

HOUSE No. 1417

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 4, 1932.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, Senate, No. 212) of John C. Hull for a revision and simplification of the law relative to the sale of securities, report the accompanying bill (House, No. 1417).

For the committee,

WILLIAM F. THOMAS.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Two.

An Act in Amendment and Revision of the Sale of Securities Act.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby
2 amended by striking out chapter one hundred and
3 ten A thereof, as amended, and inserting in place
4 thereof the following:—

5 CHAPTER 110A.

6 PROMOTION AND SALE OF SECURITIES.

7 *Section 1.* This chapter may be cited as the sale
8 of securities act.

9 *Section 2.* The following terms shall, in this
10 chapter, have the following meanings, unless the
11 context otherwise requires:—

12 (a) "Commission", the commission supervising
13 and controlling the department of public utilities
14 under chapter twenty-five, and also in so far as
15 determined by the commission under section twelve
16 A of said chapter, the securities division or its
17 director, established by said section.

18 (b) "Person" shall include a natural person and
19 every form of organization incorporated or unin-
20 corporated.

21 (c) "Security" shall include any evidence of in-
22 debtedness, stock, certificate under voting trust
23 agreement, subscription or reorganization certificate,
24 certificate in or under a profit sharing or participa-
25 tion agreement, oil, gas or mining lease or certificate
26 of interest in or under the same, investment con-
27 tract, currency of a government other than the
28 United States, and, in general, any certificate or in-
29 strument representing or secured by a legal or equi-
30 table interest in the capital, assets or property of, or
31 representing indebtedness of, any person.

32 (d) "Sale", "sell", "selling", "sold" shall in-
33 clude the issuance, transfer, agreement for transfer,
34 exchange, pledge, hypothecation, mortgage in any
35 form, whether by transfer in trust or otherwise, of
36 any security or interest therein; and any option,
37 subscription or other contract, or solicitation look-
38 ing to a sale, or offer or attempt to sell in any form,
39 whether spoken or written. The gift or delivery of
40 any security with, or as a bonus on account of, the
41 sale of anything shall be deemed a sale of such
42 security.

43 (e) "Broker" shall include every person, other
44 than a salesman, who in this commonwealth engages,
45 as principal or agent, in the business of selling se-
46 curities, whether issued by himself or by another.

47 (f) "Salesman" shall include every person em-
48 ployed, appointed or authorized by a broker to sell
49 securities within this commonwealth.

50 (g) "Fraud" and "fraudulent" shall have their
51 full meaning as applied or accepted in courts of law
52 or equity, and shall also specifically include the
53 following: a misrepresentation in any manner,
54 whether intentionally false or due to gross negligence,

55 of a material fact; a promise, representation or pre-
56 diction as to the future not made honestly and in
57 good faith; an intentional failure to disclose a
58 material fact; and the gaining, directly or indirectly,
59 through the sale of any security, of an underwriting,
60 promotion, selling or managing fee, commission or
61 other profit so gross and exorbitant as to be un-
62 conscionable, or any scheme, device or artifice to
63 gain the same.

64 (h) "Renewal registration" shall mean a regis-
65 tration immediately succeeding the expiration of a
66 prior registration, by way of renewal thereof.

67 (i) "Original registration" shall mean any regis-
68 tration other than a renewal registration, whether
69 the person shall have at some time theretofore been
70 registered or not.

71 EXEMPTED SECURITIES AND SALES.

72 *Section 3.* Except as hereinafter provided in this
73 section, the prohibitions and restraints imposed by
74 this chapter shall not apply to the following types of
75 sales: —

76 (a) Any isolated sale; but this exemption shall
77 not include a sale made in the course of repeated
78 and successive transactions of a like character.

79 (b) Any judicial sale.

80 (c) Any sale, by a pledge holder or mortgagee,
81 selling in the ordinary course of business, of a security
82 pledged with him in good faith as security for a bona
83 fide debt.

84 (d) Any sale by an executor, administrator, con-
85 servator, guardian, trustee, receiver or trustee in
86 insolvency or bankruptcy, appointed by any court;
87 or any sale by a corporation of its stock for a de-
88 linquent assessment made in accordance with law.

