

sue to search any private dwelling, occupied as such, unless it is being used for the unlawful manufacture for sale, unlawful sale, or possession for sale, of liquor or unless it is in part used for some business purpose such as a store, shop, saloon, restaurant, hotel, or boarding house. The term "private dwelling" shall be construed to include the room or rooms used and occupied not transiently, but solely as a residence, in an apartment house, hotel or boarding house. The property seized on any such warrant shall not be taken from the officer seizing the same on any writ of replevin or other like process.

SECTION 6. Chapter 66 of the statutes, including sections 1548 to 1569—23, except sections 1565—1 to 1565—4, inclusive, chapter 556 of the laws of 1919 and chapter 685 of the laws of 1919, are hereby repealed.

SECTION 7. This act shall take effect July 1, 1921.

Approved June 30, 1921.

No. 514, S.]

[Published July 1, 1921.]

## CHAPTER 442.

AN ACT to amend subsections (b), (c) and (e) of section 1753—48, section 1753—49, section 1753—50, subsections 1, 3 and 4 of section 1753—51, section 1753—53, subsections 1 and 2 of section 1753—55, section 1753—57, subsection 2 of section 1753—58, subsection 2 of section 1753—61, section 1753—63, and section 1753—64 of the statutes, regulating the sale of securities in this state.

*The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Subsections (b), (c) and (e) of sections 1753—48, section 1753—49, section 1753—50, subsections 1, 3 and 4 of section 1753—51, section 1753—53, subsections 1 and 2 of section 1753—55, section 1753—57, subsection 2 of section 1753—58, subsection 2 of section 1753—61, section 1753—63, and section 1753—64 are amended to read: (Section 1753—48).

(b) "Company" means and includes all domestic and foreign private corporations, associations, joint stock companies, partnerships, trusts, common law companies, *syndicates*, *pools*, or any other form \* \* \* of organization or association organized or proposed to be organized. \* \* \*

(c) "Security" or "securities" means and includes any bonds, stocks, notes or other obligations or evidences of indebtedness or of title \* \* \* to, interest in or lien upon any or all of the property or profits of \* \* \* a company; *and the notes or other obligations or evidence of indebtedness of an individual.*

(e) "Agent" means and includes every person employed or appointed by a company or by a broker, directly or indirectly, who in this state either as an employe or otherwise, for a compensation or as a participant in any compensation, sells, offers for sale, negotiates for the sale of, *participates in negotiations for the sale of*, or takes subscriptions for any security to which the provisions of section 1753—48 to section 1753—68 apply.  
\* \* \*

Section 1753—49. 1. *Except as hereinafter provided* the provisions of sections 1753—48 to 1753—68, inclusive, shall not apply to:

(a) Securities issued by or the principal and interest of which are guaranteed by \* \* \* the United States or any foreign government, or by \* \* \* any state or territory thereof, or by \* \* \* any county, city, township, village, district, or other political or taxing subdivision of any state or territory of the United States or any foreign government;

(b) Commercial paper or evidence of indebtedness maturing not more than two years from the date thereof;

(c) Securities of corporations operating railroads or public utilities, the issue of whose securities is regulated by the commission, or by a railroad or public service commission, board or similar body of the United States or of the Dominion of Canada or of any state or territory of the United States or of the Dominion of Canada \* \* \* and securities senior thereto: *and equipment securities evidencing rights to receive partial payments agreed to be made under any contract of leasing or conditional sale of rolling stock for use of companies operating steam railroads;*

(d) Securities listed upon the New York, Boston or Chicago stock exchange pursuant to official authorization by such exchange, and securities senior to any securities so listed;

(e) Securities issued by any bank or trust company or building and loan association or land mortgage association or other corporation organized under the laws of this state or authorized to do business herein and whose business is by law subject to the

*control and supervision of the banking commissioner, or securities issued by any national bank or other corporations organized and existing by virtue of \* \* \* any act \* \* \* of congress of the United States except laws enacted for the District of Columbia; the sale of securities to any such corporation or association or to any broker duly authorized by the commission to act as such;*

