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SECTION I

TITLE

This Act shall be known as "The Securities Act of Arizona."

SECTION II

DEFINITIONS

When used in this Act, unless the text otherwise indicates:

(A) "Commission" shall mean the Arizona Corporation Commission.

(B) "Director" shall mean the Director of the Securities Division of the Arizona Corporation Commission.

(C) "Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust or any other unincorporated organization.

(D) "Securities" shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate or any instrument representing any interest in oil, gas or other mineral rights, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, or beneficial interest in title to property, profits or earnings, or any other instrument commonly known as a security, including any guarantee of, temporary or interim certificate of interest or participation in, or warrant or right to subscribe to, convert into or purchase, any of the foregoing.

(E) "Issuer" shall mean every person who issues or proposes to issue any security; except that (i) with respect to certificates of deposit, voting-trust certificates, collateral-trust certificates, certificates of interest, or shares in an unincorporated investment trust, whether or not of the fixed, restricted management, or unit type, issuer means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; (ii) with respect to equipment-trust certificates or like securities, issuer means the person by whom the equipment or property is or is to be used; and (iii) with respect to fractional interests in oil, gas or other mineral rights, issuer means the owner of any such right or any interest in such rights (whether whole or fractional), fractional interests in which are created for the purpose of sale.

(F) "Dealer" shall mean every person, other than a salesman, who engages in this state, either for all or part of his time, (i) directly or indirectly, as agent, broker or principal in the business of offering, buying, selling or otherwise dealing or trading in securities issued by another person or (ii) directly or through an officer, director, employee or agent (which officer, director, employee or agent is not registered as a dealer under this Act), in selling securities issued by such person.
"Registered dealer" shall mean a dealer registered under this Act.

(G) "Salesman" shall mean an individual, other than a dealer, employed or appointed or authorized by a dealer to sell securities in this state. The partners or executive officers of a dealer shall not be deemed to be salesman within the meaning of this definition.

"Registered salesman" shall mean a salesman registered under this Act.

(H) "Sale" or "sell" shall mean every sale or other disposition of a security or interest in a security for value, and every contract to make any such sale or disposition. Any security given or delivered with, or as a bonus on account of, any purchase or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value.

(I) "Offer to sell" or "offer for sale" shall mean every attempt or offer to dispose of, or solicitation of an order or offer to buy, a security or interest in a security for value. Every sale or offer for sale of a warrant or right to subscribe to another security of the same issuer or of another issuer, and every sale or offer for sale of a security which gives the holder thereof a present or future right or privilege to convert such security into another security of the same issuer or of another issuer, shall be deemed an offer to sell the security to be acquired by such subscription or conversion.

(J) "Securities Act of 1933" shall mean the Act of Congress of the United States known as the Securities Act of 1933, as now or hereafter amended.

(K) "Broker" shall mean a person licensed under Section 67-501, Arizona Code Annotated 1939.

SECTION III
ADMINISTRATION OF ACT

(A) The Commission shall appoint a Director of Securities, subject to removal for cause, at a salary not to exceed six thousand dollars ($6,000) per annum, who shall, subject to the authority and under the supervision of the Commission, be the administrator of the Securities Division. He shall be a person of at least thirty (30) years of age and shall be qualified in either one or both of the following ways: (i) by broad experience and training in corporate finance and investment banking, or (ii) by having earned a college or graduate degree in business administration the major subjects of which have relation to investment banking and corporate finance. He shall accept the findings of examinations of issuers of, and dealers in, securities which have been conducted by either the United States Securities and Exchange Commission or the New York Stock Exchange. The Director of Securities shall devote his entire time to the discharge of his duties as such.
(B) The Commission shall appoint an experienced assistant
to the Director of Securities at a salary not to exceed three
thousand dollars ($3,000) per annum, to aid in the proper dis-
charge of the duties imposed upon the Securities Division.

(C) The Director with the approval of the Commission, may
employ from time to time such examiners, investigators and cleri-
cal employees as are necessary for the administration of this Act,
and they shall perform such duties as the Director shall assign.

(D) The Director, or any person under his supervision, ex-
ccept the examiners or investigators as provided in subsection (C),
shall be paid, in addition to their regular compensation, the
railroad fare, board, lodging and other traveling expenses nec-
essary and actually incurred by each of them in the performance of
their duties under this Act. Such traveling expenses shall include
the expenses of the Director in attending the Annual Convention of
the National Association of Securities Administrators.

(E) The Director shall have the authority to administer
oaths in, and to prescribe forms for, all matters arising under
this Act. The Director shall cooperate with the administrators
of the securities laws of other states and of the United States
with a view to achieving maximum uniformity in the interpretation
of like provisions of the laws administered by them.

(F) All fees collected under this Act shall be turned into
the State Treasury.

SECTION IV
REGISTRATION OF SECURITIES

It shall be unlawful to sell any securities within this State,
except those exempt under Section V or those sold in transac-
tions exempt under Section VI unless such securities shall have been
registered by description under Section VII, or by qualification
as hereinafter provided in Section VIII.

Violation of this section shall be a felony with penalty as
provided in Section XIX (A).

SECTION V
EXEMPT SECURITIES

Sections IV, VII and VIII of this Act shall not apply to any
of the following securities:

(A) Securities issued or guaranteed by the United States, or
by any state, territory or insular possession thereof, or by any
political subdivision of any such state, territory or insular
possession, or by the District of Columbia, or by any public agency
or instrumentality of one or more of any of the foregoing.

(B) Securities issued by a national bank or a bank or credit
or loan association organized pursuant to an Act of Congress and
supervised by the United States or any agency thereof, or issued
by a state bank, trust company or savings institution incorpora-
ted under the laws of this or any other state and subject to
supervision by such state or by any agency thereof.

(C) Securities issued by a building and loan association or
an insurance company subject to supervision by an agency of this
state.

(D) Securities issued or guaranteed either as to principal,
interest or dividend by a railroad or public utility if the
issuance of its securities is regulated by any public authority
of the United States, or of any state, territory or insular
possession thereof, or of the District of Columbia, or of the
Dominion of Canada or any province thereof; also equipment trust
certificates in respect of equipment conditionally sold or leased
to a railroad or public utility, if other securities issued by
such railroad or public utility would be exempt under this sub-
section.

