

49: 3-48 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 49:3-48 et al ("Uniform Securities Law"  
--amendments)

LAWS OF: 1985 CHAPTER: 405

BILL NO: S2715

Sponsor(s): Russo

Date Introduced: February 14, 1985

Committee: Assembly: -----

Senate: Labor, Industry and Professions

Amended during passage: Yes Substituted for A4292 (not attached since identical to S2715). Amendments during passage denoted by asterisks.

Date of Passage: Assembly: December 9, 1985

Senate: December 9, 1985

Date of Approval: January 9, 1986

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly No

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

See clippings file in New Jersey Reference department under "N.J.-Securities-1985".

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SENATE, No. 2715

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1985

By Senator RUSSO

Referred to Committee on Labor, Industry and Professions

AN ACT \***[**to amend and supplement the "Uniform Securities Law," approved June 8, 1967 (P. L. 1967, c. 93)]\* *\*concerning securities, to be known as the "Securities Law Reform and Protection Act of 1985," amending and supplementing P. L. 1967, c. 93, creating a study commission and making an appropriation therefor, and repealing P. L. 1963, c. 192\*.*

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 \*1. Section 1 of P. L. 1967, c. 93 (C. 49:3-48) is amended to  
2 read as follows:

3 1. This act shall be construed as a revision of, and shall super-  
4 sede all provisions of chapter 75 of the laws of 1960, known as the  
5 "Uniform Securities Law," including all amendments thereof  
6 **[**, but not including chapter 192 of the laws of 1963, known as the  
7 "Real Estate Syndication Offerings Law."].

1 2. Section 2 of P. L. 1967, c. 93 (C. 49:3-49) is amended to read  
2 as follows:

3 2. When used in this act, unless the context otherwise requires:

4 (a) "Bureau" means the agency designated in section 19(a);

5 (b) "Agent" means any individual other than a broker-dealer  
6 who represents a broker-dealer or issuer in effecting or attempt-  
7 ing to effect purchases or sales of securities. "Agent" does not  
8 include an individual who represents an issuer in (1) effecting  
9 transactions in a security exempted by subdivision (1), (2), (3),  
10 or (11) of section 3(a); (2) effecting transactions exempted by  
11 section 3(b); or (3) effecting transactions with existing employees,

**EXPLANATION**—Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Senate committee amendments adopted December 5, 1985.

12 partners, or directors of the issuer if no commission or other  
13 remuneration is paid or given directly or indirectly for soliciting  
14 any person in this State. A partner, officer, or director of a broker-  
15 dealer or issuer, or a person occupying a similar status or per-  
16 forming similar functions, is an agent only if he otherwise comes  
17 within this definition;

18 (c) "Broker-dealer" means any person engaged in the business  
19 of effecting or attempting to effect transactions in securities for  
20 the accounts of others or for his own account. "Broker-dealer"  
21 does not include (1) an agent, (2) an issuer, (3) a person who  
22 effects transactions in this State exclusively in securities de-  
23 scribed in subdivisions (1) and (2) of section 3(a), (4) a bank,  
24 savings institution, or trust company, or (5) a person who (i) ef-  
25 fects transactions in this State exclusively with or through (A) the  
26 issuers of the securities involved in the transactions, (B) other  
27 broker-dealers or (C) banks, savings institutions, trust companies,  
28 insurance companies, investment companies as defined in the  
29 Investment Company Act of 1940, pension or profit-sharing trusts,  
30 or other financial institutions or institutional buyers, whether act-  
31 ing for themselves or as trustees, or (ii) during any period of 12  
32 consecutive months does not direct more than 15 offers to sell or  
33 to buy into this State in any manner to persons other than those  
34 specified in paragraph (e)(5)(i), whether or not the offeror or  
35 any of the offerees is then present in this State;

36 (d) "Capital" shall mean net capital as defined and adjusted  
37 under the formula established by the Securities and Exchange  
38 Commission in Rule 15c3-1, made pursuant to the Securities Ex-  
39 change Act of 1934, prescribing a minimum permissible ratio of  
40 aggregate indebtedness to net capital as such formula presently  
41 exists or as it may hereafter be amended;

42 (e) "Fraud," in addition to the usual construction placed on  
43 it and accepted in courts of law and equity, shall include the fol-  
44 lowing, provided, however, that any promise, representation, mis-  
45 representation or omission be made with knowledge and with  
46 intent to deceive and results in a detriment to the purchaser:

47 (1) Any misrepresentation by word, conduct or in any manner of  
48 any material fact, either present or past, and any omission to  
49 disclose any such fact;

50 (2) Any promise or representation as to the future which is  
51 beyond reasonable expectation or is unwarranted by existing  
52 circumstances;

53 (3) The gaining of, or attempt to gain, directly or indirectly,

54 through a trade in any security, a commission, fee or gross profit  
55 so large and exorbitant as to be unconscionable and unreasonable;

56 (4) Generally any course of conduct or business which is cal-  
57 culated or put forward with intent to deceive the public or the  
58 purchaser of any security as to the nature of any transaction or  
59 the value of such security;

60 (5) Any artifice, agreement, device or scheme to obtain money,  
61 profit or property by any of the means herein set forth or other-  
62 wise prohibited by this law;

63 (f) "Guaranteed" means guaranteed as to payment of prin-  
64 cipal, interest or dividends;

65 (g) "Investment advisor" means any person who, for compen-  
66 sation, engages in the business of advising others, either directly  
67 or through publications or writings, as to the value of securities  
68 or as to the advisability of investing in, purchasing or selling  
69 securities, or who, for compensation and as a part of a regular  
70 business, issues or promulgates analyses or reports concerning  
71 securities. "Investment advisor" does not include (1) a bank,  
72 savings institution, or trust company; (2) a lawyer, accountant,  
73 engineer, or teacher whose performance of these services is solely  
74 incidental to the practice of his profession; (3) a broker-dealer  
75 registered under this law; (4) a publisher of any bona fide news-  
76 paper, news magazine, or business or financial publication of  
77 general, regular, and paid circulation; (5) a person whose advice,  
78 analyses, or reports relate only to securities exempted by section 3,  
79 paragraph (a) (1) and (2); (6) a person who has no place of  
80 business in this State if (a) his only clients in this State are other  
81 investment advisors, broker-dealers, banks, savings institutions,  
82 trust companies, insurance companies, investment companies as  
83 defined in the Investment Company Act of 1940, pension or profit-  
84 sharing trusts, or other financial institutions or institutional  
85 buyers, whether acting for themselves or as trustees, or (b) during  
86 any period of 12 consecutive months he does not direct business  
87 communications into this State in any manner to more than five  
88 clients other than those specified in subparagraph (6) (a) of this  
89 paragraph, whether or not he or any of the persons to whom the  
90 communications are directed is then present in this State; or  
91 (7) such other persons not otherwise within the intent of this para-  
92 graph (g) as the bureau chief may by rule or order designate;

93 (h) "Issuer" means any person who issues or proposes to issue  
94 any security, except that (1) with respect to certificates of deposit,  
95 voting-trust certificates, or collateral-trust certificates, or with  
96 respect to certificates of interest or shares in an unincorporated

97 investment trust not having a board of directors (or persons per-  
98 forming similar functions) or of the fixed, restricted management,  
99 or unit type, the term "issuer" means the person or persons per-  
100 forming the acts and assuming the duties of depositor or manager  
101 pursuant to the provisions of the trust or other agreement or in-  
102 strument under which the security is issued; and (2) with respect  
103 to certificates of interest in oil, gas, or mining titles or leases,  
104 there is not considered to be any "issuer";

105 (i) "Person" means an individual, a corporation, a partnership,  
106 an association, a joint-stock company, a trust where the interests  
107 of the beneficiaries are evidenced by a security, an unincorporated  
108 organization, a government, or a political subdivision of a gov-  
109 ernment;

110 (j) (1) "Sale" or "sell" includes every contract of sale of,  
111 contract to sell, or disposition of, a security or interest in a se-  
112 curity for value;

113 (2) "Offer" or "offer to sell" includes every attempt or offer  
114 to dispose of, or solicitation of an offer to buy, a security or  
115 interest in a security for value;

116 (3) Any security given or delivered with, or as a bonus on  
117 account of, any purchase of securities or any other thing is con-  
118 sidered to constitute part of the subject of the purchase and to  
119 have been offered and sold for value;

120 (4) A purported gift of assessable stock is considered to in-  
121 volve an offer and sale;

122 (5) Every sale or offer of a warrant or right to purchase or  
123 subscribe to another security of the same or another issuer, as  
124 well as every sale or offer of a security which gives the holder a  
125 present or future right or privilege to convert into another se-  
126 curity of the same or another issuer, is considered to include an  
127 offer of the other security;

128 (6) The terms defined in this paragraph (j) do not include  
129 (a) any bona fide pledge or loan; (b) any stock dividend, whether  
130 the corporation distributing the dividend is the issuer of the stock  
131 or not, if nothing of value is given by stockholders for the dividend  
132 other than the surrender of a right to a cash or property dividend  
133 when each stockholder may elect to take the dividend in cash or  
134 property or in stock; (c) any act incident to a class vote by stock-  
135 holders, pursuant to the certificate of incorporation or the applic-  
136 able corporation statute, on a merger, consolidation, reclassifica-  
137 tion of securities, or sale of corporate assets in consideration of the  
138 issuance of securities of another corporation; or (d) any act inci-

