

CHAPTER 191—H. F. No. 1153.

An act to repeal General Laws 1923, Chapter 253 (being General Statutes 1923, Section 6057), entitled, "An act conferring additional authority upon the Minnesota Rural Credit Bureau in connection with making farm loans in certain cases."

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

Section 1. **Laws repealed.**—That General Laws 1923, Chapter 253, be and the same hereby is repealed.

Approved April 13, 1925.

CHAPTER 192—S. F. No. 42.

An act to prevent fraud in the sale of securities within the State of Minnesota by regulating the offer for sale and sale thereof, by requiring registration of such securities and licensing of persons selling or offering securities for sale, by perpetuating the state securities commission and empowering and requiring it to administer and enforce this act, by providing penalties for violation thereof, and by repealing other laws and parts of laws relating to the same subject matter or inconsistent with the provisions of this act.

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

Section 1. **Definitions.**—When used in this act the following words shall have the following respective meanings, unless the context otherwise requires :

(1) "Person" shall mean and include a natural person, firm co-partnership, association, syndicate, joint stock company, unincorporated company or organization or association, trust, trustee of a trust, a corporation organized under the laws of any state or of the United States or of any territory or possession thereof or of the District of Columbia or of any foreign government. The term "trust" as herein used shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or a public charitable trust.

(2) "Sale," "sell" or "sold" shall mean and include any disposition for value, an offer to sell, a solicitation of a subscription or sale, or an attempt to sell in any manner whatsoever, an option of sale, a subscription, a pre-organization subscription or certificate, a re-organization subscription or certificate, an agreement to issue or transfer, and exchange, pledge, hypothecation or any transfer in trust or otherwise by way of mortgage. Any security given or delivered as a bonus with any sale of securities, as such sale is herein defined, or with any other thing, shall be conclusively presumed to constitute a part of the subject of such sale and to have been sold for value.

(3) "Security" shall mean and include any stock, share, bond, note, debenture, commercial paper, evidence of indebtedness, investment contract, interest in or under a profit sharing or participating agreement or scheme, any interest in or under any oil, gas or mining property, or in any property represented to contain or be a prospect for oil, gas or minerals, beneficial interest in a trust or pretended trust, or any interest in the capital, assets, property or profits of any person. Any interest in any security shall be deemed a security.

(4) "Broker" shall mean and include every person, other than an agent, who sells directly or through an agent any securities of which he is not the issuer. "Broker" shall also include every person, other than an agent, who engages, or professes to engage, either for all or part of his time, directly or through an agent, in the business of purchasing or otherwise acquiring any securities of which he is not the issuer for another or for the purpose of reselling same to others, or of accepting and executing buy and sell orders for such securities for a commission, or of buying, selling, or otherwise dealing or trading in such securities for a commission or at a profit, whether such securities are exempted by Section 2 hereof or are sold by such person acting as representative in a manner exempted by Sections 3 (1) hereof or not. Any person who acts as promoter for and on behalf of an issuer to be formed shall be deemed a broker.

(5) "Issuer" shall mean and include every person who proposes to issue, has issued, or shall hereafter issue any securities.

(6) "Agent" shall mean and include every person, other than a broker, employed, appointed or authorized, by an issuer or broker to do anything subject to the provisions of this act. The term "agent" shall not include the partners of a partnership or officers of a corporation or association licensed as a broker or for whom securities are registered.

(7) "Commission" shall mean the State Securities Commission of Minnesota.

Sec. 2. **Exempted securities.**—The provisions of this act, except as herein expressly provided, shall not apply to the following securities:

(1) Any security issued or guaranteed by the United States or by any state or territory or insular possessions thereof, or by the District of Columbia, or by any political subdivision or agency of a state, territory, or insular possession, having the power of taxation or assessment.

(2) Any security issued or guaranteed by any foreign government with which the United States is at the time of the sale thereof maintaining diplomatic relations, or by any state, province

or political subdivision thereof having the power of taxation or assessment.

(3) Any security issued by a national bank or by a corporation or governmental agency created or existing by an act of the Congress of the United States other than corporations created or existing under the code of laws for the District of Columbia or under the code of laws for any territory or possession of the United States, provided that such corporation is subject to supervision or regulation by the Government of the United States.

