

**As Re-referred to the Senate Rules and Reference Committee**

**132nd General Assembly**

**Regular Session**

**2017-2018**

**Sub. H. B. No. 10**

**Representative Arndt**

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

**Senators LaRose, Tavares**

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**A BILL**

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

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

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

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

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

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

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

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

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

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

qualified agent if the agent meets all of the following 46  
requirements: 47

(1) The agent is subject to taxation under Chapter 5725., 48  
5726., 5733., 5747., or 5751. of the Revised Code; 49

(2) The agent is authorized to conduct business in this 50  
state; 51

(3) The agent maintains a principal place of business in 52  
this state and employs at least five residents of this state. 53

(C) The public employees retirement board shall adopt and 54  
implement a written policy to establish criteria and procedures 55  
used to select agents to execute securities transactions on 56  
behalf of the retirement system. The policy shall address each 57  
of the following: 58

(1) Commissions charged by the agent, both in the 59  
aggregate and on a per share basis; 60

(2) The execution speed and trade settlement capabilities 61  
of the agent; 62

(3) The responsiveness, reliability, and integrity of the 63  
agent; 64

(4) The nature and value of research provided by the 65  
agent; 66

(5) Any special capabilities of the agent. 67

(D) (1) The board shall, at least annually, establish a 68  
policy with the goal to increase utilization by the board of 69  
Ohio-qualified agents for the execution of domestic equity and 70  
fixed income trades on behalf of the retirement system, when an 71  
Ohio-qualified agent offers quality, services, and safety 72

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

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

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

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

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

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

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

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

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

with clients.	101
(B) The board of trustees of the fund shall, for the 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 performance of investment advisory services described in division (X)(1) of this section is solely incidental to the conduct of the dealer's or salesperson's business as a licensed dealer or licensed salesperson and who receives no special compensation for the services;

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

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

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

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

intended by the policy and provisions of this chapter. 505

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) An employee of an investment adviser; 611

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

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

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

(2) The investment adviser reasonably believes either of 622

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(4) Any agreement between an insurer and a reinsurer;	709
(5) An agreement by an individual to purchase an existing life insurance policy or contract from the original owner of the policy or contract, if the individual does not enter into more than one life settlement contract per calendar year;	710 711 712 713
(6) The initial purchase of an insurance policy or certificate of insurance from its owner by a viatical settlement provider, as defined in section 3916.01 of the Revised Code, that is licensed under Chapter 3916. of the Revised Code.	714 715 716 717
(II) "State retirement system" means the public employees retirement system, Ohio police and fire pension fund, state teachers retirement system, school employees retirement system, and state highway patrol retirement system.	718 719 720 721
(JJ) "State retirement system investment officer" means an individual employed by a state retirement system as a chief investment officer, assistant investment officer, or the person in charge of a class of assets or in a position that is substantially equivalent to chief investment officer, assistant investment officer, or person in charge of a class of assets.	722 723 724 725 726 727
(KK) "Bureau of workers' compensation chief investment officer" means an individual employed by the administrator of workers' compensation as a chief investment officer or in a position that is substantially equivalent to a chief investment officer.	728 729 730 731 732
<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 797  
exercise of conversion rights, the sale of securities by the 798  
issuer on exercise of subscription rights or of warrants or 799  
options to purchase securities, the delivery of voting-trust 800  
certificates for securities deposited under a voting-trust 801  
agreement, the delivery of deposited securities on surrender of 802  
voting-trust certificates, and the delivery of final 803  
certificates on surrender of interim certificates are exempt; 804  
but the sale of securities on exercise of subscription rights, 805  
warrants, or options is not an exempt transaction unless those 806  
rights, warrants, or options when granted were the subject 807  
matter of an exempt transaction under division (G) of this 808  
section or were registered by description, by coordination, or 809  
by qualification. 810

