

Chapter 59

2017 EDITION

Securities Regulation

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OREGON SECURITIES LAW**(Generally)**

59.005 Short title. ORS 59.005 to 59.505, 59.991 and 59.995 may be cited as the Oregon Securities Law. [1967 c.537 §2]

59.010 [Repealed by 1967 c.537 §36]

59.015 Definitions for Oregon Securities Law. As used in the Oregon Securities Law, unless the context otherwise requires:

(1) “Broker-dealer” means a person who engages, all or part of the time, in effecting transactions in securities for the account of others or for the person’s own account. “Broker-dealer” does not include:

(a) An issuer effecting sales in its own securities;

(b) The following institutions:

(A) A financial institution or trust company, as defined in ORS 706.008; or

(B) A financial holding company or a bank holding company, as defined in ORS 706.008, holding an institution described in subparagraph (A) of this paragraph; a savings and loan holding company as defined in section 408 of the National Housing Act, 12 U.S.C. section 1730a, holding an association described in subparagraph (A) of this paragraph; the subsidiaries and affiliates of the financial holding company, bank holding company or savings and loan holding company; or subsidiaries and affiliates of institutions described in subparagraph (A) of this paragraph, if the appropriate statutory regulatory authority is exercising control over, or is regulating or supervising the person in the sale of securities in accord with the purposes of the Oregon Securities Law;

(c) A person who has no place of business in this state effecting transactions in this state exclusively with broker-dealers;

(d) A person effecting sales exempted by ORS 59.035;

(e) A salesperson;

(f) A person effecting sales of securities owned by the person registered for sale pursuant to ORS 59.065;

(g) A person effecting sales of securities exempted by ORS 59.025 (7);

(h) A person licensed as a mortgage banker or a mortgage broker under ORS 86A.095 to 86A.198 when effecting sales of securities involving real estate paper registered for sale pursuant to ORS 59.065; or

(i) A person designated by rule or order by the director.

(2) “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the

ownership of voting securities, by contract, or otherwise.

(3) “Director” means the Director of the Department of Consumer and Business Services.

(4) “Federal covered investment adviser” means a person who is registered as an investment adviser pursuant to section 203 of the Investment Advisers Act of 1940, as amended.

(5) “Federal covered security” means any security that is a covered security under section 18 of the Securities Act of 1933, as amended, and for which such Act provides that the director may require filing of a notice and payment of a fee.

(6) “Fraud,” “deceit” and “defraud” are not limited to common-law deceit.

(7) “Guaranteed” means guaranteed as to payment of principal, interest or dividends.

(8)(a) “Investment adviser representative” means any partner, officer, director or person occupying a similar status or performing a similar function, or other individual, except clerical or ministerial personnel, who is employed by or associated with:

(A) A state investment adviser that is licensed or required to be licensed in this state and who does any of the following:

(i) Makes any recommendations or otherwise renders advice regarding securities;

(ii) Manages accounts or portfolios of clients;

(iii) Determines which recommendation or advice regarding securities should be given;

(iv) Solicits, offers or negotiates for the sale of or sells investment advisory services; or

(v) Supervises employees acting under this subparagraph; or

(B) A federal covered investment adviser, subject to the limitations of section 203A of the Investment Advisers Act of 1940, as amended, as the director may designate by rule or order.

(b) “Investment adviser representative” does not include a person designated by rule or order of the director.

(9) “Issuer” means a person who issues, proposes to issue or has issued a security and includes an issuer to be formed. With respect to certificates of deposit, voting-trust certificates or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors or persons performing similar functions or of the fixed, restricted management or unit type, the

“issuer” is the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other instrument or agreement under which the security is issued.

(10) “License” means a license as provided under the Oregon Securities Law.

(11) “Mortgage banker” means a mortgage banker as defined in ORS 86A.100.

(12) “Mortgage broker” means a mortgage broker as defined in ORS 86A.100.

(13) “Offer” or “offer to sell” includes every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value. Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer, is considered to include an offer of the other security.

(14) “Person” includes an individual, a joint venture, a partnership, a cooperative, a limited liability company, an association, a joint stock company, a corporation, a trust, an unincorporated organization or a government or political subdivision of a government.

(15) “Real estate paper” means any obligation secured or purportedly secured by an interest in real property. Real estate paper includes, but is not limited to, mortgage-backed securities, collateralized mortgage obligations, and real estate mortgage investment conduits.

(16) “Registered” means registered as provided in the Oregon Securities Law.

(17)(a) “Sale” or “sell” includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value. Any security given or delivered with, or as a bonus on account of, a purchase of securities or any other thing shall constitute a part of the subject of the purchase and shall have been offered and sold for value. A gift of assessable stock by or for any issuer or promoter shall constitute a sale.

(b) For purposes of the authority of the director under ORS 59.245 and 59.255, the terms “sale” and “sell” include the terms “offer” and “offer to sell.”

(c) “Sale” and “sell” do not include:

(A) A bona fide pledge or loan of securities;

(B) A bona fide security dividend, whether the corporation distributing the dividend is the issuer of the security or not, if nothing of value is given by the recipients for the dividend other than payments in con-

nection with the elimination of fractional shares; or

(C) An act incident to a judicially approved reorganization in which a security is issued in exchange for one or more outstanding securities, claims or property interests, or partly in such exchange and partly for cash.

(18)(a) “Salesperson” means a person, other than a broker-dealer, who represents or purports to represent a broker-dealer, issuer or owner of securities in effecting or attempting to effect in any manner transactions in securities.

(b) “Salesperson” does not include:

(A) A person who represents an issuer in effecting sales in a security exempted by ORS 59.025;

(B) A person who represents an issuer in effecting sales exempted by ORS 59.035;

(C) A person who represents an issuer in effecting sales with existing partners or directors of the issuer, if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state;

(D) An employee of an institution or organization described in subsection (1)(b) of this section to the extent the employee is not a dual employee of the institution and a broker-dealer;

(E) A person effecting transactions in this state limited to those transactions described in section 15(h)(2) and (3) of the Securities Exchange Act of 1934, as amended; or

(F) A person designated by rule or order by the director.

(c) A person who is a partner, director or officer of a broker-dealer, issuer or owner of securities, or a person who occupies a similar status or performing similar functions, is a “salesperson” only if the person otherwise comes within this definition.

(19)(a) “Security” means a note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in a pension plan or profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, variable annuity, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such title or lease, real estate paper sold by a broker-dealer, mortgage banker, mortgage broker or a person described in subsection (1)(b) of this section to persons other than persons enumerated in ORS 59.035 (4), or, in general,

any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificates for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing.

(b) “Security” does not include:

(A) An insurance or endowment policy or annuity contract, other than a variable annuity contract, under which an insurance company promises to pay a fixed or variable sum of money either in a lump sum or periodically for life or some other specified period;

(B) A beneficial interest in a voluntary inter vivos trust unless the trust is created solely for the purpose of voting or is part of an attempt to evade the provisions of ORS 59.005 to 59.505; or

(C) A beneficial interest in a testamentary trust.

(20)(a) “State investment adviser” means a person who, for compensation:

(A) Engages all or part of the time of the person, in this state, in the business of advising others, either directly or by mail or through publication or writing, as to the value of securities or as to the advisability of investing in, purchasing or selling securities;

(B) Engages all or part of the time of the person, in this state, in the business of managing an investment or trading account in securities for other persons; or

(C) Issues or promulgates, as part of a regular business in this state, analyses or reports concerning securities.

(b) “State investment adviser” does not include:

(A) An investment adviser representative;

(B) An institution or organization described in subsection (1)(b) of this section;

(C) A licensed broker-dealer whose performance of investment advisory services is solely incidental to the conduct of business as a broker-dealer and who receives no special compensation for such services;

(D) A salesperson licensed to a broker-dealer whose performance of investment advisory services is solely incidental to that person’s activities as a salesperson and who receives no special compensation for such services;

(E) A publisher of or contributor to a bona fide newspaper, newsmagazine, investment manual or service, or business or financial publication of general, regular and paid circulation;

(F) A person whose only clients are federal covered investment advisers, state in-

vestment advisers, broker-dealers, mortgage bankers, mortgage brokers, banks, savings institutions or trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, as amended, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;

(G) A duly licensed or registered lawyer, engineer or accountant whose performance of investment advisory services is solely incidental to the practice of the profession;

(H) A person whose advice, analyses or reports relate only to securities exempted by ORS 59.025 (1);

(I) A federal covered investment adviser in compliance with ORS 59.165 (7);

(J) A person, advising others, that has no place of business in this state and during the preceding 12-month period has had fewer than six clients, other than those persons included in subparagraph (F) of this paragraph, who are residents of this state; or

(K) Such other persons as the director may by rule or order designate. [1967 c.537 §3; 1971 c.624 §1; 1971 c.641 §1; 1973 c.366 §1; 1975 c.491 §1; 1985 c.349 §1; 1987 c.414 §§69, 69a; 1987 c.603 §1; 1989 c.197 §1; 1991 c.5 §18; 1993 c.158 §1; 1993 c.508 §27; 1993 c.744 §13; 1995 c.93 §26; 1995 c.622 §11; 1997 c.631 §375; 1997 c.772 §1; 1999 c.53 §1; 1999 c.315 §1; 2001 c.104 §14; 2001 c.377 §39a; 2003 c.270 §1; 2007 c.393 §1; 2009 c.259 §20]

59.020 [Repealed by 1967 c.537 §36]

59.025 Securities exempt from registration. The following securities are exempt from ORS 59.049 and 59.055:

(1)(a) A security issued or guaranteed by the United States or a state, or by a political subdivision, agency or other instrumentality of the United States or a state.

(b) Any other security offered in connection with or as part of a security described in paragraph (a) of this subsection, if the security cannot be severed and sold separately from the security in paragraph (a) of this subsection.

(2) A security issued or guaranteed by a foreign government with which the United States is at the time of the sale maintaining diplomatic relations, or by a state, province or political subdivision of the foreign government that has the power of taxation or assessment, if the foreign government, state, province or political subdivision recognizes the security as a valid obligation.

(3) A security that represents an interest in or a direct obligation of, or is guaranteed by, a national bank, a federal savings and loan association, a federal credit union, a federal land bank or joint stock land bank or a national farm loan association.

(4) Any of the following securities:

(a) A security that, at the time the security is issued, is listed or approved for listing on the New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange, the Pacific Stock Exchange or any other exchange that the Director of the Department of Consumer and Business Services recognizes by rule;

(b) A security that the NASDAQ Stock Market, NASDAQ Options Market or NASDAQ OMX Futures Exchange has designated or approved for designation at the time the security was issued;

(c) Any other security issued by a person or entity that issues a security listed or designated under paragraph (a) or (b) of this subsection, if the other security is of senior or substantially equal rank to the listed or designated security;

(d) A security issuable under rights or warrants listed or approved under paragraph (a), (b) or (c) of this subsection; or

(e) A warrant or right to purchase or subscribe to any security described in paragraph (a), (b), (c) or (d) of this subsection.

(5) A security that maintains a rating that the director approves in a recognized securities manual.

(6) A security that represents an interest in or a direct obligation of, and that has been or will be issued by, a bank, trust company, savings and loan association or credit union and that is subject to the examination, supervision and control of a regulatory agency of this state.

(7) Commercial paper issued, given or acquired in a bona fide way in the ordinary course of legitimate business, trade or commerce, if the commercial paper is not made the subject of a public offering.

(8) A security, the issuance of which the Public Utility Commission supervises, regulates or controls, if the Public Utility Commission supervises, regulates or controls the person or entity that issues the security.

(9) Stock or membership certificates that an agricultural cooperative corporation or irrigation association issues, if the agricultural cooperative corporation or irrigation association issues the stock or membership certificate as evidence of membership in the cooperative or association, as a patronage dividend or as evidence of a member's or a patron's respective interests in reserves or patronage dividends. This exemption does not apply to a cooperative or association that expects to engage in or is engaged in producing, processing or marketing forest products.

(10) Stock or membership certificates that a fishing cooperative corporation issues to members of the fishing cooperative corporation either for the purpose of showing membership or for the purpose of showing the members' respective interests in reserves or patronage dividends. For purposes of this subsection, a fishing cooperative corporation is an association of persons engaged commercially in harvesting, marketing or processing products of aquatic life from fresh and salt water, that is formed or operated under ORS chapter 62 with the purpose of commercially harvesting, marketing or processing such products or engaging in group bargaining with respect to the sale of such products.

