

CHAPTER 148.

REGULATION OF CARRIERS.

H. F. 250.

AN ACT to amend the law as it appears in section twenty-one hundred twenty-five (2125), supplement to the code, 1913, relating to definition of switching service.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Switching charges and service. That the law as it
2 appears in section twenty-one hundred twenty-five (2125), supple-
3 ment to the code, 1913, be, and the same is hereby amended by strik-
4 ing out all after the nineteenth line in said section and substituting
5 therefor the following: "The switching service of common carriers
6 is hereby defined to be the shifting of a car, or of cars, between two
7 points, both of which points are within the industrial vicinity of an
8 industry, a group of industries, a station, a village or a city, as such
9 industrial vicinity may be defined by the board of railroad commis-
10 sioners".

Approved April 12, A. D. 1915.

CHAPTER 149.

REGULATION, ETC., OF INVESTMENT COMPANIES.

H. F. 351.

AN ACT to repeal the law as it appears in chapter (13-B) title IX, supplement to the code, 1913, and to enact a substitute therefor, to prevent fraud in the sale and disposition of stocks, bonds and other securities within this state, by requiring an inspection of such stocks, bonds and other securities, and an inspection of the business of such persons, firms, associations, companies or corporations, including their agents and representatives, and the payment of an inspection fee.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Permit to sell stocks, etc. That the law as it ap-
2 pears in chap. 13-B, title IX, supplement to the code, 1913, be and
3 the same is hereby repealed, and the following enacted in lieu thereof:
4 Every person, firm, association, company or corporation that shall
5 either directly or through representatives or agents, sell, offer or
6 negotiate for sale, within this state, any stocks, bonds or other securi-
7 ties, shall be subject to the provisions of this act, except as herein
8 otherwise provided; and shall, before doing or offering to do any such
9 business in this state, be required to secure a permit of the secretary
10 of state of the state of Iowa.

1 SEC. 2. Stocks, etc., excepted. The provisions of this act shall
2 not apply to—

3 (a) Securities of this state, or of the United States, or of any
4 state or territory thereof, or of any foreign government, or of any
5 district, county, township, city, town or other public taxing sub-
6 division of any state or territory of the United States, including all
7 drainage, county, school or other municipal bonds of this state;

8 (b) Securities of state, savings or national banks of any state or
9 territory of the United States, or of trust companies or building and
10 loan associations of this state, including the unsecured commercial
11 paper of such institutions;

12 (c) Securities of public or quasi-public corporations, the issue of
13 which securities is regulated by any public board or commission now
14 or hereafter created by the laws of this state;

15 (d) Promissory notes and the mortgages, contracts, collateral or
16 other things, if any, securing the same, when said notes and securities
17 have, in a bona fide way, been issued, given or acquired in the ordinary
18 course of legitimate business, trade or commerce.

19 (e) The stock of any corporation organized under the laws of this
20 or any other state or territory of the United States, or of the federal
21 government, provided that under the laws of such state or territory
22 or federal government no capital stock of a corporation can be legally
23 issued unless the par value of said stock is paid for in full in either
24 cash or property at its actual value before the issuance of such stock
25 and where all property and any other thing given in exchange for such
26 stock other than cash must be valued at not more than its actual cash
27 value by some duly appointed officer or commission of such state,
28 territory or federal government under the laws of which such corpora-
29 tion is organized and where such stock has been issued in accordance
30 with the provisions of such laws.

31 (f) The sale of stocks, bonds or other securities at judicial sale
32 or by administrators or executors;

1 SEC. 3. **Permit—fee—requirements—verification.** Before any
2 person, firm, association, company or corporation, subject to the pro-
3 visions of this act, shall secure a permit from the secretary of state
4 of the state of Iowa to sell, offer or negotiate for sale any stocks, bonds
5 or other securities, in this state, such person, firm, association, com-
6 pany or corporation shall pay to the secretary of state of the state of
7 Iowa a filing fee of \$2.00 and an annual inspection fee of \$20.00
8 and file in the office of said secretary of state the following
9 papers and documents, to wit:

10 1. A copy of its constitution and by-laws, or articles of co-partner-
11 ship or association.

12 2. An itemized statement of its actual financial condition and the
13 amount of its properties and liabilities.

14 3. A statement showing in full detail the plan upon which it pro-
15 poses to transact business.

