

CHAPTER 504—S. F. No. 310

An act relating to the sale or offer for sale of securities, amending Minnesota Statutes 1953, Sections 80.07, 80.12, Subdivision 1, as amended, 80.14, Subdivision 1, 80.18 as amended, 80.20 as amended, and 80.32.

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

Section 1. Minnesota Statutes 1953, Section 80.07, as amended by Laws 1955, Chapter 19, Section 2, is amended to read :

80.07 Securities, registration. No securities, except those exempt under section 80.05 and those sold in sales exempt under section 80.06, shall be offered for sale or sold within the state unless such securities have been registered pursuant to section 80.08 or 80.09, except that it shall be permissible for licensed dealers, brokers and agents to offer for sale in Minnesota prior to registration securities for which a registration statement has been filed under the federal Securities Act of 1933.

Registration may be secured by application as provided in section 80.08 or by notification as provided in section 80.09. Applications and notifications may be filed by the issuer, the owner, a licensed broker or a licensed dealer and may be for restricted registration or unlimited registration. A restricted registration is one which permits sales of a specified number only of units of a security by an issuer, owner, licensed broker or licensed dealer or any one or more thereof designated by the applicant. An unlimited registration is one which permits sales of all outstanding or to be outstanding units of a security by the issuer, owner, and all licensed brokers and licensed dealers, *both for initial offering and secondary trading*. Any licensed broker or licensed dealer may sell, pursuant to an unlimited registration, additional units of a security issued through conversion of any security outstanding on the date of registration or as a stock dividend on shares of the issuer outstanding at said date or through split-up of the security registered, and may also sell additional units of the security otherwise issued after the date of registration if, after reasonable investigation, he had no reason to believe that such additional units were issued otherwise than as hereinabove in this proviso set forth. The sale price fixed in any registration shall be a maximum price unless otherwise expressly provided in the registration.

Sec. 2. Minnesota Statutes 1953, Section 80.12, Subdivision 1, as amended by Laws 1955, Chapter 19, Section 3, is amended to read :

80.12 Brokers, dealers; licenses. Subdivision 1. *Application.* No broker or dealer shall offer for sale, sell or profess the business of selling, any securities unless or until he shall have been licensed as a broker or dealer as hereinafter provided; *except that a dealer or broker licensed as such in another state may sell any securities to any licensed broker or licensed dealer or to any bank or financial institution under the supervision of an instrumentality or officer of the United States, or of the commissioner of banks, or of the commissioner of insurance of this state.*

To secure a broker's or dealer's license application shall be made to the commission on forms prescribed by the commission, which application shall be signed and sworn to by the applicant and 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 the 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' or dealers' 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 the applicant.

Upon compliance by an applicant for a broker's or dealer's license with the provisions of sections 80.05 to 80.27 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 has not sufficient financial responsibility to carry out the obligations incidental to the business of a broker or dealer, is of bad business repute, has violated any of the provisions of sections 80.05 to 80.27, or any registration, license, or lawful order of the commission, or has engaged in, or is about to engage in, any fraudulent transactions, or if it appears to the commission that the sale of securities by the applicant would work a fraud on purchasers thereof, or for good cause to the commission appearing. Denial shall be by written order.

Brokers' or dealers' licenses shall be good for one year from date of issuance, unless sooner suspended, canceled, or revoked, as hereinafter provided, and shall authorize the li-

cense therein named to transact business as a broker or dealer subject to the provisions of sections 80.05 to 80.27.

Sec. 3. Minnesota Statutes 1953, Section 80.14, Subdivision 1, is amended to read:

80.14 Nonresidents, service of process. Subdivision 1. **Commissioner, agent for service of process.** Commissioner, agent for service of process. Every non-resident person shall, before having any securities registered or being licensed as a broker, dealer, *investment adviser*, or agent, appoint the commissioner of securities, and his successor or successors in office, his true and lawful attorney upon whom may be served all legal process 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 sections 80.05 to 80.27, 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. Any such appointment shall become effective upon the registration of the securities or the issuance of the license in connection with which the appointment was filed.

The commission of any act which constitutes a violation of sections 80.05 to 80.27 by any non-resident person who has not theretofore appointed the commissioner of securities his attorney in compliance with the first paragraph of this section shall be conclusively deemed an irrevocable appointment by such person of the commissioner of securities, and his successor or successors in office, as his true and lawful attorney upon whom may be served all legal process in any action or proceeding against him or in which he may be a party in relation to or involving such violation, and such violation shall be a signification of his agreement that all such legal process which is so served shall be as valid and binding upon him as if due and personal service thereof had been made upon him.

