

1                    SENATE BILL NO. 4  
2 INTRODUCTION BY HAZELBAKER  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT FOR THE GENERAL  
5 REVISION AND CLARIFICATION OF LAWS RELATING TO TRADE AND  
6 COMMERCE; AMENDING SECTIONS 15-2006, 66-209, 66-212, 66-221,  
7 66-229, 85-105, 85-107, 85-407, 85-408, 85-409, 85-410,  
8 87A-1-101, 87A-9-302, 87A-9-302.2, 87A-9-401, 87A-9-405,  
9 87A-9-406, AND 93-2830, R.C.M. 1947; AND REPEALING SECTIONS  
10 66-214, 66-215, 66-217, AND 66-218, R.C.M. 1947."  
11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
13        Section 1. Section 15-2006, R.C.M. 1947, is amended to  
14 read as follows:  
15        "15-2006. Registration of broker-dealers, salesmen,  
16 and investment advisers. (1) It is unlawful for any person  
17 to transact business in this state as a broker-dealer or  
18 salesman, except in transactions exempt under section  
19 15-2014, unless he is registered under this act chapter. It  
20 is unlawful for any person to transact business in this  
21 state as an investment adviser unless:  
22        (a) he is so registered under this act or chapter;  
23        (b) he is registered as a broker-dealer under this  
24 act chapter; or  
25        (c) his only clients in this state are investment

1 companies as defined in the Investment Company Act of 1940  
2 or insurance companies.  
3        (2) A broker-dealer, or a salesman, acting as an  
4 agents agent for an issuer, or issuers or acting as agents  
5 an agent for a broker-dealer in the offer or sale of  
6 securities for an issuer, or issuers or an investment  
7 adviser may apply for registration by filing with the  
8 commissioner an application in such form as the commissioner  
9 shall prescribe prescribes and payment of the fee prescribed  
10 in section 15-2016. Except for persons in the employ of  
11 brokerage firms governed by the regulations of the  
12 securities and exchange commission, all salesmen must be  
13 legal residents of this state and must have actually resided  
14 in this state for a period of at least one--(1) year next  
15 prior to the date of application for registration. Salesmen  
16 shall also file with the commissioner a bond of a surety  
17 company duly authorized to transact business in this state.  
18 Said the bond to shall be in the sum of five--thousand  
19 dollars--(\$5,000.00), payable to the state of Montana, and  
20 conditioned upon the faithful compliance with the provisions  
21 of this act chapter, and shall provide that upon failure to  
22 so comply, the salesman shall be liable to any and all  
23 persons who may suffer loss by reason thereof.  
24        (3) The application shall contain whatever information  
25 the commissioner requires.

1 (4) If no denial order is in effect and no proceeding  
 2 is pending under ~~subdivision~~ subsection (8) of this section,  
 3 registration becomes effective at noon of the ~~thirtieth~~  
 4 ~~{30th}~~ day after an application is filed. The commissioner  
 5 may specify an earlier effective date, and he may by order  
 6 defer the effective date for an additional ~~sixty~~ ~~{60}~~ days, ~~the~~  
 7 the effective day after the filing of any amendment  
 8 shall be noon of the ~~thirtieth~~ ~~{30th}~~ day thereafter unless  
 9 otherwise accelerated by the commissioner.

10 (5) Registration of a broker-dealer, salesman, or  
 11 investment adviser shall be effective until ~~the first~~ ~~{1st}~~  
 12 ~~day of March 1 next~~ following such registration and may be  
 13 renewed ~~as hereinafter provided~~. The registration of a  
 14 salesman is not effective during any period when he is not  
 15 associated with an issuer or a registered broker-dealer  
 16 specified in his application. When a salesman begins or  
 17 terminates a connection with an issuer or registered  
 18 broker-dealer, the salesman and the issuer or broker-dealer  
 19 shall promptly notify the commissioner.

20 (6) Registration of a broker-dealer, salesman, or  
 21 investment adviser may be renewed by filing with the  
 22 commissioner prior to the expiration thereof an application  
 23 containing such information as the commissioner may require  
 24 to indicate any material change in the information contained  
 25 in the original application or any renewal application for

1 registration as a broker-dealer, salesman, or investment  
 2 adviser filed with the commissioner by the applicant,  
 3 payment of the prescribed fee and, in the case of a  
 4 broker-dealer, a financial statement showing the financial  
 5 condition of such broker-dealer as of a date within ~~ninety~~  
 6 ~~{90}~~ days. A registered broker-dealer or investment adviser  
 7 may file an application for registration of a successor, to  
 8 become effective upon approval of the commissioner.

9 (7) Every registered broker-dealer and investment  
 10 adviser shall make and keep such accounts and other records,  
 11 except with respect to securities exempt under section  
 12 15-2013 (1), as may be prescribed by the commissioner. All  
 13 records so required shall be preserved for ~~three~~ ~~{3}~~ years  
 14 unless the commissioner prescribes otherwise for particular  
 15 types of records. All the records of a registered  
 16 broker-dealer or investment adviser are subject at any time  
 17 or from time to time to such reasonable periodic, special,  
 18 or other examinations, within or without this state, by  
 19 representatives of the commissioner, as the commissioner  
 20 ~~deems~~ considers necessary or appropriate in the public  
 21 interest or for the protection of investors.

22 (8) The commissioner may by order deny, suspend, or  
 23 revoke registration of any broker-dealer, salesman, or  
 24 investment adviser if he finds that the order is in the  
 25 public interest and that the applicant or registrant or, in

1 the case of a broker-dealer or investment adviser, any  
2 partner, officer, or director:

3 (a) has filed an application for registration under  
4 this section which, as of its effective date, or as of any  
5 date after filing in the case of an order denying  
6 effectiveness, was incomplete in any material respect or  
7 contained any statement which was, in the light of the  
8 circumstances under which it was made, false or misleading  
9 with respect to any material fact;

10 (b) has willfully violated or willfully failed to  
11 comply with any provision of this act chapter or a  
12 predecessor act law or any rule or order under this act  
13 chapter or a predecessor act law;

14 (c) has been convicted of any misdemeanor involving a  
15 security or any aspect of the securities business, or any  
16 felony;

17 (d) is permanently or temporarily enjoined by any  
18 court of competent jurisdiction from engaging in or  
19 continuing any conduct or practice involving any aspect of  
20 the securities business;

21 (e) is the subject of an order of the commissioner  
22 denying, suspending, or revoking registration as a  
23 broker-dealer, salesman, or investment adviser;

24 (f) is the subject of an order entered within the past  
25 ~~five--(5)~~ years by the securities administrator of any other

1 state or by the federal securities and exchange commission  
2 denying or revoking registration as a broker-dealer or  
3 salesman, or the substantial equivalent of those terms as  
4 defined in this act, chapter or is the subject of an order  
5 of the federal securities and exchange commission suspending  
6 or expelling him from a national securities exchange or  
7 national securities association registered under the  
8 Securities Exchange Act of 1934, or is the subject of a  
9 United States post office fraud order; but:

10 ~~(e)(i)~~ the commissioner may not institute a revocation  
11 or suspension proceeding under this ~~clause~~ subsection (f)  
12 more than ~~one-(1)~~ year from the date of the order relied  
13 on; and

14 ~~(b)(iii)~~ he may not enter any order under this ~~clause~~  
15 subsection (f) on the basis of an order unless that order  
16 was based on facts which would currently constitute a ground  
17 for an order under this section;

18 (g) has engaged in dishonest or unethical practices in  
19 the securities business;

20 (h) is insolvent, either in the sense that his  
21 liabilities exceed his assets or in the sense that he cannot  
22 meet his obligations as they mature; but the commissioner  
23 may not enter an order against a broker-dealer or investment  
24 adviser under this ~~clause~~ subsection (h) without a finding  
25 of insolvency as to the broker-dealer or investment adviser;

1 or

2 (i) has not complied with a condition imposed by the  
3 commissioner under ~~subdivision~~ subsection (8) of this  
4 section, or is not qualified on the basis of such factors as  
5 training, experience, or knowledge of the securities  
6 business; or

7 (j) has failed to pay the proper filing fee; but the  
8 commissioner may enter only a denial order under this ~~clause~~  
9 subsection (j), and he shall vacate any such order when the  
10 deficiency has been corrected. The commissioner may by order  
11 summarily postpone or suspend registration pending final  
12 determination of any proceeding under this section.

13 (9) Upon the entry of the order under ~~subdivision~~  
14 subsection (8) of this section, the commissioner shall  
15 promptly notify the applicant or registrant, as well as the  
16 employer or prospective employer if the applicant or  
17 registrant is a salesman, that it has been entered and of  
18 the reasons therefor and that if requested by the applicant  
19 or registrant within ~~fifteen-(15)~~ days after the receipt of  
20 the commissioner's notification the matter will be promptly  
21 set down for hearing. If no hearing is requested within  
22 ~~fifteen--(15)~~ days and none is ordered by the commissioner,  
23 the order will remain in effect until it is modified or  
24 vacated by the commissioner. If a hearing is requested or  
25 ordered, the commissioner, after notice of and opportunity

1 for hearing, may affirm, modify, or vacate the order.

2 (10) If the commissioner finds that any registrant or  
3 applicant for registration is no longer in existence or has  
4 ceased to do business as a broker-dealer, investment  
5 adviser, or salesman, or is subject to an adjudication of  
6 mental incompetence or to the control of a committee,  
7 conservator, or guardian, or cannot be located after  
8 reasonable search, the commissioner may by order cancel the  
9 registration or application."

10 Section 2. Section 66-209, R.C.M. 1947, is amended to  
11 read as follows:

12 "66-209. Power of city authorities. The city council  
13 or other corresponding authority of each city may designate  
14 such place or places therein for ~~the sale by auction of~~  
15 ~~horses, carriages, and household furniture, auction sales as~~  
16 ~~they deem it considers~~ expedient."

17 Section 3. Section 66-212, R.C.M. 1947, is amended to  
18 read as follows:

19 "66-212. Commissions and penalty for overcharge. No  
20 auctioneer ~~must~~ may demand or receive a higher compensation  
21 for his services than a commission of ~~one-per-cent 1%~~  
22 amount of any sales, public or private, made by him, unless  
23 by virtue of a previous agreement in writing between him and  
24 the owner or consignee. Every auctioneer who violates this  
25 ~~section--in--addition--to--the--criminal--penalty,~~ forfeits to

1 the party aggrieved ~~two-hundred-and-fifty-dollars \$250,~~ and  
2 must refund the excess of charge."

3 Section 4. Section 66-221, R.C.M. 1947, is amended to  
4 read as follows:

5 "66-221. Definitions. (1) The words "public auction  
6 sales" when used in this act, ~~shall~~ mean the offering for  
7 sale or selling of new goods, wares<sub>1</sub> or merchandise to the  
8 highest bidder or offering for sale or selling of new goods,  
9 wares<sub>1</sub> or merchandise at a high price and then offering the  
10 same at successive lower prices until a buyer is secured, in  
11 the manner defined and set out in ~~sections 66-213 and 66-214~~  
12 87A-2-328.

13 (2) The words "new goods, wares<sub>1</sub> and merchandise"<sub>1</sub>  
14 when used in this act, ~~shall~~ mean ~~and-include~~ all goods,  
15 wares<sub>1</sub> and merchandise not previously sold at retail."

16 Section 5. Section 66-229, R.C.M. 1947, is amended to  
17 read as follows:

18 "66-229. Exemptions ~~from--act.~~ The provisions of this  
19 act ~~shall~~ ~~do~~ not extend to:

20 (1) the sale at public auction of livestock, farm  
21 machinery<sub>1</sub> or farm produce<sub>1</sub> or other items commonly sold at  
22 farm sales<sub>1</sub> ~~or-to~~

23 (2) auction sales ~~of new merchandise~~ by individuals of  
24 new-merchandise<sub>1</sub> who maintain an established retail sales  
25 place of business and inventory of goods in the county in

1 which the sale is to be held<sub>1</sub> ~~and-to~~

2 (3) auction sales under the direction of any court or  
3 court officers as may be required by law<sub>1</sub> ~~nor-shall-it-apply~~  
4 to

5 (4) sales made to dealers by commercial travelers or  
6 selling agents in the usual course of business<sub>1</sub> ~~nor-to~~

7 (5) a bona fide sale of goods, wares<sub>1</sub> and merchandise  
8 by sample for future delivery<sub>1</sub> or by sales made by sheriffs,  
9 constables<sub>1</sub> or other public officers selling goods, wares<sub>1</sub>  
10 and merchandise according to law<sub>1</sub> ~~nor-to~~ ~~or~~

11 (6) bona fide assignees or receivers appointed in this  
12 state selling goods, wares<sub>1</sub> and merchandise for the benefit  
13 of creditors."

14 Section 6. Section 85-105, R.C.M. 1947, is amended to  
15 read as follows:

16 "85-105. Penalties. The penalty for forging,  
17 counterfeiting, or unlawful using of trade-marks is a  
18 widemeanor as provided in 94-6-308 or 94-6-310, whichever  
19 is applicable."

20 Section 7. Section 85-107, R.C.M. 1947, is amended to  
21 read as follows:

22 "85-107. Penalties. Every person who violates the  
23 provisions of the ~~preceding-section 85-106~~ is punishable as  
24 provided in ~~sections-94-35-226-and--94-35-230~~ 94-6-308 ~~and~~  
25 94-6-310."