(4) Any security issued or guaranteed either as to principal, interest or dividends, by a railroad or public service utility, which is subject to regulation or supervision either as to its rates and charges or as to the issue of its own securities by a public service commission, or any board, body or official having like powers, of the United States or of any state or territory or insular possession of the United States, or of the District of Columbia, and all securities senior thereto; also equipment notes, bonds or trust certificates, based on chattel mortgages, leases, or agreements for conditional sale, of cars, motive power or other rolling stock mortgaged, leased or sold, to or furnished for the use of any railroad or public service utility, and equipment notes, bonds or trust certificates where the ownership or title of such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any state, or of the Dominion of Canada, to secure the payment of such equipment notes, bonds or trust certificates; provided that such railroad or public service utility is subject to regulation or supervision either as to its rates and charges or as to the issue of its own securities by a public service commission, or any board, body or official having like powers, of the United States or of any state or territory or insular possession of the United States, or of the District of Columbia.

(5) Securities listed on the New York Stock Exchange, Boston Stock Exchange, and the Chicago Stock Exchange, which securities have been so listed pursuant to official authorization by such exchange, and all securities senior to any securities 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.

(6) Commercial paper or negotiable promissory notes maturing within fourteen months from the date of issue.

(7) Any security issued by a corporation organized under the laws of this state exclusively for religious, educational, benevolent, fraternal, charitable or reformatory purposes, and not for pecuniary gain, and no part of the net earnings of which inures to the benefit of any private stockholder or individual.

(8) Policy contracts of insurance companies licensed to do business in this state.

(9) Any security issued by a building and loan association organized under the laws of this state.

(10) Securities of any co-operative association organized in good faith under the laws of this state exclusively for the purpose of conducting upon the co-operative plan among its stockholders any or all of the following businesses: Any agricultural, dairy, livestock or produce business; the business of selling, marketing or otherwise handling, any agricultural, dairy or livestock products, or other produce, raised or produced by the stockholders of such association, or by any co-operative association; the manufacture of any products from any agricultural, dairy or livestock products, or other produce, produced by the members of such association; any business incidental to any of the above purposes; the operation of a rural telephone among its stockholders.

Sec. 3. Exempted sales.—The provisions of this act, except as herein expressly provided, shall not apply to sales of the following character:

(1) Any isolated sales of any securities by the issuer or owner thereof, or by a representative for the account of such issuer or owner, such sales not being made in the course of repeated and successive sales of securities of the same issue by such issuer or owner or by such representative for the account of such issuer or owner.

(2) Any sale of notes or bonds secured by a mortgage lien when the entire lien, together with all notes or bonds secured thereby, are sold to a single purchaser at a single sale.

(3) Any judicial sale, or the sale by an executor, administrator, receiver, guardian, or trustee appointed by the decree of any court.

(4) The distribution by a corporation of capital stock, bonds or other securities, to its stockholders or other security holders or their respective assigns, as a stock dividend or other distribution out of earnings or surplus; or an increase of capital stock of a corporation sold only to its stockholders and without payment of any commission or expense to any broker or agents in connection with such distribution.

(5) Any subscription for securities prior to the incorporation or organization of the issuer thereof, when no cash or other consideration is paid by, or agreed to be paid by, the purchaser prior to the registration of the securities; provided, that all such subscriptions are expressly conditioned upon the registration of such securities within one year from the date of such subscription, and otherwise to be null and void.

(6) The sale, by a pledge holder or mortgagee selling in the ordinary course of business at public or private sale, of a security pledged with him in good faith as a security for a bona fide debt.

(7) The sale to any bank, savings institution, trust company, insurance company or licensed broker.

Sec. 4. Certain securities not to be sold until registered.—No securities, not exempted by Section 2 hereof, shall be sold within the State of Minnesota, except in a manner exempted by Section 3 hereof, unless or until such securities have been registered as herein provided.

Registration may be secured by application for registration as provided in Section 5 hereof, or by notification as provided in Section 6 hereof. Such applications or notifications may be made by the issuer or any licensed broker and may pray that the registration be made for the applicant only, or for the applicant and any designated licensed brokers.

Sec. 5. Registration by application.—Applications for registration of any securities subject to the provisions of this act shall be made to the commission on forms prescribed by the commission, which application shall be signed and sworn to by the applicant and shall contain such information relative to the securities covered by such applications as the commission may deem necessary to enable it to determine whether such securities shall be registered.

