

as a migratory waterfowl feeding and resting area, and such area shall thereupon be duly posted as a migratory waterfowl feeding and resting area. When so posted it shall be unlawful for any person to enter upon such migratory waterfowl feeding and resting area during the open migratory waterfowl season with any kind of motor propelled boat, raft, watercraft or aircraft.

Approved March 15, 1963.

CHAPTER 72—S. F. No. 231

[Not Coded]

An act relating to annual salaries of the county auditor and the clerk of court of Lake county.

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

Section 1. **Lake county; auditor and clerk; salaries.** The board of county commissioners of Lake county shall set the annual salary of the county auditor at not less than \$7,500 and not more than \$9,000, and the annual salary of the clerk of court at not less than \$6,000 and not more than \$7,500.

Sec. 2. All fees collected by the county officials named in section 1 shall be paid to the county in the manner and at the times prescribed by the county board and no such official shall receive any such fees as additional compensation.

Sec. 3. This act shall be effective upon its approval by a majority of the members of the board of county commissioners of Lake county and upon compliance with Minnesota Statutes, Section 645.021.

Approved March 15, 1963.

CHAPTER 73—S. F. No. 239

An act relating to the sale or offer for sale of securities; amending Minnesota Statutes 1961, Sections 80.03; 80.05; 80.06; 80.07; 80.08; 80.10; 80.12, Subdivision 1; and 80.20.

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

Section 1. Minnesota Statutes 1961, Section 80.03, is amended to read:

Changes or additions indicated by italics, deletions by strikeout.

80.03 Deputy commissioner of securities. The commissioner of securities may appoint ~~and at pleasure remove a deputy~~ *an assistant* commissioner of securities at a salary ~~to be fixed by the commissioner of administration.~~ The *deputy assistant* commissioner of securities shall, before entering upon the discharge of his duties, give bond to the state in the amount of \$5,000, conditioned for the faithful discharge of his duties during his continuance in office and for the payment without delay to the officer or person entitled by law thereto of all moneys which come into his hands by virtue thereof. During the disability of the commissioner of securities, ~~or his absence from the seat of government, or a vacancy occurring in his office, and pending the filling thereof as provided by law,~~ the *deputy assistant* shall have and possess all the rights and powers ~~and to perform all the duties of the commissioner of securities.~~

Sec. 2. Minnesota Statutes 1961, Section 80.05, is amended to read:

80.05 Securities not subject to registration. 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 or 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

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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, American Stock Exchange, and Midwest 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~~ *person organized exclusively for social, religious, educational, benevolent, fraternal, charitable, or reformatory, athletic, chamber of commerce, trade, or professional association* 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~~ *person* offering and furnishing a burial service or funeral benefit, directly or indirectly, for a financial consideration, shall be subject to registration.

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(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, 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 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 associations; 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 percent, 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 percent, calculated on the proposed sale price, on all its shares outstanding on the date of sale.

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(12) *Any security issued or guaranteed by any common carrier subject to regulation or supervision as to the issuance of its own securities by a public commission, board, or officer of the government of the United States.*

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. 3. Minnesota Statutes 1961, Section 80.06, is amended to read:

80.06 Sales excepted. 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 from 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 the 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

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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 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 *or sale* of any security; provided, that such dealer or broker acts as agent for the purchaser *or seller*, 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 *or seller* and delivers to the purchaser *or seller* 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 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 securities under section 80.08 or 80.09 is necessary or appropriate in the public interest or for the protection of investors, and

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

(11) The issue and delivery of any security of the same issuer pursuant to a right of conversion entitling the holder of the security surrendered in exchange to make such conversion; provided, that the security so surrendered has been registered under the law or was, when sold, exempt from the provisions of the law.

(12) The sale by any cooperative association of its own securities to its patrons when all or substantially all of the consideration is comprised of patronage refunds accruing to the purchaser on business transacted with the issuer.

