

# MAINE STATE LEGISLATURE

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SEVENTY-NINTH LEGISLATURE

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SENATE

NO. 249

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In Senate, March 22, 1919.

Reported by Mr. Baxter from Committee on Banks and Banking and laid on table to be printed under joint rules.

P. F. CRANE, Secretary.

Presented by Senator Baxter of Sagadahoc.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD ONE THOUSAND  
NINE HUNDRED AND NINETEEN

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AN ACT to Amend Sections Twelve and Twenty-three of Chapter Forty of the Revised Statutes, Relating to the Duties of the Bank Commissioner in Registering Dealers in Securities.

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Be it enacted by the People of the State of Maine, as follows:

Section 1. Section twelve of chapter forty of the revised statutes is hereby amended so that said section shall read as follows:

'Sect. 12. Any dealer desiring registration shall file written application therefor with the bank commissioner, which shall be in such form as may be prescribed by the commissioner, and shall state the principal place of business,

5 the name or style of doing business, and the address of the  
6 dealer, the names, residences and business addresses of all  
7 persons interested in the business as principals, officers,  
8 directors or managing agents, specifying as to each his  
9 capacity and title, and the length of time during which the  
10 dealer has been engaged in the business. Each applica-  
11 tion shall be accompanied by certificates or other evidence  
12 of the dealer's good repute, and if required by the com-  
13 missioner, a copy of the securities to be sold, a statement  
14 in detail of the assets and liabilities of the issuer of such  
15 securities, a statement in such form as the commissioner  
16 may prescribe of the general affairs of the issuer, copies  
17 of any mortgage or instrument creating a lien by which  
18 such securities are secured, a full statement of the earnings  
19 and expenses of each issuer for three years prior to the  
20 filing of the application, a copy of any contract to under-  
21 write the securities to be offered for sale, the names and  
22 addresses of all persons holding ten per cent or more of  
23 the capital stock of the issuer, a statement in detail of the  
24 plan on which the business of the issuer is to be conducted,  
25 and such other information as the commissioner may deem  
26 necessary in considering the application.

Every non-resident shall file a power of attorney, irrevocable, properly authorized, and with satisfactory certificates or other evidence of the authorization, appointing the commissioner agent for the service of legal process upon the dealer in any actions in the courts of this state, based

6 upon or arising in connection with any sale of, attempt to  
7 sell, or advertising of, securities in this state, or any viola-  
8 tion of sections eleven to twenty-three, both inclusive.

Upon the filing of the application, the commissioner shall  
2 forthwith give notice of the fact and date of such applica-  
3 tion, and of the name, principal place of business and ad-  
4 dress of the dealer, by advertisement inserted once in the  
5 state paper, and once in a newspaper of general circulation  
6 where the dealer's place of business is located, if it is else-  
7 where in this state than in the city of Augusta. The reg-  
8 istration certificate shall not be issued before the expira-  
9 tion of two weeks from the last publication. Any person  
10 may, within such period of two weeks, file objection to the  
11 proposed registration.

If the commissioner is satisfied that the dealer is of good  
2 repute, and that the proposed plan of business of the dealer  
3 is not unfair, unjust or inequitable, and that the dealer in-  
4 tends to honestly and fairly conduct its business, with dis-  
5 closure of pertinent facts sufficient to enable intending pur-  
6 chasers to form a judgment of the nature and value of the  
7 securities, and without intent to deceive or defraud, and  
8 that the securities that it proposes to issue or sell are not  
9 such as in his opinion will work a fraud upon the pur-  
10 chasers thereof, he shall register the dealer unless objec-  
11 tion to such registration shall be filed with the commis-  
12 sioner within the period of two weeks succeeding the pub-  
13 lication of the dealer's application.

If the commissioner is not so satisfied, or if, within the period of two weeks succeeding the publication aforesaid, objection shall be made to the proposed registration, the commissioner shall give notice of either fact to the dealer, and upon request from the dealer shall fix a time and place for hearing, of which fourteen days' notice shall be given by mail to the dealer and to the objectors, and by publication in the state paper, and at such hearing opportunity shall be given to said dealer, and to any other persons interested or objecting, to offer further evidence relating to the dealer's application. If satisfied, as aforesaid, as a result of such hearing, the commissioner shall thereupon register the dealer.

Upon registration of any dealer, a registration certificate shall be issued stating the name, principal place of business and address of the dealer, the names, residences and business addresses of all the persons interested in the business as principals, officers, directors or managing agents, and the fact that the dealer has been registered for the current calendar year as a dealer in securities. The certificates shall in other respects be in such form as the commissioner may determine, but shall state in bold type that the commissioner does not recommend, and assumes no responsibility for, securities offered by the dealer. Changes in the certificate, necessitated by changes in the personnel of a partnership, or in the principals, officers, directors or managing agents of any dealer, may be made at any time

15 upon written application to the commissioner, accompanied  
16 by statement of the facts necessitating the change. Upon  
17 the issue of the amended certificates, the original certificate  
18 and the certified copies thereof outstanding shall be prompt-  
19 ly surrendered to the commissioner.'

Sect. 2. Section twenty-three of said chapter forty is  
2 hereby amended by inserting after the word "imprison-  
3 ment' in the sixth line thereof, the words 'and municipal  
4 and police courts shall have original and concurrent juris-  
5 diction with the supreme judicial and superior courts' and  
6 by adding at the end of said section the following para-  
7 graph: 'The bank commissioner is authorized to appoint  
8 an examiner who shall, under his direction, have charge of  
9 the enforcement of the provisions of sections eleven to  
10 twenty-three, both inclusive, and make any necessary in-  
11 vestigations thereunder; the amount of his compensation  
12 to be subject to the approval of the governor and council.  
13 The salary and traveling expenses of such examiner and  
14 all expenses of administration and enforcement of sections  
15 eleven to twenty-three, both inclusive, shall be paid out of  
16 the registration fees received from dealers in securities,'  
17 so that said section as amended shall read as follows:

'Sect. 23. Any dealer or any person violating any pro-  
2 vision of sections eleven to twenty-two, both inclusive, or  
3 knowingly filing with the commissioner or furnishing to  
4 him any false or misleading statements or information, shall  
5 be punished upon conviction thereof by a fine of not more

6 than one thousand dollars, or by imprisonment for not more  
' 7 than sixty days, or by both such fine and imprisonment,  
8 and municipal and police courts shall have original and  
9 concurrent jurisdiction with the supreme judicial and su-  
10 perior courts. The foregoing penalties shall be in addi-  
11 tion to, and not a substitute for, any civil or criminal lia-  
12 bility now or hereafter existing.

The bank commissioner is authorized to appoint an exam-  
2 iner who shall, under his direction, have charge of the en-  
3 forcement of the provisions of sections eleven to twenty-  
4 three, both inclusive, and make any necessary investiga-  
5 tions thereunder; the amount of his compensation to be  
6 subject to the approval of the governor and council. The  
7 salary and traveling expenses of such examiner and all ex-  
8 penses of administration and enforcement of sections eleven  
9 to twenty-three, both inclusive, shall be paid out of the  
10 registration fees received from dealers in securities.'