16 4. A copy of all bonds or other securities which it proposes to make
17 with or sell to its contributors, including the price at which such
18 stocks, bonds or other securities are to be sold or offered for sale.

19 5. Sample copies of all literature or advertising matter used or
20 to be used by such person, firm, association, company or corporation.

21 6. A statement showing the name and location of its principal
22 office of business and the names and addresses of its officers and
23 directors.

24 7. If said person, firm, association, company or corporation is
25 chartered to do business under the laws of any other state or terri-
26 tory than the state of Iowa, it shall file a copy of its charter or other
27 instrument or documents authorizing it to do business in said state
28 or territory, which copy shall bear the certificate of the secretary
29 of state or other officer of such state having custody of such records
30 to the effect that the same is a correct, true and complete copy of said
31 charter or other instrument, together with the seal of such officer
32 attached thereto, if such officer is possessed of a seal.

33 All of the above described papers shall be verified by the oath of
34 the person receiving the permit, if the business is carried on by an
35 individual, or by the oath of a member of a co-partnership or associa-
36 tion, or by the president and secretary of a corporation, if the concern
37 be incorporated; provided, however, that the secretary of state may,
38 if in his judgment it becomes necessary in order to prevent fraud in
39 the sale of any stocks, bonds or other securities in this state, require
40 of such person, firm, association or corporation, or any of the officers,
41 agents or representatives thereof, additional information in the form
42 of reports or otherwise, duly verified.

1 **SEC. 4. Inspection fee.** If any person, firm, association, company
2 or corporation, subject to the provisions of this act, desires to transact
3 business in this state and does not desire to pay the annual inspection
4 fee of twenty dollars (\$20.00) by reason of the limited amount of
5 business to be transacted, or otherwise, said person, firm, association,
6 company or corporation shall have the option of paying to the secre-
7 tary of state the filing fee of two dollars incident to the cost of filing
8 and recording said papers and documents and an inspection fee of one-
9 tenth of one per cent upon the face value of the securities for the sale
10 of which application is made to the secretary of state of the state of
11 Iowa; provided further, however, that any person, firm, association,
12 company or corporation, paying the inspection fee of one-tenth of one
13 per cent upon the face value of the securities which it is proposed to
14 sell within the state of Iowa, shall not be required to pay in the
15 aggregate more than twenty dollars (\$20.00) inspection fees to the
16 said secretary of state in any one year.

1 **SEC. 5. Report of fees—reduction.** The secretary of state shall
2 keep an accurate account of all moneys received from each person,
3 firm, association, company or corporation as filing and inspection fees
4 under the provisions of this act, and a record of all money expended
5 in the enforcement of the provisions of this act, and at the end of the
6 biennial period a report shall be made to the governor and legislature
7 showing the amount of fees received and the amount of the money
8 expended in the administration of this act, and if from said report
9 it shall appear that the inspection fees are in substantial excess of the
10 cost of inspection and all expenses incidental thereto, the succeeding
11 legislature shall then reduce the amount of said inspection fees in
12 proportion to the amount of such excess collected hereunder.

1 **SEC. 6. Process—service.** Every non-resident person, firm, as-
2 sociation, company or corporation subject to the provisions of this
3 act shall, before receiving a certificate as provided for in section 1
4 hereof, file in the office of the secretary of state an agreement in

5 writing signed by the person receiving the permit, if the business is
6 to be carried on by an individual, and by the signature of a member
7 of a co-partnership or company, if it be a co-partnership or company,
8 and by the signatures of the president and secretary of the incor-
9 porated or unincorporated company or association, if it be a company
10 or association, authenticated by the seal of said company, if possessed
11 of a seal, and shall be accompanied by a duly certified copy of the
12 order or resolution of the board of directors, trustees or managers
13 of the corporation, authorizing the said president and secretary to
14 execute the same; that thereafter service of notice of any action or
15 process of any kind against such non-resident person, firm, association,
16 company or corporation, growing out of the transaction of any business
17 of said person, firm, association, company or corporation in this state
18 may be made on the secretary of state of the state of Iowa, and when
19 so made, such service of notice or process of any kind shall be valid,
20 binding and effective for all purposes as if served upon said non-
21 resident person, firm, association, company or corporation according
22 to the laws of this or any other state, and waiving all claims or right
23 to claim error by reason of such acknowledgment of service. Such
24 notice or process, with a copy thereof, shall be mailed to the secretary
25 of state of the state of Iowa at Des Moines, Iowa, in a registered letter
26 addressed to him by his official title, and he shall immediately upon
27 its receipt acknowledge service thereon on behalf of the non-resident
28 person, firm, association, company or corporation to which the same
29 is directed by writing thereon, giving the date thereof, and shall im-
30 mediately return such notice or process in a registered letter to the
31 clerk of the court in which the suit is pending, addressed to him by
32 his official title, and shall also forthwith mail such copy, with a copy
33 of his acknowledgment of service written thereon, in a registered
34 letter addressed to each person, firm, association or corporation who
35 shall be named or designated as defendant in such written instrument.