(11) Stock or membership certificates issued by an association of consumers that is formed or operated under ORS chapter 62 with the purpose of providing groceries to the association's members, if the association issues the stock or certificates to members either for the purpose of showing membership in the association or for the purpose of showing the members' respective interests in patronage dividends or reserves. For purposes of the exemption under this subsection:

(a) The price of stock or a membership certificate may not exceed \$300.

(b) The benefits must be limited to discounts on purchases or patronage dividends, or any combination of discounts and dividends.

(c) The association may issue only one stock or membership certificate to an individual.

(12) Subject to conditions that the director adopts by rule, stock or membership certificates that a renewable energy cooperative corporation issues to members of the cooperative corporation, if the cooperative corporation issues the stock or certificates to members either to show membership in the cooperative corporation or to show the members' respective interests in or entitlement to assets, reserves or dividends. For the purpose of this subsection, a renewable energy cooperative corporation is an association of persons that is organized as a cooperative corporation under ORS chapter 62 with the purpose of developing and operating facilities to generate electricity from renewable energy resources, as defined in ORS 757.600 (27)(a), (c) and (d), or from a type of energy listed in ORS 469A.025 (1)(c).

(13) Any security issued in connection with an employee stock purchase, savings, pension, profit sharing or similar employee benefit plan, provided that:

(a) The plan meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986; and

(b) The terms of the plan are fair, just and equitable to employees under rules of the director.

(14) Any security issued by a person that is:

(a) Organized and operated exclusively for a religious, educational, benevolent, fraternal, charitable or reformatory purpose and not for pecuniary profit;

(b) Organized or constituted so that the person's net earnings do not inure to the benefit of any person, private stockholder, or individual; and

(c) Designated by rule of the director.

(15) Any other security the director exempts by rule. [1967 c.537 §4; 1969 c.688 §1; 1973 c.428 §9; 1975 c.491 §2; 1985 c.193 §1; 1985 c.349 §2a; 1987 c.603 §1a; 1987 c.677 §9; 1989 c.171 §6; 1989 c.197 §2; 1991 c.67 §10; 1993 c.18 §14; 1997 c.772 §2; 2014 c.69 §1]

59.030 [Repealed by 1967 c.537 §36]

59.035 Transactions exempt from registration. The following transactions are exempt from ORS 59.049 and 59.055 if they are not part of an attempt to evade fraudulently any provision of the Oregon Securities Law:

(1) Any transaction by a sheriff, marshal or court appointed fiduciary.

(2) An isolated nonissuer transaction in this state, whether effected through a broker-dealer or not.

(3) Any transaction by an issuer in its securities pursuant to a pro rata offering to its existing security holders, if:

(a) No commission or remuneration, other than a standby fee, is paid or given directly or indirectly in connection with the transaction; and

(b) The issuer has not had an effective registration under the Oregon Securities Law nor has used this exemption within one year prior to the date of the offering or sale.

(4) Any offer, sale, transfer or delivery of securities to a bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including but not limited to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Department of Veterans Affairs and the Government National Mortgage Association), or to a broker-dealer, mortgage broker or mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions.

(5) Any transaction by an offeror with an accredited investor as defined in section 2 (15)(i) or (ii) of the Securities Act of 1933, as amended, or rules of the Director of the Department of Consumer and Business Services, but only if there is no public advertising or general solicitation in connection with the transaction.

(6) The issue and delivery of any security in exchange for any other security of the same issuer pursuant to a right of conversion entitling the holder of the security surrendered in exchange to make the conversion without the payment of additional consideration, if the security surrendered was, when issued, convertible and registered or exempt from registration.

(7) Any transaction in a vendor's interest in a land sale contract, or a bond or note secured by a mortgage or trust deed upon real estate, so long as the entire vendor's interest or mortgage or trust deed, with all the bonds or notes secured thereby, are sold to a single purchaser, in a single sale.

(8) Agency or principal sales by licensed broker-dealers, executed upon customers' orders on any exchange or on the over-the-counter market, but not the solicitation of such orders, where there is no intent to avoid the provisions of the Oregon Securities Law and a public offering is not involved. Such broker-dealers shall keep and maintain, for two years from the date of the order, a record of all the sales executed upon customers' orders, giving the name and address of each customer, the name and identity of the security involved, the dates of the sales, the price paid or received for the security, and the commission or other expenses charged to the customer.

(9) The offer or sale by a licensed broker-dealer of any security acquired in the ordinary and usual course of business, when such security is a part of an issue which has been registered in whole or in part, if the offer or sale is made in good faith and not directly or indirectly for the benefit of the issuer or for the promotion of any scheme or enterprise effecting a violation or an evasion of any provisions of the Oregon Securities Law, unless:

(a) The registration has been revoked or suspended; or

(b) The continued sale of the security has been enjoined.

(10) The offer or sale by licensed broker-dealer, acting either as principal or agent, of securities theretofore sold and distributed to the public, if the sale meets the requirements of paragraphs (a), (b) and (c) or (a), (b) and (d) of this subsection:

(a) Such securities are sold at prices reasonably related to the current market price thereof at the time of sale, and, if such licensed broker-dealer is acting as agent, the commission collected by such licensed broker-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;

(b) Such securities do not constitute an unsold allotment to or subscription by such broker-dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter;

(c) The issuer is listed in any recognized securities manual approved by rule by the director, and the listing contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of such sale, and a profit and loss statement for either the fiscal year preceding the date of the balance sheet or the most recent year of operations; and

(d) The securities are authorized for quotation on a nationwide automated quotations system approved by rule or order of the director.

(11) An offer, but not the sale, of a security meeting either of the following descriptions:

(a) A security for which registration statements have been filed under both the Oregon Securities Law and the Securities Act of 1933, as amended, if no stop or refusal order or order under ORS 59.105 is in effect and no public proceeding or examination looking toward such an order is pending. However, an offer for such a security may not be accepted until the securities have been registered as provided in the Oregon Securities Law.

(b) A security for which a registration statement has been filed under the Oregon Securities Law and the offer is allowed by the director. However, an offer for such a security may not be accepted until the securities have been registered as provided in the Oregon Securities Law.

(12)(a) Any transactions in securities by an offeror within or without this state that meet all of the requirements of subparagraph (A) or (B) of this paragraph and all of the requirements of subparagraphs (C), (D) and (E) of this paragraph:

(A) When the offeror is an issuer, the transactions result in not more than 10 purchasers within this state of securities of the issuer during any 12 consecutive months.

(B) When the offeror is a nonissuer the securities must have been bought and held

for at least 12 consecutive months and the transactions result in not more than 10 purchasers within this state of securities from the nonissuer during any 12 consecutive months.

(C) No commission or other remuneration is paid or given directly or indirectly in connection with the offer or sale of the securities.

(D) No public advertising or general solicitation is used in connection with any transaction under this exemption.

(E) At the time of any transaction under this exemption the offeror does not have under the Oregon Securities Law an application for registration or an effective registration of securities which are part of the same offering.

(b) In connection with transactions under paragraph (a) of this subsection:

(A) Purchasers of securities of the offeror registered under ORS 59.065, exempt under ORS 59.025, exempt under any other subsection of this section, or for which a notice has been filed under ORS 59.049, are not counted as purchasers under this exemption.

(B) Repeat transactions with persons who are counted as purchasers within Oregon under paragraph (a) of this subsection do not increase the number of purchasers. However, a purchaser remains a purchaser for 12 months following the month of the last sale to that purchaser.

(C) No limitations are placed on the number of transactions or purchasers without this state. No limitations are placed on the number of offers under this exemption.

(13) A transaction with security holders, pursuant to a statutory vote by such security holders on a merger, consolidation, partial or complete liquidation, reclassification of securities, plan of exchange or sale of assets, in consideration of the issuance of securities of another issuer.

(14) Capital stock issued by a professional corporation organized under ORS chapter 58.

(15) Any other transaction exempted by rule of the director. [1967 c.537 §5; 1971 c.624 §2; 1973 c.823 §§91.156; 1985 c.349 §3; 1987 c.603 §2; 1989 c.197 §3; 1991 c.67 §11; 1997 c.772 §3; 2001 c.32 §1]

59.045 Authority of director to deny, withdraw or condition exemptions. (1) The Director of the Department of Consumer and Business Services may by rule or order, as to any security or any type of security transaction:

(a) Deny, withdraw or condition the exemptions allowed by ORS 59.025 and 59.035 if, in the director's opinion, the further sale

of the security in this state would work a fraud or imposition upon the purchaser.

(b) Waive the conditions of ORS 59.035 (3)(b) and (12)(a)(B).

(c) Provide which exemptions may or may not be used in connection with other exemptions or provide procedures for determining which offerings are or are not integrated with other offerings within the same or other exemptions.

(2) The director may by order withdraw, condition or deny the use of any exemption by a person if the director has reason to believe that the person has engaged in or is about to engage in an act or practice constituting a violation of the Oregon Securities Law or that the use of any exemption by that person would work a fraud or imposition on purchasers.

(3) No person shall be liable under the Oregon Securities Law by reason of the withdrawal of an exemption under this section if that person sustains the burden of proof that that person did not know, and in the exercise of reasonable care could not have known of the withdrawal. [1967 c.537 §6; 1973 c.366 §3; 1985 c.349 §4]

59.047 [1981 c.292 §2; 1985 c.349 §5; repealed by 1987 c.603 §30]

59.049 Federal covered securities exempt from registration; notice filings; fees; rules. Federal covered securities may be offered and sold in this state without registration, subject to the following:

(1) Unless otherwise exempt from registration under ORS 59.025 or 59.035, any federal covered security that is subject to section 18(b)(2) of the Securities Act of 1933, as amended, may be offered and sold only upon a filing of a notice with, and the payment of the required fee to, the Director of the Department of Consumer and Business Services. In lieu of the notice, an issuer may file a copy of its registration statement as filed with the Securities and Exchange Commission together with fees required under this subsection. The form of notice shall be prescribed by the director. The director shall set the amount of the fee by rule. The fee is not refundable. The effective date of the notice is the later of the date the notice is received by the director or the date specified by the filer of the notice.

(2) Unless otherwise exempt from registration under ORS 59.025 or 59.035, any federal covered security that is subject to section 18(b)(3) or (4), other than section 18(b)(4)(D), of the Securities Act of 1933, as amended, may be offered and sold only upon a filing of a notice with, and the payment of the required fee to, the director. The form of notice shall be prescribed by the director.

The director shall set the fee by rule in an amount per \$1,000 of the aggregate price of the securities which are to be offered in this state. The fee is not refundable. The effective date of the notice is the later of the date the notice is received by the director or the date specified by the filer of the notice.

(3) Unless otherwise exempt from registration under ORS 59.025 or 59.035, any federal covered security that is subject to section 18(b)(4)(D) of the Securities Act of 1933, as amended, may be offered and sold only upon a filing of a notice with, and the payment of the required fee to, the director, not later than 15 days after the first sale of such federal covered security in this state. The notice shall be filed on Securities and Exchange Commission Form D or on a form of notice prescribed by the director. The director shall set the fee by rule in an amount per \$1,000 of the aggregate price of the securities which are to be offered in this state. The fee is not refundable. The effective date of the notice is the later of the date the notice is received by the director or the date specified by the filer of the notice.

(4)(a) The director shall set the fees described in subsections (1) to (3) of this section in an amount that the director determines is equal as nearly as possible to the national midpoint for similar fees charged by all other state regulatory agencies within the United States responsible for regulating securities.

(b) The director may adjust the amount of a fee described in subsections (1) to (3) of this section every two years to reflect changes in the national midpoint for a similar fee.

(c) In determining the national midpoint for similar fees under this section, the director may consider national midpoints determined by the North American Securities Administrators Association, the National Association of Securities Dealers or the United States Securities and Exchange Commission.

(5) The director may issue an order suspending the offer and sale of a federal covered security if the director finds that there is a failure to comply with any requirement under this section.

(6)(a) The filer of a notice under subsections (1) to (3) of this section shall amend the notice when there is a change in the name of the offering or, in the case of offerings for which notice is filed pursuant to subsection (2) or (3) of this section, when there is an increase in the aggregate price of the securities which are to be offered in this state. There is no fee required for an amendment that does not increase the aggregate offering amount. Notices amending the aggregate offering amount shall include the fee calcu-

lated in accordance with subsection (2) or (3) of this section, less amounts previously paid under the prior notice filing, but the fee may not be less than \$100. The fee is not refundable.

(b) If an issuer or person sells federal covered securities in this state for a price in excess of the aggregate price for which fees were initially paid under this section, the seller shall pay a fee of three times the difference between the initial fee paid and the fee required under this section for the federal covered securities sold in this state. The additional fee may not be less than \$100. The fee is not refundable.