(E) Securities issued by a person organized and operated
exclusively for religious, educational, benevolent, fraternal,
charitable, social or reformatory purposes and not for pecuniary
profit, and no part of which inures to the benefit of any private
stockholder or individual, excluding, however, securities made
liens upon revenue producing property subject to taxation.

(F) Securities fully listed, or regularly approved for full
listing upon the issuance thereof, upon the New York Stock Ex-
change, the Midwest Stock Exchange, the New York Curb Exchange,
or any other stock exchange approved by the Commission as hereina-
fter provided; and all securities senior or equal in rank to any
securities so listed or approved, or represented by subscription
rights which have been so listed or approved. The Commission may
by written order approve any stock exchange in addition to those
specified in this subsection if it finds that it would be in the
public interest for securities listed on such exchange to be
exempt under this subsection. The Commission shall have power at
any time by written order to withdraw the approval theretofore so
granted.

(G) Commercial paper maturing in not more than twelve months
from date of issue.

(H) Securities, other than common stock, providing for a
fixed return, which have been outstanding and in the hands of the
public for not less than five years and upon which no default has
occurred during the five years next preceding the date of sale.

SECTION VI
EXEMPT TRANSACTIONS

Except as hereinafter in this section expressly provided,
sections IV, VII, VIII and X of this Act shall not apply to any
of the following transactions:
(A) Any judicial, executor's, administrator's, guardian's or conservator's sale, or any sale by a receiver or trustee in insolvency or bankruptcy.

(B) The sale in good faith and not for the purpose of avoiding the provisions of this Act by a pledgee of securities pledged for a bona fide debt.

(C) The sale of securities, whether made through a dealer or otherwise, by the bona fide owner thereof who is not an issuer, underwriter or dealer, or controlling person in respect of such securities; provided, that such sale is not made directly or indirectly for the benefit of an issuer, underwriter, or controlling person, and which is not made in the course of repeated and successive transactions of a similar nature.

(D) Stock dividends or other distributions by a corporation out of its earnings or surplus; or the issuance of securities to existing security holders or creditors of a corporation in a bona fide reorganization, merger or consolidation of such corporation either in exchange for the securities or claims of such security holders or creditors, or partly in exchange therefor and partly for cash; or the sale of distribution of additional capital stock of a corporation to or among its own stockholders, where no commission or other remuneration is paid or given for soliciting or effecting such sale or distribution to stockholders.

(E) The sale of securities to any bank, savings institution, trust company, insurance company, dealer, or to any organization or association a principal part of whose business consists of the buying of securities.

(F) The issuance and delivery of any securities in exchange for any other securities of the same issuer pursuant to a right of conversion entitling the holder of the securities surrendered in exchange to make such conversion.

(G) The sale by a registered dealer, acting either as principal or agent, of securities theretofore sold and distributed to the public; provided that:

1. Such securities are sold at prices reasonably related to the current market price thereof at the time of sale and, if such registered dealer is acting as agent, the commission collected by such registered dealer on account of the sale thereof is not in excess of usual and customary commissions collected with respect to securities and transactions having comparable characteristics;

2. Such securities are not being sold for the benefit of an issuer, underwriter or controlling person in respect of such securities (for the purposes of this provision a controlling person or group of persons acting in concert who own beneficially each number of the voting securities of the issuer of the securities involved as would permit such person or group of persons to elect a majority of the board of directors or other managing body of said issuer and, in the

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(C)
absence of actual knowledge to the contrary, the
record owner of such securities may be assumed to
be the beneficial owner); and

(3) Information as to the issuer of such securities is
published in a recognized manual of securities,
such information to include at least the names of
the officers of such issuer, a balance sheet of
such issuer as of a date not more than 18 months
prior to the date of such sale, and an income
account of such issuer for a period of not less
than two years next prior to the date of the
balance sheet or for the period prior to the date
of the latest balance sheet if the issuer has been
in existence for less than two years.

The Commission may revoke the exemption afforded by this sub-
section (3) with respect to any securities by issuing an order to
that effect if he shall find that the further sale of such securi-
ties in this state would work or tend to work a fraud or deceit on
purchasers thereof.

(H) Subscriptions for shares of the capital stock of a
corporation prior to the incorporation thereof when no commission
or other remuneration is paid or given for or in connection with
the subscription, and (i) the number of subscribers does not ex-
ceed 15 or (ii) the amount raised by such subscriptions does not
exceed twenty-five thousand ($25,000) dollars.

(I) The issuance and delivery of securities of one corpora-
tion to the security holders of another corporation in exchange
for all or substantially all of the assets of such other corpora-
tion or in connection with a consolidation or merger of such
corporations.

SECTION VII
REGISTRATION BY DESCRIPTION

The following securities shall be entitled to registration
by description in the manner provided in this section:

(A) Securities of an issuer which (i) has been in continuous
operation for not less than three years and which (ii) has shown,
during a period of not less than three years and not more than
five years next prior to the date of registration under this sec-
tion, average annual net earnings after deducting all prior charges
except charges upon securities to be retired out of the proceeds
of sale, as follows:

(1) In the case of interest-bearing securities, not less
than one and one-half times the annual interest
charges on such securities and on all other out-
standing interest-bearing securities of equal rank.

(2) In the case of securities having a specified divi-
dend rate, not less than one and one-half times the
annual dividend requirements on such securities and
on all outstanding securities of equal rank.

(3) In the case of securities wherein no dividend rate is specified, not less than 5% upon all outstanding securities of equal rank, together with the amount of such securities then offered for sale, based upon the maximum price at which such securities are to be offered for sale.

The ownership by an issuer of more than 50% of the outstanding voting stock of a corporation shall be construed as the proportionate ownership of such corporation and shall permit the inclusion of the earnings of such corporation applicable to the payment of dividends upon the stock so owned in the earnings of the issuer of the securities being registered by description.

(B) Procedure for Registration by Description. Securities entitled to registration by description shall be registered by the filing with the Commission by the issuer or by a registered dealer of, but not limited to, the following:

(1) A registration statement in a form proscribed by the Director, signed by the person filing such statement and containing the following information:

(a) Name and business address of person filing statement;
(b) Name and business address of issuer, and address of issuer's principal office in this state, if any;
(c) Title of securities being registered and total amount of securities to be offered;
(d) Amount of securities to be offered in this state, price at which securities are to be offered for sale to the public, and amount of registration fee, computed as hereinafter provided in subsection (C);
(e) A copy of any prospectus filed with the Securities & Exchange Commission and any other prospectus used for sales inducement whether so filed or not; and
(f) A copy of the resolution of the board of directors of the issuer authorizing the registration of securities; and
(g) A statement of the facts which show that securities are entitled to be registered by description.

