

CHAPTER 264—S. F. No. 239

An act repealing Laws 1947, Chapter 370, Relating to the transfer of funds and a special tax levy for sanatorium purposes in counties now or hereafter having a population of 500,000 or more.

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

Section 1. Laws 1947, Chapter 370, is hereby repealed.

Approved April 6, 1949.

CHAPTER 265

An act relating to the regulation of sale of stocks; bonds and other securities; amending Minnesota Statutes 1945, Sections 80.05, 80.06 and 80.12, Subdivision 1.

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

Section 1. Minnesota Statutes 1945, Section 80.05, is amended to read :

80.05. Securities exempted from operation of certain provisions of law. The provisions of sections 80.07 to 80.10, 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, territory or insular possession thereof, or by the District of Columbia, or by the Dominion of Canada or any province thereof, or by any political subdivision, municipality, or agency of any one or more of the foregoing or by any public instrumentality or corporate or quasi-corporate public body lawfully created by any one or more of the foregoing; provided such security is payable by exercise of the issuer's guarantor's general taxation, special assessment, or licensing powers or by appropriation of revenues to be derived from operation of a publicly owned utility or convenience and also any certificate of deposit for, temporary or interim certificate for, or receipt for any such security.

(2) Any security issued by and representing an interest in, or issued by and representing a direct obligation of, a state bank or trust company organized and operating under the laws of Minnesota, a national bank, wherever located, or a corporation 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.

(3) Any security issued or guaranteed either as to principal, interest or dividends, by a railroad which is subject to regulation or supervision either as to its rates and charges or as to the issue of its own securities by any regulatory board, body or official, 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 and equipment notes, bonds or trust certificates where the ownership of 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 is subject to regulation or supervision either as to its rates and charges or as to the issue of its own securities by a regulatory 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 also any interest bearing securities issued by a public service utility which 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, which security would, at the time of sale, qualify for registration under section 80.09, subdivision 2, clause (2) (a).

(4) Securities listed on the New York Stock Exchange, New York Curb Exchange, and Chicago Stock Exchange, and additional amounts of any such securities when regularly approved for listing upon notice of issuance thereof, 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.

(5) Commercial paper or negotiable promissory notes, maturing not more than within six months from the date of issue.

(6) Any security issued by a corporation organized 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; provided, that any security in whatever form, issued by any such corporation, offering and furnishing a burial service or funeral benefit, directly or indirectly, for a financial consideration, shall be subject to registration.

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

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

(9) Securities of any cooperative association organized in good faith under the laws of this state exclusively for the purpose of conducting upon the cooperative plan among its members, stockholders, and patrons any or all of the following businesses: Any agricultural, dairy, live stock or produce business; the business of selling, marketing, or otherwise handling any agricultural, dairy or live stock products, or other produce, raised or produced by the members, stockholders, and patrons of such association, or by any cooperative associations; 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 or rural electrification distribution system among its stockholders. Except as last hereinabove provided otherwise, all cooperative associations organized or existing under Laws 1923, Chapter 326, shall be deemed within the purview of sections 80.05 to 80.27 and any provision to the contrary in Laws 1923, Chapter 326, is hereby repealed.

(10) Capital shares, which have been outstanding for at least five years, of a corporation, organized under the laws of a state of the United States or the District of Columbia, which has outstanding only one class of shares and which is authorized by law to write insurance in this state and which corporation itself, or together with its predecessor or predecessors, has been continuously engaged in the insurance business for 20 years, has an aggregate capital and surplus of not less than \$5,000,000 and has, during each of the past five years, paid a dividend, which aggregate dividends for such period averaged at least three per cent, calculated on the proposed sale price, on all its shares outstanding on the date of sale.

(11) Capital shares, which have been outstanding for at least five years, of a bank or trust company, organized under the laws of a state of the United States, or the District of Columbia, which has outstanding only one class of shares and which itself, or together with its predecessor or predecessors, has been continuously engaged in the banking business for 20 years, has an aggregate capital, surplus, and undivided profits of not less than \$5,000,000 and has, during each of the past five years, paid a dividend, which aggregate dividends for such period averaged at least three per cent, calculated on the proposed sale price, on all its shares outstanding on the date of sale.

