
STATE OF MINNESOTA
IN COURT OF APPEALS
NO. C4-91-904

Investment Company Institute

Appellant,

v.

Michael Hatch, in his capacity
as Commissioner of Commerce,
and the State of Minnesota,

Respondents.

APPELLANT'S SUPPLEMENTAL APPENDIX
AND ITS INDEX

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Sec. 31. [80A.31] **STATUTORY POLICY.** This act shall be so construed as to effectuate its general purpose to make uniform the law of those states which enact it and to coordinate the interpretation of this act with the related federal regulation.

Sec. 32. **REPEAL AND SAVING PROVISIONS.**
Subdivision 1. The provisions of Minnesota Statutes 1971, Chapter 50, are repealed.

Subd. 2. Prior law exclusively governs all suits, actions, prosecutions, or proceedings which are pending or may be initiated on the basis of facts or circumstances occurring before August 1, 1973.

Subd. 3. All effective registrations under prior law, all administrative orders relating to such registrations and all conditions imposed upon such registrations remain in effect so long as they would have remained in effect if this act had not been passed. They are considered to have been filed, entered, or imposed under this act, but are governed by prior law.

Subd. 4. Prior law applies in respect of any offer or sale made within one year after the effective date of this act pursuant to an offering begun in good faith before its effective date on the basis of an exemption available under prior law.

Subd. 5. Judicial review of all administrative orders as to which review proceedings have not been instituted by the effective date of this act are governed by prior law.

Approved May 21, 1973.

CHAPTER 452—S.F.No.880

An act relating to taxation; sales and use tax; amending Minnesota Statutes 1971, Section 297A.25, Subdivision 1.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 297A.25, Subdivision 1, is amended to read:

297A.25 TAXATION; SALES TAX; EXEMPTIONS. Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

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Senate Companion No.

DUPLICATE
FIRST ENCLOSURE
H. F. NO. 634

A bill for an act relating to securities; providing for improved regulation of the sale of securities and the licensing of broker-dealers, agents, and investment advisers; making miscellaneous clarifications and revisions; amending Minnesota Statutes 1980, Sections 80A.04, Subdivision 4; 80A.05, Subdivision 1; 80A.07, Subdivisions 1, 80A.12, Subdivision 3; 80A.14; 80A.15, Subdivisions 1 and 2; 80A.16; 80A.21, Subdivision 1; etc.

Bill Drafting No. 81-0727

HOUSE ACTION

Introduced by Marsh Sarna
Reap Ogren Blatz

Read FIRST TIME MAR 2 1981 and Referred to the Committee on COMMERCE AND ECONOMIC DEVELOPMENT

Committee Recommendation and Adoption of Report **TO PASS AS AMENDED** MAR 26 1981

Read SECOND TIME MAR 26 1981
Committee of the Whole

Read THIRD TIME
Passed by the House
Transmitted to the Senate

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COMPARISON ACTION

Date _____ moved that
P. No. _____ and P. No. _____
be referred for comparison.
This _____
Upon motion of _____ amended and
P. No. _____ was substituted
for P. No. _____ which
was indefinitely postponed.

CONCURRENCE (HOUSE ACTION)

Date _____
Upon motion of _____
the House concurred in Senate amendments
H. F. No. _____ of P. No. _____
the bill as amended.
Chief Clerk, House of Representatives

SENATE ACTION

Senate Companion
in S. F. No. _____

Read FIRST TIME _____ and Referred to the
Committee on _____

Committee Recommendation and Adoption of Report

Read SECOND TIME
Committee of the Whole

Read THIRD TIME
Passed by the Senate
Returned to the House

APPROVED AS TO FORM
Revisor of Statutes

By PHM

Secretary of the Senate
State of Minnesota
OTHER ACTION
 Refer to back of cover for action
 CONFERENCE COMMITTEE
 Refer to back of cover for committee action

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Those who voted in the affirmative were:

