

## CHAPTER 66.

## REGULATION OF CERTAIN PERSONS, FIRMS, COMPANIES, PARTNERSHIPS, ASSOCIATIONS OR CORPORATIONS.

H. F. 423.

AN ACT to provide for the regulation of persons, firms, companies, partnerships, associations or corporations, other than building and loan associations and insurance companies and associations, which issue, place, sell or otherwise engage in the business of handling certificates, memberships, shares, contracts, debentures, bonds, stocks, tontine contracts, or other investment securities or agreements of any kind or character, on the partial payment or installment plan, prescribing the terms and conditions upon which such persons, firms, companies, partnerships, associations or corporations shall be permitted to do business within this state. [Additional to title nine (IX) of the code, relating to corporations.]

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

**SECTION 1. Terms defined.** The term "association" when used in this act shall mean any person, firm, company, partnership, association or corporation, other than building and loan associations and insurance companies and associations, which issue stocks on the partial payment or installment plan. The term "issue" shall mean issue, sell, place, engage in or otherwise dispose of or handle. The term "stock" shall mean certificates, memberships, shares, bonds, contracts, debentures, stocks, tontine contracts, or other investment securities or agreements of any kind or character issued upon the partial payment or installment plan.

**SEC. 2. Certificate—how obtained.** No association contemplated by this act shall issue any stock until it shall have procured from the auditor of state a certificate of authority authorizing it to engage in such business. To procure such certificate of authority it shall be necessary for such association to file with the auditor of state a statement, under oath, showing the name and location of such association, the name and postoffice address of its officers the date of organization, and if incorporated a copy of its articles of incorporation, also, a copy of its by-laws or rules by which it is to be governed, the form of its certificates, stocks or contracts, all printed matter issued by it, together with a detailed statement of its financial condition and such other information concerning its affairs or plan of business as the auditor of state may require. The same shall be, by the auditor of state laid before the executive council for consideration.

**SEC. 3. Executive council to approve plan.** If the executive council is satisfied that the business is not in violation of law or of public policy, and is safe, reliable and entitled to public confidence, and if it shall approve the form of certificate of stock or contract, it shall direct the auditor of state to issue to such association a certificate of authority authorizing it to transact business within this state until the first day of March next succeeding the date of such authorization.

**SEC. 4. Existing companies.** Every such association at present transacting, within this state, the business contemplated by this act, shall be subject to all the provisions hereof, and shall within sixty days from the taking effect of the same, comply with all of its requirements.

**SEC. 5. To report annually.** During the month of January of each year, every association transacting the business contemplated by this act, shall file with the auditor of state a statement showing its condition on the 31st day of December preceding. Said statement shall be in such form as shall be prescribed by the auditor of state. If it appears from such statement that such association is doing a safe business and is solvent, the auditor of state may renew its certificate of authority authorizing it to transact business within the state until the first day of March of the following year. If at any time it shall appear that such association is doing an unsafe business or is insolvent the auditor of state may revoke its certificate of authority

to authorizing [authorize] it to transact business within the state until the first day of March of the following year. If at any time it shall appear that such association is doing an unsafe business or is insolvent the auditor of state may revoke its certificate of authority to transact business and having revoked the certificate of authority of an association organized under the laws of this state, he shall report his action to the attorney-general who shall at once apply to the district court or a judge thereof for the appointment of a receiver to close up the affairs of such association, and an injunction may issue in the same proceeding enjoining and restraining the association from transacting business in this state.

**SEC. 6. Deposit of bonds or securities.** Before any association shall be authorized to transact business contemplated by this chapter, it shall deposit with the auditor of state a bond approved by the executive council, guaranteeing the faithful performance of all contracts entered into by such association or securities of the kind designated in subdivisions one, two, three, four and five of section eighteen hundred and six of the code, as amended by chapter sixty-six (66), acts of the Twenty-eighth General Assembly, or such other securities as shall be approved by the executive council in the amount of twenty-five thousand dollars, which amount shall remain in possession of the auditor of state until the end of the calendar year in which the association shall first be authorized to transact business. At the end of such calendar year, such association shall deposit with the auditor of state securities of the kind above provided in an amount equal to all its liabilities to persons residing within this state and shall keep such deposit at all times equal to such liability; provided that at no time shall such deposit be reduced below twenty-five thousand dollars except at such time as such association shall be by law closing out its business and its liabilities shall have been reduced below twenty-five thousand dollars.

