

# AN ACT

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

*Be it enacted by the General Assembly of the State of Ohio:*

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

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

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

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

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

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

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

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

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

Revised Code;

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

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

(C) The public 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:

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

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

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

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

(5) Any special capabilities of the agent.

(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.

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

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

Sec. 742.114. (A) As used in this section and in section 742.116 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 board of trustees of the fund.

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

(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 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:

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

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

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

residents of this state.

(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:

- (1) Commissions charged by the agent, both in the aggregate and on a per share basis;
- (2) The execution speed and trade settlement capabilities of the agent;
- (3) The responsiveness, reliability, and integrity of the agent;
- (4) The nature and value of research provided by the agent;
- (5) Any special capabilities of the agent.

(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.

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

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

Sec. 1707.01. As used in this chapter:

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

(B) "Security" means any certificate or instrument, or any oral, written, or electronic agreement, understanding, or opportunity, that represents title to or interest in, or is secured by any lien or charge upon, the capital, assets, profits, property, or credit of any person or of any public or governmental body, subdivision, or agency. It includes shares of stock, certificates for shares of stock, an uncertificated security, membership interests in limited liability companies, voting-trust certificates, warrants and options to purchase securities, subscription rights, interim receipts, interim certificates, promissory notes, all forms of commercial paper, evidences of indebtedness, bonds, debentures, land trust certificates, fee certificates, leasehold certificates, syndicate certificates, endowment certificates, interests in or under profit-sharing or participation agreements, interests in or under oil, gas, or mining leases, preorganization or reorganization subscriptions, preorganization certificates, reorganization certificates, interests in any trust or pretended trust, any investment contract, any life settlement interest, any instrument evidencing a promise or an agreement to pay money, warehouse receipts for intoxicating liquor, and the currency of any government other than those of the United States and Canada, but sections 1707.01 to ~~1707.45~~-1707.50 of the Revised Code do not apply to the sale of real estate.

(C)(1) "Sale" has the full meaning of "sale" as applied by or accepted in courts of law or equity, and includes every disposition, or attempt to dispose, of a security or of an interest in a security. "Sale" also includes a contract to sell, an exchange, an attempt to sell, an option of sale, a solicitation of a sale, a solicitation of an offer to buy, a subscription, or an offer to sell, directly or

indirectly, by agent, circular, pamphlet, advertisement, or otherwise.

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

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

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

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

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

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

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

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

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

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

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

(e) Any bank;

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

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

(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.

(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.

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

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

(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.

(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.

(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 utilities defined as public utilities by the laws of its domicile; and in the case of any other foreign issuer, it means those utilities defined as public utilities by the laws of the situs of its principal place of business. The term

always includes railroads whether or not they are so defined as public utilities.

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

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

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

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

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

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

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

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

(1) A bank or international banking institution;

(2) An insurance company;

(3) A separate account of an insurance company;

(4) An investment company as defined in the "Investment Company Act of 1940," 15 U.S.C. 80a-3;

(5) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by the division of securities as a dealer;

(6) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following:

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

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

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

(7) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following:

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

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

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

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

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

(10) A small business investment company licensed by the small business administration under section 301(c) of the "Small Business Investment Act of 1958," 15 U.S.C. 681(c), with total assets in excess of ten million dollars;

(11) A private business development company as defined in section 202(a)(22) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(22), with total assets in excess of ten million dollars;

(12) A federal covered investment adviser acting for its own account;

(13) A "qualified institutional buyer" as defined in 17 C.F.R. 230.144A(a)(1), other than 17 C.F.R. 230.144A(a)(1)(H);

(14) A "major U.S. institutional investor" as defined in 17 C.F.R. 240.15a-6(b)(4)(i);

(15) Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this chapter;

(16) Any other person specified by rule adopted or order issued under this chapter.

(T) A reference to a statute of the United States or to a rule, regulation, or form promulgated by the securities and exchange commission or by another federal agency means the statute, rule, regulation, or form as it exists at the time of the act, omission, event, or transaction to which it is applied under this chapter.

