

people at the general election held November 5th, 1918, and ratified by the Sixteenth Session of the Legislative Assembly of the State of North Dakota by Chapter 85 of the Session Laws of 1919, be and the same is hereby amended to read as follows:

Sec. 182. The State may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed one-half of its value; or upon real and personal property of state owned utilities, enterprises or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state owned utilities, enterprises or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond-issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semi-annually, and the principal within thirty years from the date of the issue of such bonds, and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

Approved March 2nd, 1923.

CORPORATIONS

CHAPTER 179.

(S. B. No. 266—Kretchmar.)

ASSESSMENTS ON BANK STOCK.

An Act Amending Section 4571 of the Compiled Laws of 1913, providing for the Assessment of Shares of Stock in Corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 4571. AMENDMENT. LIMITATION OF.) No assessment must exceed ten per cent of the amount of the capital stock named in the articles of incorporation, except in the cases in this section otherwise provided for, as follows:

1. If the whole capital of a corporation has not been paid up, and the corporation is unable to meet its liabilities or to satisfy the claims of its creditors, the assessment may be for the full amount unpaid upon the capital stock; or if a less amount is sufficient then it may be for such a percentage as will raise that amount.

2. The directors of railroad corporations may assess the capital stock in installments of not more than ten per cent per month, unless in the articles of incorporation it is otherwise provided.

3. The directors of fire or marine insurance corporations may assess such a percentage of the capital stock as they deem proper.

4. The directors of banking associations may assess such percentage of the capital stock as they deem proper, not exceeding one hundred per cent of the face value thereof, during any three years.

Sec. 2. This Act is hereby declared to be an emergency measure and shall take effect from and after its passage and approval.

Approved: March 2nd, 1923.

CHAPTER 180.

(S. B. No. 30—Stevens.)

MINING CORPORATION STATEMENT.

An Act to Amend and Re-enact Section 4989, Compiled Laws of 1913, Relating to Filing of Statements by Mining Corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 1. AMENDMENT.) That Section 4989, Compiled Laws of 1913 be Amended and Re-enacted so as to read as follows:

Sec. 4989. MINING CORPORATIONS TO FILE STATEMENT BEFORE OFFERING STOCK FOR SALE.) No shares or certificates of stock in any mining corporation established under the laws of this state, or any state, territory, province, country or government, shall be sold or offered for sale within this state by such corporation, or by any person, firm, association or corporation acting as agent, representative, attorney or broker for such corporation, until such corporation shall have filed in the office of the Secretary of State a statement under oath, showing the financial condition of such corporation, the location of the mine or mines, owned by such corporation, with plans of the same; the amount

of work done thereon; the amount of cash expended for improvements thereon and the condition of the plant and machinery connected therewith. Such statements shall be signed by the president, secretary and treasurer of such corporation and shall be verified by the oath of each of such officers to the effect that the same is in all respects true.

Provided that this Act shall not apply to the sale, or offering for sale, of shares or certificates of stock in mining corporations, the sale of which is authorized under the provisions of Chapter 91, Session Laws of 1915, or amendments thereto.

Approved February 26th, 1923.

CHAPTER 181.

(S. B. No. 388—Byrne.)

RENEWAL OF CORPORATE EXISTENCE.

An Act Authorizing the renewal of the Period of Corporate existence of certain Corporations whose period of duration has expired without the renewal thereof, and legalizing Acts and Contracts of such Corporations made or done and performed subsequent to the expiration of the original period of existence of such Corporations, and providing that this act shall take effect immediately upon its passage and approval.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 1. RENEWAL OF CORPORATE EXISTENCE.) Any corporation heretofore organized under the laws of this state, whose period of duration has expired and has not been renewed, and which has continued to transact its business, may renew its corporate existence at any time within one year after the approval of this act for a period of twenty years from and after the expiration of the original period for which it was incorporated, with the same force and effect as if renewed prior to the expiration of its term of existence by taking the same proceedings provided by law for the renewal of the corporate existence of corporations in cases where such renewal is made before the end of its original period of existence, and by paying into the state treasury ten dollars (\$10.00) in addition to the fees provided by law for the renewal of the corporate existence of corporations.