(f) The securities of any corporation organized under the laws of this state without capital stock or exclusively for educational, fraternal, benevolent, charitable, or reformatory purposes; *or of companies organized for conducting county fairs which by statute of this state are entitled to state or county aid;*

(g) The sale of notes secured by mortgages upon real or personal property where the entire mortgage is sold and transferred with the note, *or the sale of bonds or notes secured by mortgage lien on Wisconsin real estate where the total amount of indebtedness secured by such lien and liens prior thereto, does not exceed the sum of fifteen thousand dollars and does not exceed sixty per cent of the then fair market value of such real estate;*

(h) \* \* \* *Notes or bonds which are equally and proportionately secured without preference or priority of one over another for any cause whatsoever, and which by the terms of the instrument creating the lien shall continue to be so secured by the deposit with a bank or trust company organized under the laws of this or any other state or of the United States, of first mortgage bonds of corporations operating railroads or public utilities the issue of whose securities is regulated as provided in paragraph (c) of this section, all of such deposited securities having an aggregate par value of not less than one hundred twenty-five per cent of the par value of the securities thereby secured and maturing not earlier than the obligations secured thereby.*

(i) The distribution by a corporation of increased capital stock distributed by the corporation to its stockholders as a stock dividend paid out of surplus;

(j) The sale of any securities by the owner thereof for the owner's account, exclusively, such sale not being made in the course of continued or repeated transactions of a similar nature by the owner thereof and such owner not being the underwriter of such securities;

(k) \* \* \* Any judicial, executor's, administrator's or guardian's sale or to any sale by a receiver or trustee in insolvency or bankruptcy;

(l) \* \* \* The sale by a pledge holder selling in good faith and not for the purpose of avoiding the provisions of this act and in the ordinary course of business a security pledged with him as security for a bona fide debt;

(m) \* \* \* The sale by a company of its stock for a delinquent assessment made in accordance with the provisions of law;

(n) Securities issued by co-operative associations organized under the provisions of sections 1786e—1 to 1786e—17, inclusive, where such co-operative associations are organized for the purpose of conducting any agricultural, dairy, mercantile, manufacturing or mechanical business on the co-operative plan;

(o) The \* \* \* sale \* \* \* by any \* \* \* corporation *heretofore or hereafter organized under the laws of this state of stock of its own issue if the total number of holders of all of the stock of such corporation, after that to be issued is sold, will not exceed twenty-five in number, or the sale by such corporation of any of its securities if the total number of holders of all its securities, after that to be offered is sold, will not exceed twenty-five in number, and in either event the total organization and promotion expenses \* \* \* in connection with such issue \* \* \* exclusive of statutory fees and inclusive of commissions on the sale of such securities \* \* \* will not exceed \* \* \* a sum equivalent to two per cent of the selling price thereof;*

(p) *The sale of an interest in any partnership, pool, or other company, not a corporation, the total membership of which does not and will not after such sale exceed ten in number and the organization expenses of which do or will not exceed a sum equivalent to two per cent of the total invested capital of such company. Provided, however, if it shall appear to the commission that the sale of any issue of securities described in paragraphs (b), (g), (j), or (o) of this section may be unfair or inequitable or may work a fraud on the purchaser thereof, it may require the person issuing or selling the same to file a verified statement with the commission giving such information concerning the assets, liabilities, earnings, plan of business, contracts, organization and promotion expenses, articles of association or other organization agreement, and any other facts relating to the*

*security and the person or company issuing the same as the commission may deem necessary to determine whether said securities may be sold; and may make or have made such investigation as it may deem necessary, and require the person or company issuing or selling such securities to pay the expense thereof. Before making any final order the person issuing or selling such security shall be entitled to a public hearing before the commission or an agent thereof, if request be made therefor in writing to the commission. If the commission shall determine that such securities or the method of selling the same is unfair or inequitable, or will work a fraud on the purchaser, or that such sale is for the purpose of evading the provisions of this act, it may either prohibit the sale thereof in this state or may fix the terms and conditions on which such sale may be made. Or if it appear to the commission that misrepresentation is being made, or unfair or fraudulent practices are being resorted to, in the sale of any of the securities described in subsection 1 of this section it may require the person or company issuing or selling the same to file such information as it may deem necessary to determine the truth or falsity of such representations or the nature of such practices, and if it shall determine that such representations are false or misleading, or that said practices are unfair or fraudulent, it may require the discontinuance of such representations or practices; and if it deems any of them to have been in violation of the laws of this state it may present the facts so ascertained by it to the attorney-general or a district attorney for action.*

