

**As Introduced**

**133rd General Assembly**

**Regular Session**

**2019-2020**

**H. B. No. 312**

**Representative Powell**

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**A BILL**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Any special capabilities of the agent. 64

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

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

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

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

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

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

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

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

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

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

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

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

(2) The agent is authorized to conduct business in this 105  
state; 106

(3) The agent maintains a principal place of business in 107  
this state and employs at least five residents of this state. 108

(C) The board shall adopt and implement a written policy 109  
to establish criteria and procedures used to select agents to 110  
execute securities transactions on behalf of the retirement 111  
system. The policy shall address each of the following: 112

(1) Commissions charged by the agent, both in the 113  
aggregate and on a per share basis; 114

(2) The execution speed and trade settlement capabilities 115  
of the agent; 116

(3) The responsiveness, reliability, and integrity of the 117  
agent; 118

(4) The nature and value of research provided by the 119  
agent; 120

(5) Any special capabilities of the agent. 121

(D)(1) The board shall, at least annually, establish a 122  
policy with the goal to increase utilization by the board of 123  
Ohio-qualified agents for the execution of domestic equity and 124  
fixed-income trades on behalf of the retirement system, when an 125  
Ohio-qualified agent offers quality, services, and safety 126  
comparable to other agents otherwise available to the board and 127  
meets the criteria established under division (C) of this 128  
section. 129

(2) The board shall review, at least annually, the 130  
performance of the agents that execute securities transactions 131  
on behalf of the board. 132

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

**Sec. 1707.01.** As used in this chapter: 139

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

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

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

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

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

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

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

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

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

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

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

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

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



commission, fee, or other similar remuneration is paid to or 222  
received by the issuer for the sale; 223

(b) Any licensed attorney, public accountant, or firm of 224  
such attorneys or accountants, whose activities are incidental 225  
to the practice of the attorney's, accountant's, or firm's 226  
profession; 227

(c) Any person that, for the account of others, engages in 228  
the purchase or sale of securities that are issued and 229  
outstanding before such purchase and sale, if a majority or more 230  
of the equity interest of an issuer is sold in that transaction, 231  
and if, in the case of a corporation, the securities sold in 232  
that transaction represent a majority or more of the voting 233  
power of the corporation in the election of directors; 234

(d) Any person that brings an issuer together with a 235  
potential investor and whose compensation is not directly or 236  
indirectly based on the sale of any securities by the issuer to 237  
the investor; 238

(e) Any bank; 239

(f) Any person that the division of securities by rule 240  
exempts from the definition of "dealer" under division (E)(1) of 241  
this section. 242

(2) "Licensed dealer" means a dealer licensed under this 243  
chapter. 244

(F)(1) "Salesman" or "salesperson" means every natural 245  
person, other than a dealer, who is employed, authorized, or 246  
appointed by a dealer to sell securities within this state. 247

(2) The general partners of a partnership, and the 248  
executive officers of a corporation or unincorporated 249

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

following: 364

(a) A broker-dealer registered under the "Securities 365  
Exchange Act of 1934," 15 U.S.C. 78o, as amended; 366

(b) An investment adviser registered or exempt from 367  
registration under the "Investment Advisers Act of 1940," 15 368  
U.S.C. 80b-3; 369

(c) An investment adviser registered under this chapter, a 370  
bank, or an insurance company. 371

(8) A trust, if it has total assets in excess of ten 372  
million dollars, its trustee is a bank, and its participants are 373  
exclusively plans of the types identified in division (S)(6) or 374  
(7) of this section, regardless of the size of their assets, 375  
except a trust that includes as participants self-directed 376  
individual retirement accounts or similar self-directed plans; 377

(9) An organization described in section 501(c)(3) of the 378  
"Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, 379  
corporation, Massachusetts trust or similar business trust, 380  
limited liability company, or partnership, not formed for the 381  
specific purpose of acquiring the securities offered, with total 382  
assets in excess of ten million dollars; 383

(10) A small business investment company licensed by the 384  
small business administration under section 301(c) of the "Small 385  
Business Investment Act of 1958," 15 U.S.C. 681(c), with total 386  
assets in excess of ten million dollars; 387

(11) A private business development company as defined in 388  
section 202(a)(22) of the "Investment Advisers Act of 1940," 15 389  
U.S.C. 80b-2(a)(22), with total assets in excess of ten million 390  
dollars; 391