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

of avoiding this chapter.	973
(Q) The sale of any security is exempt if all of the following conditions are satisfied:	974 975
(1) The provisions of section 5 of the Securities Act of 1933 do not apply to the sale by reason of an exemption under section 4 (2) of that act.	976 977 978
(2) The aggregate commission, discount, and other remuneration, excluding legal, accounting, and printing fees, paid or given directly or indirectly does not exceed ten per cent of the initial offering price.	979 980 981 982
(3) Any such commission, discount, or other remuneration for sales in this state is paid or given only to dealers or salespersons registered under this chapter.	983 984 985
(4) The issuer or dealer files with the division of securities, not later than sixty days after the sale, a report setting forth the name and address of the issuer, the total amount of the securities sold under this division, the number of persons to whom the securities were sold, the price at which the securities were sold, and the commissions or discounts paid or given.	986 987 988 989 990 991 992
(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



- (d) Issuing life settlement interests; 1377
- (e) Engaged as a substantial part of its business in the 1378  
purchase, sale, or development of commercial paper, notes, or 1379  
other indebtedness, financial instruments, securities, or real 1380  
property; purchasing, selling, or holding for investment 1381  
commercial paper, notes, or other indebtedness, financial 1382  
instruments, securities, or real property; or otherwise making 1383  
investments; 1384
- (f) A commodity pool, equipment leasing program, or a real 1385  
estate investment trust. 1386
- (B) "OhioInvests offering" means an offer, or an offer and 1387  
sale, of securities by an OhioInvests issuer that is exempt from 1388  
registration under section 1707.051 of the Revised Code. 1389
- (C) "OhioInvests portal" means a web site that is operated 1390  
by a portal operator for the offer or sale of securities of an 1391  
OhioInvests issuer and meets all of the following requirements: 1392
- (1) When conducting an OhioInvests offering, it implements 1393  
steps to limit web site access to residents of only this state 1394  
in accordance with 17 C.F.R. 230.147A. 1395
- (2) It does not allow an OhioInvests offering to be viewed 1396  
by a prospective purchaser until both of the following occur: 1397
- (a) The portal operator verifies, through its exercise of 1398  
reasonable steps, such as using a third-party verification 1399  
service or as otherwise approved by the division of securities, 1400  
that the prospective purchaser is a resident of this state. 1401
- (b) The prospective purchaser makes an affirmative 1402  
acknowledgment, electronically through the portal, of the 1403  
following: 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  
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(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  
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(e) The duration that the offering will remain open; 1558

(f) The issuer's logo; 1559

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

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

(M) Meets such other requirements as the division may, by rule, prescribe for the protection of investors and in the public interest. 1564  
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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  
1571

(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 the offered securities. 1602  
1603

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

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

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

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

(C) The identity of and consideration payable to a person who has been or will be retained by the issuer to assist the issuer in conducting the offering and sale of the securities, including a portal operator. This requirement does not apply to persons acting primarily as accountants or attorneys and employees whose primary job responsibilities involve operating the business of the issuer rather than assisting the issuer in raising capital. 1610  
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(D) A description of any pending material litigation, legal proceedings, or regulatory action involving the issuer or any members, persons in executive management, or other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer; 1618  
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(E) A copy of the escrow agreement between the escrow agent, the issuer, and, if applicable, the portal operator; 1623  
1624

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

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

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

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

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1651

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to the extent required or authorized under other law. 1742

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

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

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

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

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

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

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

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

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

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

at the time of the sale; 1797

(6) Any investment manager of an issuer that is a pooled investment fund; 1798  
1799

(7) Any general partner or managing member of any investment manager participating in the offering; 1800  
1801

(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. 1802  
1803  
1804  
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(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: 1806  
1807  
1808  
1809

(1) Has been convicted, within ten years before the offering of any felony or misdemeanor: 1810  
1811

(a) In connection with the purchase or sale of any security; 1812  
1813

(b) Involving the making of any false filing with the securities and exchange commission or a state securities commissioner; or 1814  
1815  
1816

(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. 1817  
1818  
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(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 1821  
1822  
1823  
1824



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Upon a showing of good cause and without prejudice to any other action by the securities and exchange commission or a state securities commissioner, if the division determines that it is not necessary under the circumstance that an exemption be denied; 1911  
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1914  
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(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  
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1918  
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(4) If the issuer establishes to the division that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under division (B) of this section. 1924  
1925  
1926  
1927