1 **SEC. 7. Examinations—refusing or granting permit.** It shall
2 be the duty of the secretary of state to examine the statements and
3 documents so filed in his office and secure such further information
4 as he deems necessary, if any, and if from such examination of all
5 papers and documents submitted to him and from such other informa-
6 tion as he may obtain, he finds that the sale within this state of stocks,
7 bonds or other securities by any such person, firm, company, asso-
8 ciation or corporation would work a fraud upon the purchasers there-
9 of, then and in that event he shall refuse to grant such permit; other-
10 wise he shall grant such permit.

1 **SEC. 8. Business plan—changes.** Every person, firm, associa-
2 tion, company or corporation having submitted to said secretary of
3 state a detailed plan of its business, together with such other informa-
4 tion required by section 3 of this act, and thereafter desiring to
5 change its articles of association or incorporation or its proposed plan
6 of business, or its proposed contract, the character of its securities or
7 method of advertisement, shall, before such change is made, submit
8 the same to the secretary of state of the state of Iowa, in writing,
9 showing in full detail the new plan of transacting business, together
10 with all changes made either in articles of association or corporation,
11 by-laws, plan of business, proposed contract, or in the character of

12 securities, and if the secretary of state after examination shall find
13 that the proposed change will not work a fraud upon the purchasers
14 of its stocks, bonds or other securities in this state, then he shall ap-
15 prove the same; otherwise he shall refuse to approve such change or
16 amendment and require such a modification thereof as may be neces-
17 sary to protect the people of this state against fraud, and if and in
18 the event such person, firm, association, company or corporation sub-
19 mitting such proposed change shall refuse to so modify the plan of his
20 business, including the character of securities sold, as to conform to
21 the requirements of the secretary of state and to the end that no fraud
22 may be perpetrated upon the purchasers of the stocks, bonds or other
23 securities sold in this state, then said secretary of state shall be re-
24 quired and he is hereby directed to cancel the permit of said person,
25 firm, association, company or corporation, and said person, firm, as-
26 sociation, company or corporation shall be denied the right to transact
27 business in this state, unless and until said person, firm, association,
28 company or corporation shall so modify and change its business that
29 the transaction of business in this state will not work a fraud upon
30 the purchasers thereof.

1 **SEC. 9. Annual statement—fee.** Every person, firm, association,
2 company or corporation doing business within this state pursuant to
3 the provisions of this act shall, on or before December 31st of each
4 year, or at such time as they make their annual statement to their
5 directors, but not less than once each year, file with the secretary of
6 state a statement properly verified by the officers of said company, if
7 a company or corporation, or by a member of a partnership, if a
8 firm or co-partnership, or by the owner of said business, if the same
9 is transacted by an individual, which statement shall set forth its
10 financial condition, the amount of its assets and liabilities and such
11 other information concerning its financial affairs or its plan of busi-
12 ness, including the character of securities sold, as the secretary of
13 state may require in order to determine whether said person, firm,
14 association, company or corporation is doing a legitimate and honest
15 business within this state. Said statement shall be for the informa-
16 tion of the secretary of state, the attorney general or any public officer
17 who may be interested in an official way in receiving said information
18 and shall not be open to public inspection, nor shall it be published
19 or used for private purposes, but may be used in an official, legitimate
20 way if need be. Said annual statement shall be accompanied by an
21 annual inspection fee of twenty dollars for the year next succeeding;
22 provided, however, that any person not desiring to pay the annual
23 inspection fee of twenty dollars may pay the inspection fee of one-
24 tenth of one per cent on the amount of securities proposed to be sold
25 as provided under the terms and conditions set forth in sections 3 and
26 4 of this act.