(12) A federal covered investment adviser acting for its 392  
own account; 393

(13) A "qualified institutional buyer" as defined in 17 394  
C.F.R. 230.144A(a) (1), other than 17 C.F.R. 230.144A(a) (1) (H); 395

(14) A "major U.S. institutional investor" as defined in 396  
17 C.F.R. 240.15a-6(b) (4) (i); 397

(15) Any other person, other than an individual, of 398  
institutional character with total assets in excess of ten 399  
million dollars not organized for the specific purpose of 400  
evading this chapter; 401

(16) Any other person specified by rule adopted or order 402  
issued under this chapter. 403

(T) A reference to a statute of the United States or to a 404  
rule, regulation, or form promulgated by the securities and 405  
exchange commission or by another federal agency means the 406  
statute, rule, regulation, or form as it exists at the time of 407  
the act, omission, event, or transaction to which it is applied 408  
under this chapter. 409

(U) "Securities and exchange commission" means the 410  
securities and exchange commission established by the Securities 411  
Exchange Act of 1934. 412

(V) (1) "Control bid" means the purchase of or offer to 413  
purchase any equity security of a subject company from a 414  
resident of this state if either of the following applies: 415

(a) After the purchase of that security, the offeror would 416  
be directly or indirectly the beneficial owner of more than ten 417  
per cent of any class of the issued and outstanding equity 418  
securities of the issuer. 419

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

investment adviser; 567

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

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

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

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

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

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

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

(2) An employee of an investment adviser; 608

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

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

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

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

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

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

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

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

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

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

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

following: 654

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

description is exempt. 769

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

section 4 (2) of that act. 975

(2) The aggregate commission, discount, and other 976  
remuneration, excluding legal, accounting, and printing fees, 977  
paid or given directly or indirectly does not exceed ten per 978  
cent of the initial offering price. 979

(3) Any such commission, discount, or other remuneration 980  
for sales in this state is paid or given only to dealers or 981  
salespersons registered under this chapter. 982

(4) The issuer or dealer files with the division of 983  
securities, not later than sixty days after the sale, a report 984  
setting forth the name and address of the issuer, the total 985  
amount of the securities sold under this division, the number of 986  
persons to whom the securities were sold, the price at which the 987  
securities were sold, and the commissions or discounts paid or 988  
given. 989

(5) The issuer pays a filing fee of one hundred dollars 990  
for the first filing and fifty dollars for every subsequent 991  
filing during each calendar year. 992

(R) A sale of a money order, travelers' check, or other 993  
instrument for the transmission of money by a person qualified 994  
to engage in such business under Chapter 1315. of the Revised 995  
Code is exempt. 996

(S) A sale by a licensed dealer of securities that are in 997  
the process of registration under the Securities Act of 1933, 998  
unless exempt under that act, and that are in the process of 999  
registration, if registration is required under this chapter, is 1000  
exempt, provided that no sale of that nature shall be 1001  
consummated prior to the registration by description or 1002  
qualification of the securities. 1003

(T) The execution by a licensed dealer of orders for the 1004  
purchase of any security is exempt, provided that the dealer 1005  
acts only as agent for the purchaser, has made no solicitation 1006  
of the order to purchase the security, has no interest in the 1007  
distribution of the security, and delivers to the purchaser 1008  
written confirmation of the transaction that clearly itemizes 1009  
the dealer's commission. "Solicitation," as used in this 1010  
division, means solicitation of the order for the specific 1011  
security purchased and does not include general solicitations or 1012  
advertisements of any kind. 1013

(U) The sale insofar as the security holders of a person 1014  
are concerned, where, pursuant to statutory provisions of the 1015  
jurisdiction under which that person is organized or pursuant to 1016  
provisions contained in its articles of incorporation, 1017  
certificate of incorporation, partnership agreement, declaration 1018  
of trust, trust indenture, or similar controlling instrument, 1019  
there is submitted to the security holders, for their vote or 1020  
consent, (1) a plan or agreement for a reclassification of 1021  
securities of that person that involves the substitution of a 1022  
security of that person for another security of that person, (2) 1023  
a plan or agreement of merger or consolidation or a similar plan 1024  
or agreement of acquisition in which the securities of that 1025  
person held by the security holders will become or be exchanged 1026  
for securities of any other person, or (3) a plan or agreement 1027  
for a combination as defined in division (Q) of section 1701.01 1028  
of the Revised Code or a similar plan or agreement for the 1029  
transfer of assets of that person to another person in 1030  
consideration of the issuance of securities of any person, is 1031  
exempt if, with respect to any of the foregoing transactions, 1032  
either of the following conditions is satisfied: 1033