139 dent to a judicially approved reorganization in which a security is  
140 issued in exchange for one or more outstanding securities, claims,  
141 or property interests, or partly in such exchange and partly for  
142 cash;

143 (k) "Savings institutions" shall mean any savings and loan  
144 association or building and loan association operating pursuant  
145 to the **[Savings and Loan Act of New Jersey]** "*Savings and*  
146 *Loan Act (1963).*" *P. L. 1963, c. 144 (C. 17:12B-2 et seq.)*, and  
147 any federal savings and loan association and any association  
148 organized under the laws of any state whose accounts are insured  
149 by the Federal Savings and Loan Insurance Corporation and who  
150 are subject to supervision and examination by the Federal Home  
151 Loan Bank Board, and any credit union licensed and supervised  
152 under **[the]** "*The Credit Union Act of [New Jersey] 1984,*"  
153 *P. L. 1984, c. 171 (C. 17:13-79 et al.)* or licensed and supervised  
154 by the **[Bureau of Federal Credit Unions]** *National Credit Union*  
155 *Administration*;

156 (l) "Securities Act of 1933," *48 Stat. 74, (15 U. S. C. 77a et*  
157 *seq.)*; "Securities Exchange Act of 1934," *48 Stat. 881, (15*  
158 *U. S. C. 78a et seq.)*; "Public Utility Holding Company Act of  
159 1935" *49 Stat. 838, (15 U. S. C. 79 et seq.)*; "*Investment Advisors*  
160 *Act of 1940,*" *54 Stat. 857, (15 U. S. C. 80b-1 et seq.)*; and "*In-*  
161 *vestment Company Act of 1940*" *54 Stat. 847, (15 U. S. C. 80a-1*  
162 *et seq.)*; mean the federal statutes of those names as amended  
163 or supplemented before or after the effective date of this act;

164 (m) "Security" means any note; stock, treasury stock; bond;  
165 debenture; evidence of indebtedness; certificate of interest or par-  
166 ticipation in any profit-sharing agreement including but not lim-  
167 ited to certificates of interest or participation in real or personal  
168 property; collateral-trust certificate; preorganization certificate or  
169 subscription; transferable share; investment contract; voting-  
170 trust certificate; certificate of deposit for a security; certificate of  
171 interest in an oil, gas or mining title or lease; or, in general, any  
172 interest or instrument commonly known as a "security," or any  
173 certificate of interest or participation in, temporary or interim  
174 certificate for, guarantee of, or warrant or right to subscribe to  
175 or purchase, any of the foregoing. "Security" does not include any  
176 insurance or endowment policy or annuity contract under which  
177 an insurance company promises to pay a fixed or variable number  
178 of dollars either in a lump sum or periodically for life or some  
179 other specified period;

180 (n) "State" means any state, territory, or possession of the  
181 United States, as well as the District of Columbia and Puerto Rico;

182 (o) "Nonissuer" means secondary trading not involving the  
183 issuer of the securities or any person in a control relationship  
184 with the insurer;

185 (p) "Accredited investor" means any person who comes within  
186 any of the following categories, or who the issuer reasonably  
187 believes comes within any of the following categories, at the time  
188 of the sale of the security to that person:

189 (1) Any bank, savings institution, trust company, insurance  
190 company, investment company as defined in the Investment  
191 Company Act of 1940, pension or profit sharing trust, or other  
192 financial institution or institutional buyer, or to a broker-dealer,  
193 whether the purchaser is acting for itself or in some fiduciary  
194 capacity;

195 (2) Any private business development company as defined in  
196 section 202(a)(22) of the Investment Advisers Act of 1940;

197 (3) Any organization described in section 501(c)(3) of the  
198 Internal Revenue Code with total assets in excess of \$5,000,000.00;

199 (4) Any director, executive officer, or general partner of the  
200 issuer of the securities being offered or sold, or any director,  
201 executive officer, or general partner of a general partner of that  
202 issuer;

203 (5) Any person who purchases at least \$150,000.00 of the  
204 securities being offered, where the purchaser's total purchase  
205 price does not exceed 20% of the purchaser's net worth at the  
206 time of sale, or joint net worth with that person's spouse, for  
207 one or any combination of the following: (i) cash, (ii) securi-  
208 ties for which market quotations are readily available, (iii) an  
209 unconditional obligation to pay cash or securities for which  
210 market quotations are readily available which obligation is to  
211 be discharged within five years of the sale of the securities to  
212 the purchaser, or (iv) the cancellation of any indebtedness owed  
213 by the issuer of the purchaser;

214 (6) Any natural person whose individual net worth, or joint  
215 net worth with that person's spouse, at the time of his purchase  
216 exceeds \$1,000,000.00; and

217 (7) Any natural person who had an individual income in excess  
218 of \$200,000.00 in each of the two most recent years and who  
219 reasonably expects an income in excess of \$200,000.00 in the  
220 current year.

221 The bureau chief may rule, or order, waive or modify the condi-  
222 tions in this subsection (p) and shall interpret and apply this sub-  
223 section (p) so as to effectuate greater uniformity and coordina-  
224 tion in federal-state securities registration exemptions;

225 (q) "Direct participation security" means a security which pro-  
 226 vides for flow-through tax consequences (tax shelter) regardless  
 227 of the structure of the legal entity or vehicle for distribution, in-  
 228 cluding, but not limited to, a security representing an interest in  
 229 gas, oil, real estate, agricultural property, cattle, a condominium,  
 230 or subchapter s corporate offerings and all other securities of a  
 231 similar nature, regardless of the industry represented by the  
 232 security, or any combination thereof. Excluded from this definition  
 233 are real estate investment trust, tax qualified pension and profit-  
 234 sharing plans pursuant to sections 401 and 403(a) of the Internal  
 235 Revenue Code and individual retirement plans under section 408 of  
 236 the Internal Revenue Code, tax sheltered annuities pursuant to the  
 237 provisions of section 403(b) of the Internal Revenue Code and any  
 238 company including separate accounts registered pursuant to the  
 239 Investment Company Act of 1940.

1 3. Section 3 of P. L. 1967, c. 93 (C. 49:3-50) is amended to read  
 2 as follows:

3 3. (a) The following securities are exempted from the provisions  
 4 of sections 13 and 16 of this act:

5 (1) Any security (including a revenue obligation) issued or  
 6 guaranteed by the United States, any state, any political subdivi-  
 7 sion of a state, or any agency or corporate or other instrumen-  
 8 tality of one or more of the foregoing; or any certificate of deposit  
 9 for any of the foregoing;

10 (2) Any security issued or guaranteed by Canada, any Canadian  
 11 province, any political subdivision of any such province, any agency  
 12 or corporate or other instrumentality of one or more of the fore-  
 13 going, or any other foreign government with which the United  
 14 States currently maintains diplomatic relations, if the security is  
 15 recognized as a valid obligation by the issuer or guarantor;

16 (3) Any security issued by and representing an interest in or a  
 17 debt of, or guaranteed by, any bank, savings institution, or trust  
 18 company organized and supervised under the laws of any state or  
 19 under the laws of the United States;

20 (4) Any security issued by and representing an interest in or a  
 21 debt of, or guaranteed by, any State or Federal Savings and Loan  
 22 Association, or any building and loan or similar association organ-  
 23 ized under the laws of any state and authorized to do business in  
 24 this State;

25 (5) Any security issued by and representing an interest in or a  
 26 debt of, or guaranteed by, any insurance company organized under  
 27 the laws of any state and authorized to do business in this State;



28 (6) Any security issued or guaranteed by any Federal Credit  
29 Union or any credit union, industrial loan association, or similar  
30 association organized and supervised under the laws of this State;

31 (7) Any security issued or guaranteed by any railroad, other  
32 common carrier, public utility, or holding company which is (A)  
33 subject to the jurisdiction of the Interstate Commerce Commission;  
34 (B) a registered holding company under the Public Utility Holding  
35 Company Act of 1935 or a subsidiary of such a company within  
36 the meaning of that act; (C) regulated in respect to its rates and  
37 charges by a governmental authority of the United States or any  
38 state; or (D) regulated in respect of the issuance or guarantee of  
39 the security by a governmental authority of the United States,  
40 any state, Canada or any Canadian province;

41 (8) Any security listed or approved for listing upon notice of  
42 issuance on the New York Stock Exchange or the American Stock  
43 Exchange, and such other exchanges as the bureau chief may from  
44 time to time designate by rule or order; *any security designated or*  
45 *approved for designation upon notice of issuance as a National*  
46 *Market System security on the National Association of Securities*  
47 *Dealers' Automated Quotation System or any other national quota-*  
48 *tion system as the bureau chief from time to time may designate*  
49 *by rule or order; any other security of the same issuer which is of*  
50 *senior or substantially equal rank; any security called for by*  
51 *subscription rights or warrants so listed or approved; or any*  
52 *warrant or right to purchase or subscribe to any of the foregoing;*

53 (9) Any security issued by a person organized and operated  
54 exclusively for religious, educational, benevolent, fraternal, chari-  
55 table or reformatory purposes and not for pecuniary profit, and  
56 no part of the net earnings of which inures to the benefit of any  
57 person, private stockholder, or individual;

58 (10) Any commercial paper which arises out of a current trans-  
59 action or the proceeds of which have been or are to be used for  
60 current transactions, and which evidences an obligation to pay cash  
61 within 12 months of the date of issuance, exclusive of days of grace,  
62 or any renewal of such paper which is likewise limited, or any  
63 guarantee of such paper or of any such renewal;