(U) "Securities and exchange commission" means the securities and exchange commission established by the Securities Exchange Act of 1934.

(V)(1) "Control bid" means the purchase of or offer to purchase any equity security of a subject company from a resident of this state if either of the following applies:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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.

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

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

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

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

(Z) "Beneficial owner" includes any person who directly or indirectly through any contract, arrangement, understanding, or relationship has or shares, or otherwise has or shares, the power to vote or direct the voting of a security or the power to dispose of, or direct the disposition of, the security. "Beneficial ownership" includes the right, exercisable within sixty days, to acquire any security through the exercise of any option, warrant, or right, the conversion of any convertible security, or otherwise. Any security subject to any such option, warrant, right, or conversion privilege held by any person shall be deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by that person, but shall not be deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person. A person shall be deemed the beneficial owner of any security beneficially owned by any relative or spouse or relative of the spouse residing in the home of that person, any trust or estate in which that person owns ten per cent or more of the total beneficial interest or serves as trustee or executor, any corporation or entity in which that person owns ten per cent or more of the equity, and any affiliate or associate of that person.

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

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

(CC)(1) "Investment adviser representative" means a supervised person of an investment adviser, provided that the supervised person has more than five clients who are natural persons other than excepted persons defined in division (EE) of this section, and that more than ten per cent of the supervised person's clients are natural persons other than excepted persons defined in division (EE)

of this section. "Investment adviser representative" does not mean any of the following:

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

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

(c) 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 is consistent with the provisions fairly intended by the policy and provisions of this chapter.

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

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

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

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

(2) An employee of an investment adviser;

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

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

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

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

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

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

(3) Immediately prior to entering into an investment advisory contract with the investment

adviser, the person is either of the following:

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

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

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

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

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

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

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

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

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

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

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

For purposes of this division, "life settlement contract" means an agreement for the purchase, sale, assignment, transfer, devise, or bequest of any portion of the death benefit or ownership of any

life insurance policy or contract, in return for consideration or any other thing of value that is less than the expected death benefit of the life insurance policy or contract. "Life settlement contract" includes a viatical settlement contract as defined in section 3916.01 of the Revised Code, but does not include any of the following:

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

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

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

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

(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;

(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.

(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.

(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.

(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.

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

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

(C) The sale of securities by executors, administrators, receivers, trustees, or anyone acting in a fiduciary capacity is exempt, where such relationship was created by law, by a will, or by judicial authority, and where such sales are subject to approval by, or are made in pursuance to authority

granted by, any court of competent jurisdiction or are otherwise authorized and lawfully made by such fiduciary.

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

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

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

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

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

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

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

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

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

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

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

exempt.

(3) The sale of preorganization subscriptions for shares of stock of a corporation prior to the incorporation of the corporation is exempt, when the sale is evidenced by a written agreement, no remuneration is given, or promised, directly or indirectly, for or in connection with the sale of those securities, and no consideration is received, directly or indirectly, by any person from the purchasers of those securities until registration by qualification, by coordination, or by description of those securities is made under this chapter.

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

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

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

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

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

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

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

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

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

(N) For the purpose of this division and division (M) of this section, "underwriter" means any

person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or who participates directly or indirectly in any such undertaking or in the underwriting thereof, but "underwriter" does not include a person whose interest is limited to a discount, commission, or profit from the underwriter or from a dealer that is not in excess of the customary distributors' or sellers' discount, commission, or profit; and "issuer" includes any person or any group of persons acting in concert in the sale of such securities, owning beneficially one-fourth or more of the outstanding securities of the class involved in the transactions in question, with the record owner of securities being deemed the beneficial owner for this purpose, in the absence of actual knowledge to the contrary.

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

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

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

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

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

(e) 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.