(a) The securities to be issued to the security holders 1034

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Securities Act of 1933. 1236

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

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

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

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

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

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

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

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

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

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

(5) A merger or consolidation. 1291

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Issuing life settlement interests; 1374

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



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

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

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

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

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

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

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

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

"I am an Ohio resident. 1402

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

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

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

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

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

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

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

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

continuously through the closing of the offering. 1437

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

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

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

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

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

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

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

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

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

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

(a) A copy of the issuer's balance sheet and income 1473  
statement for the issuer's most recent fiscal year, if the 1474  
issuer was in existence for that period; 1475

(b) For offerings beginning more than ninety days after 1476  
the issuer's most recent fiscal year end or if the issuer was 1477  
not in existence the previous calendar year, a copy of the 1478  
issuer's balance sheet as of a date not more than ninety days 1479  
before the commencement of the offering for the issuer's most 1480  
recently completed fiscal year, or such shorter portion the 1481  
issuer was in existence during that period, and the year-to-date 1482  
period, or inception-to-date period, if shorter, corresponding 1483  
with the more recent balance sheet. 1484

(2) Make available to each prospective purchaser through 1485  
the OhioInvests portal a printable or downloadable disclosure 1486  
document that meets the requirements of section 1707.052 of the 1487  
Revised Code; 1488

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

(J) All of the following apply: 1493

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

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

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

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

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

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

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

reliance on the exemption provided under this section; 1523

(2) A copy of the disclosure document described in section 1524  
1707.052 of the Revised Code that will be provided to 1525  
prospective purchasers in connection with the offering; 1526

(3) A filing fee of fifty dollars. 1527

(4) Any other information that the division requires from 1528  
the issuer or portal for the protection of investors and to 1529  
enable the division to determine that the sale of securities is 1530  
entitled to an exemption. 1531

(L) The issuer and the portal operator engage in 1532  
solicitation and advertising of the OhioInvests offering only if 1533  
all of the following apply: 1534

(1) The advertisement contains disclaiming language that 1535  
clearly states all of the following: 1536

(a) The advertisement is not the offer and is for 1537  
informational purposes only; 1538

(b) The offering is being made in reliance on the 1539  
exemption provided under this section; 1540

(c) The offering is directed only to residents of this 1541  
state; 1542

(d) All offers and sales are made through an OhioInvests 1543  
portal. 1544

(2) In addition to the items listed in division (L)(1) of 1545  
this section, the advertisement contains not more than the 1546  
following: 1547

(a) The name and contact information of the issuer; 1548

(b) A brief description of the general type of business 1549

conducted by the issuer; 1550

(c) The minimum offering amount the issuer is attempting 1551  
to raise through its offering; 1552

(d) A description of how the issuer will use the funds 1553  
raised through the offering; 1554

(e) The duration that the offering will remain open; 1555

(f) The issuer's logo; 1556

(g) The OhioInvests portal through which the offering is 1557  
being made. 1558

(3) The advertisement complies with all applicable state 1559  
and federal laws. 1560

(M) Meets such other requirements as the division may, by 1561  
rule, prescribe for the protection of investors and in the 1562  
public interest. 1563

**Sec. 1707.052.** The disclosure document provided to each 1564  
prospective purchaser through an OhioInvests portal shall 1565  
contain all of the following: 1566

(A) The following information regarding the OhioInvests 1567  
issuer: 1568

(1) The type of entity it is; 1569

(2) The address and telephone number of its principal 1570  
office; 1571

(3) Its formation history for the previous five years; 1572

(4) The identity of all persons owning more than ten per 1573  
cent of any class of equity interest in the issuer; 1574

(5) The identity of its members, executive management, and 1575

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

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

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

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

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

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

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

(3) Either of the following: 1594

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

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

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



(5) Any restrictions on transfer of the securities; 1603

(6) A statement that any future issuance of securities 1604  
might dilute the value of the securities being offered; 1605

