

A BILL FOR AN ACT

To repeal section four thousand nine hundred and seventy-five-d (4975-d), four thousand nine hundred and seventy-five-e (4975-e), four thousand nine hundred and seventy-five-f (4975-f), four thousand nine hundred and seventy-five-g (4975-g), four thousand nine hundred and seventy-five-h (4975-h), supplement to the code, 1913, relating to "bucket shops", and enact a substitute therefor: To define "bucket shops"; to define "futures", "dealing in futures" and "future contracts"; to prohibit the making of future contracts, except as herein provided; to prohibit renting property to be used for carrying on bucket shops, or knowingly permitting the same to be so used; to prohibit anyone from acting as the agent or broker of any other person in making any future contract; to prohibit any person from making any future contract for himself; to prohibit telegraph or telephone companies from allowing their wires or instruments to be used by or remain in any bucket shop; to prescribe penalties for the violation of this act; to provide for procedure in the trial of causes arising under this act, and to exempt from prosecution persons testifying as to the violations of this act.

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

1 Section 1. That section four thousand nine hundred and seventy-
2 five-d (4975-d), four thousand nine hundred and seventy-five-e
3 (4975-e), four thousand nine hundred and seventy-five-f (4975-f),
4 four thousand nine hundred and seventy-five-g (4975-g), four thou-
5 and nine hundred and seventy-five-h (4975-h), supplement to the
6 code, 1913, be, and the same is hereby repealed, and the following
7 enacted in lieu thereof:

1 Sec. 2. A bucket shop, within the meaning of this act is any
2 place wherein dealing in futures is carried on contrary to any of
3 the provisions of this act.

1 Sec. 3. By each of the expressions, "futures", "dealing in
2 futures", and "future contracts", as these terms are used in this
3 act is meant: First—A sale or purchase, or contract to sell any
4 or offer to sell or purchase any cotton, grain, meat, lard, or any
5 stocks or bonds of any corporation to be delivered in the future
6 when it was not the bona fide intention of the party being prose-
7 cuted under this act, at the time such sale, contract, purchase,
8 or offer o sell or purchase, was made that the thing mentioned in
9 such transaction should be delivered and paid for as specified in
10 such transaction. Second—Any such sale, purchase, offer, or con-
11 tract where it was the intention of the party being prosecuted here-
12 under at the time of making such contract or offer that the same
13 should, or, at the option of either party, might be settled by pay-
14 ing or reciving a margin or profit on such contract. Third—Any
15 purchase, sale or offer of sale or purchase, or contract for future
16 delivery of any of the things mentioned in this section of this act
17 or, by or through any exchange or board of trade, the rules, by-laws,
18 customs or regulations of which permit such contract or transaction
19 to be settled or closed by delivery or tender of any grade or grades
20 of the thing mentioned in such contract or transaction, other than
21 the grade upon which the price is based in said transaction, at any
22 price other than the actual price for spot delivery of such other
23 grade or grades at the time and place of delivery or tender.

1 Sec. 4. If any person shall, either directly or indirectly, carry
2 on or conduct, or be in any wise interested in carrying on or con-
3 ducting, any bucket shop, he shall be punished by two years confine-
4 ment in the penitentiary.

1 Sec. 5. If any owner or person in the management or control of
2 any property shall knowingly rent or lease the same to be used as a
3 bucket shop, or shall knowingly permit the same to be used, he shall
4 be fined not less than one hundred nor more than two thousand
5 dollars, and may in addition thereto, be confined in the county
6 jail not less than one, nor more than six months.

1 Sec. 6. If any person shall act or offer to act as the agent
2 or broker of any other person in making or offering to make any
3 future contract, he shall be fined not less than one hundred nor
4 more than two thousand dollars, and shall be confined in the
5 county jail not less than one, nor more than six months.