1 **SEC. 10. Violations—penalty.** Any person, firm, association,
2 company or corporation failing to file said statement for the preceding
3 year, or failing to pay the inspection fee as provided by this act, shall,
4 in addition to the criminal punishment otherwise imposed in this act,
5 be liable to a penalty of ten dollars per day for each and every day
6 which said person, firm, association, company or corporation trans-
7 acts business in this state in violation of the provisions of this act.

8 Said penalty may be collected by a suit in the name of the state of
9 Iowa upon the relation of the attorney general, instituted in any court
10 of competent jurisdiction, and when collected shall be paid over to
11 the secretary of state who shall cover the same into the general reve-
12 nues of the state.

1 **SEC. 11. Accounts—how kept—fee.** The general accounts of
2 every person, firm, association, company or corporation doing business
3 in this state pursuant to the provisions of this act shall be kept in a
4 business-like and intelligent manner and in sufficient detail that the
5 secretary of state can ascertain at any time upon inspection and ex-
6 amination its financial condition, and any person, firm, association,
7 company or corporation engaged in the business of buying or selling
8 stocks, bonds or other securities and subject to the provisions of this
9 act, shall keep its books of account during business hours, except Sun-
10 days and legal holidays, open to its members, stockholders and in-
11 vestors and to the secretary of state or his duly authorized agents or
12 representatives, and the said secretary of state shall have the right to
13 make an examination and inspection of the books, accounts and finan-
14 cial condition of any such person, firm, association, company or cor-
15 poration engaged in the business of dealing in stocks, bonds and other
16 securities pursuant to the provisions of this act. The right, powers
17 and privileges of the secretary of state in connection with such ex-
18 amination shall be the same as is now provided with reference to
19 examination of state and savings banks, and such person, firm, as-
20 sociation, company or corporation so examined shall pay a fee to the
21 secretary of state for each of such examinations not to exceed six
22 dollars per day, or fraction thereof, spent by said secretary of state
23 or his duly authorized representative while absent from the seat of
24 government in making such examination, and shall further pay the
25 actual traveling and hotel expenses of said examiner. Upon failure
26 or refusal of any person, firm, association, company or corporation
27 to pay the fees required by this act, upon the demand of the secretary
28 of state or his duly authorized representative, the secretary of state
29 may suspend its right to sell, offer or negotiate for sale any of its
30 stocks, bonds or other securities in this state until such fee or fees
31 are paid.

1 **SEC. 12. Fraud.** If from such examination it shall appear that
2 said person, firm, association, company or corporation is doing an
3 illegitimate and fraudulent business in this state, that its plan of
4 business is fraudulent or that the sale of its stocks, bonds, or other
5 securities would work a fraud upon the purchasers in this state, said
6 secretary of state shall have the right to cancel the certificate of such
7 person, firm, association, company or corporation, and deny it the
8 right to further transact business in this state until it changes its
9 plan of business, including the character of its securities, so that the
10 citizens and residents of this state or others dealing with it therein
11 shall not be defrauded thereby.

1 **SEC. 13. Fees—accounts—clerks—salaries, etc.** All fees here-
2 in provided for shall be collected by the secretary of state and by him
3 covered into the state treasury on the first secular day of each month;
4 and the secretary of state shall keep a record of the receipts and ex-

5 penditures incurred in carrying out the provisions of this act. The
6 secretary of state is hereby authorized to appoint such clerks and
7 deputies as the executive council deem actually necessary to carry
8 this act into full force and effect. The compensation of such clerks
9 and deputies shall be fixed by the executive council. Before the salary
10 and expenses of any such clerk or deputy shall be paid, a detailed and
11 itemized statement of account shall be prepared by such claimant
12 and duly verified, which verification shall aver that such claim is
13 just, reasonable and wholly unpaid and that the amount therein
14 stated is due such claimant. When said claim has been approved by
15 the secretary of state and audited and allowed by the executive
16 council, it shall be paid by warrant drawn by the auditor of state
17 upon the state treasurer, and there is hereby appropriated out of
18 any money in the state treasury, not otherwise appropriated, an
19 amount sufficient to meet said salaries and expenses.