Sec. 2. ACTS DECLARED VALID.) When such steps are taken within such period, such proceedings shall relate back to the date of the expiration of said original corporate period, and when said period is extended as provided by this act any and all corporate acts and contracts done, performed, made and en-

tered into after the expiration of said original period, shall be and each is hereby declared to be legal and valid.

Sec. 3. APPLICATION LIMITED.) This act shall not apply to any corporation the charter of which has been declared forfeited by the final judgment of any court of competent jurisdiction in this state, nor to any corporation as to which there is any action or proceeding pending in any of the courts in this state for the forfeiture of its charter, nor to any corporation whose directors have acted as trustees under the provisions of section 4567, Compiled Laws of 1913.

Sec. 4. EMERGENCY.) This act is declared an emergency measure and shall be in full force and effect from and after the date of its passage and approval.

Approved: March 6th, 1923.

CHAPTER 182.

(S. B. No. 162—Rusch.)

SECURITIES COMMISSION.

An Act to Prevent Imposition or Fraud in the Sale or Disposition of Certain "Securities" herein Defined by Requiring an Inspection Thereof; Providing for Such Inspection, Supervision and Regulation of the Business of Any Person, Association, Partnership, or Corporation, Engaged or Intending to Engage, Whether as Principal or Agent, in the Sale of Any Such Securities in the State of North Dakota, as May be Necessary to Prevent Imposition or Fraud in the Sale or Disposition of Said Securities, and Repealing Chapter 91 of the Session Laws of 1915.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 1. STATE SECURITIES COMMISSION CREATED.) There is hereby created a commission to be known as the State Securities Commission, hereafter referred to as the "Commission" whose duty it shall be to administer and provide for the enforcement of all provisions of this act, which shall consist of the Governor, Attorney General and Secretary of State. There shall be appointed by the Commission an executive officer who shall also act as ex-officio secretary of the Commission and who shall serve for a term of two years unless sooner removed by the Commission and shall devote his entire time and attention to the duties of his office and shall receive a salary of Two thousand eight hundred (\$2,800.00) Dollars per annum, payable monthly. He shall at the time of his appointment, subscribe and file the usual oath and furnish a bond in the sum of Ten Thousand (\$10,000.00) Dollars, to be approved and filed as are the bonds

of the other state officers. In the absence or disability of any of the members of the Commission the duly appointed deputy or designated assistant of such officer shall act in his stead upon such commission. Each member shall be authorized to swear witnesses and administer oaths in any matter coming before him or said Commission. The Commission shall have the power to employ such assistance as examiners, accountants or investigators as may be necessary to carry out the provisions of this act.

Sec. 2. The term "Securities" as used in this Act shall be taken to mean stock certificates, shares, bonds, debentures, certificates of participation, contracts, service contracts, preorganization certificates and subscriptions, certificates evidencing shares of or interest in trust estates or associations, profit sharing agreements or certificates or any certificate, contract or instrument whatsoever representing or constituting evidence of, or secured by, title to, or interest in, or any lien or charge upon, the capital or any property or assets of the issuer thereof, or any oil, gas or mining lease; and interests, units or shares in any such lease or leases; contracts or bonds for the sale and conveyance of land on deferred payments or installment plan, or other instruments in the nature thereof by whatsoever name known or called. The term "speculative securities" as used in this Act shall be taken to mean and include (1) All securities into the specified par value of which the element of chance, speculative profit, or possible loss equal or predominate over the elements of reasonable certainty, safety, and investment; (2) All securities the value of which materially depends on proposed or promised future promotion or development rather than on present tangible assets and conditions; (3) Any securities based in whole or material part on assets consisting of patents, formulae, good-will, promotion, or intangible assets; (4) Securities made or issued in furtherance or promotion of any enterprise or scheme for the sale of unimproved or undeveloped land on any deferred payments or installment plan when the principal value of such securities depends on the future performance of any stipulation by the promoters of such enterprise to furnish irrigation or transportation facilities, or other value enhancing utility or improvement. The term "speculative enterprise" as used in this Act shall be taken to mean any business undertaking, project, venture or activity for the promotion or furtherance of which "speculative securities" as herein defined are made, issued, sold, or offered for sale.