64 (11) Any investment contract issued in connection with an em-  
65 ployees' or professional stock purchase, savings, pension, profit-  
66 sharing, retirement or similar benefit plan if the bureau chief is  
67 notified in writing 30 days before the inception of the plan or, with  
68 respect to plans which are in effect on the effective date of this  
69 act, within 60 days thereafter (or within 30 days before they are  
70 reopened if they are closed on the effective date of this act);

71 (12) Any security issued by an issuer registered as an open-end  
72 management investment company or unit investment trust pur-  
73 suant to section 8 of the "Investment Company Act of 1940,"  
74 (15 U. S. C. 80a-8), if:

75 (a) The issuer is advised by an investment advisor that is  
76 a depository institution exempt from registration under the  
77 "Investment Advisors Act of 1940" or that is currently regis-  
78 tered as an investment advisor, and has been registered, or is  
79 affiliated with an advisor that has been registered, as an in-  
80 vestment advisor under the "Investment Advisors Act of 1940"  
81 for at least three years immediately before an offer or sale  
82 of the security; and has acted, or is affiliated with an invest-  
83 ment advisor that has acted, as investment advisor to one or  
84 more registered investment companies or unit investment  
85 trusts for at least three years immediately before an offer or  
86 sale of the security; or

87 (b) The issuer has a principal sponsor that has at all times  
88 throughout three years before an offer or sale of the security  
89 been the principal sponsor for one or more registered invest-  
90 ment companies or unit investment trusts, the aggregate total  
91 assets of which have exceeded \$100,000,000.00.

92 For the purposes of this paragraph (12), and notwithstanding  
93 subsection (g) of section 2 of P. L. 1967, c. 93 (C. 49:3-49), "in-  
94 vestment advisor" shall have the same meaning that it has pur-  
95 suant to the "Investment Advisors Act of 1940." For the purposes  
96 of this paragraph (12), an investment advisor is affiliated with  
97 another investment advisor if it controls, is controlled by, or is  
98 under common control with the other advisor. For the purposes  
99 of this paragraph (12), "sponsor" of a unit investment trust  
100 means the person primarily responsible for the organization of the  
101 unit investment trust or who has continuing responsibilities for the  
102 administration of the affairs of the unit investment trust other  
103 than the trustee or custodian. "Sponsor" includes the depositor  
104 of the unit investment trust.

105 (b) The following transactions are exempted from the provi-  
106 sions of sections 13 and 16 of this act:

107 (1) Any isolated nonissuer transaction, whether effected through  
108 a broker-dealer or not;

109 (2) Any nonissuer transaction of an outstanding security if (A)  
110 a recognized securities manual contains the names of the issuer's  
111 officers and directors, a balance sheet of the issuer as of a date  
112 within 18 months, and a profit and loss statement for either the

113 fiscal year preceding that date or the most recent year of opera-  
114 tion, or (B) the security has a fixed maturity or a fixed interest  
115 or dividend provision and there has been no default during the  
116 current fiscal year or within the three preceding fiscal years, or  
117 during the existence of the issuer and any predecessors if less than  
118 three years, in the payment of principal, interest, or dividends on  
119 the security;

120 (3) Any nonissuer transaction effected by or through a regis-  
121 tered broker-dealer pursuant to an unsolicited order or offer to  
122 buy; but the customer shall acknowledge upon a form prescribed  
123 by the bureau chief that the sale was unsolicited, and a signed  
124 copy of such form shall be filed with the Bureau of Securities;

125 (4) Any transaction between the issuer or other person on whose  
126 behalf the offering is made and an underwriter, or among under-  
127 writers;

128 (5) Any transaction on a bond or other evidence of indebtedness  
129 secured by a real or chattel mortgage or deed of trust, or by an  
130 agreement for the sale of real estate or chattels, if the entire mort-  
131 gage, deed of trust, or agreement, together with all the bonds or  
132 other evidences of indebtedness secured thereby, is offered and  
133 sold as a single unit;

134 (6) Any transaction by an executor, administrator, sheriff, mar-  
135 shal, receiver, trustee in bankruptcy, guardian, or conservator;

136 (7) Any transaction executed by a bona fide pledgee without  
137 any purpose of evading this act;

138 (8) Any offer or sale to a bank, savings institution, trust com-  
139 pany, insurance company, investment company as defined in the  
140 Investment Company Act of 1940, pension or profit-sharing trust,  
141 or other financial institution or institutional buyer, or to a broker-  
142 dealer, whether the purchaser is acting for itself or in some fiduci-  
143 ary capacity;

144 (9) Any transaction pursuant to an offer directed by the offeror  
145 to not more than 10 persons (other than those designated in para-  
146 graph (b)(8)) in this State during any period of 12 consecutive  
147 months, whether or not the offeror or any of the offerees is then  
148 present in this State, if (i) the seller reasonably believes that all  
149 buyers are purchasing for investment, and (ii) no commission or  
150 other remuneration is paid or given directly or indirectly for  
151 soliciting any prospective buyer in this State; but the bureau chief  
152 may by rule or order, as to any transaction, withdraw or further  
153 condition this exemption, or increase or decrease the number of  
154 offerees permitted, or waive the conditions in subdivisions (i) and  
155 (ii);

156 (10) Any offer or sale of a preorganization certificate or sub-  
157 scription if (i) no commission or other remuneration is paid or  
158 given directly or indirectly for soliciting any prospective sub-  
159 scriber, (ii) the number of subscribers does not exceed 10, and  
160 (iii) no payment is made by any subscriber;

161 (11) Any transaction pursuant to an offer to existing security  
162 holders of the issuer, including persons who at the time of the  
163 transaction are holders of convertible securities, nontransferable  
164 warrants, or transferable warrants exercisable within not more  
165 than 90 days of their issuance, if (i) no commission or other re-  
166 muneratation (other than a standby commission) is paid or given  
167 directly or indirectly for soliciting any security holder in this  
168 State, or (ii) the issuer first files a notice specifying the terms of  
169 the offer and the bureau chief does not by order disallow the ex-  
170 ception within the next five full business days;

171 (12) Any *nonpublic* transaction by or on behalf of an issuer if  
172 (i) the issuer has reasonable grounds to believe and, after making  
173 reasonable inquiry, believes, immediately prior to making any sale,  
174 that there are no more than 35 purchasers of the issue in this State  
175 during any period of 12 consecutive months and that each purchaser  
176 either alone or with his representative has the knowledge and  
177 experience in financial and business matters that he is or they are  
178 capable of evaluating the merits and risks of the prospective  
179 investment; (ii) a written offering statement or prospectus is  
180 furnished to each offeree which provides the offeree with sub-  
181 stantially the same information as is required by section 14(b) of  
182 P. L. 1967, c. 93 (C. 49:3-61) [or, in the case of securities repre-  
183 senting an interest in real estate, the same information as is  
184 required by section 4 of P. L. 1963, c. 192 (C. 49:3-30)]; and (iii) a  
185 report of the offering is filed with the bureau within 30 days of the  
186 completion date of the offering setting forth the name and address  
187 of the issuer, the total amount of the securities sold under this  
188 subsection (12), the price at which the securities were sold, the  
189 total number of purchasers of the securities, and the names and  
190 addresses of the purchasers of the securities indicating the number  
191 and amount of the securities each purchased. The fee for filing the  
192 report with the bureau shall be ~~[\$100.00]~~ \$250.00. The information  
193 on the report of sale shall be deemed confidential and shall not be  
194 disclosed to the public except by order of the court or in court  
195 proceedings. In calculating the number of purchasers permitted  
196 under this paragraph, accredited investors shall be excluded;

197 (c) The bureau chief may by order deny or revoke any exemp-

198 tion specified in [subdivision] *paragraph* (9), (10) or (11) of  
 199 subsection (a) or in subsection (b) with respect to a specific  
 200 security or transaction. No such order may be entered without  
 201 appropriate prior notice to all interested parties, opportunity for  
 202 hearing, and written findings of fact and conclusions of law, except  
 203 that the bureau chief may by order summarily deny or revoke any  
 204 of the specified exemptions pending final determination of any  
 205 proceeding under this subsection. Upon the entry of a summary  
 206 order, the bureau chief shall promptly notify all interested parties  
 207 that it has been entered and of the reasons therefor and that  
 208 within 15 days of the receipt of a written request the matter will  
 209 be set down for hearing. The order will remain in effect until it is  
 210 modified or vacated upon notice to all interested parties by the  
 211 bureau chief. No order under this subsection may operate retro-  
 212 actively;

213 (d) In any proceeding under this act, the burden of proving an  
 214 exemption or an exception from a definition is upon the person  
 215 claiming it.

1 4. Section 5 of P. L. 1967, c. 93 (C. 49:3-52) is amended to read  
 2 as follows:

3 5. It shall be unlawful for any person, in connection with the  
 4 offer, sale, or purchase of any security, directly or indirectly

5 (a) To employ any device, scheme, or artifice to defraud;

6 (b) To make any untrue statement of a material fact or to omit  
 7 to state a material fact necessary in order to make the statements  
 8 made, in the light of the circumstances under which they are made,  
 9 not misleading; [or]

10 (c) To engage in any act, practice, or course of business which  
 11 operates or would operate as a fraud or deceit upon any person[.];

12 (d) To fail to deliver the prospectus filed under the "Securities  
 13 Act of 1933" to each purchaser of a security registered under that  
 14 act in accordance with the prospectus delivery requirements of that  
 15 act.