(2) Payment of the required registration fee.

(3) If the person who is registering the securities is not domiciled in this state and is not a corporation organized or authorized to transact business under the laws of this state, a consent to service
of process conforming to the requirements of Section XIV of this Act.

Such filing with the Commission, which may be made either by delivery in the office of the Director or by posting by registered mail properly addressed to the Commission, shall constitute the registration of securities by description and such registration shall become effective as of the time of such filing. Upon such registration by description, securities may be sold in this state by any registered dealer, or by any registered salesman employed by the issuer or registered dealer.

(C) Record and Renewal of Registration. Upon the receipt of a registration statement, payment of the registration fee, and, if required, a consent to service of process, the Director shall record the registration by description of the securities described therein in the Register of Securities. Such registration shall be effective for a period of one year and may be renewed for additional periods of one year, if the securities are entitled to registration under this section at the time of renewal, by a new filing under this section together with the payment of a fee.

(D) Fees. For the registration of securities by description there shall be paid to the Commission a registration fee of 1/10th of 1% of the aggregate offering price of the securities which are to be sold in this state, but in no case shall such registration fee be less than $25.00 or more than $500.00. For the renewal of the registration of securities by description there shall be paid to the Commission a renewal fee of $25.00.

(E) Filing of Additional Information. If at any time, in the opinion of the Commission, the information in a registration statement filed with it is insufficient to establish the fact that the securities described therein are entitled to registration by description under this section, the Commission may require the person who filed such statement to file such further information as may in its judgment be necessary to establish the fact that such securities are entitled to registration under this section.

SECTION VIII

REGISTRATION BY QUALIFICATION

Securities required to be registered by qualification under this Act before they may be sold in this state shall be registered as provided in this section.

(A) Application for Registration. Application for registration of securities by qualification shall be made by the issuer of the securities or by a registered dealer by filing in the office of the Commission of, but not limited to, the following:

(1) An application for registration which shall be made in writing and shall contain the following information together with such other information as may be prescribed:

(a) Name and business address of applicant.
(b) Name and address of issuer, and address of
issuer's principal office in this state, if
any.

(c) Title of securities to be registered and total
amount of such securities to be offered.

(d) Amount of securities to be offered in this
state, price at which securities are to be
offered to the public and amount of regis­
tration fee.

(e) If application has been made for registration
of the securities under the Securities Act of
1933,

(i) date on which documents were first
filed to register the securities under
that Act, and

(ii) a statement whether registration under
that Act is effective, and, if so, the
effective date.

(f) Eligibility of securities for sale in other
states as of date of application:

(i) states in which it is proposed to offer
the securities for sale to the public;

(ii) states, if any, in which the securities
are eligible for sale to the public;

(iii) states, if any, which have refused, by
order or otherwise, to render the
securities eligible for sale to the
public or have revoked or suspended the
right to sell the securities, or in
which an application for qualification
has been withdrawn.

There shall be submitted as part of such applica­
tion for registration one copy of each of the
following:

(a) Issuer's charter or other instrument of
organization and by-laws, together with all
amendments thereto.

(b) The indenture and all supplements thereto
under which the securities are to be issued.

(c) The underwriting agreement, if any, and any
agreement among under-writers and dealers
pertaining to the purchase and offering of
the securities.

(d) Opinion or opinions of counsel, if any, as to
the validity of securities.
(e) A specimen certificate, or the form thereof of each security to be registered.

Any of the foregoing documents (a) to (e), inclusive, may be submitted in preliminary form, in which case a conformed copy of each must be submitted promptly after execution.

Any of the documents already on file with the Commission need not be submitted again but shall be identified by appropriate reference.

(2) A prospectus which shall contain the following information:

(a) The names and addresses of the directors, trustees and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership; and of the issuer, if the issuer be an individual.

(b) The purpose of incorporation (if incorporated) and a detailed statement of the general character of the business actually transacted or to be transacted by the issuer.

(c) The specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as to determinable, for which the funds from the sale of securities are to be used.

(d) A statement of the capitalization of the issuer.

(e) A balance sheet as of a date not more than 90 days prior to the date of filing, and, if such balance sheet is not certified, also a certified balance sheet as of a date not more than one year prior to the date of filing unless the fiscal year of the issuer has ended within 90 days prior to the date of filing in which case the certified balance sheet may be as of the end of the preceding fiscal year.

(f) A profit and loss statement for each of the 3 fiscal years preceding the date of the most recent balance sheet filed and for the period, if any, between the close of the most recent of such fiscal years and the date of the most recent balance sheet filed; or, if the issuer has been in existence for less than 3 fiscal years, a profit and loss statement for the period preceding the date of the most recent balance sheet filed. These statements shall be certified up to the date of the most recent certified balance sheet filed.

(g) A statement showing the price at which such
securities are proposed to be sold, together with the maximum amount of commission or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

(h) A detailed statement showing the items of cash, property, services, patents, goodwill and any other consideration for which any securities of the issuer have been or are to be issued in payment.

If the issuer has one or more totally-held subsidiaries, there may be required, in addition to the balance sheet and profit and loss statements required by items (e) and (f) hereof, a consolidated balance sheet and a consolidated profit and loss statement for the issuer and its totally-held subsidiaries as of the same dates as the balance sheet and profit and loss statements required by items (e) and (f).

If the securities being registered are also to be registered under the Securities Act of 1933 or if such securities have already been registered under the Securities Act of 1933 and the effective date of such registration is not more than 30 days prior to the date of submission of the application under this section, the Commission shall accept in lieu of the prospectus prescribed in this subsection the final prospectus under the Securities Act of 1933 with all amendments to that prospectus as of the date on which the application is filed for registration by qualification under this section.

If the prospectus which is filed with the Commission is subsequently revised, supplemented or amended, copies of such revisions, supplements or amendments shall be promptly filed with the Director.

(3) Payment of an examination fee of $25.00 and a registration fee of 1/10 of 1% of the aggregate offering price of securities to be sold in this state, but in no case shall such registration fee be less than $25.00 or more than $500.00. If the application for registration is denied such registration fee shall be returned to the applicant.