Sec. 3. It shall be hereafter unlawful for any person, co-partnership, association or corporation, hereinafter called the Investment Company, either as principal, or through agents,

to sell, or offer for sale, or by means of any advertisement, circulars, or prospectus, or by any other form of public offering, to attempt to promote the sale of any speculative securities in this state, unless there first shall have been filed with the Securities Commission: (1) A copy of the securities so to be promoted; (2) A statement in substantial detail of the assets and liabilities of the person or company making and issuing such securities and of any person or company guaranteeing the same, including specifically the total amount of such securities and of any securities prior thereto in interest or lien, authorized or issued by any such person or company; (3) If such securities are secured by mortgage or other lien, a copy of such mortgage or of the instrument creating such lien, and a competent appraisal or valuation of the property covered thereby, with a specific statement of all prior liens thereon, if any; (4) A full statement of facts showing the gross and net earnings, actual or estimated, of any person, or company making and issuing or guaranteeing such securities, or of any property covered by any such mortgage or liens; (5) All knowledge or information in the possession of such Investment Company relative to the character or value of such securities, or of the property or earning power of the person or company making and issuing or guaranteeing the same; (6) A copy of any general or public prospectus or advertising matter which is to be used in connection with such promotion, and no such prospectus or advertising matter shall be used unless the same has been filed hereunder; (7) The names, addresses and selling territory in this state of any agents by or through whom any such securities are to be sold, including a statement giving the qualifications, occupations and business experience of each of such agents for a period of five years prior to the filing, the names and addresses of each employer, the period of employment, and reason for resignation or discharge, and no such agents shall be employed unless such statement with respect to them has been filed hereunder, and there shall have been paid to the Commission a registration fee of Three (\$3.00) dollars for each such agent. The payment of such fee shall be payment in full of all fees for registration of such agent from January 1st to January 1st of the following year; (8) The name and address of such promoter, including the names and addresses of all partners, if the Investment Company be a partnership, and the names and addresses of the directors or trustees, and of any person owning ten per centum, or more, of the capital stock, if the promoter be a corporation or association; (9) A statement showing in detail the plan on which the business or enterprise is to be transacted; (10) The articles of copartnership or association, and all other papers pertaining to its organization, if the securities be insured or guaranteed by a co-partnership

or unincorporated association; (11) A copy of its charter and by-laws if the securities be issued or guaranteed by a corporation; (12) A filing fee of twenty-five (\$25.00) dollars.

Sec. 4. Every foreign corporation before selling or offering for sale any speculative securities, shall also file its written consent, irrevocable, that actions may be commenced against it in the proper courts of any county in this state in which a cause of action may arise, by the service of process on the secretary of state, and stipulating and agreeing that such service of process on the secretary of state shall be taken and held in all courts to be as valid and binding as if due service had been made upon the company itself, according to the laws of this or any other state, and such instrument shall be authenticated by the seal of said foreign corporation, and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees, or managers of the corporation authorizing the said secretary and president to execute the same.

