

the probate judge may appeal to the district court within 30 days by filing with the county auditor a notice thereof. The district court, either in term or vacation and upon eight days notice to the chairman of the county board, shall hear such appeal and summarily determine the amount of compensation needed for such additional clerk hire for the term of office by an order, a copy of which shall be filed with the county auditor.

**Sec. 3. Application.**—Whenever according to the then last state or national census the population of any county of this state, which now has a population of less than 29,000 inhabitants, shall acquire not less than that number, such county shall at once become subject to the provisions of this act, and whenever, according to such census the population of any county shall exceed 31,000 inhabitants, or fall under 29,000 inhabitants, the provision of this act at the expiration of 90 days from the final filing of the enumeration of such county shall no longer apply thereto.

**Sec. 4. Payment of salaries and clerk hire validated.**—*In each county of this state containing not less than 22 and not more than 25 organized towns, and having a population of not less than 29,000 inhabitants and not over 31,000 inhabitants, in which during the years 1921, 1922, 1923, 1924, 1925, 1926 and 1927 the judge of probate, clerks, deputies, and other assistants were each actually paid salaries and compensation in excess of the amount allowed by law, but not exceeding the amounts provided by said Chapter 164, Laws 1921, such payments of salaries and compensation are hereby legalized and made valid.*

**Sec. 5. Inconsistent acts repealed.**—All acts or parts of acts inconsistent with this act are hereby repealed.

Approved March 24, 1927.

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#### CHAPTER 66—S. F. No. 129

*An act amending the title and Sections 1, 2, 3, 4, 6, 8, 9, 10, 12, 15, 19, 21, 26 and 28, of Chapter 192, Laws 1925, entitled "An act to prevent fraud in the sale of securities within the State of Minnesota," etc.; etc.; also repealing so much of Chapter 326, General Laws 1923, as exempts all co-operative associations from the operation of Chapter 192, General Laws 1925; also providing for the issuance of search warrants in proceedings under said Chapter 192, General Laws 1925.*

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

**Section 1. Title amended.**—That the title to Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

*"An act to protect investors (as hereinafter defined) by regulating sales and purchases, and attempted sales and purchases, within the State of Minnesota, of stocks, bonds, notes, debentures, commercial paper, evidences of indebtedness, investment contracts, interests in or under profit-sharing or participating agreements or schemes, and interests in trusts or pretended trusts, all hereinafter called securities; by defining words, phrases, and terms used in this act; by fixing the scope of the regulation in this act provided and prescribing the conditions under which securities may be sold, bartered, or exchanged or offered therefor; by providing for enforcement of this act through public agencies and otherwise; and by prescribing and imposing penalties for violation of or non-compliance with this act."*

**Sec. 2. Definitions.**—That Section 1 of Chapter 192, Laws of 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 1. 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 reorganization subscription or certificate, an agreement to issue or transfer, an 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. *Provided, however, that the sale of a security under conditions which entitle the purchaser or subsequent holder to exchange the same for, or to purchase, some other security shall not be deemed a sale or offer for sale of such other security; but no exchange for or purchase of such other security shall ever be made unless and until the sale thereof shall have been first authorized in Minnesota by registration under this act, or by exemption therefrom, or by other provisions of law.*

(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, or beneficial interest in a trust or pretended trust. 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, *in the course of continued and successive sales*, 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 the 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.

(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 sell securities*. 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; *provided that the term 'officers' as used in this paragraph shall not include the directors of a corporation*.

(7) 'Commission' shall mean *the commission supervising and controlling the department of commerce of the State of Minnesota under Chapter 426, Laws 1925, but subject to all the provisions thereof relating to the powers and duties of the commissioner of securities as successor of the state securities commission. Whenever necessary to give effect to such provisions, the term 'commission' as used in this act may be construed as meaning or including such commissioner of securities under said Chapter 426, Laws 1925. Said Commission, for the purposes of this act, shall be known as the commerce commission*.

(8) 'Investor' as used in this act shall mean and include any person (as above defined) to whom any security (as above defined) is sold or offered for sale (as above defined), or who purchases or acquires or attempts to purchase or acquire any such security."

Sec. 3. **Exempted securities.**—That Section 2 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Section 2. The provisions of Sections 4, 5, 6, and 7 of this act, with respect to the registration of securities, 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 possession thereof, or by the District of Columbia, or by any political sub-division 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 sub-division thereof having the power of taxation or assessment.

