  
for the acquisition, construction, furnishing, or equipping of 3534  
any real or personal property, or any combination thereof, 3535  
related to, useful for, or in furtherance of any authorized 3536  
purpose, including all costs in connection with or incidental 3537  
thereto. 3538

The revenue bonds of the port authority shall be secured 3539  
only by a pledge of and a lien on the revenues of the port 3540  
authority derived from those loan payments, rentals, fees, 3541  
charges, or other revenues that are designated in the 3542  
resolution, including, but not limited to, any property to be 3543  
acquired, constructed, furnished, or equipped with the proceeds 3544  
of the bond issue, after provision only for the reasonable cost 3545  
of operating, maintaining, and repairing the property of the 3546  
port authority so designated. The bonds may further be secured 3547  
by the covenant of the port authority to maintain rates or 3548  
charges that will produce revenues sufficient to meet the costs 3549  
of operating, maintaining, and repairing such property and to 3550  
meet the interest and principal requirements of the bonds and to 3551  
establish and maintain reserves for the foregoing purposes. The 3552  
board of directors, by resolution, may provide for the issuance 3553  
of additional revenue bonds from time to time, to be secured 3554  
equally and ratably, without preference, priority, or 3555  
distinction, with outstanding revenue bonds, but subject to the 3556  
terms and limitations of any trust agreement described in this 3557  
section, and of any resolution authorizing bonds then 3558  
outstanding. The board of directors, by resolution, may 3559  
designate additional property of the port authority, the 3560  
revenues of which shall be pledged and be subject to a lien for 3561

the payment of the debt charges on revenue bonds theretofore 3562  
authorized by resolution of the board of directors, to the same 3563  
extent as the revenues above described. 3564

In the discretion of the board of directors, the revenue 3565  
bonds of the port authority may be secured by a trust agreement 3566  
between the board of directors on behalf of the port authority 3567  
and a corporate trustee, that may be any trust company or bank 3568  
having powers of a trust company, within or without the state. 3569

The trust agreement may provide for the pledge or 3570  
assignment of the revenues to be received, but shall not pledge 3571  
the general credit and taxing power of the port authority. A 3572  
trust agreement securing revenue bonds issued to acquire, 3573  
construct, furnish, or equip real property, plants, factories, 3574  
offices, and other structures and facilities for authorized 3575  
purposes consistent with Section 13 or 16 of Article VIII, Ohio 3576  
Constitution, may mortgage the real or personal property, or a 3577  
combination thereof, to be acquired, constructed, furnished, or 3578  
equipped from the proceeds of such revenue bonds, as further 3579  
security for the bonds. The trust agreement or the resolution 3580  
providing for the issuance of revenue bonds may set forth the 3581  
rights and remedies of the bondholders and trustee, and may 3582  
contain other provisions for protecting and enforcing their 3583  
rights and remedies that are determined in the discretion of the 3584  
board of directors to be reasonable and proper. The agreement or 3585  
resolution may provide for the custody, investment, and 3586  
disbursement of all moneys derived from the sale of such bonds, 3587  
or from the revenues of the port authority, other than those 3588  
moneys received from taxes levied pursuant to section 4582.14 of 3589  
the Revised Code, and may provide for the deposit of such funds 3590  
without regard to section 4582.15 of the Revised Code. 3591

All bonds issued under authority of this chapter, 3592  
regardless of form or terms and regardless of any other law to 3593  
the contrary, shall have all qualities and incidents of 3594  
negotiable instruments, subject to provisions for registration, 3595  
and may be issued in coupon, fully registered, or other form, or 3596  
any combination thereof, as the board of directors determines. 3597  
Provision may be made for the registration of any coupon bonds 3598  
as to principal alone or as to both principal and interest, and 3599  
for the conversion into coupon bonds of any fully registered 3600  
bonds or bonds registered as to both principal and interest. 3601

The revenue bonds shall bear interest at such rate or 3602  
rates, shall bear such date or dates, and shall mature within 3603  
forty-five years following the date of issuance and in such 3604  
amount, at such time or times, and in such number of 3605  
installments, as may be provided in or pursuant to the 3606  
resolution authorizing their issuance. The final maturity of any 3607  
original issue of revenue bonds shall not be later than forty- 3608  
five years from their date of issue. Such resolution also shall 3609  
provide for the execution of the bonds, which may be by 3610  
facsimile signatures unless prohibited by the resolution, and 3611  
the manner of sale of the bonds. The resolution shall provide 3612  
for, or provide for the determination of, any other terms and 3613  
conditions relative to the issuance, sale, and retirement of the 3614  
bonds that the board of directors in its discretion determines 3615  
to be reasonable and proper. 3616