89 (e) The distribution by a corporation of its or
90 other securities, whether as a stock dividend, dis-
91 tribution out of surplus, liquidating dividend or
92 otherwise, to its own security holders or their as-
93 signs; the distribution of securities issued under a
94 corporate reorganization or recapitalization by a
95 corporation or corporations party thereto, entirely
96 to its or their security holders or their assigns; or
97 the sale by a corporation of its increased capital stock
98 entirely to and among its stockholders or their
99 assigns; provided, in all cases that the same be done
100 without payment of any promotion fee, or payment
101 of any salary, commission or expense to any broker
102 or salesman, in connection therewith.

103 (f) The original issuance and sale by any corpo-
104 ration organized under the laws of this common-
105 wealth of its capital stock at a time when the num-
106 ber of stockholders of said corporation does not, and
107 will not in consequence of such sale, exceed twenty-
108 five.

109 (g) Any sale of notes secured by mortgage of real
110 or personal property, where the title to the entire
111 security for said notes is sold and transferred there-
112 with.

113 (h) Any sale of securities to a registered broker,
114 and any pledge to a *National Banking Association*,
115 *trust company, mutual savings bank or insurance*
116 *company*.

117 (i) Sales at public auction of securities not other-
118 wise exempt, if the authority of the commission
119 therefor has been obtained, and upon such conditions
120 as the commission may prescribe.

121 (j) The commission may, in accordance with such
122 rules, regulations, and upon such conditions and

123 limitations as it may prescribe, exempt other sales
124 and types of sales from the provisions of this chapter.

125 The commission may for cause forbid any sale
126 exempted under the provisions of (c), (d), (e), (f),
127 (g), (h), (i) and (j) of this section, and such sale
128 shall not thereafter be made except as the com-
129 mission may determine.

130 *Section 4.* Except as otherwise provided in this
131 chapter, the prohibitions and restraints imposed by
132 this chapter shall not apply to the following types
133 of securities:—

134 (a) Evidences of indebtedness absolutely matur-
135 ing less than fourteen months from the date of
136 issuance thereof and embodying no conversion
137 privilege, option or other right to receive or duty to
138 take any security or thing other than money in
139 payment thereof.

140 (b) Any security issued or guaranteed as to prin-
141 cipal or interest by a government or governmental
142 agency, or any public body having power of tax-
143 ation or assessment.

144 (c) Securities of, or guaranteed as to principal,
145 interest or dividend by, a corporation owning or
146 operating a railroad or any other public service util-
147 ity, the issue or guaranty of such securities being
148 regulated or controlled or requiring approval by
149 public officials of this or any other state or of the
150 United States empowered to regulate, control or
151 supervise public service utilities and the issue of
152 securities thereby; and all securities of such public
153 service utility corporation senior to a security thereof
154 exempt as above.

155 (d) Securities listed upon any stock exchange in
156 Massachusetts which had been doing business con-
157 tinuously for the last ten years prior to August

158 twenty-six, nineteen hundred and twenty-one, and
159 upon any other stock exchange in Massachusetts
160 thereafter or hereafter organized which the com-
161 mission, for the purposes of this exemption, may
162 approve, and all securities senior thereto. Any
163 such stock exchange shall keep on file with the com-
164 mission the form or forms of application and the
165 rules adopted by such exchange for the listing of
166 securities, and the exemption hereby created shall
167 continue only so long as such forms and rules shall
168 be acceptable to the commission as indicating in
169 substance that the requirements of such exchange
170 are adequate to guard against fraud; provided,
171 however, that any change in said form of applica-
172 tion or rules shall not affect the exemption of se-
173 curities listed before the adoption of such change, or
174 of securities senior thereto.

175 (e) Securities which are a legal investment for any
176 savings bank, savings department of any trust com-
177 pany, insurance company or association under the
178 supervision of the commissioner of banks or of the
179 commissioner of insurance of this commonwealth.