(7) The director, by rule or otherwise, may waive any or all of the provisions of this section. [1997 c.772 §6; 2001 c.104 §15; 2003 c.270 §2; 2003 c.785 §1]

59.050 [1981 c.292 §3; 1985 c.349 §6; repealed by 1987 c.603 §30]

59.051 Statutory references to federal law. References in ORS 59.005 to 59.505, 59.991 and 59.995 to federal statutes or federal regulations shall be construed to refer to those statutes or regulations as they are in effect on April 19, 1999. [1999 c.53 §8]

59.052 [1981 c.292 §4; 1985 c.349 §7; repealed by 1987 c.603 §30]

(Registration of Securities)

59.055 Conditions of offer and sale of securities. It is unlawful for any person to offer or sell any security in this state, unless:

(1) The security is registered and the offer or sale is not in violation of any rule or order of the Director of the Department of Consumer and Business Services or any condition, limitation or restriction imposed by the director upon such registration;

(2) The security is exempt under ORS 59.025 or the sale is exempt under ORS 59.035; or

(3) The security is a federal covered security for which a notice has been filed and fees have been paid under ORS 59.049. [1967 c.537 §7; 1997 c.772 §4]

59.065 Registration procedures; application; fees; rules. (1) The Director of the Department of Consumer and Business Services by rule shall establish procedures for registering securities. The director may coordinate registration in this state with any federal securities Act or national registration system.

(2) Every registration application submitted shall be accompanied by a fee. The director shall set the fee by rule in an amount per \$1,000 of the aggregate price of the securities that are to be offered in this state. The fee is not refundable.

(3)(a) The director shall set the fee described in subsection (2) of this section in an amount that the director determines is equal as nearly as possible to the national midpoint for similar fees charged by all other state regulatory agencies within the United States responsible for regulating securities.

(b) The director may adjust the amount of the fee described in subsection (2) of this section every two years to reflect changes in the national midpoint for a similar fee.

(c) In determining the national midpoint for similar fees under this section, the director may consider national midpoints determined by the North American Securities Administrators Association, the National Association of Securities Dealers or the United States Securities and Exchange Commission.

(4) If a registrant sells securities in Oregon in excess of the quantity registered or for a price in excess of the aggregate price for which fees were initially paid, the registrant may obtain registration of the excess securities by paying three times the difference between the initial fee paid and the fee required under subsection (2) of this section for the securities sold in Oregon. The additional fee may not be less than \$100. Registration of the excess securities shall be effective retroactively to the date of sale. [1967 c.537 §8; 1973 c.366 §4; 1985 c.349 §8; 1987 c.603 §3; 1997 c.772 §7; 2003 c.270 §3; 2003 c.785 §2]

59.070 Amended registration application; when required; fees. (1) A registrant under ORS 59.065 shall amend the registration application submitted under ORS 59.065 when there are material changes in the terms and conditions of the original registration. "Material changes in the terms and conditions of the original registration" includes an increase in the aggregate amount of securities to be offered in Oregon, change in the type of securities or change in the identity of the issuer or owner.

(2) Applications for an amendment to increase the aggregate amount of securities to be offered in Oregon shall include the fee calculated in accordance with ORS 59.065 (2), less amounts previously paid under the prior registration. The fee may not be less than \$100.

(3) This section does not relieve a registrant from the obligation to notify the director concerning material changes in facts and circumstances concerning the offering. [1985 c.349 §10; 1987 c.603 §4; 2003 c.785 §3]

59.075 Registration by director; expiration; renewal; fee; rules. (1) The Director of the Department of Consumer and Business Services shall register the securities unless the director finds that registration should be denied on one or more of the grounds specified in ORS 59.105. The securities may

thereafter be sold in accordance with the registration and any conditions, limitations or restrictions imposed by the director.

(2) Every registration of securities and every notice filed under ORS 59.049 shall expire one year after the date of the registration or effective date of the notice. The director may establish a different expiration date for purposes of coordination with any national registration or notice filing system. When a registration or notice filing is amended, the registration or notice filing expires one year after the date of the initial registration or effective date of the notice filing unless the amended registration or notice filing provides otherwise.

(3) The director by rule shall establish procedures for renewing registrations of securities and notice filings.

(4) Every renewal application and every renewal of a notice filing shall be accompanied by a fee computed in accordance with ORS 59.049 or ORS 59.065 (2), as applicable. The fee is not refundable.

(5) If the director finds that no ground for suspension or revocation of the registration exists under ORS 59.105, the director shall renew the registration, subject to any conditions, limitations and restrictions imposed by the director. The renewed registration or notice filing shall expire one year after the date of expiration of the original registration, or effective date of the notice filing or last renewal thereof. The director may establish a different expiration date for purposes of coordination with any national registration or notice filing system. [1967 c.537 §9; 1985 c.349 §12; 1987 c.603 §5; 1997 c.772 §8]

59.078 [1973 c.366 §8; repealed by 1987 c.603 §30]

59.085 Conditions imposed on registration. The Director of the Department of Consumer and Business Services may, by rule or order, impose on a registration such conditions, limitations and restrictions as the director deems appropriate to make the issue fair, just and equitable, including the following:

(1) That a prospectus containing any designated part of the information submitted in connection with registration be sent or given to each person to whom a security is offered or sold.

(2) That the security be sold only on a specified form of subscription or sale contract and that a signed or conformed copy of each contract be filed with the director or preserved for a period up to three years specified in the rule or order.

(3) That any of the following be deposited in escrow on terms approved by the director:

(a) Any security issued or to be issued for a consideration substantially different

from the public offering price or for a consideration other than cash.

(b) The proceeds from the sale of the security until the issuer receives an amount specified by the director. [1967 c.537 §10]

59.095 Approval of plan to issue securities in exchange for other securities, claims or property. (1) The proponents of a plan pursuant to which a security is to be issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, except a security the issuance of which is under supervision, regulation or control by the Public Utility Commission of this state, may request approval of such plan by the Director of the Department of Consumer and Business Services.

(2) The request for approval shall be made by filing a registration statement, as provided in ORS 59.065, with a detailed statement of the plan. The director shall set the plan down for hearing and require the proponents of the plan to give notice of the hearing to all persons to whom securities are to be issued in such exchange. All such persons shall have the right to appear at the hearing.

(3) The director shall, after the hearing, consider the fairness of the terms and conditions of the plan, and, if the director finds that the plan is fair, just and equitable and free from fraud, shall approve it, subject to such conditions, limitations and restrictions as the director may impose. If the director finds that the plan is unfair, unjust or inequitable or not free from fraud, the director shall deny the request, and give notice of the denial, at the expense of the proponents, to all persons who were entitled to receive or received notice of the hearing. [1967 c.537 §11]

59.105 Denial, suspension or revocation of registration. (1) Except as provided in subsection (2) of this section, the Director of the Department of Consumer and Business Services may by order deny, suspend or revoke any registration, if the director finds that:

(a) The proposed plan of business of the issuer, the characteristics and terms of sale of the securities to be sold, or the proposed methods of sale and distribution are unfair, unjust or inequitable;

(b) The issuer is insolvent or in unsound financial condition;

(c) The applicant, registrant or issuer has violated any of the provisions of the Oregon Securities Law, or any rule or order of the director of which the applicant, registrant or issuer had notice;

(d) The applicant, registrant or issuer has been or is engaged or is about to engage in dishonest or fraudulent conduct with regard to securities;

(e) The applicant, registrant, or issuer has been convicted of a misdemeanor, an essential element of which is fraud, or of a felony;

(f) The applicant, registrant or issuer has knowingly made or caused to be made to the director any false representation of a material fact, or has suppressed or withheld from the director any material information;

(g) The applicant, registrant or issuer has refused to permit an examination to be made by the director, or has failed to file any report, including any certified financial report, or furnish any information required by the director in connection with the Oregon Securities Law; or

(h) Unreasonable amounts or kinds of commissions or other remunerations, promoter's profits or participation or unreasonable options have been or are to be given or allowed directly or indirectly in connection with the sale or distribution of the securities.

(2) The director may enter an order against the applicant, registrant or issuer under subsection (1) of this section if any partner, officer or director of an applicant, registrant or issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the applicant, registrant or issuer has been guilty of any act or omission which would be cause for denying, suspending or revoking the registration of an individual applicant, registrant or issuer, except:

(a) This subsection shall not apply to subsection (1)(a) and (b) of this section.

(b) The director may not enter an order suspending or revoking a registration under this subsection, pursuant to subsection (1)(e) of this section, without 10 days' prior written notice to the registrant. [1967 c.537 §12; 1989 c.197 §4]

59.110 [Amended by 1953 c.690 §3; 1955 c.201 §1; 1957 c.47 §1; 1963 c.244 §1; 1965 c.241 §2; repealed by 1967 c.537 §36]

59.115 Liability in connection with sale or successful solicitation of sale of securities; recovery by purchaser; limitations on proceeding; attorney fees. (1) A person is liable as provided in subsection (2) of this section to a purchaser of a security if the person:

(a) Sells or successfully solicits the sale of a security, other than a federal covered security, in violation of the Oregon Securities Law or of any condition, limitation or

restriction imposed upon a registration or license under the Oregon Securities Law; or

(b) Sells or successfully solicits the sale of a security in violation of ORS 59.135 (1) or (3) or by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading (the buyer not knowing of the untruth or omission), and who does not sustain the burden of proof that the person did not know, and in the exercise of reasonable care could not have known, of the untruth or omission.

(2) The purchaser may recover:

(a) Upon tender of the security, the consideration paid for the security, and interest from the date of payment equal to the greater of the rate of interest specified in ORS 82.010 for judgments for the payment of money or the rate provided in the security if the security is an interest-bearing obligation, less any amount received on the security; or

(b) If the purchaser no longer owns the security, damages in the amount that would be recoverable upon a tender, less the value of the security when the purchaser disposed of it and less interest on such value at the rate of interest specified in ORS 82.010 for judgments for the payment of money from the date of disposition.

(3) Every person who directly or indirectly controls a seller liable under subsection (1) of this section, every partner, limited liability company manager, including a member who is a manager, officer or director of such seller, every person occupying a similar status or performing similar functions, and every person who participates or materially aids in the sale is also liable jointly and severally with and to the same extent as the seller, unless the nonseller sustains the burden of proof that the nonseller did not know, and, in the exercise of reasonable care, could not have known, of the existence of facts on which the liability is based. Any person held liable under this section shall be entitled to contribution from those jointly and severally liable with that person.

(4) Notwithstanding the provisions of subsection (3) of this section, a person whose sole function in connection with the sale of a security is to provide ministerial functions of escrow, custody or deposit services in accordance with applicable law is liable only if the person participates or materially aids in the sale and the purchaser sustains the burden of proof that the person knew of the existence of facts on which liability is based or that the person's failure to know of the existence of such facts was the result of the person's recklessness or gross negligence.

(5) Any tender specified in this section may be made at any time before entry of judgment.

(6) Except as otherwise provided in this subsection, no action or suit may be commenced under this section more than three years after the sale. An action under this section for a violation of subsection (1)(b) of this section or ORS 59.135 may be commenced within three years after the sale or two years after the person bringing the action discovered or should have discovered the facts on which the action is based, whichever is later. Failure to commence an action on a timely basis is an affirmative defense.

(7) An action may not be commenced under this section solely because an offer was made prior to registration of the securities.

(8) Any person having a right of action against a broker-dealer, state investment adviser or against a salesperson or investment adviser representative acting within the course and scope or apparent course and scope of authority of the salesperson or investment adviser representative, under this section shall have a right of action under the bond or irrevocable letter of credit provided in ORS 59.175.

(9) Subsection (4) of this section shall not limit the liability of any person:

(a) For conduct other than in the circumstances described in subsection (4) of this section; or

(b) Under any other law, including any other provisions of the Oregon Securities Law.

(10) Except as provided in subsection (11) of this section, the court may award reasonable attorney fees to the prevailing party in an action under this section.

(11) The court may not award attorney fees to a prevailing defendant under the provisions of subsection (10) of this section if the action under this section is maintained as a class action pursuant to ORCP 32. [1967 c.537 §13(1), (2), (3), (4), (5), (7); 1985 c.349 §13; 1987 c.158 §10; 1987 c.603 §6; 1989 c.197 §5; 1991 c.331 §15; 1991 c.762 §1; 1993 c.508 §28; 1995 c.93 §27; 1995 c.696 §9; 1997 c.772 §9; 2003 c.576 §318; 2003 c.631 §1; 2003 c.786 §1]

59.120 [Amended by 1955 c.196 §1; 1957 c.116 §1; 1963 c.244 §2; repealed by 1967 c.537 §36]

59.125 Effect of notice of offer to repay purchaser; exceptions; registration of transaction. (1) Except as provided in subsection (3) of this section, no action or suit may be commenced under ORS 59.115 if the purchaser has received before suit a written notice as outlined in subsection (2) of this section.