Whenever a port authority considers it expedient, it may 3617  
issue renewal notes and refund any bonds, whether the bonds to 3618  
be refunded have or have not matured. The final maturity of any 3619  
notes, including any renewal notes, shall not be later than five 3620  
years from the date of issue of the original issue of notes. The 3621  
final maturity of any refunding bonds shall not be later than 3622

the later of forty-five years from the date of issue of the 3623  
original issue of bonds. The refunding bonds shall be sold and 3624  
the proceeds applied to the purchase, redemption, or payment of 3625  
the bonds to be refunded and the costs of issuance of the 3626  
refunding bonds. The bonds and notes issued under this chapter, 3627  
their transfer, and the income therefrom, shall at all times be 3628  
free from taxation within the state. 3629

(5) Do any of the following, in regard to any interests in 3630  
any real or personal property, or any combination thereof, 3631  
including, without limitation, machinery, equipment, plants, 3632  
factories, offices, and other structures and facilities related 3633  
to, useful for, or in furtherance of any authorized purpose, for 3634  
such consideration and in such manner, consistent with Article 3635  
VIII, Ohio Constitution, as the board in its sole discretion may 3636  
determine: 3637

(a) Loan moneys to any person or governmental entity for 3638  
the acquisition, construction, furnishing, and equipping of the 3639  
property; 3640

(b) Acquire, construct, maintain, repair, furnish, and 3641  
equip the property; 3642

(c) Sell to, exchange with, lease, convey other interests 3643  
in, or lease with an option to purchase the same or any lesser 3644  
interest in the property to the same or any other person or 3645  
governmental entity; 3646

(d) Guarantee the obligations of any person or 3647  
governmental entity. 3648

A port authority may accept and hold as consideration for 3649  
the conveyance of property or any interest therein such property 3650  
or interests therein as the board in its discretion may 3651

determine, notwithstanding any restrictions that apply to the 3652  
investment of funds by a port authority. 3653

(6) Construct, maintain, repair, furnish, equip, sell, 3654  
exchange, lease, or lease with an option to purchase, any 3655  
property that it is authorized to acquire. A port authority that 3656  
is subject to this section also may operate any property in 3657  
connection with transportation, recreational, governmental 3658  
operations, or cultural activities. 3659

(a) Any purchase, exchange, sale, lease, lease with an 3660  
option to purchase, conveyance of other interests in, or other 3661  
contract with a person or governmental entity that pertains to 3662  
the acquisition, construction, maintenance, repair, furnishing, 3663  
equipping, or operation of any real or personal property, or any 3664  
combination thereof, related to, useful for, or in furtherance 3665  
of an activity contemplated by Section 13 or 16 of Article VIII, 3666  
Ohio Constitution, shall be made in such manner and subject to 3667  
such terms and conditions as may be determined by the board of 3668  
directors in its discretion. 3669

(b) Division (A)(6)(a) of this section applies to all 3670  
contracts that are subject to the division, notwithstanding any 3671  
other provision of law that might otherwise apply, including, 3672  
without limitation, any requirement of notice, any requirement 3673  
of competitive bidding or selection, or any requirement for the 3674  
provision of security. 3675

(c) Divisions (A)(6)(a) and (b) of this section do not 3676  
apply to either of the following: 3677

(i) Any contract secured by or to be paid from moneys 3678  
raised by taxation or the proceeds of obligations secured by a 3679  
pledge of moneys raised by taxation; 3680

(ii) Any contract secured exclusively by or to be paid 3681  
exclusively from the general revenues of the port authority. For 3682  
the purposes of this section, any revenues derived by the port 3683  
authority under a lease or other agreement that, by its terms, 3684  
contemplates the use of amounts payable under the agreement 3685  
either to pay the costs of the improvement that is the subject 3686  
of the contract or to secure obligations of the port authority 3687  
issued to finance costs of such improvement, are excluded from 3688  
general revenues. 3689

(7) Apply to the proper authorities of the United States 3690  
pursuant to appropriate law for the right to establish, operate, 3691  
and maintain foreign trade zones and to establish, operate, and 3692  
maintain foreign trade zones; and to acquire land or property 3693  
therefor, in a manner consistent with section 4582.17 of the 3694  
Revised Code; 3695

(8) Exercise the right of eminent domain to appropriate 3696  
any land, rights, rights-of-way, franchises, easements, or other 3697  
property, necessary or proper for any authorized purpose, 3698  
pursuant to the procedure provided in sections 163.01 to 163.22 3699  
of the Revised Code, if funds equal to the appraised value of 3700  
the property to be acquired as a result of such proceedings are 3701  
available for that purpose, except that nothing contained in 3702  
sections 4582.01 to 4582.20 of the Revised Code shall authorize 3703  
a port authority to take or disturb property or facilities 3704  
belonging to any agency or political subdivision of this state, 3705  
public utility, or common carrier, which property or facilities 3706  
are necessary and convenient in the operation of the agency or 3707  
political subdivision, public utility, or common carrier, unless 3708  
provision is made for the restoration, relocation, or 3709  
duplication of the property or facilities, or upon the election 3710  
of the agency or political subdivision, public utility, or 3711



common carrier, for the payment of compensation, if any, at the 3712  
sole cost of the port authority, provided that: 3713