1 Section 8. Section 85-407, R.C.M. 1947, is amended to  
2 read as follows:

3 "85-407. Powers of receiver ~~appointed--by--court~~ --  
4 proof of damages -- court jurisdiction. (1) When a receiver  
5 is appointed by the court pursuant to this act, he has the  
6 power to sue for, collect, receive, and take into his  
7 possession all goods and chattels, rights and credits,  
8 moneys and effects, lands and tenements, books, records,  
9 documents, papers, choses in action, bills, notes, and  
10 property of every description, derived by means of any  
11 practice declared to be illegal and prohibited by this act,  
12 including property with which such property has been mingled  
13 if it cannot be identified in kind because of such  
14 commingling, and to sell, convey, and assign the same and  
15 hold and dispose of the proceeds thereof under the direction  
16 of the court.

17 (2) Any person who has suffered damages as a result of  
18 the use of or employment of any unlawful practices practice  
19 and submits proof to the satisfaction of the court that he  
20 has in fact been damaged, may participate with general  
21 creditors in the distribution of the assets to the extent he  
22 has sustained out-of-pocket losses.

23 (3) In the case of a partnership or business entity,  
24 the receiver shall settle the estate and distribute the  
25 assets under the direction of the court.

1 (4) The court has jurisdiction of all questions  
2 arising in the proceedings and may make orders and judgments  
3 as may be required."

4 Section 9. Section 85-408, R.C.M. 1947, is amended to  
5 read as follows:

6 "85-408. Private-action--for--damages--treble--damages  
7 Damages -- notice to public agencies -- attorney fees --  
8 prior judgment as evidence. (1) Any person who purchases or  
9 leases goods or services primarily for personal, family, or  
10 household purposes and thereby suffers any ascertainable  
11 loss of money or property, real or personal, as a result of  
12 the use or employment by another person of a method, act, or  
13 practice declared unlawful by section-2-~~(85-402)~~-of-this  
14 act, may bring an individual, but not a class action under  
15 the rules or of civil procedure in the district court of the  
16 county in which the seller or lessor resides or has his  
17 principal place of business or is doing business, to recover  
18 actual damages or two-hundred-dollars-(\$200), whichever is  
19 greater. The court may, in its discretion, award up to three  
20 (3) times the actual damages sustained and may provide such  
21 equitable relief as it deems considers necessary or proper.

22 (2) Upon commencement of any action brought under  
23 subsection (1) of this section, the clerk of court shall  
24 mail a copy of the complaint or initial pleading to the  
25 department and the appropriate county attorney and, upon

1 entry of any judgment or decree in the action, shall mail a  
2 copy of such judgment or decree to the department and the  
3 appropriate county attorney.

4 (3) In any action brought under this section, the  
5 court may award the prevailing party reasonable attorney  
6 fees incurred in prosecuting or defending the action.

7 (4) Any permanent injunction, judgment, or order of  
8 the court made under ~~section-5-405~~ of this act shall  
9 be prima facie evidence in an action brought under ~~section-8~~  
10 ~~of this section~~ of this act that the respondent used or  
11 employed a method, act, or practice declared unlawful by  
12 ~~section-2-402~~ of this act."

13 Section 10. Section 85-409, R.C.M. 1947, is amended to  
14 read as follows:

15 "85-409. Assurance of voluntary compliance. In the  
16 administration of this act, the department may accept an  
17 assurance of voluntary compliance with respect to any  
18 method, act, or practice deemed considered to be violative  
19 of the act from any person who has engaged or was about to  
20 engage in any such method, act, or practice. Any such  
21 assurance shall be in writing and be filed with and subject  
22 to the approval of the district court of the county in which  
23 the alleged violator resides or has his principal place of  
24 business, or the district court of Lewis and Clark county  
25 county. Assurance of voluntary compliance is not an

1 admission of violation for any purpose. Matters thus closed  
2 may at any time be reopened by the department for further  
3 proceedings in the public interest, pursuant to ~~section-5~~  
4 ~~405~~."

5 Section 11. Section 85-410, R.C.M. 1947, is amended to  
6 read as follows:

7 "85-410. Investigative demand on unlawful practices.  
8 (1) When it appears to the department that the person has  
9 engaged in, is engaging in, or is about to engage in any act  
10 or practice declared to be unlawful by this act, or when the  
11 department believes it to be in the public interest that an  
12 investigation should be made to ascertain whether a person  
13 in fact has engaged in, is engaging in, or is about to  
14 engage in, any act or practice declared to be unlawful by  
15 this act, the department may execute in writing and cause to  
16 be served upon any person who is believed to have  
17 information, documentary material, or physical evidence  
18 relevant to the alleged or suspected violation, an  
19 investigative demand requiring such person to furnish, under  
20 oath or otherwise, a report in writing setting forth the  
21 relevant facts and circumstances of which he has knowledge,  
22 or to appear and testify or to produce relevant documentary  
23 material or physical evidence for examination, at such  
24 reasonable time and place as may be stated in the  
25 investigative demand, concerning the advertisement, sale, or

1 offering for sale of any goods or services or the conduct of  
2 any trade or commerce that is the subject matter of the  
3 investigation.

4 (2) At any time before the return date specified in an  
5 investigative demand, or within ~~twenty~~{20} days after the  
6 demand has been served, whichever period is shorter, a  
7 petition to extend the return date, or to modify or set  
8 aside the demand, stating good cause, may be filed in the  
9 district court ~~where of the county in which~~ the person  
10 served with the demand resides or has his principal place of  
11 business or in the district court of Lewis and Clark ~~county~~  
12 County."

13 Section 12. Section 87A-1-101, R.C.M. 1947, is amended  
14 to read as follows:

15 "87A-1-101. Short title. ~~(1)~~ This act shall be known  
16 and may be cited as Uniform Commercial Code.

17 ~~(2) As used in chapters 1 through 9 of this title~~  
18 ~~"code" means "Uniform Commercial Code" unless the context~~  
19 ~~indicates otherwise."~~

20 Section 13. Section 87A-9-302, R.C.M. 1947, is amended  
21 to read as follows:

22 "87A-9-302. When filing is required to perfect  
23 security interest -- security interests to which filing  
24 provisions of this chapter do not apply. (1) A financing  
25 statement must be filed to perfect all security interests

1 except the following:

2 (a) a security interest in collateral in possession of  
3 the secured party under section 87A-9-305;

4 (b) a security interest temporarily perfected in  
5 instruments or documents without delivery under section  
6 87A-9-304 or in proceeds for a 10-day period under section  
7 87A-9-306;

8 (c) a purchase money security interest in farm  
9 equipment having a purchase price not in excess of \$2500  
10 ~~\$2,500~~; but filing is required for a fixture under section  
11 87A-9-313 or for a motor vehicle required to be licensed;

12 (d) a purchase money security interest in consumer  
13 goods; but filing is required for a fixture under section  
14 87A-9-313 or for a motor vehicle required to be licensed;

15 (e) an assignment of accounts or contract rights which  
16 does not alone or in conjunction with other assignments to  
17 the same assignee transfer a significant part of the  
18 outstanding accounts or contract rights of the assignor;

19 (f) a security interest of a collecting bank (section  
20 87A-4-208) or arising under the ~~Chapter~~ chapter on Sales  
21 sales or covered in subsection (3) of this section.

22 (2) If a secured party assigns a perfected security  
23 interest, no filing under this chapter is required in order  
24 to continue the perfected status of the security interest  
25 against creditors of and transferees from the original

1 debtor.

2 (3) ~~The Except for financing statements filed pursuant~~  
3 ~~to 87A-9-302.2, the~~ filing provisions of this chapter do not  
4 apply to a security interest in property subject to a  
5 statute:

6 (a) of the United States which provides for a national  
7 registration or filing of all security interests in such  
8 property; or

9 (b) of this state which provides for central filing  
10 of, or which requires indication on a certificate of title  
11 of, such security interests in such property.

12 (4) ~~A Except for financing statements filed pursuant~~  
13 ~~to 87A-9-302.2, a~~ security interest in property covered by a  
14 statute described in subsection (3) can be perfected only by  
15 registration or filing under that statute or by indication  
16 of the security interest on a certificate of title or a  
17 duplicate thereof by a public official."

18 Section 14. Section 87A-9-302.2, R.C.M. 1947, is  
19 amended to read as follows:

20 "87A-9-302.2. ~~Place--of--filing--of--utility~~ Utility  
21 financing statement -- place of filing -- contents --  
22 perfection of security interest. ~~Financing statements--of--a~~  
23 ~~transmitting utility, notwithstanding sections 87A-9-302(3) &~~  
24 ~~87A-9-302(4) & 87A-9-401(1) & 87A-9-402 & 87A-9-403 & 87A-9-404 &~~  
25 ~~87A-9-405 and 87A-9-406 of the Uniform Commercial Code~~

1 ~~(1)~~ If filing is required under the Uniform Commercial  
2 Code, the proper place to file in order to perfect a  
3 security interest in personal property or fixtures of a  
4 transmitting utility or other corporation covered hereby is  
5 in the office of the secretary of state.

6 ~~(2)~~ When the financing statement covers goods of a  
7 transmitting utility which are or are to become fixtures, no  
8 description of the real estate concerned is required.

9 ~~(3)~~ A security interest in rolling stock of a  
10 transmitting utility may be perfected either as provided in  
11 section 20(c) of the Interstate Commerce Act or by filing a  
12 financing statement pursuant to the ~~Uniform Commercial Code~~  
13 ~~as provided in~~ subsection ~~(1)~~.

14 Section 15. Section 87A-9-401, R.C.M. 1947, is amended  
15 to read as follows:

16 "87A-9-401. Place of filing -- erroneous filing --  
17 removal of collateral. (1) ~~The Except for financing~~  
18 ~~statements filed pursuant to 87A-9-302.2, the~~ proper place  
19 to file in order to perfect a security interest is as  
20 follows:

21 (a) when the collateral is equipment used in farming  
22 operations, or farm products, or accounts, contract rights,  
23 or general intangibles arising from or relating to the sale  
24 of farm products by a farmer, or consumer goods, then in the  
25 office of the county clerk and recorder in the county of the

1 debtor's residence or if the debtor is not a resident of  
 2 this state then in the office of the county clerk and  
 3 recorder in the county where the goods are kept, and in  
 4 addition when the collateral is crops in the office of the  
 5 county clerk and recorder in the county where the land on  
 6 which the crops are growing or to be grown is located;

7 (b) when the collateral is goods which at the time the  
 8 security interest attaches are or are to become fixtures,  
 9 then in the office where a mortgage on the real estate  
 10 concerned would be filed or recorded;

11 (c) in all other cases, in the office of the secretary  
 12 of state.

13 (2) A filing which is made in good faith in an  
 14 improper place or not in all of the places required by this  
 15 section is nevertheless effective with regard to any  
 16 collateral as to which the filing complied with the  
 17 requirements of this chapter and is also effective with  
 18 regard to collateral covered by the financing statement  
 19 against any person who has knowledge of the contents of such  
 20 financing statement.

21 (3) A filing which is made in the proper place in this  
 22 state continues effective even though the debtor's residence  
 23 or place of business or the location of the collateral or  
 24 its use, whichever controlled the original filing, is  
 25 thereafter changed.

1 (4) If collateral is brought into this state from  
 2 another jurisdiction, the rules stated in section 87A-9-103  
 3 determine whether filing is necessary in this state."

4 Section 16. Section 87A-9-405, R.C.M. 1947, is amended  
 5 to read as follows:

6 "87A-9-405. Assignment of security interest -- duties  
 7 of filing officer -- fees. (1) A financing statement may  
 8 disclose an assignment of a security interest in the  
 9 collateral described in the statement by indication in the  
 10 statement of the name and address of the assignee or by an  
 11 assignment itself or a copy thereof on the face or back of  
 12 the statement. Either the original secured party or the  
 13 assignee may sign this statement as the secured party. On  
 14 presentation to the filing officer of such a financing  
 15 statement the filing officer shall mark the same as provided  
 16 in section 87A-9-403(4). If the collateral is equipment or  
 17 rolling stock of railroads or street railways, the fee for  
 18 filing, indexing, and furnishing filing data for a financing  
 19 statement so indicating an assignment shall be fifteen  
 20 dollars--~~(\$15.00)~~. In all other cases the uniform fee for  
 21 filing, indexing, and furnishing filing data for a financing  
 22 statement so indicating an assignment shall be two--dollars  
 23 ~~(\$2)~~.

24 (2) A secured party may assign of record all or a part  
 25 of his rights under a financing statement by the filing of a

1 separate written statement of assignment signed by the  
 2 secured party of record and setting forth the name of the  
 3 secured party of record and the debtor, the file number and  
 4 the date of filing of the financing statement, and the name  
 5 and address of the assignee, ~~and containing and except for~~  
 6 financing statements filed pursuant to 87A-9-302.2, a  
 7 description of the collateral assigned. A copy of the  
 8 assignment is sufficient as a separate statement if it  
 9 complies with the preceding sentence. On presentation to the  
 10 filing officer of such a separate statement, the filing  
 11 officer shall mark such separate statement with the date and  
 12 hour of the filing. He shall note the assignment on the  
 13 index of the financing statement. If the original financing  
 14 statement or any continuation statement has been indexed in  
 15 the records relating to real estate mortgages, the statement  
 16 of assignment must contain a reference to the document  
 17 number of such original or continuation statement and must  
 18 be indexed in accordance with the requirements applicable to  
 19 assignments of mortgages. If the collateral is equipment or  
 20 rolling stock, of railroads or street railways, the fee for  
 21 filing, indexing, and furnishing filing data about such a  
 22 separate statement of assignment shall be ~~fifteen--dollars~~  
 23 ~~{15.00}~~. In all other cases the uniform fee for filing,  
 24 indexing, and furnishing filing data about such a separate  
 25 statement of assignment shall be ~~two--dollars--{2}~~.