180 (f) Securities issued by and representing an inter-
181 est in, or direct contract right against, any national
182 bank or corporation created or existing by virtue of
183 the acts of the congress of the United States; by
184 any state bank, trust company, co-operative bank
185 or credit union of this commonwealth or of any
186 other state, where the same is fully organized and
187 doing business under the supervision of the public
188 official controlling banking in such state; or by any
189 corporation under the supervision of the depart-
190 ment of banking and insurance of this common-
191 wealth, other than corporations licensed to make
192 small loans.

193 (g) The securities of any corporation organized
194 under the provisions of chapter one hundred and
195 eighty.

196 (h) The securities of any corporation organized
197 under the laws of this commonwealth whose author-
198 ized capital stock, added to its outstanding securities
199 other than capital stock, does not exceed twenty-
200 five thousand dollars. This exemption shall not
201 apply to the securities of a corporation having
202 capital stock without par value.

203 (i) The commission may from time to time, by
204 order, in accordance with such rules and standards
205 as it may prescribe, upon petition or upon its own
206 motion, add to the exemptions of this section other
207 securities and classes of securities, such exemptions
208 to run until otherwise ordered by the commission,
209 and to contain such other conditions and limitations,
210 if any, as the commission may prescribe.

211 *Section 5.* No security, not exempt under section
212 four, shall be sold, except as exempted by section
213 three, within this commonwealth, until there shall
214 have been filed with the commission a notice of
215 intention to sell the security in question, provided
216 that this prohibition shall not extend to solicitations,
217 or other preliminary negotiations, by a registered
218 broker or salesman, with no consideration paid or
219 received, no transfer or delivery of any security
220 made, and no binding option, subscription or other
221 contract entered into. Upon the filing of said
222 notice, such security may be sold by any broker or
223 salesman registered hereunder, except during such
224 period or periods as such sale may be forbidden
225 under or pursuant to other provisions of this chapter.
226 Within seven days after the filing of said notice, or

227 such further time as the commission may authorize
228 in any case, there shall be filed with the commission
229 a statement, upon such forms as the commission may
230 prescribe, containing, with any other relevant in-
231 formation requested by the commission, the follow-
232 ing information relative to the security and the
233 person issuing the same.

234 (a) The name and address of the person; and, in
235 the case of an organization, the names and addresses
236 of the partners, trustees, directors or other board of
237 management, president, treasurer, secretary, auditor
238 or corresponding officers thereof.

239 (b) The state or other government, if the person
240 be an organization, under the laws whereof such
241 person was organized, and a reference to such laws.

242 (c) The purpose for which the corporation, as-
243 sociation or trust was organized or formed and the
244 general nature of the business to be transacted or in
245 which it proposes to engage.

246 (d) The general nature of the business transacted
247 or to be transacted by such person, with, if the
248 person be an organization having a written state-
249 ment of purposes, a copy of such statement of pur-
250 poses.

251 (e) The amount of capital devoted and proposed
252 to be devoted to the business in question, with the
253 number of and a classification of the securities issued
254 and to be issued; the amount of the secured debt and
255 the unsecured debt, with a brief description of the
256 date of issuance, maturities and character of such
257 debt, and the security, if any, therefor; and the
258 authorized amount of capital stock, certificates of
259 beneficial interest or other securities of like character,
260 with the number and classes of shares into which the

261 same is divided, and a brief description of the re-
262 spective voting rights, preferences, rights to dividends
263 or profits and rights to capital with respect to each
264 class.

265 (f) The purposes to which the proceeds of the
266 security proposed to be sold are to be applied.

267 The commission may accept, in lieu of such
268 statement or of any part thereof, a reference to
269 recognized sources of information selected by the
270 commission and containing such information as it
271 deems to be an adequate substitute therefor.

272 The notice of intention above prescribed may be
273 filed by a person who proposes to sell the security
274 or by the person issuing the security. The state-
275 ment shall be filed by or in behalf of the person pro-
276 posing to sell as principal, or the person issuing, the
277 security, and shall be dated and verified by the oath
278 of such person, if an individual, or if an organization,
279 by the oath of a majority of the partners, trustees,
280 directors or other members of a managing board
281 thereof, or its duly authorized officers or representa-
282 tives.