1 Sec. 7. If any person shall make or offer to make for himself
2 any future contract, he shall be fined not less than one hundred,
3 nor more than five hundred dollars and may be confined in the county
4 jail not less than ten, nor more than thirty days; provided it may
5 be shown in defense of any prosecution under this section of this
6 act that the transaction out of which such prosecution arose was a
7 "hedging" contract between parties in this state and a party or
8 parties without this state, and if such contract was made in whole
9 or in part by any message sent by telegraph or telephone, that
10 such message was delivered to the telegraph or telephone company
11 sending the same by the defendant himself, and not through or by

12 any broker or agent, and that such company rendering such service
13 was a common carrier, exclusively so engaged, with no direct or
14 indirect connection with or interest in such transaction other
15 than the transmission of such message and receiving the charges
16 therefor, which are not in excess of the usual rate for commision
17 messages between the points of transmission and receipt of such
18. message.

1 Sec. 8. If any telegraph or telephone company, or any agent
2 thereof shall knowing permit any telegraph or telephone wire, or
3 instrument to remain in any bucket shop, or shall knowingly permit
4 any of the wires, instruments or equipment of such telegraph or
5 telephone company, to be used by any person engaged in any business
6 rendered unlawful by this act, whether or not the same be leased by
7 the person or persons so illegally using the same, such company or
8 agent shall be fined not less than one hundred nor more than one
9 thousand dollars, and each day that this section of this act is
10 violated, shall constitute a separate offense.

1 Sec. 9. In any prosecution under this act in which it shall be
2 a material issue as to whether or not in the offer to or contract
3 to sell or purchase for a future delivery anything mentioned in this
4 act, it was the intention of the defendant that such things should
5 be delivered and paid for in accordance with the terms of such offer
6 or contract, proof by the state that such contract was for the future
7 delivery of such thing, shall constitute a prima facie case for the
8 state on this issue, and the burden shall be upon the defendant to
9 prove that the thing so contracted for, or offered to be contracted

10 for, was in fact delivered in accordance with the terms of such con-
11 tract or that it was the bona fide intention of the defendant at
12 the time of making such contract, that such thing should be so de-
13 livered, and the court trying the case shall so charge the jury.

1 Sec. 10. If in any prosecution under this act, it shall be a
2 material issue as to whether or not the rules, regulations, by-laws
3 or customs of any exchange or board of trade on, by or through which
4 any contract or offer for future delivery was made, permitted such
5 contract or transaction to be settled or closed by the delivery or
6 tender of any grade or grades of the thing mentioned in such con-
7 tract or transaction, other than the grade upon which the price was
8 based in said transaction, at any price other than the actual price
9 for spot delivery of such other grade or grades at the time and
10 place of such delivery or tender, proof that the same was made or
11 offered or pretended to be made by, through or upon any exchange or
12 board of trade, shall constitute a prima facie case for the state.

1 Sec. 11. No person shall be exempt from testifying as to any
2 violation of the provisions of this act by reason of being himself
3 guilty of such violation, but no person called by the state or a
4 grand jury to testify shall be prosecuted for any violation of any
5 of the provisions of this act, testified to by such person.

1 Sec. 12. The habitual use, actual, threatened or contemplated,
2 of any premises, place or building or telegraph or telephone wires
3 or instruments in violation of any of the prohibitions of this act,
4 shall be enjoined at the suit of either the state or any citizen
5 thereof.

1 Sec. 13. The attorney general or county attorneys shall pro-
2 secute all suits, deemed by them necessary to enjoin such use ;
3 provided, that nothing herein shall prevent such injunction from
4 issuing at the suit of any citizen of this state who may sue in
5 his own name, and such citizen shall not be required to show that
6 he is personally injured by the acts complained of.

1 Sec. 14. The procedure in all cases brought under the two pre-
2 ceding sections of this act, shall be the same as in the other
3 suits for injunction as near as may be, provided, that when such
4 suit is brought by the county attorney or by the attorney general
5 the petition for injunction need not be verified.