(a) If any restoration or duplication proposed to be made 3714  
pursuant to this section involves a relocation of such property 3715  
or facilities, the new facilities and location shall be of at 3716  
least comparable utilitarian value and effectiveness, and the 3717  
relocation shall not impair the ability of the public utility or 3718  
common carrier to compete in its original area of operation. 3719

(b) If any restoration or duplication made pursuant to 3720  
this section involves a relocation of such property or 3721  
facilities, the port authority shall acquire no interest or 3722  
right in or to the appropriated property or facilities, except 3723  
as provided in division (A)(11) of this section, until the 3724  
relocated property or facilities are available for use and until 3725  
marketable title thereto has been transferred to the public 3726  
utility or common carrier. 3727

(c) Provisions for restoration or duplication shall be 3728  
described in detail in the resolution for appropriation passed 3729  
by the port authority. 3730

(9) Enjoy and possess the same rights, privileges, and 3731  
powers granted municipal corporations under sections 721.04 to 3732  
721.11 of the Revised Code; 3733

(10) Maintain such funds as it considers necessary; 3734

(11) Direct its agents or employees, when properly 3735  
identified in writing, and after at least five days' written 3736  
notice, to enter upon lands within the confines of its 3737  
jurisdiction in order to make surveys and examinations 3738  
preliminary to location and construction of works for the 3739  
purposes of the port authority, without liability of the port 3740

authority or its agents or employees except for actual damage 3741  
done; 3742

(12) Sell, lease, or convey other interests in real and 3743  
personal property and grant easements or rights-of-way over 3744  
property of the port authority. The board of directors shall 3745  
specify the consideration and any terms thereof for the sale, 3746  
lease, or conveyance of other interests in real and personal 3747  
property. Any determinations made by the board of directors 3748  
under this division shall be conclusive. The sale, lease, or 3749  
conveyance may be made without advertising and the receipt of 3750  
bids. 3751

(13) Promote, advertise, and publicize the port authority 3752  
facilities and its authorized purposes, provide information to 3753  
persons with an interest in transportation and other port 3754  
authority activities, and appear before rate-making authorities 3755  
to represent and promote the interests of the port authority and 3756  
its authorized purposes; 3757

(14) Adopt rules, not in conflict with general law, 3758  
governing the use of and the safeguarding of its property, 3759  
grounds, buildings, equipment, and facilities, safeguarding 3760  
persons and their property located on or in port authority 3761  
property, and governing the conduct of its employees and the 3762  
public, in order to promote the public safety and convenience in 3763  
and about its terminals and grounds, and to maintain order. Any 3764  
such regulation shall be posted at no less than five public 3765  
places in the port authority, as determined by the board of 3766  
directors, for a period of not fewer than fifteen days, and 3767  
shall be available for public inspection at the principal office 3768  
of the port authority during regular business hours. No person 3769  
shall violate any lawful regulation adopted and posted as 3770

provided in this division.	3771
(15) Establish and administer one or more payment card programs for purposes of paying expenses related to port authority business. Any obligation incurred as a result of the use of such a payment card shall be paid from port authority funds.	3772 3773 3774 3775 3776
(16) <u>Act as a portal operator for purposes of an OhioInvests offering under sections 1707.05 to 1707.058 of the Revised Code;</u>	3777 3778 3779
<u>(17)</u> Do all acts necessary or appropriate to carry out its authorized purposes. The port authority shall have the powers and rights granted to other subdivisions under section 9.20 of the Revised Code.	3780 3781 3782 3783
(B) Any instrument by which real property is acquired pursuant to this section shall identify the agency of the state that has the use and benefit of the real property as specified in section 5301.012 of the Revised Code.	3784 3785 3786 3787
(C) Whoever violates division (A) (14) of this section is guilty of a minor misdemeanor.	3788 3789
<b>Sec. 4582.31.</b> (A) A port authority created in accordance with section 4582.22 of the Revised Code may:	3790 3791
(1) Adopt bylaws for the regulation of its affairs and the conduct of its business;	3792 3793
(2) Adopt an official seal;	3794
(3) Maintain a principal office within its jurisdiction, and maintain such branch offices as it may require;	3795 3796
(4) Acquire, construct, furnish, equip, maintain, repair,	3797

sell, exchange, lease to or from, or lease with an option to 3798  
purchase, convey other interests in real or personal property, 3799  
or any combination thereof, related to, useful for, or in 3800  
furtherance of any authorized purpose and operate any property 3801  
in connection with transportation, recreational, governmental 3802  
operations, or cultural activities; 3803

(5) Straighten, deepen, and improve any channel, river, 3804  
stream, or other water course or way which may be necessary or 3805  
proper in the development of the facilities of a port authority; 3806

(6) Make available the use or services of any port 3807  
authority facility to one or more persons, one or more 3808  
governmental agencies, or any combination thereof; 3809