2. All securities not mentioned or described in subsection 1 of this section are divided into two classes, as follows:

(a) Securities based on established values or income, which shall be known as securities in class A. Securities in class A shall comprise the following:

Notes or bonds issued by a person \* \* \* or \* \* \* company secured by mortgage or deed of trust upon real estate or leasehold and the improvements thereon where the total amount of such securities together with prior encumbrances does not exceed sixty per cent of the then fair market value of the lands or leaseholds and buildings included in such mortgaged property. *The term buildings as used in this and the succeeding paragraph shall be construed to include all elevators, cranes, wiring, furnaces, and other equipment so built into the structure as to constitute in fact a part thereof, but as excluding all machinery and*

*other equipment which may be removed without serious injury to the building.*

*Notes, bonds, or other evidences of indebtedness issued by a person or company, secured by first mortgage lien upon real estate or leaseholds and buildings to be erected thereon, where it is established to the satisfaction of the commission that the total amount of such securities will not exceed sixty per cent of the fair market value of such land or leasehold and of the building to be erected thereon, and that such first mortgage lien is prior to all other liens on the said property, that contract has been let for the erection of the building, and that the contractor has given bond in sufficient amount and with sufficient security to assure the erection of the building, that ample provision is made for financing the completion of the building and for the actual investment in the building of the funds represented to be available for that purpose, and that the net income therefrom will be sufficient to pay the principal and interest on such securities as they mature.*

*Serial bonds or notes secured by lien on a vessel or vessels when such notes or bonds do not exceed fifty per cent of the fair market value of such vessel or vessels, and such vessel or vessels are and by the terms of the instrument creating the lien are required to be at all times during the life of the bonds or notes insured by policies of marine insurance covering all customary hazards taken out in responsible companies and insuring to the security and protection of such bonds or notes to the par amount thereof and so insured in the aggregate to not less than one hundred twenty-five per cent of the notes or bonds to be issued and of any and all other indebtedness secured by equal or prior liens.*

*Securities issued by a person \* \* \* or \* \* \* company owning a property, business or industry, which property, business, or industry has been in continuous operation not less than two years and which has \* \* \* earned net profits without deduction of interest paid and accrued on obligations other than current indebtedness, for each of the two years, or average net profits without deduction of interest paid and accrued on obligations other than current indebtedness during the period of not less than four years nor more than six years, preceding the application for a permit, after deducting from such net profits \* \* \* all prior charges, and the annual interest charges on the par amount of prior securities to be outstanding after completion of the financing, as follows:*

(1) In the case of interest bearing securities not less than one and one-half times the annual interest charge upon all such and other outstanding interest bearing obligations of equal rank;

(2) In the case of preferred stock not less than one and one-half times the annual dividend on all such and other outstanding preferred stock *of equal rank therewith*;

(3) In the case of common stock not less than \* \* \* *five* per cent per annum upon all such and other outstanding common stock \* \* \* computed at its proposed sale value or price *per share*; *provided, however, that no common stock shall be given a class A rating when there is or will be outstanding a senior stock which cannot qualify as class A securities.*

*Provided, however, that if because of the financial condition of the company, decrease in earnings, or other conditions or circumstances affecting the soundness of the security or the future progress or success of the company the commission may, notwithstanding compliance with one or more of the standards of this subsection, refuse to classify such securities as class A securities and classify them in class B or deny a permit for the sale thereof.*

(b) Securities based on prospective income \* \* \* shall be known as securities in class B. All securities not included in subsection 1 or in paragraph (a) of subsection 2 of this section shall be known as securities in class B.

Section 1753—50. 1. *Except as provided in subsections 4 and 5 hereof* no company, broker, or other person, directly or through an agent shall in this state sell, \* \* \* offer for sale, negotiate for the sale of, take subscriptions for, or exchange for property any security \* \* \* for the sale of which a permit has not theretofore been issued, until there shall have been first applied for and secured from the commission a permit authorizing the sale of such security.