(4) If the issuer is not domiciled in this state and is not a corporation organized or authorized to transact business under the laws of this State, a consent to service of process conforming to the requirements of section XIV of this Act.

All of the statements, exhibits, documents and prospectuses of every kind required under this subsection, or ordered by any rule or regulation of the Commission pertaining thereto, shall be certified by the applicant or the issuer or any person having
knowledge of the facts. An applicant may, with the consent of the Director, amend or withdraw an application and any or all statements, exhibits, documents or prospectuses filed therewith under this section at any time prior to the registration of the securities sought to be registered or the entry of an order denying the registration of such securities.

(B) Registration or Denial of Registration. The Director shall within a reasonable time examine an application and all documents and exhibits filed therewith. If, in the opinion of the Commission they conform to the requirements of this section and to rules and regulations of the Commission pertaining thereto, and it is not found that the sale of the securities sought to be registered would work or tend to work a fraud or deceit upon purchasers thereof or present an unfair or inequitable method of doing business, the Director shall register the securities by qualification, together with such limitations and conditions as are imposed by the Commission, in a Register of Securities which shall be kept in his office and he shall so notify the applicant. After such registration the securities may be sold by any registered dealer, or by any registered salesman employed by such dealer.

If, in the opinion of the Commission, the application or any of the accompanying documents or exhibits are incomplete or the information contained is deemed insufficient for a true appraisal of the application or does not conform to the requirements of this section, and to rules and regulations of the Commission pertaining thereto, or the sale of the securities sought to be registered would work or tend to work a fraud or deceit upon purchasers thereof or present an unfair or inequitable method of doing business, the Commission shall enter an order denying the registration of such securities by qualification, or shall order an examination or a hearing at a time and place set by the Commission for the presentation of evidence and testimony supporting the application for registration; and the Director shall send to the applicant a copy of such order which shall state specifically the grounds for its issuance.

Additional amounts of securities registered under this section may, with the consent of the Commission, be registered by payment of the proper registration fee, which shall be computed as provided in subsection A (3) of this section as a separate fee for each additional amount registered.

Registration under this section shall be effective for a period of one year and may be renewed for additional periods of one year by filing, by a date not later than 15 days prior to the expiration of registration, a balance sheet and a profit and loss statement of the issuer as of a date not more than 90 days prior to the date of filing, together with the payment of a renewal fee of $25.00.

(C) Delivery of Securities in Escrow. If any prospectus, document, or exhibit filed or testimony given in hearing or examination shall disclose that any of the securities sought to be registered or any securities senior thereto shall have or shall be intended to be issued for any patent right, copyright, trademark, process, formula, good will, options, leases, assignments, services or other intangible assets, or for organization
or promotion fees or expenses the Commission may require that any
or all such securities shall be delivered in escrow to some depo­
sitory satisfactory to the Commission under an escrow agreement
whereby the owners of such securities shall not be entitled to
sell or transfer such securities or to withdraw such securities
from escrow until all other stockholders who have paid for their
stock in cash shall have been paid a dividend or dividends
aggregating not less than 6% of the initial offering price shown
to the satisfaction of the Commission to have been actually earned
on the investment in any common stock so held. In case of disso-
lution or insolvency during the time such securities are held in
escrow, the owners of such securities shall not participate in
the assets until after the owners of all other securities shall
have been paid in full.

Unissued securities may be required by the Commission to be
escrowed in a suitable depository under such terms or conditions
as it deems best suited to the circumstances.

(D) The Commission may at its discretion impose restrictions
or limitations including the impoundment of funds derived from the
sale of securities as a condition of registration of issues of a
speculative nature (for the purpose of this subsection an issue
of speculative nature is one in which the issuer's business is
predicated upon future developments and potentials rather than on
current tangible assets).

SECTION IX

SUSPENSION OR REVOCATION OF REGISTRATION OF SECURITIES

The Commission may revoke the registration of any securities
registered under this Act if, after a hearing or opportunity for
hearing as provided in Section XII, it finds that:

(1) The sale of such securities would work or tend to
work a fraud or deceit upon the purchasers thereof; or

(2) The issuer of such securities is insolvent, or has
violated any of the provisions of this Act or any
order of the Commission of which such issuer has
notice, or does not conduct its business in accord
with law; or

(3) The issuer of such securities has made any fraudu-
 lent or misleading representations or omissions of
material fact in any prospectus or in any circular,
advertising or other literature that has been
distributed or published concerning the issuer or
its securities; or

(4) The issuer of such securities has refused to permit
an examination into its affairs, or has failed to
furnish the Commission any further information re-
quired; or

(5) Securities registered by description were not
entitled to registration by description.

(A) Suspension Orders. If the Commission has reasonable grounds to believe that the registration of any securities under this Act should be revoked on any ground specified in this section, or on the ground of non-compliance with the Commission's rules, regulations or orders pertaining thereto, it may enter an order suspending the registration of such securities pending an examination into the affairs of the issuer of such securities or pending a hearing or opportunity for hearing as provided in section XII of this Act; provided, that no such suspension order shall be effective for more than 30 days and such an order, if not withdrawn by the Commission within 30 days, shall automatically terminate 30 days after the date of its issuance. Such suspension order shall state specifically the grounds for its issuance. Upon the entry of an order suspending the registration of any securities or of an order withdrawing a suspension order previously issued, the Director shall send notice of such order to the issuer of such securities and to all registered dealers by mail, or by telegraph, or by telephone confirmed in writing.

(B) Entry of Revocation Order. If the Commission finds, after a hearing or opportunity for hearing as provided in section XII, that there are grounds for revoking the registration of certain securities, it may enter an order revoking the registration of such securities. Such order shall state specifically the grounds for its issuance. Upon the entry of an order revoking the registration of securities, the Director shall send a notice of such order to the issuer of such securities and to all registered dealers by mail, or by telegraph, or by telephone confirmed in writing.

SECTION X
REGISTRATION OF DEALERS AND SALESMEN

It shall be unlawful for any dealer or salesman to sell or offer for sale any securities within or from this State, except in transactions exempt under Section VI, unless he is registered as a dealer or salesman pursuant to the provisions of this section. Violation of this provision shall be a felony with penalty as provided in Section XIX (A).