(2) The notice shall contain:

(a) An offer to pay the amount specified in ORS 59.115 (2)(a) upon tender of the security; and

(b) A statement of the effect on the purchaser's rights of failure to respond as required in subsection (3) of this section.

(3) An action or suit under this section may be commenced after receipt of a notice as outlined in subsection (2) of this section:

(a) If the purchaser owned the security when the notice was received, accepted the payment offer within 30 days after its receipt, and has not been paid the full amount offered; or

(b) If the purchaser did not own the security when the notice was received and, within 30 days after receipt, gave written notice of inability to tender back the security.

(4) An offer to repay the purchaser pursuant to this section involves the offer or sale of a security. The transaction must be registered under ORS 59.055 unless there is an exemption from the registration requirement or a notice is filed under ORS 59.049. [1967 c.537 §13(6); 1985 c.349 §14; 1997 c.772 §10]

59.127 Liability in connection with purchase or successful solicitation of purchase of securities; recovery by seller; limitations on proceeding; attorney fees.

(1) A person is liable as provided in subsection (2) of this section to the person selling the security, if the person:

(a) Purchases or successfully solicits the purchase of a security, other than a federal covered security, in violation of any condition, limitation or restriction imposed upon a registration under the Oregon Securities Law; or

(b) Purchases or successfully solicits the purchase of a security in violation of ORS 59.135 (1) or (3) or by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading (the seller not knowing of the untruth or omission), and if the person does not sustain the burden of proof that the person did not know, and in the exercise of reasonable care could not have known, of the untruth or omission.

(2) The seller may recover:

(a) Upon a tender of the consideration paid for the security, the security plus interest from the date of purchase equal to the greater of the rate of interest specified in ORS 82.010 for judgments for the payment of money, or the rate provided in the security if the security is an interest-bearing obligation;

(b) Damages in the amount that would be recoverable upon a tender, plus any amount received on the security, less the consideration paid for the security; or

(c) If the purchaser no longer owns the security, damages equal to the value of the security when the purchaser disposed of it plus interest on such value at the rate of interest specified in ORS 82.010 for judgments for the payment of money from the date of disposition, less the consideration paid for the security.

(3) Every person who directly or indirectly controls a purchaser liable under subsection (1) of this section, every partner, limited liability company manager, including a member who is a manager, officer or director of such purchaser, every person occupying a similar status or performing similar functions, and every person who participates or materially aids in the purchase is also liable jointly and severally with and to the same extent as the purchaser, unless the nonpurchaser sustains the burden of proof that the nonpurchaser did not know, and, in the exercise of reasonable care, could not have known, of the existence of facts on which the liability is based. Any person held liable under this section shall be entitled to contribution from those jointly and severally liable with the person.

(4) Notwithstanding the provisions of subsection (3) of this section, a person whose sole function in connection with the purchase of a security is to provide ministerial functions of escrow, custody or deposit services in accordance with applicable law is liable only if the person participates or materially aids in the purchase and the seller sustains the burden of proof that the person knew of the existence of facts on which liability is based or that the person's failure to know of the existence of such facts was the result of the person's recklessness or gross negligence.

(5) Any tender specified in this section may be made at any time before entry of judgment.

(6) Except as otherwise provided in this subsection, no action or suit may be commenced under this section more than three years after the purchase. An action under this section for a violation of subsection (1)(b) of this section or ORS 59.135 may be commenced within three years after the purchase or two years after the person bringing the action discovered or should have discovered the facts on which the action is based, whichever is later. Failure to commence an action on a timely basis is an affirmative defense.

(7) Any person having a right of action against a broker-dealer, state investment ad-

viser or against a salesperson or investment adviser representative acting within the course and scope or apparent course and scope of the authority of the salesperson or investment adviser representative, under this section shall have a right of action under the bond or irrevocable letter of credit provided in ORS 59.175.

(8) Subsection (4) of this section shall not limit the liability of any persons:

(a) For conduct other than in the circumstances described in subsection (4) of this section; or

(b) Under any other law, including any other provisions of the Oregon Securities Law.

(9) Except as provided in subsection (10) of this section, the court may award reasonable attorney fees to the prevailing party in an action under this section.

(10) The court may not award attorney fees to a prevailing defendant under the provisions of subsection (9) of this section if the action under this section is maintained as a class action pursuant to ORCP 32. [1975 c.300 §2; 1985 c.349 §14a; 1987 c.158 §11; 1987 c.603 §7; 1991 c.762 §2; 1993 c.508 §29; 1995 c.93 §28; 1995 c.696 §10; 1997 c.772 §11; 2003 c.576 §319; 2003 c.631 §2; 2003 c.786 §2]

59.130 [Amended by 1953 c.549 §138; repealed by 1967 c.537 §36]

59.131 Effect of notice of intent to return unlawfully purchased security; contents of notice; registration of transaction. (1) Except as provided in subsection (3) of this section, no action or suit may be commenced under ORS 59.127 if the seller has received before suit a written notice of intent to return the security as outlined in subsection (2) of this section.

(2) The notice shall contain:

(a) An offer to tender the security and interest from the date of purchase, at a rate equal to the greater of the rate of interest specified in ORS 82.010 for judgments for the payment of money or the rate provided in the security if the security is an interest-bearing obligation, less the consideration paid for the security; and

(b) A statement of the effect on the seller's rights of failure to respond as required in subsection (3) of this section.

(3) An action or suit under this section may be commenced after receipt of a notice as outlined in subsection (2) of this section:

(a) If the seller accepts the offer and gives notice of acceptance within three days after receipt of the offer and fails to receive the contents of such offer as specified in subsection (2)(a) of this section within one day from the date the notice of acceptance was sent; or

(b) If the seller elects to recover damages as specified in subsection (2)(b) of this section and gives notice of the election within 30 days after receipt of the offer.

(4) An offer to tender the security pursuant to this section involves the offer for sale of a security. The transaction must be registered under ORS 59.055 unless there is an exemption from the registration requirement or a notice is filed under ORS 59.049. [1975 c.300 §3; 1985 c.349 §15; 1987 c.603 §8; 1997 c.772 §12; 2003 c.576 §320]

59.135 Fraud and deceit with respect to securities or securities business. It is unlawful for any person, directly or indirectly, in connection with the purchase or sale of any security or the conduct of a securities business or for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise:

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

(2) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading;

(3) To engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or

(4) To make or file, or cause to be made or filed, to or with the Director of the Department of Consumer and Business Services any statement, report or document which is known to be false in any material respect or matter. [1967 c.537 §14]

59.137 Liability in connection with violation of ORS 59.135; damages; defense; attorney fees; limitations on proceeding.

(1) Any person who violates or materially aids in a violation of ORS 59.135 (1), (2) or (3) is liable to any purchaser or seller of the security for the actual damages caused by the violation, including the amount of any commission, fee or other remuneration paid, together with interest at the rate specified in ORS 82.010 for judgments for the payment of money, unless the person who materially aids in the violation sustains the burden of proof that the person did not know and, in the exercise of reasonable care, could not have known of the existence of the facts on which the liability is based.

(2) Any person who directly or indirectly controls a person liable under subsection (1) of this section and every partner, limited liability company manager, including a mem-

ber who is a manager, officer or director or a person occupying a status or performing functions of a person liable under subsection (1) of this section, is jointly and severally liable to the same extent as a person liable under subsection (1) of this section, unless the person who may be liable under this subsection sustains the burden of proof that the person did not know and, in the exercise of reasonable care, could not have known of the existence of the facts on which the liability is based.

(3) Any person held liable under this section is entitled to contribution from those persons jointly and severally liable with that person.

(4) Except as provided in subsection (5) of this section, the court may award reasonable attorney fees to the prevailing party in an action under this section.

(5) The court may not award attorney fees to a prevailing defendant under the provisions of subsection (4) of this section if the action under this section is maintained as a class action pursuant to ORCP 32.

(6) An action or suit may be commenced under this section within the later of:

(a) Three years after the date of the purchase or sale of a security to which the action or suit relates; or

(b) Two years after the person bringing the action or suit discovered or should have discovered the facts on which the action or suit is based.

(7) Failure to commence an action or suit under this section on a timely basis is an affirmative defense. [2003 c.631 §4; 2003 c.786 §3]

59.140 [Repealed by 1967 c.537 §36]

59.145 Effect of notice filing, registration or license.

(1) Neither the fact that a notice filing or an application for registration or a license under the Oregon Securities Law has been filed nor the fact that a person is effectively licensed or a security is effectively registered constitutes a finding by the Director of the Department of Consumer and Business Services that any document filed under the Oregon Securities Law is true, complete and not misleading. Neither such fact nor the fact that an exemption or exception is available for a security or a transaction means that the director has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction.

(2) It is unlawful to make, or cause to be made, to a prospective purchaser, customer or client a representation inconsistent with subsection (1) of this section. [1967 c.537 §15; 1989 c.197 §6; 1997 c.772 §13]

59.150 [Amended by 1957 c.45 §1; repealed by 1967 c.537 §36]

59.155 Director is agent for service of process; manner of service; exceptions.

(1) The Director of the Department of Consumer and Business Services shall be an agent for the following persons upon whom may be served at any time any process, notice or demand in a civil proceeding under the Oregon Securities Law, including a proceeding brought by the director:

(a) Every licensee or registrant or applicant for a license or registration of a security, every person who files a notice under ORS 59.049 or 59.175, and every person who offers or sells a security in this state, directly or indirectly, unless the security or the sale is exempt from ORS 59.055; and

(b) Every person, a resident or nonresident of this state, who has engaged in conduct prohibited or made actionable under the Oregon Securities Law.

(2) Service shall be made by:

(a) Serving the director or a clerk on duty at the Department of Consumer and Business Services a copy of the process, notice or demand, with any papers required by law to be delivered in connection with the service, or by mailing to the department a copy of the process, notice or demand by certified or registered mail, and a \$2 fee for each party being served;

(b) Transmittal by the person instituting the proceeding of notice of the service on the director and one copy of the process, notice or demand and accompanying papers to the person being served by certified mail:

(A) At such person's address, if any, as shown by the records of the director; and

(B) At such address the use of which the person initiating the proceedings knows or on the basis of reasonable inquiry has reason to believe is most likely to result in actual notice; and

(c) Filing with the appropriate court or other body, as part of the return of service, of the return receipt of mailing and an affidavit of the person initiating the proceedings that this section has been complied with.

(3) The procedure permitted by this section shall not be available when personal jurisdiction can otherwise be obtained in this state.

(4) After completion of initial service upon the director, no additional documents need be served upon the director to maintain jurisdiction in the same proceeding or to give notice of any motion or provisional process. [1967 c.537 §16; 1987 c.603 §9; 1989 c.197 §7; 1997 c.772 §14]

59.160 [Repealed by 1967 c.537 §36]

(Licensing of Broker-Dealers, Investment Advisers and Salespersons)

59.165 Licensing of broker-dealers, investment advisers and salespersons required; rules.

(1) It is unlawful for any person to transact business in this state as a broker-dealer or salesperson unless the person is licensed under the Oregon Securities Law.

(2) A broker-dealer or state investment adviser may not be licensed in this state unless the broker-dealer or state investment adviser has at least one salesperson licensed in this state.

(3) It is unlawful for a broker-dealer or issuer or owner of securities to employ a salesperson to act in this state unless the salesperson is licensed under the Oregon Securities Law to the broker-dealer or issuer or owner of securities. Only a natural person may be licensed as a salesperson.

(4) It is unlawful for:

(a) A state investment adviser to employ an investment adviser representative in this state unless the investment adviser representative is licensed under the Oregon Securities Law to the state investment adviser;

(b) A federal covered investment adviser to employ an investment adviser representative who has a place of business in this state to act in this state unless the investment adviser representative is licensed under the Oregon Securities Law to the federal covered investment adviser; or

(c) An individual, except as otherwise provided in subsection (8) of this section, to transact business in this state as an investment adviser representative unless the individual is licensed as an investment adviser representative. Only a natural person may be licensed as an investment adviser representative.

(5) A person may not be licensed as:

(a) A salesperson or investment adviser representative for more than one broker-dealer, federal covered investment adviser, state investment adviser or issuer or owner of securities at the same time, except as may be allowed by rule or order of the Director of the Department of Consumer and Business Services.

(b) A salesperson or investment adviser representative unless the person is employed by a broker-dealer, federal covered investment adviser, state investment adviser or issuer or owner of securities.