Aasness	Ellingson	Kahn	Nysether	Searles
Ainley	Erickson	Kaley	O'Connor	Sherman
Anderson, B.	Esau	Kalis	Ogren	Sherwood
Anderson, G.	Evans	Kelly	Olsen	Sieben, M.
Anderson, I.	Ewald	Knickerbocker	Onnen	Simoneau
Anderson, R.	Fjoslien	Kostohryz	Osthoff	Skoglund
Battaglia	Forsythe	Kvam	Otis	Stadum
Begich	Friedrich	Laidig	Peterson, B.	Staten
Berkelman	Greenfield	Lehto	Peterson, D.	Stowell
Blatz	Gruenes	Lemen	Piepho	Stumpf
Brandl	Gustafson	Levi	Pogemiller	Sviggum
Brinkman	Halberg	Long	Redalen	Swanson
Byrne	Hauge	Ludeman	Reding	Valan
Carlson, D.	Haukoos	Marsh	Rees	Valento
Carlson, L.	Heap	McDonald	Reif	Vanasek
Clark, J.	Heinitz	McEachern	Rice	Vellenga
Clark, K.	Himle	Mehrkens	Rodriguez, C.	Voss
Clawson	Hoberg	Metzen	Rodriguez, F.	Weaver
Dahlvang	Hokanson	Minne	Rose	Welch
Dean	Hokr	Murphy	Rothenberg	Welker
Dempsey	Jacobs	Nelsen, B.	Samuelson	Wenzel
Den Ouden	Jennings	Nelson, K.	Sarna	Wieser
Drew	Johnson, C.	Niehaus	Schafer	Wynia
Eken	Johnson, D.	Norton	Schoenfeld	Zubay
Elioff	Jude	Novak	Schreiber	Spkr. Sieben, H.

The bill was passed and its title agreed to.

H. F. No. 634, A bill for an act relating to securities; providing for improved regulation of the sale of securities and the licensing of broker-dealers, agents, and investment advisers; making miscellaneous clarifications and revisions; amending Minnesota Statutes 1980, Sections 80A.04, Subdivision 4; 80A.06, Subdivision 1; 80A.07, Subdivision 1; 80A.12, Subdivision 1; 80A.14; 80A.15, Subdivisions 1 and 2; 80A.16; 80A.21, Subdivision 1; 80A.28, Subdivisions 1, 2, 3, 4 and 7, and by adding a subdivision; 80A.30, Subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Byrne	Ellingson	Hanson	Johnson, C.
Ainley	Carlson, D.	Erickson	Harens	Johnson, D.
Anderson, B.	Carlson, L.	Esau	Hauge	Jude
Anderson, G.	Clark, J.	Evans	Haukoos	Kahn
Anderson, I.	Clark, K.	Ewald	Heap	Kaley
Anderson, R.	Clawson	Fjoslien	Heinitz	Kalis
Battaglia	Dahlvang	Forsythe	Himle	Kelly
Begich	Dean	Friedrich	Hoberg	Knickerbocker
Berkelman	Dempsey	Greenfield	Hokanson	Kostohryz
Blatz	Den Ouden	Gruenes	Hokr	Kvam
Brandl	Drew	Gustafson	Jacobs	Laidig
Brinkman	Elioff	Halberg	Jennings	Lehto

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30th Day]

MONDAY, APRIL 6, 1981

Lemen	Nelson, K.	Redalen	Searles	Valento
Levi	Niehaus	Reding	Sherman	Vanasek
Long	Norton	Rees	Sherwood	Vellenga
Ludeman	Novak	Reif	Sieben, M.	Voss
Marsh	Nysether	Rice	Simoneau	Weaver
McCarron	O'Connor	Rodriguez, C.	Skoglund	Welch
McDonald	Olsen	Rodriguez, F.	Stadum	Welker
McEachern	Onnen	Rose	Staten	Wenzel
Mehrkens	Osthoff	Rothenberg	Stowell	Wieser
Metzen	Otis	Samuelson	Stumpf	Wynia
Minne	Peterson, B.	Sarna	Sviggum	Zubay
Munger	Peterson, D.	Schafer	Swanson	Spkr. Sieben, H.
Murphy	Piepho	Schoenfeld	Tomlinson	
Nelsen, B.	Pogemiller	Schreiber	Valan	

The bill was passed and its title agreed to.