283 *Section 6.* The commission shall make such in-
284 vestigation of any security, of which notice of in-
285 tention to sell shall have been filed with it, as it may
286 deem advisable, and if the information contained in
287 the statement filed under the preceding section ap-
288 pears to it inadequate it may require the filing of
289 such further information, including examinations
290 and reports by accountants, engineers and other
291 experts, verified by oath as prescribed in section
292 five, and also, as to such reports, by the oath of
293 such expert, at the expense of the person or per-
294 sons seeking to qualify the security for sale, as may

295 in its judgment be necessary to enable it to deter-
296 mine whether the sale of such security would be
297 fraudulent or would result in fraud. At any time
298 after the filing of the notice of intention, and pend-
299 ing such determination, the commission may make
300 an order forbidding the sale of such security, which
301 order shall remain in force until revoked by the
302 commission. Such security shall not be sold while
303 such order remains in effect.

304 *Section 7.* The commission may at any time re-
305 quire any person selling or issuing or proposing to
306 sell or issue any security, of which notice of inten-
307 tion to sell shall have been filed, to file, periodically
308 or otherwise, in such form as it may prescribe, further
309 information showing the financial condition of such
310 issuing person, with any other data deemed advisable
311 by the commission, verified by oath as prescribed
312 in section five, and, as to any financial statements,
313 also by the oath of a certified public accountant
314 or a public accountant. A public accountant, as
315 herein used, is a person offering his services as an
316 accountant to the public generally and who main-
317 tains an office as a public accountant. The com-
318 mission may also require the filing of such full in-
319 formation concerning any security, whether or not
320 exempted by section four, as it may deem necessary,
321 and in the form and verified by the oath required
322 under this and the two preceding sections.

323 *Section 8.* The failure to submit the statement
324 required by section five, when due, or to submit any
325 information required under section six or section
326 seven within such reasonable time as the commission
327 shall specify, and any extension thereof by the com-
328 mission, shall in the absence of satisfactory explana-

329 tion be deemed prima facie evidence of fraud.
330 Whenever the commission is of the opinion, from
331 information disclosed or in its possession, that the
332 sale of any security, whether exempt under section
333 four or not, is fraudulent or would result in fraud, it
334 shall make a finding to that effect. Thereafter such
335 security shall not be sold until, and except in ac-
336 cordance with, further action by the commission
337 or by the court, as provided in this chapter.

338 *Section 9.* No person shall sell any security
339 within this commonwealth, whether or not such se-
340 curity is exempt under section four, except as pro-
341 vided in section three and section fifteen (a), unless
342 he is registered as a broker or salesman by the com-
343 mission. Registrations under this chapter shall ex-
344 pire on the thirty-first day of December in each year.
345 Any person who was a registered broker or salesman
346 on September thirty, nineteen hundred and twenty-
347 four, and has been continuously so registered since
348 that date, and who applies for a renewal on or before
349 the fifteenth day of December prior to the expiration
350 of his registration, shall be entitled to renewals, upon
351 payment of the lawful fee, unless his registration be
352 suspended or revoked by or pursuant to the provisions
353 of this chapter. Any other registered broker or sales-
354 man who applies for a renewal on or before the fif-
355 teenth day of December prior to the expiration of his
356 registration shall be similarly entitled to a renewal
357 except that the commission may, for cause, spe-
358 cifically require such person to demonstrate that
359 he possesses the qualifications for original regis-
360 tration before he is registered. An applicant for
361 original registration shall demonstrate to the reason-
362 able satisfaction of the commission that he is of good

363 moral character and of sufficient qualifications to
364 engage in the business proposed. The commission
365 may, by order, promulgate, and from time to time
366 amend or revoke, rules and regulations prescribing
367 the qualifications for registration. The commission
368 may grant in specific cases registrations limited to
369 the performance of specific work or otherwise
370 especially conditioned. No person shall be entitled
371 as of right to registration if he, or, in the case of an
372 organization, any partner, trustee, director or other
373 member of a board of management, or other officer
374 thereof, has been convicted of a felony or of a
375 violation of any provision of this chapter.