1 **SEC. 14. Bona fide owners of stocks, etc.** Nothing in this act
2 shall be construed as to prohibit a bona fide owner of any stocks,
3 bonds or other securities from selling, exchanging or otherwise dis-
4 posing of the same when not made in the course of continuing or re-
5 peated transactions of a similar nature, or when said securities, in-
6 cluding negotiable promissory notes, have been issued or given for
7 goods, wares or merchandise purchased or dealt in by the issuer in
8 the ordinary course of his business, or when sold, exchanged or
9 otherwise disposed of to a bank subject to governmental supervision,
10 trust company, insurance company, building and loan association, or
11 to a person who has duly received a permit to transact business
12 within this state pursuant to the provisions of this act, provided that
13 the same are sold by said owner in good faith and not for the purpose
14 of evading the provisions of this act; and the secretary of state may
15 authorize in writing any such bona fide owner of any stocks, bonds,
16 or other securities to sell in this state any other securities not in-
17 cluded in the provisions set forth in the preceding portion of this
18 section; provided said securities were acquired and held by the owner
19 in good faith and not for the purpose of evading the provisions of
20 this act, but before such authorization shall issue for the sale of such
21 additional securities, the owner of such securities shall register in a
22 book kept for such purpose by the secretary of state a list of the
23 stocks, bonds and other securities desired to be sold giving the
24 character of the security, the par value thereof, the price at which
25 such securities are to be sold, the date of issue and any other data
26 concerning the same which the secretary of state may require in order
27 to determine whether or not the sale thereof will work a fraud upon
28 the purchaser; and provided further that the said secretary of state
29 may, if he have reason to believe said securities will work a fraud
30 upon the purchasers thereof, require the owner to file in his office a
31 bond in the penal sum of not to exceed five thousand dollars (\$5000.00)
32 running to the state of Iowa, conditioned that said owner thereof
33 will not in the sale and disposition of said securities, knowingly make
34 any false or fraudulent representations concerning the nature and
35 character of such securities. Such owner shall pay to the secretary
36 of state an inspection fee as is provided for in section 4 of this act.

1 SEC. 15. **Permit—form.** Each and every certificate granted by
2 the secretary of state under the provisions of this act shall be in
3 substantially the following form:

4 "This is to certify that the.....
5 has this date been given permission to sell \$..... of its
6within the state of Iowa.
(stocks, bonds or securities)

7 THE SECRETARY OF STATE DOES NOT RECOMMEND THE
8 PURCHASE OF THIS OR ANY OTHER SECURITY.

9 Dated at Des Moines, Iowa, this.....day of
10

11 In witness whereof, I have hereunto affixed the corporate seal of
12 the Secretary of State.

13 (SEAL)

14
Secretary of State."

15 The words "THE SECRETARY OF STATE DOES NOT RECOM-
16 MEND THE PURCHASE OF THIS OR ANY OTHER SECURITY"
17 shall be printed in larger, bolder faced type than the other part of
18 the said certificate.

19 Any person, firm, association, company or corporation that makes
20 any reference in any statement, advertisement or printed matter to
21 the fact that a permit has been received from the secretary of state
22 to transact business in this state shall, with equal prominence, state
23 in the same circular, advertisement or printed matter that "THE
24 SECRETARY OF STATE DOES NOT RECOMMEND THE PUR-
25 CHASE OF THE SECURITY OF THIS OR ANY OTHER COM-
26 PANY."

1 SEC. 16. **Agents—requirements.** Every person, firm, associa-
2 tion, company or corporation that has received a permit to transact
3 business in this state and desires to appoint agents or representatives
4 shall cause said agent or representative to register with the secretary
5 of state and file with said officer his written appointment and au-
6 thority to represent said person, firm, association, company or cor-
7 poration as its agent in this state and receive from said secretary
8 a certificate showing that the principal represented by said agent or
9 representative has complied with the provisions of this act and re-
10 ceived a certificate to do business. All such certificates shall be subject
11 to revocation by the secretary of state if upon examination or in-
12 vestigation the secretary finds that the agent is misrepresenting the
13 kind and character of securities, the nature of the business or is
14 thereby, or otherwise defrauding the people of this state, in the sale
15 of stocks, bonds or other securities. All such certificates, unless
16 sooner revoked, shall expire on the first day of July of each year. A
17 charge of \$1.00 shall be made by the secretary of state for each
18 certificate issued to such agent.