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

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

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

(P) The sale of securities representing interests in or under profit-sharing or participation agreements relating to oil or gas wells located in this state, or representing interests in or under oil or gas leases of real estate situated in this state, is exempt if the securities are issued by an individual,

partnership, limited partnership, partnership association, syndicate, pool, trust or trust fund, or other unincorporated association and if each of the following conditions is complied with:

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

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

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

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

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

(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.

(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.

(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.

(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.

(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.

(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.

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

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

(U) The sale insofar as the security holders of a person are concerned, where, pursuant to statutory provisions of the jurisdiction under which that person is organized or pursuant to provisions contained in its articles of incorporation, certificate of incorporation, partnership agreement,



declaration of trust, trust indenture, or similar controlling instrument, there is submitted to the security holders, for their vote or consent, (1) a plan or agreement for a reclassification of securities of that person that involves the substitution of a security of that person for another security of that person, (2) a plan or agreement of merger or consolidation or a similar plan or agreement of acquisition in which the securities of that person held by the security holders will become or be exchanged for securities of any other person, or (3) a plan or agreement for a combination as defined in division (Q) of section 1701.01 of the Revised Code or a similar plan or agreement for the transfer of assets of that person to another person in consideration of the issuance of securities of any person, is exempt if, with respect to any of the foregoing transactions, either of the following conditions is satisfied:

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

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

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

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

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

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

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

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

(iii) The person is subject to an effective administrative order or judgment that was entered by a state securities administrator within five years before the filing of a notice required under

division (W)(3) of this section and that prohibits, denies, or revokes the use of any exemption from securities registration, prohibits the transaction of business by the person as a dealer, or is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The resale is to an institutional investor pursuant to the exemptions under division (B) or (D) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) A statement indicating all of the following:

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

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

(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.

(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:

(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.

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

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

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

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

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

Sec. 1707.04. (A) The division of securities may consider and conduct hearings upon any plan of reorganization, recapitalization, or refinancing of a corporation organized under the laws of this state, or having its principal place of business within this state, when such plan is proposed by such corporation or by any of its shareholders or creditors and contains a proposal to issue securities in exchange for one or more bona fide outstanding securities, claims, or property interests, or partly in such exchange or partly for cash. The division may also approve the terms of such issuance and exchange and the fairness of such terms, after a hearing upon such fairness at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, if application for such a hearing is made by such corporation, by the holders of a majority in amount of its debts, or by the holders of a majority in amount of any outstanding class of securities issued by it. Notice in person or by mail of the time and place of such hearing shall be given to all persons to whom it is

proposed to issue such securities, and evidence satisfactory to the division that such notice has been given shall be filed with the division. Securities issued in accordance with a plan so approved by the division are exempt from sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, relating to registration or qualification of securities or the registration of transactions therein.

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

- (1) A readjustment by modification of the terms of securities by agreement;
- (2) A readjustment by the exchange of securities by the issuer for others of its securities;
- (3) The exchange of securities by the issuer for securities of another issuer;
- (4) The acquisition of assets of a person, directly or indirectly, partly or wholly in consideration for securities distributed or to be distributed as part of the same transaction, directly or indirectly, to holders of securities issued by such person or secured by assets of such person;
- (5) A merger or consolidation.

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

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

- (1) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (2) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any such offeree;
- (3) Engage in any manipulative act or practice.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Issuing life settlement interests;

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

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

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

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

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

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

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

(b) The prospective purchaser makes an affirmative acknowledgment, electronically through

the portal, of the following:

"I am an Ohio resident.

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

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

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

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

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

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

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.

(2) During the forty-eight hours prior to the deadline identified in the issuer's offering

materials, an investment commitment may not be canceled.

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

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

(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;

(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.

(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;

(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.

(J) All of the following apply:

(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.

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

(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.

(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.

(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.

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

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

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

(3) A filing fee of fifty dollars.

(4) Any other information that the division requires from the issuer or portal for the



protection of investors and to enable the division to determine that the sale of securities is entitled to an exemption.