1 (3) After the disclosure or filing of an assignment  
 2 under this section, the assignee is the secured party of  
 3 record."

4 Section 17. Section 87A-9-406, R.C.M. 1947, is amended  
 5 to read as follows:

6 "87A-9-406. Release of collateral -- duties of filing  
 7 officer -- fees. A secured party of record may by his signed  
 8 statement release all or a part of any collateral described  
 9 in a filed financing statement. The statement of release is  
 10 sufficient if it contains a description of the collateral  
 11 being released except for financing statements filed  
 12 pursuant to 87A-9-302.2, the name and address of the  
 13 debtor, the name and address of the secured party, and the  
 14 file number of the financing statement. Upon presentation of  
 15 such a statement to the filing officer he shall mark the  
 16 statement with the hour and date of filing and shall note  
 17 the same upon the margin of the index of the filing of the  
 18 financing statement. If the original financing statement or  
 19 any continuation statement has been indexed in the records  
 20 relating to real estate mortgages, the statement of release  
 21 must contain a reference to the document number of such  
 22 original or continuation statement, and must be indexed in  
 23 accordance with the requirement applicable to release of  
 24 mortgages. If the collateral is equipment or rolling stock  
 25 of railroads or street railways, the fee for filing and

1 noting such a statement of release shall be ~~fifteen-dollars~~  
 2 ~~{\$15.00}~~. In all other cases the uniform fee for filing and  
 3 noting such a statement of release shall be ~~two-dollars~~  
 4 ~~{\$2}~~."

5 Section 18. Section 93-2830, R.C.M. 1947, is amended  
 6 to read as follows:

7 "93-2830. Who may be sued on overdue negotiable  
 8 instruments -- transfer. A holder of overdue bills of  
 9 exchange and promissory notes, as described in 87A-3-104 (2)  
 10 may sue all the parties thereto collectively or severally,  
 11 but if any of the parties thereto, who are not primarily  
 12 liable for the payment, ~~shall~~ tender the amount of  
 13 principal, interest, and costs thereon, ~~he the holder~~ shall  
 14 transfer the papers, ~~and--if~~ If a judgment be rendered  
 15 thereon, ~~he the holder~~ shall assign the judgment to such  
 16 party so making the tender, and in case of refusal he may  
 17 be compelled to do so by summary proceedings, instituted for  
 18 that purpose ~~instituted~~ in the district court of the  
 19 district in which he ~~shall-reside~~ resides."

20 Section 19. Section 84-2412, R.C.M. 1947, is amended  
 21 to read as follows:

22 "84-2412. Employment of help -- disposal of license  
 23 money. The state department of revenue ~~is-hereby-authorized~~  
 24 to may employ such clerical and field assistance as may be  
 25 found necessary to carry out and to administer the

1 provisions of this act. All money collected under the  
 2 provisions of this act shall be paid into the state  
 3 treasury, with ~~five-dollars-{\$5}~~ of the fee collected from  
 4 each store license sold credited to an earmarked revenue  
 5 fund for administration of ~~the-unfair--Practices--Act~~ Title  
 6 51, chapter 1 by the department of business regulation and  
 7 the rest to the credit of the general fund."

8 Section 20. Repealer. Sections 66-214, 66-215, 66-217,  
 9 and 66-218, R.C.M. 1947, are repealed.

-End-

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LC0022

1977 Legislature  
Code Commissioner Bill - Summary

Senate Bill No. 4

FOR THE GENERAL REVISION AND CLARIFICATION OF LAWS RELATING  
TO TRADE AND COMMERCE.

(This summary does not include discussion of routine form  
or grammatical changes.)

Section 1. 15-2006(2). Adds an "or" and rearranges commas  
to clarify meaning. Plural form of "issuer" deleted pursuant  
to 19-103 to make sentence less awkward. "Offer or" added  
preceding sale by request of auditor, the offer being part  
of the business transaction in subsection (1) requiring  
registration.

Section 2. 66-209. Deleted "the sale by auction of horses,  
carriages, and household furniture" and replaced with "auction  
sales" to eliminate outdated language. Although "auction sales"  
is arguably broader, the effect would be insignificant, con-  
sidering the scope of use of this section.

Section 3. 66-212. Changed "must" to "may" to avoid the  
interpretation that no auctioneer must (is required) to demand...  
(but he may (is permitted) to demand.... There is no criminal  
penalty provided in this group of sections, and there is no  
particular criminal code penalty that fits well, so "in addition  
to the criminal penalty" is deleted.

Section 4. 66-221. Changes reference to 66-214 to refer  
to 87A-2-328 instead, since 66-214 is repealed by this bill  
and 87A-2-328 replaces its provisions.

Section 5. 66-229. Deleted "and", "or", "nor shall it apply  
to", and "nor" to enable restructuring of the sentence into  
a numbered series of items.

Section 6. 85-105. Deleted "misdemeanor" since that is  
a type of crime and not a penalty. Substituted "as provided  
in 94-6-308 or 94-6-319, whichever is applicable", the appro-  
priate criminal code penalty.

Section 7. 85-107. Changed references to old repealed criminal penalty provisions to reflect the appropriate new criminal code references.

Section 8. 85-407. Changed "of" to "or" in second sentence to correct typographical error.

Sections 9, 10, and 11. 85-408, 85-409, 84-410. "of the county" language added in each section to make it grammatically clear that the person referred to does not reside in the district court.

Section 12. 87A-1-101. Added a second subsection to enable all of the references to "this act" in the Uniform Commercial Code to be changed in recodification to "this code".

Section 13. 87A-9-302. Added "Except for financing statements filed under 87A-9-302.2. . ." at the beginning of subsections (3) and (4). 87A-9-302.2 will be recodified in a different location (following 87A-9-407) and to alert the user of the exception it provides, this reference is needed.

Section 14. 87A-9-302.2. Deleted first sentence. It is incoherent and also unnecessary since each of the affected sections has been or is being amended to alert the reader of the exception provided in 87A-9-302.2.

Sections 15, 16, and 17. 87A-9-401, 87A-4-405(2), and 87A-9-406. Added "Except for financing statements filed pursuant to 87A-9-302.2..." to alert user to the exception provided in that section as to the place for filing a financing statement.

Section 18. 93-2830. Substituted "the holder" for "he" to make the sentence read more clearly. Added "as described in 87A-3-104(2)" after "Notes" to insure proper marriage of this section with the Uniform Commercial Code, with which it will be combined in recodification.

Section 19. 84-2412. Amended "Unfair Practices Act" to read "Title 51, Chapter 1" since Chapter 1 and Chapter 4 of Title 51 are being consolidated and the name "Unfair Practices Act" will be deleted after recodification.

Section 20. 66-214, 66-215, 66-217, and 66-218 which deal with auctions are repealed because they are superseded by 87A-2-328 of the Uniform Commercial Code.

Approved by Committee on Business and Industry

1 SENATE Bill NO. 4  
2 INTRODUCED BY HAZELBAKER

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT FOR THE GENERAL  
5 REVISION AND CLARIFICATION OF LAWS RELATING TO TRADE AND  
6 COMMERCE; AMENDING SECTIONS 15-2006, 66-209, 66-212, 66-221,  
7 66-229, 85-105, 85-107, 85-407, 85-408, 85-409, 85-410,  
8 87A-1-101, 87A-9-302, 87A-9-302.2, 87A-9-401, 87A-9-405,  
9 87A-9-406, AND 93-2830, R.C.M. 1947; AND REPEALING SECTIONS  
10 66-214, 66-215, 66-217, AND 66-218, R.C.M. 1947."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
13 Section 1. Section 15-2006, R.C.M. 1947, is amended to  
14 read as follows:

15 "15-2006. Registration of broker-dealers, salesmen,  
16 and investment advisers. (1) It is unlawful for any person  
17 to transact business in this state as a broker-dealer or  
18 salesman, except in transactions exempt under section  
19 15-2014, unless he is registered under this act chapter. It  
20 is unlawful for any person to transact business in this  
21 state as an investment adviser unless:

- 22 ~~††~~(a) he is so registered under this act ~~or chapter~~;
- 23 ~~††~~(b) he is registered as a broker-dealer under this
- 24 act ~~chapter~~; or
- 25 ~~††~~(c) his only clients in this state are investment

1 companies as defined in the Investment Company Act of 1940  
2 or insurance companies.

3 (2) A broker-dealer, ~~or~~ a salesman, acting as an  
4 agents ~~agent~~ for an issuer, ~~or~~ issuers or acting as agents  
5 an ~~agent~~ for a broker-dealer in the ~~offer~~ or sale of  
6 securities for an issuer, ~~or~~ issuers or an investment  
7 adviser may apply for registration by filing with the  
8 commissioner an application in such form as the commissioner  
9 shall ~~prescribe~~ ~~prescribes~~ and payment of the fee prescribed  
10 in section 15-2016. Except for persons in the employ of  
11 brokerage firms governed by the regulations of the  
12 securities and exchange commission, all salesmen must be  
13 legal residents of this state and must have actually resided  
14 in this state for a period of at least ~~one~~ ~~††~~ year next  
15 prior to the date of application for registration. Salesmen  
16 shall also file with the commissioner a bond of a surety  
17 company duly authorized to transact business in this state.  
18 ~~Said~~ ~~the~~ bond to ~~shall~~ be in the sum of ~~five~~ ~~thousand~~  
19 ~~dollars~~ ~~---~~ \$5,000 ~~000~~, payable to the state of Montana and  
20 conditioned upon the faithful compliance with the provisions  
21 of this act ~~chapter~~, and shall provide that upon failure to  
22 so comply, the salesman shall be liable to any and all  
23 persons who may suffer loss by reason thereof.

24 (3) The application shall contain whatever information  
25 the commissioner requires.

There are no changes in SB4, & will not be re-run.

Please refer to white copy for complete text. SECOND READING

SB4

1 (4) If no denial order is in effect and no proceeding  
 2 is pending under ~~subdivision~~ subsection (8) of this section,  
 3 registration becomes effective at noon of the ~~thirtieth~~  
 4 ~~{30th}~~ day after an application is filed. The commissioner  
 5 may specify an earlier effective date<sub>2</sub> and he may by order  
 6 defer the effective date for an additional ~~sixty-{60} days~~<sub>2</sub>  
 7 ~~the~~ the effective day after the filing of any amendment  
 8 shall be noon of the ~~thirtieth-{30th}~~ day thereafter unless  
 9 otherwise accelerated by the commissioner.

10 (5) Registration of a broker-dealer, salesman<sub>2</sub> or  
 11 investment adviser shall be effective until ~~the first-{1st}~~  
 12 ~~day of March 1~~ next following such registration and may be  
 13 renewed ~~as--hereinafter--provided~~. The registration of a  
 14 salesman is not effective during any period when he is not  
 15 associated with an issuer or a registered broker-dealer  
 16 specified in his application. When a salesman begins or  
 17 terminates a connection with an issuer or registered  
 18 broker-dealer, the salesman and the issuer or broker-dealer  
 19 shall promptly notify the commissioner.

20 (6) Registration of a broker-dealer, salesman<sub>2</sub> or  
 21 investment adviser may be renewed by filing with the  
 22 commissioner prior to the expiration thereof an application  
 23 containing such information as the commissioner may require  
 24 to indicate any material change in the information contained  
 25 in the original application or any renewal application for

1 registration as a broker-dealer, salesman<sub>2</sub> or investment  
 2 adviser filed with the commissioner by the applicant,  
 3 payment of the prescribed fee and, in the case of a  
 4 broker-dealer, a financial statement showing the financial  
 5 condition of such broker-dealer as of a date within ~~ninety~~  
 6 ~~{90}~~ days. A registered broker-dealer or investment adviser  
 7 may file an application for registration of a successor, to  
 8 become effective upon approval of the commissioner.

9 (7) Every registered broker-dealer and investment  
 10 adviser shall make and keep such accounts and other records,  
 11 except with respect to securities exempt under section  
 12 15-2013 (1), as may be prescribed by the commissioner. All  
 13 records so required shall be preserved for ~~three--{3}~~ years  
 14 unless the commissioner prescribes otherwise for particular  
 15 types of records. All the records of a registered  
 16 broker-dealer or investment advise are subject at any time  
 17 or from time to time to such reasonable periodic, special<sub>2</sub>  
 18 or other examinations, within or without this state, by  
 19 representatives of the commissioner, as the commissioner  
 20 deems considers necessary or appropriate in the public  
 21 interest or for the protection of investors.