(D) For purposes of division (B) of this section, events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not either of the following: 1928  
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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> , investment adviser,	2207
<u>or portal operator</u> , insolvent;	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 121.76 of the 2302  
Revised Code, the division may incorporate by reference into its 2303  
rules any statute enacted by the United States congress or any 2304  
rule, regulation, or form promulgated by the securities and 2305  
exchange commission, or by another federal agency, in a manner 2306  
that also incorporates all future amendments to the statute, 2307  
rule, regulation, or form. 2308

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

(C) The division may <del>by rule or order</del> 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 <del>certified audited by independent or certified public accountants, specifying by rule the criteria necessary to be granted a hardship exemption from the audit requirement.</del> All financial statements shall be prepared in accordance with generally accepted accounting <del>practices</del> <u>principles and comply with other requirements specified by rule adopted or order issued under sections 1707.01 to 1707.50 of the Revised Code.</u>	2329 2330 2331 2332 2333 2334 2335 2336
(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.	2337 2338 2339 2340 2341 2342 2343
(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	2344 2345 2346 2347 2348 2349 2350 2351 2352

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

not be impaired. 2807

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

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

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

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

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

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

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

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

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

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

contract of sale in violation of this chapter. 2897

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of the securities to have engaged in such practices. 2983

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

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

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

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

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



respect. 3012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

violation. 3156

(3) In any civil action by a purchaser or purchaser's 3157  
representative seeking recovery of a civil penalty under this 3158  
section, a court may award a lesser amount than the amount 3159  
specified in division (C) (2) of this section if, based on the 3160  
facts and circumstances of the particular case, to do otherwise 3161  
would result in an award that is unjust, arbitrary and 3162  
oppressive, or confiscatory. 3163

(4) Civil penalties recovered by a purchaser or purchasers 3164  
in accordance with this section shall be distributed as follows: 3165

(a) Twenty-five per cent to the state to be deposited into 3166  
the state treasury to the credit of the general revenue fund and 3167  
set aside for payment of debt service on outstanding bonds that 3168  
are direct obligations of the state; 3169

(b) Seventy-five per cent to the purchaser, purchasers, or 3170  
purchaser class. 3171

(5) Purchasers or purchaser classes that prevail in a 3172  
civil action brought under this section shall be entitled to 3173  
reasonable attorney's fees and costs in the action as determined 3174  
by the court. 3175

(6) Nothing in division (C) of this section shall preclude 3176  
a purchaser or purchaser's representative from also proceeding 3177  
with a cause of action otherwise available under any other 3178  
provision of this chapter or other theory of law. 3179

(D) No person shall knowingly engage in any act, practice, 3180  
or course of business that would interfere with a purchaser's 3181  
ability to bring an individual or putative class action pursuant 3182  
to division (C) of this section. 3183

(E) Nothing in this section shall be construed to alter or 3184  
limit the authority of the division under any other provision of 3185  
this chapter, including but not limited to the ability of the 3186  
division to investigate or prosecute any complaints or 3187  
allegations under this chapter. Upon timely application, the 3188  
division may intervene as of right on behalf of the state in any 3189  
private action or appeal that is pending under this section. 3190

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

mortgagee in lieu of acquiring such real property subject to a 3362  
mortgage. 3363

(15) To act as a portal operator for purposes of an 3364  
OhioInvests offering under sections 1707.05 to 1707.058 of the 3365  
Revised Code. 3366

(16) To do all acts and things necessary or convenient to 3367  
carry out the purposes of section 1724.01 of the Revised Code 3368  
and the powers especially created for a community improvement 3369  
corporation in Chapter 1724. of the Revised Code, including, but 3370  
not limited to, contracting with the federal government, the 3371  
state or any political subdivision, a board of county 3372  
commissioners pursuant to section 307.07 of the Revised Code, a 3373  
county auditor pursuant to section 319.10 of the Revised Code, a 3374  
county treasurer pursuant to section 321.49 of the Revised Code, 3375  
and any other party, whether nonprofit or for-profit. An 3376  
employee of a board of county commissioners, county auditor, or 3377  
county treasurer who, pursuant to a contract entered into in 3378  
accordance with section 307.07, 319.10, or 321.49 of the Revised 3379  
Code, provides services to a county land reutilization 3380  
corporation shall remain an employee of the county during the 3381  
provision of those services. 3382