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

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

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

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

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

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

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

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

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

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

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

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

(f) The issuer's logo;

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

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

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

Sec. 1707.052. The disclosure document provided to each prospective purchaser through an OhioInvests portal shall contain all of the following:

(A) The following information regarding the OhioInvests issuer:

(1) The type of entity it is;

(2) The address and telephone number of its principal office;

(3) Its formation history for the previous five years;

(4) The identity of all persons owning more than ten per cent of any class of equity interest in the issuer;

(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;

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

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

(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.

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

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

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

(3) Either of the following:

(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 sold;

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

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

(5) Any restrictions on transfer of the securities;

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

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

(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.

(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;

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

(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;

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

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

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

"I UNDERSTAND AND ACKNOWLEDGE THAT:

If I make an investment in an offering through this OhioInvests portal, it is very likely that I am investing in a high-risk, speculative business venture that could result in the complete loss of my

investment, and I need to be able to afford such a loss.

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

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

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

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

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

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

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

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

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

(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.

(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.

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

(1) A fixed amount for each offering;

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

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

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

(E) No portal operator shall allow its officers, directors, or partners, or any person occupying similar status or performing similar function, to have a financial interest in an OhioInvests issuer

using the services of the portal operator, or receive a financial interest in the OhioInvests issuer as compensation for services provided to, or for the benefit of, the OhioInvests issuer, in connection with the offer and sale of its securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Serializes the originals;

(e) Allows indexes and records preserved to be downloaded to an acceptable medium.

(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.

(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.

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

- (1) Any predecessor to the issuer;
- (2) Any affiliated issuer;
- (3) Any director, executive officer, other officer participating in the offering, general partner, or managing member of the issuer;
- (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;
- (5) Any promoter connected with the issuer in any capacity at the time of the sale;
- (6) Any investment manager of an issuer that is a pooled investment fund;
- (7) Any general partner or managing member of any investment manager participating in the offering;
- (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.

(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:

- (1) Has been convicted, within ten years before the offering of any felony or misdemeanor:
  - (a) In connection with the purchase or sale of any security;
  - (b) Involving the making of any false filing with the securities and exchange commission or a state securities commissioner; or
  - (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.
- (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 conduct or practice:
  - (a) In connection with the purchase or sale of any security;
  - (b) Involving the making of any false filing with the securities and exchange commission or a state securities commissioner; or
  - (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.
- (3) Is subject to a final order of the securities and exchange commission; a state securities commission or an agency or officer of a state performing like functions; a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission or an agency or officer of a state performing like functions; an appropriate federal banking agency; the United States commodity futures trading commission; or the national credit union administration that:
  - (a) At the time of the offering, bars the person from associating with an entity regulated by the commission, authority, agency, or officer; engaging in the business of securities, insurance, or

banking; or engaging in savings association or credit union activities; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) With respect to any conviction, order, judgment, decree, suspension, expulsion, or bar that

occurred or was issued before the effective date of this section:

(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;

(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

(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.

(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:

(1) In control of the issuer;

(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.

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

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

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

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

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

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

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

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

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

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

(2) The person is a natural person who is licensed as an investment adviser by the division, and does not act as an investment adviser representative for another investment adviser; however, a natural person who is licensed as an investment adviser by the division may act as an investment adviser representative for another investment adviser if the natural person also is licensed by the division, or is properly excepted from licensure, as an investment adviser representative of the other



investment adviser.

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Prior to issuing the investment adviser representative license, the division may require the applicant to reimburse the division for the actual expenses incurred in investigating the applicant. An

itemized statement of any such expenses that the applicant is required to pay shall be furnished to the applicant by the division.

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

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

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

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

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

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

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

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

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

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

(5) The fee for each investment adviser representative's license, and for each annual renewal

thereof, shall be thirty-five dollars.

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

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

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

(C) A dealer's, salesperson's, investment adviser's, investment adviser representative's, bureau of workers' compensation chief investment officer's, ~~or~~ state retirement system investment officer's, or portal operator's license may be issued at any time for the remainder of the calendar year. In that event, the annual fee shall not be reduced.

