

*as the lessor shall specify in said notice, and if such default or defaults shall not be removed within the period specified within said notice, then said right of re-entry shall be complete at the expiration of said period and may be exercised as provided by law; provided further that if any such lease shall provide that the landlord, after default, shall give more than thirty days notice in writing to the tenant of his intention to terminate the tenancy by reason of default in terms thereof, then the length of the notice to terminate shall be the same as provided for and required by the lease.*

*And provided further, as to such leases for a term of more than twenty years, if at any time before the expiration of six months after possession obtained by the plaintiff on recovery in the action, the lessee or his successor in interest as to the whole or part of the property, pays to the plaintiff, or brings into court, the amount of rent then in arrears, with interest and the costs of the action, and performs the other covenants on the part of the lessee, he may be restored to the possession and hold the property according to the terms of the original lease; provided that the provisions of this act shall not apply to any action or proceeding now pending in any of the courts of this state.*

Approved April 20, 1917.

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CHAPTER 429—S. F. No. 239.

*An act to prevent fraud in the sale and disposition of stocks, bonds or other securities sold or offered for sale within the state of Minnesota, providing for the enforcement thereof, and creating a state securities commission.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **State securities commission.**—There is hereby created a commission to be known as the state securities commission, hereafter referred to as the "commission," whose duty it shall be to administer and provide for the enforcement of all the provisions of this act. Said commission shall consist of the public examiner who shall be the president thereof, the attorney general of the state or an assistant attorney general specifically designated by him therefor and the commissioner of insurance all of whom shall be members of said commission during their terms of office and any two shall constitute a quorum. Said commission shall have its office in the state capitol, in the city of St. Paul, in a room to be furnished and equipped by the state and all its records shall be there kept. It shall hold regular bi-weekly meetings on such dates as may be determined by the commission and may hold special meetings upon the call of the president; it shall keep a complete record of all its meetings, its accounts and the business it transacts and may pre-

pare all necessary blanks to be used in its proceedings and in the conduct of its business. The commission shall have the power to appoint a secretary at a salary to be fixed by the commission, not exceeding three thousand (\$3000) dollars per annum. The person so appointed shall proceed to qualify by subscribing the usual oath of office and by giving a bond to the state of Minnesota in the sum of ten thousand dollars with such surety as the commission shall approve, conditioned upon the faithful performance of the duties of the office which bond shall be filed and recorded as now provided by law for state officers. The secretary, when acting for the commission, shall have equal power and authority, subject to the approval of the commission and he shall attend to and perform any and all detailed work relative to the commission. The commission shall have power to employ such other and further assistance as may be necessary to carry out the provisions of this act. Annually on or before the first day of November, the commission shall prepare and file in the office of the governor a report containing an accurate review of the work of the commission for the fiscal year ending June 30th, preceding the date of said report and which shall contain a schedule of all applications for license to sell securities in the state, a schedule of licenses granted, a schedule of licenses rejected, a statement of the receipts and disbursements of the commission and such other material information as relates to the work of the office.

Sec. 2. To what institutions act is not to apply.—The provisions of this act except section 10 thereof, shall not apply to (a) securities of the United States; or any foreign government; or of any state or territory thereof; or of any county, city, township, district or other public taxing subdivision of any state or territory of the United States or any foreign government; (b) commercial paper, or unsecured negotiable promissory notes, due in not more than eighteen months from their date; (c) securities of public or quasi public corporations, the issue of which securities is regulated by a public service commission or board of supervising authority of this state or of any state or territory of the United States, or securities senior thereto; (d) securities of federal reserve banks, federal farm loan banks, state, savings or national banks or trust companies, or building and loan associations of this state, or of co-operative associations organized under sections 6479 to 6490 inclusive, general statutes 1913, for operating creameries, cheese factories, or rural telephone lines, where the authorized capital stock never exceeds fifteen thousand dollars, or of insurance companies under control of the commissioner of insurance complying with chapter 385 General Laws 1913; (e) securities of any domestic corporation organized with out capital stock and not for pecuni-