(7) Issue bonds or notes for the acquisition, 3810  
construction, furnishing, or equipping of any port authority 3811  
facility or other permanent improvement that a port authority is 3812  
authorized to acquire, construct, furnish, or equip, in 3813  
compliance with Chapter 133. of the Revised Code, except that 3814  
such bonds or notes may only be issued pursuant to a vote of the 3815  
electors residing within the area of jurisdiction of the port 3816  
authority. The net indebtedness incurred by a port authority 3817  
shall never exceed two per cent of the total value of all 3818  
property within the territory comprising the port authority as 3819  
listed and assessed for taxation. 3820

(8) Issue port authority revenue bonds beyond the limit of 3821  
bonded indebtedness provided by law, payable solely from 3822  
revenues as provided in section 4582.48 of the Revised Code, for 3823  
the purpose of providing funds to pay the costs of any port 3824  
authority facility or facilities or parts thereof; 3825

(9) Apply to the proper authorities of the United States 3826

pursuant to appropriate law for the right to establish, operate, 3827  
and maintain foreign trade zones and establish, operate, and 3828  
maintain foreign trade zones and to acquire, exchange, sell, 3829  
lease to or from, lease with an option to purchase, or operate 3830  
facilities, land, or property therefor in accordance with the 3831  
"Foreign Trade Zones Act," 48 Stat. 998 (1934), 19 U.S.C. 81a to 3832  
81u; 3833

(10) Enjoy and possess the same rights, privileges, and 3834  
powers granted municipal corporations under sections 721.04 to 3835  
721.11 of the Revised Code; 3836

(11) Maintain such funds as it considers necessary; 3837

(12) Direct its agents or employees, when properly 3838  
identified in writing, and after at least five days' written 3839  
notice, to enter upon lands within the confines of its 3840  
jurisdiction in order to make surveys and examinations 3841  
preliminary to location and construction of works for the 3842  
purposes of the port authority, without liability of the port 3843  
authority or its agents or employees except for actual damage 3844  
done; 3845

(13) Promote, advertise, and publicize the port authority 3846  
and its facilities; provide information to shippers and other 3847  
commercial interests; and appear before rate-making authorities 3848  
to represent and promote the interests of the port authority; 3849

(14) Adopt rules, not in conflict with general law, it 3850  
finds necessary or incidental to the performance of its duties 3851  
and the execution of its powers under sections 4582.21 to 3852  
4582.54 of the Revised Code. Any such rule shall be posted at no 3853  
less than five public places in the port authority, as 3854  
determined by the board of directors, for a period of not fewer 3855

than fifteen days, and shall be available for public inspection 3856  
at the principal office of the port authority during regular 3857  
business hours. No person shall violate any lawful rule adopted 3858  
and posted as provided in this division. 3859

(15) Do any of the following, in regard to any interests 3860  
in any real or personal property, or any combination thereof, 3861  
including, without limitation, machinery, equipment, plants, 3862  
factories, offices, and other structures and facilities related 3863  
to, useful for, or in furtherance of any authorized purpose, for 3864  
such consideration and in such manner, consistent with Article 3865  
VIII of the Ohio Constitution, as the board in its sole 3866  
discretion may determine: 3867

(a) Loan moneys to any person or governmental entity for 3868  
the acquisition, construction, furnishing, and equipping of the 3869  
property; 3870

(b) Acquire, construct, maintain, repair, furnish, and 3871  
equip the property; 3872

(c) Sell to, exchange with, lease, convey other interests 3873  
in, or lease with an option to purchase the same or any lesser 3874  
interest in the property to the same or any other person or 3875  
governmental entity; 3876

(d) Guarantee the obligations of any person or 3877  
governmental entity. 3878

A port authority may accept and hold as consideration for 3879  
the conveyance of property or any interest therein such property 3880  
or interests therein as the board in its discretion may 3881  
determine, notwithstanding any restrictions that apply to the 3882  
investment of funds by a port authority. 3883

(16) Sell, lease, or convey other interests in real and 3884

personal property, and grant easements or rights-of-way over 3885  
property of the port authority. The board of directors shall 3886  
specify the consideration and any terms for the sale, lease, or 3887  
conveyance of other interests in real and personal property. Any 3888  
determination made by the board under this division shall be 3889  
conclusive. The sale, lease, or conveyance may be made without 3890  
advertising and the receipt of bids. 3891

(17) Exercise the right of eminent domain to appropriate 3892  
any land, rights, rights-of-way, franchises, easements, or other 3893  
property, necessary or proper for any authorized purpose, 3894  
pursuant to the procedure provided in sections 163.01 to 163.22 3895  
of the Revised Code, if funds equal to the appraised value of 3896  
the property to be acquired as a result of such proceedings are 3897  
available for that purpose. However, nothing contained in 3898  
sections 4582.201 to 4582.59 of the Revised Code shall authorize 3899  
a port authority to take or disturb property or facilities 3900  
belonging to any agency or political subdivision of this state, 3901  
public utility, cable operator, or common carrier, which 3902  
property or facilities are necessary and convenient in the 3903  
operation of the agency or political subdivision, public 3904  
utility, cable operator, or common carrier, unless provision is 3905  
made for the restoration, relocation, or duplication of such 3906  
property or facilities, or upon the election of the agency or 3907  
political subdivision, public utility, cable operator, or common 3908  
carrier, for the payment of compensation, if any, at the sole 3909  
cost of the port authority, provided that: 3910