The commission shall have power, in connection with pending applications for registration, to require the applicant to furnish in such form as it shall designate any additional information necessary to enable it to properly pass on the application before it; to order an appraisal, audit or such other expert or technical examination and report as may seem necessary; and, where the applicant is the issuer of the securities, or is selling same for the issuer as broker, to make an investigation of the books, records, property, business and affairs of such issuer.

Upon compliance with all the provisions of this act applicable to such application and the requirements of the commission, the commission shall either register such securities or deny the application. The commission shall have power to place such conditions, limitations and restrictions on any registration as may be necessary to carry out the purposes of this act. Registration shall be by entry in a book called "Register of Securities," which entry shall show the securities registered and for whom registered, and the conditions, limitations and restrictions, if any, or shall make proper reference to a formal order of the commission on file showing such conditions, limitations and restrictions. A registration shall be made only for those on whose behalf application therefor was made, and shall authorize each of

those for whom such registration was made to sell all or any portion of the securities so registered. A registration or registrations shall be good until exhausted by the sale of the securities so registered, or until suspended, canceled or revoked, as hereinafter provided. The commission shall have power to deny an application for registration if the securities are fraudulent or if it appears to the commission that the sale thereof would work a fraud on purchasers thereof, or if the applicant has violated any of the provisions of this act, or any registration or lawful order of the commission, or for good cause appearing to the commission. Denial shall be by written order.

Sec. 6. Registration by notification.—Whenever any securities required to be registered by the provisions of this act fall within any of the following subsections of this section, any person entitled to have same registered may, in lieu of making application for registration as provided in Section 5 hereof, notify the commission of his intention to sell such securities, which notification shall be on forms prescribed by the commission, shall be signed and sworn to by the person giving the notice, and shall contain the following information:

- (a) Name of issuer.
- (b) Amount of issue and amount covered by the notification.
- (c) Statement that the securities fall within a designated subsection of this section.
- (d) A descriptive circular or statement briefly describing the securities.
- (e) The price at which the securities are to be sold.
- (f) Names of the issuer or licensed brokers, if any, on whose behalf the notification is given.

The commission shall, for a period of twenty-four (24) hours only from and after the receipt of any such notification accompanied by the proper fee as provided in Section 17, have the same powers on such notifications as it has on applications for registrations, and the same powers to deny the registration or to register the securities. Failure of the commission to take any formal action on a notification within said twenty-four (24) hour period shall constitute a registration, subject to the terms of the notification, for those on whose behalf the notification was given.

The securities which may be submitted by notification of intention to sell are as follows:

Subsection 1. Any notes or bonds secured by a first mortgage or deed of trust upon real estate or leaseholds on real estate (not including oil, gas or mining property) situated in any state or territory of the United States or in the District of Columbia or in the Dominion of Canada.

- (a) When the mortgage is upon agricultural lands used and

valuable principally for agricultural purposes and the aggregate face value of the notes or bonds covered by such notification together with all notes or bonds already outstanding and equally secured by such mortgage does not exceed 70 per centum of the then fair market value of said lands, including any improvements appurtenant thereto.

(b) When the mortgage is upon city or village real estate or leaseholds and the aggregate face value of the notes or bonds covered by such notification together with all notes or bonds outstanding and equally secured by such mortgage does not exceed 70 per centum of the then fair market value of said real estate or leaseholds, including any improvements appurtenant thereto, and when said mortgaged property is used principally to produce through rental a net annual income, after deducting operating expenses and taxes, or has a fair rental value after deducting operating expenses and taxes, at least equal to the annual interest on such aggregate face value of notes or bonds plus not less than 3 per centum of the principal of said mortgage indebtedness.

(c) When the mortgage is upon city or village real estate or leaseholds upon which real estate or leaseholds a building or buildings is or are about in good faith forthwith to be erected according to the expressed terms of the mortgage and when reasonably adequate provision has been made for financing the full completion of said building free and clear of any lien superior to said mortgage, and the aggregate face value of the notes or bonds covered by such notification together with all notes or bonds outstanding and equally secured by such mortgage does not exceed 70 per centum of the fair market value of such mortgaged property, including the building or buildings to be erected thereon as aforesaid, and when said mortgaged property is to be used principally to produce through rental a net annual income, after deducting operating expenses and taxes, or will have a fair rental value after deducting operating expenses and taxes, at least equal to the annual interest on such aggregate face value of notes or bonds plus not less than 3 per centum of the principal of said mortgage indebtedness.