The commission may, by written order or regulation, suspend or wholly revoke the exempt status of any security or class of security exempted by this section or may require, prior to the sale of any such security or class of security, such information with respect thereto or the manner or terms of the proposed sales thereof, or such reports after sales thereof, as the commission may deem necessary to enable it to determine whether or not it should suspend or revoke the exempt status of such security or class of security.

Sec. 2. Minnesota Statutes 1945, Section 80.06, is amended to read:

80.06. Sales excepted from operation of law. The provisions of sections 80.05 to 80.27, 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 for the requirement of obtaining a license as herein provided. In any complaint, information, or indictment charging a sale in violation of sections 80.05 to 80.27, it shall not be necessary to specifically name or identify persons, other than the complainant, to whom like sales have been made but it shall be sufficient to sustain the same upon demurrer or motion for dismissal before trial if it alleges that such sale was made in the course of repeated and successive sales of the same issue.

(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, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction in this state.

(4) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution.

(5) Any subscription for securities 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 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.

(8) The exchange of securities by the issuer thereof

with its own security holders without any other consideration from such security holders and where no commission or other remuneration is to be paid to any one for effecting such exchanges; provided that the offer of exchange is filed with the commission at least ten days prior to the making thereof with the fee of \$10.00 required by section 80.20, clause (6).

(9) The solicitation or execution of any orders by a licensed dealer or a licensed broker for the purchase of any security; provided, that such dealer or broker acts as agent for the purchaser and has no direct material interest in the sale or distribution of such security, receives no commission, profit, or other compensation from any source other than the purchaser and delivers to the purchaser written confirmation of the transaction which clearly itemizes his commission, or other compensation.

(10) The solicitation and sale by any corporation of its securities to its security holders where a pro rata offering is made only to its security holders pursuant to a specific plan adopted by the corporation, or where such offer is required pursuant to preemptive rights of such security holders either by operation of law in the state in which such corporation is organized or pursuant to the charter or articles of such corporation, provided that no commission is paid for the sale of such securities, and provided further that no such solicitations shall be made unless:

(a) Such issuer, prior to any such solicitation, shall file with the commission detailed information concerning such solicitation and sale and such further information, statements, copies of papers and instruments as the commission may require in order to determine whether or not the proposed sale of securities may be unfair, inequitable or fraudulent, or whether or not registration of such security under section 80.08 or 80.09 is necessary or appropriate in the public interest or for the protection of investors, and

(b) The commission shall have advised such issuer in writing that the proposed solicitation and sale constitute exempt transactions under this subsection.

The commissioner may, by written order or regulation, suspend or wholly revoke the exempt status of any sales or class of sales exempted by this section or may require, prior to the making of any such sales or class of sales, such infor-

mation with respect thereto or the security to be sold thereunder, or such reports after the making of such sale, as the commissioner may deem necessary to enable him to determine whether or not he should suspend or revoke the exempt status of such sales or class of sales.

Sec. 3. Minnesota Statutes 1945, Section 80.12, Subdivision 1, is amended to read:

80.12. Subdivision 1. **Application.** No broker or dealer shall 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.

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 application 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 licensee therein named to transact business as a broker or dealer subject to the provisions of section 80.05 to 80.27.

Approved April 6, 1949.

CHAPTER 266—S. F. No. 655

An act relating to tax levies for county library purposes; amending Minnesota Statutes 1945, Section 375.33, Subdivision 1, as amended by Laws 1947, Chapter 64.

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

Section 1. Minnesota Statutes 1945, Section 375.33, Subdivision 1, as amended by Laws 1947, Chapter 64, is amended to read:

375.33. Free county libraries. Subdivision 1. Authorization and establishment. The county board of any county in this state is hereby authorized to establish and maintain, at the county seat or any other city to be determined by the board, a public library for the free use of all residents of the county, and may levy a tax in a sum which will be produced by not to exceed two mills on the dollar of all the taxable property outside of any city or village wherein a free public library is located, or which is already taxed for the support of any such library, the proceeds of which tax shall be known as the county library fund.

Approved April 6, 1949.

CHAPTER 267—S. F. No. 748

An act relating to the practice of optometry; amending