(B) The powers enumerated in this chapter shall not be 3383  
construed to limit the general powers of a community improvement 3384  
corporation. The powers granted under this chapter are in 3385  
addition to those powers granted by any other chapter of the 3386  
Revised Code, but, as to a county land reutilization 3387  
corporation, shall be used only for the purposes enumerated 3388  
under division (B) (2) of section 1724.01 of the Revised Code. 3389

(C) Ownership of real property by an economic development 3390  
corporation does not constitute public ownership unless the 3391

economic development corporation has applied for and been 3392  
granted a tax exemption for the property under section 5709.08 3393  
of the Revised Code. 3394

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Any special capabilities of the agent. 3435

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

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

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

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

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

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

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

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

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

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

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

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



(2) The agent is authorized to conduct business in this state. 3476  
3477

(3) The agent maintains a principal place of business in this state and employs at least five residents of this state. 3478  
3479

(C) The school employees retirement board shall adopt and implement a written policy to establish criteria and procedures used to select agents to execute securities transactions on behalf of the retirement system. The policy shall address each of the following: 3480  
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(1) Commissions charged by the agent, both in the aggregate and on a per share basis; 3485  
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(2) The execution speed and trade settlement capabilities of the agent; 3487  
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(3) The responsiveness, reliability, and integrity of the agent; 3489  
3490

(4) The nature and value of research provided by the agent; 3491  
3492

(5) Any special capabilities of the agent. 3493

(D) (1) The board shall, at least annually, establish a policy with the goal to increase utilization by the board of Ohio-qualified agents for the execution of domestic equity and fixed income trades on behalf of the retirement system, when an Ohio-qualified agent offers quality, services, and safety comparable to other agents otherwise available to the board and meets the criteria established under division (C) of this section. 3494  
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(2) The board shall review, at least annually, the performance of the agents that execute securities transactions 3502  
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on behalf of the board. 3504

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

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

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

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

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

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

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

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

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

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

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

without regard to section 4582.15 of the Revised Code. 3595

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

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

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

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

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

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

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

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

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

A port authority may accept and hold as consideration for 3653

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Adopt an official seal; 3798

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

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

authority facility or facilities or parts thereof; 3829

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

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

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

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

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

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

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

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

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

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

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

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

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

investment of funds by a port authority. 3887

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

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

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

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

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

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

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

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



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

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

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

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

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

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

(iii) The contract is for any energy conservation measure as defined in section 307.041 of the Revised Code. 3979  
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(iv) With respect to material to be incorporated into the improvement, only a single source or supplier exists for the material. 3981  
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(v) A single bid is received by the port authority after complying with the provisions of division (A) (18) (b) of this section. 3984  
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(d) (i) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in division (A) (18) (c) (ii) of this section, the port authority shall publish a notice calling for technical proposals twice, with at least seven days between publications, in a newspaper of general circulation in the area of the port authority or as provided in section 7.16 of the Revised Code. After receipt of the technical proposals, the port authority may negotiate with and award a contract for the improvement to the proposer making the proposal considered to be the most advantageous to the port authority. 3987  
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(ii) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in division (A) (18) (c) (iv) of this section, any construction activities related to the incorporation of the material into the improvement also may be provided without competitive bidding by the source or supplier of that material. 3997  
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(e) (i) Any purchase, exchange, sale, lease, lease with an option to purchase, conveyance of other interests in, or other contract with a person or governmental entity that pertains to 4003  
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the acquisition, construction, maintenance, repair, furnishing, 4006  
equipping, or operation of any real or personal property, or any 4007  
combination thereof, related to, useful for, or in furtherance 4008  
of an activity contemplated by Section 13 or 16 of Article VIII, 4009  
Ohio Constitution, shall be made in such manner and subject to 4010  
such terms and conditions as may be determined by the board of 4011  
directors in its discretion. 4012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

patrol retirement board. 4093

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

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

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

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

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

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

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

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

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

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

agent; 4120

(5) Any special capabilities of the agent. 4121

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

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

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

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

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

following: 4149

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

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

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