

CHAPTER 231.

[ S. B. 258. ]

SECURITIES.

AN ACT providing for the regulation and supervision of the issuance and sale of certain securities to prevent fraud in the sale thereof; providing for the issuance of permits to sell securities by the Director of Licenses; providing for the issuance of pre-organization subscriptions, the payment of consideration therefor, and the licensing thereof; prescribing fees for permits; and amending sections 3 and 4, chapter 69, Laws of 1923 (sections 5853-3 and 5853-4, Remington's Revised Statutes), and section 3-a, chapter 69, Laws of 1923 as added by section 2, chapter 124, Laws of 1939 (section 5853-3-a, Remington's Revised Statutes, Supplement) and section 22, chapter 69, Laws of 1923, as amended by section 2, chapter 182, Laws of 1937, as amended by section 3, chapter 124, Laws of 1939 (section 5853-22, Remington's Revised Statutes, Supplement).

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. Section 3, chapter 69, Laws of 1923 (section 5853-3, Remington's Revised Statutes), is amended to read as follows: Amendments.

Section 3. No company shall sell, or offer for sale, negotiate for the sale of, or take subscriptions for any security of its own issue, until it shall have first applied for and secured from the Director of Licenses a permit authorizing it so to do: *Provided*, This shall not apply to a sale for a delinquent stock assessment made in accordance with the provisions of the statutes of the State of Washington; nor shall it apply to original subscriptions to capital stock made by those who have signed the articles of incorporation of such corporation as *bona fide* incorporators thereof: *Provided*, That said articles of incorporation are not signed by more than fifteen (15) persons and that no part of such original issue of capital stock is taken for the purpose of public distribution. Director to issue permit.  
Exception.  
Pre-organization subscriptions excepted.  
Limitation.

SEC. 2. Section 3-a, chapter 69, Laws of 1923, as added by section 2, chapter 124, Laws of 1939 (section 5853-3-a, Remington's Revised Statutes, Supplement), is amended to read as follows:

Subscription shares without permit.

Section 3-a. Subscriptions for the shares of a domestic or foreign corporation may be taken prior to the incorporation thereof without first procuring a permit therefor from the Director of Licenses; but, except as may be specifically required by any law of this state and except as to subscriptions made by persons who signed the articles of incorporation as *bona fide* incorporators thereof: *Provided*, That such persons are no more than fifteen in number, and that no part of the evidences of such subscription or the shares so subscribed for is acquired for the purpose of public distribution, no portion of the consideration to be paid on account of such pre-organization subscriptions shall be either collected or collectible, unless such corporation shall be incorporated within ninety days after such subscription is made, and also such corporation with reasonable diligence after incorporation shall apply to the Director of Licenses and shall procure from him a permit authorizing the issuance of the shares subscribed for in such pre-organization subscriptions and the collection thereof.

Maximum number of subscribers fifteen.

Must incorporate within 90 days.

Secure permit.

Permit to precede subscriptions.

Except as may be specifically required by any law of this state, no subscription shall be taken for any security of any company other than a domestic or foreign corporation, nor shall any portion of the consideration to be paid thereon be either collected or collectible unless and until a permit shall have been issued by the Director of Licenses authorizing the taking of such subscriptions and the collection thereof.

Amendments.

SEC. 3. Section 4, chapter 69, Laws of 1923 (section 5853-4, Remington's Revised Statutes), is amended to read as follows:

Section 4. All applications shall be in writing, verified as provided by the statutes of the State of Washington for the verification of pleadings, and filed in the office of the Director of Licenses.

Applications  
in writing.

(1) Applications shall set forth—

Contents.