22 (8) The commissioner may by order deny, suspend, or  
 23 revoke registration of any broker-dealer, salesman, or  
 24 investment adviser if he finds that the order is in the  
 25 public interest and that the applicant or registrant or, in

Approved by Committee  
on Business and Industry

1                           SENATE BILL NO. 4  
2                           INTRODUCED BY HAZELBAKER  
3  
4   A BILL FOR AN ACT ENTITLED: "AN ACT FOR THE GENERAL  
5   REVISION AND CLARIFICATION OF LAWS RELATING TO TRADE AND  
6   COMMERCE; AMENDING SECTIONS 15-2006, 66-209, 66-212, 66-221,  
7   66-229, ~~84-2412~~, 85-105, 85-107, 85-407, 85-408, 85-409,  
8   85-410, 87A-1-101, 87A-9-302, 87A-9-302.2, 87A-9-401,  
9   87A-9-405, 87A-9-406, AND 93-2830, R.C.M. 1947; and  
10   repealing sections 66-214, 66-215, 66-217, AND 66-218,  
11   R.C.M. 1947."  
12  
13   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
14        Section 1. Section 15-2006, R.C.M. 1947, is amended to  
15   read as follows:  
16        "15-2006. Registration of broker-dealers, salesmen,  
17   and investment advisers. (1) It is unlawful for any person  
18   to transact business in this state as a broker-dealer or  
19   salesman, except in transactions exempt under ~~section~~  
20   15-2014, unless he is registered under this ~~act~~ chapter. It  
21   is unlawful for any person to transact business in this  
22   state as an investment adviser unless:  
23        ~~(1) (a)~~ he is so registered under this ~~act~~, ~~or~~ chapter;  
24        ~~(2) (b)~~ he is registered as a broker-dealer under this  
25   ~~act~~, chapter; or

1                           ~~(3) (c)~~ his only clients in this state are investment  
2   companies as defined in the Investment Company Act of 1940  
3   or insurance companies.  
4                           (2) A broker-dealer, or a salesman, acting as an  
5   ~~agents~~ agent for an issuer, ~~or issuers~~ or acting as ~~agents~~  
6   an agent for a broker-dealer in the offer or sale of  
7   securities for an issuer, ~~or issuers~~ or an investment  
8   adviser may apply for registration by filing with the  
9   commissioner an application in such form as the commissioner  
10   ~~shall prescribe~~ prescribes and payment of the fee prescribed  
11   in ~~section~~ 15-2016. Except for persons in the employ of  
12   brokerage firms governed by the regulations of the  
13   securities and exchange commission, all salesmen must be  
14   legal residents of this state and must have actually resided  
15   in this state for a period of at least ~~one~~ ~~(1)~~ year next  
16   prior to the date of application for registration. Salesmen  
17   shall also file with the commissioner a bond of a surety  
18   company duly authorized to transact business in this state.  
19   ~~Said~~ The bond ~~to~~ shall be in the sum of ~~five thousand~~  
20   ~~dollars~~ ~~(\$5,000.00)~~, payable to the state of Montana, and  
21   conditioned upon the faithful compliance with the provisions  
22   of this ~~act~~ chapter, and shall provide that upon failure to  
23   so comply, the salesman shall be liable to any and all  
24   persons who may suffer loss by reason thereof.  
25                           (3) The application shall contain whatever information

SECOND READING  
*Second Printing*

1 the commissioner requires.

2 (4) If no denial order is in effect and no proceeding  
3 is pending under ~~subdivision~~ subsection (8) of this section,  
4 registration becomes effective at noon of the ~~thirtieth~~  
5 ~~{30th}~~ day after an application is filed. The commissioner  
6 may specify an earlier effective date, and he may by order  
7 defer the effective date for an additional ~~sixty~~ ~~{60}~~ days,  
8 ~~the~~ The effective day after the filing of any amendment  
9 shall be noon of the ~~thirtieth~~ ~~{30th}~~ day thereafter unless  
10 otherwise accelerated by the commissioner.

11 (5) Registration of a broker-dealer, salesman, or  
12 investment adviser shall be effective until ~~the first~~ ~~{1st}~~  
13 ~~day of March 1 next~~ following such registration and may be  
14 renewed ~~as hereinafter provided~~. The registration of a  
15 salesman is not effective during any period when he is not  
16 associated with an issuer or a registered broker-dealer  
17 specified in his application. When a salesman begins or  
18 terminates a connection with an issuer or registered  
19 broker-dealer, the salesman and the issuer or broker-dealer  
20 shall promptly notify the commissioner.

21 (6) Registration of a broker-dealer, salesman, or  
22 investment adviser may be renewed by filing with the  
23 commissioner prior to the expiration thereof an application  
24 containing such information as the commissioner may require  
25 to indicate any material change in the information contained

1 in the original application or any renewal application for  
2 registration as a broker-dealer, salesman, or investment  
3 adviser filed with the commissioner by the applicant,  
4 payment of the prescribed fee and, in the case of a  
5 broker-dealer, a financial statement showing the financial  
6 condition of such broker-dealer as of a date within ~~ninety~~  
7 ~~{90}~~ days. A registered broker-dealer or investment adviser  
8 may file an application for registration of a successor, to  
9 become effective upon approval of the commissioner.

10 (7) Every registered broker-dealer and investment  
11 adviser shall make and keep such accounts and other records,  
12 except with respect to securities exempt under ~~section~~  
13 15-2013 (1), as may be prescribed by the commissioner. All  
14 records so required shall be preserved for ~~three~~ ~~{3}~~ years  
15 unless the commissioner prescribes otherwise for particular  
16 types of records. All the records of a registered  
17 broker-dealer or investment adviser are subject at any time  
18 or from time to time to such reasonable periodic, special,  
19 or other examinations, within or without this state, by  
20 representatives of the commissioner, as the commissioner  
21 ~~deems~~ considers necessary or appropriate in the public  
22 interest or for the protection of investors.

23 (8) The commissioner may by order deny, suspend, or  
24 revoke registration of any broker-dealer, salesman, or  
25 investment adviser if he finds that the order is in the

1 public interest and that the applicant or registrant or, in  
2 the case of a broker-dealer or investment adviser, any  
3 partner, officer, or director:

4 (a) has filed an application for registration under  
5 this section which, as of its effective date, or as of any  
6 date after filing in the case of an order denying  
7 effectiveness, was incomplete in any material respect or  
8 contained any statement which was, in the light of the  
9 circumstances under which it was made, false or misleading  
10 with respect to any material fact;

11 (b) has willfully violated or willfully failed to  
12 comply with any provision of this ~~act~~ chapter or a  
13 predecessor ~~act law~~ or any rule or order under this ~~act~~  
14 chapter or a predecessor ~~act law~~;

15 (c) has been convicted of any misdemeanor involving a  
16 security or any aspect of the securities business, or any  
17 felony;

18 (d) is permanently or temporarily enjoined by any  
19 court of competent jurisdiction from engaging in or  
20 continuing any conduct or practice involving any aspect of  
21 the securities business;

22 (e) is the subject of an order of the commissioner  
23 denying, suspending, or revoking registration as a  
24 broker-dealer, salesman, or investment adviser;

25 (f) is the subject of an order entered within the past

1 ~~five~~ (5) years by the securities administrator of any other  
2 state or by the federal securities and exchange commission  
3 denying or revoking registration as a broker-dealer or  
4 salesman, or the substantial equivalent of those terms as  
5 defined in this ~~act~~, chapter or is the subject of an order  
6 of the federal securities and exchange commission suspending  
7 or expelling him from a national securities exchange or  
8 national securities association registered under the  
9 Securities Exchange Act of 1934, or is the subject of a  
10 United States post office fraud order; but;

11 ~~(a)~~ (i) the commissioner may not institute a revocation  
12 or suspension proceeding under this ~~clause~~ subsection (f)  
13 more than ~~one~~ (1) year from the date of the order relied  
14 on; and

15 ~~(b)~~ (ii) he may not enter any order under this ~~clause~~  
16 subsection (f) on the basis of an order unless that order  
17 was based on facts which would currently constitute a ground  
18 for an order under this section;

19 (g) has engaged in dishonest or unethical practices in  
20 the securities business;

21 (h) is insolvent, either in the sense that his  
22 liabilities exceed his assets or in the sense that he cannot  
23 meet his obligations as they mature; but the commissioner  
24 may not enter an order against a broker-dealer or investment  
25 adviser under this ~~clause~~ subsection (h) without a finding

1 of insolvency as to the broker-dealer or investment adviser;  
2 ~~or~~

3 (i) has not complied with a condition imposed by the  
4 commissioner under ~~subdivision~~ subsection (8) of this  
5 section, or is not qualified on the basis of such factors as  
6 training, experience, or knowledge of the securities  
7 business; or

8 (j) has failed to pay the proper filing fee; but the  
9 commissioner may enter only a denial order under this ~~clause~~  
10 subsection (j), and he shall vacate any such order when the  
11 deficiency has been corrected. The commissioner may by order  
12 summarily postpone or suspend registration pending final  
13 determination of any proceeding under this section.

14 (9) Upon the entry of the order under ~~subdivision~~  
15 subsection (8) of this section, the commissioner shall  
16 promptly notify the applicant or registrant, as well as the  
17 employer or prospective employer if the applicant or  
18 registrant is a salesman, that it has been entered and of  
19 the reasons therefor and that if requested by the applicant  
20 or registrant within ~~fifteen~~ (15) days after the receipt of  
21 the commissioner's notification the matter will be promptly  
22 set down for hearing. If no hearing is requested within  
23 ~~fifteen~~ (15) days and none is ordered by the commissioner,  
24 the order will remain in effect until it is modified or  
25 vacated by the commissioner. If a hearing is requested or

1 ordered, the commissioner, after notice of and opportunity  
2 for hearing, may affirm, modify, or vacate the order.

3 (10) If the commissioner finds that any registrant or  
4 applicant for registration is no longer in existence or has  
5 ceased to do business as a broker-dealer, investment  
6 adviser, or salesman, or is subject to an adjudication of  
7 mental incompetence or to the control of a committee,  
8 conservator, or guardian, or cannot be located after  
9 reasonable search, the commissioner may by order cancel the  
10 registration or application."

11 Section 2. Section 66-209, R.C.M. 1947, is amended to  
12 read as follows:

13 "66-209. Power of city authorities. The city council  
14 or other corresponding authority of each city may designate  
15 such place or places therein for ~~the sale by auction of~~  
16 ~~horses, carriages, and household furniture, auction sales~~ as  
17 they deem it considers expedient."

18 Section 3. Section 66-212, R.C.M. 1947, is amended to  
19 read as follows:

20 "66-212. Commissions and penalty for overcharge. No  
21 auctioneer ~~shall~~ may demand or receive a higher compensation  
22 for his services than a commission of ~~one per cent~~ 1% on the  
23 amount of any sales, public or private, made by him, unless  
24 by virtue of a previous agreement in writing between him and  
25 the owner or consignee. Every auctioneer who violates this

1 section, ~~in addition to the original penalty,~~ forfeits to  
 2 the party aggrieved ~~two hundred and fifty dollars \$250,~~ and  
 3 must refund the excess of charge."

4 Section 4. Section 66-221, R.C.M. 1947, is amended to  
 5 read as follows:

6 "66-221. Definitions. {1} The words "public auction  
 7 sales" when used in this act, ~~shall~~ mean the offering for  
 8 sale or selling of new goods, wares, or merchandise to the  
 9 highest bidder or offering for sale or selling of new goods,  
 10 wares, or merchandise at a high price and then offering the  
 11 same at successive lower prices until a buyer is secured, in  
 12 the manner defined and set out in ~~sections~~ 66-213 and 66-214  
 13 87A-2-328.

14 {2} The words "new goods, wares, and merchandise",  
 15 when used in this act, ~~shall mean and include~~ all goods,  
 16 wares, and merchandise not previously sold at retail."

17 Section 5. Section 66-229, R.C.M. 1947, is amended to  
 18 read as follows:

19 "66-229. Exemptions ~~from act.~~ The provisions of this  
 20 act ~~shall do~~ not extend to:

21 {1} the sale at public auction of livestock, farm  
 22 machinery, ~~or~~ farm produce, or other items commonly sold at  
 23 farm sales; ~~or to~~

24 {2} auction sales of new merchandise by individuals of  
 25 ~~new merchandise,~~ who maintain an established retail sales

1 place of business and inventory of goods in the county in  
 2 which the sale is to be held; ~~and to~~

3 {3} auction sales under the direction of any court or  
 4 court officers as may be required by law; ~~nor shall it apply~~  
 5 ~~to~~

6 {4} sales made to dealers by commercial travelers or  
 7 selling agents in the usual course of business; ~~nor to~~

8 {5} a bona fide sale of goods, wares, and merchandise  
 9 by sample for future delivery, or by sales made by sheriffs,  
 10 constables, or other public officers selling goods, wares,  
 11 and merchandise according to law; ~~nor to or~~

12 {6} bona fide assignees or receivers appointed in this  
 13 state selling goods, wares, and merchandise for the benefit  
 14 of creditors."

15 Section 6. Section 85-105, R.C.M. 1947, is amended to  
 16 read as follows:

17 "85-105. Penalties. The penalty for forging,  
 18 counterfeiting, or unlawful using of trade-marks is a  
 19 misdemeanor as provided in 94-6-308 or 94-6-310, whichever  
 20 is applicable."