(7) The date on which the offering will expire. 1606

(C) The identity of and consideration payable to a person 1607  
who has been or will be retained by the issuer to assist the 1608  
issuer in conducting the offering and sale of the securities, 1609  
including a portal operator. This requirement does not apply to 1610  
persons acting primarily as accountants or attorneys and 1611  
employees whose primary job responsibilities involve operating 1612  
the business of the issuer rather than assisting the issuer in 1613  
raising capital. 1614

(D) A description of any pending material litigation, 1615  
legal proceedings, or regulatory action involving the issuer or 1616  
any members, persons in executive management, or other persons 1617  
occupying a similar status or performing similar functions in 1618  
the name of and on behalf of the issuer; 1619

(E) A copy of the escrow agreement between the escrow 1620  
agent, the issuer, and, if applicable, the portal operator; 1621

(F) A statement that the securities have not been 1622  
registered under federal or state securities law and that the 1623  
securities are subject to limitations on resale; 1624

(G) A statement, printed in boldface type of the minimum 1625  
size of ten points, as follows: "IN MAKING AN INVESTMENT 1626  
DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE 1627  
ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND 1628  
RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY 1629  
ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER 1630  
REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES 1631

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

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

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

"I UNDERSTAND AND ACKNOWLEDGE THAT: 1648

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

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

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

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

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

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

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

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

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

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

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

(A) Offer investment advice or recommendations, or solicit 1689  
the purchase or sale of securities. For purposes of this 1690  
division, a portal operator shall not be considered to be 1691  
offering investment advice or recommendations merely because it 1692  
selects, or may perform due diligence with respect to, issuers 1693  
or offerings to be listed or merely because it provides general 1694  
investor educational materials. 1695

(B) Provide transaction-based compensation for securities 1696  
sold under this chapter to employees, agents, or other persons 1697  
unless the employees, agents, or other persons are licensed 1698  
under this chapter and permitted to receive such compensation. 1699

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

(1) A fixed amount for each offering; 1703

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

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

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

(E) No portal operator shall allow its officers, 1709  
directors, or partners, or any person occupying similar status 1710  
or performing similar function, to have a financial interest in 1711  
an OhioInvests issuer using the services of the portal operator, 1712  
or receive a financial interest in the OhioInvests issuer as 1713  
compensation for services provided to, or for the benefit of, 1714  
the OhioInvests issuer, in connection with the offer and sale of 1715  
its securities. 1716

Sec. 1707.056. (A) Each portal operator shall do all of 1717  
the following: 1718

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

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

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

(B) (1) A portal operator shall not disclose, except to the 1727  
division of securities, personal information without the written 1728  
or electronic consent of the prospective purchaser or purchaser. 1729  
For purposes of division (B) of this section, "personal 1730  
information" means information provided to a portal operator by 1731  
a prospective purchaser or purchaser that identifies, or can be 1732  
used to identify, the prospective purchaser or purchaser. 1733

(2) Division (B) (1) of this section does not apply with 1734  
respect to records required to be furnished to the division 1735  
under division (A) (2) of this section, the disclosure of 1736  
personal information to an OhioInvests issuer relating to its 1737  
OhioInvests offering, or the disclosure of personal information 1738  
to the extent required or authorized under other law. 1739

Sec. 1707.057. (A) Each portal operator shall maintain and 1740  
preserve, for a period of at least five years from either the 1741  
date of the closing or date of the termination of the securities 1742  
offering, all of the following: 1743

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

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

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

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

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

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

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

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

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

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

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

(d) Serializes the originals; 1771

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

to an acceptable medium. 1773

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

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

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

(1) Any predecessor to the issuer; 1785

(2) Any affiliated issuer; 1786

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(5) Is subject to any order of the securities exchange 1861  
commission, or an order of a state securities commission or an 1862  
agency or officer of a state performing like functions, entered 1863  
within ten years before the sale, that, at the time of the sale, 1864  
orders the person to cease and desist from committing or causing 1865  
a violation or future violation of any of the following: 1866

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) In control of the issuer; 1929

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

(2) The license of every investment adviser and investment 2122  
adviser representative licensed under section 1707.141 or 2123  
1707.161 of the Revised Code shall expire on the thirty-first 2124  
day of December of each year. The licenses may be renewed upon 2125  
the filing with the division of an application for renewal, and 2126  
the payment of the fee prescribed in division (B) of this 2127  
section. The division shall give notice, without unreasonable 2128  
delay, of its action on any application for renewal. 2129