(6) It is unlawful for any person to transact business in this state as a state investment adviser unless the person:

(a) Is licensed as such under the Oregon Securities Law; or

(b) Is licensed as a broker-dealer without the imposition of a condition under ORS 59.215 (4).

(7) Except for federal covered investment advisers whose activities are described by ORS 59.015 (20)(b) and licensed broker-dealers transacting business as federal covered investment advisers in this state, it is unlawful for any federal covered investment adviser to conduct an advisory business in this state unless such person makes notice filings with the director of such documents filed with the Securities and Exchange Commission as the director may by rule or otherwise require and pays the fee, including the notice filing fee, described in ORS 59.175. The director may issue an order suspending the conduct of an investment advisory business in this state if the director finds that there is a failure to comply with any requirement under this section.

(8) Notwithstanding any other provision of this section, an individual performing the activities of an investment adviser representative and who would otherwise be required to be licensed as an investment adviser representative is not required to be separately licensed as an investment adviser representative if:

(a) The individual is licensed to a licensed broker-dealer, the broker-dealer is transacting business as a federal covered investment adviser or a state investment adviser under the provisions of subsection (6)(b) of this section and the person is performing investment adviser activities on behalf of the broker-dealer; or

(b) The individual is licensed to a licensed broker-dealer and the broker-dealer directly receives all compensation otherwise earned by the person in connection with the investment advisory activities being transacted in this state. The broker-dealer may or may not further distribute any or all compensation received to the licensed salesperson. [1967 c.537 §17; 1973 c.366 §5; 1985 c.349 §16; 1987 c.603 §10; 1989 c.197 §8; 1993 c.508 §30; 1995 c.622 §12; 1997 c.772 §15; 1999 c.53 §2; 2003 c.270 §4; 2003 c.785 §5]

59.170 [Amended by 1961 c.352 §1; repealed by 1967 c.537 §36]

59.175 Procedures for notice filing and licensing; rules; examination; bond, letter of credit or other security; filing trade name or assumed business name; fees. (1) The Director of the Department of Consumer and Business Services by rule shall establish procedures for notice filings required of federal covered investment advisers as well as procedures for licensing broker-dealers, state investment advisers, investment adviser representatives and salespersons. The director

may coordinate notice filings or licensing with any national registration, licensing or notice filing system.

(2) The director may require an applicant for a license as a broker-dealer or state investment adviser, including the applicant's partners, directors, officers or any person occupying a similar status or performing similar functions, and any person directly or indirectly controlling such applicant and a person for whom application for a license as a salesperson or investment adviser representative is made, to pass an examination on such person's knowledge and understanding of the Oregon Securities Law and the securities business. The director may establish by rule a fee for the examination.

(3) The director may make such further examination of the applicant and the applicant's affairs as the director deems advisable and may require by rule or order that the applicant publish an announcement of the application in such manner as the director may specify.

(4)(a) Except as otherwise provided in paragraph (b) or (c) of this subsection, every applicant for a license as a broker-dealer or state investment adviser shall file with the director a corporate surety bond or irrevocable letter of credit issued by an insured institution as defined in ORS 706.008 or such other security as the director may approve by rule running to the State of Oregon in a sum to be established by rule of the director, but in no event more than \$100,000.

(b) Licensed broker-dealers subject to section 15 of the Securities Exchange Act of 1934, as amended, are not required to comply with paragraph (a) of this subsection, nor are such licensed broker-dealers required to comply with any net capital requirements imposed by the director by rule or otherwise.

(c) A licensed state investment adviser who has its principal place of business in a state other than this state shall be exempt from the requirements of paragraph (a) of this subsection and shall be further exempt from any net capital requirements imposed by the director by rule or otherwise, provided that any such licensed state investment adviser is registered or licensed as a state investment adviser in the state where it maintains its principal place of business and is in compliance with such state's bonding or net capital requirements.

(5)(a) Subject to paragraph (b) of this subsection, if the application, surety bond, irrevocable letter of credit or other security and fees are in order and the director is satisfied that the application should not be denied upon one or more of the grounds specified in ORS 59.205 to 59.225, the director shall license the broker-dealer, state in-

vestment adviser, salesperson or investment adviser representative.

(b) If the director determines under ORS 59.205 or 59.215 that a condition or restriction should apply to the license, the director, at the time the license is issued, shall specify in writing to the licensee the condition or restriction applicable to the license.

(6) A licensee under ORS 59.165 shall amend the license application when there are material changes in the information contained in the original application.

(7) An applicant for or a person holding a license issued under ORS 59.005 to 59.505 may file with the director a trade name, as defined in ORS 647.005, or an assumed business name, as defined in ORS 648.005. The trade name or assumed business name shall be filed in a form and manner established by rule by the director. If the application is complete and the fee described in subsection (8) of this section is paid, the director shall issue an order authorizing the licensee to operate under the trade name or assumed business name. The order shall remain in effect until canceled, suspended or revoked.

(8) The director shall charge and collect fees for:

(a) An application for a license as a broker-dealer or state investment adviser;

(b) An application to renew a license as a broker-dealer or state investment adviser;

(c) An application for a license as a salesperson;

(d) An application to renew a license as a salesperson;

(e) An application for a license as an investment adviser representative;

(f) An application to renew a license as an investment adviser representative;

(g) A notice filing for a federal covered investment adviser;

(h) A notice filing renewal for a federal covered investment adviser; and

(i) A filing for use of a trade name or an assumed business name.

(9)(a) The director shall set the fees described in subsection (8) of this section in an amount that the director determines is equal as nearly as possible to the national midpoint for similar fees charged by all other state regulatory agencies within the United States responsible for regulating securities.

(b) The director may adjust the amount of a fee described in subsection (8) of this section every two years to reflect changes in the national midpoint for a similar fee.

(c) In determining the national midpoint for similar fees under this section, the direc-

tor may consider national midpoints determined by the North American Securities Administrators Association, the National Association of Securities Dealers or the United States Securities and Exchange Commission.

(10) Except as provided in this subsection, the fees under this section are not refundable. The director may provide for a method of equitably adjusting the payment of fees for broker-dealers, federal covered investment advisers, state investment advisers, salespersons and investment adviser representatives when the director determines that the changes in filing periods and expiration dates under ORS 59.185 are not equitable for the person making the payment. [1967 c.537 §18; 1969 c.137 §4; 1971 c.624 §3; 1985 c.349 §17; 1987 c.603 §11; 1989 c.197 §9; 1991 c.331 §16; 1993 c.508 §31; 1997 c.631 §376; 1997 c.772 §16; 1999 c.53 §3; 2001 c.32 §2; 2003 c.270 §5; 2003 c.785 §4]

Note: The amendments to 59.175 by section 1, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.175. (1) The Director of the Department of Consumer and Business Services by rule shall establish procedures for notice filings required of federal covered investment advisers as well as procedures for licensing broker-dealers, state investment advisers, investment adviser representatives and salespersons. The director may coordinate notice filings or licensing with any national registration, licensing or notice filing system.

(2) The director may require an applicant for a license as a broker-dealer or state investment adviser, including the applicant's partners, directors, officers or any person occupying a similar status or performing similar functions, and any person directly or indirectly controlling such applicant and a person for whom application for a license as a salesperson or investment adviser representative is made, to pass an examination on such person's knowledge and understanding of the Oregon Securities Law and the securities business. The director may establish by rule a fee for the examination.

(3) The director may make such further examination of the applicant and the applicant's affairs as the director deems advisable and may require by rule or order that the applicant publish an announcement of the application in such manner as the director may specify.

(4)(a) Except as otherwise provided in paragraph (b) or (c) of this subsection, every applicant for a license as a broker-dealer or state investment adviser shall file with the director a corporate surety bond or irrevocable letter of credit issued by an insured institution as defined in ORS 706.008 or such other security as the director may approve by rule running to the State of Oregon in a sum to be established by rule of the director, but in no event more than \$100,000.

(b) Licensed broker-dealers subject to section 15 of the Securities Exchange Act of 1934, as amended, are not required to comply with paragraph (a) of this subsection, nor are such licensed broker-dealers required to comply with any net capital requirements imposed by the director by rule or otherwise.

(c) A licensed state investment adviser who has its principal place of business in a state other than this state shall be exempt from the requirements of paragraph (a) of this subsection and from any net capital requirements imposed by the director by rule or otherwise, as long as the licensed state investment adviser is:

(A) Registered or licensed as a state investment adviser in the state where it maintains its principal place of business; and

(B) In compliance with the bonding or net capital requirements of the state where it maintains principal place of business.

(5)(a) Except as otherwise provided in paragraph (b) or (c) of this subsection, every applicant for a license or renewal of a license as a broker-dealer or state investment adviser shall file with the director proof that the applicant maintains an errors and omissions insurance policy in an amount of at least \$1 million from an insurer authorized to transact insurance in this state or from any other insurer approved by the director according to standards established by rule.

(b) A licensed broker-dealer subject to section 15 of the Securities Exchange Act of 1934, as amended, is not required to comply with paragraph (a) of this subsection.

(c) A licensed state investment adviser who has its principal place of business in a state other than this state is exempt from the requirements of paragraph (a) of this subsection.

(6)(a) Subject to paragraph (b) of this subsection, if the application, surety bond, irrevocable letter of credit or other security, errors and omissions insurance policy and fees are in order and the director is satisfied that the application should not be denied upon one or more of the grounds specified in ORS 59.205 to 59.225, the director shall license the broker-dealer, state investment adviser, salesperson or investment adviser representative.

(b) If the director determines under ORS 59.205 or 59.215 that a condition or restriction should apply to the license, the director, at the time the license is issued, shall specify in writing to the licensee the condition or restriction applicable to the license.

(7) A licensee under ORS 59.165 shall amend the license application when there are material changes in the information contained in the original application.

(8) An applicant for or a person holding a license issued under ORS 59.005 to 59.505 may file with the director a trade name, as defined in ORS 647.005, or an assumed business name, as defined in ORS 648.005. The trade name or assumed business name shall be filed in a form and manner established by rule by the director. If the application is complete and the fee described in subsection (9) of this section is paid, the director shall issue an order authorizing the licensee to operate under the trade name or assumed business name. The order shall remain in effect until canceled, suspended or revoked.

(9) The director shall charge and collect fees for:

(a) An application for a license as a broker-dealer or state investment adviser;

(b) An application to renew a license as a broker-dealer or state investment adviser;

(c) An application for a license as a salesperson;

(d) An application to renew a license as a salesperson;

(e) An application for a license as an investment adviser representative;

(f) An application to renew a license as an investment adviser representative;

(g) A notice filing for a federal covered investment adviser;

(h) A notice filing renewal for a federal covered investment adviser; and

(i) A filing for use of a trade name or an assumed business name.

(10)(a) The director shall set the fees described in subsection (9) of this section in an amount that the di-

rector determines is equal as nearly as possible to the national midpoint for similar fees charged by all other state regulatory agencies within the United States responsible for regulating securities.

(b) The director may adjust the amount of a fee described in subsection (9) of this section every two years to reflect changes in the national midpoint for a similar fee.

(c) In determining the national midpoint for similar fees under this section, the director may consider national midpoints determined by the North American Securities Administrators Association, the National Association of Securities Dealers or the United States Securities and Exchange Commission.

(11) Except as provided in this subsection, the fees under this section are not refundable. The director may provide for a method of equitably adjusting the payment of fees for broker-dealers, federal covered investment advisers, state investment advisers, salespersons and investment adviser representatives when the director determines that the changes in filing periods and expiration dates under ORS 59.185 are not equitable for the person making the payment.

59.180 [Amended by 1957 c.48 §1; repealed by 1967 c.537 §36]

59.185 Expiration of license; rules for renewal; change in personnel. (1) Every license of a broker-dealer or state investment adviser expires one year after the date of issuance unless the Director of the Department of Consumer and Business Services establishes a different expiration date for purposes of coordination with any national registration or licensing system.

(2)(a) Every license of an issuer's or owner's salesperson expires when the securities are no longer authorized for sale or one year after the date of issuance, whichever is sooner.

(b) Unless the director establishes a different expiration date for the purposes of coordination with any national registration or licensing system, every license of a salesperson licensed to a broker-dealer and every license of an investment adviser representative licensed to a state investment adviser expires on the same date that the license of the broker-dealer or state investment adviser expires.

(c) Unless the director establishes a different expiration date for the purposes of coordination with any national registration or licensing system, every license of an investment adviser representative licensed on behalf of a federal covered investment adviser expires the earlier of one year after the date of issuance or the date the notice of the federal covered investment adviser expires.