(A) Dealers. Application for registration as a dealer may be made by any person. Such application for registration shall be made in writing in a form prescribed by the Director, shall be signed by the applicant, duly verified by oath, shall be filed in the office of the Director, and shall contain, but is not limited to, the following information:

(1) The name of the applicant.

(2) The address of the principal place of business of the applicant and the addresses of all branch offices, if any, of the applicant in this State.

(3) The form of business organization and the date of organization of the applicant.
The names and business addresses of all members, partners, officers, directors, trustees or managers of the applicant; a statement of the limitations, if any, of the liability of any partner, member, manager, or trustee; and a statement setting forth in chronological order the occupational activities of each such partner, member, officer, director, trustee or manager during the preceding ten (10) years.

A brief description of the general character of the business conducted or proposed to be conducted by the applicant.

A list of any other states in which the applicant is registered as a dealer, and, if registration of the applicant as a dealer has ever been refused, cancelled, suspended or withdrawn in any state, full details with respect thereto.

Whether the applicant is registered as a dealer under the Securities Exchange Act of 1934 or any act adopted in amendment thereof and whether any such registration of the applicant has ever been denied, revoked or suspended or is then the subject of proceedings for revocation or suspension by the Securities and Exchange Commission.

The names of all organizations of dealers or brokers of which the applicant is a member or before which any application for membership on the part of the applicant is then pending, and whether any such membership of the applicant has ever been denied, revoked or suspended or is then the subject of proceedings for revocation or suspension.

The names of any securities exchanges of which the applicant or any of its partners, officers, directors, trustees, members, managers or employees is a member, and whether any such membership has ever been denied, revoked or suspended or is then the subject of proceedings for revocation or suspension.

A financial statement or balance sheet, prepared in accordance with standard accounting practice, showing the financial condition of the applicant as of the most recent practicable date prior to the date of such application, such financial statement or balance sheet to be certified to by an independent certified public accountant.

Whether applicant or any officer, director, partner, member, trustee, or manager of the applicant, has ever been convicted of or charged with a felony or any misdemeanor of which fraud is an essential element and, if so, all pertinent information with respect to any such conviction or charge.

The Commission may also require such additional information, including but not limited to, the previous history, record or
association of the applicant, its officers, directors, employees, members, partners, managers or trustees as he may deem necessary to establish whether or not the applicant should be registered as a dealer under the provisions of this Act.

There shall be filed with such application (i) a written consent to the service of process upon the Commission in actions against such dealer, conforming to the requirements of section XIV of this Act and (ii) payment of the prescribed registration fee, which shall be returned if registration is refused.

Then an applicant has fully complied with the provisions of this subsection the Director shall register such applicant as a dealer unless the Commission shall have found that the applicant is not of good business reputation, or is not solvent, or does not appear qualified by training or experience to act as a dealer in securities. Then the Director has registered an applicant as a dealer he shall immediately notify the applicant of such registration.

(B) Salesmen. Application for registration as a salesman may be made by any individual. Such application for registration shall be made in writing in a form prescribed by the Director, shall be signed by the applicant and by the issuer or registered dealer employing or proposing to employ such applicant, duly verified by oath, shall be filed in the office of the Director, and shall contain, but is not limited to, the following information:

1. Name and residence and business address of the applicant.
2. Name of the dealer employing or proposing to employ the applicant.
3. Names and addresses of five persons of whom the Director may inquire as to the character and business reputation of the applicant.
4. Applicant's age and education.
5. The nature of employment and names and addresses of employers of the applicant for the period of ten years immediately preceding the date of application.
6. Other state or federal laws under which the applicant has ever been registered as a dealer or salesman of securities, and, if any such registration has ever been refused, cancelled, suspended or revoked, full details with respect thereto.
7. Whether applicant has ever been convicted of or charged with a felony or any misdemeanor of which fraud is an essential element and, if so, all pertinent information with respect to any such conviction or charge.

The Commission may also require such additional information as to applicant's previous business experience as he may deem necessary to determine whether or not the applicant should be
registered as a salesman under the provisions of this Act. There shall be filed with such application payment of the prescribed registration fee, which shall be returned if registration is refused.

"When an applicant has fully complied with the provisions of this subsection the Director shall register such applicant as a salesman unless the Commission finds that such applicant is not of good business reputation, or does not appear to be qualified by training or experience to act as a salesman of securities, or that the issuer or dealer named on the application is not a registered issuer or registered dealer. Then the Director has registered an applicant as a salesman he shall immediately notify the applicant of such registration.

Every issuer or registered dealer shall promptly notify the Director of the termination of the employment by him of a registered salesman; and the registration of such salesman shall automatically be suspended from the time of termination of such employment until such time as he shall notify the Director of his employment by another registered dealer.

(C) Refusal of Registration. If, after affording an applicant a hearing or an opportunity for a hearing as provided in Section XII, the Commission finds that there is a sufficient ground to refuse to register such applicant as provided in this section, it shall enter an order refusing to register such applicant. Such order shall state specifically the grounds for its issuance. A copy of such order shall be mailed to the applicant at his business address and, if the application is for registration as a salesman, to the registered dealer who proposed to employ such applicant.

If the Commission finds that an applicant has been guilty of any act or omission which would constitute a sufficient ground for revocation of a dealer's or salesman's registration under Section XI of this Act, such act or omission may constitute a sufficient ground for a finding by the Commission, under subsection (A) or subsection (B) of this section, that such applicant is not of "good business reputation".

(D) Record and Renewal of Registrations. The names and addresses of all persons who have been registered as dealers or salesmen, and all orders with respect thereto, shall be recorded in a Register of Dealers and Salesmen in the office of the Director. Every registration under this section shall expire on the 30th day of June in each year. Registration of dealers and salesmen may be renewed each year, at any time not less than fifteen (15) and not more than sixty (60) days before the expiration thereof, by (i) the payment of the proper registration fee and (ii) in the case of a dealer, the filing of a financial statement, prepared in accordance with standard accounting practice and certified to by an independent certified public accountant, showing the financial condition of such dealer as of the most recent practicable date.

Upon any change in the proprietors, partners, officers or directors of a registered dealer, such registered dealer shall promptly notify the Director in writing of such changes. The Director shall record such changes, without fee, in the Register
of Dealers and Salesmen.