(3) An investment adviser required to make a notice filing 2130  
under division (B) of section 1707.141 of the Revised Code 2131  
annually shall file with the division the notice filing and the 2132  
fee prescribed in division (B) of this section, no later than 2133  
the thirty-first day of December of each year. 2134

(4) The license of every state retirement system 2135  
investment officer licensed under section 1707.163 of the 2136  
Revised Code and the license of a bureau of workers' 2137  
compensation chief investment officer issued under section 2138  
1707.165 of the Revised Code shall expire on the thirtieth day 2139  
of June of each year. The licenses may be renewed on the filing 2140  
with the division of an application for renewal, and the payment 2141  
of the fee prescribed in division (B) of this section. The 2142  
division shall give notice, without unreasonable delay, of its 2143  
action on any application for renewal. 2144

(5) The license of every portal operator licensed under 2145  
section 1707.054 of the Revised Code shall expire on the thirty- 2146  
first day of December of each year. The license may be renewed 2147  
upon the filing with the division an application for renewal, 2148  
and payment of the fee prescribed in division (B) of this 2149  
section. The division shall give notice, without unreasonable 2150  
delay, of its action on any application for renewal. 2151

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

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

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

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

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

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

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

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

(C) A dealer's, salesperson's, investment adviser's, 2172  
investment adviser representative's, bureau of workers' 2173  
compensation chief investment officer's, ~~or~~ state retirement 2174  
system investment officer's, or portal operator's license may be 2175  
issued at any time for the remainder of the calendar year. In 2176  
that event, the annual fee shall not be reduced. 2177

(D) The division may, by rule or order, waive, in whole or 2178  
in part, any of the fee requirements of this section for any 2179

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

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

(1) Is not of good business repute; 2202

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

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

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

(5) Has knowingly made a false statement of a material 2209  
fact or an omission of a material fact in an application for a 2210  
license, in a description or application that has been filed, or 2211  
in any statement made to the division under such sections; 2212

(6) Has refused to comply with any lawful order or 2213  
requirement of the division under section 1707.23 of the Revised 2214  
Code; 2215

(7) Has been guilty of any fraudulent act in connection 2216  
with the sale of any securities or in connection with acting as 2217  
an investment adviser, investment adviser representative, bureau 2218  
of workers' compensation chief investment officer, ~~or~~ state 2219  
retirement system investment officer, or portal operator; 2220

(8) Conducts business in purchasing or selling securities 2221  
at such variations from the existing market as in the light of 2222  
all the circumstances are unconscionable; 2223

(9) Conducts business in violation of such rules and 2224  
regulations as the division prescribes for the protection of 2225  
investors, clients, or prospective clients; 2226

(10) (a) Has failed to furnish to the division any 2227  
information with respect to the purchases or sales of securities 2228  
within this state that may be reasonably requested by the 2229  
division as pertinent to the protection of investors in this 2230  
state. 2231

(b) Has failed to furnish to the division any information 2232  
with respect to acting as an investment adviser, investment 2233  
adviser representative, bureau of workers' compensation chief 2234  
investment officer, ~~or~~ state retirement system investment 2235  
officer, or portal operator within this state that may be 2236  
reasonably requested by the division. 2237

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

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

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

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

compensation. 2268

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

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

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

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



requirements for different classes. 2298

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

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

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

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

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

(3) Whether any required financial statements shall be 2326

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

distribute; 2448

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

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

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

in this state. 2478

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

neglect. 2845

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

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

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

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

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

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

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

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

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

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

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

(4) No person shall engage in any act or practice that 2903  
violates section 1707.164 of the Revised Code. 2904

(5) No person shall knowingly engage in any act or 2905  
practice that violates division (A) of section 1707.054 or 2906  
section 1707.055 of the Revised Code. 2907

(B) No person shall knowingly make or cause to be made any 2908  
false representation concerning a material and relevant fact, in 2909  
any oral statement or in any prospectus, circular, description, 2910  
application, or written statement, for any of the following 2911  
purposes: 2912

(1) Registering securities or transactions, or exempting 2913  
securities or transactions from registration, under this 2914  
chapter; 2915

