

As Introduced

**135th General Assembly
Regular Session
2023-2024**

S. B. No. 199

**Senator Lang
Cosponsor: Senator Wilson**

A BILL

To amend sections 1707.01, 1707.03, 1707.09,
1707.091, 1707.092, 1707.13, and 1707.23 of the
Revised Code to make changes to the Securities
Law.

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

Section 1. That sections 1707.01, 1707.03, 1707.09,
1707.091, 1707.092, 1707.13, and 1707.23 of the Revised Code be
amended to read as follows:

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, 19
voting-trust certificates, warrants and options to purchase 20
securities, subscription rights, interim receipts, interim 21
certificates, promissory notes, all forms of commercial paper, 22
evidences of indebtedness, bonds, debentures, land trust 23
certificates, fee certificates, leasehold certificates, 24
syndicate certificates, endowment certificates, interests in or 25
under profit-sharing or participation agreements, interests in 26
or under oil, gas, or mining leases, preorganization or 27
reorganization subscriptions, preorganization certificates, 28
reorganization certificates, interests in any trust or pretended 29
trust, any investment contract, any life settlement interest, 30
any instrument evidencing a promise or an agreement to pay 31
money, warehouse receipts for intoxicating liquor, and the 32
currency of any government other than those of the United States 33
and Canada, but sections 1707.01 to 1707.50 of the Revised Code 34
do not apply to the sale of real estate. 35

(C) (1) "Sale" has the full meaning of "sale" as applied by 36
or accepted in courts of law or equity, and includes every 37
disposition, or attempt to dispose, of a security or of an 38
interest in a security. "Sale" also includes a contract to sell, 39
an exchange, an attempt to sell, an option of sale, a 40
solicitation of a sale, a solicitation of an offer to buy, a 41
subscription, or an offer to sell, directly or indirectly, by 42
agent, circular, pamphlet, advertisement, or otherwise. 43

(2) "Sell" means any act by which a sale is made. 44

(3) The use of advertisements, circulars, or pamphlets in 45
connection with the sale of securities in this state exclusively 46
to the purchasers specified in division (D) of section 1707.03 47
of the Revised Code is not a sale when the advertisements, 48

circulars, and pamphlets describing and offering those 49
securities bear a readily legible legend in substance as 50
follows: "This offer is made on behalf of dealers licensed under 51
sections 1707.01 to 1707.50 of the Revised Code, and is confined 52
in this state exclusively to institutional investors and 53
licensed dealers." 54

(4) The offering of securities by any person in 55
conjunction with a licensed dealer by use of advertisement, 56
circular, or pamphlet is not a sale if that person does not 57
otherwise attempt to sell securities in this state. 58

(5) Any security given with, or as a bonus on account of, 59
any purchase of securities is conclusively presumed to 60
constitute a part of the subject of that purchase and has been 61
"sold." 62

(6) "Sale" by an owner, pledgee, or mortgagee, or by a 63
person acting in a representative capacity, includes sale on 64
behalf of such party by an agent, including a licensed dealer or 65
salesperson. 66

(D) "Person," except as otherwise provided in this 67
chapter, means a natural person, firm, partnership, limited 68
partnership, partnership association, syndicate, joint-stock 69
company, unincorporated association, trust or trustee except 70
where the trust was created or the trustee designated by law or 71
judicial authority or by a will, and a corporation or limited 72
liability company organized under the laws of any state, any 73
foreign government, or any political subdivision of a state or 74
foreign government. 75

(E) (1) "Dealer," except as otherwise provided in this 76
chapter, means every person, other than a salesperson, who 77

engages or professes to engage, in this state, for either all or 78
part of the person's time, directly or indirectly, either in the 79
business of the sale of securities for the person's own account, 80
or in the business of the purchase or sale of securities for the 81
account of others in the reasonable expectation of receiving a 82
commission, fee, or other remuneration as a result of engaging 83
in the purchase and sale of securities. "Dealer" does not mean 84
any of the following: 85

(a) Any issuer, including any officer, director, employee, 86
or trustee of, or member or manager of, or partner in, or any 87
general partner of, any issuer, that sells, offers for sale, or 88
does any act in furtherance of the sale of a security that 89
represents an economic interest in that issuer, provided no 90
commission, fee, or other similar remuneration is paid to or 91
received by the issuer for the sale; 92

(b) Any licensed attorney, public accountant, or firm of 93
such attorneys or accountants, whose activities are incidental 94
to the practice of the attorney's, accountant's, or firm's 95
profession; 96

(c) Any person that, for the account of others, engages in 97
the purchase or sale of securities that are issued and 98
outstanding before such purchase and sale, if a majority or more 99
of the equity interest of an issuer is sold in that transaction, 100
and if, in the case of a corporation, the securities sold in 101
that transaction represent a majority or more of the voting 102
power of the corporation in the election of directors; 103

(d) Any person that brings an issuer together with a 104
potential investor and whose compensation is not directly or 105
indirectly based on the sale of any securities by the issuer to 106
the investor; 107

(e) Any bank;	108
(f) Any person that the division of securities by rule	109
exempts from the definition of "dealer" under division (E) (1) of	110
this section.	111
(2) "Licensed dealer" means a dealer licensed under this	112
chapter.	113
(F) (1) "Salesman" or "salesperson" means every natural	114
person, other than a dealer, who is employed, authorized, or	115
appointed by a dealer to sell securities within this state.	116
(2) The general partners of a partnership, and the	117
executive officers of a corporation or unincorporated	118
association, licensed as a dealer are not salespersons within	119
the meaning of this definition, nor are clerical or other	120
employees of an issuer or dealer that are employed for work to	121
which the sale of securities is secondary and incidental; but	122
the division of securities may require a license from any such	123
partner, executive officer, or employee if it determines that	124
protection of the public necessitates the licensing.	125
(3) "Licensed salesperson" means a salesperson licensed	126
under this chapter.	127
(G) "Issuer" means every person who has issued, proposes	128
to issue, or issues any security.	129
(H) "Director" means each director or trustee of a	130
corporation, each trustee of a trust, each general partner of a	131
partnership, except a partnership association, each manager of a	132
partnership association, and any person vested with managerial	133
or directory power over an issuer not having a board of	134
directors or trustees.	135

(I) "Incorporator" means any incorporator of a corporation 136
and any organizer of, or any person participating, other than in 137
a representative or professional capacity, in the organization 138
of an unincorporated issuer. 139

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent 140
practices," or "fraudulent transactions" means anything 141
recognized on or after July 22, 1929, as such in courts of law 142
or equity; any device, scheme, or artifice to defraud or to 143
obtain money or property by means of any false pretense, 144
representation, or promise; any fictitious or pretended purchase 145
or sale of securities; and any act, practice, transaction, or 146
course of business relating to the purchase or sale of 147
securities that is fraudulent or that has operated or would 148
operate as a fraud upon the seller or purchaser. 149

(K) Except as otherwise specifically provided, whenever 150
any classification or computation is based upon "par value," as 151
applied to securities without par value, the average of the 152
aggregate consideration received or to be received by the issuer 153
for each class of those securities shall be used as the basis 154
for that classification or computation. 155

(L) (1) "Intangible property" means patents, copyrights, 156
secret processes, formulas, services, good will, promotion and 157
organization fees and expenses, trademarks, trade brands, trade 158
names, licenses, franchises, any other assets treated as 159
intangible according to generally accepted accounting 160
principles, and securities, accounts receivable, or contract 161
rights having no readily determinable value. 162

(2) "Tangible property" means all property other than 163
intangible property and includes securities, accounts 164
receivable, and contract rights, when the securities, accounts 165

receivable, or contract rights have a readily determinable 166
value. 167

(M) "Public utilities" means those utilities defined in 168
sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised 169
Code; in the case of a foreign corporation, it means those 170
utilities defined as public utilities by the laws of its 171
domicile; and in the case of any other foreign issuer, it means 172
those utilities defined as public utilities by the laws of the 173
situs of its principal place of business. The term always 174
includes railroads whether or not they are so defined as public 175
utilities. 176

(N) "State" means any state of the United States, any 177
territory or possession of the United States, the District of 178
Columbia, and any province of Canada. 179

(O) "Bank" means any bank, trust company, savings and loan 180
association, savings bank, or credit union that is incorporated 181
or organized under the laws of the United States, any state of 182
the United States, Canada, or any province of Canada and that is 183
subject to regulation or supervision by that country, state, or 184
province. 185

(P) "Include," when used in a definition, does not exclude 186
other things or persons otherwise within the meaning of the term 187
defined. 188

(Q) (1) "Registration by description" means that the 189
requirements of section 1707.08 of the Revised Code have been 190
complied with. "Registration by description" does not include 191
registration by coordination. 192

(2) "Registration by qualification" means that the 193
requirements of sections 1707.09 and 1707.11 of the Revised Code 194

have been complied with. "Registration by qualification" does 195
not include registration by coordination. 196

(3) "Registration by coordination" means that there has 197
been compliance with section 1707.091 of the Revised Code. 198
~~Reference in this chapter to registration by qualification also~~ 199
~~includes registration by coordination unless the context~~ 200
~~otherwise indicates.~~ 201

(R) "Intoxicating liquor" includes all liquids and 202
compounds that contain more than three and two-tenths per cent 203
of alcohol by weight and are fit for use for beverage purposes. 204

(S) "Institutional investor" means any of the following, 205
whether acting for itself or for others in a fiduciary capacity: 206

(1) A bank or international banking institution; 207

(2) An insurance company; 208

(3) A separate account of an insurance company; 209

(4) An investment company as defined in the "Investment 210
Company Act of 1940," 15 U.S.C. 80a-3; 211

(5) A broker-dealer registered under the "Securities 212
Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by 213
the division of securities as a dealer; 214

(6) An employee pension, profit-sharing, or benefit plan 215
if the plan has total assets in excess of ten million dollars or 216
its investment decisions are made by a named fiduciary, as 217
defined in the "Employee Retirement Income Security Act of 218
1974," 29 U.S.C. 1001, that is one of the following: 219

(a) A broker-dealer registered under the "Securities 220
Exchange Act of 1934," 15 U.S.C. 78o, as amended; 221

