

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1953



ENROLLED

HOUSE BILL No. 374

(By Mr. Boyle)



PASSED March 14 1953

In Effect immediately after Passage



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ENROLLED
House Bill No. 374

(By MR. BOWLES)

[Passed March 14, 1953; in effect ninety days from passage.]

AN ACT to amend and reenact section three, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to securities not included under the act regulating and supervising the sale of securities.

Be it enacted by the Legislature of West Virginia:

That section three, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

Section 3. *Securities Not Included.*—Except as herein-
2 after expressly provided, the provisions of this chapter
3 shall not apply to any of the following classes of securi-
4 ties:
5 (a) Any security issued or guaranteed by the United
6 States or any territory or insular possession thereof, or

7 by the District of Columbia, or by any state or political
8 subdivision or agency thereof;

9 (b) Any security issued by a national bank or by any
10 federal land bank or by a corporation created or acting
11 as an instrumentality of the government of the United
12 States pursuant to authority granted by the Congress of
13 the United States, or any security issued by provisions
14 of the federal laws: *Provided*, That such corporation is
15 subject to supervision or regulation by the government
16 of the United States;

17 (c) Any security issued or guaranteed either as to prin-
18 cipal, interest or dividends by a corporation owning or
19 operating a railroad engaged in interstate commerce and
20 under supervision of the interstate commerce commission;
21 any security issued or guaranteed either as to principal,
22 interest or dividend by a corporation owning or operating
23 any public service utility other than a railroad, provided
24 the issuance of such security is supervised or regulated by
25 a public commission, board or officer of the government
26 of the United States or of any state, territory or insular
27 possession of the United States, or of the District of Col-

28 umbia or of the Dominion of Canada or any province
29 thereof; and any equipment security based on chattel
30 mortgages, leases or agreements for conditional sale of
31 cars, motive power or other rolling stock or equipment
32 mortgaged, leased or sold to or furnished for the use of
33 or upon a railroad or other public service utility corpora-
34 tion, or equipment securities where the ownership or title
35 of such equipment is pledged or retained in accordance
36 with the provisions of the laws of the United States or of
37 any state, or of the Dominion of Canada, to secure the
38 payment of such equipment securities;

39 (d) Any security issued by a person organized and
40 operated exclusively for educational, benevolent, frater-
41 nal, charitable or reformatory purposes and not for pecun-
42 iary profit, and no part of the net earnings of which inures
43 to the benefit of any person, private stockholder or in-
44 dividual;

45 (e) Any security which, at the time of the sale, is
46 listed on the New York stock exchange, the American
47 stock exchange or the Midwest stock exchange, pursuant
48 to authorization by any such exchange, and additional

49 amounts of any such securities when regularly approved
50 for listing upon the issuance thereof and securities senior
51 to the securities so listed: *Provided*, That the commission-
52 er shall have power and authority at any time to with-
53 draw such exemption for any security or group of securi-
54 ties so listed, pending an investigation and hearing on
55 securities included in such order. A date for hearing shall
56 be set by the commissioner not more than twenty days
57 after such withdrawal order. The commissioner, by ruling,
58 may grant this same exemption to securities listed on any
59 other exchange following an application from such ex-
60 change and after an investigation and examination has
61 been made by him. The expense of all hearings, investi-
62 gations and examinations shall be paid by the exchange
63 making application or receiving a hearing;

64 (f) Any security issued by a state bank, trust company,
65 building and loan association or savings institution, incor-
66 porated under the laws of and subject to the examinations,
67 supervision and control of any state or territory of the
68 United States or any insular possession thereof;

69 (g) Any insurance or endowment policy or annuity

70 contract or optional annuity contract, issued by a person
71 licensed and supervised by the insurance commissioner
72 of this state;

73 (h) Any security other than common stock outstand-
74 ing and in the hands of the public for a period of not less
75 than three years upon which no default in payment of
76 principal, interest or dividend exists and upon which no
77 such default has occurred for a continuous immediately
78 preceding period of three years: *Provided*, That the issuer
79 of such securities has continued such payments of prin-
80 cipal, interest or dividends as provided at the time of
81 original issue: *Provided further*, That no plan or pro-
82 posal of recapitalization, reorganization, rearrangement
83 of capitalization, or other form of readjustment of issuer's
84 finances, has been made or a petition of voluntary or in-
85 voluntary bankruptcy has been filed in any court by or
86 for such issuer within the preceding period of three years;

87 (i) Any securities bought or sold upon customers' or-
88 ders: *Provided*, That such securities are bought or sold
89 on an exchange which, at the time of such transaction,
90 is registered as a national exchange by the securities and

91 exchange commission: *Provided further*, That no solic-
92 itation is made of the orders so executed.

93 (j) Any note, draft, bill of exchange or bankers accept-
94 ance which arises out of a current transaction or the pro-
95 ceeds of which have been or are to be used for a current
96 transaction, is not the subject of a public offering, has at
97 the time of issuance a definite maturity (after all days
98 of grace, if any) of not exceeding one year, is payable
99 in cash only, and is not convertible into and does not
100 carry an option or right to receive payment or any bonus
101 in any other security.

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

H. M. Kinley
Chairman Senate Committee

C. H. Hamblen
Chairman House Committee

Originated in the House of Delegates

Takes effect ninety days from passage.

Howard Thayer
Clerk of the Senate

Edith
Clerk of the House of Delegates

Ralph Bean
President of the Senate

W. E. Hanner
Speaker House of Delegates

The within approved this the 20th
day of March, 1953.

William C. Marland
Governor



FILE IN THE OFFICE OF THE SECRETARY OF STATE
OF WEST VIRGINIA
MAR 20 1953
D. PITT O'BRIEN,
SECRETARY OF STATE