(2) Securing the qualification of any securities under 2916  
this chapter; 2917

(3) Procuring the licensing of any dealer, salesperson, 2918  
investment adviser, investment adviser representative, bureau of 2919  
workers' compensation chief investment officer, ~~or~~ state 2920  
retirement system investment officer, or portal operator as 2921  
defined in section 1707.05 of the Revised Code under this 2922  
chapter; 2923

(4) Selling any securities in this state; 2924

(5) Advising for compensation, as to the value of 2925  
securities or as to the advisability of investing in, 2926  
purchasing, or selling securities; 2927

(6) Submitting a notice filing to the division under 2928  
division (X) of section 1707.03 or section 1707.092 or 1707.141 2929  
of the Revised Code. 2930

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



person; 3018

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

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

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

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

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

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

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

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

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

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

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

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

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

workers' compensation system; 3076

(2) Engage in any act, practice, or course of business 3077  
that operates or would operate as a fraud or deceit on the 3078  
workers' compensation system; 3079

(3) Engage in any act, practice, or course of business 3080  
that is fraudulent, deceptive, or manipulative. The division of 3081  
securities may adopt rules reasonably designed to prevent such 3082  
acts, practices, or courses of business as are fraudulent, 3083  
deceptive, or manipulative; 3084

(4) Knowingly fail to comply with any policy adopted 3085  
regarding the officer established pursuant to section 4123.441 3086  
of the Revised Code. 3087

(Q) (1) No portal operator shall knowingly do any of the 3088  
following: 3089

(a) Employ any device, scheme, or artifice to defraud; 3090

(b) Engage in any act, practice, or course of business 3091  
that operates as a fraud or deceit; 3092

(c) Engage in any act, practice, or course of business 3093  
that is fraudulent, deceptive, or manipulative. 3094

(2) The division of securities may adopt rules reasonably 3095  
designed to prevent such acts, practices, or courses of business 3096  
that are fraudulent, deceptive, or manipulative. 3097

**Sec. 1707.50. (A) As used in this section, "violation"** 3098  
**means a violation of any provision of this chapter in connection** 3099  
**with the sale of securities under sections 1707.05 to 1707.058** 3100  
**of the Revised Code where the filing is made pursuant to** 3101  
**division (K) of section 1707.051 of the Revised Code and the** 3102  
**securities are sold through an OhioInvests portal.** 3103

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

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

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

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

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

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

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

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

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

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

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

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

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

are direct obligations of the state; 3162

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

(5) Purchasers or purchaser classes that prevail in a 3165  
civil action brought under this section shall be entitled to 3166  
reasonable attorney's fees and costs in the action as determined 3167  
by the court. 3168

(6) Nothing in division (C) of this section shall preclude 3169  
a purchaser or purchaser's representative from also proceeding 3170  
with a cause of action otherwise available under any other 3171  
provision of this chapter or other theory of law. 3172

(D) No person shall knowingly engage in any act, practice, 3173  
or course of business that would interfere with a purchaser's 3174  
ability to bring an individual or putative class action pursuant 3175  
to division (C) of this section. 3176

(E) Nothing in this section shall be construed to alter or 3177  
limit the authority of the division under any other provision of 3178  
this chapter, including but not limited to the ability of the 3179  
division to investigate or prosecute any complaints or 3180  
allegations under this chapter. Upon timely application, the 3181  
division may intervene as of right on behalf of the state in any 3182  
private action or appeal that is pending under this section. 3183

(F) The division may adopt rules in accordance with 3184  
Chapter 119. of the Revised Code to implement the provisions of 3185  
this section. 3186

**Sec. 1707.99.** Whoever commits any act described in 3187  
division (A) of section 1707.042 or section 1707.44 of the 3188  
Revised Code is guilty of a violation of sections 1707.01 to 3189  
~~1707.45~~1707.50 of the Revised Code and the following apply to 3190

the offender: 3191

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Any special capabilities of the agent. 3428

(D) (1) The board shall, at least annually, establish a 3429  
policy with the goal to increase utilization by the board of 3430  
Ohio-qualified agents for the execution of domestic equity and 3431  
fixed income trades on behalf of the retirement system, when an 3432  
Ohio-qualified agent offers quality, services, and safety 3433  
comparable to other agents otherwise available to the board and 3434  
meets the criteria established under division (C) of this 3435  
section. 3436

