

Nineteen Hundred Thirty-One  
Supplement

to

# Mason's Minnesota Statutes

(1927 thru 1931)

Containing the text of the acts of the 1929 and 1931 Sessions of the  
Legislature, both new and amendatory, and notes showing repeals,  
together with annotations from the various courts, state  
and federal, construing the constitution, statutes,  
charters and court rules of Minnesota



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publicly displayed on such premises, and shall be for a period of one year from the date thereof. A town clerk shall submit any such application to the town board within ten days after he receives it. (Act Apr. 23, 1929, c. 300, §3.)

**§3976-17. Violation is a misdemeanor.—** Any person, firm, co-partnership or corporation violating any of the provisions of this act shall be guilty of a misdemeanor. (Act Apr. 23, 1929, c. 300, §4.)

## CHAPTER 21B

### Regulation of Sale of Stocks, Bonds and Other Securities, Etc.

**§§3977-3980. [Repealed, except as to pending proceedings.]**

#### Annotations to §3980.

Where a purchaser of stock from corporation which has not complied with the Blue Sky Law may recover the money paid, he cannot defend a suit brought by the receiver of the corporation to enforce the stockholders' liability, and it is immaterial that a certificate of stock has not been issued to him. 181M327, 232NW523. See Dun. Dig. 2061.

**§§3982 to 3996. [Repealed, except as to pending proceedings.]**

#### Annotations to §3985.

Where license is to sell stock for cash a note given for the price is invalid. Simerman v. K., 228NW757.

#### Annotations to §3994.

Where license is to sell stock for cash a note given for the price is invalid. Simerman v. K., 228NW757.

#### §3996-1. Definitions.

Contracts for sale of portions of land to be used as a vineyard, with agreement of seller to cultivate and divide net proceeds are "contracts for investments in a profit sharing scheme." 171M191, 213NW904.

Chapter applies to sales of securities by the owner thereof as well as to sales by his representatives. 171M191, 213NW904.

Title of this act satisfies requirement of Const., Art. 4, §27. 171M191, 213NW904.

The act [§§3996-1 to 3996-28] is within the regulatory power of the legislature. 172M277, 215NW177.

Contract evidencing a sale of an interest in an invention was a "security," and not being registered, the sale was unlawful. 172M277, 215NW177.

The provision excluding from the act isolated sales not made in the course of repeated and successive sales is not void for indefiniteness. 172M277, 215NW177.

An instrument evidencing a contribution to assist in bringing to completion a metallurgical discovery, held a "security," though it may lack the degree of definition and certainty to make it a contract. 178M492, 227NW652.

Sale of undivided interest in property and lease back for three years with rent payable in merchandise is not a security. Op. Atty. Gen., Mar. 14, 1929.

Ranching contract and bill of sale of certain number of marked ewes and forty per cent of increase to be delivered to purchaser at end of contract, was not a security. Op. Atty. Gen., May 9, 1929.

#### §3996-2. Securities exempted, etc. \* \* \* \*

(5) Securities listed on the New York Stock Exchange, New York Curb Exchange, Boston Stock Exchange, Board of Trade of the city of Chicago and Chicago Stock Exchange, which securities have been so listed pursuant to official authorization by such exchange, and all securities senior to any secur-

ities so listed, subscription rights so listed, or evidences of indebtedness guaranteed by companies any stock of which is so listed, such securities to be exempt only so long as such listing shall remain in effect. (As amended Apr. 25, 1931, c. 404, §1.)

(11) The Commission may, by written order, temporarily suspend or wholly revoke the exempt status of any security exempted by this section. (Added Apr. 25, 1931, c. 404, §2.)

Laws 1931, c. 404, amends subd. (5) and adds subd. (11).

#### §3996-5. Registration by application, etc.

The Department of Commerce is considering evidence is not limited to jury trial rules of evidence. 174M200, 219NW81.

It was a subterfuge and an evasion of the statute for a company before its incorporation to sell notes of an other corporation which could be exchanged for its stock. 174M200, 219NW81.

#### §3996-8. Information to commission by registrants—Powers as to investigations, etc.

Where commission suspends sale of registered securities pending a hearing to show cause, and before the hearing requests a cancellation of the registration, the commission cannot compel by mandamus a production of the records and papers of the corporation, at least without alleging a specific violation of the act. 172M328, 215NW186.

#### §3996-19. Investigations—Powers of commission—Searches and seizures, etc.

172M328, 215NW186; note under §3996-8.

#### §3996-27. Certiorari from Supreme Court.

Determination of securities division denying registration for new financial plan, held not arbitrary or unreasonable. 178M623, 228NW162.