Subsection 2. Securities issued by any person owning a property, business, or industry which has been in continuous operation not less than five years, and which has shown during a period of not less than three years or more than ten years next prior to the close of its last fiscal year preceding the offering of such securities, average annual net earnings, after deducting all prior charges, not including the charges upon securities to be retired out of the proceeds of sale, and assets (not including patents, copyrights, secret processes, formulas, good will, trade-marks,

trade brands, franchises, and other like intangible property), as of the date of the close of its last fiscal year preceding the offering of such securities, together with the proceeds of the sale of such securities accruing to the issuer as follows:

(a) In the case of interest-bearing securities, not less than one and one-half times the annual interest charge thereon and upon all other outstanding interest-bearing obligations of equal rank, and assets at least equal to 125 per centum of the face value of such interest-bearing securities, and all other obligations of equal or prior rank outstanding and not to be retired out of the proceeds of the sale of such securities.

(b) In the case of preferred stock, not less than one and one-half times the annual dividend on such preferred stock and on all other outstanding stock of equal rank, and assets at least equal to 125 per centum of the par value of the aggregate amount of such preferred stock and all other outstanding preferred stock of equal rank, after the deduction from such assets of all indebtedness, which will be existing and all stock of senior rank which will be outstanding after the application of the proceeds of the preferred stock offered for sale.

(c) In the case of common stock, not less than 6 per centum upon all outstanding common stock of equal rank, together with the amount of common stock then offered for sale, all reckoned upon the price at which said stock is then offered for sale or sold.

Sec. 7. Additional registrations of securities.—Any issuer of registered securities for whom such registration was not made, and any licensed broker for whom any registration was not made, may, provided such registration is still in effect, serve notice on the commission of his intention to sell such registered securities or a portion thereof. Such notice must be in writing or by telegram, and when actually received by the commission shall constitute a registration of the securities for the person giving the notice. Such notice may be served as to securities to be registered and shall constitute a registration for the person giving the notice only upon the actual registration of the securities as in this act otherwise provided. No fees shall be paid on such notices. The notice herein provided for shall not be construed to apply to an intention to sell a block of securities of the same issue as those covered by a registration, which block is not a part of such registered securities but in addition thereto. Where a block of securities is registered for more than one person each and every registration shall be exhausted when the total amount so registered has been sold under one or more of the registrations.

Sec. 8. Powers of Commission on Registrations.—The commission shall have power, in connection with any registration out-

standing, to require the person for whom such registration was made to furnish to the commission, in such form as it may designate, any information deemed necessary to assist the commission in determining whether such registration should remain in force; if the registration was made for the issuer or for a broker acting under a fiscal agency contract or other authority from the issuer, to make an investigation of the books, records, property, business and affairs of such issuer. Whenever the commission is in possession of information indicating that any registered security is fraudulent or that the further sale thereof would work a fraud on purchasers, or that the person for whom a registration was made has violated or is about to violate the registration or any lawful order of the commission or any of the provisions of this act or for good cause appearing to the commission, it may issue its order requiring such person to show cause before the commission why such registration should not be revoked. In any such order the commission shall fix the time and place for hearing thereon not less than ten nor more than thirty days from the date of such order, and at which time and place a full hearing shall be had. A registration may be suspended pending the final determination of any order to show cause, during which suspension it shall be unlawful to sell such securities. After such hearing the commission shall enter its order either vacating the order to show cause and suspension, or modifying the terms of the registration, or permanently revoking the registration or making such other disposition of the matter as the facts require.

A registration may be cancelled by the commission at any time at the request of the person for whom such registration was made. All suspensions, revocations and cancellations, shall be entered on the Register of Securities.

Sec. 9. Brokers.—No person shall do anything as a broker unless or until he shall have been licensed as a broker as hereinafter provided.

To secure a broker's license application shall be made to the commission on forms prescribed by said commission, which application shall be signed and sworn to by such applicant and shall contain, in addition to other information which the commission may require, applicant's name and address or addresses at which the business is to be conducted, the names and addresses of all officers of the applicant, if a corporation, and of all persons interested in said business, if a partnership or unincorporated association, and a statement of the business to be transacted. The commission shall have power, in connection with applications for brokers' licenses, to require applicant to furnish in such form as it shall designate any additional information deemed

necessary to enable it to properly pass on the application before it; to order an appraisal, audit, or such other expert or technical examination and report as may seem necessary; and to make an investigation of the books, records, property, business, and affairs of such applicant.