2. The application to secure such permit shall be in writing and shall be verified and filed in the office of the commission. Such application shall state \* \* \* such \* \* \* facts, including facts referred to *herein* \* \* \* as the commission may require.

\* \* \* The names and addresses of the officers of the company and the location of its office; an income account if the company shall have been in operation prior to the making of the application, a statement of the company's assets and liabilities,

together with an explanation of each item, and a detailed statement of the plan upon which the company proposes to transact business.

\* \* \* A copy of any security the company proposes to issue and of any contract it proposes to make concerning the issuance of its securities and of any prospectus, pamphlet or advertising matter proposed to be used in connection with the sale of the company's securities and such additional information concerning the company or its promoters as the commission may require; an inventory to be accompanied by an appraisal made by a qualified person or persons showing the value of the assets described in such inventory, the person or persons making such appraisal to state in such appraisal the character and nature of their experience and qualifications to value such property and all other facts and considerations on the basis of which their estimate of value is predicated, such appraisal to be verified by the oath of the person or persons making the same, the amount and nature of the purchase price of securities issued for any patent right, copyright, trademark, process or good will, or for promotion fees or expenses or for other intangible assets.

3. If the company is a partnership, or an unincorporated association, trust, or joint stock company, there shall be filed with the application a copy of its articles of partnership or association, or any other papers pertaining to its organization which may be required by the commission. If the company is a trustee, there shall be filed with the application a copy of all instruments by which the trust is created and in which it is accepted, acknowledged or declared. If the applicant being a company is a corporation or association organized under the laws of any other state, territory or government, it shall file with its application a certificate of *recent date* executed by the proper officer of such state, territory or government \* \* \* showing that such applicant is authorized to transact business in such state, territory or government and *before a permit is issued* \* \* \* a certificate of the secretary of state of the state of Wisconsin to the effect that such foreign corporation has complied with the provisions of section 1770b, or if not a corporation, its written instrument in such form as the commission may require irrevocably appointing the secretary or assistant secretary of the commission, and his successor in office, its true and lawful attorney upon whom all processes in any action or proceeding against it may be served.



4. Any broker, duly authorized by the commission to act as such, who may desire to *sell*, offer for sale, \* \* \* negotiate for the sale of, or \* \* \* take subscriptions for any class A security before making such application or securing such permit may do so upon compliance with the following conditions:

(a) Such broker shall at or before the time of offering any specific security for sale notify the commission in writing of the name or description of such security and shall, \* \* \* within *thirty days or within* such *further* times as the commission may fix, apply for \* \* \* a permit for the sale thereof as class A security.

(b) Such broker shall also before *selling*, offering for sale, negotiating for the sale of, or taking subscriptions for any securities for which a permit has not been issued by the commission, file with the commission a bond executed by a surety or guaranty company authorized to do business in this state, in the sum of twenty thousand dollars conditioned to repay to any purchaser of such securities on demand any money received of him therefor if *said application shall not be made as above provided* or the commission shall determine that the securities so offered are not class A securities, and to pay to the commission the fees required by section 1753—61. When such bond shall have been approved by the commission, class A securities may be offered for sale by such broker as above provided \* \* \* *so long as such bond shall be in force*, provided however that the commission shall have authority, for cause, to terminate any broker's right to proceed under the provisions of this subsection.

5. Any broker duly authorized by the commission to act as such may sell securities which \* \* \* *were* issued *prior to* and *have been* outstanding in the hands of the public \* \* \* *since* August 1, 1919, \* \* \* *without making application to or securing* a permit \* \* \* from the commission \* \* \* to sell such securities *subject to the following provisions and conditions:* \* \* \* *At or before offering any such securities for sale the brokers shall notify the commission thereof in writing and shall submit with such notice a verified statement to the effect that he is informed and believes that such securities were issued and have been outstanding in the hands of the public for the required time, and giving the name or description of the securities, the date when issued, and any other facts which are the basis for his belief, the amount to be offered for sale, the*