**SEC. 7. Unauthorized companies—penalty.** Any member or representative of any association who shall attempt to issue or sell any stock as contemplated by this act or to transact any business whatsoever in the name of or on behalf of such association, not authorized to do business within this state, or which has failed or refused to comply with the provisions of this act, or has violated any of its provisions shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by imprisonment in the county jail not to exceed one year, or by a fine of not less than one hundred nor more than one thousand dollars or by both such fine and imprisonment in the discretion of the court.

**SEC. 8. Fee for annual certificate.** Such association shall pay to the auditor of state for its certificate of authority to transact business, a fee of twenty-five dollars, and for each annual renewal thereof at the time of filing the annual statement ten dollars, which fee shall be by the auditor of state turned into the state treasury as are other fees of his office.

**SEC. 9. Examination.** Every such association doing business within this state, shall be subject to examination in the same manner as is provided for the examination of insurance companies and shall pay the same fees and costs therefor, and shall so far as is consistent with the plan of business, be subject to the same restrictions and regulations. Such examinations shall be full and complete and in making the same the auditor of state or examiner shall have full access to and may demand the production of all books, securities, papers, moneys, etc., of the association under examination, and may administer oaths, summon and compel the attendance and testimony of any persons connected with such association. If upon such examination, it shall appear that such association does not conduct its business in accordance with law, or if it permits forfeiture of payments by persons holding its stock, after three years from the issuance of said stock or provides for the payment of its expenses other than from earnings, or that any profits, advantage or compensation of any form or description is given to any member

or investor over any other member or investor of the same class, or if beneficiaries are selected or determined or advantages given one over another by any form of chance, lottery or hazard, or if certificates of stock are by their terms or by any other provision to be redeemed in numerical order or by any arbitrary order or precedence, without reference to the amount previously paid thereon by the holder thereof, or that the affairs are in an unsound condition, or if such association refuses such examination to be made, the auditor of state may revoke its certificate or [of] authority to do business in this state, and having revoked the certificate of authority of an association organized under the laws of this state, he shall report the same to the attorney-general, who shall proceed as provided in section five (5) hereof.

SEC. 10. **In effect.** This act, being deemed of immediate importance, shall take effect and be in force from and after the date of its publication in the "Register and Leader", and the "Des Moines Daily Capital," newspapers published in the city of Des Moines, Iowa.

Approved April 29, A. D. 1904.

I hereby certify that the foregoing act was published in the Des Moines Daily Capital, May 3, 1904, and the Register and Leader, May 4, 1904.

W. B. MARTIN,  
*Secretary of State.*

## CHAPTER 67.

### LEVEES, DRAINS, DITCHES AND WATER COURSES.

S. F. 15.

AN ACT relating to levees, drains, ditches and water courses, and to the apportionment, assessment, levy, reassessment, reley and collection of taxes therefor, and issuance of drainage bonds, and to amend section one thousand nine hundred and forty-six (1946) of the code.

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

**SECTION 1. Notice of hearing.** That section one thousand nine hundred and forty-six (1946) of the code be and it is hereby amended by striking out the semicolon immediately following the word "supervisors" in the sixteenth line of said section, and inserting immediately following said word and before the word "which" in said sixteenth line the following: "and file the same with the county auditor who shall immediately thereafter fix a time for hearing objections thereto before the board of supervisors, and cause to be served upon the owner of each tract of land or lot described in said report as shown by the transfer books in the auditor's office notice in writing of the filing and pendency of said report, the amount of special assessment apportioned to such owner, the day set for hearing the same, and that all objections thereto must be made in writing and filed with the county auditor on or before noon of the day set for such hearing, which notice as to residents of the county shall be served not less than ten days prior to the day set for such hearing in the same manner that original notices are required to be served and as to non-residents of the county such notice shall be served by publishing the same one [once] each week for two consecutive weeks the last publication not less than ten days prior to the day set for hearing in some newspaper published in the county and by serving the same upon the person or persons in the actual occupancy of the property not less than ten days prior to the day set for such hearing. When the day set for hearing has arrived the board of supervisors shall proceed to hear and determine all objections made and filed to said report, and may increase, diminish, annul or affirm the apportionment made in said report or any part thereof as may appear to the board to be just and equitable".

**SEC. 2. Proceedings now pending.** That said section one thousand nine hundred and forty-six (1946) of the code as amended by section one