any gain, or exclusively for educational, religious, benevolent, charitable or reformatory purposes; (f) authorized securities as specified and defined by section 6393 of the General Statutes of 1913 and any amendment thereof, or securities of the classes specified and defined in section 3313, General Statutes 1913; (g) mortgages and notes or bonds secured by mortgage upon real or personal property where the entire mortgage is sold and transferred with the note or notes or bonds secured by such mortgage, or where the indebtedness secured is not more than seventy per cent of the fair value of the property mortgaged; (h) increase of stock sold and issued to stockholders, or stock dividends; (i) securities sold pursuant to the order of any court; (j) isolated or single transactions.

**Sec. 3. What shall be known as investment company.**—Every person, firm, co-partnership, corporation, company or association (except those exempt under the provisions of this act) whether unincorporated or incorporated, under the laws of this or any other state, territory or government, which shall either himself, themselves or itself, or by or through others engage in the business within the state of Minnesota of selling or negotiating for the sale of any stocks, bonds, investment contracts or other securities, herein called securities, issued by him, them or it, except to a bank or trust company, shall be known, for the purpose of this act, as an investment company.

Every person, firm, co-partnership, company, corporation or association, whether unincorporated or incorporated under the laws of this or any other state, territory, or government, not the issuer, who shall within the state of Minnesota sell or offer for sale any of the stocks, bonds, investment contracts, or other securities, herein called securities, issued by an investment company, except the securities specifically exempt under the provisions of this act, or who shall by advertisement or otherwise profess to engage in the business of selling or offering for sale such securities within the state of Minnesota, shall be known for the purpose of this act as a dealer. The term dealer shall not include an owner, not issuer, of such securities so owned by him when such sale is not made in the course of continued and successive transactions of a similar nature, nor one who in a trust capacity created by law lawfully sells any securities embraced within such trust.

**Sec. 4. Investment companies to register with commission and fees for same, and issuance of license.**—No such investment company and no such dealer shall sell or offer for sale any such securities or profess the business of selling or offering for sale such securities, unless and until he or it shall first register with the commission and shall furnish said commission, upon oath,

in such form as the commission shall prescribe, the following information, to-wit: The investment company's or dealer's name, residence and business address, the general character of the securities to be sold or dealt in, the place or places where the business is to be conducted within this state, and where the business in this state is not to be conducted by the investment company or by the dealer in person, then the names and addresses of all the persons in charge thereof. Said investment company shall pay to the commission a filing fee of one-tenth of one per cent upon the face value of the securities for the sale of which application is made; provided that such filing fee shall not be more than one hundred dollars nor less than ten dollars, and said dealer shall pay to the commission an annual fee of twenty-five dollars and shall furnish said commission with such other information in addition to that above specified as said commission shall deem necessary in order to thoroughly acquaint such commission with the honesty and good faith of such dealer or investment company, and the character of the business of said investment company or dealer. All authorized agents of any dealer or investment company shall be registered with the commission and the name of any agent shall be stricken from the register by the commission upon the written request of the dealer or investment company, and additional agents may be registered by the commission upon like request of the dealer or investment company; provided, that no agent shall act as such until he shall have filed with the commission a signed and acknowledged certificate of registration and acceptance of agency upon forms to be furnished by the commission; provided, also, that the commission shall have authority to reject or cancel the registration and appointment of any person as agent for such cause as may to the commission appear sufficient. If an investment company or dealer shall be a non-resident of the state or a corporation other than a domestic corporation, he or it shall at the time he or it registers with the commission also file with the commission a written, duly authorized, executed and acknowledged appointment of the public examiner of this state as his or its agent in Minnesota, upon whom process or pleadings may be served for or on behalf of the dealer or investment company, which appointment shall be irrevocable. Upon compliance by such investment company or dealer with the provisions of this act, the said commission shall issue to such investment company or dealer a license under the seal of said commission and signed by the secretary thereof, in such form or forms as the commission shall adopt, which said license shall be good until revoked by said commission for good cause upon notice to such investment company or dealer and a hearing duly had; provided, however, said license may be suspended as