(2) The board shall review, at least annually, the 3437  
performance of the agents that execute securities transactions 3438  
on behalf of the board. 3439

(3) The board shall determine whether an agent is an Ohio- 3440  
qualified agent, meets the criteria established by the board 3441  
pursuant to division (C) of this section, and offers quality, 3442  
services, and safety comparable to other agents otherwise 3443  
available to the board. The board's determination shall be 3444  
final. 3445

**Sec. 3309.157.** (A) As used in this section and in section 3446  
3309.159 of the Revised Code: 3447

(1) "Agent" means a dealer, as defined in section 1707.01 3448  
of the Revised Code, who is licensed under sections 1707.01 to 3449  
~~1707.45~~ 1707.50 of the Revised Code or under comparable laws of 3450  
another state or of the United States. 3451

(2) "Minority business enterprise" has the same meaning as 3452  
in section 122.71 of the Revised Code. 3453

(3) "Ohio-qualified agent" means an agent designated as 3454  
such by the school employees retirement board. 3455

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

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

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

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

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

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

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

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

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



(3) The responsiveness, reliability, and integrity of the agent; 3482  
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(4) The nature and value of research provided by the agent; 3484  
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(5) Any special capabilities of the agent. 3486

(D)(1) The board shall, at least annually, establish a policy with the goal to increase utilization by the board of Ohio-qualified agents for the execution of domestic equity and fixed income trades on behalf of the retirement system, when an Ohio-qualified agent offers quality, services, and safety comparable to other agents otherwise available to the board and meets the criteria established under division (C) of this section. 3487  
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(2) The board shall review, at least annually, the performance of the agents that execute securities transactions on behalf of the board. 3495  
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(3) The board shall determine whether an agent is an Ohio-qualified agent, meets the criteria established by the board pursuant to division (C) of this section, and offers quality, services, and safety comparable to other agents otherwise available to the board. The board's determination shall be final. 3498  
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**Sec. 4582.06.** (A) A port authority created in accordance with section 4582.02 of the Revised Code may: 3504  
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(1) Acquire, construct, furnish, equip, maintain, repair, sell, exchange, lease to or from, lease with an option to purchase, convey other interests in, or operate real or personal property, or any combination thereof, related to, useful for, or in furtherance of any authorized purpose, and make charges for 3506  
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the use of any port authority facility, which shall be not less 3511  
than the charges established for the same services furnished by 3512  
a public utility or common carrier in the jurisdiction of the 3513  
particular port authority; 3514

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

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

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

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

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

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

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

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

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

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

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

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

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

determine: 3634

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

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

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

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

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

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

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

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

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

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

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

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

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

Revised Code; 3692

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Adopt an official seal; 3791

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Acquire, construct, maintain, repair, furnish, and 3868  
equip the property; 3869

(c) Sell to, exchange with, lease, convey other interests 3870  
in, or lease with an option to purchase the same or any lesser 3871  
interest in the property to the same or any other person or 3872  
governmental entity; 3873

(d) Guarantee the obligations of any person or 3874  
governmental entity. 3875

A port authority may accept and hold as consideration for 3876  
the conveyance of property or any interest therein such property 3877  
or interests therein as the board in its discretion may 3878  
determine, notwithstanding any restrictions that apply to the 3879  
investment of funds by a port authority. 3880

(16) Sell, lease, or convey other interests in real and 3881  
personal property, and grant easements or rights-of-way over 3882  
property of the port authority. The board of directors shall 3883  
specify the consideration and any terms for the sale, lease, or 3884  
conveyance of other interests in real and personal property. Any 3885  
determination made by the board under this division shall be 3886  
conclusive. The sale, lease, or conveyance may be made without 3887  
advertising and the receipt of bids. 3888

(17) Exercise the right of eminent domain to appropriate 3889  
any land, rights, rights-of-way, franchises, easements, or other 3890  
property, necessary or proper for any authorized purpose, 3891  
pursuant to the procedure provided in sections 163.01 to 163.22 3892  
of the Revised Code, if funds equal to the appraised value of 3893  
the property to be acquired as a result of such proceedings are 3894  
available for that purpose. However, nothing contained in 3895  
sections 4582.201 to 4582.59 of the Revised Code shall authorize 3896

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5505.0610 of the Revised Code: 4074

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Any special capabilities of the agent. 4113

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

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

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

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

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

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

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

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

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