(a) If any restoration or duplication proposed to be made 3911  
under this section involves a relocation of the property or 3912  
facilities, the new facilities and location shall be of at least 3913  
comparable utilitarian value and effectiveness and shall not 3914  
impair the ability of the public utility, cable operator, or 3915

common carrier to compete in its original area of operation; 3916

(b) If any restoration or duplication made under this 3917  
section involves a relocation of the property or facilities, the 3918  
port authority shall acquire no interest or right in or to the 3919  
appropriated property or facilities, except as provided in 3920  
division (A) (15) of this section, until the relocated property 3921  
or facilities are available for use and until marketable title 3922  
thereto has been transferred to the public utility, cable 3923  
operator, or common carrier. 3924

As used in division (A) (17) of this section, "cable 3925  
operator" has the same meaning as in the "Cable Communications 3926  
Policy Act of 1984," Pub. L. No. 98-549, 98 Stat. 2780, 47 3927  
U.S.C. 522, as amended by the "Telecommunications Act of 1996," 3928  
Pub. L. No. 104-104, 110 Stat. 56. 3929

(18) (a) Make and enter into all contracts and agreements 3930  
and execute all instruments necessary or incidental to the 3931  
performance of its duties and the execution of its powers under 3932  
sections 4582.21 to 4582.59 of the Revised Code. 3933

(b) Except as provided in division (A) (18) (c) of this 3934  
section or except when the port authority elects to construct a 3935  
building, structure, or other improvement pursuant to a contract 3936  
made with a construction manager at risk under sections 9.33 to 3937  
9.335 of the Revised Code or with a design-build firm under 3938  
section 153.65 to 153.73 of the Revised Code, when the cost of a 3939  
contract for the construction of any building, structure, or 3940  
other improvement undertaken by a port authority involves an 3941  
expenditure exceeding one hundred fifty thousand dollars and the 3942  
port authority is the contracting entity, the port authority 3943  
shall make a written contract after notice calling for bids for 3944  
the award of the contract has been given by publication twice, 3945



with at least seven days between publications, in a newspaper of 3946  
general circulation in the area of the port authority or as 3947  
provided in section 7.16 of the Revised Code. Each such contract 3948  
shall be let to the lowest responsive and responsible bidder in 3949  
accordance with section 9.312 of the Revised Code. Every 3950  
contract shall be accompanied by or shall refer to plans and 3951  
specifications for the work to be done, prepared for and 3952  
approved by the port authority, and signed by an authorized 3953  
officer of the port authority and by the contractor. 3954

Each bid shall be awarded in accordance with sections 3955  
153.54, 153.57, and 153.571 of the Revised Code. The port 3956  
authority may reject any and all bids. 3957

(c) The board of directors by rule may provide criteria 3958  
for the negotiation and award without competitive bidding of any 3959  
contract as to which the port authority is the contracting 3960  
entity for the construction of any building or structure or 3961  
other improvement under any of the following circumstances: 3962

(i) There exists a real and present emergency that 3963  
threatens damage or injury to persons or property of the port 3964  
authority or other persons, provided that a statement specifying 3965  
the nature of the emergency that is the basis for the 3966  
negotiation and award of a contract without competitive bidding 3967  
shall be signed by the officer of the port authority that 3968  
executes that contract at the time of the contract's execution 3969  
and shall be attached to the contract. 3970

(ii) A commonly recognized industry or other standard or 3971  
specification does not exist and cannot objectively be 3972  
articulated for the improvement. 3973

(iii) The contract is for any energy conservation measure 3974

as defined in section 307.041 of the Revised Code. 3975

(iv) With respect to material to be incorporated into the 3976  
improvement, only a single source or supplier exists for the 3977  
material. 3978

(v) A single bid is received by the port authority after 3979  
complying with the provisions of division (A) (18) (b) of this 3980  
section. 3981

(d) (i) If a contract is to be negotiated and awarded 3982  
without competitive bidding for the reason set forth in division 3983  
(A) (18) (c) (ii) of this section, the port authority shall publish 3984  
a notice calling for technical proposals twice, with at least 3985  
seven days between publications, in a newspaper of general 3986  
circulation in the area of the port authority or as provided in 3987  
section 7.16 of the Revised Code. After receipt of the technical 3988  
proposals, the port authority may negotiate with and award a 3989  
contract for the improvement to the proposer making the proposal 3990  
considered to be the most advantageous to the port authority. 3991