(E) Fees. The fee for registration and for each annual re-

(1) For each dealer employing not more
than 3 salesmen in this state.................. $ 50.00

(2) For each dealer employing more than
3, but not more than 5 salesmen in
this state................................. $ 75.00

(3) For each dealer employing more than
5 salesmen in this state...................... $100.00

(4) For each salesman......................... $ 5.00

The registration fee for any dealer, who deals exclusively in
a security of which he is the issuer shall equal 10% of the fees
scheduled in (1), (2) and (3) of this subsection.

SECTION XI

SUSPENSION OR REVOCATION OF DEALERS' AND SALESMA N'S REGISTRATION

The Commission may revoke the registration of any dealer or
salesman if, after a hearing or opportunity for hearing as pro-
vided in Section XII, he finds that such registered dealer or
salesman:

(1) Has willfully violated any provision of this Act,
or any order or regulation pertaining thereto; or

(2) Is, in the case of a dealer, insolvent; or

(3) Has been guilty of any fraudulent act or practice
in connection with the purchase or sale of any
securities; or

(4) Conducts business in purchasing or selling securi-
ties at such variations from current market prices
as, in the light of all the circumstances, are un-
conscionable; or

(5) Has failed to file with the Commission any record,
list or financial statement required, or has re-
fused to permit an examination into his affairs; or

(6) In the case of a dealer has knowingly retained a
salesman after notice that such salesman has
committed an offense under the Act.

It shall be sufficient cause for revocation of registration
of a dealer as provided in this section, in case of a partnership
or corporation or any unincorporated association, if any member
of a partnership or any officer or director of the corporation or
association has been guilty of any act or omission which would be
sufficient ground for revoking the registration of an individual
dealer.

(A) Interim reports. The Commission may at any time require
a registered dealer to file with it a financial statement showing
the financial condition of such dealer as of the most recent
practicable date, but such financial statement need not be certi-

fied; provided, however, that the Director shall not require any
registered dealer to file such a financial statement more than
twice in any one year. If the Commission has reasonable grounds
to believe that the registration of any registered dealer or sales-
man should be revoked upon any grounds specified in this section,
the Director or his agent may conduct an examination into the
affairs of any such registered dealer or salesman as provided in
section XV.

(B) Suspension Orders. If the Commission has reasonable
grounds to believe that a registered dealer or salesman has been
guilty of any act or omission which would be sufficient ground
for revoking the registration of such dealer or salesman, he may
enter an order suspending the registration of such dealer or sales-
man pending an examination into the affairs of such dealer or
salesman or pending a hearing or opportunity for hearing as pro-
vided in section XII of this Act; provided, that no such order
shall be effective for more than 30 days, and such order, if not
withdrawn by the Director within 30 days, shall automatically
terminate 30 days after the date of its issuance. Such suspension
order shall state specifically the grounds for its issuance. Upon
the entry of such suspension order, or of an order withdrawing a

suspension order previously entered, the Director shall send a
copy of such order, by registered mail, to the dealer or salesman
whose registration is affected thereby at his business address,
and, if such order affects the registration of a salesman, to the
registered dealer who employs such salesman.

(C) Entry of Revocation Order. If the Commission finds,
after affording a registered dealer or a registered salesman a
hearing or opportunity for hearing as provided in section XII,
that there are grounds to revoke the registration of such dealer
or salesman, the Director shall enter an order in the Register of
Dealers and Salesmen revoking the registration of such dealer or
salesman. Such order shall state specifically the grounds for its
issuance. A copy of such order shall be sent by registered mail
to the dealer or salesman whose registration is revoked thereby at
his business, and, if the revocation of the registration of a
salesman, to the issuer or registered dealer who employs such
salesman.

Suspension or revocation of the registration of a dealer shall
also suspend or revoke the registration of all his salesmen; but
suspension or revocation of the registration of a salesman solely
because he was employed by a dealer whose registration was sus-
pended or revoked shall not prejudice subsequent applications
for registration by such salesman.
Hearings may be ordered by the Commission upon its own initiative or at the written request of any interested person, either before or after registration of issuers, dealers, or salesman, for the purpose of obtaining any and all information, (i) to enable the Commission to properly pass upon any pending application, (ii) to modify the terms and conditions of any registration, and, (iii) to administer any provision of this Act or orders, rules and regulations pertaining thereto.

(A) Before entering an order revoking the registration of any securities as provided in Section IX, the Commission shall send to the issuer of such securities and, if the application for registration of such securities was filed by a registered dealer, to such registered dealer a notice of opportunity for hearing.

Before entering an order refusing to register any person as a dealer or salesman as provided in Section X, or revoking the registration of any person as a registered dealer or registered salesman as provided in Section XI, the Commission shall send to such person, and if such person be a salesman or an applicant for registration as a salesman, to the registered issuer or dealer who employs or proposes to employ such salesman, a notice of opportunity for hearing. Notices of opportunity for hearing shall be sent by registered mail, return receipt requested, to the addressee's business address, or to the statutory agent of record, and such notice shall state:

(1) The order which the Commission proposes to issue;

(2) The grounds for issuing such proposed order;

(3) That the person to whom such notice is sent will be afforded a hearing upon request to the Commission if such request is made within ten days after receipt of the notice.

(B) Whenever a person requests a hearing in accordance with the provisions of this section, the Commission shall set a date, time and place for such hearing and shall forthwith notify the person requesting such hearing thereof. The date set for such hearing shall be within 15 days, but not earlier than five days, after the request for hearing has been made, unless otherwise agreed to by both the Commission and such person as requests such hearing.

(C) For the purpose of conducting any hearing as provided in this section, the Commission shall have the power to call any party to testify under oath at such hearings, to require the attendance of witnesses, the production of books, records and papers, and to take the depositions of witnesses; and for that purpose the Commission is authorized, at the request of the person requesting such hearing or upon its own initiative, to issue a subpoena for any witness or a subpoena duces tecum to compel the production of any books, records or papers, directed to the sheriff of the county where such witness resides or is found, which shall be served and returned. The fees and mileage of the witnesses shall be paid from the fund in the state treasury for the use of
the Commission in the same manner that other expenses in the administration of the Act are paid.

(D) At any hearing conducted under this section, a party or an affected person may appear in his own behalf or may be represented by an attorney. A stenographic record of the testimony and other evidence submitted shall be taken. The Commission or its agent conducting the hearing shall pass upon the admissibility of evidence, but a party may at any time make objections to the rulings thereon, and if the Commission or its agent refuses to admit evidence the party offering the same shall make a proffer thereof and such proffer shall be made a part of the record of such hearing.