376 *Section 10.* An application for original registration
377 shall state the applicant's name, residence, mailing
378 address, together with any other relevant infor-
379 mation which the commission may prescribe, and,
380 if a broker, the place where the business is to be con-
381 ducted. It shall be accompanied by a certificate of
382 two citizens of the commonwealth that in their opinion
383 the applicant is, or, in case of an organization, that
384 the partners, trustees, directors and other officers or
385 managing agents are, honest and of good repute.
386 When required by the commission, an application
387 for original registration as a salesman, or for renewal
388 thereof, shall also be accompanied by a photograph,
389 of the type known as a passport photograph, of the
390 applicant, which shall be retained permanently in
391 the files of the department and become part of its
392 records. An applicant for original registration shall
393 furnish under oath such further relevant informa-
394 tion as the commission may require. After regis-
395 tration the registered person shall in all instances
396 promptly advise the commission in writing of any

397 change of residence, mailing address, or place of
398 doing business. No non-resident, not having a
399 usual place of business in the commonwealth, shall
400 be registered until he has filed with the commis-
401 sion a writing, in a form approved by the attorney-
402 general, appointing the secretary of the commission
403 to be his true and lawful attorney upon whom all
404 lawful process in any action or proceeding against
405 him, arising out of or connected with any act or acts
406 done by him as such broker or salesman, may be
407 served, and agreeing that such process so served on
408 said attorney shall be of the same legal force and
409 validity as if in fact served upon him, and that the
410 said appointment and agreement shall remain in
411 force so long as any such liability remains outstand-
412 ing against him in this commonwealth.

413 The fee for each original registration and re-
414 newal registration shall be fifty dollars in case of a
415 broker, and five dollars in case of a salesman. Said
416 fees shall be paid into the state treasury.

417 *Section 11.* No person, except as provided in
418 section three, shall sell any security, whether exempt
419 under section four or not, which is to be paid for
420 upon an installment or partial payment plan, unless
421 such plan has first been approved by the commission.

422 *Section 12.* The commission may at any time
423 require a registered broker or salesman to furnish
424 under oath full information relative to his financial
425 condition and the conduct of his business as a broker
426 or salesman under his present or any prior regis-
427 tration. The failure to supply any information so
428 required within such reasonable time as the com-
429 mission shall specify, and any extension thereof
430 which may be given, shall, in the absence of satis-

431 factory explanation, be deemed prima facie evi-
432 dence of fraud. If it appears to the commission that
433 any registrant is or has been conducting his business
434 as broker or salesman in a fraudulent manner, or in
435 a manner which if continued would result in fraud,
436 or is or has been wilfully and purposely evading or
437 seeking to nullify the provisions of this chapter, or
438 has violated any provision of this chapter, whether
439 under his present registration or prior thereto, the
440 commission, upon notice to such registrant, may
441 suspend or revoke his registration as broker or
442 salesman or both. Upon such suspension or revo-
443 cation, such registrant and any organization of
444 which he is a partner, trustee, director or other
445 member of a board of management, or officer, shall
446 not be regarded as registered unless and until such
447 suspension or revocation shall have been modified
448 or annulled by the commission or by the court, but
449 the registration of such organization may be restored
450 by the commission after hearing. Conviction of a
451 felony or of a violation of any provisions of this chapter
452 shall operate forthwith to revoke the registration of
453 the convicted registrant and of any organization of
454 which he may be a partner, trustee, director or other
455 member of a board of management or officer. A
456 registration of any organization so revoked by
457 reason of such connection with the convicted regis-
458 trant may be restored by the commission after
459 hearing; a registration of the convicted person so
460 revoked shall not be restored, but new application
461 for original registration may be made subject, how-
462 ever, to all the provisions of this chapter.

