

As Reported by the Senate Judiciary--Civil Justice Committee

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Am. Sub. H. B. No. 7

Representatives Taylor, Seitz, Harwood, Willamowski, Schlichter, Aslanides, Barrett, Buehrer, Calvert, Carmichael, Cates, Cirelli, Clancy, Core, Daniels, DeBose, DePiero, Distel, Domenick, C. Evans, Flowers, Gibbs, Gilb, Hagan, Hartnett, Hollister, Hoops, Hughes, Kearns, Key, Kilbane, Latta, Mason, McGregor, Miller, Niehaus, Oelslager, Olman, S. Patton, T. Patton, Peterson, Price, Raussen, Reidelbach, Schmidt, Schneider, G. Smith, D. Stewart, J. Stewart, Strahorn, Widener, Widowfield, Wilson, Woodard, Yates
Senators Goodman, Stivers, Amstutz

A B I L L

To amend sections 111.16, 1701.01, 1701.831, 1707.01, 1
1707.02, 1707.08, 1707.09, 1707.11, 1707.16, 2
1707.23, 1707.28, 1707.40, 1707.41, 1707.42, 3
1707.43, 1707.44, and 2913.02 and to enact 4
sections 1707.131 and 1707.261 of the Revised Code 5
to modify the Corporation Law regarding special 6
meetings of shareholders in connection with tender 7
offer, control share acquisition bids; to modify 8
the Securities Law with respect to securities to 9
which it applies, requirements for registration of 10
securities, the designation of the Secretary of 11
State to receive service of process, the 12
application of remedies under the Securities Law, 13
the Attorney General's enforcement authority on 14
behalf of persons injured by a violation, the 15
statutes of limitations governing an action for 16
specified violations, and the prohibitions against 17

certain misleading actions; to increase the 18
criminal penalty for certain theft offenses and 19
create a new criminal aggravated theft offense; 20
and to specify a fee for filing a service of 21
process with the Secretary of State. 22

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

Section 1. That sections 111.16, 1701.01, 1701.831, 1707.01, 23
1707.02, 1707.08, 1707.09, 1707.11, 1707.16, 1707.23, 1707.28, 24
1707.40, 1707.41, 1707.42, 1707.43, 1707.44, and 2913.02 be 25
amended and sections 1707.131 and 1707.261 of the Revised Code be 26
enacted to read as follows: 27

Sec. 111.16. The secretary of state shall charge and collect, 28
for the benefit of the state, the following fees: 29

(A) For filing and recording articles of incorporation of a 30
domestic corporation, including designation of agent: 31

(1) Wherein the corporation shall not be authorized to issue 32
any shares of capital stock, one hundred twenty-five dollars; 33

(2) Wherein the corporation shall be authorized to issue 34
shares of capital stock, with or without par value: 35

(a) Ten cents for each share authorized up to and including 36
one thousand shares; 37

(b) Five cents for each share authorized in excess of one 38
thousand shares up to and including ten thousand shares; 39

(c) Two cents for each share authorized in excess of ten 40
thousand shares up to and including fifty thousand shares; 41

(d) One cent for each share authorized in excess of fifty 42
thousand shares up to and including one hundred thousand shares; 43

(e) One-half cent for each share authorized in excess of one 44
hundred thousand shares up to and including five hundred thousand 45
shares; 46

(f) One-quarter cent for each share authorized in excess of 47
five hundred thousand shares; provided no fee shall be less than 48
one hundred twenty-five dollars or greater than one hundred 49
thousand dollars. 50

(B) For filing and recording a certificate of amendment to or 51
amended articles of incorporation of a domestic corporation, or 52
for filing and recording a certificate of reorganization, a 53
certificate of dissolution, or an amendment to a foreign license 54
application: 55

(1) If the domestic corporation is not authorized to issue 56
any shares of capital stock, fifty dollars; 57

(2) If the domestic corporation is authorized to issue shares 58
of capital stock, fifty dollars, and in case of any increase in 59
the number of shares authorized to be issued, a further sum 60
computed in accordance with the schedule set forth in division 61
(A)(2) of this section less a credit computed in the same manner 62
for the number of shares previously authorized to be issued by the 63
corporation; provided no fee under division (B)(2) of this section 64
shall be greater than one hundred thousand dollars; 65

(3) If the foreign corporation is not authorized to issue any 66
shares of capital stock, fifty dollars; 67

(4) If the foreign corporation is authorized to issue shares 68
of capital stock, fifty dollars. 69

(C) For filing and recording articles of incorporation of a 70
savings and loan association, one hundred twenty-five dollars; and 71
for filing and recording a certificate of amendment to or amended 72
articles of incorporation of a savings and loan association, fifty 73

dollars;	74
(D) For filing and recording a certificate of merger or	75
consolidation, one hundred twenty-five dollars and, in the case of	76
any new corporation resulting from a consolidation or any	77
surviving corporation that has an increased number of shares	78
authorized to be issued resulting from a merger, an additional sum	79
computed in accordance with the schedule set forth in division	80
(A)(2) of this section less a credit computed in the same manner	81
for the number of shares previously authorized to be issued or	82
represented in this state by each of the corporations for which a	83
consolidation or merger is effected by the certificate;	84
(E) For filing and recording articles of incorporation of a	85
credit union or the American credit union guaranty association,	86
one hundred twenty-five dollars, and for filing and recording a	87
certificate of increase in capital stock or any other amendment of	88
the articles of incorporation of a credit union or the	89
association, fifty dollars;	90
(F) For filing and recording articles of organization of a	91
limited liability company, for filing and recording an application	92
to become a registered foreign limited liability company, for	93
filing and recording a registration application to become a	94
domestic limited liability partnership, or for filing and	95
recording an application to become a registered foreign limited	96
liability partnership, one hundred twenty-five dollars;	97
(G) For filing and recording a certificate of limited	98
partnership or an application for registration as a foreign	99
limited partnership, one hundred twenty-five dollars.	100
(H) For filing a copy of papers evidencing the incorporation	101
of a municipal corporation or of annexation of territory by a	102
municipal corporation, five dollars, to be paid by the municipal	103
corporation, the petitioners therefor, or their agent;	104

(I) For filing and recording any of the following:	105
(1) A license to transact business in this state by a foreign corporation for profit pursuant to section 1703.04 of the Revised Code or a foreign nonprofit corporation pursuant to section 1703.27 of the Revised Code, one hundred twenty-five dollars;	106 107 108 109
(2) A biennial report or biennial statement pursuant to section 1775.63 or 1785.06 of the Revised Code, twenty-five dollars;	110 111 112
(3) Except as otherwise provided in this section or any other section of the Revised Code, any other certificate or paper that is required to be filed and recorded or is permitted to be filed and recorded by any provision of the Revised Code with the secretary of state, twenty-five dollars.	113 114 115 116 117
(J) For filing any certificate or paper not required to be recorded, five dollars;	118 119
(K)(1) For making copies of any certificate or other paper filed in the office of the secretary of state, a fee not to exceed one dollar per page, except as otherwise provided in the Revised Code, and for creating and affixing the seal of the office of the secretary of state to any good standing or other certificate, five dollars. For copies of certificates or papers required by state officers for official purpose, no charge shall be made.	120 121 122 123 124 125 126
(2) For creating and affixing the seal of the office of the secretary of state to the certificates described in division (E) of section 1701.81, division (E) of section 1705.38, division (D) of section 1702.43, division (E) of section 1775.47, or division (E) of section 1782.433 of the Revised Code, twenty-five dollars.	127 128 129 130 131
(L) For a minister's license to solemnize marriages, ten dollars;	132 133
(M) For examining documents to be filed at a later date for	134

the purpose of advising as to the acceptability of the proposed	135
filing, fifty dollars;	136
(N) Fifty dollars for filing and recording any of the	137
following:	138
(1) A certificate of dissolution and accompanying documents,	139
or a certificate of cancellation, under section 1701.86, 1702.47,	140
1705.43, or 1782.10 of the Revised Code;	141
(2) A notice of dissolution of a foreign licensed corporation	142
or a certificate of surrender of license by a foreign licensed	143
corporation under section 1703.17 of the Revised Code;	144
(3) The withdrawal of registration of a foreign or domestic	145
limited liability partnership under section 1775.61 or 1775.64 of	146
the Revised Code, or the certificate of cancellation of	147
registration of a foreign limited liability company under section	148
1705.57 of the Revised Code;	149
(4) The filing of a cancellation of disclaimer of general	150
partner status under Chapter 1782. of the Revised Code.	151
(O) For filing a statement of continued existence by a	152
nonprofit corporation, twenty-five dollars;	153
(P) For filing a restatement under section 1705.08 or 1782.09	154
of the Revised Code, an amendment to a certificate of cancellation	155
under section 1782.10 of the Revised Code, an amendment under	156
section 1705.08 or 1782.09 of the Revised Code, or a correction	157
under section 1705.55, 1775.61, 1775.64, or 1782.52 of the Revised	158
Code, fifty dollars;	159
(Q) For filing for reinstatement of an entity cancelled by	160
operation of law, by the secretary of state, by order of the	161
department of taxation, or by order of a court, twenty-five	162
dollars;	163
(R) For filing a change of agent, resignation of agent, or	164

change of agent's address under section 1701.07, 1702.06,	165
1703.041, 1703.27, 1705.06, 1705.55, 1746.04, 1747.03, or 1782.04	166
of the Revised Code, twenty-five dollars;	167
(S) For filing and recording any of the following:	168
(1) An application for the exclusive right to use a name or	169
an application to reserve a name for future use under section	170
1701.05, 1702.05, 1703.31, 1705.05, or 1746.06 of the Revised	171
Code, fifty dollars;	172
(2) A trade name or fictitious name registration or report,	173
fifty dollars;	174
(3) An application to renew any item covered by division	175
(S)(1) or (2) of this section that is permitted to be renewed,	176
twenty-five dollars;	177
(4) An assignment of rights for use of a name covered by	178
division (S)(1), (2), or (3) of this section, the cancellation of	179
a name registration or name reservation that is so covered, or	180
notice of a change of address of the registrant of a name that is	181
so covered, twenty-five dollars.	182
(T) For filing and recording a report to operate a business	183
trust or a real estate investment trust, either foreign or	184
domestic, one hundred twenty-five dollars; and for filing and	185
recording an amendment to a report or associated trust instrument,	186
or a surrender of authority, to operate a business trust or real	187
estate investment trust, fifty dollars;	188
(U)(1) For filing and recording the registration of a	189
trademark, service mark, or mark of ownership, one hundred	190
twenty-five dollars;	191
(2) For filing and recording the change of address of a	192
registrant, the assignment of rights to a registration, a renewal	193
of a registration, or the cancellation of a registration	194

associated with a trademark, service mark, or mark of ownership, 195
twenty-five dollars. 196

(V) For filing a service of process with the secretary of 197
state, five dollars, except as otherwise provided in any section 198
of the Revised Code. 199

Fees specified in this section may be paid by cash, check, or 200
money order, by credit card in accordance with section 113.40 of 201
the Revised Code, or by an alternative payment program in 202
accordance with division (B) of section 111.18 of the Revised 203
Code. Any credit card number or the expiration date of any credit 204
card is not subject to disclosure under Chapter 149. of the 205
Revised Code. 206

Sec. 1701.01. As used in sections 1701.01 to 1701.98 of the 207
Revised Code, unless the context otherwise requires: 208

(A) "Corporation" or "domestic corporation" means a 209
corporation for profit formed under the laws of this state. 210

(B) "Foreign corporation" means a corporation for profit 211
formed under the laws of another state, and "foreign entity" means 212
an entity formed under the laws of another state. 213

(C) "State" means the United States; any state, territory, 214
insular possession, or other political subdivision of the United 215
States, including the District of Columbia; any foreign country or 216
nation; and any province, territory, or other political 217
subdivision of such foreign country or nation. 218

(D) "Articles" includes original articles of incorporation, 219
certificates of reorganization, amended articles, and amendments 220
to any of these, and, in the case of a corporation created before 221
September 1, 1851, the special charter and any amendments to it 222
made by special act of the general assembly or pursuant to general 223
law. 224

(E) "Incorporator" means a person who signed the original 225
articles of incorporation. 226

(F) "Shareholder" means a person whose name appears on the 227
books of the corporation as the owner of shares of such 228
corporation. Unless the articles, the regulations, or the contract 229
of subscription otherwise provides, "shareholder" includes a 230
subscriber to shares, whether the subscription is received by the 231
incorporators or pursuant to authorization by the directors, and 232
such shares shall be deemed to be outstanding shares. 233

(G) "Person" includes, without limitation, a natural person, 234
a corporation, whether nonprofit or for profit, a partnership, a 235
limited liability company, an unincorporated society or 236
association, and two or more persons having a joint or common 237
interest. 238

(H) The location of the "principal office" of a corporation 239
is the place named as the principal office in its articles. 240

(I) The "express terms" of shares of a class are the 241
statements expressed in the articles with respect to such shares. 242