1 5. Section 10 of P. L. 1967, c. 93 (C. 49:3-57) is amended to read  
 2 as follows:

3 10. (a) A broker-dealer, agent, or investment advisor may ob-  
 4 tain an initial or renewal registration by filing with the bureau  
 5 an application together with a consent to service of process pur-  
 6 suant to section 26 (a). The application shall contain whatever  
 7 information the bureau chief by rule requires concerning such mat-  
 8 ters as (1) the applicant's form and place of organization; (2) the  
 9 applicant's proposed method of doing business; (3) the qualifica-

10 tions and business history of the applicant; in the case of a broker-  
11 dealer or investment advisor, the qualifications and business history  
12 of any partner, officer, or director, any person occupying a similar  
13 status or performing similar functions, or any person directly or  
14 indirectly controlling the broker-dealer or investment advisor; and,  
15 in the case of an investment advisor or registered broker-dealer  
16 acting as an investment advisor, the qualifications and business  
17 history of any employee who is to give investment advice; (4) any  
18 injunction or administrative order or conviction of a crime of the  
19 fourth degree or its equivalent in any other jurisdiction involving  
20 a security or any aspect of the securities business and any con-  
21 viction of a crime of the first, second or third degree or its equiva-  
22 lent in any other jurisdiction; and (5) the applicant's financial  
23 condition. If no denial, postponement or suspension order is in  
24 effect and no proceeding is pending under section 11, registration  
25 becomes effective at noon of the thirtieth day after an application  
26 is filed. The bureau chief may by rule or order specify an earlier  
27 effective date, or he may by order defer the effective date until  
28 the first day of the next calendar month after the thirtieth day  
29 after the filing of the application. The time limits herein provided  
30 shall run anew from the filing of any amendment. Registration  
31 of a broker-dealer automatically constitutes registration of any  
32 agent who is a partner, officer, or director, or a person occupying  
33 a similar status or performing similar functions;

34 (b) Every applicant for initial or renewal registration shall pay  
35 a filing fee of \$500.00 in the case of a broker-dealer, plus ~~[\$5.00]~~  
36 \$10.00 for each partner, officer, director, or principal doing business  
37 in this State, ~~[\$30.00]~~ \$60.00 in the case of an agent, ~~[\$50.00]~~  
38 \$100.00 in the case of an investment advisor and ~~[\$50.00]~~ \$100.00  
39 in the case of an issuer. When application is denied or withdrawn,  
40 the bureau shall retain the fee. Whenever any supplemental filing,  
41 for the purpose of keeping current the information furnished to the  
42 bureau chief, is made there shall be a supplemental filing fee of  
43 \$5.00;

44 (c) A registered broker-dealer or investment advisor may file  
45 an application for registration of a successor, whether or not the  
46 successor is then in existence, for the unexpired portion of the  
47 registration period. There shall be no filing fee;

48 (d) The bureau chief may by rule require a minimum capital  
49 for registered broker-dealers; provided that the bureau chief shall  
50 not in any case require a minimum capital in excess of \$10,000.00  
51 in the case of a registered broker-dealer; and provided, further,

52 that the minimum capital requirement of a broker-dealer engaged  
53 exclusively in the sale of investment company shares shall not be  
54 in excess of \$5,000.00;

55 (e) The bureau chief may by rule require registered investment  
56 advisors who have custody of clients' funds or securities and reg-  
57 istered broker-dealers to post surety bonds in amounts up to  
58 \$25,000.00, and may determine their conditions; provided that no  
59 such surety bond shall be required of an investment advisor or a  
60 broker-dealer who has a minimum capital of at least \$25,000.00 or  
61 of a broker-dealer engaged exclusively in the sale of investment  
62 company shares who has a minimum capital of \$5,000.00; except  
63 that, notwithstanding the provisions of this or any other section  
64 of this law, the bureau chief may by rule require registered broker-  
65 dealers and investment advisors if such registrant or any partner,  
66 officer or director, any person occupying a similar status or per-  
67 forming similar functions, or any person directly or indirectly  
68 controlling such registrant has ever been convicted of any crime  
69 of the fourth degree or its equivalent in any other jurisdiction  
70 involving a security or any aspect of the securities business, or any  
71 crime of the first, second or third degree or its equivalent in any  
72 other jurisdiction to post surety bonds in amounts up to \$200,000.00.  
73 Any appropriate deposit of cash or securities shall be accepted in  
74 lieu of any bond so required. Every bond shall provide for suit  
75 thereon by any person who has a cause of action under section 24.  
76 Every bond shall provide that no suit may be maintained to en-  
77 force any liability on the bond unless brought within two years  
78 after the sale or other act upon which it is based, or within two  
79 years of the time when the person aggrieved knew or should have  
80 known of the existence of his cause of action, whichever is later;

81 (f) (1) The bureau chief may by rule provide for an exam-  
82 ination which may be written or oral or both, to be taken by any  
83 class of or all applicants, as well as persons who represent or will  
84 represent an investment advisor in doing any of the acts which  
85 make him an investment advisor;

86 (2) Each applicant for such examination shall pay examination  
87 fees as follows: broker-dealer, \$50.00; partner, officer, or director  
88 doing business in this State, \$50.00; agent, \$50.00; and investment  
89 advisor, \$50.00. When an application for examination is denied or  
90 withdrawn, the bureau shall retain the fee;

91 (g) Registration as a broker-dealer or agent under this act for  
92 the limited purpose of engaging in the business of effecting or at-  
93 tempting to effect transactions in direct participation securities for

94 the accounts of others or for his own account shall be permitted. All  
 95 the requirements of this act [and the "Real Estate Syndication  
 96 Offerings Law," P. L. 1963, c. 192 (C. 49:3-27 et seq.)] shall apply  
 97 to these limited registrations; except that any examination or other  
 98 evaluation of proficiency or knowledge required by the bureau for  
 99 this registration shall be limited to matters relating to direct par-  
 100 ticipation securities and to the requirements of laws and regula-  
 101 tions applicable to this registrant.

102 Any applicant for a limited registration shall acknowledge in  
 103 writing to the bureau prior to registration that he understands (i)  
 104 the limitations on the scope of his authority to do business pursuant  
 105 to this limited registration; and (ii) that any activity which exceeds  
 106 the limitations of the registration shall violate the provisions of  
 107 this act and may result in disciplinary action by the bureau, prose-  
 108 cution under this act or other laws, or civil liability to the same  
 109 extent as if he was not registered under this act.

1 6. Section 13 of P. L. 1967, c. 93 (C. 49:3-50) is amended to read  
 2 as follows:

3 13. It is unlawful for any security to be offered or sold in this  
 4 State unless:

5 (a) The security or transaction is exempted under section 3 of  
 6 this act;

7 (b) The security or transaction is not subject to, or is exempted  
 8 from, the registration requirements of the Securities Act of 1933  
 9 and the rules and regulations thereunder[;], other than by reason  
 10 of section 3(a) or 3(b) of such act and the rules and regulations  
 11 under said section 3(a) or 3(b), and a report of the offering is  
 12 filed with the bureau within 30 days of the completion date of the  
 13 offering setting forth the name and address of the issuer, the total  
 14 amount of the securities sold, the price at which the securities were  
 15 sold, the total number of purchasers of the securities, and the  
 16 names and addresses of the purchasers of the securities indicating  
 17 the number and amount of the securities each purchased. The fee  
 18 for filing the report with the bureau shall be \$250.00. The informa-  
 19 tion on the report of sale shall be deemed confidential and shall not  
 20 be disclosed to the public except by order of the court or in court  
 21 proceedings;

22 (c) [The security is registered under the Securities Act of  
 23 1933] (Deleted by amendment; P. L. 1985, c. );

24 (d) [The security is registered under the Real Estate Syndica-  
 25 tion Offerings Law] (Deleted by amendment; P. L. 1985, c. );

26 or



27 (e) The security is registered under this act.

1 7. (New section) a. Any security for which a registration state-  
2 ment has been filed under the "Securities Act of 1933," 48 Stat.  
3 74 (15 U. S. C. § 77a et seq.) in connection with the same offering  
4 may be registered by coordination.

5 b. A registration statement under this section shall contain the  
6 following information and be accompanied by the following docu-  
7 ments in addition to the information specified in section 15 of P. L.  
8 1967, c. 93 (C. 49:3-62) and the consent to service of process re-  
9 quired by section 26 of P. L. 1967, c. 93 (C. 49:3-73):

10 (1) Three copies of the latest form of prospectus filed under the  
11 "Securities Act of 1933;"

12 (2) If the bureau chief by rule or otherwise requires, a copy of  
13 the articles of incorporation and bylaws, or other substantial equiv-  
14 alents, currently in effect, a copy of any agreements with or among  
15 underwriters, a copy of any indenture or other instrument govern-  
16 ing the issuance of the security to be registered, and a specimen or  
17 copy of the security;

18 (3) If the bureau chief requests, any other information, or copies  
19 of any other documents, filed under the "Securities Act of 1933;"  
20 and

21 (4) An undertaking to forward all amendments to the federal  
22 prospectus, other than an amendment which merely delays the ef-  
23 fective date of the registration statement, promptly, and in any  
24 event, not later than the first business day after the day they are  
25 forwarded to or filed with the Securities and Exchange Commis-  
26 sion, whichever occurs first.

