

# *"Blue Sky" Bill Introduced In House By Delegate Highley*

**Sale Of Securities Put Under Commissioner, Dealers Are Licensed And Heavy Penalties Imposed For Violations.**

*[From The Sun Bureau.]*

Annapolis, Md., Jan. 23.—Sale of securities in Maryland would be regulated by a commissioner of securities, appointed by the Governor; dealers would be licensed, and heavy penalties would be imposed for violations of the law, under the terms of a bill introduced in the House tonight by A. Boudie Highley, of Talbot county.

The bill, a "blue sky" measure, provides that the proposed commissioner shall be furnished with full information regarding a security issue before it is placed on the market, and also with copies of prospectuses and other literature used in promoting the sale.

#### **Promoters Made Liable.**

Both the stock promotion concern and the directors, jointly and severally, would be made liable for loss to the purchaser arising from misrepresentation of the value of securities. Any one who urged purchase of such securities for his own gain while concealing the fact that he was profiting thereby also would be liable.

Applications of persons desiring to deal in securities would be published, and they would be required to furnish full information to the commissioner as

to their responsibility and purposes. An annual fee of \$50 would be charged for licensees, and \$5 additional for each agent employed. The commissioner would have power to revoke licenses if a dealer was "engaged or about to engage in illegitimate business or fraudulent transactions."

#### **Year In Prison Penalty.**

Fines of from \$100 to \$5,000 and imprisonment for not more than one year, or both, are provided for false statement, and there are other penalties for other violations.

Exemption from the provisions is allowed national banks, and under certain conditions, State banks and trust companies. It is provided that real estate, mortgage bonds or notes secured by real estate mortgage, security issues authorized by the Public Service Commission, and stock of national and State banks, trust companies and building associations, shall not come under the head of "securities" as used in the bill.

The commissioner would serve for six years at \$5,000 a year. The measure was referred to the Judiciary Committee.