(a) The names, addresses and occupations of the officers of the company;

(b) The location of the office of the company;

(c) A statement of the assets and liabilities of the company as of a date within thirty days, prior to the filing of its application, or such reasonable statement thereof as shall be prescribed by the Director of Licenses;

(d) A statement of the plan upon which the company proposes to transact business;

(e) The number of shares in the treasury of the company and the amount to be paid agents for the sale of stock;

(f) A copy of any security the company proposes to issue, and of any contract it proposes to make concerning the same;

(g) A copy of any circular, prospectus, advertisement, or other advertising matter which is proposed to be issued in connection with the sale of its securities;

(h) Any such additional information concerning the affairs of the company as the Director of Licenses may reasonably require.

(2) If the applicant is a co-partnership or an unincorporated association or joint stock company, it shall file with its application a copy of its articles of co-partnership or association, and all other papers pertaining to its organization.

Other re-  
quirements.

(3) If the applicant is a trustee, it shall file with its application a copy of all instruments by which the trust is created and in which it is accepted, acknowledged and declared.

(4) If the applicant is a corporation, it shall file with its application a copy of all minutes of any pro-

Proviso.

ceedings of its directors or stockholders or members relating to or affecting the issue of such securities, and also a copy of its articles of incorporation and of its by-laws and of any amendments thereto: *Provided, however,* That in the event the applicant has a registration statement in effect with the Federal Securities and Exchange Commission under the Securities Act of 1933, a copy of the prospectus filed with that commission as a part of said registration statement may be accepted by the Director of Licenses in lieu of the information or any part thereof required under subsections (1) to (4), inclusive, of this section.

Amendments.

SEC. 4. Section 22, chapter 69, Laws of 1923, as amended by section 2, chapter 182, Laws of 1937, as amended by section 3, chapter 124, Laws of 1939 (section 5853-22, Remington's Revised Statutes, Supplement), is amended to read as follows:

Fee schedule.

Section 22. *Fees—Schedule.* The Director of Licenses shall charge the following fees:

(1) For filing an application for permit to issue securities twenty-five dollars (\$25.00) for any issue of securities in the amount of fifty thousand dollars (\$50,000.00) or less, fifty dollars (\$50.00) for any issue of securities in an amount over fifty thousand dollars (\$50,000.00) but not more than one hundred thousand dollars (\$100,000.00), and one hundred dollars (\$100.00) for any issue of securities in an amount over one hundred thousand dollars (\$100,000.00): *Provided,* That the determination of the amount of any issue of securities under the provisions of this section shall be based on the initial aggregate offering price of said issue.

(2) For filing an application for a broker's certificate twenty-five dollars (\$25.00), and ten dollars (\$10.00) for each and every year after the first year.

(3) For filing an application for an agent's certificate five dollars (\$5.00), and two dollars (\$2.00) for each and every year thereafter.

(4) For filing an application for collection of pre-organization subscriptions ten dollars (\$10.00).

Fees for furnishing copies of papers and records shall be as now provided by law.

Passed the Senate March 4, 1943.

Passed the House March 10, 1943.

Approved by the Governor March 20, 1943.

CHAPTER 232.

[ S. B. 261. ]

NON-RESIDENTS' FISHING LICENSES.

AN Act relating to state fishing licenses for non-residents of the state and providing for free fishing and hunting licenses for certain groups.

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. Any person not a resident of the State of Washington but who shall be temporarily sojourning in the State of Washington may, by paying to the Director of Game or any person deputized or designated by him to issue licenses and collect fees therefor, the sum of one dollar and fifty cents (\$1.50), obtain a state fishing license which shall entitle the holder thereof to fish in any county of the state for a period of ten (10) days following the date of its issuance, when it would otherwise be lawful to fish within said county.

Non-resident fishing license.

Fee.

Time limit.

SEC. 2. Any person who is a veteran of the Civil War or the Spanish-American War, and who is a bona fide resident of the State of Washington at the time of making application for a state or county hunting or fishing license, and who, on applying for the same makes an affidavit showing that he has these qualifications, shall be given such license free of charge.

Certain war veterans to receive free licenses.

Affidavit.