

MAINE STATE LEGISLATURE

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Acts and Resolves

As Passed by the

Seventy-Ninth Legislature

OF THE

STATE OF MAINE

1919

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PUBLIC LAWS
OF THE
STATE OF MAINE

As Passed by the Seventy-Ninth Legislature

1919

[supplied from page 3 of volume]

Chapter 161.

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.

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

Sec. 1. R. S., c. 40, § 12; relating to registration by bank commissioner of dealers in securities, amended. Section twelve of chapter forty of the revised statutes is hereby amended, so that said section shall read as follows:

‘**Sec. 12.** What application shall contain; investigations by commissioner; if not satisfied to hold hearing; certificates may be amended. 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, 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 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 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 issuer 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 actions 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 eleven to twenty-three, 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 circu-

lation where the dealer's place of business is located, if it is elsewhere in this state than in the city of Augusta. The registration certificate 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 its 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 it 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, 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 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.'

CHAP. 161

Sec. 2. R. S., c. 40, § 23; relating to penalties for violation of statute relative to dealers in securities, amended. Section twenty-three of said chapter forty is hereby amended by inserting after the word "imprisonment" in the sixth line thereof, the words 'and municipal and police courts shall have original and concurrent jurisdiction with the supreme judicial and superior courts' and by adding at the end of said section the following paragraph: 'The bank commissioner is authorized to appoint an examiner who shall, under his direction, have charge of the enforcement of the provisions of sections eleven to twenty-three, both inclusive, and make any necessary investigations thereunder; the amount of his compensation to be subject to the approval of the governor and council. The salary and traveling expenses of such examiner and all expenses of administration and enforcement of sections eleven to twenty-three, both inclusive, shall be paid out of the registration fees received from dealers in securities', so that said section, as amended, shall read as follows:

'Sec. 23. Municipal and police courts given jurisdiction; appointment of examiners authorized; compensation to be paid from registration fees, to be fixed by governor and council. Any dealer or any person violating any provision of sections eleven to twenty-two, both inclusive, or knowingly filing with the commissioner or furnishing to him any false or misleading statements or information, shall be punished upon conviction thereof by a fine of not more than one thousand dollars, or by imprisonment for not more than sixty days, or by both such fine and imprisonment, and municipal and police courts shall have original and concurrent jurisdiction with the supreme judicial and superior courts. The foregoing penalties shall be in addition to, and not a substitute for, any civil or criminal liability now or hereafter existing.

The bank commissioner is authorized to appoint an examiner who shall, under his direction, have charge of the enforcement of the provisions of sections eleven to twenty-three, both inclusive, and make any necessary investigations thereunder; the amount of his compensation to be subject to the approval of the governor and council. The salary and traveling expenses of such examiner and all expenses of administration and enforcement of sections eleven to twenty-three, both inclusive, shall be paid out of the registration fees received from dealers in securities.'

Approved April 3, 1919.