1 SEC. 17. **Broker's annual permit, etc.** The secretary of state
2 may issue to any broker, or dealer in stocks, bonds or other securities,
3 an annual permit, which permit shall entitle such stock broker or
4 dealer to sell, offer or negotiate for sale any stocks, bonds or other
5 securities within this state, except those stocks, bonds or other
6 securities, the sale of which would work a fraud upon the purchaser;

7 provided, however, that such stock broker or dealer shall file on the
8 first and fifteenth day of each month a detailed list of the stocks,
9 bonds or other securities on hand for sale or listed for sale by him,
10 and also those sold by him during the preceding one-half month and
11 not previously reported; provided further, that the secretary of state
12 shall refuse to grant a permit, or shall cancel a permit previously
13 granted, to any such stock broker or dealer when he finds by investiga-
14 tion or otherwise that such stock broker or dealer is selling or offering
15 for sale within this state any stocks, bonds or other securities which
16 would work a fraud upon the purchasers thereof. In order that the
17 secretary of state may determine the nature and kind of securities
18 to be sold and the character of the applicant, he is authorized to make
19 investigation as otherwise provided herein, the expenses incurred
20 thereby to be paid as provided in section 11 of this act. The ap-
21 plicant shall also pay a fee of fifty dollars (\$50.00) to the secretary
22 of state for each of said annual permits, which permit, unless sooner
23 revoked by the secretary of state, shall expire on the first secular day
24 of July of each year. If said permit is issued after the first of
25 January of any year, the fee shall be reduced one-half. Before be-
26 ing granted such permit by the secretary of state the stock broker
27 or dealer shall give a bond in the penal sum of five thousand dollars
28 (\$5000.00) to the state of Iowa, conditioned upon a strict compliance
29 with this act which bond shall be approved by the executive council
30 and filed with the secretary of state. Said bond shall be forfeited
31 by a violation of the terms or conditions of this act, or by a convic-
32 tion for such violation, and the attorney general of this state may
33 institute suit in the name of the state of Iowa in any court of com-
34 petent jurisdiction for a forfeiture thereof at any time within two
35 years from the time the cause of action accrues; provided that if it
36 appears such violation was not intentional and no fraud was shown
37 then only so much of said bond shall be forfeited as shall be equal to
38 the amount of damages sustained.

1 **SEC. 18. Denial of permit—appeal.** Any person, firm, associa-
2 tion, company or corporation that is denied a certificate to transact
3 business in this state, or whose certificate is canceled pursuant to the
4 provisions of this act shall have the right to appeal to the executive
5 council of the state of Iowa from any decision of the secretary of state
6 affecting a substantial right under the provisions of this act within
7 twenty days from the entry or the pronouncement of the decision of
8 said secretary by serving notice of such appeal upon the secretary of
9 the executive council. Such appeal shall be heard and determined
10 by the executive council under such rules and regulations as they
11 may prescribe giving full notice and opportunity to be heard by all
12 persons interested therein.

13 Any person, firm, association, company or corporation perfecting
14 said appeal to said executive council, may upon receiving an adverse
15 decision by said executive council, appeal to the district court at the
16 seat of government, by the service of a written notice of appeal on
17 the attorney general, and thereupon the cause may be docketed
18 and the case may be tried in the district court as a special equitable
19 action by the filing of such transcript and such pleadings as the court
20 may prescribe in order that an intelligent hearing may be had and a

21 just decision rendered thereon free from any technical objections or
22 irregularities in the matter of procedure or the introduction of evi-
23 dence.

1 **SEC. 19. Supersedeas allowed—bond, etc.** A supersedeas may
2 be had by any person denied a permit to do business in this state and
3 who has thereafter perfected an appeal by the execution and filing
4 of a penal bond to the state of Iowa for the use and benefit of the
5 state of Iowa for any costs or damages incurred by reason of said
6 appeal and for the use and benefit of any purchaser of any stocks,
7 bonds or other securities from the appellant during the pendency of
8 said appeal; said bond shall be in the sum fixed by the judge of the
9 district court to which said appeal is taken and approved by the clerk
10 of said court, and shall provide that if the order appealed from is
11 affirmed, the party appealing shall pay to the state all costs and dam-
12 ages by reason of said appeal, and shall pay to the secretary of state
13 for the use and benefit of any purchaser who has suffered damage
14 by reason of the purchase of any security during the pendency of
15 such appeal the amount fixed in said bond or so much thereof as may
16 be necessary. It shall be the duty of the clerk of the district court
17 to transmit a certified copy of said bond to the secretary of state of
18 the state of Iowa immediately upon the filing and approval of said bond
19 in the office of said clerk.