463 *Section 13.* Any interested person aggrieved by
464 any order or finding or refusal or failure to make

465 an order or finding by the commission shall be
466 entitled, upon filing within twenty days thereafter
467 a claim therefor in writing, to a public hearing
468 before a majority of the members of the commis-
469 sion, at which he may be represented by counsel.
470 At such hearing any evidence relevant to the
471 subject matter involved in the proceedings, in
472 which the commission made such order or finding or
473 failed to make an order or finding, may be intro-
474 duced. Any testimony which was previously taken
475 by the commission relative thereto may be intro-
476 duced and may be shown by a stenographic tran-
477 script thereof. When so requested by any such
478 person, the commission shall rule upon any question
479 of law properly arising in the course of such hearing.
480 Any failure or refusal of the commission to rule upon
481 such question within ten days after such request
482 shall be taken and recorded as a ruling adverse to the
483 person requesting the same. At the conclusion of
484 such hearing, the commission shall reconsider and
485 review the said subject matter and shall, within
486 twenty days thereafter, affirm, modify or rescind
487 the order or finding or refusal complained of. The
488 supreme judicial and superior courts shall have
489 jurisdiction in equity to review, modify, amend or
490 annul any ruling or order of the commission, but
491 only to the extent of the unlawfulness of such ruling
492 or order. The exercise of the said jurisdiction shall
493 be had conformably to the provisions of section
494 five of chapter twenty-five so far as applicable.

495 *Section 14.* (a) The commission shall not issue
496 any certificate or written evidence to a person regis-
497 tered as broker or salesman other than a receipt in
498 such form as it may approve. Every registered

499 salesman shall have such receipt upon his person,
500 and such receipt shall be shown upon demand to
501 any officer authorized to make arrests and to any
502 representative of the commission serving in the
503 securities division, but shall not be exhibited to any
504 other person.

505 (b) The commission shall keep a register of
506 brokers and salesmen properly indexed and open
507 to the public. The registration by the commis-
508 sion of a person as broker or salesman shall, except
509 for such receipt, take the form solely of entering the
510 name of such person upon the register. Suspension
511 or revocation of any registration by the commission
512 shall be in the form of an order. A registration may
513 be cancelled or suspended upon the written request
514 of the registrant. Pursuant to any suspension, rev-
515 ocation or cancellation, appropriate entry shall be
516 made in the register. Any subsequent action of the
517 commission, altering the status of such person, shall
518 likewise be entered in the register.

519 (c) The commission shall likewise keep a record
520 of the mailing address of each registered person.
521 Notice sent by mail to such person at such address
522 by the commission shall be deemed sufficient notice
523 to such person wherever a notice is required under
524 the provisions of this chapter.

525 (d) All information received by the commission
526 under this chapter concerning securities found by it
527 to be fraudulent, and all financial statements so
528 received concerning any securities, shall be kept open
529 by the commission to public inspection at reasonable
530 hours, and the commission shall supply to the public
531 copies of summaries of such information at charges
532 equaling the cost of typing or printing. The com-

533 mission may, however, place upon a separate file,
534 not open to the public except upon its special order,
535 any information which it deems in justice to the
536 person filing the same, or to any other person, should
537 not be made public.

538 *Section 15.* (a) All circulars, pamphlets or ad-
539 vertisements issued by a registered broker or sales-
540 man concerning any security, whether or not exempt
541 under section four, shall, except as hereinafter pro-
542 vided, bear the name under which he is registered,
543 together with his address, and shall be dated. No
544 person shall, *except as hereinafter provided*, issue or
545 procure the publication of any circular, pamphlet or
546 advertisement, designed to promote the sale of any
547 security not exempted under section four, within the
548 commonwealth, unless such circular, pamphlet or ad-
549 vertisement *shall bear the name of* such person and all
550 the persons contributing to the cost thereof, with
551 their respective addresses, and a statement of their
552 respective interests in such security, or unless such
553 circular, pamphlet or advertisement *shall bear the*
554 *name of* a registered broker, such name being the
555 one under which he is registered, and his address, such
556 registered broker being the person, or being one of a
557 group of persons, issuing or paying for such circular,
558 pamphlet or advertisement. *The address and date*
559 *shall not be required in an advertisement appearing in*
560 *a newspaper or other periodical entered as second class*
561 *matter under the laws of the United States relative to*
562 *mail matter.* The commission may at any time
563 require information showing compliance with the
564 above provisions with respect to any circular,
565 pamphlet or advertisement.