(b) An investment adviser registered or exempt from 222
registration under the "Investment Advisers Act of 1940," 15 223
U.S.C. 80b-3; 224

(c) An investment adviser registered under this chapter, a 225
bank, or an insurance company. 226

(7) A plan established and maintained by a state, a 227
political subdivision of a state, or an agency or 228
instrumentality of a state or a political subdivision of a state 229
for the benefit of its employees, if the plan has total assets 230
in excess of ten million dollars or its investment decisions are 231
made by a duly designated public official or by a named 232
fiduciary, as defined in the "Employee Retirement Income 233
Security Act of 1974," 29 U.S.C. 1001, that is one of the 234
following: 235

(a) A broker-dealer registered under the "Securities 236
Exchange Act of 1934," 15 U.S.C. 78o, as amended; 237

(b) An investment adviser registered or exempt from 238
registration under the "Investment Advisers Act of 1940," 15 239
U.S.C. 80b-3; 240

(c) An investment adviser registered under this chapter, a 241
bank, or an insurance company. 242

(8) A trust, if it has total assets in excess of ten 243
million dollars, its trustee is a bank, and its participants are 244
exclusively plans of the types identified in division (S) (6) or 245
(7) of this section, regardless of the size of their assets, 246
except a trust that includes as participants self-directed 247
individual retirement accounts or similar self-directed plans; 248

(9) An organization described in section 501(c) (3) of the 249
"Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, 250

corporation, Massachusetts trust or similar business trust, 251
limited liability company, or partnership, not formed for the 252
specific purpose of acquiring the securities offered, with total 253
assets in excess of ten million dollars; 254

(10) A small business investment company licensed by the 255
small business administration under section 301(c) of the "Small 256
Business Investment Act of 1958," 15 U.S.C. 681(c), with total 257
assets in excess of ten million dollars; 258

(11) A private business development company as defined in 259
section 202(a)(22) of the "Investment Advisers Act of 1940," 15 260
U.S.C. 80b-2(a)(22), with total assets in excess of ten million 261
dollars; 262

(12) A federal covered investment adviser acting for its 263
own account; 264

(13) A "qualified institutional buyer" as defined in 17 265
C.F.R. 230.144A(a)(1), other than 17 C.F.R. 230.144A(a)(1)(H); 266

(14) A "major U.S. institutional investor" as defined in 267
17 C.F.R. 240.15a-6(b)(4)(i); 268

(15) Any other person, other than an individual, of 269
institutional character with total assets in excess of ten 270
million dollars not organized for the specific purpose of 271
evading this chapter; 272

(16) Any other person specified by rule adopted or order 273
issued under this chapter. 274

(T) A reference to a statute of the United States or to a 275
rule, regulation, or form promulgated by the securities and 276
exchange commission or by another federal agency means the 277
statute, rule, regulation, or form as it exists at the time of 278

the act, omission, event, or transaction to which it is applied 279
under this chapter. 280

(U) "Securities and exchange commission" means the 281
securities and exchange commission established by the Securities 282
Exchange Act of 1934. 283

(V) (1) "Control bid" means the purchase of or offer to 284
purchase any equity security of a subject company from a 285
resident of this state if either of the following applies: 286

(a) After the purchase of that security, the offeror would 287
be directly or indirectly the beneficial owner of more than ten 288
per cent of any class of the issued and outstanding equity 289
securities of the issuer. 290

(b) The offeror is the subject company, there is a pending 291
control bid by a person other than the issuer, and the number of 292
the issued and outstanding shares of the subject company would 293
be reduced by more than ten per cent. 294

(2) For purposes of division (V) (1) of this section, 295
"control bid" does not include any of the following: 296

(a) A bid made by a dealer for the dealer's own account in 297
the ordinary course of business of buying and selling 298
securities; 299

(b) An offer to acquire any equity security solely in 300
exchange for any other security, or the acquisition of any 301
equity security pursuant to an offer, for the sole account of 302
the offeror, in good faith and not for the purpose of avoiding 303
the provisions of this chapter, and not involving any public 304
offering of the other security within the meaning of Section 4 305
of Title I of the "Securities Act of 1933," 48 Stat. 77, 15 306
U.S.C.A. 77d(2), as amended; 307

(c) Any other offer to acquire any equity security, or the 308
acquisition of any equity security pursuant to an offer, for the 309
sole account of the offeror, from not more than fifty persons, 310
in good faith and not for the purpose of avoiding the provisions 311
of this chapter. 312

(W) "Offeror" means a person who makes, or in any way 313
participates or aids in making, a control bid and includes 314
persons acting jointly or in concert, or who intend to exercise 315
jointly or in concert any voting rights attached to the 316
securities for which the control bid is made and also includes 317
any subject company making a control bid for its own securities. 318

(X) (1) "Investment adviser" means any person who, for 319
compensation, engages in the business of advising others, either 320
directly or through publications or writings, as to the value of 321
securities or as to the advisability of investing in, 322
purchasing, or selling securities, or who, for compensation and 323
as a part of regular business, issues or promulgates analyses or 324
reports concerning securities. 325

(2) "Investment adviser" does not mean any of the 326
following: 327

(a) Any attorney, accountant, engineer, or teacher, whose 328
performance of investment advisory services described in 329
division (X) (1) of this section is solely incidental to the 330
practice of the attorney's, accountant's, engineer's, or 331
teacher's profession; 332

(b) A publisher of any bona fide newspaper, news magazine, 333
or business or financial publication of general and regular 334
circulation; 335

(c) A person who acts solely as an investment adviser 336

representative; 337

(d) A bank holding company, as defined in the "Bank 338
Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that 339
is not an investment company; 340

(e) A bank, or any receiver, conservator, or other 341
liquidating agent of a bank; 342

(f) Any licensed dealer or licensed salesperson whose 343
performance of investment advisory services described in 344
division (X)(1) of this section is solely incidental to the 345
conduct of the dealer's or salesperson's business as a licensed 346
dealer or licensed salesperson and who receives no special 347
compensation for the services; 348

(g) Any person, the advice, analyses, or reports of which 349
do not relate to securities other than securities that are 350
direct obligations of, or obligations guaranteed as to principal 351
or interest by, the United States, or securities issued or 352
guaranteed by corporations in which the United States has a 353
direct or indirect interest, and that have been designated by 354
the secretary of the treasury as exempt securities as defined in 355
the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 356
78c; 357

(h) Any person that is excluded from the definition of 358
investment adviser pursuant to section 202(a)(11)(A) to (E) of 359
the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), 360
or that has received an order from the securities and exchange 361
commission under section 202(a)(11)(F) of the "Investment 362
Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that 363
the person is not within the intent of section 202(a)(11) of the 364
Investment Advisers Act of 1940. 365

(i) A person who acts solely as a state retirement system 366
investment officer or as a bureau of workers' compensation chief 367
investment officer; 368

(j) Any other person that the division designates by rule, 369
if the division finds that the designation is necessary or 370
appropriate in the public interest or for the protection of 371
investors or clients and consistent with the purposes fairly 372
intended by the policy and provisions of this chapter. 373

(Y) (1) "Subject company" means an issuer that satisfies 374
both of the following: 375

(a) Its principal place of business or its principal 376
executive office is located in this state, or it owns or 377
controls assets located within this state that have a fair 378
market value of at least one million dollars. 379

(b) More than ten per cent of its beneficial or record 380
equity security holders are resident in this state, more than 381
ten per cent of its equity securities are owned beneficially or 382
of record by residents in this state, or more than one thousand 383
of its beneficial or record equity security holders are resident 384
in this state. 385

(2) The division of securities may adopt rules to 386
establish more specific application of the provisions set forth 387
in division (Y) (1) of this section. Notwithstanding the 388
provisions set forth in division (Y) (1) of this section and any 389
rules adopted under this division, the division, by rule or in 390
an adjudicatory proceeding, may make a determination that an 391
issuer does not constitute a "subject company" under division 392
(Y) (1) of this section if appropriate review of control bids 393
involving the issuer is to be made by any regulatory authority 394

of another jurisdiction. 395

(Z) "Beneficial owner" includes any person who directly or 396
indirectly through any contract, arrangement, understanding, or 397
relationship has or shares, or otherwise has or shares, the 398
power to vote or direct the voting of a security or the power to 399
dispose of, or direct the disposition of, the security. 400

"Beneficial ownership" includes the right, exercisable within 401
sixty days, to acquire any security through the exercise of any 402
option, warrant, or right, the conversion of any convertible 403
security, or otherwise. Any security subject to any such option, 404
warrant, right, or conversion privilege held by any person shall 405
be deemed to be outstanding for the purpose of computing the 406
percentage of outstanding securities of the class owned by that 407
person, but shall not be deemed to be outstanding for the 408
purpose of computing the percentage of the class owned by any 409
other person. A person shall be deemed the beneficial owner of 410
any security beneficially owned by any relative or spouse or 411
relative of the spouse residing in the home of that person, any 412
trust or estate in which that person owns ten per cent or more 413
of the total beneficial interest or serves as trustee or 414
executor, any corporation or entity in which that person owns 415
ten per cent or more of the equity, and any affiliate or 416
associate of that person. 417

(AA) "Offeree" means the beneficial or record owner of any 418
security that an offeror acquires or offers to acquire in 419
connection with a control bid. 420

(BB) "Equity security" means any share or similar 421
security, or any security convertible into any such security, or 422
carrying any warrant or right to subscribe to or purchase any 423
such security, or any such warrant or right, or any other 424

security that, for the protection of security holders, is 425
treated as an equity security pursuant to rules of the division 426
of securities. 427

(CC) (1) "Investment adviser representative" means a 428
supervised person of an investment adviser, provided that the 429
supervised person has more than five clients who are natural 430
persons other than excepted persons defined in division (EE) of 431
this section, and that more than ten per cent of the supervised 432
person's clients are natural persons other than excepted persons 433
defined in division (EE) of this section. "Investment adviser 434
representative" does not mean any of the following: 435

(a) A supervised person that does not on a regular basis 436
solicit, meet with, or otherwise communicate with clients of the 437
investment adviser; 438