*maximum price to be asked therefor, and such information as the broker has as to the person or company issuing the securities and tending to establish the worth or value of such securities. The commission may require additional information to be furnished with reference to any such issue of securities so offered and except as provided herein shall have the same authority and control over the sale of such securities as over other securities subject to the provisions of this act. If it appears to the commission that any such securities have not been outstanding in the hands of the public for the required time, that the financial condition or plan of the person or company issuing them is inequitable or unfair, that the price at which they are to be sold is excessive, or for any other reason the sale of such securities may work a fraud on the purchaser thereof or may constitute a violation of sections 1753—48 to 1753—68, inclusive, of the statutes, it may by notice to the broker suspend the sale of such securities and thereafter no sales of such securities shall be made by such broker unless and until the commission shall have determined that the reason for suspending the sale thereof does not exist or is not sufficient basis for prohibiting such sale.*

Section 1753—51. 1. Upon the filing of such application, the commission shall examine the same and the other papers and documents filed therewith, and it may, if deemed advisable, make or have made a detailed examination, inspection, audit or investigation of the affairs of the company issuing the security for the sale of which a permit is sought, the expense thereof to be borne by the applicant. If it appears to the commission that the proposed plan of business of the company issuing the securities is not unlawful, unfair, unjust or inequitable and that the company intends to fairly and honestly transact its business and that the securities which it is proposed to issue or sell, and the methods to be used in the issuing or sale of such securities, \* \* \* are not such as \* \* \* will work a fraud upon the purchaser thereof, *and the amount of commissions to be paid on such issue or sale are not in the opinion of the commission unreasonable*, the commission upon payment of the fee as hereinafter provided and of any examination or inspection fees incurred, shall issue a written permit in such form as may be prescribed by the commission authorizing the sale of such securities as therein provided in such amounts and for such considerations and upon such terms and conditions as the commission may in said permit provide.

Otherwise the commission shall deny the application and refuse such permit and notify the applicant in writing of its decision. *Provided that no permit shall be issued for the sale of securities of an insurance company or of a company whose business consists chiefly in owning and controlling the securities of insurance companies, without the approval of the insurance commissioner. If the commission shall authorize the sale of any securities issued by a company all such securities and all securities theretofore issued by such company and having equal rights and privileges with those authorized, may be sold and resold without additional permit, but the commission may in such permit prescribe the terms and conditions on which such securities may be resold.*

3. The commission may impose such conditions as may be deemed necessary to the issuance and sale of such securities, and shall have the power to establish such rules and regulations, and may make such investigations and hold such hearings, as may be reasonable or necessary to insure the disposition of the proceeds from the sale of such securities in the manner and for the purposes provided, and compliance with the terms and conditions fixed in such permit, and may from time to time, for cause, amend, alter, revoke, or temporarily suspend \* \* \* any such permit.

4. In carrying out the provisions of section 1753—48 to section 1753—68, inclusive, the commission may make such investigations and hold such public hearings at such time and place and upon such reasonable notice as the commission may fix, and may appoint agents to make such investigations and hold such hearings with like powers as agents appointed pursuant to the provision of section 1797m—41, and may establish its rules governing the administration of the provisions of said sections. Each of the commissioners for the purposes mentioned in sections 1753—48 to 1753—68, inclusive, shall have the power to administer oaths, certify to official acts, issue subpoenas, compel the attendance of witnesses and the production of papers, books, accounts, documents and testimony. In case of disobedience on the part of any person or persons to comply with any order of the commission or any subpoena or on the refusal of any witness to testify to any matter regarding which he may be lawfully interrogated, it shall be the duty of the circuit court of any county, or the judge thereof, on application of a commissioner to compel obedience by attachment proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued from such court or re-

fusal to testify therein. Each witness who shall appear before the commission, *or its agent or agents*, on its \* \* \* *subpoena* shall receive for his attendance the fees and mileage now provided for witnesses in civil cases in courts of record which shall be \* \* \* paid from the Securities Regulation Fund; provided, that no witness subpoenaed at the instance of parties other than the commission shall be entitled to compensation from the state for attendance or travel. The commission or any party may in any investigation cause the depositions of witnesses residing within or without the state to be taken in the manner prescribed by law for like depositions in civil actions in circuit courts. Any expense incurred in taking such depositions shall be paid as above provided.