to the selling of specific securities as provided in section 8 of this act. In addition to the filing and examination fees herein provided for to be paid by said investment companies and dealers, there shall be charged and collected by said commission a fee of three dollars for the registration and authorization of each agent of such investment company or dealer, which fee and registration shall entitle each agent to act as such until the first day of July following, unless said authority is sooner revoked by the commission or the dealer or investment company. Each of such agents shall make a new registration on July 1st of each year for the renewal of their agency, and the commission shall charge and collect for each such renewal registration a fee of three dollars.

**Sec. 5. Fees to be paid in to state treasurer.**—All fees and charges collected by the commission shall be covered into the state treasury and credited to the state securities commission fund.

**Sec. 6. Promotion of securities.**—Every investment company or dealer who shall, as principal or agent, promote or negotiate by advertisement, letter, circular, prospectus, by word of mouth or by any other method of public or general offering, or specific offering, the sale or distribution of any such securities, not exempted under the terms of this act, in this state, except to banks, trust companies or to duly licensed dealers, shall before making such negotiation, sale or promotion file a statement in writing signed by such investment company or dealer, as the case may be, or by its or his authorized representative, notifying the commission of its or his intention to promote, offer or sell such securities, describing fully such securities, and furnishing to said commission true copies of all prospectuses, circulars, and advertisement used, or to be used in such sale or promotion, and said commission may make such investigation thereof and require such further information or proof with respect thereto as it may deem necessary to determine the character of such securities or of such promotion. If any such investment company or dealer shall mail by registered mail postpaid and properly addressed to the commission such notification and documents prescribed in this section, with the name and address of the investment company or dealer, the same shall be deemed a filing and notification under this section, provided said registered letter or package would reach the commission at least twenty-four hours in the ordinary course of delivery, before such sale, promotion or offering shall be made.

**Sec. 7. Investigations to be made by commissions.**—The commission may also make such special investigations as it may

deem necessary in connection with the promotion or sale of any such securities to the end that the commission may be put in possession of all facts and information necessary to qualify it to properly pass upon all questions that may properly come before it, and to determine if the same is in violation of this act or of any of the acts of the legislature described in section 9 hereof, and to that end it shall have power to issue subpoenas compelling the attendance of any person and the production of any papers and books for the purpose of such investigation, and shall have power to administer oaths to any person whose testimony may be required in such investigation. It may also make or have made under its direction a detailed examination and report of the property, business and affairs of such investment company, which investigation and examination shall be at the expense of such investment company, or of the dealer seeking to sell such securities. It may cause an appraisal to be made at the expense of said investment company or dealer, of the property of said investment company.

**Sec. 8. Commission given power to suspend license.**—The commission shall have the power to suspend the license of any investment company or of any dealer with respect to the sale or promotion of any security or securities said dealer or investment company may propose to sell, upon original notification of his or its purpose to sell, or at any future time when information in the possession of the commission may cause it to believe that the further sale of said securities would be a violation of this act, pending the furnishing of any proof or information which the commission has asked or may ask for under the terms of this act. The investment company, or dealer, however, may demand a hearing upon such suspension, at any subsequent meeting of the commission, or the commission upon notice duly given may set a time for hearing, at which the commission shall grant a full hearing to all parties concerned, and upon such hearing duly had may make such order as the facts justify removing, continuing or making permanent the suspension, or revoking the license of said dealer or investment company as to the sale of such securities or of all securities in the state.