(E) In any hearing under this section, the Director or other authorized agent of the Commission may conduct such hearing and shall have the same powers and authority in conducting such hearing as are granted to the Commission; the Commission may, however, order additional testimony to be taken or permit the introduction of further documentary evidence. A transcript of testimony and evidence, objections, if any, of the parties, and additional testimony and evidence, if any, shall have the same force and effect as if such hearing or hearings had been conducted by the Commission. All recommendations of the Director to the Commission shall be advisory only and shall not have the effect of an order of the Commission.

(F) All hearings before the Commission shall be governed by this section, and by the rules of practice and procedure to be adopted by the Commission. Neither the Commission nor any Commissioner nor Director, nor other authorized agent of the Commission, shall be bound by the technical rules of evidence, and no informality in any proceeding, as in the manner of taking testimony, before the Commission, any Commissioner, Director, or other authorized agent of the Commission shall invalidate any order, decision, rule or regulation made, approved or confirmed by the Commission.

SECTION XIII

APPEALS

An appeal may be taken from any order of the Commission by any person adversely affected thereby to the Superior Court of Maricopa County, Arizona, by serving on the Commission within 20 days after the date of entry of such order a written notice of appeal, signed by the appellant, stating:

(1) The order from which the appeal is taken; and

(2) The grounds upon which a reversal or modification of such order is sought; and

(3) A demand for a certified transcript of the record of such order.

(A) Upon receipt of such notice of appeal, the Commission shall, within 20 days thereafter, make, certify and deliver to
the appellant a transcript of the record of the order from which
the appeal is taken; provided, that the appellant shall pay the
reasonable costs of such transcript. The appellant shall, within
5 days after receipt of such transcript, file such transcript and
a copy of the notice of appeal with the Clerk of the Court. Said
notice of appeal and transcript of the record shall constitute
appellant's complaint. Said complaint shall thereupon be entered
on the trial calendar of the Court.

(B) If the order of the Commission shall be reversed, the
Court shall by its mandate specifically direct the Commission as
to its further action in the matter, including the making and
entering of any order or orders in connection therewith, and the
conditions, limitations, or restrictions to be therein contained.

SECTION XIV
CONSENT TO SERVICE

There a consent to service of process is required under this
Act, such consent to service of process shall be in the form
prescribed by the Commission, shall be irrevocable, and shall
provide that actions arising out of or founded upon the sale of
any securities in violation of this Act may be commenced against
the person executing such consent in any court of competent
jurisdiction and proper venue within this state, by the service
of process or pleadings upon the Commission. Service of any such
process or pleadings in any such action against a person who has
filed a consent to service with the Commission shall, if made on
the Commission, be by duplicate copies, one of which shall be
filed in the office of the Director and the other immediately for-
warded by the Director by registered mail to the person against
whom such process or pleadings are directed at his latest address
on file in the office of the Director.

SECTION XV
INVESTIGATIONS AND EXAMINATIONS

The Commission, or the Director, or other agents, at the
Commission's direction, may at any time prior to or subsequent to
the registration of any securities investigate and examine into
the affairs of any person issuing or dealing in or proposing to
issue or deal in securities, or into the affairs of any person
when the Commission has grounds to believe that such person is
or may be issuing or dealing in securities.

(A) The Commission may at its discretion appoint special
investigators who shall be compensated by the applicant for
registration at the rate of $25.00 per day plus actual travel
and other expenses properly incurred in connection therewith,
excepting that, should the investigation be made by an attorney-
at-law, a certified public accountant, or a registered profess-
ional engineer, the prevailing fee for such service shall be
specifically authorized in writing by the Commission prior to the
commencement of the examination or investigation. It shall be a
felony, subject to penalty as provided in Section XIX (A), for
any person to compensate such examiner or investigator in money
or other things of value in excess of rates provided for in this
subsection.

The Commission may require an advance deposit to be made to
the investigator prior to the investigation, and any balance for
services and expenses due at the conclusion of the investigation
shall be payable within 15 days after the submission of an
itemized statement by the investigator, and failure to make pay-
ment of such account within the specified time shall work a for-
feiture upon the right of the person under investigation to do
business within the State.

(B) The Commission, the Director, or other agent may, in
connection with any investigation or examination, require the
person being investigated to produce all books and records, and
may administer oaths to and examine the person, officers, and
employees of such person as to his or its business and affairs,
and may require such person to submit certified statements and
reports of his or its business and affairs.

SECTION XVI
FRAUDULENT PRACTICES

It shall be a fraudulent practice and it shall be unlawful:

(A) For any person knowingly to subscribe to, or make or
cause to be made, any material false statement or representation
in any application, financial statement or other document or
statement required to be filed under any provision of this Act, or
any Commission regulation or order relating thereto; or

(B) For any person, in connection with any transaction or
transactions in this state which involves any offer to sell or to
buy securities, or any sale or purchase of securities, including
securities exempted under the provisions of Section V and includ-
ing any transactions exempted under the provisions of Section VI,
either directly or indirectly (i) to employ any device, scheme,
artifice or omission to mislead or defraud or (ii) to engage in
any act, practice, transaction or course of business which
operates or would operate as a fraud or deceit upon the purchaser
or seller.

(C) Violation under this section shall be a felony with
penalty as provided in Section XIX (A).

SECTION XVII
INJUNCTIONS AND PROSECUTIONS FOR VIOLATIONS

Whenever it shall appear to the Commission, either upon com-
plaint or otherwise, that any person has engaged in, or is en-
gaging in, or is about to engage in any act or practice or trans-
action which is prohibited by this Act, or by any order of the
Commission issued pursuant to any section of this Act, or which
is declared to be illegal in this Act, the Commission may, in its
discretion:

(1) Apply to the Superior Court of any county in this
state for an injunction restraining such person and his agents,
employees, partners, officers and directors, from continuing such
act, practice or transaction or engaging therein or doing any
acts in furtherance thereof, and for such other and further relief
as the facts may warrant.

(2) Transmit such evidence as may be available concern­
ing such act, practice or transaction to the Attorney General
whereupon he shall petition the proper court of jurisdiction for
the appointment of a conservator to reorganize the affairs of, or
a receiver to wind up the affairs of, the violator under this act.