1 **SEC. 20. False statements, etc.** Any person, firm, association,
2 company or corporation subject to the provisions of this act that
3 shall subscribe or cause to be made any false statement or false entry
4 in any book required to be kept or relating to any business to be
5 transacted in this state pursuant to the provisions of this act, or make
6 or subscribe to any false statement, exhibit or paper filed with the
7 secretary of state of the state of Iowa, or shall make to the secretary
8 of state, his deputy, agent or representative any false or fraudulent
9 statement concerning the proposed plan of business to be transacted,
10 or the nature, value or character of securities to be sold in this state,
11 or shall make to said secretary of state, his deputy, agent or repre-
12 sentative any false statement as to the financial condition of such
13 person, firm, association, company or corporation shall be deemed
14 guilty of a felony, and upon conviction shall be fined in the sum of
15 not more than five thousand dollars (\$5000.00), or imprisoned not
16 to exceed five years in the penitentiary or reformatory, or by both
17 such fine and imprisonment in the discretion of the court.

1 **SEC. 21. General violations—penalties.** Any person, firm, as-
2 sociation, company or corporation subject to the provisions of this
3 act that shall sell or negotiate for the sale of any stocks, bonds or
4 other securities within this state without first paying the inspection
5 fee and otherwise complying with the provisions of this act, or that
6 continues to sell, offers for sale, or negotiates for the sale of stocks,
7 bonds or other securities in this state after his certificate or permit
8 to do business has been canceled by the secretary of state, unless a
9 supersedeas bond has been filed as and according to the provisions
10 of section 19 hereof, or that shall otherwise neglect or refuse
11 to comply with any of the provisions of this act, shall be guilty of
12 a misdemeanor and upon conviction thereof shall be fined not to
13 exceed five thousand dollars (\$5000.00) or by imprisonment in the

14 county jail not to exceed six months or by both such fine and im-
15 prisonment.

1 **SEC. 22. False representations.** Any person, firm, association,
2 company or corporation, or any agent or representative thereof,
3 whether subject to the provisions of this act or otherwise, that sells,
4 offers for sale or negotiates for the sale of any stocks, bonds, or other
5 securities within this state, and knowingly makes any false repre-
6 sentations or statement as to the nature, character or value of such
7 security, or the amount of the earning power of such security whether
8 in the nature of interest, dividends or otherwise, or knowingly makes
9 any false or fraudulent representation concerning the financial con-
10 dition, the assets or the property of the company, firm or corporation
11 issuing said security, or knowingly makes any other false or fraudu-
12 lent representation to any person for the purpose of inducing said
13 person to purchase said security, or conceals any material fact in the
14 advertisement or prospectus of such security for the purpose of mis-
15 leading or defrauding the purchaser, shall be guilty of a misdemeanor
16 and upon conviction be punished by a fine of not more than two thou-
17 sand dollars or by imprisonment of not to exceed six months in the
18 county jail, or by both such fine and imprisonment.

1 **SEC. 23. Construction of act.** Should any section of this act or
2 any part thereof be held by any court of competent jurisdiction to
3 be unconstitutional, such decision shall affect the specific provision
4 only which it is held offends against the constitution and said un-
5 constitutional part shall not be held to be an inducement to the pas-
6 sage of any other section or provision of this act.

1 **SEC. 24. Publication clause.** This act being deemed of immediate
2 importance shall take effect and be in force from and after its pub-
3 lication in the Des Moines News, published in the city of Des Moines,
4 Iowa, and Creston Daily Advertiser-Gazette, published in the city of
5 Creston, Iowa.

Approved April 12, A. D. 1915.

I hereby certify that the foregoing act was published in the Des Moines News and
the Creston Daily Advertiser-Gazette April 27, 1915.

W. S. ALLEN, *Secretary of State.*

CHAPTER 150.

CITY HALLS.

H. F. 396.

AN ACT to amend section seven hundred forty-one-d (741-d), section seven hun-
dred forty-one-e (741-e), section seven hundred forty-one-f (741-f), section seven
hundred forty-one-g (741-g), and section seven hundred forty-one-h (741-h),
supplement to the code, 1913, relating to the erection of city halls and the pur-
chasing of ground therefor.

Be it enacted by the General Assembly of the State of Iowa:

1 **SECTION 1. City hall.** That section seven hundred forty-one-d
2 (741-d), supplement to the code, 1913, is hereby repealed and the