(ii) If a contract is to be negotiated and awarded without 3992  
competitive bidding for the reason set forth in division (A) (18) 3993  
(c) (iv) of this section, any construction activities related to 3994  
the incorporation of the material into the improvement also may 3995  
be provided without competitive bidding by the source or 3996  
supplier of that material. 3997

(e) (i) Any purchase, exchange, sale, lease, lease with an 3998  
option to purchase, conveyance of other interests in, or other 3999  
contract with a person or governmental entity that pertains to 4000  
the acquisition, construction, maintenance, repair, furnishing, 4001  
equipping, or operation of any real or personal property, or any 4002  
combination thereof, related to, useful for, or in furtherance 4003

of an activity contemplated by Section 13 or 16 of Article VIII, 4004  
Ohio Constitution, shall be made in such manner and subject to 4005  
such terms and conditions as may be determined by the board of 4006  
directors in its discretion. 4007

(ii) Division (A) (18) (e) (i) of this section applies to all 4008  
contracts that are subject to the division, notwithstanding any 4009  
other provision of law that might otherwise apply, including, 4010  
without limitation, any requirement of notice, any requirement 4011  
of competitive bidding or selection, or any requirement for the 4012  
provision of security. 4013

(iii) Divisions (A) (18) (e) (i) and (ii) of this section do 4014  
not apply to either of the following: any contract secured by or 4015  
to be paid from moneys raised by taxation or the proceeds of 4016  
obligations secured by a pledge of moneys raised by taxation; or 4017  
any contract secured exclusively by or to be paid exclusively 4018  
from the general revenues of the port authority. For the 4019  
purposes of this section, any revenues derived by the port 4020  
authority under a lease or other agreement that, by its terms, 4021  
contemplates the use of amounts payable under the agreement 4022  
either to pay the costs of the improvement that is the subject 4023  
of the contract or to secure obligations of the port authority 4024  
issued to finance costs of such improvement, are excluded from 4025  
general revenues. 4026

(19) Employ managers, superintendents, and other employees 4027  
and retain or contract with consulting engineers, financial 4028  
consultants, accounting experts, architects, attorneys, and any 4029  
other consultants and independent contractors as are necessary 4030  
in its judgment to carry out this chapter, and fix the 4031  
compensation thereof. All expenses thereof shall be payable from 4032  
any available funds of the port authority or from funds 4033

appropriated for that purpose by a political subdivision 4034  
creating or participating in the creation of the port authority. 4035

(20) Receive and accept from any state or federal agency 4036  
grants and loans for or in aid of the construction of any port 4037  
authority facility or for research and development with respect 4038  
to port authority facilities, and receive and accept aid or 4039  
contributions from any source of money, property, labor, or 4040  
other things of value, to be held, used, and applied only for 4041  
the purposes for which the grants and contributions are made; 4042

(21) Engage in research and development with respect to 4043  
port authority facilities; 4044

(22) Purchase fire and extended coverage and liability 4045  
insurance for any port authority facility and for the principal 4046  
office and branch offices of the port authority, insurance 4047  
protecting the port authority and its officers and employees 4048  
against liability for damage to property or injury to or death 4049  
of persons arising from its operations, and any other insurance 4050  
the port authority may agree to provide under any resolution 4051  
authorizing its port authority revenue bonds or in any trust 4052  
agreement securing the same; 4053

(23) Charge, alter, and collect rentals and other charges 4054  
for the use or services of any port authority facility as 4055  
provided in section 4582.43 of the Revised Code; 4056

(24) Provide coverage for its employees under Chapters 4057  
145., 4123., and 4141. of the Revised Code; 4058

(25) Establish and administer one or more payment card 4059  
programs for purposes of paying expenses related to port 4060  
authority business. Any obligation incurred as a result of the 4061  
use of such a payment card shall be paid from port authority 4062

funds. 4063

(26) Act as a portal operator for purposes of an 4064  
OhioInvests offering under sections 1707.05 to 1707.058 of the 4065  
Revised Code; 4066

(27) Do all acts necessary or proper to carry out the 4067  
powers expressly granted in sections 4582.21 to 4582.59 of the 4068  
Revised Code. 4069

(B) Any instrument by which real property is acquired 4070  
pursuant to this section shall identify the agency of the state 4071  
that has the use and benefit of the real property as specified 4072  
in section 5301.012 of the Revised Code. 4073

(C) Whoever violates division (A) (14) of this section is 4074  
guilty of a minor misdemeanor. 4075

**Sec. 5505.068.** (A) As used in this section and in section 4076  
5505.0610 of the Revised Code: 4077

(1) "Agent" means a dealer, as defined in section 1707.01 4078  
of the Revised Code, who is licensed under sections 1707.01 to 4079  
~~1707.45-1707.50~~ of the Revised Code or under comparable laws of 4080  
another state or of the United States. 4081

(2) "Minority business enterprise" has the same meaning as 4082  
in section 122.71 of the Revised Code. 4083