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

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

(1) Is not of good business repute;

(2) Is conducting an illegitimate or fraudulent business;

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

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

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

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

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

(8) Conducts business in purchasing or selling securities at such variations from the existing

market as in the light of all the circumstances are unconscionable;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Whether any required financial statements shall be certified by independent or certified public accountants. All financial statements shall be prepared in accordance with generally accepted accounting practices.

(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 ~~1707.45-1707.50~~ of the Revised Code, and the procedure and practice before the division.

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

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

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

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

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

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

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

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

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

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

return of ordinary mail is received within thirty days after the date of mailing, service shall be deemed to have been made. If the subpoena is returned because of inability to deliver, the division may designate a person or persons to effect either personal or residence service upon the witness. The person designated to effect personal or residence service under this division may be the sheriff of the county in which the witness resides or may be found or any other duly designated person. The fees and mileage of the person serving the subpoena shall be the same as those allowed by the courts of common pleas in criminal cases, and shall be paid from the funds of the division. Fees and mileage for the witness shall be determined under section 119.094 of the Revised Code, and shall be paid from the funds of the division upon request of the witness following the hearing.

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

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

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

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

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

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

exercise of any other remedy.

Sec. 1707.24. In case any person fails to file any statement or report, to obey any subpoena, to give testimony, to answer questions, or to produce any books, records, or papers as required by the division of securities under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised Code, the court of common pleas of any county in the state, upon application made to it by the division and upon proof made to it by the division of such failure, may make an order awarding process of subpoena or subpoena duces tecum for such person to appear and testify before the division, and may order any person to give testimony and answer questions, and to produce books, records, or papers, as required by the division. Upon the filing of such order in the office of the clerk of the court of common pleas, said clerk, under the seal of said court, shall issue process of subpoena for such person to appear before the division at a time and place named in such subpoena, and thereafter from day to day until the examination of such person is completed. Such subpoena may contain a direction that such witness bring with ~~him~~ the witness to such examination any books, records, or papers mentioned in such subpoena. Said clerk shall also issue, under the seal of said court, such other orders, in reference to such examination, appearance, and production of books, records, or papers, as said court directs. If any person so summoned by subpoena fails to obey such subpoena, to give testimony, to answer questions as required, to produce any books, records, or papers so required, or to obey an order of the court, the court, on motion supported by proof, may order an attachment for contempt to be issued against the person charged with disobedience of any order or injunction issued by such court under sections 1707.01 to ~~1707.45~~1707.50, inclusive, of the Revised Code. If such person is brought before the court by virtue of said attachment, and if upon a hearing such disobedience appears, such court may order such offender to be committed and kept in close custody.

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

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

Sec. 1707.26. Whenever it appears to the division of securities, upon complaint or otherwise, that any person has engaged in, is engaging in, or is about to engage in, any deceptive, fraudulent, or manipulative act, practice, or transaction, in violation of sections 1707.01 to ~~1707.45~~1707.50 of the Revised Code, the director of commerce may apply to a court of common pleas of any county in this



state for, and upon proof of any of such offenses such court shall grant an injunction restraining such person and its agents, employees, partners, officers, directors, and shareholders from continuing, engaging in, or doing any acts in furtherance of, such acts, practices, or transactions, and may order such other equitable relief as the facts warrant.

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

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

(C) A court order granting restitution or rescission based upon a request made pursuant to division (A) of this section shall meet the requirements of division (B) of this section and may not be based solely upon a final order issued by the division of securities pursuant to Chapter 119. of the Revised Code or upon an action to enforce a final order issued by the division pursuant to that chapter. Notwithstanding the foregoing provision, a request for restitution or rescission pursuant to division (A) of this section may concern the same acts, practices, or transactions that were, or may later be, the subject of a division of securities action for a violation of any provision of sections 1707.01 to ~~1707.45-1707.50~~ of the Revised Code. If a request for restitution or rescission pursuant to division (A) of this section concerns the same acts, practices, or transactions that were the subject of a final order issued by the division of securities pursuant to Chapter 119. of the Revised Code, the court shall review the request in accordance with division (B) of this section, and the standard of review in section 119.12 of the Revised Code shall not apply to the request.