(3) *Any security issued by and representing an interest in, or issued by and representing a direct obligation of, a state bank organized and operating under the laws of Minnesota; and 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, *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.

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

(7) Any security issued by a corporation organized under the laws of this state exclusively for *social*, 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 *members*, stockholders and *patrons* 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 *members*, stockholders and *patrons* of such association, or by any co-operative association; the manufacture of *anything* from any agricultural, dairy or livestock products, or other produce, produced by the *members*, stockholders and *patrons* of such association; any business incidental to any of the above purposes; the operation of a rural telephone among its stockholders. *Except as last hereinabove provided otherwise, all co-operative associations organized or existing under Chapter 326, Session Laws of Minnesota for 1923, shall be deemed within the purview of this act; and any provision to the contrary in said Chapter 326, Laws 1923, is hereby repealed.*"

Sec. 4. **Exempted sales.**—That Section 3 of Chapter 192, Laws of 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 3. 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. *This exception shall not be deemed to exempt a broker*

*or a broker's agent from the requirement of obtaining a license as herein provided.*

(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) And 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 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. 5. Certain securities not to be sold until registered.**—That Section 4 of Chapter 192, Laws of 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 4. No securities shall be sold within the State of Minnesota 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. 6. Registration by notification.**—That subsection 2 of Section 6 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"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.

*For the purpose of registering under this subsection securities of any issuer owning more than 50 per cent of the outstanding voting stock of a subsidiary company, such issuer shall be deemed to be the owner of the business of the subsidiary company, and the earnings of the subsidiary company applicable to the payment of dividends upon all stock of the subsidiary company owned by such issuer shall be considered as earnings of such issuer."*

**Sec. 6½. Powers of Commission on registration.**—That Section 8 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

*"Sec. 8. The commission shall have power in connection with any registration of any securities, which it not canceled or revoked, 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,*

*whether such securities are fraudulent, whether the sale thereof has worked or will work a fraud on purchasers, or whether such person has violated or is about to violate such registration or any lawful order of the commission or any of the provisions of this act. In such case the commission shall also have power to make an examination and investigation of the books, records, papers, accounts, property, business and affairs of such person and to make or cause to be made on its behalf an audit of the accounts, books and records of such person, and by its order to require such person to permit such examination, investigation and audit to be made and to require such person to submit to the commission his books, papers, records and accounts for the purpose of such examination, investigation and audit. If a registration has been made for a broker acting under a fiscal agency contract or other authority from the issuer, the commission shall have the same powers as against 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 canceled by the commission *in its discretion* 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. 7. Brokers.**—That Section 9 of Chapter 192, Laws of 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 9. *No broker shall sell, or profess the business of selling, any securities 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 which is not revoked or canceled 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, whether such licensee is solvent, whether such licensee 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 sold or is about to sell any fraudulent securities, has engaged in or is about to engage in any fraudulent transaction, or whether the sale of securities by such licensee will work a fraud on purchasers. In such case the Commission shall also have power to make an examination and investigation of the books, records, papers, ac-*

*counts, property, business and affairs of such licensee, and to make or cause to be made on its behalf an audit of the accounts, books and records of such licensee, and by its order to require such licensee to permit such examination, investigation and audit to be made, and to require such licensee to submit to the commission his books, papers, records and accounts for the purpose of such examination, investigation and audit.* 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 canceled by the commission at any time at the request of the licensee."

Sec. 8. **Agents.**—That Section 10 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 10. *No agent shall sell any securities unless or until he shall have been licensed as hereinafter required; provided that this section shall not apply to an agent of an issuer selling securities exempted under Section 2 of this act, or selling securities in a manner exempted under Section 3 of this act.*

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 canceled, 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, license 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 canceled 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. 9. Hearings.**—That Section 12 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 12. On all lawful orders of the commission, *made without a hearing having been had on the matter thereby determined, or opportunity therefor afforded*, the interested person shall have the right within thirty days from the date thereof to demand a hearing on such *matter*. 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, after which the commission shall make such further order as the facts require and may either vacate, modify or adhere to, the *order theretofore made*."

**Sec. 10. Regulation of advertising matter.**—That Section 15 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 15. 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, advertisement, 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 distribut-

ing same, and shall make no reference to the registration of the securities or the issuance of a license by the commission.