H. F. No. 739, A bill for an act relating to local government; regulating the tax levy of the joint recreation and park board of the city of Hibbing and Independent School District 701; amending Laws 1971, Chapter 573, Section 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Esau	Kalis	O'Connor	Sherwood
Ainley	Evans	Kelly	Olsen	Sieben, M.
Anderson, B.	Ewald	Knickerbocker	Onnen	Simoneau
Anderson, G.	Fjoslien	Kostohryz	Osthoff	Skoglund
Anderson, I.	Forsythe	Kvam	Otis	Stadum
Anderson, R.	Friedrich	Laidig	Peterson, B.	Staten
Battaglia	Greenfield	Lehto	Peterson, D.	Stowell
Begich	Gruenes	Lemen	Piepho	Stumpf
Berkelman	Gustafson	Levi	Pogemiller	Sviggum
Blatz	Halberg	Long	Redalen	Swanson
Brandl	Hanson	Ludeman	Reding	Tomlinson
Brinkman	Harens	Marsh	Rees	Valan
Byrne	Hauge	McCarron	Reif	Valento
Carlson, D.	Haukoos	McDonald	Rice	Vanasek
Carlson, L.	Heap	McEachern	Rodriguez, C.	Vellenga
Clark, J.	Heinitz	Mehrkens	Rodriguez, F.	Voss
Clark, K.	Himle	Metzen	Rose	Weaver
Clawson	Hoberg	Minne	Rothenberg	Welch
Dahlvang	Hokanson	Munger	Samuelson	Welker
Dean	Hokr	Murphy	Sarna	Wenzel
Dempsey	Jacobs	Nelsen, B.	Schafer	Wieser
Den Ouden	Jennings	Nelson, K.	Schoenfeld	Wynia
Drew	Johnson, C.	Niehaus	Schreiber	Zubay
Elioff	Johnson, D.	Norton	Searles	Spkr. Sieben, H.
Ellingson	Jude	Novak	Shea	
Erickson	Kaley	Nysether	Sherman	

The bill was passed and its title agreed to.

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ity of a school board for selection and employment of a superintendent; amending Minnesota Statutes 1980, Section 123.34, Subdivision 9.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Davis	Lantry	Peterson, D.L.	Spear
Bang	Dicklich	Lessard	Peterson, R.W.	Stem
Belanger	Dieterich	Lindgren	Petty	Stokowski
Benson	Engler	Luther	Pillsbury	Stumpf
Berg	Frank	Menning	Purfeerst	Taylor
Berglin	Frederickson	Merriam	Ramstad	Tennessee
Bernhagen	Hanson	Moe, D. M.	Renneke	Ulland
Bertram	Johnson	Nelson	Rued	Vega
Brataas	Knutson	Olhoft	Schmitz	Waldorf
Chmielewski	Kroening	Pehler	Setzepfandt	Wegener
Dahl	Kronebusch	Penny	Sikorski	Willet
Davies	Langseth	Peterson, C.C.	Solon	

So the bill passed and its title was agreed to.

H. F. No. 624: A bill for an act relating to corrections; clarifying the transfer of correctional inmates to medical facilities; providing for tuberculosis testing for correctional employees; clarifying unclaimed property of correctional inmates, and diversified labor accounts; changing terminology of correctional facilities; harmonizing furlough provisions; prescribing the time for counties to submit estimates for reimbursement for probation services; amending Minnesota Statutes 1980, Sections 241.07; 241.09; 241.14; 241.22; 241.64, Subdivisions 1 and 2; 242.20; 242.22; 242.43; 242.44; 242.45; 242.47; 242.48; 243.05; 243.20; 243.211; 243.465; 243.57; 243.58; 243.64; 244.07, Subdivision 1; 260.311, Subdivision 5; repealing Minnesota Statutes 1980, Sections 241.01, Subdivision 8; 241.15; 242.23; 242.24; 242.375; 242.52; 242.53; 243.06; 243.22; 243.25; 243.26; and 243.78.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Davis	Lantry	Peterson, D.L.	Spear
Bang	Dicklich	Lindgren	Peterson, R.W.	Stem
Belanger	Dieterich	Luther	Petty	Stokowski
Benson	Engler	Menning	Pillsbury	Stumpf
Berg	Frank	Merriam	Purfeerst	Taylor
Berglin	Frederickson	Moe, D. M.	Ramstad	Tennessee
Bernhagen	Hanson	Moe, R. D.	Renneke	Ulland
Bertram	Johnson	Nelson	Rued	Vega
Brataas	Knutson	Olhoft	Schmitz	Waldorf
Chmielewski	Kroening	Pehler	Setzepfandt	Willet
Dahl	Kronebusch	Penny	Sikorski	
Davies	Langseth	Peterson, C.C.	Solon	