Sec. 5. It shall be the duty of the Commission as soon as is practical, to examine the statement and documents so filed and if said Commission shall deem it advisable, they shall make, or have made, a detailed inspection, examination, audit and investigation of the affairs of the makers or guarantors of such securities which said inspection, examination, audit and investigation shall be at the applicant's expense. As a part of the aforesaid inspection, examination, audit and investigation, the Commission may cause an appraisal to be made of the property of the maker or guarantor, including the value of patents, formulae, good-will promotion, and intangible assets and shall furnish a full and complete statement or report of his inspection and investigation aforesaid to the Securities Commission. If the statement shall disclose that any of such securities shall have been or shall be intended to be issued for any patent right, copyright, trademark, process or good-will, or for promotion fees or expenses, or for other intangible assets, the amount and nature thereof, shall be fully set forth, and securities issued in payment of such patent right, copyright, trademark, process or good-will, or for promotion fees or expenses, or for other intangible assets, shall be delivered in escrow to such bank or trust Company as shall be designated by the Commission under an escrow agreement that the owners of such securities shall in case of dissolution or insolvency not participate in the assets of the corporation until after the owners of all other securities have been paid in full. Such escrow agreement shall remain in full force until the securities of the issuer thereof are on a dividend paying basis. The state Securities Commission shall, within ten days thereafter, examine the statements or report,

and give the promoter a hearing if he so desires. If the Securities Commission finds no legal objection to the enterprise, or securities, it shall direct the Secretary to acknowledge compliance with Section 3 of this Act. But if, from the statements, papers and documents on file, and the investigations and report of the Secretary, or from other evidence submitted, it shall appear, and the state Securities Commission shall find: (1) That the makers and guarantors of said securities are insolvent, or that the applicant's plan for business is dishonest, or fraudulent; (2) Or that the applicant's literature or advertising is misleading and calculated to deceive purchasers or investors; (3) Or that the securities offered or to be offered are issued or are to be issued in payment for property, patents, formulae, good-will or promotion and intangible assets, in excess of the reasonable value thereof; (4) Or that the enterprise of the applicant is unlawful or against public policy; (5) Or is a mere scheme of a promoter or promoters to get rich quick at the expense of the purchasers of the aforesaid securities, the said Commission shall reduce its said findings to writing and attest the same by the signature of the chairman and secretary thereof. Notice of such finding, or findings, shall immediately be given to the applicant by registered mail. And it shall thereafter be unlawful for the promoter or any agent of said Company or promoter to sell, offer for sale, or by means of any advertisement, circular, or prospectus, or by any other form of public offering to attempt to promote the sale of any such speculative security or securities in this state.

Sec. 6. The state Securities Commission shall at any time have the authority and jurisdiction to investigate the affairs of any speculative enterprise, the securities of which are being sold or offered for sale in this state, and after giving the Company or promoter a hearing, may if the evidence warrants, make any of the adverse findings enumerated in Section 5 of this Act, and it shall thereafter be unlawful for any person, co-partnership, association or corporation to sell, offer for sale, or by means of any advertisement, circular, or prospectus or by any other form of public offering to attempt to promote the sale of the securities of such speculative enterprise in this state.

Sec. 7. Any person, co-partnership, association or corporation being dissatisfied with any finding or findings of the state Securities Commission, made in accordance with the provisions of this Act, may within thirty days from the making thereof, commence an action in any court of competent jurisdiction against said Commission as defendant, to vacate and set aside said finding or findings on the ground that the said findings are unjust or unreasonable. The rules of pleading and procedure in such action shall be the same as are provided by law

for the trial of equitable actions in the district courts of this state and on the hearing the judge of said court may set aside, modify, or confirm said findings as the evidence and the rules or equity may require. Appeals may be taken from the decision of the district court to the supreme court by either party in the same manner as is provided by law in other civil actions. Pending any such action, the said findings of said Commission shall be prima facie evidence that they are just and reasonable and that the facts found are true, and pending any such action the said findings of the Commission shall remain in full force and effect. If no action be brought to set aside said findings within thirty days, the same shall become final and binding.