(J) Shares of a class are "junior" to shares of another class 243
when any of their dividend or distribution rights are subordinate 244
to, or dependent or contingent upon, any right of, or dividend on, 245
or distribution to, shares of such other class. 246

(K) "Treasury shares" means shares belonging to the 247
corporation and not retired that have been either issued and 248
thereafter acquired by the corporation or paid as a dividend or 249
distribution in shares of the corporation on treasury shares of 250
the same class; such shares shall be deemed to be issued, but they 251
shall not be considered as an asset or a liability of the 252
corporation, or as outstanding for dividend or distribution, 253
quorum, voting, or other purposes, except, when authorized by the 254
directors, for dividends or distributions in authorized but 255

unissued shares of the corporation of the same class.	256
(L) To "retire" a share means to restore it to the status of an authorized but unissued share.	257 258
(M) "Redemption price of shares" means the amount required by the articles to be paid on redemption of shares.	259 260
(N) "Liquidation price" means the amount or portion of assets required by the articles to be distributed to the holders of shares of any class upon dissolution, liquidation, merger, or consolidation of the corporation, or upon sale of all or substantially all of its assets.	261 262 263 264 265
(O) "Insolvent" means that the corporation is unable to pay its obligations as they become due in the usual course of its affairs.	266 267 268
(P) "Parent corporation" or "parent" means a domestic or foreign corporation that owns and holds of record shares of another corporation, domestic or foreign, entitling the holder of the shares at the time to exercise a majority of the voting power in the election of the directors of the other corporation without regard to voting power that may thereafter exist upon a default, failure, or other contingency; "subsidiary corporation" or "subsidiary" means a domestic or foreign corporation of which another corporation, domestic or foreign, is the parent.	269 270 271 272 273 274 275 276 277
(Q) "Combination" means a transaction, other than a merger or consolidation, wherein either of the following applies:	278 279
(1) Voting shares of a domestic corporation are issued or transferred in consideration in whole or in part for the transfer to itself or to one or more of its subsidiaries, domestic or foreign, of all or substantially all the assets of one or more corporations, domestic or foreign, with or without good will or the assumption of liabilities;	280 281 282 283 284 285

(2) Voting shares of a foreign parent corporation are issued 286
or transferred in consideration in whole or in part for the 287
transfer of such assets to one or more of its domestic 288
subsidiaries. 289

"Transferee corporation" in a combination means the 290
corporation, domestic or foreign, to which the assets are 291
transferred, and "transferor corporation" in a combination means 292
the corporation, domestic or foreign, transferring such assets and 293
to which, or to the shareholders of which, the voting shares of 294
the domestic or foreign corporation are issued or transferred. 295

(R) "Majority share acquisition" means the acquisition of 296
shares of a corporation, domestic or foreign, entitling the holder 297
of the shares to exercise a majority of the voting power in the 298
election of directors of such corporation without regard to voting 299
power that may thereafter exist upon a default, failure, or other 300
contingency, by either of the following: 301

(1) A domestic corporation in consideration in whole or in 302
part, for the issuance or transfer of its voting shares; 303

(2) A domestic or foreign subsidiary in consideration in 304
whole or in part for the issuance or transfer of voting shares of 305
its domestic parent. 306

(S) "Acquiring corporation" in a combination means the 307
domestic corporation whose voting shares are issued or transferred 308
by it or its subsidiary or subsidiaries to the transferor 309
corporation or corporations or the shareholders of the transferor 310
corporation or corporations; and "acquiring corporation" in a 311
majority share acquisition means the domestic corporation whose 312
voting shares are issued or transferred by it or its subsidiary in 313
consideration for shares of a domestic or foreign corporation 314
entitling the holder of the shares to exercise a majority of the 315
voting power in the election of directors of such corporation. 316

(T) When used in connection with a combination or a majority share acquisition, "voting shares" means shares of a corporation, domestic or foreign, entitling the holder of the shares to vote at the time in the election of directors of such corporation without regard to voting power which may thereafter exist upon a default, failure, or other contingency.

(U) "An emergency" exists when the governor, or any other person lawfully exercising the power and discharging the duties of the office of governor, proclaims that an attack on the United States or any nuclear, atomic, or other disaster has caused an emergency for corporations, and such an emergency shall continue until terminated by proclamation of the governor or any other person lawfully exercising the powers and discharging the duties of the office of governor.

(V) "Constituent corporation" means an existing corporation merging into or into which is being merged one or more other entities in a merger or an existing corporation being consolidated with one or more other entities into a new entity in a consolidation, whether any of the entities is domestic or foreign, and "constituent entity" means any entity merging into or into which is being merged one or more other entities in a merger, or an existing entity being consolidated with one or more other entities into a new entity in a consolidation, whether any of the entities is domestic or foreign.

(W) "Surviving corporation" means the constituent domestic or foreign corporation that is specified as the corporation into which one or more other constituent entities are to be or have been merged, and "surviving entity" means the constituent domestic or foreign entity that is specified as the entity into which one or more other constituent entities are to be or have been merged.

(X) "Close corporation agreement" means an agreement that

satisfies the three requirements of division (A) of section 348
1701.591 of the Revised Code. 349

(Y) "Issuing public corporation" means a domestic corporation 350
with fifty or more shareholders that has its principal place of 351
business, its principal executive offices, assets having 352
substantial value, or a substantial percentage of its assets 353
within this state, and as to which no valid close corporation 354
agreement exists under division (H) of section 1701.591 of the 355
Revised Code. 356

(Z)(1) "Control share acquisition" means the acquisition, 357
directly or indirectly, by any person of shares of an issuing 358
public corporation that, when added to all other shares of the 359
issuing public corporation in respect of which such person may 360
exercise or direct the exercise of voting power as provided in 361
this division, would entitle such person, immediately after such 362
acquisition, directly or indirectly, alone or with others, to 363
exercise or direct the exercise of the voting power of the issuing 364
public corporation in the election of directors within any of the 365
following ranges of such voting power: 366

(a) One-fifth or more but less than one-third of such voting 367
power; 368

(b) One-third or more but less than a majority of such voting 369
power; 370

(c) A majority or more of such voting power. 371

A bank, broker, nominee, trustee, or other person who 372
acquires shares in the ordinary course of business for the benefit 373
of others in good faith and not for the purpose of circumventing 374
section 1701.831 of the Revised Code shall, however, be deemed to 375
have voting power only of shares in respect of which such person 376
would be able, without further instructions from others, to 377
exercise or direct the exercise of votes on a proposed control 378

share acquisition at a meeting of shareholders called under 379
section 1701.831 of the Revised Code. 380

(2) The acquisition by any person of any shares of an issuing 381
public corporation does not constitute a control share acquisition 382
for the purpose of section 1701.831 of the Revised Code if the 383
acquisition was or is consummated in, results from, or is the 384
consequence of any of the following circumstances: 385

(a) Prior to November 19, 1982; 386

(b) Pursuant to a contract existing prior to November 19, 387
1982; 388

(c) By bequest or inheritance, by operation of law upon the 389
death of an individual, or by any other transfer without valuable 390
consideration, including a gift, that is made in good faith and 391
not for the purpose of circumventing section 1701.831 of the 392
Revised Code; 393

(d) Pursuant to the satisfaction of a pledge or other 394
security interest created in good faith and not for the purpose of 395
circumventing section 1701.831 of the Revised Code; 396

(e) Pursuant to a merger or consolidation adopted, or a 397
combination or majority share acquisition authorized, by 398
~~shareholder~~ vote of the shareholders of the issuing public 399
corporation in compliance with section 1701.78, 1701.781, 1701.79, 400
1701.791, or 1701.83 of the Revised Code ~~provided the issuing~~ 401
~~public corporation is the surviving or new corporation in the~~ 402
~~merger or consolidation or is the acquiring corporation in the~~ 403
~~combination or majority share acquisition;~~ 404

(f) The person's being entitled, immediately thereafter, to 405
exercise or direct the exercise of voting power of the issuing 406
public corporation in the election of directors within the same 407
range theretofore attained by that person either in compliance 408
with the provisions of section 1701.831 of the Revised Code or as 409

a result solely of the issuing public corporation's purchase of 410
shares issued by it. 411

The acquisition by any person of shares of an issuing public 412
corporation in a manner described under division (Z)(2) of this 413
section shall be deemed a control share acquisition authorized 414
pursuant to section 1701.831 of the Revised Code within the range 415
of voting power under division (Z)(1)(a), (b), or (c) of this 416
section that such person is entitled to exercise after such 417
acquisition, provided, in the case of an acquisition in a manner 418
described under division (Z)(2)(c) or (d) of this section, the 419
transferor of shares to such person had previously obtained any 420
authorization of shareholders required under section 1701.831 of 421
the Revised Code in connection with such transferor's acquisition 422
of shares of the issuing public corporation. 423

(3) The acquisition of shares of an issuing public 424
corporation in good faith and not for the purpose of circumventing 425
section 1701.831 of the Revised Code from any person whose control 426
share acquisition previously had been authorized by shareholders 427
in compliance with section 1701.831 of the Revised Code, or from 428
any person whose previous acquisition of shares of an issuing 429
public corporation would have constituted a control share 430
acquisition but for division (Z)(2) or (3) of this section, does 431
not constitute a control share acquisition for the purpose of 432
section 1701.831 of the Revised Code unless such acquisition 433
entitles the person making the acquisition, directly or 434
indirectly, alone or with others, to exercise or direct the 435
exercise of voting power of the corporation in the election of 436
directors in excess of the range of such voting power authorized 437
pursuant to section 1701.831 of the Revised Code, or deemed to be 438
so authorized under division (Z)(2) of this section. 439

(AA) "Acquiring person" means any person who has delivered an 440
acquiring person statement to an issuing public corporation 441

pursuant to section 1701.831 of the Revised Code. 442

(BB) "Acquiring person statement" means a written statement 443
that complies with division (B) of section 1701.831 of the Revised 444
Code. 445

(CC)(1) "Interested shares" means the shares of an issuing 446
public corporation in respect of which any of the following 447
persons may exercise or direct the exercise of the voting power of 448
the corporation in the election of directors: 449

(a) An acquiring person; 450

(b) Any officer of the issuing public corporation elected or 451
appointed by the directors of the issuing public corporation; 452

(c) Any employee of the issuing public corporation who is 453
also a director of such corporation; 454

(d) Any person that acquires such shares for valuable 455
consideration during the period beginning with the date of the 456
first public disclosure of a ~~proposed proposal for, or expression~~ 457
of interest in, a control share acquisition of the issuing public 458
corporation or any proposed merger, consolidation, or other 459
transaction that would result in a change in control of the 460
corporation or all or substantially all of its assets; a 461
transaction pursuant to section 1701.76, 1701.78, 1701.781, 462
1701.79, 1701.791, 1701.83, or 1701.86 of the Revised Code that 463
involves the issuing public corporation or its assets; or any 464
action that would directly or indirectly result in a change in 465
control of the issuing public corporation or its assets, and 466
ending on the record date established by the directors pursuant to 467
section 1701.45 and division (D) of section 1701.831 of the 468
Revised Code, if either of the following applies: 469

(i) The aggregate consideration paid or given by the person 470
who acquired the shares, and any other persons acting in concert 471
with the person, for all such shares exceeds two hundred fifty 472

thousand dollars;	473
(ii) The number of shares acquired by the person who acquired the shares, and any other persons acting in concert with the person, exceeds one-half of one per cent of the outstanding shares of the corporation entitled to vote in the election of directors.	474 475 476 477
(e) Any person that transfers such shares for valuable consideration after the record date described in division (CC)(1)(d) of this section as to shares so transferred, if accompanied by the voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee, or otherwise.	478 479 480 481 482
(2) If any part of this division is held to be illegal or invalid in application, the illegality or invalidity does not affect any legal and valid application thereof or any other provision or application of this division or section 1701.831 of the Revised Code that can be given effect without the invalid or illegal provision, and the parts and applications of this division are severable.	483 484 485 486 487 488 489
(DD) "Certificated security" and "uncertificated security" have the same meanings as in section 1308.01 of the Revised Code.	490 491
(EE) "Entity" means any of the following:	492
(1) A for profit corporation existing under the laws of this state or any other state;	493 494
(2) Any of the following organizations existing under the laws of this state, the United States, or any other state:	495 496
(a) A business trust or association;	497
(b) A real estate investment trust;	498
(c) A common law trust;	499
(d) An unincorporated business or for profit organization, including a general or limited partnership;	500 501

- (e) A limited liability company; 502
- (f) A nonprofit corporation. 503

Sec. 1701.831. (A) Unless the articles or the regulations of 504
the issuing public corporation provide that this section does not 505
apply to control share acquisitions of shares of such corporation, 506
any control share acquisition of an issuing public corporation 507
shall be made only with the prior authorization of the 508
shareholders of such corporation in accordance with this section. 509

(B) Any person who proposes to make a control share 510
acquisition shall deliver an acquiring person statement to the 511
issuing public corporation at the issuing public corporation's 512
principal executive offices. Such acquiring person statement shall 513
set forth all of the following: 514