(b) A supervised person that provides only investment 439
advisory services described in division (X) (1) of this section 440
by means of written materials or oral statements that do not 441
purport to meet the objectives or needs of specific individuals 442
or accounts; 443

(c) Any other person that the division designates by rule, 444
if the division finds that the designation is necessary or 445
appropriate in the public interest or for the protection of 446
investors or clients and is consistent with the provisions 447
fairly intended by the policy and provisions of this chapter. 448

(2) For the purpose of the calculation of clients in 449
division (CC) (1) of this section, a natural person and the 450
following persons are deemed a single client: Any minor child of 451
the natural person; any relative, spouse, or relative of the 452
spouse of the natural person who has the same principal 453

residence as the natural person; all accounts of which the 454
natural person or the persons referred to in division (CC)(2) of 455
this section are the only primary beneficiaries; and all trusts 456
of which the natural person or persons referred to in division 457
(CC)(2) of this section are the only primary beneficiaries. 458
Persons who are not residents of the United States need not be 459
included in the calculation of clients under division (CC)(1) of 460
this section. 461

(3) If subsequent to March 18, 1999, amendments are 462
enacted or adopted defining "investment adviser representative" 463
for purposes of the Investment Advisers Act of 1940 or 464
additional rules or regulations are promulgated by the 465
securities and exchange commission regarding the definition of 466
"investment adviser representative" for purposes of the 467
Investment Advisers Act of 1940, the division of securities 468
shall, by rule, adopt the substance of the amendments, rules, or 469
regulations, unless the division finds that the amendments, 470
rules, or regulations are not necessary for the protection of 471
investors or in the public interest. 472

(DD) "Supervised person" means a natural person who is any 473
of the following: 474

(1) A partner, officer, or director of an investment 475
adviser, or other person occupying a similar status or 476
performing similar functions with respect to an investment 477
adviser; 478

(2) An employee of an investment adviser; 479

(3) A person who provides investment advisory services 480
described in division (X)(1) of this section on behalf of the 481
investment adviser and is subject to the supervision and control 482

of the investment adviser. 483

(EE) "Excepted person" means a natural person to whom any 484
of the following applies: 485

(1) Immediately after entering into the investment 486
advisory contract with the investment adviser, the person has at 487
least seven hundred fifty thousand dollars under the management 488
of the investment adviser. 489

(2) The investment adviser reasonably believes either of 490
the following at the time the investment advisory contract is 491
entered into with the person: 492

(a) The person has a net worth, together with assets held 493
jointly with a spouse, of more than one million five hundred 494
thousand dollars. 495

(b) The person is a qualified purchaser as defined in 496
division (FF) of this section. 497

(3) Immediately prior to entering into an investment 498
advisory contract with the investment adviser, the person is 499
either of the following: 500

(a) An executive officer, director, trustee, general 501
partner, or person serving in a similar capacity, of the 502
investment adviser; 503

(b) An employee of the investment adviser, other than an 504
employee performing solely clerical, secretarial, or 505
administrative functions or duties for the investment adviser, 506
which employee, in connection with the employee's regular 507
functions or duties, participates in the investment activities 508
of the investment adviser, provided that, for at least twelve 509
months, the employee has been performing such nonclerical, 510

nonsecretarial, or nonadministrative functions or duties for or 511
on behalf of the investment adviser or performing substantially 512
similar functions or duties for or on behalf of another company. 513

If subsequent to March 18, 1999, amendments are enacted or 514
adopted defining "excepted person" for purposes of the 515
Investment Advisers Act of 1940 or additional rules or 516
regulations are promulgated by the securities and exchange 517
commission regarding the definition of "excepted person" for 518
purposes of the Investment Advisers Act of 1940, the division of 519
securities shall, by rule, adopt the substance of the 520
amendments, rules, or regulations, unless the division finds 521
that the amendments, rules, or regulations are not necessary for 522
the protection of investors or in the public interest. 523

(FF) (1) "Qualified purchaser" means either of the 524
following: 525

(a) A natural person who owns not less than five million 526
dollars in investments as defined by rule by the division of 527
securities; 528

(b) A natural person, acting for the person's own account 529
or accounts of other qualified purchasers, who in the aggregate 530
owns and invests on a discretionary basis, not less than twenty- 531
five million dollars in investments as defined by rule by the 532
division of securities. 533

(2) If subsequent to March 18, 1999, amendments are 534
enacted or adopted defining "qualified purchaser" for purposes 535
of the Investment Advisers Act of 1940 or additional rules or 536
regulations are promulgated by the securities and exchange 537
commission regarding the definition of "qualified purchaser" for 538
purposes of the Investment Advisers Act of 1940, the division of 539

securities shall, by rule, adopt the amendments, rules, or 540
regulations, unless the division finds that the amendments, 541
rules, or regulations are not necessary for the protection of 542
investors or in the public interest. 543

(GG) (1) "Purchase" has the full meaning of "purchase" as 544
applied by or accepted in courts of law or equity and includes 545
every acquisition of, or attempt to acquire, a security or an 546
interest in a security. "Purchase" also includes a contract to 547
purchase, an exchange, an attempt to purchase, an option to 548
purchase, a solicitation of a purchase, a solicitation of an 549
offer to sell, a subscription, or an offer to purchase, directly 550
or indirectly, by agent, circular, pamphlet, advertisement, or 551
otherwise. 552

(2) "Purchase" means any act by which a purchase is made. 553

(3) Any security given with, or as a bonus on account of, 554
any purchase of securities is conclusively presumed to 555
constitute a part of the subject of that purchase. 556

(HH) "Life settlement interest" means the entire interest 557
or any fractional interest in an insurance policy or certificate 558
of insurance, or in an insurance benefit under such a policy or 559
certificate, that is the subject of a life settlement contract. 560

For purposes of this division, "life settlement contract" 561
means an agreement for the purchase, sale, assignment, transfer, 562
devise, or bequest of any portion of the death benefit or 563
ownership of any life insurance policy or contract, in return 564
for consideration or any other thing of value that is less than 565
the expected death benefit of the life insurance policy or 566
contract. "Life settlement contract" includes a viatical 567
settlement contract as defined in section 3916.01 of the Revised 568

Code, but does not include any of the following: 569

(1) A loan by an insurer under the terms of a life 570
insurance policy, including, but not limited to, a loan secured 571
by the cash value of the policy; 572

(2) An agreement with a bank that takes an assignment of a 573
life insurance policy as collateral for a loan; 574

(3) The provision of accelerated benefits as defined in 575
section 3915.21 of the Revised Code; 576

(4) Any agreement between an insurer and a reinsurer; 577

(5) An agreement by an individual to purchase an existing 578
life insurance policy or contract from the original owner of the 579
policy or contract, if the individual does not enter into more 580
than one life settlement contract per calendar year; 581

(6) The initial purchase of an insurance policy or 582
certificate of insurance from its owner by a viatical settlement 583
provider, as defined in section 3916.01 of the Revised Code, 584
that is licensed under Chapter 3916. of the Revised Code. 585

(II) "State retirement system" means the public employees 586
retirement system, Ohio police and fire pension fund, state 587
teachers retirement system, school employees retirement system, 588
and state highway patrol retirement system. 589

(JJ) "State retirement system investment officer" means an 590
individual employed by a state retirement system as a chief 591
investment officer, assistant investment officer, or the person 592
in charge of a class of assets or in a position that is 593
substantially equivalent to chief investment officer, assistant 594
investment officer, or person in charge of a class of assets. 595

(KK) "Bureau of workers' compensation chief investment 596

officer" means an individual employed by the administrator of 597
workers' compensation as a chief investment officer or in a 598
position that is substantially equivalent to a chief investment 599
officer. 600

Sec. 1707.03. (A) As used in this section, "exempt" means 601
that, except in the case of securities the right to buy, sell, 602
or deal in which has been suspended or revoked under an existing 603
order of the division of securities under section 1707.13 of the 604
Revised Code or under a cease and desist order under division 605
~~(G)~~ (A) (7) of section 1707.23 of the Revised Code, transactions 606
in securities may be carried on and completed without compliance 607
with sections 1707.08 to 1707.11 of the Revised Code. 608

(B) A sale of securities made by or on behalf of a bona 609
fide owner, neither the issuer nor a dealer, is exempt if the 610
sale is made in good faith and not for the purpose of avoiding 611
this chapter and is not made in the course of repeated and 612
successive transactions of a similar character. Any sale of 613
securities over a stock exchange that is lawfully conducted in 614
this state and regularly open for public patronage and that has 615
been established and operated for a period of at least five 616
years prior to the sale at a commission not exceeding the 617
commission regularly charged in such transactions also is 618
exempt. 619

(C) The sale of securities by executors, administrators, 620
receivers, trustees, or anyone acting in a fiduciary capacity is 621
exempt, where such relationship was created by law, by a will, 622
or by judicial authority, and where such sales are subject to 623
approval by, or are made in pursuance to authority granted by, 624
any court of competent jurisdiction or are otherwise authorized 625
and lawfully made by such fiduciary. 626

(D) A sale to the issuer, to a dealer, or to an 627
institutional investor is exempt. 628

(E) A sale in good faith, and not for the purpose of 629
avoiding this chapter, by a pledgee of a security pledged for a 630
bona fide debt is exempt. 631

(F) The sale at public auction by a corporation of shares 632
of its stock because of delinquency in payment for the shares is 633
exempt. 634

(G) (1) The giving of any conversion right with, or on 635
account of the purchase of, any security that is exempt, is the 636
subject matter of an exempt transaction, has been registered by 637
description, by coordination, or by qualification, or is the 638
subject matter of a transaction that has been registered by 639
description is exempt. 640

(2) The giving of any subscription right, warrant, or 641
option to purchase a security or right to receive a security 642
upon exchange, which security is exempt at the time the right, 643
warrant, or option to purchase or right to receive is given, is 644
the subject matter of an exempt transaction, is registered by 645
description, by coordination, or by qualification, or is the 646
subject matter of a transaction that has been registered by 647
description is exempt. 648