(3) Transmit such evidence as may be available concern­
ing such act, practice or transaction to the Attorney General who
may, in his discretion, institute the necessary criminal pro­
cceedings.

(A) In any proceeding for an injunction, the Commission may
apply for and on due showing be entitled to have issued the Court's
subpoena requiring (i) the appearance forthwith of any defendant
and his agents, employees, partners, officers or directors, and
(ii) the production of such documents, books and records as may
appear necessary for the hearing upon the petition for an in­
junction. Upon proof of any of the offenses described in this
section, the Court may grant such injunction as the facts may
warrant.

(B) In any criminal proceeding, the Attorney General, or
other prosecuting attorney, may apply for and on due showing be
entitled to have issued the Court's subpoena requiring (i) the
appearance forthwith of any defendant and his agents, employees,
partners, officers or directors, and (ii) the production of such
documents, books and records as may impose upon any defendant con­
victed of any of the offenses described in this section such
penalty, in accord with the provisions of Section XIX, as the
facts may warrant.

SECTION XVIII
REMEDIES

Every sale or contract for sale made in violation of any
of the provisions of this Act, or of any order issued by the
Commission under any provisions of this Act, shall be voidable at
the election of the purchaser. The person making such sale or
contract for sale, and every director, officer, salesman or agent
of or for such seller who shall have participated or aided in any
way in making such sale, shall be jointly and severally liable to
such purchaser in an action at law in any court of competent juris­
diction upon tender to the seller, in person or in open court, of
the securities sold or of the contracts made for the full amount
paid by such purchaser, together with all taxable court costs and
reasonable attorney's fees in any action or tender under this section. Provided:

(A) That no purchaser shall claim or have the benefit of this section if he shall have refused or failed to accept, within 30 days from the date of such offer, an offer in writing of the seller to take back the securities in question and to refund the full amount paid by such purchaser, together with interest on such amount for the period from the date of payment by such purchaser down to the date of repayment, such interest to be computed:

(1) In case such securities consist of interest-bearing obligations, at the same rate as provided in such securities; or

(2) In case such securities consist of other than interest-bearing obligations, at the rate of 5% per annum; less, in every case, the amount of any income from such securities that may have been received by such purchaser.

(B) Nothing in this Act shall limit any statutory or common law right of any person in any court for any act involved in the sale of securities.

SECTION XIX

PENALTIES

(A) Any person who shall engage in any act, practice or transaction declared by any provision of the Act to be a felony, shall upon conviction thereof be punished by a fine of not less than $500.00 or more than $5,000.00 or imprisonment for not less than 1 year and not more than 10 years, or by both fine and imprisonment.

(B) Any person who shall violate any provision of this Act for which penalty is not provided in subsection (A) of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than $100.00 or more than $500.00 or imprisonment for not more than one year, or by both fine and imprisonment.

SECTION XX

EVIDENTIARY MATTERS

(A) In any action, civil or criminal, where a defense is based upon any exemption provided for in this Act, the burden of proving the existence of such exemption shall be upon the party raising such defense.

(B) In any action, civil or criminal, a certificate signed and sealed by the Commission, stating compliance or non-compliance with the provisions of this Act, shall constitute prima facie evidence of such compliance or non-compliance with the provisions
of this Act and shall be admissible in any such action.

(c) In any action, civil or criminal, brought under this Act the accused shall be deemed to have had knowledge of any matter of fact, where in the exercise of reasonable diligence, he should, prior to the commission of the offense complained of, have secured such knowledge.

SECTION XXI

SEPARABILITY OF PROVISIONS

If any provision or provisions of this Act shall be held invalid, the remainder of this Act shall not be affected thereby.

SECTION XXII

REPEAL OF CERTAIN PRIOR ACTS

SAVING OF CERTAIN RIGHTS AND LIABILITIES THEREUNDER

(A) Articles 10 and 11 of Chapter 53, Arizona Code Annotated, 1939, as amended, are hereby repealed, to take effect upon the day that this Act goes into force, subject to the limitations provided in subsections (B), (C) and (D) of this section.

(B) The provisions of all laws which are repealed by this Act shall remain in force for the prosecution and punishment of any person who, before the effective date of this Act, shall have committed any act contrary to the provisions of any law in force at the time such act was done, and such person may be prosecuted and punished under the law as it existed when such violation occurred.

(C) In case of sales, contracts, or agreements made prior to the effective date of this Act, the civil rights and liabilities of the parties thereto shall remain as provided by the law as it existed at the time such sales, contracts, or agreements were made, and all parts of laws repealed by this Act shall remain in force for the enforcement of such rights and liabilities.

(D) All securities for which a permit, issued by the Corporation Commission pursuant to the provisions of Article 10, Chapter 53, Arizona Code Annotated, 1939, as amended, is in effect on the day prior to the effective date of this Act, if such securities are not exempt under this Act, such registration to be effective for a period of 6 months from the effective date of this Act; and the Commission shall have the same powers with respect to such securities that it has with respect to securities registered under the provisions of this Act. All dealers who are duly registered as dealers and all salesmen who are registered as agents under the said Article 11 of Chapter 53, Arizona Code Annotated, 1939, as amended, on the day prior to the effective date of this Act shall be deemed to be duly registered under and subject to the provisions of this Act, such registration to expire on the 30th day of June of the year in which this Act becomes effective and to be subject to renewal as provided in this Act.
(E) The Director provided for by this Act shall respectively succeed the Director of Securities heretofore acting under the law hereby repealed, and as such successor shall receive all the files, papers, and property of said Director of Securities relating to the administration of the said Articles 10 and 11 of Chapter 53, Arizona Code Annotated, 1939, as amended. All proceedings pending before the said Director of Securities under the law hereby repealed shall be continued under the provisions of this Act by the Director.

SECTION XXIII

INTENT AND CONSTRUCTION

The intent and purpose of this Act is for the protection of the public, the preservation of equitable business practices wherein such enterprise or business is financed through the sales of securities, the suppression of fraudulent practices in sales or offers to sell securities, and the prosecution of persons operating or tending to operate a fraud, a deceit or an inequitable practice upon any purchaser of securities. It is a proper and needful exercise of the power of the state and should not be given narrow or restricted interpretation or construction by any court of proper jurisdiction which would tend to restrain or hamper the performance of officials in their duties of administration of the Act.

SECTION XXIV

EMERGENCY

To preserve the public peace, health, and safety it is necessary that this Act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law.