(3) The director by rule shall establish procedures for renewing licenses of broker-dealers, state investment advisers, investment adviser representatives and salespersons, and for the annual renewal of notice filings made on behalf of federal covered investment advisers.

(4) If there is a change in the partners, directors, officers, persons occupying similar positions or performing similar functions, or persons directly or indirectly controlling a broker-dealer or state investment adviser, written notification of such change shall promptly be filed with the director. No fee shall be required for such notification. An examination may be required of any such individual who is newly connected with or interested in the licensee. [1967 c.537 §19 (1), (2), (3); 1969 c.137 §5; 1985 c.349 §18; 1987 c.603 §12; 1989 c.197 §10; 1993 c.508 §32; 1997 c.772 §17; 1999 c.59 §14; 2003 c.270 §6]

59.190 [Repealed by 1967 c.537 §36]

59.193 [1973 c.366 §9; 1975 c.491 §3; 1985 c.349 §19; repealed by 1987 c.603 §30]

59.195 Licensees to keep records; inspection; filing of financial reports. (1) Subject to the provisions of section 15 of the Securities Exchange Act of 1934, as amended, and section 222 of the Investment Advisers Act of 1940, as amended, every broker-dealer, state investment adviser, investment adviser representative and salesperson shall make and keep such accounts, correspondence, memoranda, papers, books and other records as the Director of the Department of Consumer and Business Services by rule or order prescribes. All such records of state investment advisers or investment adviser representatives maintained in this state shall be preserved for three years unless the director by rule prescribes otherwise. The director may examine all such records within or without this state at any reasonable time or times and may, without subpoena require the production of such records at the office of the director as often as is reasonably necessary and, in any event, during consideration of any application for licensing or during any proceeding under ORS 59.205 to 59.225.

(2) Subject to the provisions of section 15 of the Securities Exchange Act of 1934, as amended, and section 222 of the Investment Advisers Act of 1940, as amended, every broker-dealer, state investment adviser, investment adviser representative and salesperson shall file with the director such financial reports or other information as the director by rule or order may require. Licensed broker-dealers, state investment advisers, investment adviser representatives and salespersons shall promptly amend any document filed with the director which is or becomes incomplete or inaccurate in any material respect. Federal covered investment advisers shall promptly amend any document otherwise required to be filed with the director when the federal covered investment adviser is required to file an amendment with the United States Securities and Exchange Commission.

(3) A state investment adviser that has its principal place of business in a state other than this state, and the investment adviser representatives of such a state investment adviser, shall be exempt from the requirements of subsection (1) of this section provided that the state investment adviser is registered as a state investment adviser in the state where it has its principal place of business and is in compliance with all such state's requirements relating to accounts and records.

(4)(a) Every broker-dealer and salesperson of such broker-dealer shall file with the director only such financial reports or other information as is otherwise required to be filed with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

(b) Every state investment adviser that has its principal place of business in a state other than this state, and the investment adviser representatives of the state investment adviser, shall file with the director only the financial reports or other information that is required by the state in which the state investment adviser maintains its principal place of business, provided the state investment adviser is licensed in such state and is in compliance with all of such state's reporting requirements. [1967 c.537 §19(4), (5); 1985 c.349 §20; 1987 c.603 §13; 1989 c.197 §11; 1993 c.508 §33; 1997 c.772 §18]

59.200 [Amended by 1955 c.198 §1; 1957 c.58 §1; 1959 c.280 §1; repealed by 1967 c.537 §36]

59.205 Grounds for denying, suspending, revoking or imposing condition or restriction on license. Except as provided in ORS 59.215, the Director of the Department of Consumer and Business Services may by order deny, suspend or revoke, or impose conditions or restrictions on, a license of a person as a broker-dealer, state investment adviser, investment adviser representative or salesperson if the director finds that the applicant or licensee:

(1) Is insolvent, either in the sense that the liabilities of the applicant or licensee exceed the assets of the applicant or licensee or that the applicant or licensee cannot meet the obligations of the applicant or licensee as they mature, or is in such financial condition that the applicant or licensee cannot continue in business with safety to the customers of the applicant or licensee.

(2) Has engaged in dishonest, fraudulent or illegal practices or conduct in any business or profession or unfair or unethical practices or conduct in connection with the purchase or sale of any security.

(3) Has willfully or repeatedly violated or failed to comply with any provision of the Oregon Securities Law, any condition or re-

striction imposed on a license or any rule or order of the director.

(4) Has been convicted of a misdemeanor an essential element of which is fraud or of a felony.

(5) Is not qualified to conduct a securities business on the basis of such factors as training, experience and knowledge of the securities business.

(6) Has filed an application for a license which as of the date the license was issued, or as of the date of an order conditioning, restricting, denying, suspending or revoking a license, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.

(7) Has failed to account to persons interested for all money or property received.

(8) Has not delivered after a reasonable time, to persons entitled thereto, securities held or to be delivered.

(9) Is permanently or temporarily enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business.

(10) Is the subject of an order of the director conditioning, restricting, denying, suspending or revoking a license as a broker-dealer, state investment adviser, investment adviser representative or salesperson.

(11) Is the subject of an order of the director under:

(a) ORS chapter 645 involving a violation of any provision of the Oregon Commodity Code or any rule or order of the director adopted or entered under ORS chapter 645; or

(b) ORS 86A.095 to 86A.198 involving a violation of any provision of ORS 86A.095 to 86A.198 or any rule or order of the director adopted or entered under ORS 86A.095 to 86A.198.

(12) Is the subject of any of the following orders that are currently effective and were issued within the last five years:

(a) An order by the securities agency or administrator of another state or Canadian province or territory, or by the Securities and Exchange Commission, entered after notice and opportunity for hearing, denying, suspending or revoking the person's registration or license as a broker-dealer, federal covered investment adviser, state investment adviser, investment adviser representative or salesperson, or the substantial equivalent of those terms as defined in the Oregon Securities Law;

(b) A suspension or expulsion from membership in or association with a member of a self-regulatory organization registered under the Securities Exchange Act of 1934, as amended, the Commodity Exchange Act or the Investment Advisers Act of 1940, as amended;

(c) A United States Postal Service fraud order;

(d) A cease and desist order entered after notice and opportunity for hearing by the director, the securities agency or administrator of another state or a Canadian province or territory, the Securities and Exchange Commission or the Commodity Futures Trading Commission; or

(e) An order by the Commodity Futures Trading Commission denying, suspending or revoking registration under the Commodity Exchange Act.

(13) Has failed, reasonably to supervise the salespersons or investment adviser representatives of the applicant or licensee.

(14) Has failed to comply with the requirements of ORS 59.195 to make and keep records prescribed by rule or order of the director, to produce such records required by the director or to file any financial reports or other information the director by rule or order may require. [1967 c.537 §20(1); 1969 c.137 §6; 1985 c.349 §21; 1987 c.603 §14; 1989 c.197 §12; 1993 c.508 §34; 1997 c.772 §19; 2001 c.32 §3; 2003 c.270 §7]

59.210 [Amended by 1955 c.179 §1; repealed by 1963 c.244 §3 (59.211 enacted in lieu of 59.210)]

59.211 [1963 c.244 §4 (enacted in lieu of 59.210); repealed by 1967 c.537 §36]

59.215 Action against applicant or licensee for act or omission of associate; exceptions. The Director of the Department of Consumer and Business Services may enter an order against the applicant or licensee under ORS 59.205 if any partner, officer or director of a broker-dealer or state investment adviser, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or state investment adviser has been guilty of any act or omission which would be cause for conditioning, restricting, denying, suspending or revoking the license of an individual broker-dealer, state investment adviser or salesperson, except as follows:

(1) This section shall not apply to any issuer of a federal covered security, a federal covered investment adviser or to ORS 59.205 (1).

(2) The director may not enter an order against a broker-dealer or state investment adviser on the basis of the lack of qualification under ORS 59.205 (5) of any person other than:

(a) The broker-dealer or state investment adviser if the broker-dealer or state investment adviser is an individual; or

(b) A salesperson of the broker-dealer or investment adviser representative of the state investment adviser.

(3) The director may not enter an order solely on the basis of lack of experience if the applicant or licensee is qualified by training or knowledge or both.

(4) If the director finds that an applicant for an initial license or a license renewal as a broker-dealer is not qualified as a state investment adviser, the director may condition the applicant's license as a broker-dealer upon its not transacting business in this state as a state investment adviser. [1967 c.537 §20(2); 1985 c.349 §22; 1987 c.603 §15; 1989 c.197 §13; 1993 c.508 §35; 1997 c.772 §20; 2001 c.32 §4]

59.220 [Repealed by 1967 c.537 §36]

59.225 Cancellation of license or application; application for withdrawal; effect of suspension or revocation. (1) If the Director of the Department of Consumer and Business Services finds that an applicant or licensee has ceased to do business as a broker-dealer, state investment adviser, investment adviser representative or salesperson, or has failed to maintain a bond or other security required by ORS 59.175 (4) or is subject to an adjudication of mental incompetence or to the control of a committee, conservator or guardian, or cannot be located after reasonable search, the director may cancel the license or application.

(2)(a) A broker-dealer, state investment adviser, investment adviser representative or salesperson may withdraw a license by filing an application to withdraw. Unless the director determines that the license should be suspended or revoked, the director shall allow the withdrawal subject to any conditions, limitations and restrictions the director may impose.

(b) A federal covered investment adviser may terminate a notice filing pursuant to ORS 59.165 (7) by providing the director with written notice of such termination in accordance with the procedures established by the director.

(3) When an investment adviser representative of a federal covered investment adviser begins or terminates an association with such federal covered investment adviser, the federal covered investment adviser or investment adviser representative shall promptly notify the director in writing in accordance with the procedures established by the director.

(4) The suspension of a license of a broker-dealer or state investment adviser shall suspend the license of any salesperson

of the broker-dealer or the license of any investment adviser representative of the state investment adviser. The revocation, cancellation, withdrawal or expiration of a license of a broker-dealer or state investment adviser shall cancel the license of any salesperson of the broker-dealer or the license of any investment adviser representative of the state investment adviser.

(5) The suspension of a registration of securities suspends the license of any salesperson licensed to the issuer or owner of the securities. The revocation, cancellation, withdrawal or expiration of the registration of securities cancels the license of any salesperson licensed to the issuer or owner of the securities. [1967 c.537 §20(3), (4), (5); 1985 c.349 §23; 1987 c.603 §16; 1989 c.197 §14; 1993 c.508 §36; 1997 c.772 §21]

Note: The amendments to 59.225 by section 2, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.225. (1) If the Director of the Department of Consumer and Business Services finds that an applicant or licensee has ceased to do business as a broker-dealer, state investment adviser, investment adviser representative or salesperson, or has failed to maintain a bond or other security required by ORS 59.175 (4), or has failed to maintain an errors and omissions insurance policy required by ORS 59.175 (5), or is subject to an adjudication of mental incompetence or to the control of a conservator or guardian, or cannot be located after reasonable search, the director may cancel the license or application.

(2)(a) A broker-dealer, state investment adviser, investment adviser representative or salesperson may withdraw a license by filing an application to withdraw. Unless the director determines that the license should be suspended or revoked, the director shall allow the withdrawal subject to any conditions, limitations and restrictions the director may impose.

(b) A federal covered investment adviser may terminate a notice filing pursuant to ORS 59.165 (7) by providing the director with written notice of such termination in accordance with the procedures established by the director.

(3) When an investment adviser representative of a federal covered investment adviser begins or terminates an association with such federal covered investment adviser, the federal covered investment adviser or investment adviser representative shall promptly notify the director in writing in accordance with the procedures established by the director.

(4) The suspension of a license of a broker-dealer or state investment adviser shall suspend the license of any salesperson of the broker-dealer or the license of any investment adviser representative of the state investment adviser. The revocation, cancellation, withdrawal or expiration of a license of a broker-dealer or state investment adviser shall cancel the license of any salesperson of the broker-dealer or the license of any investment adviser representative of the state investment adviser.

(5) The suspension of a registration of securities suspends the license of any salesperson licensed to the issuer or owner of the securities. The revocation, cancellation, withdrawal or expiration of the registration of securities cancels the license of any salesperson licensed to the issuer or owner of the securities.