(1) The identity of the acquiring person; 515

(2) A statement that the acquiring person statement is given 516
pursuant to this section; 517

(3) The number of shares of the issuing public corporation 518
owned, directly or indirectly, by the acquiring person; 519

(4) The range of voting power, described in division 520
(Z)(1)(a), (b), or (c) of section 1701.01 of the Revised Code, 521
under which the proposed control share acquisition would, if 522
consummated, fall; 523

(5) A description in reasonable detail of the terms of the 524
proposed control share acquisition; 525

(6) Representations of the acquiring person, together with a 526
statement in reasonable detail of the facts upon which they are 527
based, that the proposed control share acquisition, if 528
consummated, will not be contrary to law, and that the acquiring 529
person has the financial capacity to make the proposed control 530

share acquisition. 531

(C)(1) Within ten days after receipt of an acquiring person 532
statement that complies with division (B) of this section, the 533
directors of the issuing public corporation shall call a special 534
meeting of shareholders of the issuing public corporation for the 535
purpose of voting on the proposed control share acquisition. 536
~~Unless Subject to division (C)(2) of this section, unless the~~ 537
~~acquiring person agrees and the issuing public corporation agree~~ 538
in writing to another date, such special meeting of shareholders 539
shall be held within fifty days after receipt by the issuing 540
public corporation of the acquiring person statement. If the 541
acquiring person so requests in writing at the time of delivery of 542
the acquiring person statement, such special meetings shall be 543
held no sooner than thirty days after receipt by the issuing 544
public corporation of the acquiring person statement. ~~Such Subject~~ 545
~~to division (C)(2) of this section, such~~ special meeting of 546
shareholders shall be held no later than any other special meeting 547
of shareholders that is called, after receipt by the issuing 548
public corporation of the acquiring person statement, in 549
compliance with this section or section 1701.76, 1701.78, 550
1701.781, 1701.79, 1701.791, 1701.801, or 1701.83, ~~or 1701.831~~ of 551
the Revised Code. 552

(2) If, in connection with a proposed control share 553
acquisition, the acquiring person changes the percentage of the 554
class of shares being sought, the consideration offered, or the 555
security dealer's soliciting fee; extends the expiration date of a 556
tender offer for the shares being sought; or otherwise changes the 557
terms of the proposed control share acquisition, then the 558
directors of the issuing public corporation may reschedule the 559
special meeting of shareholders required by division (C)(1) of 560
this section. If the proposed control share acquisition is to be 561
made pursuant to a tender offer, then the meeting may be 562

rescheduled to a date that is not later than the expiration date 563
of the offer. If the proposed control share acquisition is to be 564
made other than pursuant to a tender offer, the meeting may be 565
rescheduled to a date that is not later than ten business days 566
after notice of the change is first given to the shareholders. 567

(D) Notice of the special meeting of shareholders shall be 568
given as promptly as reasonably practicable by the issuing public 569
corporation to all shareholders of record as of the record date 570
set for such meeting, whether or not entitled to vote ~~thereat~~ at 571
the meeting. ~~Such~~ The notice shall include or be accompanied by 572
both of the following: 573

(1) A copy of the acquiring person statement delivered to the 574
issuing public corporation pursuant to this section; 575

(2) A statement by the issuing public corporation, authorized 576
by its directors, of its position or recommendation, or that it is 577
taking no position or making no recommendation, with respect to 578
the proposed control share acquisition. 579

(E) The acquiring person may make the proposed control share 580
acquisition if both of the following occur: 581

(1) The shareholders of the issuing public corporation who 582
hold shares as of the record date of such corporation entitling 583
them to vote in the election of directors authorize the 584
acquisition at the special meeting held for that purpose at which 585
a quorum is present by an affirmative vote of a majority of the 586
voting power of such corporation in the election of directors 587
represented at the meeting in person or by proxy, and a majority 588
of the portion of the voting power excluding the voting power of 589
interested shares represented at the meeting in person or by 590
proxy. A quorum shall be deemed to be present at the special 591
meeting if at least a majority of the voting power of the issuing 592
public corporation in the election of directors is represented at 593

the meeting in person or by proxy. 594

(2) The acquisition is consummated, in accordance with the 595
terms so authorized, no later than three hundred sixty days 596
following shareholder authorization of the control share 597
acquisition. 598

(F) Except as expressly provided in this section, nothing in 599
this section shall be construed to affect or impair any right, 600
remedy, obligation, duty, power, or authority of any acquiring 601
person, any issuing public corporation, the directors of any 602
acquiring person or issuing public corporation, or any other 603
person under the laws of this or any other state or of the United 604
States. 605

(G) If any application of any provision of this section is 606
for any reason held to be illegal or invalid, the illegality or 607
invalidity shall not affect any legal and valid provision or 608
application of this section, and the parts and applications of 609
this section are severable. 610

Sec. 1707.01. As used in this chapter: 611

(A) Whenever the context requires it, "division" or "division 612
of securities" may be read as "director of commerce" or as 613
"commissioner of securities." 614

(B) "Security" means any certificate or instrument, or any 615
oral, written, or electronic agreement, understanding, or 616
opportunity, that represents title to or interest in, or is 617
secured by any lien or charge upon, the capital, assets, profits, 618
property, or credit of any person or of any public or governmental 619
body, subdivision, or agency. It includes shares of stock, 620
certificates for shares of stock, an uncertificated security, 621
membership interests in limited liability companies, voting-trust 622
certificates, warrants and options to purchase securities, 623

subscription rights, interim receipts, interim certificates, 624
promissory notes, all forms of commercial paper, evidences of 625
indebtedness, bonds, debentures, land trust certificates, fee 626
certificates, leasehold certificates, syndicate certificates, 627
endowment certificates, ~~certificates or written instruments~~ 628
interests in or under profit-sharing or participation agreements 629
~~or, interests~~ in or under oil, gas, or mining leases, ~~or~~ 630
~~certificates or written instruments of any interest in or under~~ 631
~~the same, receipts evidencing~~ preorganization or reorganization 632
subscriptions, preorganization certificates, reorganization 633
certificates, ~~certificates evidencing an interest~~ interests in any 634
trust or pretended trust, any investment contract, any life 635
settlement interest, any instrument evidencing a promise or an 636
agreement to pay money, warehouse receipts for intoxicating 637
liquor, and the currency of any government other than those of the 638
United States and Canada, but sections 1707.01 to 1707.45 of the 639
Revised Code do not apply to the sale of real estate. 640

(C)(1) "Sale" has the full meaning of "sale" as applied by or 641
accepted in courts of law or equity, and includes every 642
disposition, or attempt to dispose, of a security or of an 643
interest in a security. "Sale" also includes a contract to sell, 644
an exchange, an attempt to sell, an option of sale, a solicitation 645
of a sale, a solicitation of an offer to buy, a subscription, or 646
an offer to sell, directly or indirectly, by agent, circular, 647
pamphlet, advertisement, or otherwise. 648

(2) "Sell" means any act by which a sale is made. 649

(3) The use of advertisements, circulars, or pamphlets in 650
connection with the sale of securities in this state exclusively 651
to the purchasers specified in division (D) of section 1707.03 of 652
the Revised Code is not a sale when the advertisements, circulars, 653
and pamphlets describing and offering those securities bear a 654
readily legible legend in substance as follows: "This offer is 655

made on behalf of dealers licensed under sections 1707.01 to 656
1707.45 of the Revised Code, and is confined in this state 657
exclusively to institutional investors and licensed dealers." 658

(4) The offering of securities by any person in conjunction 659
with a licensed dealer by use of advertisement, circular, or 660
pamphlet is not a sale if that person does not otherwise attempt 661
to sell securities in this state. 662

(5) Any security given with, or as a bonus on account of, any 663
purchase of securities is conclusively presumed to constitute a 664
part of the subject of that purchase and has been "sold." 665

(6) "Sale" by an owner, pledgee, or mortgagee, or by a person 666
acting in a representative capacity, includes sale on behalf of 667
such party by an agent, including a licensed dealer or 668
salesperson. 669

(D) "Person," except as otherwise provided in this chapter, 670
means a natural person, firm, partnership, limited partnership, 671
partnership association, syndicate, joint-stock company, 672
unincorporated association, trust or trustee except where the 673
trust was created or the trustee designated by law or judicial 674
authority or by a will, and a corporation or limited liability 675
company organized under the laws of any state, any foreign 676
government, or any political subdivision of a state or foreign 677
government. 678

(E)(1) "Dealer," except as otherwise provided in this 679
chapter, means every person, other than a salesperson, who engages 680
or professes to engage, in this state, for either all or part of 681
the person's time, directly or indirectly, either in the business 682
of the sale of securities for the person's own account, or in the 683
business of the purchase or sale of securities for the account of 684
others in the reasonable expectation of receiving a commission, 685
fee, or other remuneration as a result of engaging in the purchase 686

and sale of securities. "Dealer" does not mean any of the 687
following: 688

(a) Any issuer, including any officer, director, employee, or 689
trustee of, or member or manager of, or partner in, or any general 690
partner of, any issuer, that sells, offers for sale, or does any 691
act in furtherance of the sale of a security that represents an 692
economic interest in that issuer, provided no commission, fee, or 693
other similar remuneration is paid to or received by the issuer 694
for the sale; 695

(b) Any licensed attorney, public accountant, or firm of such 696
attorneys or accountants, whose activities are incidental to the 697
practice of the attorney's, accountant's, or firm's profession; 698

(c) Any person that, for the account of others, engages in 699
the purchase or sale of securities that are issued and outstanding 700
before such purchase and sale, if a majority or more of the equity 701
interest of an issuer is sold in that transaction, and if, in the 702
case of a corporation, the securities sold in that transaction 703
represent a majority or more of the voting power of the 704
corporation in the election of directors; 705

(d) Any person that brings an issuer together with a 706
potential investor and whose compensation is not directly or 707
indirectly based on the sale of any securities by the issuer to 708
the investor; 709

(e) Any bank; 710

(f) Any person that the division of securities by rule 711
exempts from the definition of "dealer" under division (E)(1) of 712
this section. 713

(2) "Licensed dealer" means a dealer licensed under this 714
chapter. 715

(F)(1) "Salesman" or "salesperson" means every natural 716

person, other than a dealer, who is employed, authorized, or 717
appointed by a dealer to sell securities within this state. 718

(2) The general partners of a partnership, and the executive 719
officers of a corporation or unincorporated association, licensed 720
as a dealer are not salespersons within the meaning of this 721
definition, nor are such clerical or other employees of an issuer 722
or dealer as are employed for work to which the sale of securities 723
is secondary and incidental; but the division of securities may 724
require a license from any such partner, executive officer, or 725
employee if it determines that protection of the public 726
necessitates the licensing. 727

(3) "Licensed salesperson" means a salesperson licensed under 728
this chapter. 729

(G) "Issuer" means every person who has issued, proposes to 730
issue, or issues any security. 731

(H) "Director" means each director or trustee of a 732
corporation, each trustee of a trust, each general partner of a 733
partnership, except a partnership association, each manager of a 734
partnership association, and any person vested with managerial or 735
directory power over an issuer not having a board of directors or 736
trustees. 737

(I) "Incorporator" means any incorporator of a corporation 738
and any organizer of, or any person participating, other than in a 739
representative or professional capacity, in the organization of an 740
unincorporated issuer. 741

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent 742
practices," or "fraudulent transactions" means anything recognized 743
on or after July 22, 1929, as such in courts of law or equity; any 744
device, scheme, or artifice to defraud or to obtain money or 745
property by means of any false pretense, representation, or 746
promise; any fictitious or pretended purchase or sale of 747

securities; and any act, practice, transaction, or course of 748
business relating to the purchase or sale of securities that is 749
fraudulent or that has operated or would operate as a fraud upon 750
the seller or purchaser. 751

(K) Except as otherwise specifically provided, whenever any 752
classification or computation is based upon "par value," as 753
applied to securities without par value, the average of the 754
aggregate consideration received or to be received by the issuer 755
for each class of those securities shall be used as the basis for 756
that classification or computation. 757

(L)(1) "Intangible property" means patents, copyrights, 758
secret processes, formulas, services, good will, promotion and 759
organization fees and expenses, trademarks, trade brands, trade 760
names, licenses, franchises, any other assets treated as 761
intangible according to generally accepted accounting principles, 762
and securities, accounts receivable, or contract rights having no 763
readily determinable value. 764

(2) "Tangible property" means all property other than 765
intangible property and includes securities, accounts receivable, 766
and contract rights, when the securities, accounts receivable, or 767
contract rights have a readily determinable value. 768

(M) "Public utilities" means those utilities defined in 769
sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised 770
Code; in the case of a foreign corporation, it means those 771
utilities defined as public utilities by the laws of its domicile; 772
and in the case of any other foreign issuer, it means those 773
utilities defined as public utilities by the laws of the situs of 774
its principal place of business. The term always includes 775
railroads whether or not they are so defined as public utilities. 776

(N) "State" means any state of the United States, any 777
territory or possession of the United States, the District of 778