21 Section 7. Section 85-107, R.C.M. 1947, is amended to  
 22 read as follows:

23 "85-107. Penalties. Every person who violates the  
 24 provisions of ~~the preceding section~~ 85-106 is punishable as  
 25 provided in ~~sections 94-35-226 and 94-35-230~~ 94-6-308 and

1 ~~98-6-310.~~"

2 Section 8. Section 85-407, R.C.M. 1947, is amended to  
3 read as follows:

4 "85-407. Powers of receiver ~~appointed by court~~ —  
5 proof of damages — ~~court~~ jurisdiction. (1) When a receiver  
6 is appointed by the court pursuant to this act, he has the  
7 power to sue for, collect, receive, and take into his  
8 possession all goods and chattels, rights and credits,  
9 moneys and effects, lands and tenements, books, records,  
10 documents, papers, choses in action, bills, notes, and  
11 property of every description, derived by means of any  
12 practice declared to be illegal and prohibited by this act,  
13 including property with which such property has been mingled  
14 if it cannot be identified in kind because of such  
15 commingling, and to sell, convey, and assign the same and  
16 hold and dispose of the proceeds thereof under the direction  
17 of the court.

18 (2) Any person who has suffered damages as a result of  
19 the use of or employment of any unlawful practices practice  
20 and submits proof to the satisfaction of the court that he  
21 has in fact been damaged, may participate with general  
22 creditors in the distribution of the assets to the extent he  
23 has sustained out-of-pocket losses.

24 (3) In the case of a partnership or business entity,  
25 the receiver shall settle the estate and distribute the

1 assets under the direction of the court.

2 (4) The court has jurisdiction of all questions  
3 arising in the proceedings and may make orders and judgments  
4 as may be required."

5 Section 9. Section 85-408, R.C.M. 1947, is amended to  
6 read as follows:

7 "85-408. ~~Private action for damages treble damages~~  
8 Damages — notice to public agencies — attorney fees —  
9 prior judgment as evidence. (1) Any person who purchases or  
10 leases goods or services primarily for personal, family, or  
11 household purposes and thereby suffers any ascertainable  
12 loss of money or property, real or personal, as a result of  
13 the use or employment by another person of a method, act, or  
14 practice declared unlawful by ~~section 2 [85-402] of this~~  
15 ~~act~~, may bring an individual, but not a class action under  
16 the rules of civil procedure in the district court of the  
17 county in which the seller or lessor resides or has his  
18 principal place of business or is doing business, to recover  
19 actual damages or ~~two hundred dollars (\$200)~~, whichever is  
20 greater. The court may, in its discretion, award up to three  
21 ~~(3)~~ times the actual damages sustained and may provide such  
22 equitable relief as it ~~deems~~ considers necessary or proper.

23 (2) Upon commencement of any action brought under  
24 subsection (1) of this section, the clerk of court shall  
25 mail a copy of the complaint or initial pleading to the

1 department and the appropriate county attorney and, upon  
2 entry of any judgment or decree in the action, shall mail a  
3 copy of such judgment or decree to the department and the  
4 appropriate county attorney.

5 (3) In any action brought under this section, the  
6 court may award the prevailing party reasonable attorney  
7 fees incurred in prosecuting or defending the action.

8 (4) Any permanent injunction, judgment, or order of  
9 the court made under ~~section 5 [85-405] of this act~~ shall be  
10 prima facie evidence in an action brought under ~~section 8~~  
11 ~~[this section] of this act~~ that the respondent used or  
12 employed a method, act, or practice declared unlawful by  
13 ~~section 2 [85-402] of this act.~~

14 Section 10. Section 85-409, R.C.M. 1947, is amended to  
15 read as follows:

16 "85-409. Assurance of voluntary compliance. In the  
17 administration of this act, the department may accept an  
18 assurance of voluntary compliance with respect to any  
19 method, act, or practice ~~deemed~~ considered to be violative  
20 of the act from any person who has engaged or was about to  
21 engage in any such method, act, or practice. Any such  
22 assurance shall be in writing and be filed with and subject  
23 to the approval of the district court of the county in which  
24 the alleged violator resides or has his principal place of  
25 business, or the district court of Lewis and Clark ~~county~~

1 County. Assurance of voluntary compliance is not an  
2 admission of violation for any purpose. Matters thus closed  
3 may at any time be reopened by the department for further  
4 proceedings in the public interest, pursuant to ~~section 5~~  
5 ~~[85-405].~~"

6 Section 11. Section 85-410, R.C.M. 1947, is amended to  
7 read as follows:

8 "85-410. Investigative demand on unlawful practices.  
9 (1) When it appears to the department that the person has  
10 engaged in, is engaging in, or is about to engage in any act  
11 or practice declared to be unlawful by this act, or when the  
12 department believes it to be in the public interest that an  
13 investigation should be made to ascertain whether a person  
14 in fact has engaged in, is engaging in, or is about to  
15 engage in any act or practice declared to be unlawful by  
16 this act, the department may execute in writing and cause to  
17 be served upon any person who is believed to have  
18 information, documentary material, or physical evidence  
19 relevant to the alleged or suspected violation, an  
20 investigative demand requiring such person to furnish, under  
21 oath or otherwise, a report in writing setting forth the  
22 relevant facts and circumstances of which he has knowledge,  
23 or to appear and testify or ~~to~~ produce relevant documentary  
24 material or physical evidence for examination, at such  
25 reasonable time and place as may be stated in the

1 investigative demand, concerning the advertisement, sale, or  
 2 offering for sale of any goods or services or the conduct of  
 3 any trade or commerce that is the subject matter of the  
 4 investigation.

5 (2) At any time before the return date specified in an  
 6 investigative demand, or within ~~twenty~~ {20} days after the  
 7 demand has been served, whichever period is shorter, a  
 8 petition to extend the return date, or to modify or set  
 9 aside the demand, stating good cause, may be filed in the  
 10 district court ~~where~~ of the county in which the person  
 11 served with the demand resides or has his principal place of  
 12 business or in the district court of Lewis and Clark ~~county~~  
 13 County."

14 Section 12. Section 87A-1-101, R.C.M. 1947, is amended  
 15 to read as follows:

16 "87A-1-101. Short title. {1} This act shall be known  
 17 and may be cited as Uniform Commercial Code.

18 {2} As used in chapters 1 through 9 of this title  
 19 "code" means "Uniform Commercial Code" unless the context  
 20 indicates otherwise."

21 Section 13. Section 87A-9-302, R.C.M. 1947, is amended  
 22 to read as follows:

23 "87A-9-302. When filing is required to perfect  
 24 security interest — security interests to which filing  
 25 provisions of this chapter do not apply. (1) A financing

1 statement must be filed to perfect all security interests  
 2 except the following:

3 (a) a security interest in collateral in possession of  
 4 the secured party under ~~section~~ 87A-9-305;

5 (b) a security interest temporarily perfected in  
 6 instruments or documents without delivery under ~~section~~  
 7 87A-9-304 or in proceeds for a 10-day period under ~~section~~  
 8 87A-9-306;

9 (c) a purchase money security interest in farm  
 10 equipment having a purchase price not in excess of \$2500  
 11 \$2,500; but filing is required for a fixture under ~~section~~  
 12 87A-9-313 or for a motor vehicle required to be licensed;

13 (d) a purchase money security interest in consumer  
 14 goods; but filing is required for a fixture under ~~section~~  
 15 87A-9-313 or for a motor vehicle required to be licensed;

16 (e) an assignment of accounts or contract rights which  
 17 does not alone or in conjunction with other assignments to  
 18 the same assignee transfer a significant part of the  
 19 outstanding accounts or contract rights of the assignor;

20 (f) a security interest of a collecting bank (~~section~~  
 21 87A-4-208) or arising under the ~~Chapter~~ chapter on ~~Sales~~  
 22 sales or covered in subsection (3) of this section.

23 (2) If a secured party assigns a perfected security  
 24 interest, no filing under this chapter is required in order  
 25 to continue the perfected status of the security interest

1 against creditors of and transferees from the original  
2 debtor.

3 (3) ~~The Except for financing statements filed pursuant~~  
4 ~~to 87A-9-302.2, the filing provisions of this chapter do not~~  
5 apply to a security interest in property subject to a  
6 statute:

7 (a) of the United States which provides for a national  
8 registration or filing of all security interests in such  
9 property; or

10 (b) of this state which provides for central filing  
11 of, or which requires indication on a certificate of title  
12 of, such security interests in such property.

13 (4) ~~Except for financing statements filed pursuant~~  
14 ~~to 87A-9-302.2, a security interest in property covered by a~~  
15 statute described in subsection (3) can be perfected only by  
16 registration or filing under that statute or by indication  
17 of the security interest on a certificate of title or a  
18 duplicate thereof by a public official."

19 Section 14. Section 87A-9-302.2, R.C.M. 1947, is  
20 amended to read as follows:

21 "87A-9-302.2. ~~Place of filing of utility~~ Utility  
22 financing statement — place of filing — contents —  
23 perfection of security interest. ~~Financing statements of a~~  
24 ~~transmitting utility, notwithstanding sections 87A-9-302(3),~~  
25 ~~87A-9-302(4), 87A-9-401(1), 87A-9-402, 87A-9-403, 87A-9-404,~~

1 ~~87A-9-405 and 87A-9-406 of the Uniform Commercial Code.~~  
2 ~~(a)(1)~~ If filing is required under the Uniform Commercial  
3 Code, the proper place to file in order to perfect a  
4 security interest in personal property or fixtures of a  
5 transmitting utility or other corporation covered hereby is  
6 in the office of the secretary of state.

7 ~~(b)(2)~~ When the financing statement covers goods of a  
8 transmitting utility which are or are to become fixtures, no  
9 description of the real estate concerned is required.

10 ~~(c)(3)~~ A security interest in rolling stock of a  
11 transmitting utility may be perfected either as provided in  
12 section 20(c) of the Interstate Commerce Act or by filing a  
13 financing statement pursuant to ~~the Uniform Commercial Code~~  
14 ~~as provided in~~ subsection ~~(a)(1)~~."

15 Section 15. Section 87A-9-401, R.C.M. 1947, is amended  
16 to read as follows:

17 "87A-9-401. Place of filing — erroneous filing —  
18 removal of collateral. (1) ~~The Except for financing~~  
19 ~~statements filed pursuant to 87A-9-302.2, the~~ proper place  
20 to file in order to perfect a security interest is as  
21 follows:

22 (a) when the collateral is equipment used in farming  
23 operations, or farm products, or accounts, contract rights,  
24 or general intangibles arising from or relating to the sale  
25 of farm products by a farmer, or consumer goods, then in the

1 office of the county clerk and recorder in the county of the  
2 debtor's residence or if the debtor is not a resident of  
3 this state then in the office of the county clerk and  
4 recorder in the county where the goods are kept, and in  
5 addition when the collateral is crops in the office of the  
6 county clerk and recorder in the county where the land on  
7 which the crops are growing or to be grown is located;

8 (b) when the collateral is goods which at the time the  
9 security interest attaches are or are to become fixtures,  
10 then in the office where a mortgage on the real estate  
11 concerned would be filed or recorded;

12 (c) in all other cases, in the office of the secretary  
13 of state.

14 (2) A filing which is made in good faith in an  
15 improper place or not in all of the places required by this  
16 section is nevertheless effective with regard to any  
17 collateral as to which the filing complied with the  
18 requirements of this chapter and is also effective with  
19 regard to collateral covered by the financing statement  
20 against any person who has knowledge of the contents of such  
21 financing statement.

22 (3) A filing which is made in the proper place in this  
23 state continues effective even though the debtor's residence  
24 or place of business or the location of the collateral or  
25 its use, whichever controlled the original filing, is

1 thereafter changed.

2 (4) If collateral is brought into this state from  
3 another jurisdiction, the rules stated in ~~section~~ 87A-9-103  
4 determine whether filing is necessary in this state."

5 Section 16. Section 87A-9-405, R.C.M. 1947, is amended  
6 to read as follows:

7 "87A-9-405. Assignment of security interest — duties  
8 of filing officer — fees. (1) A financing statement may  
9 disclose an assignment of a security interest in the  
10 collateral described in the statement by indication in the  
11 statement of the name and address of the assignee or by an  
12 assignment itself or a copy thereof on the face or back of  
13 the statement. Either the original secured party or the  
14 assignee may sign this statement as the secured party. On  
15 presentation to the filing officer of such a financing  
16 statement the filing officer shall mark the same as provided  
17 in ~~section~~ 87A-9-403(4). If the collateral is equipment or  
18 rolling stock of railroads or street railways, the fee for  
19 filing, indexing, and furnishing filing data for a financing  
20 statement so indicating an assignment shall be ~~fifteen~~  
21 ~~dollars~~ ~~(\$15.00)~~. In all other cases the uniform fee for  
22 filing, indexing, and furnishing filing data for a financing  
23 statement so indicating an assignment shall be ~~two dollars~~  
24 ~~(\$2)~~.

25 (2) A secured party may assign of record all or a part

1 of his rights under a financing statement by the filing of a  
 2 separate written statement of assignment signed by the  
 3 secured party of record and setting forth the name of the  
 4 secured party of record and the debtor, the file number and  
 5 the date of filing of the financing statement, and the name  
 6 and address of the assignee, ~~and containing and except for~~  
 7 ~~financing statements filed pursuant to 87A-9-302.2 AS~~  
 8 ~~PROVIDED IN 87A-9-302.2(2)~~, a description of the collateral  
 9 assigned. A copy of the assignment is sufficient as a  
 10 separate statement if it complies with the preceding  
 11 sentence. On presentation to the filing officer of such a  
 12 separate statement, the filing officer shall mark such  
 13 separate statement with the date and hour of the filing. He  
 14 shall note the assignment on the index of the financing  
 15 statement. If the original financing statement or any  
 16 continuation statement has been indexed in the records  
 17 relating to real estate mortgages, the statement of  
 18 assignment must contain a reference to the document number  
 19 of such original or continuation statement and must be  
 20 indexed in accordance with the requirements applicable to  
 21 assignments of mortgages. If the collateral is equipment or  
 22 rolling stock, of railroads or street railways, the fee for  
 23 filing, indexing, and furnishing filing data about such a  
 24 separate statement of assignment shall be ~~fifteen dollars~~  
 25 ~~(\$15.00)~~. In all other cases the uniform fee for filing,

1 indexing, and furnishing filing data about such a separate  
 2 statement of assignment shall be ~~two dollars (\$2)~~.