59.230 [Repealed by 1967 c.537 §36]

(Powers of Director)

59.235 General supervision over persons dealing in securities. Subject to section 18 of the Securities Act of 1933, as amended, section 15 of the Securities Exchange Act of 1934, as amended, and sections 203A and 222 of the Investment Advisers Act of 1940, as amended, the Director of the Department of Consumer and Business Services shall have general supervision and control over all issuers, registrants of securities, broker-dealers, federal covered investment advisers, state investment advisers, investment adviser representatives and salespersons residing or doing business in this state and engaged in any activity with respect to securities or any aspect of the securities business. All such persons and their records and everything connected with their activities shall be subject to examination by the director at any time. The provisions of this section and of any section of the Oregon Securities Law relating to examinations shall extend to any person who should have been licensed as a broker-dealer, state investment adviser, investment adviser representative or salesperson, any person exempted by rule from those definitions or any person whose license has expired or has been withdrawn, canceled, suspended or revoked. The director may collect from each such person the actual expenses incurred in that examination. [1967 c.537 §21; 1985 c.349 §24; 1987 c.603 §17; 1989 c.197 §15; 1993 c.508 §37; 1997 c.772 §22]

59.240 [Repealed by 1955 c.198 §2]

59.245 Investigations; publicity with respect to violations; cease and desist order. The Director of the Department of Consumer and Business Services:

(1) May make such public or private investigations within or outside this state as the director deems necessary to determine whether a person has violated or is about to violate any provision of the Oregon Securities Law or any rule or order of the director, or to aid in the enforcement of the Oregon Securities Law or in the formulation of rules and forms thereunder;

(2) May require or permit a person to file a statement in writing, under oath or otherwise as the director determines, as to all the facts and circumstances concerning the matter to be investigated;

(3) May publish information concerning any violation of the Oregon Securities Law or any rule or order of the director; and

(4) If the director has reason to believe that any person has engaged, is engaging or is about to engage in any violation of the Oregon Securities Law, may issue an order, subject to ORS 59.295, directed to the person to cease and desist from the violation or

threatened violation. [1967 c.537 §22; 1973 c.366 §6; 1999 c.315 §2; 2007 c.71 §14]

59.250 [Amended by 1963 c.244 §5; repealed by 1967 c.537 §36]

59.255 Enjoining violations; fine; appointment of receiver; attorney fees; damages to private parties. (1) Whenever it appears to the Director of the Department of Consumer and Business Services that a person has engaged, is engaging or is about to engage in an act or practice constituting a violation of any provision of the Oregon Securities Law or any rule or order of the director, the director may bring suit in the name and on behalf of the State of Oregon in the circuit court of any county of this state to enjoin the acts or practices and to enforce compliance with the Oregon Securities Law or such rule or order. Upon a proper showing, a permanent or temporary injunction, restraining order or writ of mandamus shall be granted.

(2) The court may fine the person against whom the order is entered not more than \$20,000 for each violation, which shall be entered as a judgment and paid to the General Fund of the State Treasury. Each violation is a separate offense. In the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation shall not exceed \$100,000. If the court finds that the defendant has violated any provision of the Oregon Securities Law or any such rule or order, the court may appoint a receiver, who may be the director, for the defendant or the defendant's assets. The court may not require the director to post a bond.

(3) The court may award reasonable attorney fees to the director if the director prevails in an action under this section. The court may award reasonable attorney fees to a defendant who prevails in an action under this section if the court determines that the director had no objectively reasonable basis for asserting the claim or no reasonable basis for appealing an adverse decision of the trial court.

(4) The director may include in any action authorized by this section:

(a) A claim for restitution or damages under ORS 59.115, 59.127 or 59.137, on behalf of the persons injured by the act or practice constituting the subject matter of the action. The court shall have jurisdiction to award appropriate relief to such persons, if the court finds that enforcement of the rights of such persons by private civil action, whether by class action or otherwise, would be so burdensome or expensive as to be impractical; or

(b) A claim for disgorgement of illegal gains or profits derived. Any recovery under

this paragraph shall be turned over to the General Fund of the State Treasury unless the court requires other disposition.

(5) The provisions of this section do not apply to:

(a) A failure to file a notice and pay a fee pursuant to ORS 59.049 (1), (2) or (3);

(b) A failure to file a notice and pay a fee pursuant to ORS 59.165 (7);

(c) A failure to pay a fee pursuant to ORS 59.175 (8); or

(d) A violation of any rule adopted by the director pursuant to ORS 59.049 (1), (2) or (3), 59.165 (7) or 59.175 (8). [1967 c.537 §23; 1971 c.394 §1; 1975 c.300 §4; 1981 c.897 §10; 1985 c.349 §26; 1995 c.696 §11; 1997 c.772 §23; 1999 c.53 §4; 1999 c.315 §3; 2003 c.631 §5]

Note: The amendments to 59.255 by section 3, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.255. (1) Whenever it appears to the Director of the Department of Consumer and Business Services that a person has engaged, is engaging or is about to engage in an act or practice constituting a violation of any provision of the Oregon Securities Law or any rule or order of the director, the director may bring suit in the name and on behalf of the State of Oregon in the circuit court of any county of this state to enjoin the acts or practices and to enforce compliance with the Oregon Securities Law or such rule or order. Upon a proper showing, a permanent or temporary injunction, restraining order or writ of mandamus shall be granted.

(2) The court may fine the person against whom the order is entered not more than \$20,000 for each violation, which shall be entered as a judgment and paid to the General Fund of the State Treasury. Each violation is a separate offense. In the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation shall not exceed \$100,000. If the court finds that the defendant has violated any provision of the Oregon Securities Law or any such rule or order, the court may appoint a receiver, who may be the director, for the defendant or the defendant's assets. The court may not require the director to post a bond.

(3) The court may award reasonable attorney fees to the director if the director prevails in an action under this section. The court may award reasonable attorney fees to a defendant who prevails in an action under this section if the court determines that the director had no objectively reasonable basis for asserting the claim or no reasonable basis for appealing an adverse decision of the trial court.

(4) The director may include in any action authorized by this section:

(a) A claim for restitution or damages under ORS 59.115, 59.127 or 59.137, on behalf of the persons injured by the act or practice constituting the subject matter of the action. The court shall have jurisdiction to award appropriate relief to such persons, if the court finds that enforcement of the rights of such persons by private civil action, whether by class action or otherwise, would be so burdensome or expensive as to be impractical; or

(b) A claim for disgorgement of illegal gains or profits derived. Any recovery under this paragraph shall be turned over to the General Fund of the State Treasury unless the court requires other disposition.

(5) The provisions of this section do not apply to:

(a) A failure to file a notice and pay a fee pursuant to ORS 59.049 (1), (2) or (3);

(b) A failure to file a notice and pay a fee pursuant to ORS 59.165 (7);

(c) A failure to pay a fee pursuant to ORS 59.175 (9); or

(d) A violation of any rule adopted by the director pursuant to ORS 59.049 (1), (2) or (3) or 59.165 (7).

59.260 [Repealed by 1967 c.537 §36]

59.265 Procedure when assets or capital of broker-dealer or investment adviser found impaired; involuntary liquidation. (1) When the Director of the Department of Consumer and Business Services ascertains that the assets or capital of any broker-dealer not otherwise registered under section 15 of the Securities Exchange Act of 1934, as amended, or state investment adviser that has its principal place of business in this state are impaired, or that such person's affairs are in an unsound condition, the director may take possession of all the property, business and assets of such person located in this state and retain possession of them pending the further proceedings specified in this section. The director shall inventory the assets and liabilities of such person. The director shall file one copy of the inventory in the office of the director and one copy in the office of the clerk of the circuit court of the county in which the principal place of business of such person is located, and shall mail one copy to each shareholder or partner of such person at the last-known address of the shareholder or partner. The clerk of the court shall file the inventory as a pending proceeding and give it a case number.

(2) If any person refuses to permit the director to take such possession, the director may apply to the circuit court of the county in which the principal place of business of such person is located for an order appointing a receiver, who may be the director, to take such possession.

(3) If the deficiency in assets or capital has not been made good or the unsound condition remedied within 60 days from the date when the director or receiver took possession, the property, business and assets of such person located in this state shall be liquidated. If a receiver has not been appointed, the director shall apply for such appointment by the court in which the inventory was filed. The liquidation shall proceed as provided by law for liquidation of a private corporation in receivership.

(4) The expenses of the receiver and compensation of counsel, as well as all expenditures required in the liquidation proceedings, shall be fixed by the director, subject to the approval of the court, and, upon certification by the director, shall be

paid out of the funds in the hands of the director as such receiver. [1967 c.537 §24; 1987 c.603 §18; 1993 c.508 §38; 1997 c.772 §24; 2003 c.576 §186]

59.275 Burden of proof. It is not necessary to negative any of the exemptions or classifications provided in the Oregon Securities Law in a complaint, action, information, indictment or other writ or proceeding laid or brought under the Oregon Securities Law; and the burden of proof of an exemption or classification shall be upon the party claiming the benefit of such exemption or classification. [1967 c.537 §25]

59.285 Rules; financial statements. (1) In accordance with this section and ORS chapter 183 the Director of the Department of Consumer and Business Services may from time to time make, amend and rescind such rules as are necessary to carry out the provisions of the Oregon Securities Law. The director may classify securities, persons and matters within the jurisdiction of the director, and prescribe different requirements for different classes.

(2) No rule may be made, amended or rescinded unless the director finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the provisions of the Oregon Securities Law.

(3) Except as provided in subsection (4) of this section, all financial statements required by the Oregon Securities Law shall be prepared in accordance with generally accepted accounting principles. The director may by rule prescribe:

(a) The form and content of financial statements required under the Oregon Securities Law;

(b) The circumstances under which consolidated financial statements shall be filed; and

(c) Whether any required financial statements shall be certified by independent or certified public accountants.

(4) Subsection (3) of this section does not apply to any broker-dealer that is subject to the financial reporting requirements of the Securities Exchange Act of 1934, as amended, to any federal covered investment adviser or to any state investment adviser that has its principal place of business outside this state and is registered with the state in which the state investment adviser's principal place of business is located. [1967 c.537 §28; 1987 c.603 §19; 1997 c.772 §25]

59.295 Notice of orders; hearings on orders. (1) Except as provided in ORS 183.745, upon the entry of an order under the Oregon Securities Law, the Director of the Department of Consumer and Business Ser-

vices shall promptly give appropriate notice of the order as provided in this subsection. The notice shall state that a hearing will be held on the order if a written demand for hearing is filed with the director within 20 days after the date of service of the order. The notice shall be given to:

(a) The issuer and applicant or registrant affected thereby with respect to orders entered pursuant to ORS 59.085 and 59.105;

(b) The applicant or licensee and any investment adviser representative or salesperson affected thereby with respect to orders entered pursuant to ORS 59.205; or

(c) All interested persons with respect to orders entered pursuant to any other provision of the Oregon Securities Law, except ORS 59.095.

(2) If timely demand for a hearing is filed by a person entitled to notice of the order, the director shall hold a hearing on the order as provided by ORS chapter 183. In the absence of a timely demand for a hearing, no person shall be entitled to judicial review of the order.

(3) After the hearing, the director shall enter a final order vacating, modifying or affirming the order.

(4) The director may enter a final order revoking a license or registration notwithstanding the fact that the license or registration has expired, if the initial order of revocation was issued prior to expiration of the license or registration. [1967 c.537 §26; 1985 c.349 §27; 1987 c.603 §22; 1989 c.197 §16; 1991 c.734 §2d; 1997 c.772 §26]

59.305 Judicial review of orders. (1) A person aggrieved by an order of the Director of the Department of Consumer and Business Services which has been the subject of a timely application for hearing before the director shall be entitled to judicial review of the order under ORS chapter 183.

(2) A judgment of a reviewing court under ORS chapter 183 may not bar the director from thereafter vacating or modifying an order involved in the proceeding for review, or entering any new order, for a proper cause which was not decided by the reviewing court. [1967 c.537 §27; 2003 c.576 §321]

59.310 [Amended by 1957 c.46 §1; 1961 c.352 §2; 1963 c.244 §6; repealed by 1967 c.537 §36]

59.315 Oaths and subpoenas in proceedings before director. (1) For the purpose of an investigation or proceeding under the Oregon Securities Law, the Director of the Department of Consumer and Business Services may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence and require the production of books, papers, correspondence, memoranda, agreements or other documents

or records which the director deems relevant or material to the inquiry. Each witness who appears before the director under a subpoena shall receive the fees and mileage provided for witnesses in ORS 44.415 (2).

(2) If a person fails to comply with a subpoena so issued or a party or witness refuses to testify on any matters, the judge of the circuit court or of any county, on the application of the director, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from such court or a refusal to testify therein. [1967 c.537 §29; 1989 c.980 §5a]

59.320 [Amended by 1961 c.352 §3; repealed by 1967 c.537 §36]

59.325 Certified copies of documents; fee; effect of certification. (1) The Director of the Department of Consumer and Business Services shall furnish to any person, upon payment of a fee established by rule, copies (certified if requested) of any document which is a matter of public record. In a proceeding or prosecution under the Oregon Securities Law, a copy so certified shall be prima facie evidence of the contents of the entry or document certified.