So the bill passed and its title was agreed to.

H. F. No. 634: A bill for an act relating to securities; providing for improved

regulation of the sale of securities and the licensing of broker-dealers, agents, and investment advisers; making miscellaneous clarifications and revisions; amending Minnesota Statutes 1980, Sections 80A.04, Subdivision 4; 80A.05, Subdivision 1; 80A.07, Subdivision 1; 80A.12, Subdivision 3; 80A.14; 80A.15, Subdivisions 1 and 2; 80A.16; 80A.21, Subdivision 1; 80A.28, Subdivisions 1, 2, 3, 4 and 7, and by adding a subdivision; 80A.30, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Davis	Lessard	Peterson, D. L.	Spear
Bang	Dicklich	Lindgren	Peterson, R. W.	Stern
Belanger	Dieterich	Luther	Petty	Stokowski
Benson	Engler	Menning	Pillsbury	Stumpf
Berg	Frank	Merriam	Purfeerst	Taylor
Berglin	Frederickson	Moe, D. M.	Ramstad	Ulland
Bernhagen	Hanson	Moe, R. D.	Renneke	Vega
Bertram	Johnson	Nelson	Rued	Waldorf
Brataas	Knutson	Olhoft	Schmitz	Wegener
Chmielewski	Kroening	Pehler	Setzepfandt	Willet
Dahl	Langseth	Penny	Sikorski	
Davies	Lantry	Peterson, C. C.	Solon	

So the bill passed and its title was agreed to.

S. F. No. 64: A bill for an act relating to no-fault automobile insurance; increasing basic economic loss benefits; increasing the weekly maximums for certain first-party benefits; clarifying legislative intent concerning stacking of insurance policies; coordinating the priority of applicability of security for payment of certain benefits; increasing residual liability benefits; increasing certain uninsured benefits; establishing tort threshold limitations on uninsured motorist coverage; providing mandatory underinsured motorist coverage; amending Minnesota Statutes 1980, Sections 65B.44, Subdivisions 1, 3, 6, and 7; 65B.47, Subdivision 2, and by adding subdivisions; and 65B.49, Subdivisions 3 and 4, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Berglin	Johnson	Moe, R. D.	Petty	Stokowski
Dahl	Lantry	Nelson	Schmitz	Stumpf
Dicklich	Luther	Olhoft	Sikorski	Tennessee
Dieterich	Menning	Pehler	Solon	
Frank	Merriam	Penny	Spear	
Hanson	Moe, D. M.	Peterson, R. W.	Stern	

Those who voted in the negative were:

Ashbach	Brataas	Kroening	Pillsbury	Vega
Bang	Chmielewski	Kronebusch	Ramstad	Waldorf
Belanger	Davies	Langseth	Renneke	Wegener
Benson	Davis	Lessard	Rued	Willet
Berg	Engler	Lindgren	Setzepfandt	
Bernhagen	Frederickson	Peterson, C. C.	Taylor	
Bertram	Knutson	Peterson, D. L.	Ulland	

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Minnesota Commerce Department

1980 Annual Report

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STATE OF MINNESOTA

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Pursuant to Mn Stat 45.055
Includes Annual reports from
Banking Div., Insurance Div.,
Securities Div., & Office of
Consumer Services Annual
Rpt due 12/1/80 read 5/12/81

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Securities Division

eleven

The Division's 1980 Budget consisted of \$775,800 appropriated from the State General Fund and \$140,659 in dedicated funds. The dedicated funds are collected from real estate licensees pursuant to Mn. Stat. § 82.34 and are used exclusively for the purposes described therein.