(Section 1753—53) 1. No person \* \* \* or \* \* \* *company* shall issue, circulate or publish any advertisement, pamphlet, prospectus or circular, or make any representation concerning any security in class B to be issued or sold \* \* \* *or* that such person, *or company*, \* \* \* desires or proposes to sell, until the commission has issued a permit authorizing the sale of such security; nor shall any company, broker or agent or any other person issue, circulate or publish any advertisement, pamphlet, prospectus or circular, or make any representation concerning any securities in class B sold or offered for sale by it unless the name of the company, broker, agent or person issuing, circulating or publishing the same shall be subscribed thereto, and a true copy thereof shall have been first filed in the office of the commission *and the use thereof allowed by it*, except that lists and quotations of securities authorized under this act may be published without comment; nor shall any \* \* \* company, broker, or agent or any other person issue, circulate or publish any \* \* \* advertisement, pamphlet, prospectus or circular, after notice in writing given to it by the commission that the same contains any statement that is false or misleading or otherwise likely to deceive the public.

2. No company, broker or agent *or other person* shall publish or cause to be published or insert or cause to be inserted any notice or advertisement in any newspaper or other publication of general circulation in this state offering for sale any securities in class B, a permit for the sale of which is required by sections 1753—48 to 1753—68, inclusive, without furnishing the publisher of such newspaper or other publication at the time of submitting

the copy of such advertisement a certificate showing that the original copy of such advertisement or notice is on file in the office of the commission except that lists and quotations of securities authorized under sections 1753—48 to 1753—68, inclusive, may be published without comment and without such certificate. Every such notice, \* \* \* advertisement, *prospectus*, or other printed or written representation concerning class B securities and used or intended to be used to further the sale thereof, shall include in bold faced type and in such place as the railroad commission shall designate the statement: “ \* \* \* Class B securities.” If the business shall not have been in operation for two or more years or shall not have earned in either of the two preceding years net profits after deducting all proper costs and charges of such year there shall be added in like type the words: “ \* \* \* This is a speculative \* \* \* venture”. Any advertisement, *prospectus*, or other printed or written representation as to class B securities, and any such advertisement, *prospectus*, or other printed or written representation as to class A securities which refers to the security being authorized, passed, or classified by the railroad commission as class A securities, shall contain this clause: “Passed by the Railroad Commission of Wisconsin but without recommendation as to value.”

Section 1753—55. 1. No person or company \* \* \* as principal or broker or agent, shall sell or agree or attempt to sell within this state any class B securities \* \* \* for the sale of which a permit of the commission is required unless the contract of subscription or of sale shall be in writing and a copy thereof be delivered to the purchaser and contain a provision in the following language: “The permit of the railroad commission allowing this . . . . . (insert kind of security) to be sold as a class B security is not to be deemed a recommendation of such . . . . .” If the business shall not have been in operation for two or more years or shall not have earned in either of the two preceding years net profits after deducting all proper costs and charges of such years there shall be added in prominent type: “THIS IS A SPECULATIVE VENTURE.” If such securities shall be sold for the purpose of obtaining directly or indirectly any money or other thing of value for the person or company issuing the security the contract shall also contain a provision in substantially the following language:

\* \* \* “No sum shall be used for commission, promotion and

organization expenses, *except statutory fees*, on account of \* \* \* this issue of . . . . . (insert kind of security) \* \* \*, *whether sold within or without the state*, in excess of . . . . . (insert percentage) per cent of the amount actually paid hereon \* \* \* unless a larger amount shall have been authorized by the railroad commission prior to the payment thereof, \* \* \* and the remainder of such payments shall be \* \* \* used only in the conduct of the business for which such company is organized. \* \* \* *If such securities have not been underwritten by the person selling the same and are not sold for the benefit of the person or company issuing them, the contract shall contain a provision in substantially the following language: "This is a resale and no part of the money paid for this . . . . . (insert kind of security) is to be used for the benefit of the business of . . . . . (the issuer)." All such contracts shall be submitted to the commission for approval before being used, and the commission shall have full power as to the form, arrangement type, and the provisions thereof except as herein provided.*

2. Funds and securities shall be held by \* \* \* the organizers, trustees, directors, \* \* \* officers, or other persons in charge of the business being promoted, as \* \* \* trustees and unless otherwise directed by the railroad commission shall be deposited with a bank or trust company of this state until such company shall begin to conduct the business for which it is organized.