(3) The giving of any subscription right or any warrant or 649
option to purchase a security, which right, warrant, or option 650
expressly provides that it shall not be exercisable except for a 651
security that at the time of the exercise is exempt, is the 652
subject matter of an exempt transaction, is registered by 653
description, by coordination, or by qualification, or at such 654
time is the subject matter of a transaction that has been 655

registered by description is exempt. 656

(H) The sale of notes, bonds, or other evidences of 657
indebtedness that are secured by a mortgage lien upon real 658
estate, leasehold estate other than oil, gas, or mining 659
leasehold, or tangible personal property, or which evidence of 660
indebtedness is due under or based upon a conditional-sale 661
contract, if all such notes, bonds, or other evidences of 662
indebtedness are sold to a single purchaser at a single sale, is 663
exempt. 664

(I) The delivery of securities by the issuer on the 665
exercise of conversion rights, the sale of securities by the 666
issuer on exercise of subscription rights or of warrants or 667
options to purchase securities, the delivery of voting-trust 668
certificates for securities deposited under a voting-trust 669
agreement, the delivery of deposited securities on surrender of 670
voting-trust certificates, and the delivery of final 671
certificates on surrender of interim certificates are exempt; 672
but the sale of securities on exercise of subscription rights, 673
warrants, or options is not an exempt transaction unless those 674
rights, warrants, or options when granted were the subject 675
matter of an exempt transaction under division (G) of this 676
section or were registered by description, by coordination, or 677
by qualification. 678

(J) The sale of securities by a bank, savings and loan 679
association, savings bank, or credit union organized under the 680
laws of the United States or of this state is exempt if at a 681
profit to that seller of not more than two per cent of the total 682
sale price of the securities. 683

(K) (1) The distribution by a corporation of its securities 684
to its security holders as a share dividend or other 685

distribution out of earnings or surplus is exempt. 686

(2) The exchange or distribution by the issuer of any of 687
its securities or of the securities of any of the issuer's 688
wholly owned subsidiaries exclusively with or to its existing 689
security holders, if no commission or other remuneration is 690
given directly or indirectly for soliciting the exchange, is 691
exempt. 692

(3) The sale of preorganization subscriptions for shares 693
of stock of a corporation prior to the incorporation of the 694
corporation is exempt, when the sale is evidenced by a written 695
agreement, no remuneration is given, or promised, directly or 696
indirectly, for or in connection with the sale of those 697
securities, and no consideration is received, directly or 698
indirectly, by any person from the purchasers of those 699
securities until registration by qualification, by coordination, 700
or by description of those securities is made under this 701
chapter. 702

(L) The issuance of securities in exchange for one or more 703
bona fide outstanding securities, claims, or property interests, 704
not including securities sold for a consideration payable in 705
whole or in part in cash, under a plan of reorganization, 706
recapitalization, or refinancing approved by a court pursuant to 707
the Bankruptcy Act of the United States or to any other federal 708
act giving any federal court jurisdiction over such plan of 709
reorganization, or under a plan of reorganization approved by a 710
court of competent jurisdiction of any state of the United 711
States is exempt. As used in this division, "reorganization," 712
"recapitalization," and "refinancing" have the same meanings as 713
in section 1707.04 of the Revised Code. 714

(M) A sale by a licensed dealer, acting either as 715

principal or as agent, of securities issued and outstanding 716
before the sale is exempt, unless the sale is of one or more of 717
the following: 718

(1) Securities constituting the whole or a part of an 719
unsold allotment to or subscription by a dealer as an 720
underwriter or other participant in the distribution of those 721
securities by the issuer, whether that distribution is direct or 722
through an underwriter, provided that, if the issuer is such by 723
reason of owning one-fourth or more of those securities, the 724
dealer has knowledge of this fact or reasonable cause to believe 725
this fact; 726

(2) Any class of shares issued by a corporation when the 727
number of beneficial owners of that class is less than twenty- 728
five, with the record owner of securities being deemed the 729
beneficial owner for this purpose, in the absence of actual 730
knowledge to the contrary; 731

(3) Securities that within one year were purchased outside 732
this state or within one year were transported into this state, 733
if the dealer has knowledge or reasonable cause to believe, 734
before the sale of those securities, that within one year they 735
were purchased outside this state or within one year were 736
transported into this state; but such a sale of those securities 737
is exempt if any of the following occurs: 738

(a) A recognized securities manual contains the names of 739
the issuer's officers and directors, a balance sheet of the 740
issuer as of a date within eighteen months, and a profit and 741
loss statement for either the fiscal year preceding that date or 742
the most recent year of operations; 743

(b) Those securities, or securities of the same class, 744

within one year were registered or qualified under section 745
1707.09 or 1707.091 of the Revised Code, and that registration 746
or qualification is in full force and effect; 747

(c) The sale is made by a licensed dealer on behalf of the 748
bona fide owner of those securities in accordance with division 749
(B) of this section; 750

(d) Those securities were transported into Ohio in a 751
transaction of the type described in division (L), (K), or (I) 752
of this section, or in a transaction registered under division 753
(A) of section 1707.06 of the Revised Code. 754

(N) For the purpose of this division and division (M) of 755
this section, "underwriter" means any person who has purchased 756
from an issuer with a view to, or sells for an issuer in 757
connection with, the distribution of any security, or who 758
participates directly or indirectly in any such undertaking or 759
in the underwriting thereof, but "underwriter" does not include 760
a person whose interest is limited to a discount, commission, or 761
profit from the underwriter or from a dealer that is not in 762
excess of the customary distributors' or sellers' discount, 763
commission, or profit; and "issuer" includes any person or any 764
group of persons acting in concert in the sale of such 765
securities, owning beneficially one-fourth or more of the 766
outstanding securities of the class involved in the transactions 767
in question, with the record owner of securities being deemed 768
the beneficial owner for this purpose, in the absence of actual 769
knowledge to the contrary. 770

(O) (1) The sale of any equity security is exempt if all 771
the following conditions are satisfied: 772

(a) The sale is by the issuer of the security. 773

(b) The total number of purchasers in this state of all 774
securities issued or sold by the issuer in reliance upon this 775
exemption during the period of one year ending with the date of 776
the sale does not exceed ten. A sale of securities registered 777
under this chapter or sold pursuant to an exemption under this 778
chapter other than this exemption shall not be integrated with a 779
sale pursuant to this exemption in computing the number of 780
purchasers under this exemption. 781

(c) No advertisement, article, notice, or other 782
communication published in any newspaper, magazine, or similar 783
medium or broadcast over television or radio is used in 784
connection with the sale, but the use of an offering circular or 785
other communication delivered by the issuer to selected 786
individuals does not destroy this exemption. 787

(d) The issuer reasonably believes after reasonable 788
investigation that the purchaser is purchasing for investment. 789

(e) The aggregate commission, discount, and other 790
remuneration, excluding legal, accounting, and printing fees, 791
paid or given directly or indirectly does not exceed ten per 792
cent of the initial offering price. 793

(f) Any such commission, discount, or other remuneration 794
for sales in this state is paid or given only to dealers or 795
salespersons registered pursuant to this chapter. 796

(2) For the purposes of division (0)(1) of this section, 797
each of the following is deemed to be a single purchaser of a 798
security: husband and wife, a child and its parent or guardian 799
when the parent or guardian holds the security for the benefit 800
of the child, a corporation, a limited liability company, a 801
partnership, an association or other unincorporated entity, a 802

joint-stock company, or a trust, but only if the corporation, 803
limited liability company, partnership, association, entity, 804
joint-stock company, or trust was not formed for the purpose of 805
purchasing the security. 806

(3) As used in division (O) (1) of this section, "equity 807
security" means any stock or similar security of a corporation 808
or any membership interest in a limited liability company; or 809
any security convertible, with or without consideration, into 810
such a security, or carrying any warrant or right to subscribe 811
to or purchase such a security; or any such warrant or right; or 812
any other security that the division considers necessary or 813
appropriate, by such rules as it may prescribe in the public 814
interest or for the protection of investors, to treat as an 815
equity security. 816

(P) The sale of securities representing interests in or 817
under profit-sharing or participation agreements relating to oil 818
or gas wells located in this state, or representing interests in 819
or under oil or gas leases of real estate situated in this 820
state, is exempt if the securities are issued by an individual, 821
partnership, limited partnership, partnership association, 822
syndicate, pool, trust or trust fund, or other unincorporated 823
association and if each of the following conditions is complied 824
with: 825

(1) The beneficial owners of the securities do not, and 826
will not after the sale, exceed five natural persons; 827

(2) The securities constitute or represent interests in 828
not more than one oil or gas well; 829

(3) A certificate or other instrument in writing is 830
furnished to each purchaser of the securities at or before the 831

consummation of the sale, disclosing the maximum commission, 832
compensation for services, cost of lease, and expenses with 833
respect to the sale of such interests and with respect to the 834
promotion, development, and management of the oil or gas well, 835
and the total of that commission, compensation, costs, and 836
expenses does not exceed twenty-five per cent of the aggregate 837
interests in the oil or gas well, exclusive of any landowner's 838
rental or royalty; 839

(4) The sale is made in good faith and not for the purpose 840
of avoiding this chapter. 841

(Q) The sale of any security is exempt if all of the 842
following conditions are satisfied: 843

(1) The provisions of section 5 of the Securities Act of 844
1933 do not apply to the sale by reason of an exemption under 845
section 4 (2) of that act. 846

(2) The aggregate commission, discount, and other 847
remuneration, excluding legal, accounting, and printing fees, 848
paid or given directly or indirectly does not exceed ten per 849
cent of the initial offering price. 850

(3) Any such commission, discount, or other remuneration 851
for sales in this state is paid or given only to dealers or 852
salespersons registered under this chapter. 853

(4) The issuer or dealer files with the division of 854
securities, not later than sixty days after the sale, a report 855
setting forth the name and address of the issuer, the total 856
amount of the securities sold under this division, the number of 857
persons to whom the securities were sold, the price at which the 858
securities were sold, and the commissions or discounts paid or 859
given. 860

(5) The issuer pays a filing fee of one hundred dollars 861
for the first filing and fifty dollars for every subsequent 862
filing during each calendar year. 863

