

1975 Assembly Bill 529

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CHAPTER 57, Laws of 1975

AN ACT to amend 551.24 (1), 551.53, 551.56 (1) (d), 551.60 (2) and (3) and 551.61 (1) of the statutes, relating to regulation of securities (suggested as remedial legislation by the office of the commissioner of securities).

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 551.24 (1) of the statutes is amended to read:

551.24 (1) The commissioner may by order deny or revoke any exemption under s. 551.22 or 551.23 with respect to a specified security or transaction. No such order may be entered without appropriate prior notice to all interested parties, opportunity for hearing, and written findings of fact and conclusions of law, except that the commissioner may by order summarily deny or revoke any of the specified exemptions

pending final determination of any proceeding under this section. Upon the entry of a summary order, the commissioner shall promptly ~~notify all interested parties that it has been entered and the reasons therefor and that within 15 days of the filing of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the commissioner, the order remains in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to all interested parties, may modify or vacate the order or extend it until final determination~~ deliver to all named parties a copy of the order and shall notify such parties of their right to request a hearing under s. 551.61 (1). No order under this section may operate retroactively. No person may be considered to violate s. 551.21 by reason of any offer or sale effected after the entry of an order under this section if he was not given notice and if he sustains the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of the order.

SECTION 2. 551.53 of the statutes is amended to read:

551.53 Advertising. It is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, to publish, circulate or use any advertising which contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. All advertising shall be filed with the commissioner not later than the date of publication or circulation, except ~~advertising which as the commissioner exempts~~ may otherwise provide by rule or order. The commissioner may by rule or order prohibit the publication, circulation or use of any advertising deemed false or misleading.

SECTION 3. 551.56 (1) (d) of the statutes is amended to read:

551.56 (1) (d) May hold hearings, upon reasonable notice, and issue orders on the basis thereof, in respect of any matter arising out of the administration of this chapter.

SECTION 4. 551.60 (2) and (3) of the statutes are amended to read:

551.60 (2) If the commissioner has reason to believe that any offer or sale of an unregistered security is or would be unfair, inequitable or fraudulent to purchasers, he may by order summarily prohibit further offers or sales of such security in this state until it is registered under this chapter. If the commissioner has reason to believe that any security is being offered or sold in this state by any unlicensed person in violation of this chapter or any rule or order hereunder, he may by order summarily prohibit such person from further offers or sales of securities in this state until he is licensed under this chapter. If the commissioner has reason to believe that any unlicensed person is transacting business in this state as an investment advisor in violation of this chapter or any rule or order promulgated under this chapter, he may by order summarily prohibit such person from further engaging in such activity in this state until he is licensed under this chapter.

(3) If in his opinion the public interest and the protection of investors so require, the commissioner may by order summarily suspend all trading in this state by broker-dealers and agents in any security for any period which he specifies. No broker-dealer or agent shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state in which trading is so suspended, except in performance of a contract previously entered into. At any time after the issuance of an order under this subsection, any interested person may in writing request that the

suspension of trading be vacated. Upon the receipt of a written request, the matter shall be ~~set down~~ noticed for hearing ~~within 15 days after such receipt and a hearing shall be held in the manner provided in s. 551.61 (1).~~ After the hearing, the commissioner may order the suspension to be continued until modified or vacated by further order if he finds that trading in the security will be unfair or inequitable or will tend to work a fraud upon the purchasers or sellers of the security. Otherwise, he shall vacate the suspension of trading and no further order may be entered under this subsection with respect to the same security in the absence of changed circumstances justifying an order.

SECTION 5. 551.61 (1) of the statutes is amended to read:

551.61 (1) Within 30 days after any order has become effective without a hearing, any interested party may file a written request with the commissioner for a hearing in respect to any matters determined by the order, ~~and within~~. Within 15 days after the filing of the request, the matter shall be set down for hearing and notice given to all interested parties noticed for hearing, and a hearing shall be held within 30 days after notice, unless extended by order of the commissioner for good cause. After the hearing, the commissioner may affirm, vacate or modify the order as he deems appropriate.