Section 1753—57. The sale of every security \* \* \* in violation of, or in non-compliance with, sections 1753—48 to 1753—68 of the statutes \* \* \* and the sale of every security \* \* \* with the authorization of the commission, but not in conformity with the representations made to the commission for the purpose of obtaining the permit, or with the provisions, if any, which are required by the commission, shall be \* \* \* voidable at the discretion of the commission. *If after investigation of any such alleged acts, it shall appear to the commission, and the commission shall find, that such acts were done in good faith, and not for the purpose of evading the law or of misleading the commission, or with intent to violate the provisions of the permit, or constitute a mere irregularity, and that the injury, if any, may be remedied, it shall make and file its findings upon all the facts involved in the controversy, and its award, which shall state therein*

*its determination as to the rights of the parties; and by such award, may require the company and every officer, director, agent or employe thereof, and any broker or other person, who authorized, directed, aided or consented to, such acts, to do such things and pay such amounts as shall be just and necessary or proper, to place the state, the company, or the purchaser in the same situation that it, or they, would have been in had the provisions of such sections and of such permit been complied with, or had the representations made to the commission been true or conformed to. If the commission shall find that such acts were not done in good faith, or were done for the purpose of evading the law, or that the representations made to the commission were made for the purpose of misleading the commission or that such acts were in wilful violation of the provisions of the permit, it shall make and file its findings and award as above provided, and in such award may declare the security to be voidable, at the election of the purchaser, or may make such other award as may be just and equitable in the premises. Provided, however, that no final determination and award shall be made by the commission, until after a public hearing, unless the parties affected thereby shall have waived in writing their right to such public hearing, and provided further, that no such award shall be binding upon a party who has not so waived the right to public hearing, or who has not been given due notice thereof. The findings of fact made by the commission, acting within its powers, and the award, shall be subject to review by the courts in the same manner and subject to the same limitations as other orders of the commission. If appeal shall not have been taken from such award in the manner and within the time specified, the commission, or any party interested, may present a certified copy of the findings and award of the commission to the circuit court for any county, whereupon said court shall, without notice, render judgment in accordance therewith, which judgment, until and unless set aside for lack of jurisdiction of the commission to make such award, shall have the same effect as though duly rendered in an action duly tried and determined by said court, and shall with like effect be entered and docketed.*

*Nothing herein contained, and no action taken, or judgment rendered hereunder, shall have the effect of relieving the persons responsible for any illegal acts from the liabilities imposed by the next section.*

(Section 1753—58) 2. Every officer, agent or employe of any company, and any broker, and every other person who knowingly authorizes, directs, or aids in *or consents to* the issue or sale of, or issues or executes or sells, or causes or assists in causing to be issued, executed or sold, any security in non-conformity with *the representations made to the commission in securing the permit or who authorizes, directs, aids in or consents to the issue or sale of, or issues or executes or sells, or causes or assists in causing to be issued, executed or sold any security in non-conformity with* a permit of the commission then in effect authorizing such issue, or contrary to the provisions of sections 1753—48 to 1753—68, inclusive, or to any order of the commission, or who, in any application to the commission, or in any proceedings before it, or in any examination, audit or investigation made by it or on its authority, knowingly *or negligently* makes any false statement or representation or who, with knowledge *or by reason of his office, position, or occupation should know* of its falsity, files or causes to be filed in the office of the commission any false statement or representation concerning such broker or company or the property which it then holds or proposes to acquire or concerning its officers or its financial condition or other affairs, or concerning its proposed plan of business, or who, with knowledge *or by reason of his office, position or occupation should know* of the falsity of any such statement or representation, issues, executes or sells, or causes to be issued, executed or sold, any security of the company concerning which the false statement was made to the commission, or who directly or indirectly, knowingly applies, or causes or assists in causing to be applied, the proceeds or any part thereof from the sale of any security to any purpose contrary to the directions of the commission or to any purpose specified in excess of the amount limited in its permit to be used for such purpose, or who, with knowledge that any security has been issued, *sold*, or executed in violation of any of the provisions of sections 1753—48 to 1753—68, inclusive, sells or offers the same for sale, or who, with knowledge *or by reason of his office, position or occupation should know* that any advertisement, pamphlet, prospectus or circular concerning any security contains any statement that is false or misleading or otherwise likely to deceive a reader thereof, issues, circulates or publishes the same, or shall cause the same to be issued, circulated or published, *or consents to the same*, or who, in any other respect, wilfully violates or fails to comply with any