(R) A sale of a money order, travelers' check, or other 864
instrument for the transmission of money by a person qualified 865
to engage in such business under Chapter 1315. of the Revised 866
Code is exempt. 867

(S) A sale by a licensed dealer of securities that are in 868
the process of registration under the Securities Act of 1933, 869
unless exempt under that act, and that are in the process of 870
registration, if registration is required under this chapter, is 871
exempt, provided that no sale of that nature shall be 872
consummated prior to the registration by description or 873
qualification of the securities. 874

(T) The execution by a licensed dealer of orders for the 875
purchase of any security is exempt, provided that the dealer 876
acts only as agent for the purchaser, has made no solicitation 877
of the order to purchase the security, has no interest in the 878
distribution of the security, and delivers to the purchaser 879
written confirmation of the transaction that clearly itemizes 880
the dealer's commission. "Solicitation," as used in this 881
division, means solicitation of the order for the specific 882
security purchased and does not include general solicitations or 883
advertisements of any kind. 884

(U) The sale insofar as the security holders of a person 885
are concerned, where, pursuant to statutory provisions of the 886
jurisdiction under which that person is organized or pursuant to 887
provisions contained in its articles of incorporation, 888
certificate of incorporation, partnership agreement, declaration 889
of trust, trust indenture, or similar controlling instrument, 890

there is submitted to the security holders, for their vote or 891
consent, (1) a plan or agreement for a reclassification of 892
securities of that person that involves the substitution of a 893
security of that person for another security of that person, (2) 894
a plan or agreement of merger or consolidation or a similar plan 895
or agreement of acquisition in which the securities of that 896
person held by the security holders will become or be exchanged 897
for securities of any other person, or (3) a plan or agreement 898
for a combination as defined in division (Q) of section 1701.01 899
of the Revised Code or a similar plan or agreement for the 900
transfer of assets of that person to another person in 901
consideration of the issuance of securities of any person, is 902
exempt if, with respect to any of the foregoing transactions, 903
either of the following conditions is satisfied: 904

(a) The securities to be issued to the security holders 905
are effectively registered under sections 6 to 8 of the 906
Securities Act of 1933 and offered and sold in compliance with 907
section 5 of that act; 908

(b) At least twenty days prior to the date on which a 909
meeting of the security holders is held or the earliest date on 910
which corporate action may be taken when no meeting is held, 911
there is submitted to the security holders, by that person, or 912
by the person whose securities are to be issued in the 913
transaction, information substantially equivalent to the 914
information that would be required to be included in a proxy 915
statement or information statement prepared by or on behalf of 916
the management of an issuer subject to section 14(a) or 14(c) of 917
the Securities Exchange Act of 1934. 918

(V) The sale of any security is exempt if the division by 919
rule finds that registration is not necessary or appropriate in 920

the public interest or for the protection of investors. 921

(W) Any offer or sale of securities made in reliance on 922
the exemptions provided by Rule 505 of Regulation D made 923
pursuant to the Securities Act of 1933 and the conditions and 924
definitions provided by Rules 501 to 503 thereunder is exempt if 925
the offer or sale satisfies all of the following conditions: 926

(1) No commission or other remuneration is given, directly 927
or indirectly, to any person for soliciting or selling to any 928
person in this state in reliance on the exemption under this 929
division, except to dealers licensed in this state. 930

(2) (a) Unless the cause for disqualification is waived 931
under division (W) (2) (b) of this section, no exemption under 932
this section is available for the securities of an issuer unless 933
the issuer did not know and in the exercise of reasonable care 934
could not have known that any of the following applies to any of 935
the persons described in Rule 262(a) to (c) of Regulation A 936
under the Securities Act of 1933: 937

(i) The person has filed an application for registration 938
or qualification that is the subject of an effective order 939
entered against the issuer, its officers, directors, general 940
partners, controlling persons or affiliates thereof, pursuant to 941
the law of any state within five years before the filing of a 942
notice required under division (W) (3) of this section denying 943
effectiveness to, or suspending or revoking the effectiveness 944
of, the registration statement. 945

(ii) The person has been convicted of any offense in 946
connection with the offer, sale, or purchase of any security or 947
franchise, or any felony involving fraud or deceit, including, 948
but not limited to, forgery, embezzlement, fraud, theft, or 949

conspiracy to defraud. 950

(iii) The person is subject to an effective administrative 951
order or judgment that was entered by a state securities 952
administrator within five years before the filing of a notice 953
required under division (W) (3) of this section and that 954
prohibits, denies, or revokes the use of any exemption from 955
securities registration, prohibits the transaction of business 956
by the person as a dealer, or is based on fraud, deceit, an 957
untrue statement of a material fact, or an omission to state a 958
material fact. 959

(iv) The person is subject to any order, judgment, or 960
decree of any court entered within five years before the filing 961
of a notice required under division (W) (3) of this section, 962
temporarily, preliminarily, or permanently restraining or 963
enjoining the person from engaging in or continuing any conduct 964
or practice in connection with the offer, sale, or purchase of 965
any security, or the making of any false filing with any state. 966

(b) (i) Any disqualification under this division involving 967
a dealer may be waived if the dealer is or continues to be 968
licensed in this state as a dealer after notifying the 969
commissioner of the act or event causing disqualification. 970

(ii) The commissioner may waive any disqualification under 971
this paragraph upon a showing of good cause that it is not 972
necessary under the circumstances that use of the exemption be 973
denied. 974

(3) Not later than five business days before the earlier 975
of the date on which the first use of an offering document or 976
the first sale is made in this state in reliance on the 977
exemption under this division, there is filed with the 978

commissioner a notice comprised of offering material in 979
compliance with the requirements of Rule 502 of Regulation D 980
under the Securities Act of 1933 and a fee of one hundred 981
dollars. Material amendments to the offering document shall be 982
filed with the commissioner not later than the date of their 983
first use in this state. 984

(4) The aggregate commission, discount, and other 985
remuneration paid or given, directly or indirectly, does not 986
exceed twelve per cent of the initial offering price, excluding 987
legal, accounting, and printing fees. 988

(X) Any offer or sale of securities made in reliance on 989
the exemption provided in Rule 506 of Regulation D under the 990
Securities Act of 1933, and in accordance with Rules 501 to 503 991
of Regulation D under the Securities Act of 1933, is exempt 992
provided that all of the following apply: 993

(1) The issuer makes a notice filing with the division on 994
form D of the securities and exchange commission within fifteen 995
days of the first sale in this state; 996

(2) Any commission, discount, or other remuneration for 997
sales of securities in this state is paid or given only to 998
dealers or salespersons licensed under this chapter; 999

(3) The issuer pays a filing fee of one hundred dollars to 1000
the division; however, no filing fee shall be required to file 1001
amendments to the form D of the securities and exchange 1002
commission. 1003

(Y) The offer or sale of securities by an issuer is exempt 1004
provided that all of the following apply: 1005

(1) The sale of securities is made only to persons who 1006
are, or who the issuer reasonably believes are, accredited 1007

investors as defined in Rule 501 of Regulation D under the 1008
Securities Act of 1933. 1009

(2) The issuer reasonably believes that all purchasers are 1010
purchasing for investment and not with a view to or for sale in 1011
connection with a distribution of the security. Any resale of a 1012
security sold in reliance on this exemption within twelve months 1013
of sale shall be presumed to be with a view to distribution and 1014
not for investment, except a resale to which any of the 1015
following applies: 1016

(a) The resale is pursuant to a registration statement 1017
effective under section 1707.09 or 1707.091 of the Revised Code. 1018

(b) The resale is to an accredited investor, as defined in 1019
Rule 501 of Regulation D under the Securities Act of 1933. 1020

(c) The resale is to an institutional investor pursuant to 1021
the exemptions under division (B) or (D) of this section. 1022

(3) The exemption under this division is not available to 1023
an issuer that is in the development stage and that either has 1024
no specific business plan or purpose or has indicated that its 1025
business plan is to engage in a merger or acquisition with an 1026
unidentified company or companies, or other entities or persons. 1027

(4) The exemption under this division is not available to 1028
an issuer, if the issuer, any of the issuer's predecessors, any 1029
affiliated issuer, any of the issuer's directors, officers, 1030
general partners, or beneficial owners of ten per cent or more 1031
of any class of its equity securities, any of the issuer's 1032
promoters presently connected with the issuer in any capacity, 1033
any underwriter of the securities to be offered, or any partner, 1034
director, or officer of such underwriter: 1035

(a) Within the past five years, has filed a registration 1036

statement that is the subject of a currently effective 1037
registration stop order entered by any state securities 1038
administrator or the securities and exchange commission; 1039

(b) Within the past five years, has been convicted of any 1040
criminal offense in connection with the offer, purchase, or sale 1041
of any security, or involving fraud or deceit; 1042

(c) Is currently subject to any state or federal 1043
administrative enforcement order or judgment, entered within the 1044
past five years, finding fraud or deceit in connection with the 1045
purchase or sale of any security; 1046

(d) Is currently subject to any order, judgment, or decree 1047
of any court of competent jurisdiction, entered within the past 1048
five years, that temporarily, preliminarily, or permanently 1049
restrains or enjoins the party from engaging in or continuing to 1050
engage in any conduct or practice involving fraud or deceit in 1051
connection with the purchase or sale of any security. 1052

(5) Division (Y)(4) of this section is inapplicable if any 1053
of the following applies: 1054

(a) The party subject to the disqualification is licensed 1055
or registered to conduct securities business in the state in 1056
which the order, judgment, or decree creating the 1057
disqualification was entered against the party described in 1058
division (Y)(4) of this section. 1059

(b) Before the first offer is made under this exemption, 1060
the state securities administrator, or the court or regulatory 1061
authority that entered the order, judgment, or decree, waives 1062
the disqualification. 1063

(c) The issuer did not know and, in the exercise of 1064
reasonable care based on reasonable investigation, could not 1065

have known that a disqualification from the exemption existed 1066
under division (Y) (4) of this section. 1067

(6) A general announcement of the proposed offering may be 1068
made by any means; however, the general announcement shall 1069
include only the following information, unless additional 1070
information is specifically permitted by the division by rule: 1071