**Sec. 9. Arrests and prosecutions for misrepresentation.**—If the commission finds that the proposed plan of business of said investment company, or that its proposed contracts, stocks, bonds or other securities, are fraudulent or are of such a nature that the sale of such contracts, stocks, bonds, or other securities would in the opinion of said commission work a fraud upon the purchaser, or, if said commission shall determine that any such promotion or sale constitutes a violation of this act,

or that any such promotion or sale constitutes the crime defined and described in chapter 479, General Laws, Minnesota 1909, entitled, "An act to prohibit the making or publishing of false statements of publications of or concerning the affairs, pecuniary condition or property of any corporation, joint stock association, co-partnership or individual, which said statements or publications are intended to give or shall have a tendency to give, a less or greater apparent value to the shares, bonds or property, or any part thereof of said corporation, joint stock association, co-partnership or individual than the said shares, bonds or property shall really and in fact possess, and providing a penalty therefor," or that any such promotion or sale constitutes the crime defined and described in chapter 51 of the Laws of Minnesota for 1913, entitled "An act to prevent fraudulent advertising," as amended by chapter 309 of the laws of 1915, in so far as said act relates to securities and shall notify said dealer or investment company by registered mail and also by telegraph if deemed advisable, of its findings, suspension or disapproval, then it shall be unlawful for such investment company or dealer to do any business in the way of selling, offering for sale, taking subscriptions for, or negotiating for the sale in any manner whatever of any such securities in this state; and said securities shall not be sold in this state, and it shall immediately suspend the license of said investment company or dealer with respect to the promotion or sale of said securities, and shall so notify him or it, and the commission may immediately take such steps as may be necessary to cause the arrest and prosecution of all persons deemed guilty thereof. It shall be the duty of each county attorney to prosecute any violation of this act in his county, and upon his request or the request of the commission the attorney general shall assist in such prosecution.

**Sec. 10. Gross misdemeanor for defrauding.**—If any person, including a corporation, co-partnership, company or association, and the officers or agents thereof, alone or in common with others, having devised or intending to devise any scheme or artifice to defraud by the issuance, sale, promotion, negotiation or distribution of any stocks, bonds, notes, contracts or other securities, shall in and for executing such scheme or artifice or in attempting so to do, commit any overt act within this state, such person shall be guilty of a gross misdemeanor.

**Sec. 11. False statements a gross misdemeanor.**—Any person who shall knowingly make or file, or cause to be made or filed any statement, information, or proof required hereunder, by said commission, which is in whole or in part materially false, or any investment company or dealer who shall sell or promote, or cause to be promoted by advertisement, circular

letter prospectus, by word of mouth, or by any other form of public or general offering, the sale of any securities without complying with the provisions of this act, or without furnishing to the commission any information or proof in the possession of or reasonable obtainable by him or it, after the same is required by the commission under this act, shall be guilty of a gross misdemeanor.

**Sec. 12. Speculative securities to be so declared.**—If the securities promoted or proposed to be sold under section 6 of this act are speculative securities as hereinafter defined, or if the commission shall declare them to be speculative securities as hereinafter provided, then such promotion or sale shall not be made unless at least ten days prior thereto all provisions of this act, shall have been complied with, and all information called for by the commission shall have been satisfactorily furnished.

The term "speculative securities" as used herein shall include any stocks, bonds, contracts, or other securities, which according to the terms thereof, yield or promise to yield more than the legal contract rate of interest in this state on the price at which they are offered or sold, or which are offered or sold with any representation or inducement that such securities are or will be worth within two years of the date of their issue twice or more than twice the price at which they are offered or sold.

**Sec. 13. Classifying information and publicity of same.**—It shall be the duty of the commission to so preserve, classify and arrange such information as to facilitate examination by the commission.

The commission may, in its discretion, give out information relating to the affairs of any investment companies or dealers offering, to any person affected by the matters therein contained, when such persons satisfactorily shows to the commission that they are entitled to the information to aid them in determining the desirability of the investment offered.

The commission shall not reveal the text of any formula, process, patent, copyright, or any portion thereof to any one inquiring without the written consent of the person or corporation whose offering is inquired of.

The commission shall not reveal information relative to any matter that may be at issue in any court, unless upon an order of the court.

