

No. 402, S.]

[Published July 16, 1929.]

CHAPTER 293.

AN ACT to repeal subsection (4) of section 28.02 and sections 28.03 to 28.13 of the statutes, relating to forestry.

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

SECTION 1. Subsection (4) of section 28.02 and sections 28.03 to 28.13 of the statutes are repealed.

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

Approved July 13, 1929.

No. 344, S.]

[Published July 17, 1929.]

CHAPTER 294.

AN ACT to amend subsections (4), (5) and (18) of section 189.03, paragraphs (a) and (c) of subsection (5) of section 189.05, paragraphs (c), (d) and (e) of subsection (2) of section 189.23, to create subsection (4a) of section 189.03, section 189.225 and paragraph (i) of subsection (2) of section 189.23 of the statutes, relating to the securities law.

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

SECTION 1. Subsections (4), (5) and (18) of section 189.03, paragraphs (a) and (c) of subsection (5) of section 189.05, paragraphs (c), (d) and (e) of subsection (2) of section 189.23 are amended to read: (189.03) (4) Securities officially listed upon the New York, Boston, or Chicago stock exchange, and securities senior to any securities so listed or represented by subscription rights which have been so listed; *but this shall not exempt any interest in such securities less than the whole ownership, title and possession of such securities except the interest of purchasers on margin or partial payments;*

(5) Securities * * * of any bank, or trust company, or building and loan association, or land mortgage association, or other corporation, whose business is subject to the control and supervision of the banking commissioner of this state, *which are issued by such company;* or securities * * * of any corporation organized and existing by virtue of any act of congress of

the United States, except laws enacted for the District of Columbia, *and which are issued by such company*; the sale of securities to any such corporation, or association, or to any broker duly authorized by the commission, *or to any insurance corporation authorized to do business in this state*;

(18) If it shall appear that the sale of any securities described in subsections (2), (4a), (7), (8), (10), (15) and (17), may be unfair or inequitable or may work a fraud on the purchaser thereof, the commission shall 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 the commission 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, and may, pending the furnishing of such information or the making of such investigation, by order prohibit the sale of such securities, and thereafter no such securities shall be sold until the revocation of such order. The person issuing or selling such security shall be entitled to a public hearing before the commission or an agent thereof, upon written request. 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 this chapter, it may either prohibit the sale thereof in this state or may fix the terms and conditions on which such sale may be made. 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 this section, it shall require the person or company issuing or selling the same to file such information as it may deem necessary to determine the nature of such practices, and if it shall determine that such practices are unfair or fraudulent, it shall require their discontinuance; and if it deems any of them to have been in violation of the laws of this state it may present the facts to the attorney-general or a district attorney for action.

(189.05) (5) (a) If the securities to be qualified are interest bearing securities, the annual interest *or dividends* on securities senior thereto to be outstanding after the financing.

(c) The ownership by a company of * * * fifty per cent or more of the outstanding voting stock of a corporation shall be construed as the proportionate ownership of the property, business, or industry of such corporation and shall permit the inclusion of the earnings of such company, after eliminating inter-company transactions, applicable to the payment of dividends upon the stock so owned, in the earnings of the company issuing the securities sought to be qualified, or the deduction of the proportion of the losses of said company applicable to the stock so owned.

(189.23) (2) (c) Who in, or in connection with, any application to the commission, or in, or in connection with, any proceedings before it, or in, or in connection with, any examination, audit, or investigation made by the commission, or on its authority, knowingly, or negligently makes any false statement or representation, of a *material fact*; or

(d) 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 *material* false statement or representation concerning any broker, or issuer of securities, or the property which it then holds, or proposes to acquire, or its financial condition, or other affairs, or concerning its proposed plan of business, or concerning the officers of any company, or broker, or the securities which any issuer proposes to issue; or

(e) Who, with knowledge, or who by reason of his office, position, or occupation should know, of the falsity of any such *material* 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

SECTION 2. A new subsection is added to section 189.03, a new section is added to the statutes, and a new paragraph is added to subsection (2) of section 189.23 of the statutes to read: (189.03) (4a) Trust certificates representing a proportionate interest in a fund of securities theretofore deposited with a trustee where the trust indenture or agreement shall irrevocably provide that:

(a) Such securities so deposited have been fully paid for, and are all either of the class described by subsections (1), (3), or (4) of this section, or are securities for the sale of which a Class A

permit has been issued by the commission and is still outstanding at the date of such deposit.

(b) No securities may be substituted for those so deposited except securities described by subsections (1), (3), or (4) of this section, or securities for the sale of which a Class A permit has been issued by the commission and is still outstanding at the date of such deposit.

(c) Such securities are to remain on deposit unless there is deposited with said trustee in lieu thereof the market value thereof, or such substituted securities described above to the market value thereof figuring such substituted securities also at market value, or unless such deposited securities are delivered to the holders of the said trustee's certificates.

(d) The trustee so holding such stock shall be a bank, or trust company with a capital and surplus of at least one million dollars.

(e) No resignation by, or discharge of the trustee shall become effective until some other bank, or trust company with a capital and surplus of at least one million dollars shall have accepted the trust, or until some trustee shall have been appointed by a court of chancery having jurisdiction so to do and shall have accepted.

(f) The price at which said certificates shall be sold shall not exceed the market price of the underlying securities on the day before the sale of such certificate or certificates by more than ten per cent, out of which excess shall be paid immediately all trustee's fees and management charges for a period of not less than ten years.

(g) All of the income from said deposited securities shall belong to the holders of said certificates.

189.225 (1) No person shall issue, sell, or deliver, or assist in issuing, selling or delivering, or authorize, or consent to the issuance, sale, or delivery in Wisconsin, of any interim certificate, or other receipt for any money, or other thing of value paid on the purchase price of securities to be later delivered, or accept, or authorize, or consent to the acceptance of any money, or other thing of value for the purchase of securities to be later delivered when he knows, or should know that the issuer of such interim certificate, or receipt, or the acceptor of such payments is insolvent, except that notwithstanding such insolvency, a balance remaining due on account of the sale price of a security there-

tofore sold, but not yet delivered, may be accepted simultaneously with the delivery of such security.

(2) The officers of any corporation, and the members of any partnership shall be chargeable with knowledge of the financial condition of such corporation, or partnership.

(189.23) (2) (i) Who issues or delivers, or authorizes, directs, aids in or consents to the issue or delivery of any interim certificate or other receipt for value paid upon the purchase of securities to be later delivered, or who accepts value in payment of the purchase price of securities to be delivered later in violation of section 189.225.

SECTION 3. This act shall take effect upon passage and publication.

Approved July 16, 1929.

No. 601, A.]

[Published July 17, 1929.

CHAPTER 295.

AN ACT to create subsection (9a) of section 169.01 of the statutes, relating to semi-professional boxing.

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

SECTION 1. A new subsection is added to section 169.01 of the statutes to read: (169.01) (9a) (a) Cash prizes may be given to contestants in semi-professional boxing and sparring matches, and such contestants shall not lose or forfeit their amateur standing by accepting such prizes.

(b) Semi-professional boxing and sparring matches are defined to mean contests where cash prizes are given to the contestants, no one prize to exceed twenty-five dollars.

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

Approved July 16, 1929.