(a) The name, address, and telephone number of the issuer 1072
of the securities; 1073

(b) The name, a brief description, and price of any 1074
security to be issued; 1075

(c) A brief description of the business of the issuer; 1076

(d) The type, number, and aggregate amount of securities 1077
being offered; 1078

(e) The name, address, and telephone number of the person 1079
to contact for additional information; and 1080

(f) A statement indicating all of the following: 1081

(i) Sales will only be made to accredited investors as 1082
defined in Rule 501 of Regulation D under the Securities Act of 1083
1933; 1084

(ii) No money or other consideration is being solicited or 1085
will be accepted by way of this general announcement; 1086

(iii) The securities have not been registered with or 1087
approved by any state securities administrator or the securities 1088
and exchange commission and are being offered and sold pursuant 1089
to an exemption from registration. 1090

(7) The issuer, in connection with an offer, may provide 1091
information in addition to the general announcement described in 1092

division (Y) (6) of this section, provided that either of the 1093
following applies: 1094

(a) The information is delivered through an electronic 1095
database that is restricted to persons that are accredited 1096
investors as defined in Rule 501 of Regulation D under the 1097
Securities Act of 1933. 1098

(b) The information is delivered after the issuer 1099
reasonably believes that the prospective purchaser is an 1100
accredited investor as defined in Rule 501 of Regulation D under 1101
the Securities Act of 1933. 1102

(8) No telephone solicitation shall be done, unless prior 1103
to placing the telephone call, the issuer reasonably believes 1104
that the prospective purchaser to be solicited is an accredited 1105
investor as defined in Rule 501 of Regulation D under the 1106
Securities Act of 1933. 1107

(9) Dissemination of the general announcement described in 1108
division (Y) (6) of this section to persons that are not 1109
accredited investors, as defined in Rule 501 of Regulation D 1110
under the Securities Act of 1933, does not disqualify the issuer 1111
from claiming an exemption under this division. 1112

(10) The issuer shall file with the division notice of the 1113
offering of securities within fifteen days after notice of the 1114
offering is made or a general announcement is made in this 1115
state. The filing shall be on forms adopted by the division and 1116
shall include a copy of the general announcement, if one is made 1117
regarding the proposed offering, and copies of any offering 1118
materials, circulars, or prospectuses. A filing fee of one 1119
hundred dollars also shall be included. 1120

(Z) The offer or sale of securities by an OhioInvests 1121

issuer under sections 1707.05 to 1707.058 of the Revised Code is 1122
exempt. 1123

Sec. 1707.09. (A) (1) All securities, except those 1124
enumerated in section 1707.02 of the Revised Code ~~and, those~~ 1125
that are the subject matter of a transaction permitted by 1126
section 1707.03, 1707.04, or 1707.06 of the Revised Code, and 1127
those that are subject to registration by coordination under 1128
section 1707.091 of the Revised Code, shall be qualified in the 1129
manner provided by this section before being sold in this state. 1130
No security subject to registration by coordination under 1131
section 1707.091 of the Revised Code is subject to this section. 1132

(2) Applications for qualification, on forms prescribed by 1133
the division of securities, shall be made in writing either by 1134
the issuer of the securities or by any licensed dealer desiring 1135
to sell them within this state and shall be signed by the 1136
applicant, sworn to by any individual having knowledge of the 1137
facts stated in the application, and filed in the office of the 1138
division. 1139

(3) The individual who executes the application for 1140
qualification of securities on behalf of the applicant shall 1141
state the individual's relationship to the applicant and certify 1142
that: the individual has executed the application on behalf of 1143
the applicant; the individual is fully authorized to execute and 1144
file the application on behalf of the applicant; the individual 1145
is familiar with the applicant's application; and to the best of 1146
the individual's knowledge, information, and belief, the 1147
statements made in the application are true, and the documents 1148
submitted with the application are true copies of the original 1149
documents. 1150

(B) The division shall require the applicant for 1151

qualification of securities to submit to it the following 1152
information: 1153

(1) The names and addresses of the directors or trustees 1154
and of the officers of the issuer, if the issuer is a 1155
corporation or an unincorporated association; of all the members 1156
of the issuer, if the issuer is a limited liability company in 1157
which management is reserved to its members; of all the managers 1158
of the issuer, if the issuer is a limited liability company in 1159
which management is not reserved to its members; of all 1160
partners, if the issuer is a general or limited partnership or a 1161
partnership association; and the name and address of the issuer, 1162
if the issuer is an individual; 1163

(2) The address of the issuer's principal place of 1164
business and principal office in this state, if any; 1165

(3) The purposes and general character of the business 1166
actually being transacted, or to be transacted, by the issuer, 1167
and the purpose of issuing the securities named in the 1168
application; 1169

(4) A statement of the capitalization of the issuer; a 1170
balance sheet made up as of the most recent practicable date, 1171
showing the amount and general character of its assets and 1172
liabilities; a description of the security for the qualification 1173
of which application is being made; and copies of all circulars, 1174
prospectuses, advertisements, or other descriptions of the 1175
securities, that are then prepared by or for the issuer, or by 1176
or for the applicant if the applicant is not the issuer, or by 1177
or for both, to be used for distribution or publication in this 1178
state; 1179

(5) A statement of the amount of the issuer's income, 1180

expenses, and fixed charges during the last fiscal year or, if 1181
the issuer has been in actual business less than one year, for 1182
the time that the issuer has been in actual business; 1183

(6) A statement showing the price at which the security is 1184
to be offered for sale; 1185

(7) A statement showing the considerations received or to 1186
be received by the issuer of the securities purchased or to be 1187
purchased from the issuer and an itemized statement of all 1188
expenses of financing to be paid from those considerations so as 1189
to show the aggregate net amount actually received or to be 1190
received by the issuer; 1191

(8) All other information, including an opinion of counsel 1192
as to the validity of the securities that are the subject matter 1193
of the application, that the division considers necessary to 1194
enable it to ascertain whether the securities are entitled to 1195
qualification; 1196

(9) If the issuer is a corporation, there shall be filed 1197
with the application a certified copy of its articles of 1198
incorporation with all amendments to the articles, if the 1199
articles or amendments are not already on file in the office of 1200
the secretary of state; if the issuer is a limited liability 1201
company, there shall be filed with the application a certified 1202
copy of its articles of organization with all amendments to the 1203
articles, if the articles or amendments are not already on file 1204
in the office of the secretary of state; if the issuer is a 1205
trust or trustee, there shall be filed with the application a 1206
copy of all instruments by which the trust was created; and if 1207
the issuer is a partnership or an unincorporated association, or 1208
any other form of organization, there shall be filed with the 1209
application a copy of its articles of partnership or association 1210

and of all other papers pertaining to its organization, if the 1211
articles or other papers are not already on file in the office 1212
of the secretary of state; 1213

(10) If the application is made with respect to securities 1214
to be sold or distributed by or on behalf of the issuer, or by 1215
or on behalf of an underwriter, as defined in division (N) of 1216
section 1707.03 of the Revised Code, a statement showing that 1217
the issuer has received, or will receive at or prior to the 1218
delivery of those securities, not less than eighty-five per cent 1219
of the aggregate price at which all those securities are sold by 1220
or on behalf of the issuer, without deduction for any additional 1221
commission, directly or indirectly, and without liability to pay 1222
any additional sum as commission; 1223

(11) If the division so permits with respect to a 1224
security, an applicant may file with the division, in lieu of 1225
the division's prescribed forms, a copy of the registration 1226
statement relating to the security, with all amendments to that 1227
statement, previously filed with the securities and exchange 1228
commission of the United States under the "Securities Act of 1229
1933," as amended, together with all additional data, 1230
information, and documents that the division requires. 1231

(C) If the division finds that it is not necessary in the 1232
public interest and for the protection of investors to require 1233
all the information specified in divisions (B)(1) to (10) of 1234
this section, it may permit the filing of applications for 1235
qualification that contain the information that it considers 1236
necessary and appropriate in the public interest and for the 1237
protection of investors, but this provision applies only in the 1238
case of applications for qualification of securities previously 1239
issued and outstanding that may not be made the subject matter 1240

of transactions exempt under division (M) of section 1707.03 of 1241
the Revised Code by reason of the fact that those securities 1242
within one year were purchased outside this state or within one 1243
year were transported into this state. 1244

(D) All the statements, exhibits, and documents required 1245
by the division under this section, except properly certified 1246
public documents, shall be verified by the oath of the applicant 1247
for qualification, of the issuer, or of any individual having 1248
knowledge of the facts, and in the manner and form that may be 1249
required by the division. Failure or refusal to comply with the 1250
requests of the division shall be sufficient reason for a 1251
refusal by the division to register securities. 1252

(E) If it appears to the division that substantially the 1253
only consideration to be paid for any of the securities to be 1254
qualified is to be intangible property of doubtful value, the 1255
division may require that the securities be delivered in escrow 1256
to a bank in this state under the terms that the division may 1257
reasonably prescribe or require to prevent a deceitful 1258
misrepresentation or sale of the securities; that the securities 1259
be subordinated in favor of those sold for sound value until 1260
they have a value bearing a reasonable relation to the value of 1261
those sold for sound value; or that a legend of warning 1262
specifying the considerations paid or to be paid for the 1263
securities be stamped or printed on all advertisements, 1264
circulars, pamphlets, or subscription blanks used in connection 1265
with the sale of any securities of the same issuer; or it may 1266
impose a combination of any two or more of these requirements. 1267

(F) At the time of filing the information prescribed in 1268
this section, the applicant shall pay to the division a filing 1269
fee of one hundred dollars. 1270

(G) (1) The division, at any time, as a prerequisite to 1271
qualification, may make an examination of the issuer of 1272
securities sought to be qualified. The applicant for 1273
qualification of any securities may be required by the division 1274
to advance sufficient funds to pay all or any part of the actual 1275
expenses of that examination, an itemized statement of which 1276
shall be furnished the applicant. 1277