(13) The sale by a licensed dealer or broker, acting either as *principal or agent*, of securities theretofore sold and distributed to the public, provided that:

(a) Such securities are sold at prices reasonably related to the current market price thereof at the time of sale and if such dealer or broker is acting as agent, that the commission collected by such dealer or broker on account of the sale thereof is not in excess of usual and customary commissions collected with respect to securities and transactions having comparable characteristics; and

(b) Such securities do not constitute an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter; and

(c) Either Moody's, Fitch's or Standard and Poor's securities manuals, or other recognized securities manuals approved by the commissioner of securities contain the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of such sale, and a profit and loss statement of issuer for the fiscal year preceding the date of such balance sheet; and

(d) Such securities would qualify for registration by notification pursuant to the provisions of section 80.09; and

(e) Such securities are limited to issuers organized under the laws of any state or territory or insular possession of the United States.

(14) *The issuance and delivery of any securities of one corporation to the security holders of another corporation in exchange for all or substantially all of the assets of such other corporation, or in connection with a consolidation or merger of such corporations.*

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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 information 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. 4. Minnesota Statutes 1961, Section 80.07, is amended to read:

88.07 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 sections 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 only. 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. 5. Minnesota Statutes 1961, Section 80.08, is amended to read:

80.08 Registration by application. Applications for registration of securities shall be made on forms prescribed by the com-

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mission. *The application shall contain such information and representations as the commission may require as necessary or appropriate in the public interest or for the protection of investors.*

When the commissioner deems it necessary he shall have power, in connection with pending applications and at the expense of the applicant, to require the applicant to furnish additional information, to order an appraisal, audit or other examination and report, and, where the applicant is the issuer of the securities, or the proposed sale is to be on behalf of the issuer, to make an investigation of the books, records, property, business, and affairs of such issuer.

Upon compliance with all the provisions of sections 80.05 to 80.27 applicable to such application and the requirements of the commission or commissioner, 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 sections 80.05 to 80.27. *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. The commission shall have power to deny an application for registration if the commission is of the opinion that the securities are fraudulent, or if it appears to the commission that the sale thereof would work a fraud or deception on the purchasers thereof, or if the proposed plan of business of the issuer and the terms of the securities are unfair and unjust, or if the applicant has violated any of the provisions of sections 80.05 to 80.27 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. Minnesota Statutes 1961, Section 80.10, is amended to read:

80.10 Terminations; amendments. A registration shall remain in effect until suspended, revoked, or canceled except that a restricted registration shall terminate upon the sale of the number of units therein designated, *at which time the registrant shall notify the commission of that fact and request cancellation of the registration.* Anyone who may apply for registration of a security may apply to the commission in writing for an amendment to any existing registration.

Sec. 7. Minnesota Statutes 1961, Section 80.12, Subdivision 1, is amended to read:

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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 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 a 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 sections 80.05 to 80.27.

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A licensed dealer or broker shall at all times keep securities and funds of his customers in trust for such customers and segregated from his own securities and funds; however, this provision shall not apply to dealers and brokers who are members of the New York, American, or Midwest Stock Exchanges, and who are governed by rules of their respective exchanges, requiring substantially the same provisions for segregation.

Sec. 8. Minnesota Statutes 1961, Section 80.20, 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 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 minimum 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~~ \$75.

(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.

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

(10) On applications for investment advisor'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, *at any time prior to the registration of securities*, 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.

Approved March 15, 1963.

CHAPTER 74—S. F. No. 306

An act relating to highways; amending Minnesota Statutes 1961, Section 162.12, Subdivision 3.

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

Section 1. Minnesota Statutes 1961, Section 162.12, Subdivision 3, is amended to read:

Subd. 3. **Disaster account.** After deducting administrative costs as provided in subdivision 2 of this section, the commissioner shall set aside each year a sum of money equal to two percent of the remaining money in the municipal state-aid street fund to provide for a disaster account; provided, that the total amount of money in the disaster account shall never exceed five percent of the total sums to

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