Columbia, and any province of Canada. 779

(O) "Bank" means any bank, trust company, savings and loan 780
association, savings bank, or credit union that is incorporated or 781
organized under the laws of the United States, any state of the 782
United States, Canada, or any province of Canada and that is 783
subject to regulation or supervision by that country, state, or 784
province. 785

(P) "Include," when used in a definition, does not exclude 786
other things or persons otherwise within the meaning of the term 787
defined. 788

(Q)(1) "Registration by description" means that the 789
requirements of section 1707.08 of the Revised Code have been 790
complied with. 791

(2) "Registration by qualification" means that the 792
requirements of sections 1707.09 and 1707.11 of the Revised Code 793
have been complied with. 794

(3) "Registration by coordination" means that there has been 795
compliance with section 1707.091 of the Revised Code. Reference in 796
this chapter to registration by qualification also shall be deemed 797
to include registration by coordination unless the context 798
otherwise indicates. 799

(R) "Intoxicating liquor" includes all liquids and compounds 800
that contain more than three and two-tenths per cent of alcohol by 801
weight and are fit for use for beverage purposes. 802

(S) "Institutional investor" means any corporation, bank, 803
insurance company, pension fund or pension fund trust, employees' 804
profit-sharing fund or employees' profit-sharing trust, any 805
association engaged, as a substantial part of its business or 806
operations, in purchasing or holding securities, or any trust in 807
respect of which a bank is trustee or cotrustee. "Institutional 808
investor" does not include any business entity formed for the 809

primary purpose of evading sections 1707.01 to 1707.45 of the Revised Code. 810
811

(T) "Securities Act of 1933," 48 Stat. 74, 15 U.S.C. 77a, 812
"Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78a, 813
"Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1, 814
"Investment Advisers Act of 1940," 54 Stat. 847, 15 U.S.C. 80b, 815
and "Investment Company Act of 1940," 54 Stat. 789, 15 U.S.C. 80a 816
mean the federal statutes of those names as amended before or 817
after March 18, 1999. 818

(U) "Securities and exchange commission" means the securities 819
and exchange commission established by the Securities Exchange Act 820
of 1934. 821

(V)(1) "Control bid" means the purchase of or offer to 822
purchase any equity security of a subject company from a resident 823
of this state if either of the following applies: 824

(a) After the purchase of that security, the offeror would be 825
directly or indirectly the beneficial owner of more than ten per 826
cent of any class of the issued and outstanding equity securities 827
of the issuer. 828

(b) The offeror is the subject company, there is a pending 829
control bid by a person other than the issuer, and the number of 830
the issued and outstanding shares of the subject company would be 831
reduced by more than ten per cent. 832

(2) For purposes of division (V)(1) of this section, "control 833
bid" does not include any of the following: 834

(a) A bid made by a dealer for the dealer's own account in 835
the ordinary course of business of buying and selling securities; 836

(b) An offer to acquire any equity security solely in 837
exchange for any other security, or the acquisition of any equity 838
security pursuant to an offer, for the sole account of the 839

offeror, in good faith and not for the purpose of avoiding the 840
provisions of this chapter, and not involving any public offering 841
of the other security within the meaning of Section 4 of Title I 842
of the "Securities Act of 1933," 48 Stat. 77, 15 U.S.C.A. 77d(2), 843
as amended; 844

(c) Any other offer to acquire any equity security, or the 845
acquisition of any equity security pursuant to an offer, for the 846
sole account of the offeror, from not more than fifty persons, in 847
good faith and not for the purpose of avoiding the provisions of 848
this chapter. 849

(W) "Offeror" means a person who makes, or in any way 850
participates or aids in making, a control bid and includes persons 851
acting jointly or in concert, or who intend to exercise jointly or 852
in concert any voting rights attached to the securities for which 853
the control bid is made and also includes any subject company 854
making a control bid for its own securities. 855

(X)(1) "Investment adviser" means any person who, for 856
compensation, engages in the business of advising others, either 857
directly or through publications or writings, as to the value of 858
securities or as to the advisability of investing in, purchasing, 859
or selling securities, or who, for compensation and as a part of 860
regular business, issues or promulgates analyses or reports 861
concerning securities. 862

(2) "Investment adviser" does not mean any of the following: 863

(a) Any attorney, accountant, engineer, or teacher, whose 864
performance of investment advisory services described in division 865
(X)(1) of this section is solely incidental to the practice of the 866
attorney's, accountant's, engineer's, or teacher's profession; 867

(b) A publisher of any bona fide newspaper, news magazine, or 868
business or financial publication of general and regular 869
circulation; 870

(c) A person who acts solely as an investment adviser representative;	871 872
(d) A bank holding company, as defined in the "Bank Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that is not an investment company;	873 874 875
(e) A bank, or any receiver, conservator, or other liquidating agent of a bank;	876 877
(f) Any licensed dealer or licensed salesperson whose performance of investment advisory services described in division (X)(1) of this section is solely incidental to the conduct of the dealer's or salesperson's business as a licensed dealer or licensed salesperson and who receives no special compensation for the services;	878 879 880 881 882 883
(g) Any person, the advice, analyses, or reports of which do not relate to securities other than securities that are direct obligations of, or obligations guaranteed as to principal or interest by, the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest, and that have been designated by the secretary of the treasury as exempt securities as defined in the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78c;	884 885 886 887 888 889 890 891
(h) Any person that is excluded from the definition of investment adviser pursuant to section 202(a)(11)(A) to (E) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), or that has received an order from the securities and exchange commission under section 202(a)(11)(F) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that the person is not within the intent of section 202(a)(11) of the Investment Advisers Act of 1940.	892 893 894 895 896 897 898 899
(i) Any other person that the division designates by rule, if the division finds that the designation is necessary or	900 901

appropriate in the public interest or for the protection of 902
investors or clients and consistent with the purposes fairly 903
intended by the policy and provisions of this chapter. 904

(Y)(1) "Subject company" means an issuer that satisfies both 905
of the following: 906

(a) Its principal place of business or its principal 907
executive office is located in this state, or it owns or controls 908
assets located within this state that have a fair market value of 909
at least one million dollars. 910

(b) More than ten per cent of its beneficial or record equity 911
security holders are resident in this state, more than ten per 912
cent of its equity securities are owned beneficially or of record 913
by residents in this state, or more than one thousand of its 914
beneficial or record equity security holders are resident in this 915
state. 916

(2) The division of securities may adopt rules to establish 917
more specific application of the provisions set forth in division 918
(Y)(1) of this section. Notwithstanding the provisions set forth 919
in division (Y)(1) of this section and any rules adopted under 920
this division, the division, by rule or in an adjudicatory 921
proceeding, may make a determination that an issuer does not 922
constitute a "subject company" under division (Y)(1) of this 923
section if appropriate review of control bids involving the issuer 924
is to be made by any regulatory authority of another jurisdiction. 925

(Z) "Beneficial owner" includes any person who directly or 926
indirectly through any contract, arrangement, understanding, or 927
relationship has or shares, or otherwise has or shares, the power 928
to vote or direct the voting of a security or the power to dispose 929
of, or direct the disposition of, the security. "Beneficial 930
ownership" includes the right, exercisable within sixty days, to 931
acquire any security through the exercise of any option, warrant, 932

or right, the conversion of any convertible security, or 933
otherwise. Any security subject to any such option, warrant, 934
right, or conversion privilege held by any person shall be deemed 935
to be outstanding for the purpose of computing the percentage of 936
outstanding securities of the class owned by that person, but 937
shall not be deemed to be outstanding for the purpose of computing 938
the percentage of the class owned by any other person. A person 939
shall be deemed the beneficial owner of any security beneficially 940
owned by any relative or spouse or relative of the spouse residing 941
in the home of that person, any trust or estate in which that 942
person owns ten per cent or more of the total beneficial interest 943
or serves as trustee or executor, any corporation or entity in 944
which that person owns ten per cent or more of the equity, and any 945
affiliate or associate of that person. 946

(AA) "Offeree" means the beneficial or record owner of any 947
security that an offeror acquires or offers to acquire in 948
connection with a control bid. 949

(BB) "Equity security" means any share or similar security, 950
or any security convertible into any such security, or carrying 951
any warrant or right to subscribe to or purchase any such 952
security, or any such warrant or right, or any other security 953
that, for the protection of security holders, is treated as an 954
equity security pursuant to rules of the division of securities. 955

(CC)(1) "Investment adviser representative" means a 956
supervised person of an investment adviser, provided that the 957
supervised person has more than five clients who are natural 958
persons other than excepted persons defined in division (EE) of 959
this section, and that more than ten per cent of the supervised 960
person's clients are natural persons other than excepted persons 961
defined in division (EE) of this section. "Investment adviser 962
representative" does not mean any of the following: 963

(a) A supervised person that does not on a regular basis 964

solicit, meet with, or otherwise communicate with clients of the 965
investment adviser; 966

(b) A supervised person that provides only investment 967
advisory services described in division (X)(1) of this section by 968
means of written materials or oral statements that do not purport 969
to meet the objectives or needs of specific individuals or 970
accounts; 971

(c) Any other person that the division designates by rule, if 972
the division finds that the designation is necessary or 973
appropriate in the public interest or for the protection of 974
investors or clients and is consistent with the provisions fairly 975
intended by the policy and provisions of this chapter. 976

(2) For the purpose of the calculation of clients in division 977
(CC)(1) of this section, a natural person and the following 978
persons are deemed a single client: Any minor child of the natural 979
person; any relative, spouse, or relative of the spouse of the 980
natural person who has the same principal residence as the natural 981
person; all accounts of which the natural person or the persons 982
referred to in division (CC)(2) of this section are the only 983
primary beneficiaries; and all trusts of which the natural person 984
or persons referred to in division (CC)(2) of this section are the 985
only primary beneficiaries. Persons who are not residents of the 986
United States need not be included in the calculation of clients 987
under division (CC)(1) of this section. 988

(3) If subsequent to March 18, 1999, amendments are enacted 989
or adopted defining "investment adviser representative" for 990
purposes of the Investment Advisers Act of 1940 or additional 991
rules or regulations are promulgated by the securities and 992
exchange commission regarding the definition of "investment 993
adviser representative" for purposes of the Investment Advisers 994
Act of 1940, the division of securities shall, by rule, adopt the 995
substance of the amendments, rules, or regulations, unless the 996

division finds that the amendments, rules, or regulations are not 997
necessary for the protection of investors or in the public 998
interest. 999

(DD) "Supervised person" means a natural person who is any of 1000
the following: 1001

(1) A partner, officer, or director of an investment adviser, 1002
or other person occupying a similar status or performing similar 1003
functions with respect to an investment adviser; 1004

(2) An employee of an investment adviser; 1005

(3) A person who provides investment advisory services 1006
described in division (X)(1) of this section on behalf of the 1007
investment adviser and is subject to the supervision and control 1008
of the investment adviser. 1009

(EE) "Excepted person" means a natural person to whom any of 1010
the following applies: 1011

(1) Immediately after entering into the investment advisory 1012
contract with the investment adviser, the person has at least 1013
seven hundred fifty thousand dollars under the management of the 1014
investment adviser. 1015

(2) The investment adviser reasonably believes either of the 1016
following at the time the investment advisory contract is entered 1017
into with the person: 1018

(a) The person has a net worth, together with assets held 1019
jointly with a spouse, of more than one million five hundred 1020
thousand dollars. 1021

(b) The person is a qualified purchaser as defined in 1022
division (FF) of this section. 1023

(3) Immediately prior to entering into an investment advisory 1024
contract with the investment adviser, the person is either of the 1025
following: 1026

(a) An executive officer, director, trustee, general partner, 1027
or person serving in a similar capacity, of the investment 1028
adviser; 1029

(b) An employee of the investment adviser, other than an 1030
employee performing solely clerical, secretarial, or 1031
administrative functions or duties for the investment adviser, 1032
which employee, in connection with the employee's regular 1033
functions or duties, participates in the investment activities of 1034
the investment adviser, provided that, for at least twelve months, 1035
the employee has been performing such nonclerical, nonsecretarial, 1036
or nonadministrative functions or duties for or on behalf of the 1037
investment adviser or performing substantially similar functions 1038
or duties for or on behalf of another company. 1039

If subsequent to March 18, 1999, amendments are enacted or 1040
adopted defining "excepted person" for purposes of the Investment 1041
Advisers Act of 1940 or additional rules or regulations are 1042
promulgated by the securities and exchange commission regarding 1043
the definition of "excepted person" for purposes of the Investment 1044
Advisers Act of 1940, the division of securities shall, by rule, 1045
adopt the substance of the amendments, rules, or regulations, 1046
unless the division finds that the amendments, rules, or 1047
regulations are not necessary for the protection of investors or 1048
in the public interest. 1049

(FF)(1) "Qualified purchaser" means either of the following: 1050

(a) A natural person who owns not less than five million 1051
dollars in investments as defined by rule by the division of 1052
securities; 1053