~~(2) If~~ (2) (a) Subject to division (G) (2) (b) of this 1278
section, if the division finds that the business of the issuer 1279
is not fraudulently conducted, that the proposed offer or 1280
disposal of securities is not on grossly unfair terms, that the 1281
plan of issuance and sale of the securities referred to in the 1282
proposed offer or disposal would not defraud or deceive, or tend 1283
to defraud or deceive, purchasers, and that division (B) (10) of 1284
this section applies and has been complied with, the division 1285
shall notify the applicant of its findings, and, upon payment of 1286
a registration fee of one-tenth of one per cent of the aggregate 1287
price at which the securities are to be sold to the public in 1288
this state, which fee, however, shall in no case be less than 1289
one hundred or more than one thousand dollars, the division 1290
shall register the qualification of the securities. 1291

(b) To eliminate and preclude excessive and duplicative 1292
rules and regulations that stand in the way of job creation, the 1293
division shall not condition or delay any registration due to 1294
any noncompliance or partial compliance with any requirement, 1295
formal or informal rule, or principle of law or policy of the 1296
division that is inconsistent with, or more stringent or 1297
burdensome than, federal law and rule require. 1298

(H) An application for qualification of securities may be 1299
amended by the person filing it at any time prior to the 1300

division's action on it either in registering the securities for 1301
qualification or in refusing to do so. Subsequent to any such 1302
action by the division, the person who filed the application may 1303
file with the consent of the division one or more amendments to 1304
it that shall become effective upon the making by the division 1305
of the findings enumerated in division (G) of this section; the 1306
giving of notice of those findings to the applicant by the 1307
division; and the payment by the applicant of the additional fee 1308
that would have been payable had the application, as it 1309
previously became effective, contained the amendment. 1310

(I) When any securities have been qualified and the fees 1311
for the qualification have been paid as provided in this 1312
section, any licensed dealer subsequently may sell the 1313
securities under the qualification, so long as the qualification 1314
remains in full force, and any dealer of that nature that 1315
desires may file with the division a written notice of intention 1316
to sell the securities or any designated portion of them. For 1317
that filing, no fee need be paid. 1318

Sec. 1707.091. (A) Any security for which a registration 1319
statement has been filed pursuant to Section 6 of the Securities 1320
Act of 1933 or for which a notification form and offering 1321
circular has been filed pursuant to regulation A of the general 1322
rules and regulations of the securities and exchange commission, 1323
17 C.F.R. sections 230.251 to 230.256 and 230.258 to 230.263, as 1324
amended before or after the effective date of this section, in 1325
connection with the same offering ~~may~~shall be registered by 1326
coordination rather than by qualification under section 1707.09 1327
of the Revised Code or any other method of registration. 1328

(B) A registration statement filed by or on behalf of the 1329
issuer under this section with the division of securities shall 1330

contain the following information and be accompanied by the 1331
following items in addition to the consent to service of process 1332
required by section 1707.11 of the Revised Code: 1333

(1) One copy of the latest form of prospectus or offering 1334
circular and notification filed with the securities and exchange 1335
commission; 1336

(2) If the division of securities by rule or otherwise 1337
requires, a copy of the articles of incorporation and code of 1338
regulations or bylaws, or their substantial equivalents, as 1339
currently in effect, a copy of any agreements with or among 1340
underwriters, a copy of any indenture or other instrument 1341
governing the issuance of the security to be registered, and a 1342
specimen or copy of the security; 1343

(3) If the division of securities requests, any other 1344
information, or copies of any other documents, filed with the 1345
securities and exchange commission; 1346

(4) An undertaking by the issuer to forward to the 1347
division, promptly and in any event not later than the first 1348
business day after the day they are forwarded to or thereafter 1349
are filed with the securities and exchange commission, whichever 1350
occurs first, all amendments to the federal prospectus, offering 1351
circular, notification form, or other documents filed with the 1352
securities and exchange commission, other than an amendment that 1353
merely delays the effective date; 1354

(5) A filing fee of one hundred dollars. 1355

(C) A-Subject to division (E) of this section, a 1356
registration statement filed under this section becomes 1357
effective, without delay or waiver of any condition by the 1358
division of securities or issuer, either at the moment the 1359

federal registration statement becomes effective or at the time 1360
the offering may otherwise be commenced in accordance with the 1361
rules, regulations, or orders of the securities and exchange 1362
commission, if all of the following conditions are satisfied: 1363

(1) No stop order is in effect, no proceeding is pending 1364
under section 1707.13 of the Revised Code, and no cease and 1365
desist order has been issued pursuant to section 1707.23 of the 1366
Revised Code; 1367

(2) The registration statement has been on file with the 1368
division for at least fifteen days or for such shorter period as 1369
the division by rule or otherwise permits; provided, that if the 1370
registration statement is not filed with the division within 1371
five days of the initial filing with the securities and exchange 1372
commission, the registration statement must be on file with the 1373
division for thirty days or for such shorter period as the 1374
division by rule or otherwise permits. 1375

(3) A statement of the maximum and minimum proposed 1376
offering prices and the maximum underwriting discounts and 1377
commissions has been on file with the division for two full 1378
business days or for such shorter period as the division by rule 1379
or otherwise permits and the offering is made within those 1380
limitations; 1381

(4) The division has received a registration fee of one- 1382
tenth of one per cent of the aggregate price at which the 1383
securities are to be sold to the public in this state, which 1384
fee, however, shall in no case be less than one hundred or more 1385
than one thousand dollars. 1386

(D) The issuer shall promptly notify the division by 1387
telephone of the date and time when the federal registration 1388

statement became effective, or when the offering may otherwise 1389
be commenced in accordance with the rules, regulations, or 1390
orders of the securities and exchange commission, and of the 1391
contents of the price amendment, if any, and shall promptly file 1392
the price amendment. 1393

"Price amendment" for the purpose of this division, means 1394
the final federal registration statement amendment that includes 1395
a statement of the offering price, underwriting and selling 1396
discounts or commissions, amount of proceeds, conversion rates, 1397
call prices, and other matters dependent upon the offering 1398
price. 1399

If the division fails to receive the required notice and 1400
required copies of the price amendment, the division may enter a 1401
provisional stop order retroactively denying effectiveness to 1402
the registration statement or suspending its effectiveness until 1403
there is compliance with this division, provided the division 1404
promptly notifies the issuer or its representative by telephone, 1405
and promptly confirms by letter when it notifies by telephone, 1406
of the entry of the order. If the issuer or its representative 1407
proves compliance with the requirements of this division as to 1408
notice and price amendment filing, the stop order is void as of 1409
the time of its entry. The division may by rule or otherwise 1410
waive either or both of the conditions specified in divisions 1411
(C) (2) and (3) of this section. If the federal registration 1412
statement becomes effective, or if the offering may otherwise be 1413
commenced in accordance with the rules, regulations, or orders 1414
of the securities and exchange commission, before all of the 1415
conditions specified in divisions (C) and (D) of this section 1416
are satisfied and they are not waived by the division the 1417
registration statement becomes effective as soon as all of the 1418
conditions are satisfied. 1419

If the issuer advises the division of the date when the federal registration statement is expected to become effective, or when the offering may otherwise be commenced in accordance with the rules, regulations, or orders of the securities and exchange commission, the division shall promptly advise the issuer or its representative by telephone, at the issuer's expense, whether all of the conditions have been satisfied or whether the division then contemplates the institution of a proceeding under section 1707.13 or 1707.23 of the Revised Code, but such advice does not preclude the institution of such a proceeding at any time.

(E) To eliminate and preclude excessive and duplicative rules and regulations that stand in the way of job creation, the division shall not condition or delay any registration under this section, or enter any stop order respecting any such registration, due to any noncompliance or partial compliance with any requirement, formal or informal rule, or principle of law or policy of the division that is inconsistent with, or more stringent or burdensome than, federal law and rule require.

(F) The division shall not issue a comment letter concerning a registration under this section.

(G) The division shall not issue any written guidance or interpretation, policy statement, advisory opinion, standard, or similar statement concerning registration by coordination, other than statements solely of an administration nature that have no general and uniform operation.

Sec. 1707.092. (A) For the purposes of selling securities in this state, except securities that are the subject matter of transactions enumerated in section 1707.03 of the Revised Code, an investment company, as defined by the Investment Company Act

of 1940, ~~that is registered or has filed a registration~~ 1450
~~statement with the securities and exchange commission under the~~ 1451
~~Investment Company Act of 1940~~ and a business development 1452
company that has elected to be subject to 15 U.S.C. 80a-54 to 1453
80a-64, shall file the following with the division of 1454
securities: 1455

(1) A notice filing consisting of either of the following: 1456

(a) A copy of the investment company's or business 1457
development company's federal registration statement as filed 1458
with the securities and exchange commission; 1459

(b) A form U-1 or form NF of the North American securities 1460
administrators association. 1461

(2) Appropriate filing fees consisting of both of the 1462
following: 1463

(a) A flat fee of one hundred dollars; 1464

(b) A fee calculated at one-tenth of one per cent of the 1465
aggregate price at which the securities are to be sold to the 1466
public in this state, which calculated fee, however, shall in no 1467
case be less than one hundred or more than one thousand dollars. 1468

(B) (1) Upon payment of the maximum filing fees as provided 1469
in division (A) (2) of this section, an investment company or 1470
business development company may sell an indefinite amount of 1471
securities in this state. 1472

(2) An investment company or business development company 1473
making a notice filing as provided in this section shall comply 1474
with section 1707.11 of the Revised Code. An investment company 1475
or business development company that previously filed with the 1476
division a valid consent to service of process pursuant to 1477

section 1707.11 of the Revised Code may incorporate that consent 1478
by reference. 1479

(C) (1) For offerings involving covered securities, as 1480
defined in section 18 of the "Securities Act of 1933," 15 U.S.C. 1481
77r, that are not subject to section 1707.02, 1707.03, 1707.04, 1482
1707.06, 1707.08, 1707.09, or 1707.091 of the Revised Code, or 1483
division (A) of this section, a notice filing shall be submitted 1484
to the division together with a consent to service of process 1485
pursuant to section 1707.11 of the Revised Code and a filing fee 1486
as provided in division (A) (2) of this section. 1487