The commission may from time to time issue in pamphlet form, or by newspaper advertisement or otherwise, information regarding offerings it considers fraudulent offered by persons

or parties within or without the jurisdiction of the state for sale to parties within the state by mail, advertisement or otherwise.

**Sec. 14. Not to effect supervisory powers of superintendent of banks.**—Nothing in this act shall be construed to repeal or modify any laws giving the state banking department of this state control of and supervision over state banks, savings banks, trust companies, and the business of banking in this state, nor shall any part of this act be construed to repeal or modify laws giving the commissioner of insurance of this state control of and supervision over the business of insurance in this state, and those engaged therein. This act shall not be construed to be amendatory of, nor as superseding any statute of this state now in force, but as supplementary thereto.

**Sec. 15. Seal and record.**—The commission shall adopt a seal with the words "State Securities Commission, Minnesota", and such design as the commission may prescribe, engraved thereon, by which it shall authenticate its proceedings. Copies of all records and papers in the office of the commission certified by the secretary thereof and authenticated by the seal of said state securities commission shall be received in evidence in all courts equally and with like effects as the originals.

**Section 16. Information to be furnished applicants.**—The commission shall provide for the furnishing to those who may rightfully apply therefor as is provided in section 13 of any information regarding any investment company or dealer, or regarding any securities offered by any dealer which is on file in its office, except such as is withheld by the commission under section 13 of this act, said commission to charge therefor approximately the cost of preparing such information. The members of the commission shall perform the duties imposed upon them and each of them by the terms of this act, without other compensation than the salaries paid them by the state, but they shall be entitled to receive their actual and necessary expenses incurred when absent from the seat of government on business of the commission.

**Sec. 17. Violation a misdemeanor.**—Any person or persons who shall violate any of the provisions of this act shall be deemed guilty of a gross misdemeanor, and upon conviction thereof shall be fined not more than one thousand dollars or shall be imprisoned for not more than one year, or both such fine and imprisonment in the discretion of the court.

**Sec. 18. Review by supreme court.**—The supreme court upon petition of any person aggrieved may review by certiorari any final order or determination of the commission. The is-

suance of the writ shall not, however, unless specifically ordered by the court, operate as a stay of proceedings.

**Sec. 19. Declaring of one section unconstitutional not to effect other sections.**—Should the courts of this state declare any section or provision of this act unconstitutional or unauthorized, or in conflict with any other section or provision of this act, then such decision shall effect only the section or provisions declared to be unconstitutional or unauthorized, and shall not affect any other section or part of this act.

**Sec. 20.** This act shall take effect and be in force from and after July 1, 1917.

Approved April 20, 1917.

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#### CHAPTER 430—S. F. No. 300.

*An act legalizing the authorization of foreign corporations to do business in this state in certain cases where such corporations have paid the fees required by law in order to qualify them to do business in this state, have appointed a statutory agent upon whom process could be served and filed authenticated copies of their charters or articles of incorporation, and where the secretary of state has issued its certificate authorizing such corporations to do business herein.*

Be it enacted by the Legislature of the State of Minnesota:

**Section 1. Certain procedures of foreign corporations legalized.**—In all cases where any corporation has heretofore filed a duly authenticated copy of its charter or articles of incorporation with the secretary of state, and also filed with such officer a duly authenticated appointment of an agent in this state authorized to accept service of process and upon whom service of process might be had in any action to which said foreign corporation might be a party and has paid the fees required by law, and the secretary of state has issued his certificate authorizing such foreign corporation to do business in this state and to sue and maintain actions therein, then in every such case such foreign corporation is hereby authorized to do business in this state and to sue and maintain actions and to own property therein for the period set forth in the certificate of the secretary of state, notwithstanding the failure of any such corporation to maintain a public office or place in this state for the transaction of its business; provided, that this act shall not affect any action or proceeding now pending in any of the courts of this state.

**Sec. 2.** This act shall take effect and be in force from and after its passage.

Approved April 20, 1917.