**§3996-29. Assistant Attorney General for securities commission.—**The attorney general shall appoint an assistant attorney general, to be in addition to the number now authorized by law, whose appointment shall be approved by the governor and who shall be attorney and counsel for the division of securities under the department of commerce, and shall have charge of and may conduct all prosecutions for violation of the securities laws of the state, and all other proceedings for the enforcement thereof. Such assistant shall receive the same salary as the other assistant attorneys general, which salary, and the expenses and disbursements of such assistant actually and necessarily incurred in the performance of his duties under this act, shall be paid from the moneys appropriated to and for the use of the commissioner of securities. (Act Apr. 25, 1931, c. 382, §1.)

The title of Act Apr. 25, 1931, c. 382, set forth herein as §§3996-29 to 3996-35, is as follows: "An act creating a securities commission, prescribing the members thereof, defining the duties and powers of such members and fixing their salaries, providing certain regulations as to securities under the jurisdiction of said securities commission, transferring all rights, powers and duties now vested in the commissioner of securities under sections 3997, 3998 and 3999, Mason's Minnesota Statutes for 1927, and repealing inconsistent laws." This title seems rather unsuited to the provisions incorporated into the bill as enacted.

Sections 1 and 2 of this act are unconstitutional for not being expressed in the title of the act. Op. Atty. Gen., July 17, 1931.

**§3996-30. Bureau of criminal apprehension to assist securities commission.**—The bureau of criminal apprehension shall be at the service of the division of securities under the department of commerce and at the service of the assistant attorney general designated as attorney for the division of securities for the purpose of detecting and apprehending violators of the securities laws of the state and gathering evidence and otherwise aiding in the prosecution of such violators.

At the request of the commissioner of securities or of said assistant attorney general, the county attorney of the county in which any violation of the securities laws of the state occur shall commence and conduct criminal prosecutions.

Upon request of any county attorney, the commissioner of securities and said assistant attorney general shall give assistance in any criminal prosecution for the violation of the securities laws. (Act Apr. 25, 1931, c. 382, §2.)

Unconstitutional. See notes under §3996-29.

**§3996-31. Brokers or agents to report sales.**—The department of commerce may at any time or times require any issuer, broker or agent to report to the department of commerce all sales of any specified security registered or required to be registered under the securities law. Such reports shall be made within ten (10) days after demand therefor by the department of commerce and shall be open for inspection only to public authorities and then only upon a court order. Any person who shall make known in any manner not provided by law any information contained in such reports shall be guilty of a gross misdemeanor. (Act Apr. 25, 1931, c. 382, §3.)

**§3996-32. Notice to be printed on circular.**—Every circular, prospectus, advertisement, printed matter, document, pamphlet, leaflet or other matter containing or constituting an offer to sell securities registered by application shall have either printed or stamped on the face thereof in not less than ten point, red bold-faced type the following (except that

in case of newspaper and other advertising in publications of general circulation other coloring may be used):

**NOTICE:** While the laws of the State of Minnesota permit the sale of the securities herein described such legal permission does not mean that the State of Minnesota guarantees the success of the enterprise covered by such securities. (Act Apr. 25, 1931, c. 382, §4.)

Notice provided for in this section must be printed in each and every individual advertisement appearing in the newspaper. Op. Atty. Gen., July 11, 1931.

**§3996-33. Notice to be printed on stock certificate.**—Each and every stock certificate, bond or other investment instrument, licensed and issued under the provisions of this Act shall, upon delivery and sale, be accompanied by a certificate on the face of which the following shall appear:

**NOTICE:** While the laws of the State of Minnesota permit the sale of the attached securities such legal permission does not mean that the State of Minnesota guarantees the success of the enterprise covered by such securities.

The failure on the part of any vendor of such stock certificate, bond or other investment instrument, licensed and issued under the provisions of this Act to attach to such certificate, bond or investment instrument the notice herein prescribed shall constitute a misdemeanor and be punished accordingly. (Act Apr. 25, 1931, c. 382, §5.)

**§3996-34. Inconsistent acts repealed.**—All acts or parts of acts now in effect inconsistent with the provisions of this act are hereby superseded, modified or amended to conform to and give full force and effect to the provisions of this act. (Act Apr. 25, 1931, c. 382, §6.)

**§3996-35. Effective July 1, 1931.**—This act shall take effect and be in force from and after July 1, 1931. (Act Apr. 25, 1931, c. 382, §7.)

**§3997-1. Department of Commerce need not give notice in certain cases.**—That the Department of Commerce of this State may, at its discretion, dispense with the notice and hearing provided for by General Statutes 1923, Section 3997, in cases where application is made for the incorporation of a new bank to take over the assets of one or more existing banks, or where the application contemplates the re-organization of a national bank into a state bank in the same locality; Provided this act shall not increase the number of banks in the community affected. (Act Apr. 10, 1929, c. 146.)

## CHAPTER 22

### Forestry and Forest and Prairie Fires

Laws 1931, c. 186, ante, §§53-23a to 53-23i, creates a new department of conservation, to which is transferred the power of the commissioner of forestry and fire prevention.

#### FORESTRY ACT

##### §4031-1. Codification of forestry laws.

It was competent for the Legislature to