

## ACT 120

An Act to Amend Chapter 199 of the Revised Laws of Hawaii 1955, as Amended, Relating to Sale of Securities.

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 199-6 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

“**Sec. 199-6. Registration of securities.** It shall be unlawful for any person to sell or offer to sell any security except of a class exempt under any of the provisions of section 199-4 or unless sold or offered in any transaction exempt under any of the provisions of section 199-5 in the State unless such security shall have been registered by notification, by qualification, or by coordination, as hereinafter provided. Registration of stock shall be deemed to include the registration of rights to subscribe to such stock if the notice under section 199-7 or the application under section 199-8 or the registration statement under section 199-8.5 includes a statement that such rights are to be issued. A record of the registration of securities shall be kept in a register of securities to be kept in the office of the commissioner, in which register shall also be recorded any orders entered by the commissioner with respect to such securities. Such register and all information with respect to the securities registered therein shall be open to public inspection.”

SECTION 2. Section 199-7 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by amending the last paragraph thereof to read as follows:

“At the time of filing the statement, as hereinbefore prescribed in this section, the applicant shall pay to the commissioner a fee of one-twentieth of one per cent of the aggregate offering price of the securities to be offered in the State for which the applicant is seeking registration, but in no case shall such fee be more than one hundred dollars.”

SECTION 3. Section 199-8.5 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by amending clause (a)(4) thereof to read as follows:

“An undertaking to forward all amendments to the prospectus filed under the Securities Act of 1933 promptly and in any event not later than the first business day after the day they are forwarded to or filed with the Securities and Exchange Commission, whichever first occurs.”

SECTION 4. Section 199-11 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by amending subsection (d) thereof to read as follows:

“(d) Eligibility for registration as a salesman. To be eligible for registration under this chapter a salesman shall be of good repute, shall have complied with the provisions mandatory of this section, shall be designated as a salesman by a registered dealer, and shall take and pass an oral or written examination, or both, prescribed by the commissioner, to test his knowledge of the securities business. Every person required to take such an examination shall, at or before the time he takes the same, pay to the commissioner a fee of \$10. No person shall be designated as a salesman by, or shall act as a salesman for, more than one registered dealer.”

SECTION 5. Chapter 199 of the Revised Laws of Hawaii 1955, as

amended, is hereby further amended by adding thereto a new section to follow immediately after section 199-12 thereof, to be numbered section 199-12.5, and to read as follows:

**“Sec. 199-12.5. Dealers’ records and reports; commissioner’s powers.** Every dealer registered under this chapter shall make and keep for a period of three years after the close of the calendar or fiscal year to which they pertain, full and complete records of his business, which records shall be open to inspection by the commissioner, and, in addition, shall file with the commissioner such annual or special reports of the condition, financial or other, of such dealer, in such form and detail, as the commissioner shall require. If any such dealer shall fail or refuse to make or keep any such record or to file any such report, the commissioner may subpoena such dealer or any person having knowledge of such dealer’s affairs to appear and testify or produce documentary evidence, administer oaths, and examine such dealer or any such person under oath with respect to the affairs of such dealer. The subpoena shall have the same force and effect and shall be served in the same manner as if issued from a court of record. Witness fees and mileage claims shall be allowed the same as for testimony in a court of record. Witness fees, mileage, and actual expenses necessarily incurred in securing the attendance of witnesses and of testimony and the production of documents shall constitute a charge against the dealer, recoverable by action by the State for the use of the persons entitled thereto. If any individual fails to obey the subpoena or obeys the subpoena and refuses to testify when required concerning the matter under investigation, the commissioner shall file his written report thereof and proof of service of his subpoena in the circuit court for the circuit in which the examination is being conducted. Thereupon the court shall forthwith cause the individual to be brought before it to show cause why he should not be held in contempt; and if so held, may punish him as if the failure or refusal related to a subpoena from or testimony in that court.”

SECTION 6. This Act shall take effect upon its approval.

(Approved May 31, 1963.) **S.B. 467.**

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