

HOUSE No. 532.

[Bill accompanying the petition of William H. Baker for legislation to regulate the purchase and sale of stocks by brokers. Joint Judiciary. January 30.]

Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Two.

AN ACT

Relative to the Purchase and Sale of Stock, Bonds
and Other Securities.

*Be it enacted by the Senate and House of Representatives
in General Court assembled, and by the authority of the
same, as follows:*

STOCK.

1 SECTION 1. Any person who buys and sells
2 stock, bonds or other securities for principals
3 whom they represent shall immediately deliver to
4 such principals an itemized account of the trans-
5 action, showing the amount or amounts deposited
6 with such person, and such person shall tender
7 delivery to such principal the certificates of such
8 stock, bonds or other securities so purchased,

9 within one week from the date of purchase
10 thereof.

1 SECTION 2. If such principal does not desire
2 the immediate delivery of said stock, bonds or
3 other securities, then he may authorize in writing
4 such person to borrow on such stock, bonds or
5 securities whatever amount may be agreed upon;
6 but such stock, bonds or securities shall all be
7 issued or transferred first in the name of said
8 principal.

1 SECTION 3. No person, for the purchase or
2 sale of stock, bonds or other securities, shall sell
3 or convey the interest of any person in such
4 stock, bonds or securities, without the consent of
5 such person in writing, unless such stock, bonds
6 or other securities have fallen in market value to
7 the amount which, if then sold, would indemnify
8 such person for his commission and amount paid
9 for such stock, bonds or other securities. And
10 then before said sale is made, reasonable notice
11 thereof must be given in writing to such principal,
12 of the time, place and manner of such sale, so that
13 opportunity may be given him to purchase at said
14 sale.

1 SECTION 4. Any person who, without such
2 authority, sells or disposes of such stock, bonds
3 or other securities, shall forfeit to the principal or
4 person injured, in damages three times the loss
5 which has been sustained, to be recovered in an

6 action of tort and to be begun within one year
7 from the time the cause of action accrued.

1 SECTION 5. No person shall engage in the
2 conspiracy or scheme of unjustly or maliciously
3 attempting to enhance or depress the value of any
4 stock, bonds or other securities, by circulating in
5 writing, or orally causing to be published, any
6 false or fraudulent rumors concerning the value
7 of such stock or bonds.

1 SECTION 6. No person shall in any exchange,
2 mart or trade, or otherwise, buy or sell any stock
3 or bonds for any person or for themselves, with
4 the intention not to deliver such stock or bonds
5 within a reasonable time, and the fact of the non-
6 delivery of such stock or bonds shall be prima
7 facie evidence that said stock or bonds were not
8 intended to be delivered.

1 SECTION 7. Any person employed to purchase
2 or sell stock, bonds or other securities, and who,
3 pretending orally or in writing that he has so
4 purchased or sold said stock, bonds or securities,
5 when in fact he has not, shall forfeit to the person
6 whom he represents, or who is injured thereby,
7 three times the value of said stock, bonds or
8 securities to be recovered in an action of tort
9 within one year from the time the said cause of
10 action accrued.

1 SECTION 8. No person shall sell, for them-

2 selves or for any principal, or caused to be sold
3 or offered for sale, any stock, bonds or other
4 securities which are not then owned by such
5 person or such principal. Any person who is
6 damaged thereby, may recover from the first
7 mentioned person three times the amount lost, in
8 an action of tort to be begun within one year from
9 the time the cause of action accrued.

1 SECTION 9. No person shall make any un-
2 truthful or fraudulent statement concerning the
3 value of any stock or securities offered for sale
4 or purchase, and any person injured thereby may
5 recover from such first mentioned person or news-
6 paper what damages he has sustained thereby.

1 SECTION 10. Any person who violates any of
2 the provisions of this act shall be imprisoned in
3 the house of correction for not more than one
4 year, and shall pay a fine not exceeding five thou-
5 sand dollars.