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

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

(2) If the court of common pleas is satisfied with the sufficiency of the director's request for restitution under division (E)(1) of this section and with the sufficiency of the proof of a substantial

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

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

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

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

have jurisdiction of all questions arising in the proceedings and may make orders and decrees therein as justice and equity require.

Sec. 1707.28. No prosecution or action by the division of securities or the director of commerce for a violation of any provision of sections 1707.01 to ~~1707.45-1707.50~~ of the Revised Code shall bar any prosecution or action by the division of securities or the director of commerce, or be barred by any prosecution or other action, for the violation of any other provision of any of those sections or of any other statute; but prosecutions and actions by the division of securities or the director of commerce for a violation of any provision of sections 1707.01 to ~~1707.45-1707.50~~ of the Revised Code must be commenced within five years after the commission of the alleged violation.

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

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

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

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

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

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

used only in the conduct of the business of such company after the company has been licensed and authorized for such business by proper authority.

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

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

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

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

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

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

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

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

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

statement of such expenses shall be furnished to the applicant.

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

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

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

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

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

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

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

Any person claiming exemption under this division for a publicly advertised meeting shall file a notice with the division of securities indicating an intent to cause or hold such a meeting at least twenty-one days prior to the meeting. The division may, upon receipt of such notice, issue an order denying the availability of an exemption under this division not more than fourteen days after receipt of the notice based on a finding that the applicant is not entitled to the exemption. Notwithstanding

the notice described in this section, a failure to file the notice does not create a presumption that a person was participating in or aiding in the making of a sale or contract of sale in violation of this chapter.

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

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

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

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

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

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

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

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

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

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

(4) Selling any securities in this state;

(5) Advising for compensation, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Employ any device, scheme, or artifice to defraud any person;  
(b) Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person;

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

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

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

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

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

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

(1) Employ any device, scheme, or artifice to defraud any state retirement system;  
(2) Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit on any state retirement system;

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

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

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

(1) Employ any device, scheme, or artifice to defraud the workers' compensation system;  
(2) Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit on the workers' compensation system;

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

violation.

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

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

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

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

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

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

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

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

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

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

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

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

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

(D) If the value of the funds or securities involved in the offense or the loss to the victim is thirty-seven thousand five hundred dollars or more but less than one hundred fifty thousand dollars,

the offender is guilty of a felony of the second degree, and the court may impose upon the offender an additional fine of not more than fifteen thousand dollars.

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

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

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

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

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

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

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

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

(3) To purchase, receive, hold, manage, lease, lease-purchase, or otherwise acquire and to sell, convey, transfer, lease, sublease, or otherwise dispose of real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including but not restricted to, any real or personal property acquired by the community improvement corporation from time to time in the satisfaction of debts or enforcement of obligations, and to enter

into contracts with third parties, including the federal government, the state, any political subdivision, or any other entity. A county land reutilization corporation shall not acquire an interest in real property if such acquisition causes the number of occupied real properties held by the corporation to exceed the greater of either fifty properties or twenty-five per cent of all real property held by the corporation for reutilization, reclamation, or rehabilitation. For the purposes of this division, "occupied real properties" includes all real properties that are not unoccupied as that term is defined in section 323.65 of the Revised Code.

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

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

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

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

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

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

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

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

(12) To employ and provide compensation for an executive director who shall manage the

operations of a county land reutilization corporation and employ others for the benefit of the corporation as approved and funded by the board of directors. No employee of the corporation is or shall be deemed to be an employee of the political subdivision for whose benefit the corporation is organized solely because the employee is employed by the corporation.