Sec. 8. No amendment of the charter, articles of incorporation, constitution or by-laws of any such corporation or the articles of association or by-laws of any unincorporated association subject to this Act, shall become operative until a copy of the same has been filed with the Commission as provided in regard to the original filing of charters, articles of incorporation, or association, constitution and by-laws, and it shall be unlawful for any such person, copartnership, association or corporation to transact business on any other plan than that set forth in the statement required to be filed by Section 3 of this Act, or to make, issue, sell or offer for sale any "security" or "securities" required to be filed by Section 3 of this Act, until a written statement showing in full detail the proposed new plan of transacting business and a copy of the proposed new "security" or "securities" shall have been filed with the Commission, in like manner as provided in regard to the original plan of business and proposed "security" or "securities."

Sec. 9. The provisions of this Act shall not apply to (a) Securities of the United States; or any foreign government; or of any state or territory; or of any county, city, township, district or other public taxing sub-division of any state or territory of the United States or any foreign government. (b) Securities of public or quasi-public corporations, the issues of which are regulated by a state officer of the State of North Dakota, or by a state officer or board of similar authority of any state or territory of the United States; or securities senior thereto. (c) Securities of state or national banks or trust companies, or building and loan associations authorized by the State Banking Board to do business in this state. (d) Securities of any domestic corporation organized without capital stock, charitable or reformatory purposes.

Sec. 10. The general accounts of every person, copartnership, association or corporation, issuing or guaranteeing any securities subject to the provisions of this Act, shall be kept in a business-like and intelligent manner and in sufficient detail

so that the Commission can ascertain at any time the financial condition of such person, co-partnership, association or corporation, and the books of account and affairs of any such person, co-partnership, association or corporation, shall be subject to examination by the Commission or upon their direction by their assistants, accountants, or examiners, at any time said Securities Commission shall deem it advisable, and in the same manner as is now provided for the examination of state banks; and such person, co-partnership, association or corporation shall pay a fee for each of such examinations, of not to exceed fifteen (\$15.00) dollars for each day or fraction thereof plus the actual traveling and hotel expenses of said examiner, assistant, accountant, that he is absent from the capitol of the state for the purpose of making such examination. And it is provided further, that every person, co-partnership, association or corporation making or guaranteeing any securities subject to the provisions of this Act, shall file at the close of business December 31st and June 30th of each year, and at such other times as may be required by the Commission, a statement certified by the oath of some person having actual knowledge of the fact therein stated, setting forth, in such form as may be prescribed by said Commission the financial condition, amount of property and liabilities of such person, co-partnership, association or corporation and such other information as said Securities Commission may require. Each statement shall be accompanied by a filing fee of Five (\$5.00) dollars. It shall be unlawful for any person, co-partnership, association, or corporation subject to the provisions of this Act, failing or refusing to comply with the provisions of this section within ten days after compliance is required, to thereafter sell or offer for sale in this state any speculative stock which said person, partnership, association or corporation is selling or offering for sale in this state.

Sec. 11. Any person, firm, co-partnership, corporation or association whether domestic or foreign, not the issuer, who shall in this State sell or offer for sale any of the stocks, bonds or other securities issued by any foreign or domestic investment company, except the securities specifically exempted in this act, or who shall by advertisement or otherwise profess to engage in the business of selling or offering for sale such securities, shall be deemed to be a "dealer" in such securities within the meaning of this act, and no dealer within the meaning of this Act shall sell or offer for sale any such securities or profess the business of selling or offering for sale such securities unless and until he shall have filed a list of the same in the office of the North Dakota Securities Commission as in this act provided. The term "dealer" shall not include an owner not issuer, of such securities so owned by him when such sale is not made in the course of continued and successive transactions of a

similar nature, nor one who in a trust capacity created by law lawfully sells any securities embraced within such trust.