27 c. A registration statement under this section becomes effective  
28 at the moment the federal registration statement becomes effective  
29 if all the following conditions are satisfied:

30 (1) No stop order is in effect and no proceeding is pending under  
31 section 17 of P. L. 1967, c. 93 (C. 48:3-64); and

32 (2) The registration statement has been on file with the bureau  
33 chief for at least 10 days, but if the registration statement is not  
34 filed with the bureau chief within 10 days after the initial filing  
35 under the "Securities Act of 1933," the registration statement has  
36 been on file with the bureau chief for 30 days or any shorter  
37 period the bureau chief, by rule or order, specifies; and

38 (3) A statement of the maximum and minimum proposed offer-  
39 ing prices and the maximum underwriting discounts and commis-  
40 sions has been on file for two full business days or a shorter period  
41 as the bureau chief permits by rule or otherwise; and

42 (4) The offering is made within the limitations set forth in para-  
43 graphs (1), (2) and (3) of this subsection.

44 The registrant shall promptly notify the bureau chief by tele-  
45 phone or telegram of the date and time when the federal registra-  
46 tion statement became effective, and the content of a price amend-  
47 ment, if any is made, and shall promptly file a post-effective  
48 amendment containing the information and documents in the price  
49 amendment.

50 For the purposes of this section, "price amendment" means the  
51 final federal amendment which includes a statement of the offering  
52 price, underwriting and selling discounts or commissions, amount  
53 of proceeds, conversion rates, call prices, and other matters de-  
54 pendent upon the offering prices.

55 d. Upon failure to receive the required notification and post-  
56 effective amendment with respect to the price amendment, the  
57 bureau chief may enter a stop order, without notice or hearing,  
58 retroactively denying effectiveness to the registration statement  
59 or suspending its effectiveness until there is compliance with sub-  
60 section c. of this section, if he promptly notifies the registrant by  
61 telephone or telegram, and in the case of a telephone notification, by  
62 subsequent written notification, of the issuance of the order. If the  
63 registrant proves compliance with the requirements of this subsec-  
64 tion as to notice and post-effective amendment, the stop order shall  
65 be void as of the time of its entry. The bureau chief may by rule or  
66 otherwise waive any of the conditions specified in paragraphs (1),  
67 (2), (3) and (4) of subsection c. of this section.

68 e. If the federal registration statement becomes effective before  
69 all the conditions in subsection c. are satisfied and they are not  
70 waived, the registration statement shall become effective as soon  
71 as all the conditions are satisfied. If the registrant advises the  
72 bureau chief of the date when the federal registration statement is  
73 expected to become effective, the bureau chief shall promptly ad-  
74 vise the registrant by telephone or telegram, at the registrant's  
75 expense, whether all the conditions are satisfied and whether he  
76 contemplates the institution of a proceeding under section 17 of  
77 P. L. 1967, c. 93 (C. 49:3-64), but any advice by the bureau chief  
78 pursuant to this subsection shall not preclude the institution of  
79 such a proceeding at any time.

1 8. (New section) The following securities may be registered by  
2 notification, whether or not they are also eligible for registration  
3 by coordination under section 7 of this 1985 amendatory and sup-  
4 plementary act or by qualification under section 14 of P. L. 1967,  
5 c. 93 (C. 49:3-61):

6 a. Any security whose issuer, and any predecessors, have been  
7 in continuous operation for at least five years, if:

8 (1) There has been no default during the current fiscal year  
9 or within the three preceding fiscal years in the payment of princi-  
10 pal, interest, or dividends on any security of the issuer, or of any  
11 predecessor thereof, with a fixed maturity or a fixed interest or  
12 dividend provision; and

13 (2) The issuer, and any predecessors, during the past three fiscal  
14 years, have had an average net earnings, determined in accordance  
15 with generally accepted accounting practices:

16 (a) Which are applicable to all securities without a fixed matu-  
17 rity or a fixed interest or dividend provision, which securities are  
18 outstanding at the date the registration statement is filed, and,  
19 which average net earnings equal at least 5% of the amount of  
20 those outstanding securities, as measured by the maximum offer-  
21 ing price or the market price on a day, selected by the registrant,  
22 within 30 days before the date of filing the registration statement,  
23 whichever is higher, or by the book value on a day, selected by the  
24 registrant, within 90 days of the date of filing the registration  
25 statement, to the extent that there is neither a readily determinable  
26 market price nor a cash offering price; or

27 (b) Which average net earnings, if the issuer and any prede-  
28 cessors have not had any security of the type specified in sub-  
29 paragraph (a) of this paragraph outstanding for three full fiscal  
30 years, equal to at least 5% of the amount, as established in sub-  
31 paragraph (a) of this paragraph, of all securities which will be  
32 outstanding if all of the securities being offered or proposed to be  
33 offered, whether or not they are proposed to be registered or  
34 offered in this State, are issued;

35 b. A registration statement under this section shall contain the  
36 following information and shall be accompanied by the following  
37 documents in addition to the information specified in section 15 of  
38 P. L. 1967, c. 93 (C. 49:3-62) and the consent to service of process  
39 required by section 26 of P. L. 1967, c. 93 (C. 49:3-73):

40 (1) A statement demonstrating eligibility for registration by  
41 notification;

42 (2) With respect to the issuer and any significant subsidiary: its  
43 name, adress, and form of organization, the state or foreign juris-  
44 diction and the date of its organization, and the general character  
45 and location of its business;

46 (3) With respect to any person on whose behalf any part of the  
47 offering is to be made in a nonissuer distribution: his name and  
48 address, the amount of securities of the issuer held by him as of the

49 date of the filing of the registration statement, and a statement of  
50 his reasons for making the offering;

51 (4) A description of the security being registered;

52 (5) The information and documents specified in paragraphs  
53 (10), (12), and (14) of subsection (b) of section 14 of P. L. 1967,  
54 c. 93 (C. 49:3-61); and

55 (6) In the case of any registration under paragraph (2) of sub-  
56 section a. of this section which does not satisfy the conditions of  
57 paragraph (1) subsection a. of this section, a balance sheet of the  
58 issuer as of a date within four months prior to the filing of the  
59 registration statement, and a summary of earnings for each of the  
60 two fiscal years preceding the date of the balance sheet and for any  
61 period between the close of the last fiscal year and the date of the  
62 balance sheet, or for the period of the issuer's and any prede-  
63 cessors' existence if less than two years.

64 c. If no stop order is in effect and no proceeding is pending under  
65 section 17 of P. L. 1967, c. 93 (C. 49:3-64), a registration statement  
66 under this section automatically becomes effective at three o'clock  
67 Eastern Standard Time in the afternoon of the second full business  
68 day after the filing of the registration statement or the last amend-  
69 ment, or at such earlier time as the bureau chief determines.

1 9. Section 15 of P. L. 1967, c. 93 (C. 49:3-62) is amended to read  
2 as follows:

3 15. (a) A registration statement may be filed by the issuer, any  
4 other person on whose behalf the offering is to be made, or a  
5 registered broker-dealer.

6 (b) Every person filing a registration statement shall pay a  
7 filing fee of  $\frac{1}{10}$  of 1% of the maximum aggregate offering price  
8 at which the securities to be registered are to be offered in this  
9 State, but the fee shall in no case be less than \$50.00 or more than  
10 \$1,000.00. This fee shall not be refundable.

11 (c) Every registration statement shall specify (1) the amount  
12 of securities to be offered in this State; (2) the States in which a  
13 registration statement or similar document in connection with the  
14 offering has been or is to be filed; and (3) any adverse order,  
15 judgment, or decree entered in connection with the offering by the  
16 regulatory authorities in any State or by any court or the Securi-  
17 ties and Exchange Commission.

18 (d) Any document filed pursuant to this supplemental act within  
19 three years preceding the filing of a registration statement may be  
20 incorporated by reference in the registration statement to the  
21 extent that the document is currently accurate.

22 (e) The bureau chief may by rule or order permit the omission  
23 of any item of information or document from any registration  
24 statement.

25 (f) The bureau chief may waive the requirements of all or any  
26 part of sections 14 or 15(h) of this act in the case of a nonissuer  
27 transaction of securities which were initially sold prior to the  
28 effective date of this supplemental act, where the information is  
29 not known by the person filing the registration statement or by  
30 the persons on whose behalf the transaction is to be made, or  
31 cannot be furnished by them without unreasonable effort or ex-  
32 pense.

33 (g) Every registration statement is effective for one year from  
34 its effective date, or any longer period during which the security  
35 is being offered or distributed in a nonexempted transaction by or  
36 for the account of the issuer or other person on whose behalf the  
37 offering is being made or by any underwriter or broker-dealer  
38 who is still offering part of an unsold allotment or subscription  
39 taken by him as a participant in the distribution, except during  
40 the time a stop order is in effect under section 17 of this act.  
41 All outstanding securities of the same class as a registered security  
42 of the issuer are considered to be registered for the purpose of  
43 any nonissuer transaction (1) so long as the registration statement  
44 is effective and (2) between the thirtieth day after the entry of  
45 any stop order suspending or revoking the effectiveness of the  
46 registration statement under section 17 of this act (if the registra-  
47 tion statement did not relate in whole or in part to a nonissuer  
48 distribution) and one year from the effective date of the registra-  
49 tion statement. A registration statement may not be withdrawn  
50 for one year from its effective date if any securities of the same  
51 class are outstanding. A registration statement may be withdrawn  
52 otherwise only in the discretion of the bureau chief.