3 (3) After the disclosure or filing of an assignment  
 4 under this section, the assignee is the secured party of  
 5 record."

6 Section 17. Section 87A-9-406, R.C.M. 1947, is amended  
 7 to read as follows:

8 \*87A-9-406. Release of collateral -- duties of filing  
 9 officer -- fees. A secured party of record may by his signed  
 10 statement release all or a part of any collateral described  
 11 in a filed financing statement. The statement of release is  
 12 sufficient if it contains a description of the collateral  
 13 being released ~~(except for financing statements filed~~  
 14 ~~pursuant to 87A-9-302.2 AS PROVIDED IN 87A-9-302.2(2))~~, the  
 15 name and address of the debtor, the name and address of the  
 16 secured party, and the file number of the financing  
 17 statement. Upon presentation of such a statement to the  
 18 filing officer he shall mark the statement with the hour and  
 19 date of filing and shall note the same upon the margin of  
 20 the index of the filing of the financing statement. If the  
 21 original financing statement or any continuation statement  
 22 has been indexed in the records relating to real estate  
 23 mortgages, the statement of release must contain a reference  
 24 to the document number of such original or continuation  
 25 statement, and must be indexed in accordance with the

1 requirement applicable to release of mortgages. If the  
 2 collateral is equipment or rolling stock of railroads or  
 3 street railways, the fee for filing and noting such a  
 4 statement of release shall be ~~fifteen dollars (\$15.00)~~. In  
 5 all other cases the uniform fee for filing and noting such a  
 6 statement of release shall be ~~two dollars (\$2)~~."

7 Section 18. Section 93-2830, R.C.M. 1947, is amended  
 8 to read as follows:

9 "93-2830. Who may be sued on overdue negotiable  
 10 instruments -- transfer. A holder of overdue bills of  
 11 exchange and promissory notes, ~~as described in 87A-3-10442~~  
 12 may sue all the parties thereto collectively or severally,  
 13 but if any of the parties thereto, who are not primarily  
 14 liable for the payment, ~~shall~~ tender the amount of  
 15 principal, interest, and costs thereon, ~~he~~ the holder shall  
 16 transfer the paper, ~~and if~~ If a judgment be rendered  
 17 thereon, ~~he~~ the holder shall assign 'he judgment to such  
 18 party so making the tender, and in case of refusal he may  
 19 be compelled to do so by summary proceedings, instituted for  
 20 that purpose ~~instituted~~, in the district court of the  
 21 district in which he ~~shall reside~~ resides."

22 Section 19. Section 84-2412, R.C.M. 1947, is amended  
 23 to read as follows:

24 "84-2412. Employment of help -- disposal of license  
 25 money. The state department of revenue ~~is hereby authorized~~

1 ~~to~~ may employ such clerical and field assistance as may be  
 2 found necessary to carry out and ~~to~~ administer the  
 3 provisions of this act. All money collected under the  
 4 provisions of this act shall be paid into the state  
 5 treasury, with ~~five dollars (\$5)~~ of the fee collected from  
 6 each store license sold credited to an earmarked revenue  
 7 fund for administration of ~~the Unfair Practices Act~~ Title  
 8 51, chapter 1, by the department of business regulation and  
 9 the rest to the credit of the general fund."

10 Section 20. Repealer. Sections 66-214, 66-215, 66-217,  
 11 and 66-218, R.C.M. 1947, are repealed.

-End-

SENATE BILL NO. 4  
INTRODUCED BY HAZELBAKER

A BILL FOR AN ACT ENTITLED: "AN ACT FOR THE GENERAL REVISION AND CLARIFICATION OF LAWS RELATING TO TRADE AND COMMERCE; AMENDING SECTIONS 15-2006, 66-209, 66-212, 66-221, 66-229, ~~84-2412~~, 85-105, 85-107, 85-407, 85-408, 85-409, 85-410, 87A-1-101, 87A-9-302, 87A-9-302.2, 87A-9-401, 87A-9-405, 87A-9-406, AND 93-2830, R.C.M. 1947; and repealing sections 66-214, 66-215, 66-217, AND 66-218, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-2006, R.C.M. 1947, is amended to read as follows:

"15-2006. Registration of broker-dealers, salesmen, and investment advisers. (1) It is unlawful for any person to transact business in this state as a broker-dealer or salesman, except in transactions exempt under ~~section~~ 15-2014, unless he is registered under this ~~act~~ chapter. It is unlawful for any person to transact business in this state as an investment adviser unless;

- ~~44~~ (a) he is so registered under this ~~act~~ or chapter;
- ~~42~~ (b) he is registered as a broker-dealer under this ~~act~~ chapter; or

There are no changes in *S.B.H.* and due to length will not be rerun. Please refer to yellow copy for complete text.

*2nd Printing*

THIRD READING

~~42~~ (c) his only clients in this state are investment companies as defined in the Investment Company Act of 1940 or insurance companies.

(2) A broker-dealer, or a salesman, acting as an agent ~~agent~~ for an issuer, ~~or issuers~~ or acting as ~~agents~~ an agent for a broker-dealer in the offer ~~or~~ sale of securities for an issuer, ~~or issuers~~ or an investment adviser may apply for registration by filing with the commissioner an application in such form as the commissioner ~~shall prescribe~~ prescribes and payment of the fee prescribed in ~~section~~ 15-2016. Except for persons in the employ of brokerage firms governed by the regulations of the securities and exchange commission, all salesmen must be legal residents of this state and must have actually resided in this state for a period of at least ~~one~~ 1 year next prior to the date of application for registration. Salesmen shall also file with the commissioner a bond of a surety company duly authorized to transact business in this state. ~~Said~~ The bond ~~to~~ shall be in the sum of ~~five thousand dollars~~ (\$5,000.00), payable to the state of Montana, and conditioned upon the faithful compliance with the provisions of this ~~act~~ chapter, and shall provide that upon failure to so comply, the salesman shall be liable to any and all persons who may suffer loss by reason thereof.

(3) The application shall contain whatever information

1 the commissioner requires.

2 (4) If no denial order is in effect and no proceeding  
3 is pending under ~~subdivision~~ subsection (8) of this section,  
4 registration becomes effective at noon of the ~~thirtieth~~  
5 ~~(30th)~~ day after an application is filed. The commissioner  
6 may specify an earlier effective date, and he may by order  
7 defer the effective date for an additional ~~sixty~~ ~~(60)~~ days, ~~and~~  
8 ~~the~~ The effective day after the filing of any amendment  
9 shall be noon of the ~~thirtieth~~ ~~(30th)~~ day thereafter unless  
10 otherwise accelerated by the commissioner.

11 (5) Registration of a broker-dealer, salesman, or  
12 investment adviser shall be effective until ~~the first~~ ~~(1st)~~  
13 ~~day of~~ March 1 next following such registration and may be  
14 renewed ~~as hereinafter provided~~. The registration of a  
15 salesman is not effective during any period when he is not  
16 associated with an issuer or a registered broker-dealer  
17 specified in his application. When a salesman begins or  
18 terminates a connection with an issuer or registered  
19 broker-dealer, the salesman and the issuer or broker-dealer  
20 shall promptly notify the commissioner.

21 (6) Registration of a broker-dealer, salesman, or  
22 investment adviser may be renewed by filing with the  
23 commissioner prior to the expiration thereof an application  
24 containing such information as the commissioner may require  
25 to indicate any material change in the information contained

1 in the original application or any renewal application for  
2 registration as a broker-dealer, salesman, or investment  
3 adviser filed with the commissioner by the applicant,  
4 payment of the prescribed fee and, in the case of a  
5 broker-dealer, a financial statement showing the financial  
6 condition of such broker-dealer as of a date within ~~ninety~~  
7 ~~(90)~~ days. A registered broker-dealer or investment adviser  
8 may file an application for registration of a successor, to  
9 become effective upon approval of the commissioner.

10 (7) Every registered broker-dealer and investment  
11 adviser shall make and keep such accounts and other records,  
12 except with respect to securities exempt under ~~section~~  
13 15-2013 (1), as may be prescribed by the commissioner. All  
14 records so required shall be preserved for ~~three~~ ~~(3)~~ years  
15 unless the commissioner prescribes otherwise for particular  
16 types of records. All the records of a registered  
17 broker-dealer or investment adviser are subject at any time  
18 or from time to time to such reasonable periodic, special,  
19 or other examinations, within or without this state, by  
20 representatives of the commissioner, as the commissioner  
21 ~~deems~~ considers necessary or appropriate in the public  
22 interest or for the protection of investors.

23 (8) The commissioner may by order deny, suspend, or  
24 revoke registration of any broker-dealer, salesman, or  
25 investment adviser if he finds that the order is in the

1 SENATE BILL NO. 4  
 2 INTRODUCED BY HAZELBAKER  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT FOR THE GENERAL  
 5 REVISION AND CLARIFICATION OF LAWS RELATING TO TRADE AND  
 6 COMMERCE; AMENDING SECTIONS 15-2006, 66-209, 66-212, 66-221,  
 7 66-229, ~~84-2412~~, 85-105, 85-107, 85-407, 85-408, 85-409,  
 8 85-410, 87A-1-101, 87A-9-302, 87A-9-302.2, 87A-9-401,  
 9 87A-9-405, 87A-9-406, AND 93-2830, R.C.M. 1947; and  
 10 repealing sections 66-214, 66-215, 66-217, AND 66-218,  
 11 R.C.M. 1947."

12  
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 14 Section 1. Section 15-2006, R.C.M. 1947, is amended to  
 15 read as follows:  
 16 "15-2006. Registration of broker-dealers, salesmen,  
 17 and investment advisers. (1) It is unlawful for any person  
 18 to transact business in this state as a broker-dealer or  
 19 salesman, except in transactions exempt under section  
 20 15-2014, unless he is registered under this act chapter. It  
 21 is unlawful for any person to transact business in this  
 22 state as an investment adviser unless:  
 23 ~~(1)(a)~~ he is so registered under this act ~~or chapter~~;  
 24 ~~(1)(b)~~ he is registered as a broker-dealer under this  
 25 act ~~chapter~~; or

REFERENCE BILL

1 ~~(3)(c)~~ his only clients in this state are investment  
 2 companies as defined in the Investment Company Act of 1940  
 3 or insurance companies.  
 4 (2) A broker-dealer ~~or a salesman~~, acting as an  
 5 agent ~~agent~~ for an issuer, ~~or issuers~~ or acting as agents  
 6 ~~an agent~~ for a broker-dealer in the offer or sale of  
 7 securities for an issuer, ~~or issuers~~ or an investment  
 8 adviser may apply for registration by filing with the  
 9 commissioner an application in such form as the commissioner  
 10 ~~shall prescribe prescribes~~ and payment of the fee prescribed  
 11 in section 15-2016. Except for persons in the employ of  
 12 brokerage firms governed by the regulations of the  
 13 securities and exchange commission, all salesmen must be  
 14 legal residents of this state and must have actually resided  
 15 in this state for a period of at least ~~one~~ ~~(1)~~ year next  
 16 prior to the date of application for registration. Salesmen  
 17 shall also file with the commissioner a bond of a surety  
 18 company duly authorized to transact business in this state.  
 19 ~~Said~~ ~~the~~ bond to ~~shall~~ be in the sum of ~~five thousand~~  
 20 ~~dollars~~ ~~(15,000.00)~~, payable to the state of Montana, and  
 21 conditioned upon the faithful compliance with the provisions  
 22 of this act ~~chapter~~, and shall provide that upon failure to  
 23 so comply, the salesman shall be liable to any and all  
 24 persons who may suffer loss by reason thereof.  
 25 (3) The application shall contain whatever information

1 the commissioner requires.

2 (4) If no denial order is in effect and no proceeding  
3 is pending under ~~subdivision~~ subsection (8) of this section,  
4 registration becomes effective at noon of the ~~thirtieth~~  
5 ~~{30th}~~ day after an application is filed. The commissioner  
6 may specify an earlier effective date, and he may by order  
7 defer the effective date for an additional ~~sixty~~ ~~{60}~~ days,  
8 ~~the~~ ~~the~~ effective day after the filing of any amendment  
9 shall be noon of the ~~thirtieth~~ ~~{30th}~~ day thereafter unless  
10 otherwise accelerated by the commissioner.

11 (5) Registration of a broker-dealer, salesman, or  
12 investment adviser shall be effective until ~~the first~~ ~~{1st}~~  
13 ~~day~~ of March 1 next following such registration and may be  
14 renewed ~~as--hereinafter--provided~~. The registration of a  
15 salesman is not effective during any period when he is not  
16 associated with an issuer or a registered broker-dealer  
17 specified in his application. When a salesman begins or  
18 terminates a connection with an issuer or registered  
19 broker-dealer, the salesman and the issuer or broker-dealer  
20 shall promptly notify the commissioner.