*The provisions of this section shall not only apply to securities exempted under Section 2 of this act, nor to sales of securities made in a manner exempted under Section 3 of this act."*

**Sec. 11. Power to make investigations.**—That Section 19 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

*"Sec. 19. Whenever the commission from information in its possession has reasonable ground to believe that any person within three years has sold, or is about to sell, any securities, including securities exempted by Section 2 hereof, and that such securities are or were fraudulent or are about to be or were sold in a fraudulent manner, or that such person in such sale or attempted sale of such securities has worked or will work a fraud on purchasers thereof, or that such person in such sale or attempted sale has violated or is about to violate any of the provisions of this act, the commission shall have power to investigate said matters. In any such case the commission shall have power to make an examination and investigation of the books, records, papers, accounts, property, business and affairs of such person, and to make or cause to be made on its behalf an audit of the accounts, books, and records of such person, and by its order to require such person to permit such examination, investigation and audit to be made and to require such person to submit to the commission his books, papers, records and accounts for the purpose of such examination, investigation and audit. If such securities were or are about to be sold for or on behalf of the issuer thereof the Commission shall have like powers as against such issuer.*

*If any person or issuer shall fail or refuse to obey any order of the commission, which it is authorized under this act to make, requiring such person to permit an examination, investigation or audit of his books, records, papers or accounts by or on behalf of the commission and to submit the same to the commission for such purpose, the District Court, upon petition of the commission, subject to the limitations in Section 7 and 10 of Article 1 of the State Constitution and in Articles 4 and 5 of the amendments to the Constitution of the United States, shall forthwith and without notice cause a search warrant to be issued directed to the sheriff commanding the sheriff forthwith to search for and seize the books, records, papers and accounts of such person or issuer and deliver them to the commission for the purpose of such examination. The petition of the commission filed with the District Court, if duly verified and sufficiently specific, or/and any affidavit filed in such proceeding may be taken by the Court as authority for the issuance of such search warrant; and all proceedings thereunder shall be substantially the same as like proceedings under Sections*

*10537 to 10540, both inclusive, General Statutes 1923. Any books, papers, records, or accounts so seized shall be held by the commission for a reasonable length of time for the purpose of making such examination, investigation or audit and shall be then returned to the person from whose possession they were taken, unless otherwise ordered by the Court.*

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 who shall claim the privilege of refusing to testify on the ground that his testimony or evidence, documentary or otherwise, might tend to criminate or subject him to a penalty or forfeiture, shall not be excused on said ground from attending and testifying before the commission acting under the provisions of this act; but such natural person, having claimed said privilege and having been required nevertheless to testify, shall not be prosecuted or subjected 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. 12. Injunctions.—That Section 21 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 21. 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.

*Subject to the limitations in Sections 7 and 10 of Article 1 of the State Constitution and in Articles IV and V of the amendments to the Constitution of the United States a search warrant may be issued at any time and without notice in any proceeding, civil or criminal, under this act wherein a complaint, information or indictment has been filed; which search warrant may be used for the purpose of obtaining and holding until after trial and decision of the case any books, records, documents, writings, or papers deemed pertinent or material in such proceeding. Any complaint so filed, if duly verified and sufficiently specific, or any affidavit filed in such proceeding, may be taken by the court as authority for the issuance of such search warrant; and all proceedings thereunder shall be substantially the same as like proceedings under Sections 10537 to 10540, both inclusive, General Statutes 1923. The court, by order made at or subsequent to the issuance of any such search warrant, may provide for the custody, care and control of anything seized pursuant thereto; but if no such order be made, anything so seized shall be delivered by the officer executing the warrant to the court, (or the clerk thereof) from which such warrant issued and shall be there retained until after trial and decision of the case."*

**Sec. 13. Commission seal.**—That Section 26 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

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

**Sec. 14. Saving clauses—laws repealed.**—That Section 28 of Chapter 192, Laws 1925, be and the same hereby is amended so as to read and be as follows:

"Sec. 28. 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 *the successors in authority of 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 has 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; *provided, that all investment company licenses which were issued to investment companies who paid therefor an annual fee of one hundred dollars shall terminate 30 days from and after the time this act becomes effective. 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. 15. This act shall take effect and be in force from and after its passage.

Approved March 24, 1927.

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#### CHAPTER 67—S. F. No. 1020

*An act to fix the times of holding the General Terms of the District Court in the Fourteenth Judicial District of the State of Minnesota.*

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

Section 1. **Fixing terms of District Court in Fourteenth Judicial District.**—The General Terms of the District Court in the several counties constituting the Fourteenth Judicial District of the State of Minnesota shall be held, each year, at the times herein prescribed as follows:

**Kittson County:** On the fourth Monday in June, and the second Monday in November.