Service of process under this section shall be made by delivering a copy thereof to the commissioner of securities personally or by filing the same in his office, accompanied by one additional copy for each person so served, and by the mailing by the commissioner of a copy thereof by registered mail, not later than the business day following the day of such service, to each person so served at his address as shown by the records at the office of the commissioner in the case of service made on the commissioner as attorney pursuant to appointment in compliance with the first paragraph of this section and at his last known address in the case of service made on the commissioner as attorney pursuant to appointment by virtue of the second paragraph of this section.

Sec. 4. Minnesota Statutes 1953, Section 80.18, as amended by Laws 1955, Chapter 19, Section 5, is amended to read:

80.18 Circular, prospectus, advertisement or other 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, printed matter, document, pamphlet, advertisement through any medium, or other matter, pertaining to any securities which have not been registered as herein provided; but this provision shall not apply to securities for which a registration statement has been filed under the federal Securities Act of 1933.

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 required to be registered in compliance with the provisions of sections 80.08 and 80.09, or *rendering advice with relation thereto*, 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 sections 80.05 to 80.27.

All such advertising matter shall carry the name and address of the issuer, broker, or dealer, circulating, publishing or distributing same and 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 apply to securities exempted under section 80.05, nor to sales of securities made in a manner exempted under section 80.06.

Sec. 5. Minnesota Statutes 1953, Section 80.20, as amended by Laws 1955, Chapter 820, Section 14, is amended to read:

80.20 Fees. The following fees shall be paid to the commission:

(1) On application for registration, an examination fee of \$10, and a fee of \$1.00 per \$1,000 on the total proposed sale price of the securities covered by such application, of which last stated amount \$25 shall be considered a filing fee and the remainder a registration fee; provided, that the min-

imum fee shall be \$35 and the maximum fee \$500, *which maximum fee shall include the \$10 examination fee.*

(2) On notification of intention to sell, an examination fee of \$5, and a fee of 50 cents per \$1,000 on the total proposed sale price of the securities covered by such notification, of which last stated amount \$10 shall be considered a filing fee and the remainder a registration fee; provided, that the minimum fee shall be \$15 and the maximum fee \$200 except that the maximum fee shall be \$100 on securities outstanding for more than one year, *which maximum fees shall include the \$5 examination fee.*

(3) On application for brokers' licenses, \$50.

(4) On application for agents' licenses, \$7.50.

(5) On application for dealers' licenses, \$100.

(6) On filing an offer under section 80.06, clause (8), \$10.

(7) On application for an amendment to a registration increasing the maximum selling price thereunder, \$10, plus an additional fee calculated in accordance with subparagraph (1) or (2) of this section, as the case may be, less the amount of all fees theretofore paid pursuant to subparagraph (1) or (2) of this section in connection with the registration the amendment of which is requested; and on any other application for an amendment, \$10.

(8) On annual reports of any investment company as now defined by Section 3 of the "Investment Company Act of 1940" (Title I of Public [Law] No. 768-76th Congress, 3rd Session), \$100.

(9) On annual reports other than those covered by the preceding clause (8), \$10.

(10) On applications for investment adviser's licenses, \$75.

(11) For acceptance of service and mailing of process served upon the commissioner under any of the provisions of sections 80.05 to 80.27, \$2 for each person so served.

(12) The commission in the case of an application for registration, and the commissioner of securities in the case of notification of intention to sell, may order the return of registration fees provided for in subdivisions (1) and (2) when securities applications and notifications of intention to sell are permitted to be withdrawn. When such a withdrawal is made, *the commissioner of securities shall certify to the*

state auditor the portion of the fee to be refunded to the applicant, and the auditor shall issue his warrant in payment thereof out of the fund to which such fee was credited in the manner provided by law. There is hereby appropriated to the persons entitled to such refunds from the fund in the state treasury to which such fees were credited an amount to make such refunds and payments.

No application, notification, request for amendment of a registration, service of process, annual report, or filing of offer shall be deemed to be filed or 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. 6. Minnesota Statutes 1953, Section 80.32, is amended to read:

80.32 Fees for registration. *There shall be paid to the commission on application for registration, an examination fee of \$10, and a fee of \$1.00 per \$1,000 on the total proposed sale price of the lands, interests, or royalties covered by such application, of which last stated amount \$25 shall be considered a filing fee; provided, that the minimum fee shall be \$35 and the maximum fee \$500, which maximum fee shall include the \$10 examination fee.* Such fees shall accompany the application.

Section 80.20 shall apply to and govern fees to be paid by applicants for *dealers' licenses*, *brokers' licenses* or *agents' licenses* under sections 80.30 to 80.36.

All fees and charges collected under sections 80.30 to 80.36 shall be covered into the state treasury.

Approved April 20, 1957.

CHAPTER 505—S. F. No. 566

[Coded]

An act relating to records with the commissioner of banks.

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

Section 1. [46.21] **Destruction of certain record.**
[Subdivision 1] After 12 years, the commissioner of banks may at his discretion dispose of any examination report, call report of the condition of state banks, earnings and dividend report, oath of office of director or examining committee re-