

investigation, and the training of students for work in such fields.

SEC. 2. The management and control of such institute shall be vested in a director appointed by the Board of Regents of the University of Washington, and an advisory board of not more than seven members to be appointed by the president of the University from the faculty thereof.

SEC. 3. There is hereby appropriated from the general fund of the State of Washington the sum of twenty thousand dollars, (\$20,000.00) or so much thereof as may be necessary for the purpose of carrying out the provisions of this act during the ensuing biennium. } Vetoed.

Passed the Senate March 6, 1937.

Passed the House March 9, 1937.

Approved by the Governor March 17, 1937, with the exception of section 3 which is vetoed.

CHAPTER 182.

[S. B. 287.]

SALE OF SECURITIES REGULATED.

AN ACT providing for the regulation and supervision of the issuance and sale of securities to prevent fraud in the sale thereof, amending section 2, chapter 69, Laws of 1923, as amended by section 1, chapter 97, Laws of 1935 (section 5853-2, Remington's Revised Statutes), and section 22, chapter 69, Laws of 1923 (section 5853-22, Remington's Revised Statutes), and declaring an emergency.

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

SECTION 1. That section 2, chapter 69, Laws of 1923, as amended by section 1, chapter 97, Laws of 1935 (sec. 5853-2, Rem. Rev. Stat.) be amended to read as follows:

Section 5853-2. The following words have in this

Amends
§ 5853-2, Rem.
Rev. Stat.
(§ 482-5, P.C.)

Definitions.

act the signification attached to them in this section, unless otherwise apparent from the context:

(1) The word "company" includes all domestic and foreign private corporations, associations, joint stock companies and copartnerships, and also trustees (but not including executors, administrators, receivers, or other trustees acting under the authority of a court);

Excepting therefrom:

(a) All national banking associations and other corporations organized and existing under and by virtue of the acts of Congress of the United States;

(b) All insurance companies authorized to transact business within this state and all corporations transacting a banking or trust companies business within this state;

(c) All building and loan, and savings and loan corporations, associations and societies authorized as such to do business in this state;

(d) All public utilities subject to the jurisdiction, control and regulation of the director of public service;

(e) All companies organized without capital stock and not for pecuniary gain and exclusively engaged in educational, benevolent, charitable or reformatory purposes, and companies based on membership basis for social, athletic and educational purposes;

(f) All corporations engaged in the metalliferous mining industry which are duly registered with the director of licenses as provided by law: *Provided*, That the provisions of this act shall in all respects apply to resales of metalliferous mining securities. A resale is hereby defined to be a sale in which the issuing company is not a party [party].

(2) The word "security" includes:

(a) All shares or interests into which the capital, capital stock, or property of companies, or

rights of stockholders or members thereof, are divided, including all treasury shares and shares of their own capital stock purchased or otherwise acquired by companies upon delinquent assessment sales or in any other lawful manner, and all certificates and other instruments issued by them or their authority, evidencing or representing such shares, interests or rights;

(b) All promissory notes, mortgages, bonds, debentures, and other evidences of indebtedness issued by any company, excepting promissory notes and mortgages negotiated by the drawer or maker in the ordinary course of business by private negotiation;

(c) Any instrument issued, offered or sold to the public by any company, evidencing or representing any right to participate or share in the profits or earnings or the distribution of assets of any business carried on for profit;

(d) All bonds, debentures and other evidences of indebtedness issued by any foreign government or any political subdivision thereof; or by any state of the United States of America or any political subdivision thereof, except the State of Washington and its political subdivisions;

(e) Oil or gas leases or any assignment, partial assignment, agreement to assignment, or other instruments in connection therewith.

(3) The word "sale" includes every contract by which, for valuable consideration, a company transfers any security or interest therein; and any exchange, pledge or hypothecation, or any transfer in trust or otherwise, for the performance of an obligation.

The word "sell" includes every act by which such sale is made.

(4) The word "agent" includes every person or company employed or appointed by a broker or com-

pany who sells, negotiates for the sale of, solicits, or takes subscriptions for any security.

(5) The word "broker" includes every person or company, other than an agent, engaging in the business of selling, offering for sale, negotiating for the sale of, soliciting subscriptions for, or otherwise dealing in securities issued by others; or underwriting any issue of securities, or of purchasing such securities with the purpose of reselling or offering them for sale to the public for a commission or at a profit, excepting therefrom the following:

(a) One who disposes of securities to a broker;

(b) Any pledge holder selling in good faith and not for the purpose of avoiding the provisions of this act, and in the ordinary course of business, a security pledged with him for the payment of a *bona fide* debt;

(c) Any owner of any security not the issuer or an underwriter thereof who sells or exchanges the same for his own accounts: *Provided*, That such sale or exchange is not made by such owner in the course of repeated and successive transactions of like or similar character.

SEC. 2. That section 22, chapter 69, Laws of 1923 (sec. 5853-22, Rem. Rev. Stat.) be amended to read as follows:

Section 5853-22. The director of licenses shall charge the following fees:

(1) For filing an application for permit to issue security twenty-five [dollars] (\$25.00) for all companies whose capitalization is fifty thousand dollars (\$50,000.00) or less, fifty dollars (\$50.00) for all companies whose capitalization is 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 all companies whose capitalization is over one hundred thousand dollars (\$100,000.00).

(2) For filing an application for a broker's

Amends
§ 5853-22,
Rem. Rev.
Stat. (§ 482-
26, P. C.)

Fees.

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.

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

SEC. 3. This act is necessary for the immediate preservation of the public peace, health and safety, support of the state government and its existing public institutions and shall take effect immediately. Effective immediately.

Passed the Senate March 2, 1937.

Passed the House March 9, 1937.

Approved by the Governor March 17, 1937.

CHAPTER 183.

[S. B. 301.]

SCHOOL BUDGETS.

AN ACT pertaining to school budgets and authorizing boards of school directors to include therein funds for certain specific purposes.

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

SECTION 1. The board of directors of any school district at the time of preparing the annual budget for the ensuing year may include therein a sum not exceeding one-fifth of the taxable income of the district for any or all of the following purposes: (1) the establishment and support of a building fund, (2) the establishment and support of a fund for the purchase of transportation equipment, (3) the purchase of a schoolhouse site or sites for buildings or playgrounds, (4) the erection of one or more buildings authorized by law and providing the same with