(b) A natural person, acting for the person's own account or 1054
accounts of other qualified purchasers, who in the aggregate owns 1055
and invests on a discretionary basis, not less than twenty-five 1056
million dollars in investments as defined by rule by the division 1057

of securities. 1058

(2) If subsequent to March 18, 1999, amendments are enacted 1059
or adopted defining "qualified purchaser" for purposes of the 1060
Investment Advisers Act of 1940 or additional rules or regulations 1061
are promulgated by the securities and exchange commission 1062
regarding the definition of "qualified purchaser" for purposes of 1063
the Investment Advisers Act of 1940, the division of securities 1064
shall, by rule, adopt the amendments, rules, or regulations, 1065
unless the division finds that the amendments, rules, or 1066
regulations are not necessary for the protection of investors or 1067
in the public interest. 1068

(GG)(1) "Purchase" has the full meaning of "purchase" as 1069
applied by or accepted in courts of law or equity and includes 1070
every acquisition of, or attempt to acquire, a security or an 1071
interest in a security. "Purchase" also includes a contract to 1072
purchase, an exchange, an attempt to purchase, an option to 1073
purchase, a solicitation of a purchase, a solicitation of an offer 1074
to sell, a subscription, or an offer to purchase, directly or 1075
indirectly, by agent, circular, pamphlet, advertisement, or 1076
otherwise. 1077

(2) "Purchase" means any act by which a purchase is made. 1078

(3) Any security given with, or as a bonus on account of, any 1079
purchase of securities is conclusively presumed to constitute a 1080
part of the subject of that purchase. 1081

(HH) "Life settlement interest" means the entire interest or 1082
any fractional interest in an insurance policy or certificate of 1083
insurance, or in an insurance benefit under such a policy or 1084
certificate, that is the subject of a life settlement contract. 1085

For purposes of this division, "life settlement contract" 1086
means an agreement for the purchase, sale, assignment, transfer, 1087
devise, or bequest of any portion of the death benefit or 1088

ownership of any life insurance policy or contract, in return for 1089
consideration or any other thing of value that is less than the 1090
expected death benefit of the life insurance policy or contract. 1091
"Life settlement contract" includes a viatical settlement contract 1092
as defined in section 3916.01 of the Revised Code, but does not 1093
include any of the following: 1094

(1) A loan by an insurer under the terms of a life insurance 1095
policy, including, but not limited to, a loan secured by the cash 1096
value of the policy; 1097

(2) An agreement with a bank that takes an assignment of a 1098
life insurance policy as collateral for a loan; 1099

(3) The provision of accelerated benefits as defined in 1100
section 3915.21 of the Revised Code; 1101

(4) Any agreement between an insurer and a reinsurer; 1102

(5) An agreement by an individual to purchase an existing 1103
life insurance policy or contract from the original owner of the 1104
policy or contract, if the individual does not enter into more 1105
than one life settlement contract per calendar year; 1106

(6) The initial purchase of an insurance policy or 1107
certificate of insurance from its owner by a viatical settlement 1108
provider, as defined in section 3916.01 of the Revised Code, that 1109
is licensed under Chapter 3916. of the Revised Code. 1110

Sec. 1707.02. (A) "Exempt," as used in this section, means 1111
exempt from sections 1707.08 to 1707.11 and 1707.39 of the Revised 1112
Code. 1113

(B)(1) Except as provided in division (B)(2) of this section, 1114
the following securities are exempt, if the issuer or guarantor 1115
has the power of taxation or assessment for the purpose of paying 1116
the obligation represented by the security, or is in specific 1117
terms empowered by the laws of the state of issuance to issue 1118

securities payable as to principal or interest, or as to both, out 1119
of revenues collected or administered by such issuer: 1120

(a) Any security issued or guaranteed by the United States; 1121

(b) Any security issued or guaranteed by, and recognized, at 1122
the time of sale, as its valid obligation by, any foreign 1123
government with which the United States is, at the time of sale, 1124
maintaining diplomatic relations; 1125

(c) Any security issued or guaranteed, and recognized as its 1126
valid obligation, by any political subdivision or any governmental 1127
or other public body, corporation, or agency in or of the United 1128
States, any state, territory, or possession of the United States, 1129
or any foreign government with which the United States is, at the 1130
time of sale, maintaining diplomatic relations. 1131

(2) If a security described in division (B)(1) of this 1132
section is not payable out of the proceeds of a general tax, the 1133
security is exempt only if, at the time of its first sale in this 1134
state, there is no default in the payment of any of the interest 1135
or principal of the security, and there are no adjudications or 1136
pending suits adversely affecting its validity. 1137

(C) Any security issued or guaranteed by ~~and representing an~~ 1138
~~interest in or an obligation of~~ a state or nationally chartered 1139
bank, savings and loan association, savings bank, or credit union, 1140
or a governmental corporation or agency created by or under the 1141
laws of the United States or of Canada is exempt, if it is under 1142
the supervision of or subject to regulation by the government or 1143
state under whose laws it was organized. 1144

(D) Any interim certificate is exempt, if the securities to 1145
be delivered therefor are themselves exempt, are the subject 1146
matter of an exempt transaction, have been registered by 1147
description or registered by qualification, or are the subject 1148
matter of a transaction which has been registered by description. 1149

(E)(1) A security is exempt if it meets any of the following requirements: 1150
1151

(a) The security is listed, or authorized for listing, on the New York stock exchange, the American stock exchange, or the national market system of the NASDAQ stock market, or any successor to such entities. 1152
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(b) The security is listed, or authorized for listing, on a national securities exchange or system, or on a tier or segment of such exchange or system, designated by the securities and exchange commission in rule 146(b) promulgated under section 18(b)(1) of the Securities Act of 1933. 1156
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(c) The security is listed, or authorized for listing, on a national securities exchange or system, or on a tier or segment of such exchange or system, that has listing standards that the division of securities, on its own initiative or on the basis of an application, determines by rule are substantially similar to the listing standards applicable to securities described in division (E)(1)(a) of this section. 1161
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(d) The security is a security of the same issuer that is equal in seniority or that is a senior security to a security described in division (E)(1)(a), (b), or (c) of this section. 1168
1169
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(2) Application for approval of a stock exchange or system not approved in this section may be made by any organized stock exchange or system, or by any dealer who is a member of such exchange, in such manner and upon such forms as are prescribed by the division, accompanied by payment of an approval fee of two hundred dollars, and the division shall make such investigation and may hold such hearings as it deems necessary to determine the propriety of giving approval. The cost of such investigation shall be borne by the applicant. The division may enter an order of approval, and if it does so, it shall notify the applicant of such 1171
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approval. 1181

(3) The division may revoke the approval of an exchange or 1182
system enumerated in division (E)(1) of this section, provided 1183
that the exchange or system is not listed in section 18(b)(1) of 1184
the Securities Act of 1933 or any rule promulgated thereunder. The 1185
division may effect a revocation after due notice, investigation, 1186
a hearing, and a finding that the practices or requirements of 1187
such exchange or system have been so changed or modified, or are, 1188
in their actual operation, such that the contemplated protection 1189
is no longer afforded. The principles of res adjudicata ordinarily 1190
applicable in civil matters shall not be applicable to this 1191
matter, which is hereby declared to be administrative rather than 1192
judicial. Notice of the hearing may be given by certified mail at 1193
least ten days before such hearing. 1194

(4) The division may suspend the exemption of any security 1195
described in division (E)(1) of this section, provided that the 1196
security is listed or authorized for listing on an exchange or 1197
system that is not listed in section 18(b)(1) of the Securities 1198
Act of 1933 or any rule promulgated thereunder. The division may 1199
effect a suspension by giving notice, by certified mail, to that 1200
effect to the exchange or system upon which such security is 1201
listed or designated and to the issuer of such security. After 1202
notice and hearing, the division may revoke such exemption if it 1203
appears to it that sales of such security have been fraudulent or 1204
that future sales of it would be fraudulent. The division shall 1205
set such hearing not later than ten days from the date of the 1206
order of suspension, but may for good cause continue such hearing 1207
upon application of the exchange or system upon which such 1208
security is listed or designated or upon application of the issuer 1209
of such security. 1210

(F) Any security, issued or guaranteed as to principal, 1211
interest, or dividend or distribution by a corporation owning or 1212

operating any public utility, is exempt, if such corporation is, 1213
as to its rates and charges or as to the issuance and guaranteeing 1214
of securities, under the supervision of or regulated by a public 1215
commission, board, or officer of the United States, or of Canada, 1216
or of any state, province, or municipal corporation in either of 1217
such countries. Equipment-trust securities based on chattel 1218
mortgages, leases, or agreements for conditional sale, of cars, 1219
locomotives, motor trucks, or other rolling stock or of motor 1220
vehicles mortgaged, leased, or sold to, or finished for the use 1221
of, a public utility, are exempt; and so are equipment securities 1222
where the ownership or title of such equipment is pledged or 1223
retained, in accordance with the laws of the United States or of 1224
any state, or of Canada or any province thereof, to secure the 1225
payment of such securities. 1226

(G) Commercial paper and promissory notes are exempt when 1227
they are not offered directly or indirectly for sale to the 1228
public. 1229

(H) Any security issued or guaranteed by an insurance 1230
company, except as provided in section 1707.32 of the Revised 1231
Code, is exempt if such company is under the supervision of, and 1232
the issuance or guaranty of such security is regulated by, a 1233
state. 1234

(I) Any security, except notes, bonds, debentures, or other 1235
evidences of indebtedness or of promises or agreements to pay 1236
money, which is issued by a person, corporation, or association 1237
organized not for profit, including persons, corporations, and 1238
associations organized exclusively for conducting county fairs, or 1239
for religious, educational, social, recreational, athletic, 1240
benevolent, fraternal, charitable, or reformatory purposes, and 1241
agricultural cooperatives as defined in section 1729.01 of the 1242
Revised Code, is exempt, if no part of the net earnings of such 1243
issuer inures to the benefit of any shareholder or member of such 1244

issuer or of any individual, and if the total commission, 1245
remuneration, expense, or discount in connection with the sale of 1246
such securities does not exceed two per cent of the total sale 1247
price thereof plus five hundred dollars. 1248

(J)(1) Any securities outstanding for a period of not less 1249
than five years, on which there has occurred no default in payment 1250
of principal, interest, or dividend or distribution for the five 1251
years immediately preceding the sale, are exempt. 1252

(2) For the purpose of division (J) of this section, the 1253
dividend, distribution, or interest rate on securities in which no 1254
such rate is specified shall be at the rate of at least four per 1255
cent annually on the aggregate of the price at which such 1256
securities are to be sold. 1257

(K) All bonds issued under authority of Chapter 165. or 761., 1258
or section 4582.06 or 4582.31 of the Revised Code are exempt. 1259

Sec. 1707.08. (A) The transactions enumerated in section 1260
1707.06 of the Revised Code may be consummated on compliance with 1261
this section and section 1707.11 of the Revised Code. 1262

(B) A description, verified either by the oath of the ~~person~~ 1263
individual filing it or of any ~~person~~ individual having knowledge 1264
of the facts, shall be filed with the division of securities by 1265
the issuer, or by a majority of the incorporators of the issuer 1266
prior to election of officers if it is an incorporated issuer, or 1267
by a licensed dealer, which description shall be on forms 1268
prescribed by the division and shall set forth: 1269

~~(A)~~(1) The name of the issuer; 1270

~~(B)~~(2) A brief description of the securities; 1271

~~(C)~~(3) The amount of the securities to be offered after the 1272
filing of the description for sale in this state and, if all the 1273
securities are not to be offered by the person filing the 1274

description, then the respective amounts to be offered by others, 1275
so far as those amounts are known, and the names and addresses of 1276
the other offerors; 1277

~~(D)~~(4) A brief statement of the facts which show that the 1278
securities are the subject matter of a transaction enumerated in 1279
section 1707.06 of the Revised Code; 1280

~~(E)~~(5) The price at which the securities are to be offered 1281
for sale. 1282

~~Registration by description is completed when the 1283
description, together with a filing fee of fifty dollars, in the 1284
form of cash, check, or United States postal money order, is 1285
delivered, or mailed by certified mail with postage prepaid, to 1286
the division. 1287~~

(C) The individual who executes the application for 1288
registration by description on behalf of the applicant shall state 1289
the individual's relationship to the applicant and certify all of 1290
the following: 1291

(1) The individual has executed the application on behalf of 1292
the applicant. 1293

(2) The individual is fully authorized to execute and file 1294
the application on behalf of the applicant. 1295

(3) The individual is familiar with the applicant's 1296
application. 1297

(4) To the best of the individual's knowledge, information, 1298
and belief, the statements made in the application are true, and 1299
the documents submitted with the application are true copies of 1300
the original documents. 1301

(D) A registration by description is effective seven business 1302
days after the division receives the description on applicable 1303
forms, together with a filing fee of fifty dollars, if no 1304

proceeding is pending under section 1707.13 or 1707.131 of the 1305
Revised Code. However, the division may permit an earlier 1306
effective date by rule or by issuing a certificate of 1307
acknowledgment for the registration by description. 1308

(E) In order to correct errors or omissions, a registration 1309
by description may be amended by the person ~~who~~ that originally 1310
filed it, by the filing, in the same manner as in the case of an 1311
original registration by description, of an amended registration 1312
by description or of an amendment of the original registration by 1313
description. 1314