(3) "Ohio-qualified agent" means an agent designated as 4084  
such by the state highway patrol retirement board. 4085

(4) "Ohio-qualified investment manager" means an 4086  
investment manager designated as such by the state highway 4087  
patrol retirement board. 4088

(5) "Principal place of business" means an office in which 4089

the agent regularly provides securities or investment advisory 4090  
services and solicits, meets with, or otherwise communicates 4091  
with clients. 4092

(B) The state highway patrol retirement board shall, for 4093  
the purposes of this section, designate an agent as an Ohio- 4094  
qualified agent if the agent meets all of the following 4095  
requirements: 4096

(1) The agent is subject to taxation under Chapter 5725., 4097  
5726., 5733., 5747., or 5751. of the Revised Code. 4098

(2) The agent is authorized to conduct business in this 4099  
state; 4100

(3) The agent maintains a principal place of business in 4101  
this state and employs at least five residents of this state. 4102

(C) The state highway patrol retirement board shall adopt 4103  
and implement a written policy to establish criteria and 4104  
procedures used to select agents to execute securities 4105  
transactions on behalf of the retirement system. The policy 4106  
shall address each of the following: 4107

(1) Commissions charged by the agent, both in the 4108  
aggregate and on a per share basis; 4109

(2) The execution speed and trade settlement capabilities 4110  
of the agent; 4111

(3) The responsiveness, reliability, and integrity of the 4112  
agent; 4113

(4) The nature and value of research provided by the 4114  
agent; 4115

(5) Any special capabilities of the agent. 4116

(D) (1) The board shall, at least annually, establish a 4117  
policy with the goal to increase utilization by the board of 4118  
Ohio-qualified agents for the execution of domestic equity and 4119  
fixed income trades on behalf of the retirement system, when an 4120  
Ohio-qualified agent offers quality, services, and safety 4121  
comparable to other agents otherwise available to the board and 4122  
meets the criteria established under division (C) of this 4123  
section. 4124

(2) The board shall review, at least annually, the 4125  
performance of the agents that execute securities transactions 4126  
on behalf of the board. 4127

(3) The board shall determine whether an agent is an Ohio- 4128  
qualified agent, meets the criteria established by the board 4129  
pursuant to division (C) of this section, and offers quality, 4130  
services, and safety comparable to other agents otherwise 4131  
available to the board. The board's determination shall be 4132  
final. 4133

**Section 2.** That existing sections 145.114, 742.114, 4134  
1707.01, 1707.03, 1707.04, 1707.042, 1707.10, 1707.13, 1707.161, 4135  
1707.17, 1707.19, 1707.20, 1707.21, 1707.23, 1707.24, 1707.25, 4136  
1707.26, 1707.261, 1707.27, 1707.28, 1707.29, 1707.30, 1707.31, 4137  
1707.32, 1707.34, 1707.35, 1707.38, 1707.39, 1707.391, 1707.40, 4138  
1707.431, 1707.44, 1707.99, 1724.02, 3307.152, 3309.157, 4139  
4582.06, 4582.31, and 5505.068 of the Revised Code are hereby 4140  
repealed. 4141

**Section 3.** In enacting section 1707.50 of the Revised Code 4142  
in Section 1 of this act, the General Assembly finds all of the 4143  
following: 4144

(A) Whereas adequate financing of essential investor 4145

protection enforcement is necessary to achieve maximum 4146  
compliance with state law, to ensure, for businesses that raise 4147  
money via crowdfunding, an effective disincentive to engage in 4148  
unlawful, fraudulent, and anticompetitive business practices, 4149  
and to provide appropriate regulation of an emerging and quickly 4150  
evolving industry. 4151

(B) Although self-policing efforts by industry watchdog 4152  
groups may have some success in educating some fundraisers about 4153  
their obligations under state consumer and investor laws, in 4154  
other cases the only meaningful deterrent to unlawful conduct is 4155  
the vigorous assessment and collection of civil penalties. 4156

(C) It is in the public interest to provide that civil 4157  
penalties for violations of law may also be assessed and 4158  
collected by aggrieved crowdfunding investors acting as private 4159  
attorneys general enforcement. 4160

**Section 4.** All items in this section are hereby 4161  
appropriated as designated out of any moneys in the state 4162  
treasury to the credit of the designated fund. For all 4163  
appropriations made in this act, those in the first column are 4164  
for fiscal year 2020 and those in the second column are for 4165  
fiscal year 2021. The appropriations made in this act are in 4166  
addition to any other appropriations made for the FY 2020-FY 4167  
2021 biennium. 4168

4169

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A DEV DEVELOPMENT SERVICES AGENCY

B Facilities Establishment Fund Group



C	7009	195664	Innovation Ohio	\$	0	\$	5,200,000
D	7010	195665	Research and Development	\$	0	\$	30,000,000
E	7037	195615	Facilities Establishment	\$	0	\$	60,000,000
F	TOTAL	FCE Facilities Establishment Fund Group		\$	0	\$	95,200,000
G	TOTAL ALL BUDGET FUND GROUPS			\$	0	\$	95,200,000