53 (h) So long as a registration statement is effective, the bureau  
54 chief may by rule or order require the person who filed the regis-  
55 tration statement to file reports, not more often than quarterly,  
56 to keep reasonably current the information contained in the regis-  
57 tration statement and to disclose the progress of the offering.

58 (i) A registration statement relating to a security issued by a  
59 face-amount certificate company or a redeemable security issued  
60 by an open-end management company or unit investment trust,  
61 as those terms are defined in the Investment Company Act of 1940,  
62 may be amended after its effective date so as to increase the  
63 securities specified as proposed to be offered. Such an amendment  
64 becomes effective when the bureau chief so orders. Every person

65 filing such an amendment shall pay a filing fee, calculated in the  
 66 manner specified in subsection (b), with respect to the additional  
 67 securities proposed to be offered.

1 10. Section 17 of P. L. 1967, c. 93 (C. 49:3-64) is amended to read  
 2 as follows:

3 17. (a) The bureau chief may issue a stop order denying effec-  
 4 tiveness to, or suspending or revoking the effectiveness of, any  
 5 registration statement if he finds (1) that the order is in the public  
 6 interest and (2) that

7 (i) The registration statement, as of its effective date or as of  
 8 any earlier date in the case of an order denying effectiveness, or  
 9 any amendment under section 15(i) of this act as of its effective  
 10 date, or any report under section 15(h) of this act【;】 , is incom-  
 11 plete in any material respect or contains any statement which was,  
 12 in the light of the circumstances under which it was made, false or  
 13 misleading with respect to any material fact; or

14 (ii) Any provision of the Uniform Securities Law (1967) as  
 15 amended or supplemented or any rule, order, or condition lawfully  
 16 imposed thereunder has been willfully violated, in connection with  
 17 the offering by (A) the person filing the registration statement,  
 18 (B) the issuer, any partner, officer, or director of the issuer, any  
 19 person occupying a similar status or performing similar functions,  
 20 or any person directly or indirectly controlling or controlled by  
 21 the issuer, or (C) any underwriter; or

22 (iii) The security registered or sought to be registered is the  
 23 subject of an administrative stop order or similar order or a  
 24 permanent or temporary injunction of any court of competent  
 25 jurisdiction entered under any other federal, *foreign* or State act  
 26 applicable to the offering; but (A) the bureau chief may not insti-  
 27 tute a proceeding against an effective registration statement under  
 28 this subsection more than one year from the date of the order or  
 29 injunction relied on, and (B) he may not enter an order under this  
 30 subsection on the basis of an order or injunction entered under  
 31 any other State act unless that order or injunction was based on  
 32 facts which would currently constitute a ground for a stop order  
 33 under this section; or

34 (iv) The issuer's enterprise or method of business includes or  
 35 would necessarily include activities which are illegal where per-  
 36 formed; or

37 (v) 【the offering has worked or would work a fraud upon pur-  
 38 chasers】 (*Deleted by amendment; P. L. 1985, c.*  ) ; 【or】

39 (vi) 【the offering has been or would be made with unreasonable  
 40 amounts of underwriters' and sellers' discounts, commissions, or

41 other compensation, or promoters' profits or participation, or un-  
 42 reasonable amounts or kinds of options] (*Deleted by amendment;*  
 43 *P. L. 1985, c.*); [or]

44 (vii) The applicant or registrant has failed to pay the proper  
 45 filing fee but he shall vacate any such order when the deficiency  
 46 has been corrected[.]; or

47 (*viii) the issuer, any partner, officer or director of the issuer,*  
 48 *any person occupying a similar status or performing similar*  
 49 *functions, or any person directly or indirectly controlling or con-*  
 50 *trolled by the issuer, or any broker-dealer or other person involved*  
 51 *directly or indirectly in the offering has been convicted of any*  
 52 *crime of embezzlement under state, federal or foreign law or*  
 53 *any crime involving any theft, forgery or fraudulent practices*  
 54 *in regard to any state, federal or foreign securities, banking, in-*  
 55 *surance, or commodities trading laws or anti-fraud laws.*

56 (b) The bureau chief may not institute [a] *an administrative*  
 57 *stop order proceeding against any effective registration statement*  
 58 *on the basis of a fact or transaction known to him when the*  
 59 *registration statement became effective unless the [proceedings]*  
 60 *proceeding is instituted within the next 30 days.*

61 (c) The bureau chief may by order summarily postpone or  
 62 suspend the effectiveness of the registration statement pending  
 63 final determination of any proceeding instituted pursuant to this  
 64 section. Upon entry of such an order, the bureau chief shall  
 65 promptly notify each person specified in subsection (d) that it has  
 66 been entered and of the reasons therefor and that within 15 days  
 67 after the receipt of a written request the matter will be set down  
 68 for hearing. If no hearing is requested, the order will remain in  
 69 effect until it is modified or vacated by the bureau chief upon  
 70 notice to the parties specified in subsection (d).

71 (d) No stop order may be entered pursuant to this section except  
 72 as provided in subsection (c) without (1) appropriate prior notice  
 73 to the applicant or registrant, the issuer, and the person on whose  
 74 behalf the securities are to be offered, (2) opportunity for hearing,  
 75 and (3) written findings of fact and conclusions of law.

76 (e) The bureau chief may vacate or modify a stop order if he  
 77 finds that the conditions which prompted its entry have changed.

1 11. Section 9 of P. L. 1967, c. 93 (C. 49:3-56) is amended to  
 2 read as follows:

3 9. (a) It shall be unlawful for any person to act as a broker-  
 4 dealer, agent or investment advisor in this State unless he is  
 5 registered under this act;

6 (b) It shall be unlawful for any broker-dealer or issuer to em-

7 ploy an agent in this State unless the agent is registered. The  
 8 registration of an agent is not effective during any period when he  
 9 is not associated with a particular broker-dealer registered under  
 10 this act or a particular issuer. When an agent begins or terminates  
 11 a connection with a broker-dealer or issuer, or begins or terminates  
 12 those activities which make him an agent, the agent as well as  
 13 the broker-dealer or issuer shall promptly notify the bureau;

14 (c) It shall be unlawful for any person to transact business in  
 15 this State as an investment advisor unless (1) he is so registered  
 16 under this act, (2) he is registered as a broker-dealer without the  
 17 imposition of a condition under section 11, paragraph (b) (5);  
 18 or (3) his only clients in this State are investment companies  
 19 as defined in the Investment Company Act of 1940 or insurance  
 20 companies;

21 (d) *The bureau chief may bar, after a hearing, any person,*  
 22 *who has been convicted of any crime of embezzlement under*  
 23 *state, federal or foreign law or any crime involving any theft,*  
 24 *forgery or fraudulent practices in regard to any state, federal*  
 25 *or foreign securities, banking, insurance, or commodities trading*  
 26 *laws or anti-fraud laws, from being a partner, officer or director*  
 27 *of an issuer or from occupying a similar status or performing a*  
 28 *similar function or from directly or indirectly controlling or being*  
 29 *under common control or being controlled by an issuer, or from*  
 30 *acting as a broker-dealer, agent or investment advisor in this*  
 31 *State;*

32 **[(d)]** (e) Every registration shall expire 2 years from its  
 33 effective date unless renewed, except that the bureau chief may  
 34 by rule provide that registrations shall all expire on the same date.

1 12. Section 22 of P. L. 1967, c. 93 (C. 49:3-69) is amended to  
 2 read as follows:

3 22. (a) When it shall appear to the bureau chief that a person  
 4 has engaged in, is engaging in, or is about to engage in, any  
 5 practices declared to be illegal and prohibited by this law or  
 6 when it shall appear that it will be against the public interest  
 7 for any person to issue, sell, offer for sale, purchase, offer to  
 8 purchase, promote, negotiate, advertise or distribute any securi-  
 9 ties from or within this State, the Attorney General on his behalf  
 10 may bring an action in the Superior Court and apply therein  
 11 for injunctive relief, or the appointment of a receiver, or both.  
 12 *The Attorney General shall notify the potential defendant two*  
 13 *business days before filing the action and the court shall hear*  
 14 *the action within three business days of its filing.* The court may  
 15 proceed in the action in a summary manner or otherwise;



16 (b) If it shall appear to the court in the action that such person  
17 has engaged in, is engaging in, or is about to engage in any prac-  
18 tice declared to be illegal and prohibited by this law, it may  
19 enjoin such person, and any agent, employee, broker, partner,  
20 officer, director or stockholder thereof, from continuing such prac-  
21 tices or engaging therein or doing any acts in furtherance thereof.  
22 The court may also enjoin the issuance, sale, offer for sale, pur-  
23 chase, offer to purchase, promotion, negotiation, advertisement  
24 or distribution from or within this State of any securities by  
25 such persons, and any agent, employee, broker, partner, officer,  
26 director or stockholder thereof, until the court shall otherwise  
27 order;

28 (c) When the court shall grant injunctive relief as provided for  
29 in paragraph (b), it may appoint a receiver with power to sue for,  
30 collect, receive and take into his possession all the goods and  
31 chattels, rights and credits, moneys and effects, lands and tene-  
32 ments, books, records, documents, papers, choses in action, bills,  
33 notes and property of every description, derived by means of any  
34 practice declared to be illegal and prohibited by this law, including  
35 property with which such property has been mingled, if it cannot  
36 be identified in kind because of such commingling, and to sell,  
37 convey and assign the same and hold and dispose of the proceeds  
38 thereof under the direction of the court for the equal benefit of all  
39 who establish an interest therein by reason of the use and employ-  
40 ment by the defendant of any practices herein declared to be illegal  
41 and prohibited. The receiver may retain an attorney with the con-  
42 sent of the Attorney General and the court. The court shall have  
43 jurisdiction of all questions arising in such proceedings and may  
44 make such orders and judgments therein as justice shall require;

45 (d) When injunctive relief is granted as provided for in para-  
46 graph (b) against a corporation, partnership, company, associa-  
47 tion or trust, the court may appoint a receiver and may restrain  
48 the corporation, its officers, directors, stockholders, and agents, the  
49 partnership, company or association, its officers, members and  
50 agents, and the trust, its grantors, trustees, officers, cestuis que  
51 trustent and agents, from exercising any of its privileges or fran-  
52 chises, and in the case of a trust from executing the trust, and in  
53 all cases from collecting or receiving any debts, or paying out,  
54 selling, assigning or transferring any of its estate, moneys, funds,  
55 lands, tenements or effects except to the receiver appointed by the  
56 court until the court shall otherwise order.