Upon compliance by an applicant for a broker's license with the provisions of this act and the requirements of the commission, the commission shall either issue a license as prayed, or deny the application. The commission shall have power to deny if the applicant is not solvent, is of bad business repute, has violated any of the provisions of this act, or any registration, license or lawful order of the commission, or has engaged in or is about to engage in any fraudulent transaction, or if it appears to the commission that the sale of securities by such applicant would work a fraud on purchasers thereof, or for good cause to the commission appearing. Denial shall be by written order.

Brokers' licenses shall be good for one year from date of issuance, unless sooner suspended, canceled or revoked, as hereinafter provided, and shall authorize the licensee therein named to transact business as a broker as herein defined and subject to provisions of this act.

The commission shall have power, in connection with any broker's license, to require the licensee to furnish to the commission, in such form as it may designate, any information deemed necessary to assist the commission in determining whether such license should remain in force, and to make an investigation of the books, records, property, business and affairs of such licensee. Whenever the commission is in possession of information indicating that the licensee is not solvent, is of bad business repute, has violated or is about to violate any of the provisions of this act, or any registration, license or lawful order of the commission, has engaged in or is about to engage in any fraudulent transaction, or that the sale of securities by such licensee would work a fraud on purchasers thereof or for good cause appearing to the commission, it may issue its order requiring such licensee to show cause why his license should not be revoked. In any such order the commission shall fix the time and place for hearing thereon, at which time a hearing shall be had. Any license may be suspended pending the final determination of any order to show cause, during which suspension it shall be unlawful for such licensee to transact any business as a broker. After the hearing the commission shall enter its order vacating such order to show cause and suspension, or permanently revoking the license, or making such other disposition of the matter as the facts require.

A broker's license may be cancelled by the commission at any time at the request of the licensee.

Sec. 10. **Agents.**—No person shall do anything subject to the provisions of this act, in the capacity of an agent, unless or until he shall have been licensed as hereinafter provided.

Agents' licenses shall be issued only to agents of issuers for whom securities are registered or to agents of licensed brokers. To secure such license applications shall be made to the commission on forms prescribed by the commission, which application shall be signed and sworn to by the person desiring such license, shall contain the applicant's address, and such other information as the commission may require, and shall be accompanied by a statement signed by the issuer or broker for whom such applicant is agent stating that such issuer or broker has appointed the person therein named as his agent. The commission shall have power to require the applicant or his principal to furnish such additional information regarding the agent as may seem necessary. Such application shall either be granted and license issued, or denied. The commission shall have power to deny an agent's application if the applicant is not of good business repute or has violated any of the provisions of this act, or any registration, license or lawful order of the commission, or has engaged in any fraudulent transactions, or if it appears to the commission that the sale of securities by such applicant would work a fraud on purchasers thereof, or for good cause appearing to the commission. Denial shall be by written order. Agents' licenses shall be good for one year from date of issuance, unless sooner cancelled, suspended or revoked, and shall authorize the licensee therein named to do anything his principal is authorized to do.

The commission shall have power, in connection with any agent's license outstanding, to require the agent or the issuer or broker for whom such agent was licensed, to furnish to the commission, in such form as it may designate, any information deemed necessary to assist the commission in determining whether such license should remain in force. Whenever the commission is in possession of information indicating that any licensed agent is not of good business repute, has violated or is about to violate any of the provisions of this act, or any registration, licensed or lawful order of the commission, or has engaged or is about to engage in any fraudulent transaction, or that the sale of securities by such licensee would work a fraud on purchasers thereof, or for good cause appearing to the commission, it may issue its order requiring such licensee to show cause why his license should not be revoked. In any such order the commission shall fix the time and place for hearing thereon, at which

time a hearing shall be had. Any agent's license may be suspended pending the final determination of any order to show cause, during which suspension it shall be unlawful for such licensee to act as such agent. After the hearing the commission shall enter its order vacating such order to show cause and suspension, or permanently revoking the license, or making such other disposition of the matter as the facts require.

On any matter pertaining to an agent's license, the issuer or broker for whom such agent was appointed shall be deemed an interested party. Failure to secure an agent's license shall be deemed a violation of this act by both the issuer or broker and the agent.

An agent's license may be cancelled by the commission at any time at the request of either the issuer or broker for whom such agent was licensed, or the agent.