21 (6) Registration of a broker-dealer, salesman, or  
22 investment adviser may be renewed by filing with the  
23 commissioner prior to the expiration thereof an application  
24 containing such information as the commissioner may require  
25 to indicate any material change in the information contained

1 in the original application or any renewal application for  
2 registration as a broker-dealer, salesman, or investment  
3 adviser filed with the commissioner by the applicant,  
4 payment of the prescribed fee and, in the case of a  
5 broker-dealer, a financial statement showing the financial  
6 condition of such broker-dealer as of a date within ~~ninety~~  
7 ~~{90}~~ days. A registered broker-dealer or investment adviser  
8 may file an application for registration of a successor, to  
9 become effective upon approval of the commissioner.

10 (7) Every registered broker-dealer and investment  
11 adviser shall make and keep such accounts and other records,  
12 except with respect to securities exempt under section  
13 15-2013 (1), as may be prescribed by the commissioner. All  
14 records so required shall be preserved for ~~three~~ ~~{3}~~ years  
15 unless the commissioner prescribes otherwise for particular  
16 types of records. All the records of a registered  
17 broker-dealer or investment adviser are subject at any time  
18 or from time to time to such reasonable periodic, special,  
19 or other examinations, within or without this state, by  
20 representatives of the commissioner, as the commissioner  
21 ~~deems~~ considers necessary or appropriate in the public  
22 interest or for the protection of investors.

23 (8) The commissioner may by order deny, suspend, or  
24 revoke registration of any broker-dealer, salesman, or  
25 investment adviser if he finds that the order is in the

1 public interest and that the applicant or registrant or, in  
2 the case of a broker-dealer or investment adviser, any  
3 partner, officers, or director:

4 (a) has filed an application for registration under  
5 this section which, as of its effective date, or as of any  
6 date after filing in the case of an order denying  
7 effectiveness, was incomplete in any material respect or  
8 contained any statement which was, in the light of the  
9 circumstances under which it was made, false or misleading  
10 with respect to any material fact;

11 (b) has willfully violated or willfully failed to  
12 comply with any provision of this act chapter or a  
13 predecessor act law or any rule or order under this act  
14 chapter or a predecessor act law;

15 (c) has been convicted of any misdemeanor involving a  
16 security or any aspect of the securities business, or any  
17 felony;

18 (d) is permanently or temporarily enjoined by any  
19 court of competent jurisdiction from engaging in or  
20 continuing any conduct or practice involving any aspect of  
21 the securities business;

22 (e) is the subject of an order of the commissioner  
23 denying, suspending, or revoking registration as a  
24 broker-dealer, salesman, or investment adviser;

25 (f) is the subject of an order entered within the past

1 ~~five-~~ years by the securities administrator of any other  
2 state or by the federal securities and exchange commission  
3 denying or revoking registration as a broker-dealer or  
4 salesman or the substantial equivalent of those terms as  
5 defined in this act chapter or is the subject of an order  
6 of the federal securities and exchange commission suspending  
7 or expelling him from a national securities exchange or  
8 national securities association registered under the  
9 Securities Exchange Act of 1934, or is the subject of a  
10 United States post office fraud order; but:

11 ~~(e)(i)~~ the commissioner may not institute a revocation  
12 or suspension proceeding under this ~~clause~~ subsection (f)  
13 more than ~~one-~~ year from the date of the order relied  
14 on; and

15 ~~(b)(iii)~~ he may not enter any order under this ~~clause~~  
16 subsection (f) on the basis of an order unless that order  
17 was based on facts which would currently constitute a ground  
18 for an order under this section;

19 (g) has engaged in dishonest or unethical practices in  
20 the securities business;

21 (h) is insolvent, either in the sense that his  
22 liabilities exceed his assets or in the sense that he cannot  
23 meet his obligations as they mature; but the commissioner  
24 may not enter an order against a broker-dealer or investment  
25 adviser under this ~~clause~~ subsection (h) without a finding

1 of insolvency as to the broker-dealer or investment adviser;  
2 or

3 (i) has not complied with a condition imposed by the  
4 commissioner under ~~subdivision~~ subsection (8) of this  
5 section, or is not qualified on the basis of such factors as  
6 training, experience, or knowledge of the securities  
7 business; or

8 (j) has failed to pay the proper filing fee; but the  
9 commissioner may enter only a denial order under this ~~clause~~  
10 subsection (j), and he shall vacate any such order when the  
11 deficiency has been corrected. The commissioner may by order  
12 summarily postpone or suspend registration pending final  
13 determination of any proceeding under this section.

14 (9) Upon the entry of the order under ~~subdivision~~  
15 subsection (8) of this section, the commissioner shall  
16 promptly notify the applicant or registrant, as well as the  
17 employer or prospective employer if the applicant or  
18 registrant is a salesman, that it has been entered and of  
19 the reasons therefor and that if requested by the applicant  
20 or registrant within ~~fifteen-(15)~~ days after the receipt of  
21 the commissioner's notification the matter will be promptly  
22 set down for hearing. If no hearing is requested within  
23 ~~fifteen-(15)~~ days and none is ordered by the commissioner,  
24 the order will remain in effect until it is modified or  
25 vacated by the commissioner. If a hearing is requested or

1 ordered, the commissioner, after notice of and opportunity  
2 for hearing, may affirm, modify<sub>2</sub> or vacate the order.

3 (10) If the commissioner finds that any registrant or  
4 applicant for registration is no longer in existence or has  
5 ceased to do business as a broker-dealer, investment  
6 adviser<sub>1</sub> or salesman, or is subject to an adjudication of  
7 mental incompetence or to the control of a committee,  
8 conservator, or guardian, or cannot be located after  
9 reasonable search, the commissioner may by order cancel the  
10 registration or application."

11 Section 2. Section 66-209, R.C.M. 1947, is amended to  
12 read as follows:

13 "66-209. Power of city authorities. The city council  
14 or other corresponding authority of each city may designate  
15 such place or places therein for ~~the--sale--by--auction--of~~  
16 ~~horses, carriages, and household furniture,~~ auction sales as  
17 they deem it considers expedient."

18 Section 3. Section 66-212, R.C.M. 1947, is amended to  
19 read as follows:

20 "66-212. Commissions and penalty for overcharge. No  
21 auctioneer ~~must~~ may demand or receive a higher compensation  
22 for his services than a commission of ~~one-per-cent 1%~~  
23 amount of any sales, public or private, made by him, unless  
24 by virtue of a previous agreement in writing between him and  
25 the owner or consignee. Every auctioneer who violates this

1 ~~sections in addition to the criminal penalty,~~ forfeits to  
2 the party aggrieved ~~two hundred and fifty dollars \$250,~~ and  
3 must refund the excess of charge."

4 Section 4. Section 66-221, R.C.M. 1947, is amended to  
5 read as follows:

6 "66-221. Definitions. (1) The words "public auction  
7 sales" when used in this act, ~~shall~~ mean the offering for  
8 sale or selling of new goods, wares, or merchandise to the  
9 highest bidder or offering for sale or selling of new goods,  
10 wares, or merchandise at a high price and then offering the  
11 same at successive lower prices until a buyer is secured, in  
12 the manner defined and set out in ~~sections 66-213 and 66-214~~  
13 87A-2-328.

14 (2) The words "new goods, wares, and merchandise"  
15 when used in this act, ~~shall~~ mean ~~and include~~ all goods,  
16 wares, and merchandise not previously sold at retail."

17 Section 5. Section 66-229, R.C.M. 1947, is amended to  
18 read as follows:

19 "66-229. Exemptions ~~from act.~~ The provisions of this  
20 act ~~shall~~ do not extend to:

21 (1) the sale at public auction of livestock, farm  
22 machinery, or farm produce, or other items commonly sold at  
23 farm sales; ~~or to~~

24 (2) auction sales of new merchandise by individuals of  
25 ~~new merchandise,~~ who maintain an established retail sales

1 place of business and inventory of goods in the county in  
2 which the sale is to be held; ~~and to~~

3 (3) auction sales under the direction of any court or  
4 court officers as may be required by law; ~~nor shall it apply~~  
5 ~~to~~

6 (4) sales made to dealers by commercial travelers or  
7 selling agents in the usual course of business; ~~nor to~~

8 (5) a bona fide sale of goods, wares, and merchandise  
9 by sample for future delivery, or by sales made by sheriffs,  
10 constables, or other public officers selling goods, wares,  
11 and merchandise according to law; ~~nor to or~~

12 (6) bona fide assignees or receivers appointed in this  
13 state selling goods, wares, and merchandise for the benefit  
14 of creditors."

15 Section 6. Section 85-105, R.C.M. 1947, is amended to  
16 read as follows:

17 "85-105. Penalties. The penalty for forging,  
18 counterfeiting, or unlawful using of trade-marks is a  
19 misdemeanor as provided in 94-6-308 or 94-6-310, whichever  
20 is applicable."

21 Section 7. Section 85-107, R.C.M. 1947, is amended to  
22 read as follows:

23 "85-107. Penalties. Every person who violates the  
24 provisions of ~~the preceding section 85-106~~ is punishable as  
25 provided in ~~sections 94-35-226 and 94-35-230~~ 94-6-308 and

1 ~~94-0-310.~~"

2 Section 8. Section 85-407, R.C.M. 1947, is amended to  
3 read as follows:

4 "85-407. Powers of receiver ~~appointed by court~~ --  
5 proof of damages -- ~~court~~ jurisdiction. (1) When a receiver  
6 is appointed by the court pursuant to this act, he has the  
7 power to sue for, collect, receive, and take into his  
8 possession all goods and chattels, rights and credits,  
9 moneys and effects, lands and tenements, books, records,  
10 documents, papers, choses in action, bills, notes, and  
11 property of every description, derived by means of any  
12 practice declared to be illegal and prohibited by this act,  
13 including property with which such property has been mingled  
14 if it cannot be identified in kind because of such  
15 commingling, and to sell, convey, and assign the same and  
16 hold and dispose of the proceeds thereof under the direction  
17 of the court.

18 (2) Any person who has suffered damages as a result of  
19 the use of or employment of any unlawful practices, practices  
20 and submits proof to the satisfaction of the court that he  
21 has in fact been damaged, may participate with general  
22 creditors in the distribution of the assets to the extent he  
23 has sustained out-of-pocket losses.

24 (3) In the case of a partnership or business entity,  
25 the receiver shall settle the estate and distribute the

1 assets under the direction of the court.

2 (4) The court has jurisdiction of all questions  
3 arising in the proceedings and may make orders and judgments  
4 as may be required."

5 Section 9. Section 85-408, R.C.M. 1947, is amended to  
6 read as follows:

7 "85-408. ~~Private action for damages treble damages~~  
8 ~~Damages~~ -- notice to public agencies -- attorney fees --  
9 prior judgment as evidence. (1) Any person who purchases or  
10 leases goods or services primarily for personal, family, or  
11 household purposes and thereby suffers any ascertainable  
12 loss of money or property, real or personal, as a result of  
13 the use or employment by another person of a method, act, or  
14 practice declared unlawful by ~~section 2-[85-402]-of this~~  
15 ~~act~~, may bring an individual, but not a class action under  
16 ~~the rules or of~~ civil procedure in the district court ~~of the~~  
17 ~~county~~ in which the seller or lessor resides or has his  
18 principal place of business or is doing business, to recover  
19 actual damages or ~~two-hundred-dollars-(\$200)~~, whichever is  
20 greater. The court may, in its discretion, award up to three  
21 ~~(3)~~ times the actual damages sustained and may provide such  
22 equitable relief as it ~~deems~~ ~~considers~~ necessary or proper.

23 (2) Upon commencement of any action brought under  
24 subsection (1) of this section, the clerk of court shall  
25 mail a copy of the complaint or initial pleading to the

1 department and the appropriate county attorney and, upon  
 2 entry of any judgment or decree in the action, shall mail a  
 3 copy of such judgment or decree to the department and the  
 4 appropriate county attorney.

5 (3) In any action brought under this section, the  
 6 court may award the prevailing party reasonable attorney  
 7 fees incurred in prosecuting or defending the action.

8 (4) Any permanent injunction, judgment, or order of  
 9 the court made under ~~section-5-[85-405]-of-this-act~~ shall be  
 10 prima facie evidence in an action brought under ~~section-8~~  
 11 ~~[this section]-of-this-act~~ that the respondent used or  
 12 employed a method, act, or practice declared unlawful by  
 13 ~~section-2-[85-402]-of-this-act.~~"

14 Section 10. Section 85-409, R.C.M. 1947, is amended to  
 15 read as follows:

16 "85-409. Assurance of voluntary compliance. In the  
 17 administration of this act, the department may accept an  
 18 assurance of voluntary compliance with respect to any  
 19 method, act, or practice deemed considered to be violative  
 20 of the act from any person who has engaged or was about to  
 21 engage in any such method, act, or practice. Any such  
 22 assurance shall be in writing and be filed with and subject  
 23 to the approval of ~~the~~ district court ~~of the county~~ in which  
 24 the alleged violator resides or has his principal place of  
 25 business, or the district court of Lewis and Clark county

1 ~~County.~~ Assurance of voluntary compliance is not an  
 2 admission of violation for any purpose. Matters thus closed  
 3 may at any time be reopened by the department for further  
 4 proceedings in the public interest, pursuant to ~~section-5~~  
 5 ~~[85-405].~~"

6 Section 11. Section 85-410, R.C.M. 1947, is amended to  
 7 read as follows:

8 "85-410. Investigative demand on unlawful practices.  
 9 (1) When it appears to the department that the person has  
 10 engaged in, is engaging in, or is about to engage in any act  
 11 or practice declared to be unlawful by this act, or when the  
 12 department believes it to be in the public interest that an  
 13 investigation should be made to ascertain whether a person  
 14 in fact has engaged in, is engaging in, or is about to  
 15 engage in any act or practice declared to be unlawful by  
 16 this act, the department may execute in writing and cause to  
 17 be served upon any person who is believed to have  
 18 information, documentary material, or physical evidence  
 19 relevant to the alleged or suspected violation, an  
 20 investigative demand requiring such person to furnish, under  
 21 oath or otherwise, a report in writing setting forth the  
 22 relevant facts and circumstances of which he has knowledge,  
 23 or to appear and testify or to produce relevant documentary  
 24 material or physical evidence for examination, at such  
 25 reasonable time and place as may be stated in the

1 investigative demand, concerning the advertisement, sale, or  
2 offering for sale of any goods or services or the conduct of  
3 any trade or commerce that is the subject matter of the  
4 investigation.