(F) When transactions in any securities enumerated in section 1315
1707.06 of the Revised Code have been registered and the fees 1316
prescribed by this section have been paid, the transactions may be 1317
consummated so long as the registration remains in full force. 1318

Sec. 1707.09. (A)(1) All securities, except those enumerated 1319
in section 1707.02 of the Revised Code and those that are the 1320
subject matter of a transaction permitted by section 1707.03, 1321
1707.04, or 1707.06 of the Revised Code, shall be qualified in the 1322
manner provided by this section before being sold in this state. 1323

(2) Applications for ~~that~~ qualification, on forms prescribed 1324
by the division of securities, shall be made in writing either by 1325
the issuer of the securities or by any licensed dealer desiring to 1326
sell them within this state and shall be signed by the applicant, 1327
sworn to by any ~~person~~ individual having knowledge of the facts 1328
stated in the application, and filed in the office of the 1329
division. 1330

(3) The individual who executes the application for 1331
qualification of securities on behalf of the applicant shall state 1332
the individual's relationship to the applicant and certify that: 1333
the individual has executed the application on behalf of the 1334

applicant; the individual is fully authorized to execute and file 1335
the application on behalf of the applicant; the individual is 1336
familiar with the applicant's application; and to the best of the 1337
individual's knowledge, information, and belief, the statements 1338
made in the application are true, and the documents submitted with 1339
the application are true copies of the original documents. 1340

(B) The division shall require the applicant for 1341
qualification of securities to submit to it the following 1342
information: 1343

~~(A)~~(1) The names and addresses of the directors or trustees 1344
and of the officers of the issuer, if the issuer is a corporation 1345
or an unincorporated association; of all the members of the 1346
issuer, if the issuer is a limited liability company in which 1347
management is reserved to its members; of all the managers of the 1348
issuer, if the issuer is a limited liability company in which 1349
management is not reserved to its members; of all partners, if the 1350
issuer is a general or limited partnership or a partnership 1351
association; and the name and address of the issuer, if the issuer 1352
is an individual; 1353

~~(B)~~(2) The address of the issuer's principal place of 1354
business and principal office in this state, if any; 1355

~~(C)~~(3) The purposes and general character of the business 1356
actually being transacted, or to be transacted, by the issuer, and 1357
the purpose of issuing the securities named in the application; 1358

~~(D)~~(4) A statement of the capitalization of the issuer; a 1359
balance sheet made up as of the most recent practicable date, 1360
showing the amount and general character of its assets and 1361
liabilities; a description of the security for the qualification 1362
of which application is being made; and copies of all circulars, 1363
prospectuses, advertisements, or other descriptions of the 1364
securities, that are then prepared by or for the issuer, or by or 1365

for the applicant if the applicant is not the issuer, or by or for 1366
both, to be used for distribution or publication in this state; 1367

~~(E)~~(5) A statement of the amount of the issuer's income, 1368
expenses, and fixed charges during the last fiscal year or, if the 1369
issuer has been in actual business less than one year, for the 1370
time that the issuer has been in actual business; 1371

~~(F)~~(6) A statement showing the price at which the security is 1372
to be offered for sale; 1373

~~(G)~~(7) A statement showing the considerations received or to 1374
be received by the issuer of the securities purchased or to be 1375
purchased from the issuer and an itemized statement of all 1376
expenses of financing to be paid from those considerations so as 1377
to show the aggregate net amount actually received or to be 1378
received by the issuer; 1379

~~(H)~~(8) All other information, including an opinion of counsel 1380
as to the validity of the securities that are the subject matter 1381
of the application, that the division considers necessary to 1382
enable it to ascertain whether the securities are entitled to 1383
qualification; 1384

~~(I)~~(9) If the issuer is a corporation, there shall be filed 1385
with the application a certified copy of its articles of 1386
incorporation with all amendments to the articles, if the articles 1387
or amendments are not already on file in the office of the 1388
secretary of state; if the issuer is a limited liability company, 1389
there shall be filed with the application a certified copy of its 1390
articles of organization with all amendments to the articles, if 1391
the articles or amendments are not already on file in the office 1392
of the secretary of state; if the issuer is a trust or trustee, 1393
there shall be filed with the application a copy of all 1394
instruments by which the trust was created; and if the issuer is a 1395
partnership or an unincorporated association, or any other form of 1396

organization, there shall be filed with the application a copy of 1397
its articles of partnership or association and of all other papers 1398
pertaining to its organization, if the articles or other papers 1399
are not already on file in the office of the secretary of state; 1400

~~(J)~~(10) If the application is made with respect to securities 1401
to be sold or distributed by or on behalf of the issuer, or by or 1402
on behalf of an underwriter, as defined in division (N) of section 1403
1707.03 of the Revised Code, a statement showing that the issuer 1404
has received, or will receive at or prior to the delivery of those 1405
securities, not less than eighty-five per cent of the aggregate 1406
price at which all those securities are sold by or on behalf of 1407
the issuer, without deduction for any additional commission, 1408
directly or indirectly, and without liability to pay any 1409
additional sum as commission; 1410

~~(K)~~(11) If the division so permits with respect to a 1411
security, an applicant may file with the division, in lieu of the 1412
division's prescribed forms, a copy of the registration statement 1413
relating to the security, with all amendments to that statement, 1414
previously filed with the securities and exchange commission of 1415
the United States under the "Securities Act of 1933," as amended, 1416
together with all additional data, information, and documents that 1417
the division requires. 1418

(C) If the division finds that it is not necessary in the 1419
public interest and for the protection of investors to require all 1420
the information specified in divisions ~~(A) to (J)~~(B)(1) to (10) of 1421
this section, it may permit the filing of applications for 1422
qualification that contain the information that it considers 1423
necessary and appropriate in the public interest and for the 1424
protection of investors~~+~~, but this provision applies only in the 1425
case of applications for qualification of securities previously 1426
issued and outstanding that may not be made the subject matter of 1427
transactions exempt under division (M) of section 1707.03 of the 1428

Revised Code by reason of the fact that those securities within 1429
one year were purchased outside this state or within one year were 1430
transported into this state. 1431

(D) All the statements, exhibits, and documents required by 1432
the division under this section, except properly certified public 1433
documents, shall be verified by the oath of the applicant for 1434
qualification, of the issuer, or of any ~~person~~ individual having 1435
knowledge of the facts, and in the manner and form that may be 1436
required by the division. Failure or refusal to comply with the 1437
requests of the division shall be sufficient reason for a refusal 1438
by the division to register securities. 1439

(E) If it appears to the division that substantially the only 1440
consideration to be paid for any of the securities to be qualified 1441
is to be intangible property of doubtful value, the division may 1442
require that the securities be delivered in escrow to a bank in 1443
this state under the terms that the division may reasonably 1444
prescribe or require to prevent a deceitful misrepresentation or 1445
sale of the securities_{7i} that the securities be subordinated in 1446
favor of those sold for sound value until they have a value 1447
bearing a reasonable relation to the value of those sold for sound 1448
value_{7i} or that a legend of warning specifying the considerations 1449
paid or to be paid for the securities be stamped or printed on all 1450
advertisements, circulars, pamphlets, or subscription blanks used 1451
in connection with the sale of any securities of the same issuer_{7i} 1452
or it may impose a combination of any two or more of these 1453
requirements. 1454

(F) At the time of filing the information prescribed in this 1455
section, the applicant shall pay to the division a filing fee of 1456
one hundred dollars. 1457

(G)(1) The division, at any time, as a prerequisite to 1458
qualification, may make an examination of the issuer of securities 1459
sought to be qualified. The applicant for qualification of any 1460

securities may be required by the division to advance sufficient 1461
funds to pay all or any part of the actual expenses of that 1462
examination, an itemized statement of which shall be furnished the 1463
applicant. ~~If~~ 1464

(2) If the division finds that the business of the issuer is 1465
not fraudulently conducted, that the proposed offer or disposal of 1466
securities is not on grossly unfair terms, that the plan of 1467
issuance and sale of the securities referred to in the proposed 1468
offer or disposal would not defraud or deceive, or tend to defraud 1469
or deceive, purchasers, and that division ~~(J)~~(B)(10) of this 1470
section applies and has been complied with, the division shall 1471
notify the applicant of its findings~~;~~ and, upon payment of a 1472
registration fee of one-tenth of one per cent of the aggregate 1473
price at which the securities are to be sold to the public in this 1474
state, which fee, however, shall in no case be less than one 1475
hundred or more than one thousand dollars, the division shall 1476
register the qualification of the securities. 1477

(H) An application for qualification of securities may be 1478
amended by the person filing it at any time prior to the 1479
division's action on it either in registering the securities for 1480
qualification or in refusing to do so. Subsequent to any such 1481
action by the division, the person who filed the application may 1482
file with the consent of the division one or more amendments to it 1483
that shall become effective upon the making by the division of the 1484
findings enumerated in ~~the next preceding paragraph~~ division (G) 1485
of this section~~;~~ the giving of notice of those findings to the 1486
applicant by the division~~;~~ and the payment by the applicant of 1487
the additional fee that would have been payable had the 1488
application~~,~~ as it previously became effective~~,~~ contained the 1489
amendment. 1490

(I) When any securities have been qualified and the fees for 1491
the qualification have been paid as provided in this section, any 1492

licensed dealer subsequently may sell the securities under the 1493
qualification, so long as the qualification remains in full force, 1494
and any dealer of that nature ~~who~~ that desires may file with the 1495
division a written notice of intention to sell the securities or 1496
any designated portion of them. For that filing, no fee need be 1497
paid. 1498

Sec. 1707.11. (A) Each person that is not organized under the 1499
laws of this state, that is not licensed under section 1703.03 of 1500
the Revised Code, or that does not have its principal place of 1501
business in this state, shall submit to the division of securities 1502
an irrevocable consent to service of process, as described in 1503
division (B) of this section, in connection with any of the 1504
following: 1505

(1) Filings to claim any of the exemptions enumerated in 1506
division (Q), (W), (X), or (Y) of section 1707.03 of the Revised 1507
Code; 1508

(2) Applications for registration by description, 1509
qualification, or coordination; 1510

(3) Notice filings pursuant to section 1707.092 of the 1511
Revised Code. 1512

(B) The irrevocable written consent shall be executed and 1513
acknowledged by an individual duly authorized to give the consent 1514
and shall do all of the following: 1515

(1) Designate the secretary of state as agent for service of 1516
process or pleadings; 1517

(2) State that actions growing out of the sale of such 1518
securities, the giving of investment advice, or fraud committed by 1519
a person on whose behalf the consent is submitted may be commenced 1520
against the person, in the proper court of any county in this 1521
state in which a cause of action may arise or in which the 1522

plaintiff in the action may reside, by serving on the secretary of 1523
state any proper process or pleading authorized by the laws of 1524
this state; 1525

(3) Stipulate that service of process or pleading on the 1526
secretary of state shall be taken in all courts to be as valid and 1527
binding as if service had been made upon the person on whose 1528
behalf the consent is submitted. 1529

(C) Notwithstanding any application, form, or other material 1530
filed with or submitted to the division that purports to appoint 1531
as agent for service of process a person other than the secretary 1532
of state, the application, form, or other material shall be 1533
considered to appoint the secretary of state as agent for service 1534
of process. 1535

(D) Service of any process or pleadings may be made on the 1536
secretary of state by duplicate copies, of which one shall be 1537
filed in the office of the secretary of state, and the other 1538
immediately forwarded by the secretary of state by certified mail 1539
to the principal place of business of the person on whose behalf 1540
the consent is submitted or to the last known address as shown on 1541
the filing made with the division. However, failure to mail such 1542
copy does not invalidate the service. 1543

~~(D)~~(E) Notwithstanding any provision of this chapter, or of 1544
any rule adopted by the division of securities under this chapter, 1545
that requires the submission of a consent to service of process, 1546
the division may provide by rule for the electronic filing or 1547
submission of a consent to service of process. 1548

Sec. 1707.131. (A) For purposes of this section, "five per 1549
cent shareholder" means a beneficial owner of five per cent or 1550
more of the issuer's outstanding securities. 1551

(B) The division of securities shall refuse any registration 1552

by description, by qualification, or by coordination if the issuer 1553
is in the development stage and either has no specific business 1554
plan or purpose or has indicated that its business is to engage in 1555
a merger or acquisition with an unidentified company or companies, 1556
or other entities or persons. 1557

(C) The division may refuse any registration by description, 1558
by qualification, or by coordination if either of the following 1559
applies: 1560

(1) The issuer does not disclose in the final offering 1561
circular, prospectus, or form U-7 of the North American securities 1562
administrators association that any future transaction with an 1563
officer, director, five per cent shareholder, manager, trustee, or 1564
general partner will be on terms no less favorable to the issuer 1565
than could be obtained from an independent third party. 1566

(2) The issuer does not disclose both of the following in the 1567
final offering circular, prospectus, or form U-7 of the North 1568
American securities administrators association: 1569