Sec. 11. Appointment of agent for service of process.—Every non-resident person shall, before having any securities registered or being licensed as a broker or agent, appoint the chairman of the commission, and his successor in office, his attorney, upon whom process may be served in any action or proceeding against such person or in which such person may be a party, in relation to or involving any transaction covered by this act, which appointment shall be irrevocable. Service upon such attorney shall be as valid and binding as if due and personal service had been made upon such person. Such service shall be by duplicate copies, one of which shall be filed in the office of the commission and the other immediately forwarded by registered mail to the person so served at the address on file with the commission. Provided, that any such appointment shall become effective upon the registration of the securities or the issuance of the license in connection with which such appointment was filed.

Sec. 12. Hearings.—On all lawful orders of the commission, except orders of revocation, which do not fix the date for hearing thereon, the interested person shall have the right within thirty days from the date thereof to demand a hearing on such order. On any such demand it shall be the duty of the commission to fix a date for a hearing not more than thirty days from the date of such demand. At the time set a hearing shall be had on the order, after which the commission shall make such further order as the facts require and may either vacate, modify or adhere to the order under consideration.

Sec. 13. Orders—how served.—All lawful orders of the commission may be served by mailing a true and correct copy thereof by registered mail addressed to the interested person at the address on file with the commission. Any person may, by notice to the commission in writing, change his address on file, after

which notice service shall be to the address last furnished. Service made as herein provided shall be deemed sufficient for the purposes of this act.

Sec. 14. Deposits for special examinations.—Whenever it is necessary for the commission to incur any expense in connection with any application, notification, registration or license, it shall have the power by written order to require the interested person to make an advance deposit with the commission in an amount estimated as sufficient to cover such expense. All such deposits shall be covered into the state treasury and credited to the "State Securities Commission Investigation Fund," from which fund the commission shall have power to make disbursements to pay such expenses. Any unexpended portion shall be refunded. On field examinations made by a commissioner or employe away from the seat of government a per diem pro rated upon the salary of such commissioner or employe may be charged in addition to the actual expenses.

Sec. 15. Regulation of advertising matter.—No person shall himself, or by or through others, or as agent or otherwise, publish, circulate, distribute, or cause to be published, circulated, or distributed, in any manner, any circular, prospectus, advertisements, printed matter, document, pamphlet, leaflet or other matter, containing or constituting an offer to sell any securities which have not been registered as herein provided.

No circular, prospectus, advertisement, printed matter, document, pamphlet, leaflet or other matter (hereinafter referred to as advertising matter), containing or constituting an offer to sell any securities which have been registered in compliance with the provisions of Section 5 hereof, shall be published, circulated, distributed, or caused to be published, circulated or distributed, in any manner, unless and until such advertising matter shall have been submitted in duplicate to the commission and approved by it. The commission shall have power to disapprove any such advertising matter which it deems in conflict with the purposes of this act.

All such advertising matter containing or constituting an offer to sell any securities which have been registered in compliance with the provisions of Section 6 hereof shall be filed within forty-eight (48) hours after the initial publication, circulation, or distribution thereof. Provided, that the commission shall have power by order to prohibit the publication, circulation, or distribution, of any such advertising matter which it deems in conflict with the purposes of this act, after the service of which order it shall be unlawful for such advertising matter to be published, circulated or distributed.

All such advertising matter shall carry the name and address

of the issuer or broker circulating, publishing or distributing same, and shall make no reference to the registration of the securities or the issuance of a license by the commission.

Sec. 16. False statements prohibited.—No person shall knowingly subscribe to, make or file, or cause to be subscribed to, made or filed, any statement, information or proof required by this act or by the commission, which is in whole or in part materially false, nor shall any person knowingly make or cause to be made any false entry in any book or record of any person making application for registration or license or for whom securities have been registered or who has been licensed, nor exhibit any paper, document, book or record to any person authorized to examine same for the purpose of deceiving or misleading such person or the commission.

Sec. 17. Fees.—The following fees shall be paid to the commission:

(1) On application for registration, \$1.00 per \$1,000 on the total proposed sale price of the securities covered by such application; provided, that the minimum fee shall be \$25.00, and the maximum fee \$500.00.

(2) On notification of intention to sell, 50c per \$1,000 on the total proposed sale price of the securities covered by such notification; provided, that the minimum fee shall be \$10.00 and the maximum fee \$100.00.

(3) On application for brokers' licenses, \$50.00.

(4) On application for agents' licenses, \$5.00.

No application or notification of intention to sell shall be given any effect until the proper fee is paid. All fees and charges collected by the commission shall be covered into the state treasury.