5 (2) At any time before the return date specified in an  
6 investigative demand, or within ~~twenty~~(20) days after the  
7 demand has been served, whichever period is shorter, a  
8 petition to extend the return date, or to modify or set  
9 aside the demand, stating good cause, may be filed in the  
10 district court ~~where of the county in which~~ the person  
11 served with the demand resides or has his principal place of  
12 business or in the district court of Lewis and Clark ~~county~~  
13 County."

14 Section 12. Section 87A-1-101, R.C.M. 1947, is amended  
15 to read as follows:

16 "87A-1-101. Short title. (1) This act shall be known  
17 and may be cited as Uniform Commercial Code.

18 (2) As used in chapters 1 through 9 of this title  
19 "code" means "Uniform Commercial Code" unless the context  
20 indicates otherwise."

21 Section 13. Section 87A-9-302, R.C.M. 1947, is amended  
22 to read as follows:

23 "87A-9-302. When filing is required to perfect  
24 security interest -- security interests to which filing  
25 provisions of this chapter do not apply. (1) A financing

1 statement must be filed to perfect all security interests  
2 except the following:

3 (a) a security interest in collateral in possession of  
4 the secured party under ~~section~~ 87A-9-305;

5 (b) a security interest temporarily perfected in  
6 instruments or documents without delivery under ~~section~~  
7 87A-9-304 or in proceeds for a 10-day period under ~~section~~  
8 87A-9-306;

9 (c) a purchase money security interest in farm  
10 equipment having a purchase price not in excess of ~~\$2500~~  
11 ~~\$2,500~~; but filing is required for a fixture under ~~section~~  
12 87A-9-313 or for a motor vehicle required to be licensed;

13 (d) a purchase money security interest in consumer  
14 goods; but filing is required for a fixture under ~~section~~  
15 87A-9-313 or for a motor vehicle required to be licensed;

16 (e) an assignment of accounts or contract rights which  
17 does not alone or in conjunction with other assignments to  
18 the same assignee transfer a significant part of the  
19 outstanding accounts or contract rights of the assignor;

20 (f) a security interest of a collecting bank (~~section~~  
21 87A-4-208) or arising under the ~~Chapter~~ chapter on ~~Sales~~  
22 sales or covered in subsection (3) of this section.

23 (2) If a secured party assigns a perfected security  
24 interest, no filing under this chapter is required in order  
25 to continue the perfected status of the security interest

1 against creditors of and transferees from the original  
2 debtor.

3 (3) ~~The Except for financing statements filed pursuant~~  
4 ~~to 87A-9-302.2, the~~ filing provisions of this chapter do not  
5 apply to a security interest in property subject to a  
6 statute:

7 (a) of the United States which provides for a national  
8 registration or filing of all security interests in such  
9 property; or

10 (b) of this state which provides for central filing  
11 of, or which requires indication on a certificate of title  
12 of, such security interests in such property.

13 (4) ~~A Except for financing statements filed pursuant~~  
14 ~~to 87A-9-302.2, a~~ security interest in property covered by a  
15 statute described in subsection (3) can be perfected only by  
16 registration or filing under that statute or by indication  
17 of the security interest on a certificate of title or a  
18 duplicate thereof by a public official.\*

19 Section 14. Section 87A-9-302.2, R.C.M. 1947, is  
20 amended to read as follows:

21 "87A-9-302.2. ~~Place of filing of utility~~ Utility  
22 financing statement -- place of filing -- contents --  
23 perfection of security interest. ~~Financing statements of a~~  
24 ~~transmitting utility notwithstanding sections 87A-9-302(3),~~  
25 ~~87A-9-302(4), 87A-9-401(1), 87A-9-402, 87A-9-403, 87A-9-404,~~

1 ~~87A-9-405 and 87A-9-406 of the Uniform Commercial Code~~  
2 ~~(a)(1)~~ If filing is required under the Uniform Commercial  
3 Code, the proper place to file in order to perfect a  
4 security interest in personal property or fixtures of a  
5 transmitting utility or other corporation covered hereby is  
6 in the office of the secretary of state.

7 ~~(b)(2)~~ When the financing statement covers goods of a  
8 transmitting utility which are or are to become fixtures, no  
9 description of the real estate concerned is required.

10 ~~(c)(3)~~ A security interest in rolling stock of a  
11 transmitting utility may be perfected either as provided in  
12 section 20(c) of the Interstate Commerce Act or by filing a  
13 financing statement pursuant to ~~the Uniform Commercial Code~~  
14 ~~as provided in~~ subsection ~~(a)(1).~~"

15 Section 15. Section 87A-9-401, R.C.M. 1947, is amended  
16 to read as follows:

17 "87A-9-401. Place of filing -- erroneous filing --  
18 removal of collateral. (1) ~~The Except for financing~~  
19 ~~statements filed pursuant to 87A-9-302.2, the~~ proper place  
20 to file in order to perfect a security interest is as  
21 follows:

22 (a) when the collateral is equipment used in farming  
23 operations, or farm products, or accounts, contract rights,  
24 or general intangibles arising from or relating to the sale  
25 of farm products by a farmer, or consumer goods, then in the

1 office of the county clerk and recorder in the county of the  
 2 debtor's residence or if the debtor is not a resident of  
 3 this state then in the office of the county clerk and  
 4 recorder in the county where the goods are kept, and in  
 5 addition when the collateral is crops in the office of the  
 6 county clerk and recorder in the county where the land on  
 7 which the crops are growing or to be grown is located;

8 (b) when the collateral is goods which at the time the  
 9 security interest attaches are or are to become fixtures,  
 10 then in the office where a mortgage on the real estate  
 11 concerned would be filed or recorded;

12 (c) in all other cases, in the office of the secretary  
 13 of state.

14 (2) A filing which is made in good faith in an  
 15 improper place or not in all of the places required by this  
 16 section is nevertheless effective with regard to any  
 17 collateral as to which the filing complied with the  
 18 requirements of this chapter and is also effective with  
 19 regard to collateral covered by the financing statement  
 20 against any person who has knowledge of the contents of such  
 21 financing statement.

22 (3) A filing which is made in the proper place in this  
 23 state continues effective even though the debtor's residence  
 24 or place of business or the location of the collateral or  
 25 its use, whichever controlled the original filing, is

1 thereafter changed.

2 (4) If collateral is brought into this state from  
 3 another jurisdiction, the rules stated in section 87A-9-103  
 4 determine whether filing is necessary in this state."

5 Section 16. Section 87A-9-405, R.C.M. 1947, is amended  
 6 to read as follows:

7 "87A-9-405. Assignment of security interest -- duties  
 8 of filing officer -- fees. (1) A financing statement may  
 9 disclose an assignment of a security interest in the  
 10 collateral described in the statement by indication in the  
 11 statement of the name and address of the assignee or by an  
 12 assignment itself or a copy thereof on the face or back of  
 13 the statement. Either the original secured party or the  
 14 assignee may sign this statement as the secured party. On  
 15 presentation to the filing officer of such a financing  
 16 statement the filing officer shall mark the same as provided  
 17 in section 87A-9-403(4). If the collateral is equipment or  
 18 rolling stock of railroads or street railways, the fee for  
 19 filing, indexing, and furnishing filing data for a financing  
 20 statement so indicating an assignment shall be fifteen  
 21 dollars-~~(\$15.00)~~. In all other cases the uniform fee for  
 22 filing, indexing, and furnishing filing data for a financing  
 23 statement so indicating an assignment shall be two-dollars  
 24 ~~(\$2)~~.

25 (2) A secured party may assign of record all or a part

1 of his rights under a financing statement by the filing of a  
 2 separate written statement of assignment signed by the  
 3 secured party of record and setting forth the name of the  
 4 secured party of record and the debtor, the file number and  
 5 the date of filing of the financing statement, and the name  
 6 and address of the assignee, ~~and containing and except for~~  
 7 ~~financing statements filed pursuant to 87A-9-302, 2 AS~~  
 8 ~~PROVIDED IN 87A-9-302, 2(B)~~, a description of the collateral  
 9 assigned. A copy of the assignment is sufficient as a  
 10 separate statement if it complies with the preceding  
 11 sentence. On presentation to the filing officer of such a  
 12 separate statement, the filing officer shall mark such  
 13 separate statement with the date and hour of the filing. He  
 14 shall note the assignment on the index of the financing  
 15 statement. If the original financing statement or any  
 16 continuation statement has been indexed in the records  
 17 relating to real estate mortgages, the statement of  
 18 assignment must contain a reference to the document number  
 19 of such original or continuation statement and must be  
 20 indexed in accordance with the requirements applicable to  
 21 assignments of mortgages. If the collateral is equipment or  
 22 rolling stock, of railroads or street railways, the fee for  
 23 filing, indexing, and furnishing filing data about such a  
 24 separate statement of assignment shall be ~~fifteen--dollars~~  
 25 ~~(\$15.00)~~. In all other cases the uniform fee for filing,

1 indexing, and furnishing filing data about such a separate  
 2 statement of assignment shall be ~~two-dollars-(\$2)~~.

3 (3) After the disclosure or filing of an assignment  
 4 under this section, the assignee is the secured party of  
 5 record."

6 Section 17. Section 87A-9-406, R.C.M. 1947, is amended  
 7 to read as follows:

8 "87A-9-406. Release of collateral -- duties of filing  
 9 officer -- fees. A secured party of record may by his signed  
 10 statement release all or a part of any collateral described  
 11 in a filed financing statement. The statement of release is  
 12 sufficient if it contains a description of the collateral  
 13 being released ~~(except for financing statements filed~~  
 14 ~~pursuant to 87A-9-302, 2 AS PROVIDED IN 87A-9-302, 2(B))~~, the  
 15 name and address of the debtor, the name and address of the  
 16 secured party, and the file number of the financing  
 17 statement. Upon presentation of such a statement to the  
 18 filing officer he shall mark the statement with the hour and  
 19 date of filing and shall note the same upon the margin of  
 20 the index of the filing of the financing statement. If the  
 21 original financing statement or any continuation statement  
 22 has been indexed in the records relating to real estate  
 23 mortgages, the statement of release must contain a reference  
 24 to the document number of such original or continuation  
 25 statement, and must be indexed in accordance with the

1 requirement applicable to release of mortgages. If the  
 2 collateral is equipment or rolling stock of railroads or  
 3 street railways, the fee for filing and noting such a  
 4 statement of release shall be ~~fifteen dollars~~ ~~(\$15.00)~~. In  
 5 all other cases the uniform fee for filing and noting such a  
 6 statement of release shall be ~~two dollars~~ ~~(\$2)~~."

7 Section 18. Section 93-2830, R.C.M. 1947, is amended  
 8 to read as follows:

9 "93-2830. Who may be sued on overdue negotiable  
 10 instruments -- transfer. A holder of overdue bills of  
 11 exchange and promissory notes, ~~as described in 87A-3-1047~~  
 12 may sue all the parties thereto collectively or severally,  
 13 but if any of the parties thereto, who are not primarily  
 14 liable for the payment, ~~shall~~ tender the amount of  
 15 principal, interest, and costs thereon, ~~he the holder shall~~  
 16 transfer the papers, ~~end--if~~ If a judgment be rendered  
 17 thereon, ~~he the holder shall~~ assign the judgment to such  
 18 party so making the tender, ~~and in case of refusal he may~~  
 19 be compelled to do so by summary proceedings, ~~instituted for~~  
 20 that purpose ~~instituted~~ in the district court of the  
 21 district in which he ~~shall~~ reside resides."

22 Section 19. Section 84-2412, R.C.M. 1947, is amended  
 23 to read as follows:

24 "84-2412. Employment of help -- disposal of license  
 25 money. The state department of revenue ~~is hereby~~ ~~authorized~~

1 to ~~may~~ employ such clerical and field assistance as may be  
 2 found necessary to carry out and to administer the  
 3 provisions of this act. All money collected under the  
 4 provisions of this act shall be paid into the state  
 5 treasury, with ~~five dollars~~ ~~(\$5)~~ of the fee collected from  
 6 each store license sold credited to an earmarked revenue  
 7 fund for administration of ~~the Unfair Practices Act~~ Title  
 8 51, chapter 1, by the department of business regulation and  
 9 the rest to the credit of the general fund."

10 Section 20. Repealer. Sections 66-214, 66-215, 66-217,  
 11 and 66-218, R.C.M. 1947, are repealed.

-End-