(2) The notice filing described in division (C) (1) of this 1488
section shall consist of any document filed with the securities 1489
and exchange commission pursuant to the Securities Act of 1933, 1490
together with annual or periodic reports of the value of the 1491
securities sold or offered to be sold to persons located in this 1492
state. 1493

(D) A notice filing submitted under this section shall be 1494
effective for thirteen months. 1495

Sec. 1707.13. (A) The division of securities may suspend 1496
the registration by description or by qualification of any 1497
securities, or the right of any dealers or of the issuer, or of 1498
both, to buy, sell, or deal in any particular security whether 1499
it is registered, qualified, or exempt or even though 1500
transactions in it are registered or exempt, if the division 1501
finds that the issuer has violated sections 1707.01 to 1707.50, 1502
inclusive, of the Revised Code, or any lawful order or 1503
requirement of the division, has fraudulently conducted its 1504
business, or has been engaged in or is engaged or about to 1505
engage in deceptive or fraudulent acts, practices, or 1506
transactions; that such security is being disposed of or 1507

purchased on grossly unfair terms, in such manner as to deceive 1508
or defraud or as to tend to deceive or defraud purchasers or 1509
sellers, or in disregard of the lawful rules and regulations of 1510
the division applicable to such security or to transactions 1511
therein; or, in the case of securities being sold under a 1512
registration or qualification, that the issuer is insolvent. 1513

(B) To eliminate and preclude excessive and duplicative 1514
rules and regulations that stand in the way of job creation, the 1515
division shall not suspend, revoke, condition, or delay any 1516
registration of securities, or enter any stop order respecting 1517
any registration of securities due to noncompliance or partial 1518
compliance with any requirement, formal or informal rule, or 1519
principle of law or policy of the division that is inconsistent 1520
with, or more stringent or burdensome than, federal law and rule 1521
require. 1522

(C) Notice of such suspension shall be mailed by the 1523
division to the issuer and to all licensed dealers concerned. 1524
Such notice shall specify the particular security whose 1525
registration is being suspended and shall set a date, not more 1526
than ten days later than the date of the order of suspension, 1527
for a hearing on the continuation or revocation of such 1528
suspension. For good cause the division may continue such 1529
hearing on application of any interested party. In conducting 1530
such hearing the division shall have all the authority and 1531
powers set forth in section 1707.23 of the Revised Code. 1532
Following such hearing the division shall either confirm or 1533
revoke such suspension. No such suspension shall invalidate any 1534
sale of securities made prior thereto; and the rights of persons 1535
defrauded by any sale shall in no wise be impaired. 1536

(D) If the issuer of a security refuses to permit an 1537

examination to be made by the division of its books, records, 1538
and property, or refuses to furnish the division any information 1539
which it may lawfully require under sections 1707.01 to 1707.50, 1540
inclusive, of the Revised Code, such refusal is a sufficient 1541
ground for the division to suspend the registration by 1542
description or by qualification of such security, or the right 1543
of any dealers or of the issuer, or of both, to buy, sell, or 1544
deal in such security. 1545

If any interested party desires an investigation at a 1546
place other than the office of the division, such person may be 1547
required by the division to advance sufficient funds to pay the 1548
actual expenses of such investigation. 1549

Whenever the division determines, upon hearing, that any 1550
application for qualification was made, or that any securities 1551
or any transaction was registered by description, by a person 1552
who knew that untrue statements were contained in such 1553
application or description, the division may proceed under 1554
sections 1707.19, 1707.23, and 1707.44 of the Revised Code, or 1555
any of them, against the person who filed such application or 1556
such registration by description. 1557

Sec. 1707.23. (A) Whenever it appears to the division of 1558
securities, from its files, upon complaint, or otherwise, that 1559
any person has engaged in, is engaged in, or is about to engage 1560
in any practice declared to be illegal or prohibited by this 1561
chapter or rules adopted under this chapter by the division, or 1562
defined as fraudulent in this chapter or rules adopted under 1563
this chapter by the division, or any other deceptive scheme or 1564
practice in connection with the sale of securities, or acting as 1565
a dealer, a salesperson, an investment adviser, investment 1566
adviser representative, bureau of workers' compensation chief 1567

investment officer, state retirement system investment officer, 1568
or portal operator as defined in section 1707.05 of the Revised 1569
Code or when the division believes it to be in the best 1570
interests of the public and necessary for the protection of 1571
investors, the division may do any of the following: 1572

~~(A)~~ (1) Require any person to file with it, on such forms 1573
as it prescribes, an original or additional statement or report 1574
in writing, under oath or otherwise, as to any facts or 1575
circumstances concerning the issuance, sale, or offer for sale 1576
of securities within this state by the person, as to the 1577
person's acts or practices as a dealer, a salesperson, an 1578
investment adviser, investment adviser representative, bureau of 1579
workers' compensation chief investment officer, state retirement 1580
system investment officer, or portal operator within this state, 1581
and as to other information as it deems material or relevant 1582
thereto; 1583

~~(B)~~ (2) Examine any investment adviser, investment adviser 1584
representative, state retirement system investment officer, 1585
bureau of workers' compensation chief investment officer, or any 1586
seller, dealer, salesperson, or issuer of any securities, or any 1587
portal operator, and any of their agents, employees, partners, 1588
officers, directors, members, or shareholders, wherever located, 1589
under oath; and examine and produce records, books, documents, 1590
accounts, and papers as the division deems material or relevant 1591
to the inquiry; 1592

~~(C)~~ (3) Require the attendance of witnesses, and the 1593
production of books, records, and papers, as are required either 1594
by the division or by any party to a hearing before the 1595
division, and for that purpose issue a subpoena for any witness, 1596
or a subpoena duces tecum to compel the production of any books, 1597

records, or papers. The subpoena shall be served by personal 1598
service or by certified mail, return receipt requested. If the 1599
subpoena is returned because of inability to deliver, or if no 1600
return is received within thirty days of the date of mailing, 1601
the subpoena may be served by ordinary mail. If no return of 1602
ordinary mail is received within thirty days after the date of 1603
mailing, service shall be deemed to have been made. If the 1604
subpoena is returned because of inability to deliver, the 1605
division may designate a person or persons to effect either 1606
personal or residence service upon the witness. The person 1607
designated to effect personal or residence service under this 1608
division may be the sheriff of the county in which the witness 1609
resides or may be found or any other duly designated person. The 1610
fees and mileage of the person serving the subpoena shall be the 1611
same as those allowed by the courts of common pleas in criminal 1612
cases, and shall be paid from the funds of the division. Fees 1613
and mileage for the witness shall be determined under section 1614
119.094 of the Revised Code, and shall be paid from the funds of 1615
the division upon request of the witness following the hearing. 1616

~~(D)~~ (4) Initiate criminal proceedings under section 1617
1707.042 or 1707.44 of the Revised Code or rules adopted under 1618
those sections by the division by laying before the prosecuting 1619
attorney of the proper county any evidence of criminality which 1620
comes to its knowledge; and in the event of the neglect or 1621
refusal of the prosecuting attorney to prosecute such 1622
violations, or at the request of the prosecuting attorney, the 1623
division shall submit the evidence to the attorney general, who 1624
may proceed in the prosecution with all the rights, privileges, 1625
and powers conferred by law on prosecuting attorneys, including 1626
the power to appear before grand juries and to interrogate 1627
witnesses before such grand juries. 1628

~~(E)~~ (5) Require any dealers immediately to furnish to the 1629
division copies of prospectuses, circulars, or advertisements 1630
respecting securities that they publish or generally distribute, 1631
or require any investment advisers immediately to furnish to the 1632
division copies of brochures, advertisements, publications, 1633
analyses, reports, or other writings that they publish or 1634
distribute; 1635

~~(F)~~ (6) Require any dealers to mail to the division, prior 1636
to sale, notices of intention to sell, in respect to all 1637
securities which are not exempt under section 1707.02 of the 1638
Revised Code, or which are sold in transactions not exempt under 1639
section 1707.03 or 1707.04 of the Revised Code; 1640

~~(G)~~ (7) Issue and cause to be served by certified mail 1641
upon all persons affected an order requiring the person or 1642
persons to cease and desist from the acts or practices appearing 1643
to the division to constitute violations of this chapter or 1644
rules adopted under this chapter by the division. The order 1645
shall state specifically the section or sections of this chapter 1646
or the rule or rules adopted under this chapter by the division 1647
that appear to the division to have been violated and the facts 1648
constituting the violation. If after the issuance of the order 1649
it appears to the division that any person or persons affected 1650
by the order have engaged in any act or practice from which the 1651
person or persons shall have been required, by the order, to 1652
cease and desist, the director of commerce may apply to the 1653
court of common pleas of any county for, and upon proof of the 1654
validity of the order of the division, the delivery of the order 1655
to the person or persons affected, and of the illegality and the 1656
continuation of the acts or practices that are the subject of 1657
the order, the court may grant an injunction implementing the 1658
order of the division. 1659

~~(H)~~ (8) Issue and initiate contempt proceedings in this 1660
state regarding subpoenas and subpoenas duces tecum at the 1661
request of the securities administrator of another state, if it 1662
appears to the division that the activities for which the 1663
information is sought would violate this chapter if the 1664
activities had occurred in this state. 1665

~~(I)~~ (9) The remedies provided by this section are 1666
cumulative and concurrent with any other remedy provided in this 1667
chapter, and the exercise of one remedy does not preclude or 1668
require the exercise of any other remedy. 1669

(B) To eliminate and preclude excessive and duplicative 1670
rules and regulations that stand in the way of job creation, the 1671
division shall not exercise any enforcement power under this 1672
section, suspend, revoke, condition, or delay any registration 1673
of securities, or enter any stop order respecting any 1674
registration of securities due to any noncompliance or partial 1675
compliance with any requirement, formal or informal rule, or 1676
principle of law or policy of the division that is inconsistent 1677
with, or more stringent or burdensome than, federal law and rule 1678
require. 1679

Section 2. That existing sections 1707.01, 1707.03, 1680
1707.09, 1707.091, 1707.092, 1707.13, and 1707.23 of the Revised 1681
Code are hereby repealed. 1682