Sec. 12. Any dealer desiring to sell or offer for sale within this State any stocks, bonds or other securities not exempted under the terms of this act, shall first register with the North Dakota Securities Commission and shall furnish said commission, upon oath, in such form as the Commission shall prescribe, the following information, to-wit: the dealer's name, residence and business address, the general character of the Securities to be dealt in, the place or places where the business is to be conducted within this State, and where the business in this State is not to be conducted by the dealer in person, then the names and addresses of all the persons in charge thereof. Every such dealer shall deposit with the State Treasurer a guarantee fund consisting of such bonds and other evidences of indebtedness, and in such amount as the Securities Commission may require, such securities to be approved by the State Treasurer and held in trust by him for the faithful performance and payment of the obligations of such dealer and his or its agents, and as security for their creditors. Said dealer shall pay to the commission a fee of Fifty (\$50.00) dollars and shall furnish said commission with such other information in addition to that above specified as said commission shall deem necessary in order to thoroughly acquaint such commission with the character of the business of said dealer. All authorized agents of any dealer shall be registered with the commission and the name of any agent shall be stricken from the register by the commission upon the written request of the dealer and additional agents may be registered by the commission upon like request of the dealer; Provided, That no agent shall act as such until his name and address shall be registered with the commission. If the dealer shall be a non-resident of this State or a corporation other than a domestic corporation, he shall at the time he registers with the commission, file with the commission a written duly authenticated appointment of the Secretary of State of this State as his or its agent in North Dakota upon whom process or pleadings may be served for and on behalf of the dealer, which appointment shall be irrevocable. Upon compliance by such dealer with the provisions of this Act, the said Commission shall issue to such dealer a license under the seal of said commission and signed by the secretary thereof, which said license shall be good until revoked by said commission for good cause upon notice to such dealer and a hearing duly had.

Sec. 13. It shall be unlawful for any investment company or dealer, or representative thereof, either directly or indirectly, to sell or cause to be sold, offer for sale, take subscriptions for, or negotiate for the sale in any manner whatever in this state, any stocks, bonds or other securities except as expressly ex-

empted herein, unless and until said commission has approved thereof and issued its certificate in accordance with the provisions of this act, nor shall it be lawful for any such investment company to transact business on any other plan than that set forth in the statements and papers required to be filed by virtue of the provisions of this act or the rules of the commission. It shall be unlawful for any investment company or dealer or its or his agents, to issue, circulate or deliver any advertisement, pamphlet, circular, prospectus, or other document in regard to its stocks, bonds or other securities in the State of North Dakota differing in any way from the copy filed with said commission as provided by this act. It shall be unlawful for any newspaper published in the State of North Dakota to advertise the sale of any stocks, bonds or securities which have not been approved by said commission or which are not exempt under the provisions of this act, and it shall be unlawful for any newspaper published in the State of North Dakota to advertise the sale or offer of the sale of stocks, bonds or other securities, by any dealer, domestic or foreign, who has not registered with the Securities Commission as provided for in this act.

Sec. 14. No dealer within the meaning of this act shall sell or offer for sale within this State any of the stocks, bonds or other securities of any investment company unless such investment company shall have fully complied with all the provisions of this act, nor until said dealer shall have registered with the commission, under the terms of this act; Provided, however, That should any dealer desire to sell or offer for sale within this State the stocks, bonds or other securities of an investment company, which has not itself complied with the provisions of this act, said dealer shall make application to the said commission for the license as hereinbefore provided for applications by investment companies and shall pay the fee required to be paid by Section 12 of this act.

Sec. 15. The state Securities Commission shall have power upon reasonable notice either upon their own initiative or upon complaint of any responsible person, to make or have made such special inspection or investigation as they may deem necessary, in connection with the promotion, sale, disposal, or offering for sale or disposal in this state, of any certificates, shares, stocks, bonds, securities, contracts, or contracts or bonds for deeds to determine whether the same constitute a violation of this Act or any other statute of this state by any individual, co-partnership, corporation, or association, promoting, offering, selling or pledging the same, and in their discretion may require that the capital to be obtained by such sales, be held intact until the completion of the sale of securities, or so much or such portion of the issue to be sold as may in the opinion of the Commission prevent loss of such capital or fraud upon the pur-