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

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

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

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

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

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

Sec. 3307.152. (A) As used in this section and in section 3307.154 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 state teachers retirement board.

(4) "Ohio-qualified investment manager" means an investment manager designated as such by the state teachers 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 state teachers retirement board shall, for the purposes of this section, designate an agent as an Ohio-qualified agent if the agent meets all of the following requirements:

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

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

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

(C) The state teachers 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:

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

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

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

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

(5) Any special capabilities of the agent.

(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.

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

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

Sec. 3309.157. (A) As used in this section and in section 3309.159 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 school employees retirement board.

(4) "Ohio-qualified investment manager" means an investment manager designated as such by the school 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 school employees retirement board shall, for the purposes of this section, designate an agent as an Ohio-qualified agent if the agent meets all of the following requirements:

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

Revised Code.

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

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

(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:

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

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

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

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

(5) Any special capabilities of the agent.

(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.

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

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

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

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

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

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

(4) By resolution of its board of directors, issue revenue bonds beyond the limit of bonded indebtedness provided by law, for the acquisition, construction, furnishing, or equipping of any real

or personal property, or any combination thereof, related to, useful for, or in furtherance of any authorized purpose, including all costs in connection with or incidental thereto.

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

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

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

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



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

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

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

- (a) Loan moneys to any person or governmental entity for the acquisition, construction, furnishing, and equipping of the property;
- (b) Acquire, construct, maintain, repair, furnish, and equip the property;
- (c) Sell to, exchange with, lease, convey other interests in, or lease with an option to purchase the same or any lesser interest in the property to the same or any other person or governmental entity;
- (d) Guarantee the obligations of any person or governmental entity.

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

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

(a) 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 the acquisition, construction, maintenance, repair, furnishing, equipping, or operation of any real or personal property, or any combination thereof, related to, useful for, or in furtherance of an activity contemplated by Section 13 or 16 of Article VIII, Ohio Constitution, shall be made in such manner and subject to such terms and conditions as may be determined by the board of directors in its discretion.

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

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

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

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

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

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

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

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

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

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

(10) Maintain such funds as it considers necessary;

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

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

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

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

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

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

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

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

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

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

- (1) Adopt bylaws for the regulation of its affairs and the conduct of its business;
- (2) Adopt an official seal;
- (3) Maintain a principal office within its jurisdiction, and maintain such branch offices as it may require;
- (4) Acquire, construct, furnish, equip, maintain, repair, sell, exchange, lease to or from, or

lease with an option to purchase, convey other interests in real or personal property, or any combination thereof, related to, useful for, or in furtherance of any authorized purpose and operate any property in connection with transportation, recreational, governmental operations, or cultural activities;

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

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

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

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

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

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

(11) Maintain such funds as it considers necessary;

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

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

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

(15) Do any of the following, in regard to any interests in any real or personal property, or any combination thereof, including, without limitation, machinery, equipment, plants, factories,

offices, and other structures and facilities related to, useful for, or in furtherance of any authorized purpose, for such consideration and in such manner, consistent with Article VIII of the Ohio Constitution, as the board in its sole discretion may determine:

- (a) Loan moneys to any person or governmental entity for the acquisition, construction, furnishing, and equipping of the property;
- (b) Acquire, construct, maintain, repair, furnish, and equip the property;
- (c) Sell to, exchange with, lease, convey other interests in, or lease with an option to purchase the same or any lesser interest in the property to the same or any other person or governmental entity;
- (d) Guarantee the obligations of any person or governmental entity.

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

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

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

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

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

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

(18)(a) Make and enter into all contracts and agreements and execute all instruments

necessary or incidental to the performance of its duties and the execution of its powers under sections 4582.21 to 4582.59 of the Revised Code.