(a) Any outstanding loan from the issuer to an officer, 1570
director, five per cent shareholder, manager, trustee, or general 1571
partner is required to be repaid within six months of the 1572
offering, except for a loan or extension of credit made by a bank. 1573

(b) Any future loan from the issuer to an officer, director, 1574
five per cent shareholder, manager, trustee, or general partner 1575
will be for a bona fide business purpose and approved by a 1576
majority of the disinterested directors, managers, trustees, or 1577
general partners, or will be a type of transaction involving a 1578
director or executive officer of the issuer that is permitted by 1579
section 13(k) of the "Securities Exchange Act of 1934," 116 Stat. 1580
787, 15 U.S.C.A. 78m, as amended. 1581

Sec. 1707.16. (A) Every salesperson of securities must be 1582

licensed by the division of securities and shall be employed, 1583
authorized, or appointed only by the licensed dealer specified in 1584
the salesperson's license. If the relationship between the 1585
salesperson ~~severs the connection with that licensed~~ and the 1586
dealer is severed, the salesperson's license ~~is~~ shall be void. 1587

(B) Application for a salesperson's license shall be made in 1588
accordance with this section and by filing with the division the 1589
information, materials, and forms specified in rules adopted by 1590
the division, along with all of the following information: 1591

(1) The name and complete residence and business addresses of 1592
the applicant; 1593

(2) The name of the dealer who is employing the applicant or 1594
who intends to employ the applicant; 1595

(3) The applicant's age and education, and the applicant's 1596
experience in the sale of securities; whether the applicant has 1597
ever been licensed by the division, and if so, when; whether the 1598
applicant has ever been refused a license by the division; and 1599
whether the applicant has ever been licensed or refused a license 1600
or any similar permit by any division or commissioner of 1601
securities, whatsoever name known or designated, anywhere. 1602

(C) The division shall by rule require an applicant to pass 1603
an examination designated by the division. 1604

(D) If the division finds that the applicant is of good 1605
business repute, appears to be qualified to act as a salesperson 1606
of securities, and has fully complied with this chapter, and that 1607
the dealer named in the application is a licensed dealer, the 1608
division shall, upon payment of the fees prescribed by section 1609
1707.17 of the Revised Code, issue a license to the applicant 1610
authorizing the applicant to act as salesperson for the dealer 1611
named in the application. 1612

Sec. 1707.23. Whenever it appears to the division of 1613
securities, from its files, upon complaint, or otherwise, that any 1614
person has engaged in, is engaged in, or is about to engage in any 1615
practice declared to be illegal or prohibited by this chapter or 1616
rules adopted under this chapter by the division, or defined as 1617
fraudulent in this chapter or rules adopted under this chapter by 1618
the division, or any other deceptive scheme or practice in 1619
connection with the sale of securities, or acting as an investment 1620
adviser or investment adviser representative, or when the division 1621
believes it to be in the best interests of the public and 1622
necessary for the protection of investors, the division may do any 1623
of the following: 1624

(A) Require any person to file with it, on such forms as it 1625
prescribes, an original or additional statement or report in 1626
writing, under oath or otherwise, as to any facts or circumstances 1627
concerning the issuance, sale, or offer for sale of securities 1628
within this state by the person, as to the person's acts or 1629
practices as an investment adviser or investment adviser 1630
representative within this state, and as to other information as 1631
it deems material or relevant thereto; 1632

(B) Examine any investment adviser, investment adviser 1633
representative, or any seller, dealer, salesperson, or issuer of 1634
any securities, and any of their agents, employees, partners, 1635
officers, directors, members, or shareholders, wherever located, 1636
under oath; and examine records, books, documents, accounts, and 1637
papers as the division deems material or relevant to the inquiry; 1638

(C) Require the attendance of witnesses, and the production 1639
of books, records, and papers, as are required either by the 1640
division or by any party to a hearing before the division, and for 1641
that purpose issue a subpoena for any witness, or a subpoena duces 1642
tecum to compel the production of any books, records, or papers. 1643

The subpoena shall be served by personal service or by certified mail, return receipt requested. If the subpoena is returned because of inability to deliver, or if no return is received within thirty days of the date of mailing, the subpoena may be served by ordinary mail. If no return of ordinary mail is received within thirty days after the date of mailing, service shall be deemed to have been made. If the subpoena is returned because of inability to deliver, the division may designate a person or persons to effect either personal or residence service upon the witness. The person designated to effect personal or residence service under this division may be the sheriff of the county in which the witness resides or may be found or any other duly designated person. The fees and mileage of the person serving the subpoena shall be the same as those allowed by the courts of common pleas in criminal cases, and shall be paid from the funds of the division. Fees and mileage for the witness shall be the same as those allowed for witnesses by the courts of common pleas in criminal cases, and shall be paid from the funds of the division upon request of the witness following the hearing.

(D) Proceed under section 1707.19 of the Revised Code to refuse a license applied for by a dealer, salesperson, investment adviser, or investment adviser representative or to suspend the license of any licensed dealer, licensed salesperson, licensed investment adviser, or licensed investment adviser representative and ultimately, if the division determines, revoke such license under that section;

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

request of the prosecuting attorney, the division shall submit the 1676
evidence to the attorney general, who may proceed in the 1677
prosecution with all the rights, privileges, and powers conferred 1678
by law on prosecuting attorneys, including the power to appear 1679
before grand juries and to interrogate witnesses before such grand 1680
juries. 1681

(F) Require any dealers immediately to furnish to the 1682
division copies of prospectuses, circulars, or advertisements 1683
respecting securities that they publish or generally distribute, 1684
or require any investment advisers immediately to furnish to the 1685
division copies of brochures, advertisements, publications, 1686
analyses, reports, or other writings that they publish or 1687
distribute; 1688

(G) Require any dealers to mail to the division, prior to 1689
sale, notices of intention to sell, in respect to all securities 1690
which are not exempt under section 1707.02 of the Revised Code, or 1691
which are sold in transactions not exempt under section 1707.03 or 1692
1707.04 of the Revised Code; 1693

(H) Issue and cause to be served by certified mail upon all 1694
persons affected an order requiring the person or persons to cease 1695
and desist from the acts or practices appearing to the division to 1696
constitute violations of this chapter or rules adopted under this 1697
chapter by the division. The order shall state specifically the 1698
section or sections of this chapter or the rule or rules adopted 1699
under this chapter by the division that appear to the division to 1700
have been violated and the facts constituting the violation. If 1701
after the issuance of the order it appears to the division that 1702
any person or persons affected by the order have engaged in any 1703
act or practice from which the person or persons shall have been 1704
required, by the order, to cease and desist, the director of 1705
commerce may apply to the court of common pleas of any county for, 1706
and upon proof of the validity of the order of the division, the 1707

delivery of the order to the person or persons affected, and of 1708
the illegality and the continuation of the acts or practices that 1709
are the subject of the order, the court may grant an injunction 1710
implementing the order of the division. 1711

(I) Issue and initiate contempt proceedings in this state 1712
regarding subpoenas and subpoenas duces tecum at the request of 1713
the securities administrator of another state, if it appears to 1714
the division that the activities for which the information is 1715
sought would violate this chapter if the activities had occurred 1716
in this state. 1717

(J) The remedies provided by this section are cumulative and 1718
concurrent with any other remedy provided in this chapter, and the 1719
exercise of one remedy does not preclude or require the exercise 1720
of any other remedy. 1721

Sec. 1707.261. (A) If a court of common pleas grants an 1722
injunction pursuant to section 1707.26 of the Revised Code, after 1723
consultation with the attorney general the director of commerce 1724
may request that court to order the defendant or defendants that 1725
are subject to the injunction to make restitution or rescission to 1726
any purchaser or holder of securities damaged by the defendant's 1727
or defendants' violation of any provision of sections 1707.01 to 1728
1707.45 of the Revised Code. 1729

(B) If the court of common pleas is satisfied with the 1730
sufficiency of the director's request for restitution or 1731
rescission under division (A) of this section and with the 1732
sufficiency of the proof of a substantial violation of any 1733
provision of sections 1707.01 to 1707.45 of the Revised Code, or 1734
of the use of any act, practice, or transaction declared to be 1735
illegal or prohibited or defined as fraudulent by those sections 1736
or rules adopted under those sections by the division of 1737
securities, to the material prejudice of a purchaser or holder of 1738

securities, the court may order the defendant or defendants 1739
subject to the injunction to make restitution or rescission to any 1740
purchaser or holder of securities damaged by the defendant's or 1741
defendants' violation of sections 1707.01 to 1707.45 of the 1742
Revised Code. 1743

(C) A court order granting restitution or rescission based 1744
upon a request made pursuant to division (A) of this section shall 1745
meet the requirements of division (B) of this section and may not 1746
be based solely upon a final order issued by the division of 1747
securities pursuant to Chapter 119. of the Revised Code or upon an 1748
action to enforce a final order issued by the division pursuant to 1749
that chapter. Notwithstanding the foregoing provision, a request 1750
for restitution or rescission pursuant to division (A) of this 1751
section may concern the same acts, practices, or transactions that 1752
were, or may later be, the subject of a division of securities 1753
action for a violation of any provision of sections 1707.01 to 1754
1707.45 of the Revised Code. If a request for restitution or 1755
rescission pursuant to division (A) of this section concerns the 1756
same acts, practices, or transactions that were the subject of a 1757
final order issued by the division of securities pursuant to 1758
Chapter 119. of the Revised Code, the court shall review the 1759
request in accordance with division (B) of this section, and the 1760
standard of review in section 119.12 of the Revised Code shall not 1761
apply to the request. 1762

(D) No purchaser or holder of securities who is entitled to 1763
restitution or rescission under this section shall recover, 1764
pursuant to this section or any other proceeding, a total amount 1765
in excess of the person's purchase price for the securities sold 1766
in violation of sections 1707.01 to 1707.45 of the Revised Code. 1767

Sec. 1707.28. No prosecution or action by the division of 1768
securities or the director of commerce for a violation of any 1769

provision of sections 1707.01 to 1707.45, ~~inclusive,~~ of the 1770
Revised Code, shall bar any prosecution or action by the division 1771
of securities or the director of commerce, or be barred by any 1772
prosecution or other action, for the violation of any other 1773
provision of ~~such~~ any of those sections or of any other statute; 1774
but ~~all prosecutions under~~ prosecutions and actions by the 1775
division of securities or the director of commerce for a violation 1776
of any provision of sections 1707.01 to 1707.45, ~~inclusive,~~ of the 1777
Revised Code, must be commenced within ~~three~~ five years after the 1778
commission of the alleged violation. 1779

Sec. 1707.40. ~~Sections~~ Except as provided in section 1707.261 1780
of the Revised Code, sections 1707.01 to 1707.45 of the Revised 1781
Code create no new civil liabilities, and do not limit or restrict 1782
common law liabilities for deception or fraud other than as 1783
specified in sections 1707.042, 1707.043, 1707.41, 1707.42, and 1784
1707.43 of the Revised Code, and there is no civil liability for 1785
noncompliance with orders, requirements, rules, or regulations 1786
made by the division of securities under sections 1707.19, 1787
1707.20, 1707.201, and 1707.23 of the Revised Code. 1788

Sec. 1707.41. (A) In addition to the other liabilities 1789
imposed by law, any person ~~who~~ that, by a written or printed 1790
circular, prospectus, or advertisement, offers any security for 1791
sale, or receives the profits accruing from such sale, is liable, 1792
to any person ~~who~~ that purchased ~~such~~ the security relying on ~~such~~ 1793
the circular, prospectus, or advertisement, for the loss or damage 1794
sustained by ~~such~~ the relying person by reason of the falsity of 1795
any material statement contained therein or for the omission 1796
~~therefrom~~ of material facts, unless ~~such~~ the offeror or person ~~who~~ 1797
that receives the profits establishes that ~~he~~ the offeror or 1798
person had no knowledge of the publication ~~thereof~~ prior to the 1799

transaction complained of, or had just and reasonable grounds to 1800
believe ~~such the~~ statement to be true or the omitted facts to be 1801
not material. ~~Whenever~~ 1802

(B)(1) Whenever a corporation is ~~so~~ liable as described in 1803
division (A) of this section, each director of the corporation is 1804
likewise liable unless ~~he~~ the director shows that ~~he~~ the director 1805
had no knowledge of the publication complained of, or had just and 1806
reasonable grounds to believe the statement therein to be true or 1807
the omission of facts to be not material. ~~Any such~~ 1808

(2) Any director, upon the payment by ~~him~~ the director of a 1809
judgment so obtained against ~~him~~ the director, shall be 1810
subrogated to the rights of the plaintiff against ~~such the~~ 1811
corporation, and shall have the right of contribution for the 1812
payment of ~~such the~~ judgment against ~~such of his~~ the director's 1813
fellow directors as would be individually liable under this 1814
section. ~~Lack~~ 1815