chasers of such securities and for such purpose take bond to the people of the State of North Dakota for the use and benefit of such purchasers with sufficient sureties, or may accept other safe-guards in lieu thereof; and may require financial statements and reports of the issuer so often as circumstances appear to warrant; and the commission shall have the power to issue subpoenas and process compelling the attendance of any person and the production of any papers or books for the purpose of such investigation and examination, and shall have power to administer an oath to any person whose testimony may be required on such examination or investigation; and any person who shall refuse to obey any such subpoena or make answer to any competent and material question propounded to him by said Commission shall upon conviction in any court of competent jurisdiction be deemed guilty of a misdemeanor, and fined in any sum not exceeding five hundred (\$500.00) dollars or be punished by confinement in the county jail for not more than ninety days or both by such fine and imprisonment. Upon the conclusion of any such investigation, the Commission may make findings of fact touching the matter or matters under investigation, and such findings shall be prima facie evidence of the truth of the matters therein found by the Commission in any action, either civil or criminal, instituted under any of the laws or statutes of this state against the person, persons, partnership, corporation, or association. The notice herein provided for may be given by registered letter mailed to the last known address of person or persons, or corporations to be investigated and the Commission's certificate shall be sufficient evidence of such notice and the mailing thereof.

Sec. 16. Every evidence of indebtedness or other contract or obligation incurred, made or given for stock, securities or other obligations sold in violation of any of the provisions of this chapter, are void in the hands of any but a bona fide holder in due course, as defined by the negotiable instruments law, and no action shall be maintained in any Court of this State for the enforcement of any such contract or obligation. Every person, firm or corporation aiding or assisting any investment company or dealer or representative, agent or salesman, either directly or indirectly, taking subscriptions for or negotiating for the sale of any stocks, bonds, investment contracts, service contracts, purchase contracts, membership certificates or other securities, except such as are lawfully permitted to be sold within this State, under the provisions of this chapter, shall be guilty of a violation of this Act in the same manner and to the same degree as his or its principal, and shall be subject to the penalties provided by this act.

Sec. 17. All information obtained by the Commission with reference to any securities and all records of the Commission

relating thereto shall be open to examination by the public, and it shall be the duty of the Commission to preserve such information and to so classify and arrange the same as to facilitate examination by any person affected by matters therein contained, except that the Commission may, in its discretion, withhold information relating to the private affairs of persons or corporations when in its judgment the same shall not be required for public welfare, or any information relative to any matter that may be at issue in any court, unless upon an order of Court.

Sec. 18. The Commission shall adopt a seal with the words "North Dakota Securities Commission" and such design as the Commission may prescribe, engraved thereon, by which it shall authenticate its proceedings. Copies of all records and papers in the office of the Commission certified by the Secretary thereof and authenticated by the seal of said North Dakota Securities Commission shall be received in evidence in all Courts and with like effect as the originals.

Sec. 19. Any person who shall knowingly make or file or cause to be made or filed with the state Securities Commission any statement, document, circular, advertisement or prospectus, required to be filed by this Act, which is false in any material respect or matter, shall be deemed guilty of a felony, and on conviction in any court of competent jurisdiction punished by a fine of not less than one hundred dollars (\$100.00), or more than five thousand dollars (\$5,000.00), or by imprisonment in the state penitentiary for not less than one nor more than five years, or both such fine and imprisonment.

Sec. 20. Any person, partnership, association or corporation who shall commit in this state any Act declared unlawful by Sections 3, 5, 8, 10 of this Act shall be deemed guilty of a felony and on conviction in any court of competent jurisdiction be punished by a fine of not less than one hundred nor more than five thousand dollars, or by confinement in the North Dakota State Penitentiary for a term of not less than one nor more than seven years.

