

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1945

ENROLLED

SENATE BILL No. 223

(By Mr. Morrison, By Request)

PASSED March 10 1945

In Effect 90 days from Passage

JARRETT PRINTING COMPANY, CHARLESTON, W. VA.



223

ENROLLED
Senate Bill No. 223
(BY MR. MORRISON, BY REQUEST)

[Passed March 10, 1945; in effect ninety days from passage.]

AN ACT to amend and reenact section four, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, and to add two new sections thereto, designated sections (h) and (i), relating to transactions not included under the act regulating and supervising the sale of securities, one thousand nine hundred thirty-five.

Be it enacted by the Legislature of West Virginia:

That section four, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted, and that two new sections

be added thereto, designated sections (h) and (i), to read as follows:

Section 4. *Transactions Not Included.*—The provisions

2 of this chapter shall not apply to any of the following
3 transactions:

4 (a) Any judicial, sheriff's, constable's executor's, ad-
5 ministrator's, guardian's or conservator's sale or any sale
6 by a receiver or trustee in insolvency or bankruptcy, or
7 the sale by a pledgee, in good faith and in the ordinary
8 course of business and not for the purpose of evading any
9 provision of this chapter, of a security pledged for a
10 bona fide debt;

11 (b) An isolated transaction in which any security is
12 sold, offered for sale, subscription or delivery by the
13 owner thereof, such sale or offer for sale, subscription or
14 delivery not being made in the course of repeated and
15 successive transactions of a like character by such owner;

16 (c) A sale upon a customer's order of any security, if
17 sale is made to a person outside this state: *Provided, That*
18 such sale in another state is not a violation of the se-
19 curities laws of that state;

20 (d) The distribution by a corporation actively engaged
21 in the business authorized by its charter, of capital
22 stock, bonds or other securities to its stockholders or its
23 other security holders as a stock dividend or other distri-
24 bution out of earnings or surplus;

25 (e) The sale, transfer or delivery to any broker or
26 dealer: *Provided*, That such broker or dealer is actually
27 engaged in buying and selling securities as a business;

28 (f) Bonds or notes, or other obligations secured by
29 mortgage, deed of trust, or other lien upon property,
30 where the entire lien, together with all the bonds or notes
31 secured thereby, is sold to a single purchaser at a single
32 sale, or where the lien is given or incurred to secure the
33 payment of unpaid purchase money;

34 (g) The issue and delivery of any security in exchange
35 for any other security of the same issuer pursuant to a
36 right or conversion entitling the holder of the security
37 surrendered in exchange to make such conversion: *Pro-*
38 *vided*, That the security so surrendered has been regis-
39 tered under the provisions of this chapter or was, when
40 sold, exempt through the provisions of said chapter;

- 41 (h) The sale by a domestic corporation of its securities
42 if the aggregate number of holders of all its securities,
43 after the securities to be issued are sold, does not exceed
44 fifteen, and no commission, profit or other compensation
45 is or has been paid for the sale of any securities of such
46 corporation, and the total organization and promotion
47 expense in connection with the issue of all securities of
48 such corporation, exclusive of statutory fees, does not
49 exceed three per cent of the aggregate sale price of all
50 such securities or two hundred fifty dollars, whichever
51 is greater;
- 52 (i) The transfer or exchange by one corporation to
53 another corporation of its own securities in connection
54 with a consolidation or merger of such corporations.

The Joint Committee on Enrolled Bills hereby certifies that
the foregoing bill is correctly enrolled.

Charles C. Morris

Chairman Senate Committee

J. A. DeGruntz Jr.

Chairman House Committee

Originated in the

Senate

Takes effect

90 days from

passage

Howard Hughes

Clerk of the Senate

Phillip

Clerk of the House of Delegates

Donald W. Tickers

President of the Senate

John E. Amos

Speaker House of Delegates

The within

Approved

this the

16

day of

March

, 1945.

Clarence Meadows

Governor.

Filed in the office of the Secretary of State
of West Virginia MAR 16 1945

Wm. S. O'BRIEN,
Secretary of State