

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

NEW DRAFT

EIGHTY-FIFTH LEGISLATURE

Legislative Document

No. 1007

S. P. 598

In Senate, March 26, 1931.

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

ROYDEN V. BROWN, Secretary.

New Draft of S. P. 43.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND THIRTY-ONE

AN ACT Relating to Requirements of Applicants for Registration as Dealers in Securities.

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

Section one hundred sixty-three of chapter fifty-seven of the revised statutes is hereby amended by inserting after paragraph five a new paragraph, as follows:

'Before granting registration to any dealer the bank commissioner shall require the filing with the department of a bond in favor of the State of Maine in such form and with such sureties as the commissioner may approve, or in lieu thereof, furnish proof satisfactory to said commissioner of said dealer's financial responsibility. Such bond to be in an amount not exceeding ten thousand dollars. Such bond shall be conditioned that the dealer or any licensed salesman of the dealer shall pay, satisfy and discharge any judgment or decree that may be rendered against him in a court of competent jurisdiction in a suit or action brought by a purchaser of securities in which it shall be found or adjudged that such purchaser was defrauded in the sale of such securities. Any person claiming to have been damaged by fraudulent misrepresentations in the sale of any security by such dealer or salesman may maintain an action at law against the dealer or salesman making such fraudulent misrepresentations; or

against both the dealer and salesman, where the salesman makes such fraudulent representations; and may join as parties defendant the sureties on the bonds hereinabove provided for. Such bond may be drawn to cover the original license or any renewal or renewals thereof, and the commissioner may, in his discretion, require a dealer to execute a bond in an amount not exceeding ten thousand dollars for each particular year's transactions. The commissioner may prescribe regulations respecting the qualifications of sureties, release of sureties, surrender of bonds, substitution of bonds and other matters relating to bonds,' so that said section, as amended shall read as follows:

'Sec. 163. Application for registration; non-resident dealers to file power of attorney; notice and proceedings on application; issue of certificate and changes therein. R. S. c. 40, sec. 2. 1919, c. 161, sec. 1. 1923, c. 144, sec. 124. 1929, c. 297, sec. 1. 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 said commissioner, and shall state the principal place of business, the name or style of doing business, and the address of the dealer, the names, residences, and business addresses of all persons interested in the business as principals, officers, directors, or managing agents, specifying as to each his capacity and title, and the length of time during which the dealer has been engaged in the business. Each application shall be accompanied by certificates or other evidence of the dealer's good repute, and, if required by the said commissioner, a copy of the securities to be sold, a statement in detail of the assets and liabilities of the issuer of such securities, a statement in such form as the commissioner may prescribe of the general affairs of the dealer and issuer, copies of any mortgage or instrument creating a lien by which such securities are secured, a full statement of the earnings and expenses of each issuer for three years prior to the filing of the application, a copy of any contract to underwrite the securities to be offered for sale, the names and addresses of all persons holding ten per cent or more of the capital stock of the issuer, a statement in detail of the plan on which the business of the dealer is to be conducted, and such other information as the commissioner may deem 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 action in the courts of this state, based upon or arising in connection with any sale of, attempt to sell, or advertising of, securities in this state, or any violation of sections one hundred sixty-two to one hundred seventy-four, both inclusive.

Upon the filing of the application, the commissioner shall forthwith give notice of the fact and date of such application, and of the name, principal place of business, and address of the dealer, by advertisement inserted once in the state paper, and once in a newspaper of general circulation where the dealer's place of business is located, if it is elsewhere in this state than in the city of Augusta. The registration certificates shall not be issued before the expiration of two weeks from the last publication. Any person may, within such period of two weeks, file objection to the proposed registration.

If the commissioner is satisfied that the dealer is of good repute, and that the proposed plan of business of the dealer is not unfair, unjust, or inequitable, and that the dealer intends to honestly and fairly conduct his business, with disclosure of pertinent facts sufficient to enable intending purchasers to form a judgment of the nature and value of the securities, and without intent to deceive or defraud, and that the securities that he proposes to issue or sell are not such as in his opinion will work a fraud upon the purchasers thereof, he shall register the dealer unless objection to such registration shall be filed with the commissioner within the period of two weeks succeeding the publication 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 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. Registration may be granted upon such reasonable conditions as may be imposed by the commissioner.

Before granting registration to any dealer the bank commissioner shall require the filing with the department of a bond in favor of the State of Maine in such form and with such sureties as the commissioner may approve, or in lieu thereof, furnish proof satisfactory to said commissioner of said dealer's financial responsibility. Such bond to be in an amount not exceeding ten thousand dollars. Such bond shall be conditioned that the dealer or any licensed salesman of the dealer shall pay, satisfy and discharge any judgment or decree that may be rendered against him in a court of competent jurisdiction in a suit or action brought by a purchaser of securities in which it shall be found or adjudged that such purchaser was defrauded in the sale of such securities. Any person claiming to have been damaged by fraudulent misrepresentations in the sale of any security by such dealer or salesman may maintain an action at law against the dealer or salesman making such fraudulent misrepresentations; or against both the dealer and salesman, where the salesman makes such fraudulent representations; and may join as parties defendant the sureties on the bonds hereinabove provided for. Such bond may be drawn to cover the original license or any renewal or renewals thereof, and the commissioner may, in his discretion, require a dealer to execute a bond in an amount not exceeding ten thousand dollars for each particular year's transactions. The commissioner may prescribe regulations respecting the qualifications of sureties, release of sureties, surrender of bonds, substitution of bonds and other matters relating to bonds.

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 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 certificate 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 upon written application to the commissioner, accompanied by statement of the facts necessitating the change. Upon the issue of the amended certificates, the original certificate and the certified copies thereof outstanding shall be promptly surrendered to the commissioner.

Public utilities whose securities have been authorized by the Maine public utilities commission shall be registered as dealers in such securities upon written application and payment of the fee prescribed in section one hundred seventy-six without filing any data or information other than an affidavit showing the approval of such securities by the Maine public utilities commission. Said registration shall cover any further issue of securities of said public utilities authorized by the Maine public utilities commission during the period that said registration or renewal thereof is in force.'