566 (b) No person shall, in issuing or publishing any

567 circular, pamphlet or advertisement designed to pro-
568 mote the sale of any security, make any reference
569 whatsoever to the fact that the provisions of this
570 chapter have been complied with.

571 *Section 16.* A person shall not be excused from
572 attending and testifying before the commission, act-
573 ing under any provision of this chapter, on the
574 ground that his testimony or evidence, documentary
575 or otherwise, may tend to criminate him or subject
576 him to a penalty or forfeiture, but, to the full extent
577 necessary to render the above requirement lawful,
578 such person shall not be prosecuted or subjected to a
579 penalty or forfeiture for or on account of any action,
580 matter or thing concerning which he may be re-
581 quired so to testify or produce evidence, except for
582 perjury committed in such testimony.

583 *Section 17.* (a) The provisions of section four of
584 chapter twenty-five shall, so far as applicable, apply
585 to the proceedings under this chapter.

586 (b) The certificate of the commission over the
587 signature of its secretary or its assistant or adminis-
588 trative secretary shall be competent evidence, where
589 otherwise admissible, in any court as to any act or
590 finding of the commission under this chapter.

591 *Section 18.* Nothing in this chapter shall limit
592 any statutory or common law right of any person to
593 bring any action in any court for any act involved
594 in the sale of a security; or the right of the com-
595 monwealth to punish any person for the violation
596 of any law, except as provided in section sixteen.

597 *Section 19.* Whoever being required under this
598 chapter to furnish any information, testimony or
599 evidence under oath makes any wilfully false
600 statement under such oath shall be guilty of perjury.

601 Whoever violates any provision of this chapter shall
602 be punished by a fine of not more than five thousand
603 dollars or by imprisonment for not more than two
604 and one half years, or both. Any officer authorized
605 to make arrests may arrest without a warrant, and
606 keep in custody, until he can be taken before a
607 court having jurisdiction of such offence, any sales-
608 man selling or offering for sale a security who does
609 not have in his possession a receipt issued to him
610 under the provisions of section fourteen (a), or who
611 does not exhibit such receipt to such officer upon
612 demand. Every court shall furnish to the com-
613 mission an abstract of the record of the conviction
614 of any person convicted of a violation of any pro-
615 vision of this chapter, and of any registered broker or
616 salesman convicted of a felony.

617 *Section 20.* The commission shall investigate all
618 complaints as to the sale of fraudulent securities or
619 the fraudulent sale of securities or the violation of
620 any of the provisions of this chapter as shall be
621 referred to it, and shall report such violations to
622 the attorney general if it considers the public inter-
623 est so requires. The attorney general shall report
624 to the commission in writing on or before the first
625 Wednesday of each year as to the disposition of all
626 such cases so reported to him by the commission.

627 *Section 21.* If any provision of this chapter, or the
628 application of such provision to any person or cir-
629 cumstances, shall be held invalid, the remainder of
630 this chapter, or the application of such provision to
631 persons or circumstances other than those as to
632 which it is held invalid, shall not be affected thereby.

1 SECTION 2. This act shall not apply to sales,
2 contracts or agreements made prior to August

3 twenty-six, nineteen hundred and twenty-one, or be
4 construed to prohibit the performance of any such
5 contracts or agreements, either by the issuance of
6 stock or otherwise; provided, such contracts or
7 agreements were valid and binding upon the parties
8 thereto by the law as it existed at the time such
9 contracts or agreements were made.

1 SECTION 3. *All securities with respect to which a*
2 *notice of intention to sell has been filed with the com-*
3 *mission pursuant to the provisions of law repealed by*
4 *this act, or which have been exempt and issued or sold*
5 *as such, prior to the effective date of this act, shall be*
6 *legally salable unless otherwise ordered by the com-*
7 *mission under the provisions of this chapter.*