of the provisions of sections 1753—48 to 1753—68, inclusive, or who, in any other respect, wilfully violates or fails, omits or neglects to obey, observe or comply with any order, permit, decision, demand or requirement, or any part or provision thereof, of the commission under the provisions of said sections shall be punished by imprisonment in the state prison not exceeding five years, or in a county jail not exceeding one year, or by a fine not exceeding five thousand dollars, or by both such fine and imprisonment.

(Section 1753—61) 2. The commission shall charge and collect from each applicant filing the statements required by sections 1753—50 and 1753—51 a filing fee of ten dollars plus the sum of fifty cents per thousand for each thousand dollars par value of *each entire authorized issue* of securities of *which part or all may be* permitted to be offered for sale in the state of Wisconsin \* \* \* but in no case shall the fee be more than \* \* \* *one* hundred dollars *for each such issue*.

Section 1753—63. 1. The commission may execute in duplicate any order, finding, *award*, certificate or permit issued by it, and each of such parts shall be deemed to be an original. An original of every such order, finding, *award*, certificate or permit shall be retained and preserved by it in its office. Copies of all documents, orders, and permits made, executed, or issued by the commission, and of all papers filed in its office, when certified by the secretary *or assistant secretary* of the commission under its official seal, shall be received in evidence in all cases in like manner and with the same effect as the originals.

2. Every official report made by the commission, and every report \* \* \* made to it by any deputy, clerk, or other person employed by it, of any examination, audit, or investigation made by him or under his direction, and copies of such reports, certified by the secretary *or assistant secretary* of the commission, shall be prima facie evidence of the fact therein stated for all purposes in any action or proceeding wherein any company, broker, agent or the commission is a party.

Section 1753—64. Neither sections 1753—48 to 1753—68, inclusive, nor any provision thereof shall be deemed to prohibit *the persons interested in organizing and promoting a corporation from making* subscriptions for shares of a corporation \* \* \* prior to the incorporation thereof, but *no subscriptions for such shares shall be solicited and all* \* \* \* subscriptions *accepted* shall

be deemed to have been made and accepted upon the conditions that such corporation, when incorporated, shall with reasonable diligence apply for and secure from the commission a permit authorizing the sale of \* \* \* *its shares* \* \* \*. The *person or persons interested in organizing or promoting a corporation organized or to be organized under the laws of this state* may, in the name of and on behalf of the corporation, present an application to the commission as provided in sections 1753—48 to 1753—68, inclusive.

SECTION 2. This act shall take effect upon passage and publication.

Approved June 27, 1921.

No. 485, A.]

[Published July 1, 1921.

### CHAPTER 443.

AN ACT to amend section 926—130 of the statutes, relating to waterworks and lighting plant bonds in certain cities.

*The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section 926—130 of the statutes is amended to read: Section 926—130. If a majority of the ballots cast shall be in favor of the purchase or building of such light or waterworks (as the case may be) the common council of such city may authorize the mayor and city clerk of such city to issue bonds for the payment of the unpaid portion of the purchase price or cost of construction of such light or waterworks, which bonds shall recite upon their face that the same are secured by a trust deed or mortgage upon the light or waterworks so purchased or constructed, and that no municipal liability is created thereby, provided always, that such bonds shall bear interest not to exceed \* \* \* *six* per cent per annum payable semiannually, shall not be sold for less than par value, and shall be made payable at the option of such city in not less than five years from the date thereof and absolutely in not more than twenty years from the date thereof.

SECTION 2. This act shall take effect upon passage and publication.

Approved June 24, 1921.