(b) Except as provided in division (A)(18)(c) of this section or except when the port authority elects to construct a building, structure, or other improvement pursuant to a contract made with a construction manager at risk under sections 9.33 to 9.335 of the Revised Code or with a design-build firm under section 153.65 to 153.73 of the Revised Code, when the cost of a contract for the construction of any building, structure, or other improvement undertaken by a port authority involves an expenditure exceeding one hundred fifty thousand dollars and the port authority is the contracting entity, the port authority shall make a written contract after notice calling for bids for the award of the contract has been given by publication 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. Each such contract shall be let to the lowest responsive and responsible bidder in accordance with section 9.312 of the Revised Code. Every contract shall be accompanied by or shall refer to plans and specifications for the work to be done, prepared for and approved by the port authority, and signed by an authorized officer of the port authority and by the contractor.

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

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

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

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

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

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

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

(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.

(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.

(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 the acquisition, construction, maintenance, repair, furnishing, equipping, or operation of any real or personal property, or any combination thereof, related to, useful for, or in furtherance of an activity contemplated by Section 13 or 16 of Article VIII, Ohio Constitution, shall be made in such manner and subject to such terms and conditions as may be determined by the board of directors in its discretion.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 5505.068. (A) As used in this section and in section 5505.0610 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 state highway patrol retirement board.

(4) "Ohio-qualified investment manager" means an investment manager designated as such by the state highway patrol 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 state highway patrol retirement board shall, for the purposes of this section, designate an agent as an Ohio-qualified agent if the agent meets all of the following requirements:

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

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

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

(C) The state highway patrol 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:

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

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

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

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

(5) Any special capabilities of the agent.

(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.

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

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

SECTION 2. That existing 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 of the Revised Code are hereby repealed.

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

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

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

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

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

	1	2	3	4	5
A	DEV DEVELOPMENT SERVICES AGENCY				
B	Facilities Establishment Fund Group				
C	7009	195664	Innovation Ohio	\$ 0	\$ 5,200,000
D	7010	195665	Research and Development	\$ 0	\$ 30,000,000
E	7037	195615	Facilities Establishment	\$ 0	\$ 70,000,000
F	TOTAL	FCE Facilities Establishment Fund Group		\$ 0	\$ 105,200,000
G	TOTAL ALL BUDGET FUND GROUPS			\$ 0	\$ 105,200,000

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

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

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

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

The foregoing appropriation item 195628, Capital Access Loan Program, shall be used for operating, program, and administrative expenses of the program. Funds of the Capital Access Loan Program shall be used to assist participating financial institutions in making program loans to eligible businesses that face barriers in accessing working capital and obtaining fixed-asset financing. Loans financed with assistance under the Capital Access Loan Program are subject to Controlling Board approval.

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

**INNOVATION OHIO**

The foregoing appropriation item 195664, Innovation Ohio, shall be used to provide for Innovation Ohio purposes, including loan guarantees and loans under Chapter 166. and particularly sections 166.12 to 166.16 of the Revised Code.

**OSU NON-OPIATE, NON-ADDICTIVE PHARMACEUTICAL TREATMENT**

Of the foregoing appropriation item 195664, Innovation Ohio, up to \$5,200,000 in fiscal year

~~2020-2021~~ shall be used to offer a loan to The Ohio State University for the development and clinical evaluation of a non-opiate, non-addictive pharmaceutical treatment intervention's efficacy to reduce a physician's reliance upon and limit a patient's initial exposure to opioids, provided that the loan is structured so that meeting benchmarks allows future forgiveness of the loan.

#### RESEARCH AND DEVELOPMENT

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

#### FACILITIES ESTABLISHMENT

The foregoing appropriation item 195615, Facilities Establishment, shall be used for the purposes of the Facilities Establishment Fund (Fund 7037) under Chapter 166. of the Revised Code.

#### TRANSFERS FROM THE FACILITIES ESTABLISHMENT FUND

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

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

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

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

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

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*Speaker* \_\_\_\_\_ *of the House of Representatives.*

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*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the \_\_\_\_ day of \_\_\_\_\_, A. D. 20 \_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_