57 Upon the appointment of the receiver, all the real and personal

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58 property of the corporation, partnership, company, association or  
 59 trust, and its franchises, rights, privileges and effects shall forth-  
 60 with vest in him and the corporation, partnership, company, asso-  
 61 ciation or trust shall be divested of the title thereto.

62 The receiver shall settle the estate and distribute the assets, and  
 63 have all the powers and duties conferred upon receivers by the  
 64 provisions of Title 14, Corporations, General, so far as the pro-  
 65 visions thereof are applicable.\*

1 \***[1.]**\* \*13.\* Section 23 of P. L. 1967, c. 93 (C. 49:3-70) is  
 2 amended to read as follows:

3 23. (a) Any person who willfully violates any provision of this  
 4 act, except section 7, or who willfully violates any rule or order  
 5 under this law, or who willfully violates section 7 knowing the  
 6 statement made to be false or misleading in any material respect,  
 7 shall be guilty of a **[misdemeanor and fined not more than \$5,000.00**  
 8 **or imprisoned not more than three years, or both]** *crime of the*  
 9 *third degree*; but no person may be imprisoned for the violation  
 10 of any rule or order if he proves that he had no knowledge of the  
 11 rule or order. No indictment or information may be returned under  
 12 this law more than five years after the alleged violation.

13 (b) Any person who violates any of the provisions of this law  
 14 or who violates any rule or order under this law, shall be liable for  
 15 the first violation to a penalty of not more than **[\$200.00]**  
 16 **\*[\$2,000.00]\* \*\$10,000.00\***; for a second violation to a penalty of  
 17 not more than **[\$500.00] \*[\$5,000.00]\* \*\$20,000.00\* \***; and for sub-  
 18 sequent violation to a penalty of **[\$500.00] \*[\$5,000.00]\***  
 19 **\*\$20,000.00\***. The penalty shall be sued for and recovered by and  
 20 in the name of the bureau chief and shall be collected and en-  
 21 forced by summary proceeding pursuant to the penalty enforce-  
 22 ment law (N. J. S. **[A.]** 2A:58-1 et seq.). Process shall issue at  
 23 the suit of the bureau chief, as plaintiff, and shall be either in  
 24 the nature of a summons or warrant.

1 \***[2.]**\* \*14.\* Section 24 of P. L. 1967, c. 93 (C. 49:3-71) is  
 2 amended to read as follows:

3 24. (a) Any person who

4 (1) Offers or sells a security in violation of sections 8 (b), 9 (a)  
 5 or 13 of this act, or

6 (2) Offers or sells a security by means of any untrue statement  
 7 of material fact or any omission to state a material fact necessary  
 8 in order to make the statements made, in the light of the circum-  
 9 stances under which they are made, not misleading (the buyer not  
 10 knowing of the untruth or omission), is liable to the person buying

11 the security from him, who may sue\***[**, or be represented by the  
12 *Attorney General who may sue on the behalf of the person,***]**\* to  
13 recover the consideration paid for the security, together with  
14 interest at **[6%]** 12% per year from the date of payment and costs,  
15 less the amount of any income received on the security, upon the  
16 tender of the security and any income received on it, or for damages  
17 if he no longer owns the security; provided, however, that the per-  
18 son buying the security must sustain the burden of proof that the  
19 seller knew of the untruth or omission and intended to deceive the  
20 buyer, and provided further that the buyer has suffered a financial  
21 detriment. Damages are the amount that would be recoverable  
22 upon a tender less the value of the security when the buyer dis-  
23 posed of it and interest at **[6%]** 12% per year from the date of  
24 disposition;

25 (b) Every person who directly or indirectly controls a seller  
26 liable under paragraph (a), every partner, officer, or director of  
27 such a seller, every person occupying a similar status or perform-  
28 ing similar functions, every employee of such a seller who  
29 materially aids in the sale, and every broker-dealer or agent who  
30 materially aids in the sale are also liable jointly and severally with  
31 and to the same extent as the seller, unless the nonseller who  
32 is so liable sustains the burden of proof that he did not know, and  
33 in the exercise of reasonable care could not have known, of the  
34 existence of the facts by reason of which the liability is alleged to  
35 exist. There is contribution as in cases of contract among the  
36 several persons so liable;

37 (c) Any tender specified in this section may be made at any time  
38 before entry of judgment;

39 (d) Every cause of action under this law survives the death of  
40 any person who might have been a plaintiff or defendant;

41 (e) No person may sue under the section more than two years  
42 after the contract of sale, or *within two years of the time when the*  
43 *person aggrieved knew or should have known of the existence of his*  
44 *cause of action, whichever is later.* No person may sue under this  
45 section (1) if the buyer received a written offer, before suit and at  
46 a time when he owned the security, to refund the consideration paid  
47 together with interest at **[6%]** 12% per year from the date of pay-  
48 ment, less the amount of any income received on the security, and  
49 he failed to accept the offer within 30 days of its receipt, or (2) if  
50 the buyer received such an offer before suit and at a time when he  
51 did not own the security, unless he rejected the offer in writing  
52 within 30 days of its receipt;

53 (f) No person who has made or engaged in the performance of

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54 any contract in violation of any provision of this law or any rule  
 55 or order hereunder, or who has acquired any purported right under  
 56 any such contract with knowledge of the facts by reason of which  
 57 its making or performance was in violation, may base any suit on  
 58 the contract;

59 (g) Any condition, stipulation or provision binding any person  
 60 acquiring any security to waive compliance with any provision of  
 61 this law or any rule or order hereunder is void;

62 (h) The rights and remedies provided by this act are in addition  
 63 to any other rights or remedies that may exist at law or in equity,  
 64 but this law does not create any cause of action not specified in  
 65 this section or section 10, paragraph (e).

1 \***[3.]**\* \*15.\* (New section) The "Securities Enforcement Fund"  
 2 is established in the Division of Consumer Affairs of the Depart-  
 3 ment of Law and Public Safety as a nonlapsing, revolving fund. All  
 4 fees collected pursuant to section 10, 15 and 16 of P. L. 1967, c. 93  
 5 (C. 49:3-57), (C. 49:3-62) and (C. 49:3-63), and all fines collected  
 6 pursuant to section 23 of P. L. 1967, c. 93 (C. 49:3-70) shall be de-  
 7 posited in the fund. Moneys in the fund shall be used by the  
 8 Director of the Division of Consumer Affairs *\*to administer the*  
 9 *provisions of the "Uniform Securities Law," P. L. 1967, c. 93*  
 10 *(C. 49:3-47 et seq.) and\** to investigate violations and to enforce  
 11 the prohibitions of **[the "Uniform Securities Law," P. L. 1967,**  
 12 **c. 93 (C. 49:3-47 et seq.)]** *\*that law to protect the public\*. \*There*  
 13 *shall be made available from the General Fund such additional*  
 14 *amounts as may be required to carry out the provisions of P. L.*  
 15 *1967, c. 93 (C. 49:3-47 et seq.).\**

16 *\*An annual accounting of deposits to and withdrawals from*  
 17 *the fund shall be made by the Director of the Division of Con-*  
 18 *sumer Affairs and filed with the Attorney General and bureau*  
 19 *chief and any state agency as required by law.\**

1 **\*[4.** (New section) Any sale of an initial public offering may be  
 2 cancelled by the purchaser by sending or delivering written notice  
 3 of cancellation to the broker-dealer, agent or issuer by midnight  
 4 of the 10th calendar day following the day on which the purchaser  
 5 has executed or authorized the sale, or following receipt of the  
 6 prospectus, whichever is later, if the purchaser has not received a  
 7 copy of the prospectus prior to executing or authorizing the sale.  
 8 This cancellation shall be without penalty, and any deposit made by  
 9 the purchaser shall be refunded in its entirety within five days of  
 10 the cancellation, or receipt of funds from the purchaser's cleared  
 11 check, whichever is later.]\*

1 **\*[5.** (New section) The purchaser's right of cancellation shall

2 not be waived by any purchaser or by any other person on behalf  
 3 of the purchaser. Any attempt to obtain a waiver of the right of  
 4 cancellation of the purchaser is unlawful and that waiver is void-  
 5 able at the option of the purchaser throughout the cancellation  
 6 period.]\*

1 \***[6.** (New section) The bureau chief may promulgate rules and  
 2 regulations which require that a notice of the purchaser's right of  
 3 cancellation be endorsed upon the face of any prospectus or any  
 4 sales literature and that broker-dealers disclose to investors and  
 5 purchasers the bid and asked price of the stock for sale and the  
 6 amount of compensation they receive on a stock sale.]\*