**Section 5.** Within the limits set forth in this act, the 4170  
Director of Budget and Management shall establish accounts 4171  
indicating the source and amount of funds for each appropriation 4172  
made in this act, and shall determine the form and manner in 4173  
which appropriation accounts shall be maintained. Expenditures 4174  
from appropriations contained in this act shall be accounted for 4175  
as though made in H.B. 166 of the 133rd General Assembly. 4176

The appropriations made in this act are subject to all 4177  
provisions of H.B. 166 of the 133rd General Assembly that are 4178  
generally applicable to such appropriations. 4179

**Section 6.** That Section 259.50 of H.B. 166 of the 133rd 4180  
General Assembly be amended to read as follows: 4181

**Sec. 259.50. CAPITAL ACCESS LOAN PROGRAM** 4182

The foregoing appropriation item 195628, Capital Access 4183  
Loan Program, shall be used for operating, program, and 4184  
administrative expenses of the program. Funds of the Capital 4185  
Access Loan Program shall be used to assist participating 4186  
financial institutions in making program loans to eligible 4187  
businesses that face barriers in accessing working capital and 4188  
obtaining fixed-asset financing. Loans financed with assistance 4189

under the Capital Access Loan Program are subject to Controlling Board approval. 4190  
4191

The Director of Budget and Management may transfer an amount not to exceed \$1,000,000 cash in each fiscal year from the Minority Business Enterprise Loan Fund (Fund 4W10) to the Capital Access Loan Fund (Fund 5S90). This transfer is subject to Controlling Board approval. 4192  
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INNOVATION OHIO 4197

The foregoing appropriation item 195664, Innovation Ohio, shall be used to provide for Innovation Ohio purposes, including loan guarantees and loans under Chapter 166. and particularly sections 166.12 to 166.16 of the Revised Code. 4198  
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OSU NON-OPIATE, NON-ADDICTIVE PHARMACEUTICAL TREATMENT 4202

Of the foregoing appropriation item 195664, Innovation Ohio, up to \$5,200,000 in fiscal year ~~2020~~2021 shall be used to offer a loan to The Ohio State University for the development and clinical evaluation of a non-opiate, non-addictive pharmaceutical treatment intervention's efficacy to reduce a physician's reliance upon and limit a patient's initial exposure to opioids, provided that the loan is structured so that meeting benchmarks allows future forgiveness of the loan. 4203  
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RESEARCH AND DEVELOPMENT 4211

The foregoing appropriation item 195665, Research and Development, shall be used to provide for research and development purposes, including loans, under Chapter 166. and particularly sections 166.17 to 166.21 of the Revised Code. 4212  
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4214  
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FACILITIES ESTABLISHMENT 4216

The foregoing appropriation item 195615, Facilities 4217

Establishment, shall be used for the purposes of the Facilities 4218  
Establishment Fund (Fund 7037) under Chapter 166. of the Revised 4219  
Code. 4220

TRANSFERS FROM THE FACILITIES ESTABLISHMENT FUND 4221

Notwithstanding Chapter 166. of the Revised Code, on July 4222  
1, 2019, or as soon as possible thereafter, the Director of 4223  
Budget and Management shall transfer \$25,000,000 cash from the 4224  
Facilities Establishment Fund (Fund 7037) to the Rural 4225  
Industrial Park Loan Fund (Fund 4Z60). The transfer is subject 4226  
to Controlling Board approval under section 166.03 of the 4227  
Revised Code. 4228

Notwithstanding Chapter 166. of the Revised Code, an 4229  
amount not to exceed \$3,500,000 in cash in each fiscal year may 4230  
be transferred from the Facilities Establishment Fund (Fund 4231  
7037) to the Business Assistance Fund (Fund 4510). The transfer 4232  
is subject to Controlling Board approval under division (B) of 4233  
section 166.03 of the Revised Code. 4234

Notwithstanding Chapter 166. of the Revised Code, the 4235  
Director of Budget and Management may transfer an amount not to 4236  
exceed \$2,000,000 in cash in each fiscal year from the 4237  
Facilities Establishment Fund (Fund 7037) to the Minority 4238  
Business Enterprise Loan Fund (Fund 4W10). This transfer is 4239  
subject to Controlling Board approval. 4240

Notwithstanding Chapter 166. of the Revised Code, the 4241  
Director of Budget and Management may transfer an amount not to 4242  
exceed \$2,000,000 in cash in each fiscal year from the 4243  
Facilities Establishment Fund (Fund 7037) to the Capital Access 4244  
Loan Fund (Fund 5S90). This transfer is subject to Controlling 4245  
Board approval. 4246

**Section 7.** That existing Section 259.50 of H.B. 166 of the 4247  
133rd General Assembly is hereby repealed. 4248