(C) For purposes of this section, lack of reasonable 1816
diligence in ascertaining the fact of ~~such a~~ publication or the 1817
falsity of any statement contained in it or of the omission of 1818
~~such a~~ material fact shall be deemed knowledge of ~~such the~~ 1819
publication and of the falsity of any untrue statement in it or of 1820
the omission of material facts. 1821

(D) No action brought against any director, based upon the 1822
liability imposed by this section, shall be brought unless it is 1823
brought within two years after the plaintiff knew, or had reason 1824
to know, of the facts by reason of which the actions of the person 1825
or the director were unlawful, or within ~~four~~ five years after the 1826
purchase of the securities, whichever is the shorter period, or, 1827
in the case of an action to enforce a right of contribution under 1828
this section, ~~it~~ the action is brought within two years after the 1829
payment of the judgment for which contribution is sought. 1830

Sec. 1707.42. (A) Whoever, with intent to secure financial 1831
gain to self, advises and procures any person to purchase any 1832
security, and receives any commission or reward for the advice or 1833
services without disclosing to the purchaser the fact of the 1834
person's agency or interest in such sales, shall be liable to the 1835
purchaser for the amount of the purchaser's damage thereby, upon 1836
tender of the security to, and suit brought against, the adviser, 1837
by the purchaser. No suit shall be brought more than one year 1838
subsequent to the purchase. 1839

(B) Whoever acts as an investment adviser or investment 1840
adviser representative in violation of Chapter 1707. of the 1841
Revised Code shall be liable for damages resulting from the 1842
violation in an action at law in a court of competent 1843
jurisdiction. Damages may include consideration paid for the 1844
advice, any loss due to the advice, and all court costs, less the 1845
amount of any income received from the advice. No person may bring 1846
an action under this division more than ~~four~~ five years after the 1847
rendering of investment advice or two years after discovery of 1848
facts constituting the violation, whichever is the shorter period. 1849

Sec. 1707.43. ~~Every~~ (A) Subject to divisions (B) and (C) of 1850
this section, every sale or contract for sale made in violation of 1851
Chapter 1707. of the Revised Code, is voidable at the election of 1852
the purchaser. The person making such sale or contract for sale, 1853
and every person ~~who~~ that has participated in or aided the seller 1854
in any way in making such sale or contract for sale, are jointly 1855
and severally liable to ~~such~~ the purchaser, in an action at law in 1856
any court of competent jurisdiction, upon tender to the seller in 1857
person or in open court of the securities sold or of the contract 1858
made, for the full amount paid by ~~such~~ the purchaser and for all 1859
taxable court costs, unless the court determines that the 1860
violation did not materially affect the protection contemplated by 1861

the violated provision. 1862

(B) No action for the recovery of the purchase price as 1863
provided for in this section, and no other action for any recovery 1864
based upon or arising out of a sale or contract for sale made in 1865
violation of Chapter 1707. of the Revised Code, shall be brought 1866
more than two years after the plaintiff knew, or had reason to 1867
know, of the facts by reason of which the actions of the person or 1868
director were unlawful, or more than ~~four~~ five years from the date 1869
of such sale or contract for sale, whichever is the shorter 1870
period. 1871

(C) No purchaser is entitled to the benefit of this section 1872
who has failed to accept, within thirty days from the date of such 1873
offer, an offer in writing made after two weeks from the date of 1874
~~such~~ the sale or contract of sale, by the seller or by any person 1875
~~who~~ that has participated in or aided the seller in any way in 1876
making ~~such~~ the sale or contract of sale, to take back the 1877
security in question and to refund the full amount paid by ~~such~~ 1878
the purchaser. 1879

Sec. 1707.44. (A)(1) No person shall engage in any act or 1880
practice that violates division (A), (B), or (C) of section 1881
1707.14 of the Revised Code, and no salesperson shall sell 1882
securities in this state without being licensed pursuant to 1883
section 1707.16 of the Revised Code. 1884

(2) No person shall engage in any act or practice that 1885
violates division (A) of section 1707.141 or section 1707.161 of 1886
the Revised Code. 1887

(B) No person shall knowingly make or cause to be made any 1888
false representation concerning a material and relevant fact, in 1889
any oral statement or in any prospectus, circular, description, 1890
application, or written statement, for any of the following 1891

purposes:	1892
(1) Registering securities or transactions, or exempting securities or transactions from registration, under this chapter;	1893 1894
(2) Securing the qualification of any securities under this chapter;	1895 1896
(3) Procuring the licensing of any dealer, salesperson, investment adviser, or investment adviser representative under this chapter;	1897 1898 1899
(4) Selling any securities in this state;	1900
(5) Advising for compensation, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities;	1901 1902 1903
(6) Submitting a notice filing to the division under <u>division (X) of section 1707.03 or</u> section 1707.092 or 1707.141 of the Revised Code.	1904 1905 1906
(C) No person shall knowingly sell, cause to be sold, offer for sale, or cause to be offered for sale, any security which comes under any of the following descriptions:	1907 1908 1909
(1) Is not exempt under section 1707.02 of the Revised Code, nor the subject matter of one of the transactions exempted in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has not been registered by coordination or qualification, and is not the subject matter of a transaction that has been registered by description;	1910 1911 1912 1913 1914 1915
(2) The prescribed fees for registering by description, by coordination, or by qualification have not been paid in respect to such security;	1916 1917 1918
(3) Such <u>The</u> person has been notified by the division, or has knowledge of the notice, that the right to buy, sell, or deal in such security has been suspended or revoked, or that the	1919 1920 1921

registration by description, by coordination, or by qualification 1922
under which it may be sold has been suspended or revoked; 1923

(4) The offer or sale is accompanied by a statement that the 1924
security offered or sold has been or is to be in any manner 1925
indorsed by the division. 1926

(D) No person who is an officer, director, or trustee of, or 1927
a dealer for, any issuer, and who knows such issuer to be 1928
insolvent in that the liabilities of the issuer exceed its assets, 1929
shall sell any securities of or for any such issuer, without 1930
disclosing the fact of the insolvency to the purchaser. 1931

(E) No person with intent to aid in the sale of any 1932
securities on behalf of the issuer, shall knowingly make any 1933
representation not authorized by such issuer or at material 1934
variance with statements and documents filed with the division by 1935
such issuer. 1936

(F) No person, with intent to deceive, shall sell, cause to 1937
be sold, offer for sale, or cause to be offered for sale, any 1938
securities of an insolvent issuer, with knowledge that such issuer 1939
is insolvent in that the liabilities of the issuer exceed its 1940
assets, taken at their fair market value. 1941

(G) No person in purchasing or selling securities shall 1942
knowingly engage in any act or practice that is, in this chapter, 1943
declared illegal, defined as fraudulent, or prohibited. 1944

(H) No licensed dealer shall refuse to buy from, sell to, or 1945
trade with any person because the person appears on a blacklist 1946
issued by, or is being boycotted by, any foreign corporate or 1947
governmental entity, nor sell any securities of or for any issuer 1948
who is known in relation to the issuance or sale of ~~such~~ the 1949
securities to have engaged in such practices. 1950

(I) No dealer in securities, knowing that the dealer's 1951
liabilities exceed the reasonable value of the dealer's assets, 1952

shall accept money or securities, except in payment of or as 1953
security for an existing debt, from a customer who is ignorant of 1954
the dealer's insolvency, and thereby cause the customer to lose 1955
any part of the customer's securities or the value of those 1956
securities, by doing either of the following without the 1957
customer's consent: 1958

(1) Pledging, selling, or otherwise disposing of such 1959
securities, when the dealer has no lien on or any special property 1960
in such securities; 1961

(2) Pledging such securities for more than the amount due, or 1962
otherwise disposing of such securities for the dealer's own 1963
benefit, when the dealer has a lien or indebtedness on such 1964
securities. 1965

It is an affirmative defense to a charge under this division 1966
that, at the time the securities involved were pledged, sold, or 1967
disposed of, the dealer had in the dealer's possession or control, 1968
and available for delivery, securities of the same kinds and in 1969
amounts sufficient to satisfy all customers entitled to the 1970
securities, upon demand and tender of any amount due on the 1971
securities. 1972

(J) No person, with purpose to deceive, shall make, issue, 1973
publish, or cause to be made, issued, or published any statement 1974
or advertisement as to the value of securities, or as to alleged 1975
facts affecting the value of securities, or as to the financial 1976
condition of any issuer of securities, when the person knows that 1977
such statement or advertisement is false in any material respect. 1978

(K) No person, with purpose to deceive, shall make, record, 1979
or publish or cause to be made, recorded, or published, a report 1980
of any transaction in securities which is false in any material 1981
respect. 1982

(L) No dealer shall engage in any act that violates the 1983

provisions of section 15(c) or 15(g) of the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C.A. 78o(c) or (g), or any rule or regulation promulgated by the securities and exchange commission thereunder. If, subsequent to October 11, 1994, additional amendments to section 15(c) or 15(g) are adopted, or additional rules or regulations are promulgated pursuant to such sections, the division of securities shall, by rule, adopt the amendments, rules, or regulations, unless the division finds that the amendments, rules, or regulations are not necessary for the protection of investors or in the public interest.

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

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

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

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

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

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

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

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

Sec. 2913.02. (A) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services in any of the following ways:

(1) Without the consent of the owner or person authorized to give consent;

(2) Beyond the scope of the express or implied consent of the owner or person authorized to give consent;

(3) By deception;

(4) By threat;

(5) By intimidation. 2045

(B)(1) Whoever violates this section is guilty of theft. 2046

(2) Except as otherwise provided in this division or division 2047
(B)(3), (4), (5), or (6) of this section, a violation of this 2048
section is petty theft, a misdemeanor of the first degree. If the 2049
value of the property or services stolen is five hundred dollars 2050
or more and is less than five thousand dollars or if the property 2051
stolen is any of the property listed in section 2913.71 of the 2052
Revised Code, a violation of this section is theft, a felony of 2053
the fifth degree. If the value of the property or services stolen 2054
is five thousand dollars or more and is less than one hundred 2055
thousand dollars, a violation of this section is grand theft, a 2056
felony of the fourth degree. If the value of the property or 2057
services stolen is one hundred thousand dollars or more and is 2058
less than five hundred thousand dollars, a violation of this 2059
section is aggravated theft, a felony of the third degree. If the 2060
value of the property or services is five hundred thousand dollars 2061
or more and is less than one million dollars, a violation of this 2062
section is aggravated theft, a felony of the second degree. If the 2063
value of the property or services stolen is one million dollars or 2064
more, a violation of this section is aggravated theft of one 2065
million dollars or more, a felony of the first degree. 2066

(3) Except as otherwise provided in division (B)(4), (5), or 2067
(6) of this section, if the victim of the offense is an elderly 2068
person or disabled adult, a violation of this section is theft 2069
from an elderly person or disabled adult, and division (B)(3) of 2070
this section applies. Except as otherwise provided in this 2071
division, theft from an elderly person or disabled adult is a 2072
felony of the fifth degree. If the value of the property or 2073
services stolen is five hundred dollars or more and is less than 2074
five thousand dollars, theft from an elderly person or disabled 2075
adult is a felony of the fourth degree. If the value of the 2076

property or services stolen is five thousand dollars or more and 2077
is less than twenty-five thousand dollars, theft from an elderly 2078
person or disabled adult is a felony of the third degree. If the 2079
value of the property or services stolen is twenty-five thousand 2080
dollars or more and is less than one hundred thousand dollars, 2081
theft from an elderly person or disabled adult is a felony of the 2082
second degree. If the value of the property or services stolen is 2083
one hundred thousand dollars or more, theft from an elderly person 2084
or disabled adult is a felony of the first degree. 2085

(4) If the property stolen is a firearm or dangerous 2086
ordnance, a violation of this section is grand theft, a felony of 2087
the fourth degree. 2088

(5) If the property stolen is a motor vehicle, a violation of 2089
this section is grand theft of a motor vehicle, a felony of the 2090
fourth degree. 2091

(6) If the property stolen is any dangerous drug, a violation 2092
of this section is theft of drugs, a felony of the fourth degree, 2093
or, if the offender previously has been convicted of a felony drug 2094
abuse offense, a felony of the third degree. 2095

Section 2. That existing sections 111.16, 1701.01, 1701.831, 2096
1707.01, 1707.02, 1707.08, 1707.09, 1707.11, 1707.16, 1707.23, 2097
1707.28, 1707.40, 1707.41, 1707.42, 1707.43, 1707.44, and 2913.02 2098
of the Revised Code are hereby repealed. 2099

Section 3. Section 111.16 of the Revised Code is presented in 2100
this act as a composite of the section as amended by both Sub. 2101
H.B. 278 and Sub. H.B. 349 of the 124th General Assembly. Section 2102
1707.01 of the Revised Code is presented in this act as a 2103
composite of the section as amended by both S.B. 32 and Sub. S.B. 2104
108 of the 124th General Assembly. The General Assembly, applying 2105
the principle stated in division (B) of section 1.52 of the 2106

Revised Code that amendments are to be harmonized if reasonably	2107
capable of simultaneous operation, finds that the composites are	2108
the resulting versions of the sections in effect prior to the	2109
effective date of the sections as presented in this act.	2110