1 \*16. (New section) *There is created a commission to be known*  
 2 *as the "Securities Regulation Study Commission," which shall*  
 3 *consist of 15 members to be appointed as follows: two members*  
 4 *of the Senate to be appointed by the President thereof, not more*  
 5 *than one of whom shall be of the same political party, two mem-*  
 6 *bers of the General Assembly to be appointed by the Speaker*  
 7 *thereof, not more than one of whom shall be of the same political*  
 8 *party; the Attorney General or his designee, the Chief of the*  
 9 *Bureau of Securities or his designee, and the Commissioner of*  
 10 *the Department of Commerce and Economic Development or his*  
 11 *designee, who shall be members of the commission ex officio; and*  
 12 *eight public members who are residents of this State, four of*  
 13 *whom to be appointed by the Governor with the advice and con-*  
 14 *sent of the Senate, two to be appointed by the President of the*  
 15 *Senate and two to be appointed by the Speaker of the General*  
 16 *Assembly. All members shall serve without compensation. Va-*  
 17 *cancies in the membership of the commission shall be filled in the*  
 18 *same manner as the original appointments were made.*

1 17. (New section) *It shall be the duty of the commission to in-*  
 2 *quire into current practices and abuses in the registration, sale,*  
 3 *purchase and underwriting of securities in this State; to inquire*  
 4 *into ways and means of effectively enforcing the securities law;*  
 5 *and to review the "Uniform Securities Act (1985)" that was*  
 6 *approved by the National Conference of Commissioners of Uni-*  
 7 *form State Laws in its August, 1985 meeting.*

1 18. (New section) *The commission shall organize as soon after*  
 2 *the appointment of its members as is practicable. The commission*  
 3 *shall elect a chairman from among its members and the chairman*  
 4 *shall appoint a secretary who need not be a member of the com-*  
 5 *mission.*

6     *The commission may meet and hold hearings at any place or*  
7     *places within the State as it shall designate.*

1     19. (New section) *The commission shall hold public hearings,*  
2     *and shall be entitled to call to its assistance and avail itself of*  
3     *the services of such employees of any State, county or municipal*  
4     *department, board, bureau, commission or agency as it may re-*  
5     *quire and as may be available to it for said purpose, and to employ*  
6     *counsel and such stenographic and clerical assistants and incur*  
7     *such traveling and other miscellaneous expenses as it may deem*  
8     *necessary, in order to perform its duties, and as may be within*  
9     *the limits of funds appropriated or otherwise made available to*  
10    *it for such purpose.*

1     20. (New section) *The commission shall report its findings and*  
2     *recommendations to the Governor and the Legislature not later*  
3     *than May 1, 1987, accompanying the same with any proposed*  
4     *legislation which it may desire to recommend for enactment.*

1     21. (New section) *There is appropriated to the commission the*  
2     *sum of \$25,000.00 to effectuate the purposes of sections 16 through*  
3     *19 of this 1985 amendatory and supplementary act.*

1     22. (New section) *The "Real Estate Syndication Offerings*  
2     *Law," P. L. 1963, c. 192 (C. 49:3-27 et seq.), is repealed.\**

1     \***[7.]**\* 23.\* *This act shall take effect on the 90th day after*  
2     *enactment \*except that sections 16 through 20 of this act shall*  
3     *take effect on January 1, 1986 and expire on December 31, 1987\*.*

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1 5. (New section) The purchaser's right of cancellation shall not  
 2 be waived by any purchaser or by any other person on behalf of the  
 3 purchaser. Any attempt to obtain a waiver of the right of cancella-  
 4 tion of the purchaser is unlawful and that waiver is voidable at the  
 5 option of the purchaser throughout the cancellation period.

1 6. (New section) The bureau chief may promulgate rules and  
 2 regulations which require that a notice of the purchaser's right of  
 3 cancellation be endorsed upon the face of any prospectus or any  
 4 sales literature and that broker-dealers disclose to investors and  
 5 purchasers the bid and asked price of the stock for sale and the  
 6 amount of compensation they receive on a stock sale.

1 7. This act shall take effect on the 90th day after enactment.

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STATEMENT *to original bill*

This bill responds to recent criticism of the "Uniform Securities  
 Law" which points out several weaknesses in the act. The following  
 changes have been incorporated in this bill to help protect investors  
 from fraudulent or financially unstable business concerns making  
 public offerings:

(1) Increasing penalties for violations of the act from \$200.00 to  
 \$2,000.00 and \$500.00 to \$5,000.00 respectively for first and subse-  
 quent offenses;

(2) Providing that the State may bring suit on the behalf of an  
 aggrieved person;

(3) Extending the statute of limitations to two years from the  
 time when the person aggrieved knew or should have known of the  
 existence of the cause of action;

(4) Providing a purchaser's right of cancellation when a sale is  
 made without the benefit of the information contained in the pro-  
 spectus for initial public offerings.

This bill also establishes the "Securities Enforcement Fund"  
 which will be credited with the fees and fines collected pursuant to  
 the act and be used for investigation and enforcement of violations.

The bill also modernizes the statutory interest rate applicable to  
 civil penalties and the reference to the criminal penalty is changed  
 to a crime of the third degree, that offense which most closely  
 conforms to the punishment established in the "Uniform Securities  
 Law." These two changes will bring those two enforcement aspects  
 of the law closer in conformity to present civil and criminal practice  
 elsewhere.

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S2715

SENATE LABOR, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO

**SENATE, No. 2715**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 5, 1985

This bill, as amend, emends and supplements the "Uniform Securities Law," P. L. 1967, c. 93 (C. 49:3-47 et seq.), and does the following:

1. Increases the number of securities which have to be registered with the Bureau of Securities by deleting the present exemptions from State registration for securities registered with the federal Securities and Exchange Commission. Securities not subject to the federal securities law would not have to register but would file a report of the offering with the bureau within 30 days of the completion date of the offering setting forth certain information and pay a filing fee of \$250.00 (section 6 of the bill). Securities currently registered under the "Real Estate Syndication Offerings Law" would also be registered under this act, if appropriate, because that law is repealed by section 22 of this bill. However, the current exemptions from registration under the "Uniform Securities Law" are expanded to include, in addition to those securities traded on the floor of the major stock exchange, those securities designated as a National Market System security on the National Association of Securities Dealers' Automated Quotation System (section 3 of the bill). An additional exemption from registration is also added for certain highly-regulated unit investment trusts or investment companies (closed-end and open-end mutual funds) which are either advised by an S. E. C.-registered investment advisor or are sponsored by a major sponsor;

2. Makes it unlawful under the law to fail to deliver a prospectus filed under the "Securities Act of 1933" to each purchaser of a security registered under that act in accordance with prospectus delivery requirements (section 4 of the bill);

3. Raises the licensing fees of certain securities personnel (section 5 of the bill), increases the report filing fee for certain nonpublic real estate securities transactions from \$100.00 to \$250.00 (section 3 of the bill), and levies a filing fee of \$1,000.00 for any registration filing under the act (section 9 of the bill);



4. Permits the Chief of the Bureau of Securities to deny registration and thereby prevent the sale of securities if he finds that the issuer has been convicted of any crime involving any theft, forgery or fraudulent practices in regard to any State, federal or foreign securities, banking, insurance or commodities trading laws (section 10 of the bill);

5. Provides for alternative forms of registration for certain securities. In the case of securities registered under the "Securities Act of 1933," registration by coordination may be used (section 7 of this bill). This permits offerings to be registered with the bureau by filing copies of the documents which are required for federal registration. Also, a second, simplified alternative means of registering offerings of securities, registration by notification, may be used by issuers whose previous issues have had a stable level of net earnings (section 8 of the bill);

6. Establishes the "Securities Enforcement Fund" which will be credited with the fees and fines collected pursuant to the law and be used in the administration of the law and for investigation and enforcement of violations (section 15 of the bill);

7. Increases penalties for violations of the law from \$200.00 to \$10,000.00 and \$500.00 to \$20,000.00 respectively for first and subsequent offenses (section 13 of the bill);

8. Extends the statute of limitations to two years from the time when the person aggrieved knew or should have known of the existence of the cause of action (section 14 of the bill);

9. Raises the statutory interest rate applicable to recoveries by an aggrieved person under the law (section 14 of the bill); and

10. Establishes the "Securities Regulation Study Commission" which is to report by May 1, 1987 (sections 16 through 21 of the bill).

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1/17/70  
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# OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: PAUL WOLCOTT  
609-292-8956

TRENTON, N.J. 08625

Release: THURS., JAN. 9, 1986

Governor Thomas H. Kean has signed legislation which strengthens New Jersey's ability to regulate the securities industry and provide new protection to those who invest in so-called "penny stocks."

The bill, S-2715, was sponsored by State Senator John F. Russo. It makes numerous changes to the securities laws by imposing new registration requirements for stock offerings which were not previously reviewed or regulated, and by increasing penalties for violations of the securities laws.

"This bill gives New Jersey considerably more authority to regulate the sale of securities without unnecessarily stifling the formation of new capital," Kean said.

"By increasing the fees for registration of stocks offerings and the fines for violation of our securities laws, we will generate new funds to help enforce the laws without placing new demands on the State's General Fund," Kean said. "I believe these new laws, combined with the recently authorized expansion of the Bureau of Securities, will substantially enhance the protection of New Jersey investors."

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