Sec. 21. This Act shall not apply to the owner of any speculative security who is not the maker or issuer thereof, who shall acquire and sell the same for his own account in the usual and ordinary course of business and not for the direct or indirect promotion of any enterprise or scheme within the purview of this Act, providing, that such ownership is in good faith. Repeated or successive sales of any such speculative security or securities shall be prima facie evidence that the claims of ownership is not bona fide, but is a mere shift or devise to evade the provisions of this Act.

Sec. 22. All fees herein provided for shall be collected by the Securities Commission and by them shall be turned into the state treasury, and shall be kept in a special fund for the payment of salaries and the actual and necessary expenses herein provided. All money actually and necessarily paid out by the Commission for traveling or incidental expenses on duties performed under this Act, shall be audited as other claims against the state and paid out of the special fund herein created.

Sec. 23. In any case wherein the value of the securities or contracts herein before enumerated are in any way dependent upon the present or proposed development of land or mines, oil or gas wells, the boards of the Agricultural College or State University shall, on the request of the Securities Commission, cause such investigation thereof as the Securities Commission, may desire to be made by experts from the appropriate departments of the State Agricultural College or State University, or both, as the case may be.

Sec. 24. Any person who shall knowingly or wilfully subscribe to, or make, or cause to be made any false statements or false entry in any book of account of any person, co-partnership, association, or corporation, subject to the provisions of this Act, or exhibit any false paper with intention of deceiving any person authorized to examine into the affairs of such person, co-partnership, association, or corporation, or shall make or publish any false statement of the financial condition of any person, co-partnership, association or corporation subject to the provisions of this Act, or shall knowingly make any false statements materially affecting the value of the stocks, bonds, or other securities offered for sale by any such person, co-partnership, association or corporation, shall be deemed guilty of a felony and upon conviction thereof, shall be fined not less than one hundred (\$100.00) dollars nor more than five thousand (\$5000.00) dollars, or shall be imprisoned not less than one year nor more than ten years in the State Penitentiary.

Sec. 25. Persons, partnerships, associations or corporations holding permits under the statutes hereby repealed shall be deemed to have complied with this Act.

Sec. 26. Should the courts declare any section or clause of this Act unconstitutional, then such decision shall affect only the section or clause so declared to be unconstitutional, and shall not affect any other section or part of this Act.

Sec. 27. REPEAL.) Chapter 91 of the Session Laws of 1915 and all Acts or parts of Acts in conflict therewith are hereby repealed.

Approved February 24th, 1923.

CHAPTER 183

(S. B. No. 1—Rusch.)

TERM OF EXISTENCE OF TRUST COMPANIES.

An Act to Amend Section 5205 of the Compiled Laws relating to the term of existence of certain corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 1. AMENDMENT.) That Section 5205 be and the same is hereby amended so as to read as follows:

Sec. 5205. FORMATION.) Any number of persons, not less than nine, not less than three of whom must be residents of this state, may associate themselves, and become incorporated for the purpose of transacting business as an annuity, safe deposit, surety and trust company, upon complying with the provisions of this chapter, and any company so formed or heretofore formed, and now doing business, and its successors, shall be entitled to the rights and privileges, and subject to the duties and obligations herein provided, and its existence shall be perpetual. The provisions of Chapter 12 of the civil code shall be applied to and be observed by persons organizing under this chapter, except as herein otherwise provided, and except as to provisions thereof inconsistent with the provisions of this chapter.

Sec. 2. Whereas there is an apparent conflict between the language of Section 4533 and Section 5205 of the Compiled Laws, and therefore a doubt as to the rights and liabilities of such corporations, therefore this act is hereby declared an emergency measure, and shall take effect immediately upon its passage and approval.

Approved February 9th, 1923.

COUNTIES

CHAPTER 184.

(S. B. No. 211—Kelsh.)

BONDS, MODE OF ISSUE.

An Act to Amend and Re-enact Section 3451, Compiled Laws of North Dakota, relating to county bonds, rate of interest and mode of issue.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Sec. 1. AMENDMENT.) That Section 3451, Compiled Laws