Sec. 18. Certificates and certified copies.—The commission is hereby vested with power to prepare and issue the following:

(1) Certified copies of any order of registration, or of any license, or of any lawful order of the commission. Any such certificate may recite that such registration, license, or lawful order has not been suspended, revoked, cancelled, or amended except as therein stated.

(2) Any certificate to the effect that the records of the commission show that a specified security was or was not registered, or that a specified person was or was not licensed, on a specified date or between specified dates.

(3) Certified copies of any application, document, exhibit, report, or other paper on file with the commission.

All certificates issued pursuant to the above specified clauses (1), (2), and (3) shall be signed by a commissioner and identified by an impression of the seal of the commission. The commission

shall charge fifty cents for each such certificate and ten cents per folio for all copies so certified. All such certificates shall be prima facie evidence of the facts therein stated; and all copies so certified shall be received in evidence in all courts with the same force and effect as the originals thereof.

The commission may issue any order or license in duplicate, both of which shall have the force and effect of originals.

Sec. 19. Power to make investigations.—The commission may make investigations to determine whether any securities, including securities exempted by Section 2 hereof, are fraudulent or are being sold in a fraudulent manner, or to determine whether any of the provisions of this act or any registration, license or lawful order of the commission, are being violated.

It shall have power to take such steps as are necessary to cause the arrest and prosecution of all persons guilty of any such violations. 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.

The commission may by summons or subpoena require the attendance and testimony of witnesses and the production of books or papers before it relating to any matter as to which it has jurisdiction under this act. Such a summons or subpoena may be issued by any commissioner. It shall be served in the same manner as a summons or subpoena for witnesses in criminal cases issued on behalf of the state, and all provisions of law relative to a summons or subpoena issued in such cases shall apply to a summons or subpoena issued under this act so far as applicable. Any commissioner may require any witnesses to be sworn before testifying. Any judge of the district court may, upon application by the attorney general on behalf of the commission, compel the attendance of witnesses and the giving of testimony before the commission in the same manner and to the same extent as before said court.

A natural person shall not be excused from attending and testifying before the commission acting under the provisions of this act on the ground that his testimony or evidence, documentary or otherwise, may tend to criminate him or subject him to a penalty or forfeiture; but such natural person shall not be prosecuted or subject to a penalty or forfeiture for, or on account of, any action, matter or thing, concerning which he may be required so to testify or produce evidence, except for perjury committed in such testimony.

Sec. 20. Publicity of information.—All information received by the commission from applicants under this act shall be open to inspection whenever it appears to the commission that such inspection may assist in carrying out or furthering the purposes

of this act. The commission shall supply at cost copies of any such information. Provided, that the commission shall have the power to withhold any information which it deems, in justice to the person filing the same, should not be made public.

The commission shall have power to publish in pamphlet form, by newspaper advertisement, or otherwise, any information regarding securities which it considers fraudulent or which are being sold in violation of this act, or any other information it deems necessary or helpful in connection with the enforcement of this act.

It shall be the duty of the commission annually on or before November first of each year to prepare and file in the office of the governor a report for the fiscal year ending June 30th preceding the report, which report shall contain a schedule of all applications received, a schedule of all applications granted, a schedule of all applications denied, a schedule of all registrations and licenses suspended, revoked or cancelled, a schedule of receipts and disbursements of the commission, and such other information as the commission considers material. Copies of such report shall be furnished to anyone requesting same.

Sec. 21. Injunctions.—Whenever it shall appear from evidence satisfactory to the commission that any securities are being sold, or are about to be sold, in violation of any of the provisions of this act, or that in the issuance, sale, promotion, negotiation, advertisement, or distribution of any securities, including any securities exempted by Section 2, or in any transaction exempted by Section 3, any person shall have employed, or employs, or is about to employ any device, scheme or artifice to defraud or for obtaining any money or property by means of any false pretense, representation or promise, or that any person shall have made, makes or attempts to make, fictitious or pretended purchases or sales of securities, including any securities exempted by Section 2, or in any transactions exempted by Section 3, the commission shall have power to apply for an injunction in any court of competent jurisdiction to restrain such unlawful acts or fraudulent practices, or such proposed unlawful acts or fraudulent practices, without abridging the penalties and other remedies by this act provided.