The division generated revenues of nearly \$3 million, the primary source of which were licensing and registration fees.

During 1980 an emphasis was placed on addressing needed changes to the rules and laws relevant to several of the eleven statutes which the Division administers. The Real Estate Education Research and Recovery Fund (Minn. Stat. § 82.34) was amended to provide substantially greater relief to individuals who have been financially harmed due to the dishonest or fraudulent acts of Minnesota real estate licensees. A comprehensive review of the securities rules was begun, especially those rules affecting a small company's ability to raise capital. It is anticipated that these rules will become effective in fiscal year 1981. Advisory groups were organized to examine the laws relating to franchises and subdivided land. These groups met on a regular basis and many of their recommendations were incorporated into the Division's 1981 legislative proposals.

In addition to the amendments to the Real Estate Education, Research and Recovery Fund several other important developments in the area of real estate occurred during 1980. Effective in November of 1980 the Securities Division will be renamed as the Securities and Real Estate Division. This change was intended to better identify the agency's major areas of responsibility. In addition, the real estate education office, which had been based on the campus of the University of Minnesota since its inception in 1975, was moved to the offices of the Department of Commerce in St. Paul in an effort to improve the coordination between the education and licensing functions as well as to cut costs.

Fiscal 1980 statistics show a general increase in the level of registration activity as compared to the previous fiscal year. Revenues were up by more than 36%. The number of securities registrations slightly decreased during 1980 while the dollar amount of securities registered increased by \$300 million. Applications for subdivided lands, franchises, charitable organizations and municipal industrial development projects increased by 40%, 100%, 40% and 25% respectively.

With the exception of investment advisors, professional fund raisers and collection agencies which showed slight increases, the number of licensees generally decreased since fiscal year end 1979.

The 1980 legislature placed the Continuing Care Facility Act under the Division's jurisdiction. The law will take effect on November 1, 1981 and requires substantive review of application documents and enforcement responsibilities.

The enforcement section handled an estimated 8,000 complaints which resulted in approximately 1,000 investigations. Three hundred fifty-three of those were conducted as formal investigations which resulted in the issuance of 101 administrative orders and fifteen criminal referrals.

It appears that there is a definite correlation between the increased volume of complaints which occur during periods of adverse economic conditions and the apparent violations of the statutes, specifically those which pertain to misuse of client funds.

During 1980 the division's enforcement actions involved more than \$5 million in losses to Minnesota investors and was responsible for the recovery of half of that amount to consumers.

REGISTRATION ACTIVITY

July 1, 1979-June 30, 1980

Securities	
Applications received	891
Registered	985
Exempted	440
Withdrawn or denied	94
Amendments	253
Annual reports	796
Subdivided Land	
Applications received	106
Registered	16
Exempted	87
Withdrawn or denied	3
Amendments	3
Annual reports	19
Inspections	11
Franchise	
Applications received	152
Registrations	78
Withdrawn or denied	15
Amendments	144
Annual reports	255
Charitable Organizations	
Applications received	196
Registrations	165
Annual reports	625
Charitable Trusts	
Current filings	1,299
Annual Reports	677
Municipal Industrial Projects	
Applications received	350
Applications approved	350
Public Cemeteries	
Annual reports	60
Corporate Take-Overs	
Applicants received	1
Registered	1

TYPE OF REGISTRATION	NUMBER	\$ AMOUNT
Notifications	89	309,810,000
Common stock	228	1,864,095,000
Perfered stock	0	0
Bonds	109	4,187,359,000
Investment companies	86	306,553,000
Investment trusts	258	212,170,000
Oil & Gas Partnerships	129	4,643,797,000
Real Estate Partnerships	34	970,555,000
Recission Offers	7	906,000
Miscellaneous	17	32,100,000
Amendments	253	1,118,178,000
Total	1,210	13,645,523,000

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