

SENATE BILL NO. 182

INTRODUCED BY MEYER, KOLSTAD, GALT, THOMAS,
PAVLOVICH, BENGTON, LYNCH

BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER

IN THE SENATE

JANUARY 21, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

JANUARY 29, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

JANUARY 30, 1987 PRINTING REPORT.

FEBRUARY 2, 1987 SECOND READING, DO PASS.

FEBRUARY 3, 1987 ENGROSSING REPORT.

FEBRUARY 4, 1987 THIRD READING, PASSED.
TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 11, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & LABOR.

MARCH 5, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 7, 1987 SECOND READING, CONCURRED IN.

MARCH 9, 1987 THIRD READING, CONCURRED IN.
AYES, 90; NOES, 7.
RETURNED TO SENATE.

IN THE SENATE

MARCH 10, 1987 RECEIVED FROM HOUSE.
SENT TO ENROLLING.

1 ~~Senate~~ BILL NO. ~~400~~
 2 INTRODUCED BY ~~Meyer Keast~~ ~~Carl Shover~~
 3 BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER
 4 ~~Carl Shover, Bangston, Lynch~~
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN
 6 SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN
 7 THE DEVELOPMENTAL OR PROMOTIONAL STAGE AS A CONDITION OF
 8 REGISTRATION UNDER THE SECURITIES ACT OF MONTANA; AMENDING
 9 SECTION 30-10-206, MCA; AND PROVIDING AN APPLICABILITY DATE
 10 AND AN IMMEDIATE EFFECTIVE DATE."
 11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 Section 1. Section 30-10-206, MCA, is amended to read:
 14 "30-10-206. General provisions regarding registration
 15 of securities. (1) A registration statement may be filed by
 16 the issuer, any other person on whose behalf the offering is
 17 to be made, or a registered broker-dealer. Any document
 18 filed under parts 1 through 3 of this chapter or a
 19 predecessor law within 5 years preceding the filing of a
 20 registration statement may be incorporated by reference in
 21 the registration statement to the extent that the document
 22 is currently accurate. The commissioner may by rule or
 23 otherwise permit the omission of any item of information or
 24 document from any registration statement.
 25 (2) (a) The commissioner may require as a condition of

1 registration by qualification or coordination:
 2 (i) that the following securities be deposited in
 3 escrow:
 4 (A) any security issued within the past 3 years or to
 5 be issued to:
 6 (I) a promoter for a consideration substantially
 7 different from the public offering price; or
 8 (II) to any person for a consideration other than cash,
 9 ~~be-deposited-in-escrow;~~ and
 10 (B) any security issued or to be issued to a promoter
 11 while a corporation is still in a promotional or
 12 developmental stage; however, if shares were issued by a
 13 corporation while it was in a promotional or developmental
 14 stage and it no longer is in such stage, then this condition
 15 does not apply; and
 16 (ii) that the proceeds from the sale of the registered
 17 security in this state be impounded until the issuer
 18 receives a specified amount from the sale of the security
 19 either in this state or elsewhere.
 20 (b) The commissioner may determine the conditions of
 21 any escrow or impounding required hereunder but he may not
 22 reject a depository solely because of location in another
 23 state.
 24 (3) When securities are registered by notification,
 25 coordination, or qualification, they may be offered and sold

1 by the issuer, any other person on whose behalf they are
 2 registered, or by any registered broker-dealer. Every
 3 registration shall remain effective for a period of 1 year
 4 unless it is revoked by the commissioner, terminated upon
 5 request of the registrant with the consent of the
 6 commissioner, or renewed under 30-10-209(1)(b); however,
 7 said registration shall be automatically suspended upon a
 8 stop order or suspension proceedings being instituted by the
 9 securities and exchange commission relative to said
 10 securities and shall continue suspended so long as such
 11 proceedings are pending and until the registration or filing
 12 with the securities and exchange commission is effective.
 13 All outstanding securities of the same class as a currently
 14 registered security are considered to be registered for the
 15 purpose of any nonissuer transaction. A registration
 16 statement which has become effective may not be withdrawn
 17 for 1 year from its effective date if any securities of the
 18 same class are outstanding.

19 (4) The commissioner may require the person who filed
 20 the registration statement to file reports to keep
 21 reasonably current the information contained in the
 22 registration statement and to disclose the progress of the
 23 offering with respect to registered securities which:

24 (a) are issued by a face-amount certificate company or
 25 a redeemable security issued by an open-end management

1 company or unit investment trust as those terms are defined
 2 in the Investment Company Act of 1940; or

3 (b) are being offered and sold directly by or for the
 4 account of the issuer."

5 NEW SECTION. Section 2. Extension of authority. Any
 6 existing authority of the securities commissioner to make
 7 rules on the subject of the provisions of this act is
 8 extended to the provisions of this act.

9 NEW SECTION. Section 3. Applicability. This act
 10 applies to securities registered on and after the effective
 11 date of this act.

12 NEW SECTION. Section 4. Effective date. This act is
 13 effective on passage and approval.

-End-

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

1 Senate BILL NO. 102
 2 INTRODUCED BY Meyer Kautz Carl Thomas
 3 BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER
 4 Carlwick, Bengtson Lynch
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN
 6 SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN
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1 *Senate* BILL NO. *104*
 2 INTRODUCED BY *Meyer Kest* *Carl Starnes*
 3 BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER
 4 *Carlvin Bengtson Lynch*
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