Sec. 22. Penalties for violation.—Any person who violates any of the provisions of this act, or any registration or license or any lawful order of the commission, shall be guilty of a gross misdemeanor, and shall be fined not more than five thousand dollars, or shall be imprisoned for not more than three years, or both such fine and imprisonment in the discretion of the court.

Sec. 23. Exemptions and exceptions need not be negatived.—In any suit, complaint, information, indictment, or other writ of proceeding, civil or criminal, brought under this act, it shall not be necessary to negative any of the exemptions or exceptions pro-

vided by this act; and the burden of proof of any such exemption or exception claimed shall be upon the party claiming the existence of benefit thereof.

Sec. 24. Other actions or rights not limited by act.—Nothing in this act shall limit statutory or common law right of any person to bring action in any court for any act involved in the sale of securities, or the right of the state to punish any person for any violation of any law.

Sec. 25. Unconstitutionality of one provision not to affect others.—If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Sec. 26. Commission seal.—The commission shall adopt a seal with the words "States Securities Commission of Minnesota" and such design as the commission shall prescribe engraved thereon, by which seal the commission shall authenticate its signature and proceedings.

Sec. 27. 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 issuance of the writ shall not, however, operate as a stay of proceedings unless specifically so ordered.

Sec. 28. State Securities Commission Perpetuated, Saving clauses, laws repealed.—The State Securities Commission as created by Section 1, Chapter 429, General Laws of Minnesota for 1917, as amended by Section 2, Chapter 105, General Laws of Minnesota for 1919, as further amended by Section 1, Chapter 426 General Laws of Minnesota for 1921, is hereby perpetuated and charged with the duty of administering and enforcing this act.

When this act becomes effective, all proceedings then pending before said State Securities Commission under and by virtue of any law previously in force may be continued by said commission; all applications for investment company licenses pending on the effective date of this act shall be deemed applications for registration hereunder; all applications for dealers' licenses pending on the effective date of this act shall be deemed applications for brokers' licenses hereunder; all investment company licenses outstanding and all securities on which proper notification of intention to sell have been given as provided by said Chapter 429, General Laws of Minnesota for 1917, and acts amendatory thereof, shall be deemed registrations under this act and said securities shall be legally salable, subject to the provisions of this act unless otherwise ordered by the commission; and all dealers' licenses outstanding shall be deemed brokers' licenses hereunder and be subject to the provisions thereof. All actions, civil and criminal, pending or which may arise under

said Chapter 429, General Laws of Minnesota for 1917, and acts amendatory thereof, shall be continued thereunder. Otherwise Chapter 429, General Laws of Minnesota for 1917, Chapter 105, General Laws of Minnesota for 1919, Chapter 257, General Laws of Minnesota for 1919, Chapter 372, General Laws of Minnesota for 1921, Chapter 426, General Laws of Minnesota for 1921, Chapter 4, General Laws of Minnesota for 1923, and Chapter 271, General Laws of Minnesota for 1923, and all other acts or parts of acts inconsistent herewith, are hereby repealed. But the revolving fund created by Section 5, Chapter 429, General Laws of Minnesota for 1917, as amended by Section 6, Chapter 105, General Laws of Minnesota for 1919, is hereby perpetuated.

Sec. 29. Act effective when.—This act shall take effect and be in force from and after July 1, 1925.

Approved April 13, 1925.

CHAPTER 193—S. F. No. 243.

An act to prohibit the sale of cattle at public auction, mortgage foreclosure sale or sale by order of any court unless the same shall have been tested and found free of tuberculosis.

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

Section 1. Cattle not to be sold at public auction unless tested.—It is hereby declared unlawful for any person to sell or offer for sale any cattle at public auction, mortgage foreclosure sale or sale by order of any court unless the same shall have been tested and found free of tuberculosis, provided the provisions of this act shall not apply to herds of cattle so located as not to be within 25 miles of a regularly licensed veterinary.

Sec. 2. Tests to be made according to rules of Live Stock Sanitary Board.—Such tests shall be made according to the rules and regulations of the State Live Stock Sanitary Board and a certificate of such test approved by the Board shall be exhibited to the purchaser by the vendor at the time of sale.

Sec. 3. Violation a misdemeanor.—Any person violating the provisions of this act shall be guilty of a misdemeanor, and any auctioneer knowingly making any sale of cattle in violation of this act shall upon conviction forfeit his license as an auctioneer.

Sec. 4. Effective July 1, 1925.—This act shall go into effect on and after July 1st, 1925.

Approved April 13, 1925.