

No. 178, A.]

[Published June 20, 1949.

CHAPTER 291.

AN ACT to amend 189.04 (1) (a), 189.06 (8), 189.11 (2), 189.28 (2); and to create 189.28 (5) and (6) of the statutes, relating to registration of securities and for revocation of dealers' licenses in certain cases.

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

SECTION 1. 189.04 (1) (a) of the statutes is amended to read:

189.04 (1) (a) Each applicant for a dealer's or an agent's license shall file with the department a verified application in such form and setting forth such information as the department may require to determine the competency and trustworthiness of the applicant and, in the case of a dealer, of its officers, directors, partners, members or trustees and of such owners or holders of its securities as the department shall require. The department may make a detailed investigation into the business and affairs of the applicant and such related persons and shall issue such license, upon payment of the prescribed fee and of the expense attributable to any investigation by the department, if it shall find, from the information submitted and from any investigation made by the department, that it is appropriate in the public interest that such license be issued; otherwise it shall by order deny such application. No licensed agent shall at any time represent or act for more than one licensed dealer or one issuer, who shall join in the application for such agent's license and be specified in such license *except that an agent may represent a partnership and a corporation where substantially all of the officers of the corporation are also members of the partnership and both partnership and corporation are licensed dealers operating at the same location.*

SECTION 2. 189.06 (8) of the statutes is amended to read:

189.06 (8) Any security issued by any state bank, mutual savings bank, trust company bank, * * * land mortgage association, investment association or other corporation, organized under the laws of this state and whose business is subject to the supervision and control of the banking department of this state *and savings and loan association subject to the supervision and control of the savings and loan associations department*; any security issued by a national bank; *any security issued by a savings and loan association chartered and supervised by the federal government or any agency thereof*; any evidence of debt issued by the federal housing administrator or secured by mortgage or trust deed insured by the federal housing administrator; any evidence of debt or other obligation issued by a housing authority pursuant to sections 66.40 to 66.404; any evidence of debt or other obligation issued by any public housing authority or agency in the United States which is secured by a pledge of annual contributions to be paid by the United States or any agency thereof; or any security issued by a person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the congress of the United States; provided as to each of the foregoing that such security is an evidence of debt of the issuer or represents an interest in its assets and profits.

SECTION 3. 189.11 (2) of the statutes is amended to read:

189.11 (2) No purchaser of a security sold under section 189.07 (13) *and (14)* or section 189.08 shall have any right or remedy under this chapter on account of such sale

for failure of such security to comply with either of said sections, unless such sale was made in violation of an order under this section; except that where an offer of repurchase is made as required under section 189.08 (3) or section 189.09 (3), the purchaser shall have the remedy thereby provided and such remedy shall be exclusive under this chapter.

SECTION 4. 189.28 (2) of the statutes is amended to read:

189.28 (2) Said application shall be verified and filed with the department and shall be in such form and set forth such information as the department may require to determine the nature and scope of the applicant's securities business. The department * * * shall issue a license authorizing the applicant to engage in the transactions specified in subsection (1) upon payment of the prescribed fee * * *. *The department may periodically examine the records of any licensee hereunder but such examination shall be limited to the securities transactions executed pursuant to such license.* All licenses issued pursuant to this section shall terminate on December 31 following the date thereof *unless sooner suspended or revoked as provided in subsections (5) and (6) hereof.*

SECTION 5. 189.28 (5) and (6) of the statutes are created to read:

189.28 (5) The department may, after a hearing on not less than 5 days' notice, revoke any license granted under this section if it finds that such licensee:

(a) Has violated any of the provisions of this chapter or any order of the department, or has engaged or is about to engage in any course of business in evasion or violation of this chapter;

(b) Fails to maintain or have available at all reasonable times to the department accurate records of all transactions covered by this section including such records as the department may prescribe from time to time, or refuses to permit the examination of any books, papers, records and memoranda relative to the business covered by this section; or

(c) Has failed, in any transactions permitted by this section, to account to any person entitled thereto for any money or property, or has failed to deliver any security to any person entitled thereto when due to be delivered or within a reasonable time thereafter.

(6) Pending final determination as to whether any such license shall be revoked, the department may, at the time of issuance of the notice of hearing referred to in subsection (5) of this section, or at any time thereafter, suspend such license if it shall have reason to believe that such suspension may be necessary or appropriate in the public interest or for the protection of investors.

Approved June 16, 1949.
