

CHAPTER 189.

[ H. B. 314. ]

SECURITIES—ISSUANCE AND SALE.

AN ACT relating to the issuance and sale of securities, amending section 2, chapter 69, Laws of 1923, as last amended by section 1, chapter 124, Laws of 1939 (sec. 5853-2, Rem. Rev. Stat.; sec. 334-1, PPC), and section 3, chapter 69, Laws of 1923, as last amended by section 1, chapter 231, Laws of 1943 (sec. 5853-3, Rem. Rev. Stat.; sec. 340-1, PPC), and section 22, chapter 69, Laws of 1923, as last amended by section 4, chapter 231, Laws of 1943 (sec. 5853-22, Rem. Rev. Stat.; sec. 335-1, PPC), and repealing section 3-a, chapter 69, Laws of 1923, as last amended by section 2, chapter 231, Laws of 1943 (sec. 5853-3-a, Rem. Rev. Stat.; sec. 340-3-a, PPC).

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

SECTION 1. Section 2, chapter 69, Laws of 1923, as last amended by section 1, chapter 124, Laws of 1939 (sec. 5853-2, Rem. Rev. Stat.; sec. 334-1, PPC) is amended to read as follows:

Definition of terms.

Section 2. *Definition of Terms.* The following words have in this act the meaning attached to them in this section, unless otherwise apparent from the context:

"Company."

(1) The word "company" includes all domestic and foreign private corporations, associations, syndicates, joint stock companies and co-partnerships, and also trustees (but not including executors, administrators, receivers, or other trustees acting under the authority of a court); also individuals selling, offering for sale, negotiating for the sale of or taking subscriptions for any security of their own issue;

Excepting therefrom:

Exceptions.

(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 corpora-

tions 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.

(2) The word "security" includes:

"Security."

(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) Subscriptions for the shares of domestic or foreign corporations taken prior to the incorporation thereof;

(c) All promissory notes, mortgages, bonds, debentures, and other evidence 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;

(d) 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;

(e) All bonds, debentures and other evidences of indebtedness issued by any foreign government or any political subdivision thereof;

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

"Sale." (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.

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

"Agent." (4) The word "agent" includes every person or company employed or appointed by a broker or company who sells, negotiates for the sale of, solicits, or takes subscriptions for any security.

"Broker." (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 account: *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.

(6) The term "underwriter" means any individual, partnership, or organization, either incorporated or unincorporated, which has purchased from a company with a view to, or sells for a company in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking.

"Under-  
writer."

SEC. 2. Section 3 of chapter 69, Laws of 1923, as last amended by section 1, chapter 231, Laws of 1943 (sec. 5853-3, Rem. Rev. Stat.; 340-1, PPC) is amended to read as follows:

Section 3. No company, or underwriter thereof, 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*, That this shall not apply to transactions not involving a public offering: *And provided further*, That 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: *And provided further*, That said articles of incorporation are not signed by more than fifteen (15) persons and

Sales pro-  
hibited with-  
out permit.

Exceptions.

that no part of such original issue of capital stock is taken for the purpose of public distribution.

SEC. 3. Section 22, chapter 69, Laws of 1923, as last amended by section 4, chapter 231, Laws of 1943 (sec. 5853-22, Rem. Rev. Stat.; sec. 335-1, PPC) is amended to read as follows:

Fees—  
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.

Where the applicant has a registration statement in effect with the Securities Act of 1933, and the prospectus which is filed with the Commission as part of said registration statement is accepted by the Department of Licenses in lieu of the information, or any part thereof, required under section 4, the fee to be charged shall be twenty-five dollars (\$25.00).

(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.

SEC. 4. Section 3a, chapter 69, Laws of 1923, Repeal. as last amended by section 2, chapter 231, Laws of 1943 (sec. 5853-3-a, Rem. Rev. Stat.; sec. 340-3-a, PPC) is hereby repealed.

Passed the House March 4, 1947.

Passed the Senate March 8, 1947.

Approved by the Governor March 18, 1947.

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## CHAPTER 190.

[ H. B. 273. ]

### COLONY OF THE STATE SOLDIERS' HOME.

AN ACT relating to the State Soldiers' Home, the Washington Veterans' Home, and the Colony of the State Soldiers' Home; providing for admission thereto and for supplies and rations to be drawn by the members thereof; amending section 2, chapter 106, Laws of 1915 as last amended by chapter 74, Laws Ex. Ses. 1925, and section 3, chapter 106, Laws of 1915 as last amended by section 1, chapter 161, Laws of 1939 (secs. 10730 and 10731, Rem. Rev. Stat.; secs. 932-3 and -5, PPC); and declaring an emergency.

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

SECTION 1. Section 2, chapter 106, Laws of 1915 as amended by chapter 74, Laws Ex. Ses. 1925 (sec. 10730, Rem. Rev. Stat.; sec. 932-3, PPC) is amended to read as follows:

Section 2. There is hereby established what shall be known as the "Colony of the State Soldiers' Home." All of the following persons who reside within the limits of Orting precinct and have been actual *bona fide* citizens of this state for a period of three years at the time of their application and who have personal property of less than one thousand dollars (\$1,000) and/or a monthly income insufficient to meet their needs as determined by the standards of the County Welfare Department, may be ad-

Establishment.

Admission to membership.