(2) A certificate of the director as to compliance or noncompliance with licensing or registration provisions of the Oregon Securities Law shall be taken and received in a civil or criminal proceeding in this state as prima facie evidence of the facts stated in the certificate. [1967 c.537 §30; 1987 c.603 §23; 1989 c.197 §17]

59.330 [Amended by 1961 c.280 §6; repealed by 1967 c.537 §36]

(Enforcement by Attorney General)

59.331 Scope of Attorney General powers; consent of director; powers of circuit court; damages, restitution, disgorgement and other penalties. (1) Subject to subsection (2) of this section and after providing notice and an opportunity to participate to the Director of the Department of Consumer and Business Services, the Attorney General may:

(a) Make public or private investigations within or outside this state as the Attorney General considers necessary to:

(A) Determine whether a person has violated or is about to violate any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law; or

(B) Aid in the enforcement of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law.

(b) Require or permit a person to file a statement in writing, under oath or otherwise as the Attorney General determines, as to all the facts and circumstances concerning a matter to be investigated.

(c) Administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence and require the production of books, papers, correspondence, memoranda, agreements or other documents or records that the Attorney General considers relevant or material to an investigation.

(d) Bring suit in the name and on behalf of the State of Oregon in the circuit court of any county to:

(A) Enjoin any acts or practices the Attorney General has reason to believe that a person has engaged, is engaging or is about to engage in that constitute a violation of any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law; or

(B) Enforce compliance with the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law.

(2) The Attorney General may take action under subsection (1) of this section only in connection with any of the following alleged violations or cases:

(a) Alleged violations involving companies whose securities are listed on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automated Quotation System, Inc. National Market System;

(b) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 166.715 to 166.735;

(c) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 336.184 and 646.605 to 646.652; or

(d) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 646.705 to 646.805.

(3) The Attorney General may take action under subsection (1) of this section with respect to cases described in subsection (2)(b), (c) or (d) of this section only after receiving the director's consent. The director may elect to be a named party in any action the Attorney General takes.

(4) Each witness who appears before the Attorney General under a subpoena issued under this section shall receive the fees and mileage provided for witnesses in ORS 44.415 (2). If a person fails to comply with a sub-

poena issued under this section or if a party or witness refuses to testify on any matters, the judge of the circuit court of any county, on the application of the Attorney General, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify in the court.

(5) In an action brought under this section, a court:

(a) Shall grant a permanent or temporary injunction, restraining order or writ of mandamus upon a proper showing by the Attorney General under subsection (1)(d) of this section.

(b) May award reasonable attorney fees to:

(A) The Attorney General if the Attorney General prevails in an action under this section.

(B) A defendant if the defendant prevails in an action under this section and the court determines that the Attorney General had no objectively reasonable basis for asserting the claim or no reasonable basis for appealing an adverse decision of the trial court.

(6) The Attorney General may include any of the following in an action authorized by this section:

(a) A claim for restitution or damages under ORS 59.115, 59.127 or 59.137, on behalf of the persons injured by the act or practice constituting the subject matter of the action. If the court finds that enforcement of the rights of the injured persons by private civil action, whether by class action or otherwise, would be so burdensome or expensive as to be impractical, the court has jurisdiction to award appropriate relief to the injured persons.

(b) A claim for disgorgement of illegal gains or profits derived. The Attorney General shall deposit any moneys recovered under this paragraph in the General Fund of the State Treasury unless the court requires other disposition.

(c) A claim for the appointment of a receiver of any property derived by means of any act or practice that constitutes a violation of any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law and of any books of account and papers relating to the property. Property for which a receiver may be appointed includes other property with which the property derived by means of a violation has been commingled if the property cannot be identified in kind because of the commingling. The receiver shall take possession of the property, books and papers and shall liquidate the property for the benefit of all persons who

intervene in the action and establish an interest in the property. Subject to the approval of the court, the expenses and attorney fees of the receiver and any expenditures required in the liquidation proceeding shall be paid out of the funds of the receivership. The receiver may be the Attorney General. The court may not require the Attorney General to post a bond.

(d) A claim for a fine of not more than \$20,000 for each violation. The fine shall be entered as a judgment and paid to the General Fund of the State Treasury. Each violation is a separate offense. In the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation may not exceed \$100,000.

(7) This section does not apply to:

(a) A failure to file a notice and pay a fee under ORS 59.049 (1), (2) or (3);

(b) A failure to file a notice and pay a fee under ORS 59.165 (7);

(c) A failure to pay a fee under ORS 59.175 (8);

(d) A violation of any rule adopted by the director under ORS 59.165 (7); or

(e) A company that the director has licensed under ORS 59.165. [2007 c.481 §2]

Note: The amendments to 59.331 by section 4, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.331. (1) Subject to subsection (2) of this section and after providing notice and an opportunity to participate to the Director of the Department of Consumer and Business Services, the Attorney General may:

(a) Make public or private investigations within or outside this state as the Attorney General considers necessary to:

(A) Determine whether a person has violated or is about to violate any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law; or

(B) Aid in the enforcement of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law.

(b) Require or permit a person to file a statement in writing, under oath or otherwise as the Attorney General determines, as to all the facts and circumstances concerning a matter to be investigated.

(c) Administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence and require the production of books, papers, correspondence, memoranda, agreements or other documents or records that the Attorney General considers relevant or material to an investigation.

(d) Bring suit in the name and on behalf of the State of Oregon in the circuit court of any county to:

(A) Enjoin any acts or practices the Attorney General has reason to believe that a person has engaged, is engaging or is about to engage in that constitute a violation of any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law; or

(B) Enforce compliance with the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law.

(2) The Attorney General may take action under subsection (1) of this section only in connection with any of the following alleged violations or cases:

(a) Alleged violations involving companies whose securities are listed on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automated Quotation System, Inc. National Market System;

(b) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 166.715 to 166.735;

(c) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 336.184 and 646.605 to 646.652; or

(d) Cases in which the Attorney General is pursuing or intends to pursue an investigation or litigation under ORS 646.705 to 646.805.

(3) The Attorney General may take action under subsection (1) of this section with respect to cases described in subsection (2)(b), (c) or (d) of this section only after receiving the director's consent. The director may elect to be a named party in any action the Attorney General takes.

(4) Each witness who appears before the Attorney General under a subpoena issued under this section shall receive the fees and mileage provided for witnesses in ORS 44.415 (2). If a person fails to comply with a subpoena issued under this section or if a party or witness refuses to testify on any matters, the judge of the circuit court of any county, on the application of the Attorney General, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify in the court.

(5) In an action brought under this section, a court:

(a) Shall grant a permanent or temporary injunction, restraining order or writ of mandamus upon a proper showing by the Attorney General under subsection (1)(d) of this section.

(b) May award reasonable attorney fees to:

(A) The Attorney General if the Attorney General prevails in an action under this section.

(B) A defendant if the defendant prevails in an action under this section and the court determines that the Attorney General had no objectively reasonable basis for asserting the claim or no reasonable basis for appealing an adverse decision of the trial court.

(6) The Attorney General may include any of the following in an action authorized by this section:

(a) A claim for restitution or damages under ORS 59.115, 59.127 or 59.137, on behalf of the persons injured by the act or practice constituting the subject matter of the action. If the court finds that enforcement of the rights of the injured persons by private civil action, whether by class action or otherwise, would be so burdensome or expensive as to be impractical, the court has jurisdiction to award appropriate relief to the injured persons.

(b) A claim for disgorgement of illegal gains or profits derived. The Attorney General shall deposit any moneys recovered under this paragraph in the General Fund of the State Treasury unless the court requires other disposition.

(c) A claim for the appointment of a receiver of any property derived by means of any act or practice that constitutes a violation of any provision of the Oregon Securities Law or any rule or order of the director adopted or issued under the Oregon Securities Law and of any books of account and papers relating to the property. Property for which a receiver may be ap-

pointed includes other property with which the property derived by means of a violation has been commingled if the property cannot be identified in kind because of the commingling. The receiver shall take possession of the property, books and papers and shall liquidate the property for the benefit of all persons who intervene in the action and establish an interest in the property. Subject to the approval of the court, the expenses and attorney fees of the receiver and any expenditures required in the liquidation proceeding shall be paid out of the funds of the receivership. The receiver may be the Attorney General. The court may not require the Attorney General to post a bond.

(d) A claim for a fine of not more than \$20,000 for each violation. The fine shall be entered as a judgment and paid to the General Fund of the State Treasury. Each violation is a separate offense. In the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation may not exceed \$100,000.

(7) This section does not apply to:

(a) A failure to file a notice and pay a fee under ORS 59.049 (1), (2) or (3);

(b) A failure to file a notice and pay a fee under ORS 59.165 (7);

(c) A failure to pay a fee under ORS 59.175 (9);

(d) A violation of any rule adopted by the director under ORS 59.165 (7); or

(e) A company that the director has licensed under ORS 59.165.

(Miscellaneous Provisions)

59.335 Application of certain sections.

(1) ORS 59.055, 59.115, 59.125, 59.145 and 59.165 (1) apply to persons who sell or offer to sell when:

(a) An offer to sell is made in this state; or

(b) An offer to buy is made and accepted in this state.

(2) ORS 59.145 and 59.165 (1) apply to persons who buy or offer to buy when:

(a) An offer to buy is made in this state; or

(b) An offer to sell is made and accepted in this state.

(3) ORS 59.135, 59.145 and 59.165, insofar as federal covered investment advisers or state investment advisers are concerned, apply when an act instrumental in effecting prohibited conduct is done in this state, whether or not either party is then present in this state. [1967 c.537 §31(1), (2), (6); 1987 c.603 §29; 1997 c.772 §27; 2003 c.631 §6; 2005 c.22 §39]

59.340 [Amended by 1963 c.244 §7; repealed by 1967 c.537 §36]

59.345 When offer to sell or buy is made in this state. (1) For the purpose of ORS 59.335, an offer to sell or to buy is made in this state, whether or not either party is then present in this state, when the offer:

(a) Originates from this state; or

(b) Is directed by the offeror to this state and received at the place to which it is di-

rected (or at any post office in this state in the case of a mailed offer).

(2)(a) For the purpose of ORS 59.335, an offer to buy or to sell is accepted in this state when acceptance:

(A) Is communicated to the offeror in this state; and

(B) Has not previously been communicated to the offeror, orally or in writing, outside this state.

(b) Acceptance is communicated to the offeror in this state, whether or not either party is then present in this state, when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state and it is received at the place to which it is directed (or at any post office in this state in the case of a mailed acceptance).

(3) An offer to sell or to buy is not made in this state solely because:

(a) A publisher circulates or there is circulated on behalf of the publisher in this state any bona fide newspaper or other publication of general, regular, and paid circulation that is not published in this state, or that is published in this state but has had more than two-thirds of its circulation outside this state during the past 12 months; or

(b) A radio or television program originating outside this state is received in this state. [1967 c.537 §31(3),(4),(5)]

59.350 Treatment of certain transactions. For purposes of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995:

(1) A transaction with spouses married to each other is treated as a transaction with one person. The securities may be held jointly or individually.

(2) A transaction with an entity is treated as a transaction with one person. However, if an entity is formed substantially for the purpose of acquiring the securities that are offered, each security holder shall be counted as a separate person. [1985 c.349 §11; 2015 c.629 §4]

59.355 Corporations subject to other laws. Nothing in the Oregon Securities Law relieves a corporation from making reports required by law to be made to the Director of the Department of Consumer and Business Services or to any other state officer, or from paying the fees to be paid by corporations. The Oregon Securities Law:

(1) Does not repeal any law regulating the organization of corporations in this state or the admission of any foreign corporation.

(2) Is additional to any provisions regulating the organization of a corporation under the laws of this state or the admission

of a foreign corporation to do business in this state. [1967 c.537 §32]

59.365 Common-law and statutory rights not limited. Nothing in the Oregon Securities Law limits any statutory or common-law right of a person to bring an action in any court for an act involved in the sale of securities, or the right of the state to punish a person for a violation of any law. [1967 c.537 §33]

59.370 Limitation on liability for good faith act or omission; reports regarding salespersons or investment adviser representatives; limitation on liability related to reports; rules. (1) Provisions of the Oregon Securities Law imposing civil or criminal liability do not apply to an act done or omitted in good faith in conformity with a rule or order of the Director of the Department of Consumer and Business Services, notwithstanding that the rule or order may later be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

(2) A broker-dealer, federal covered investment adviser or state investment adviser shall report information to the director regarding salespersons or investment adviser representatives licensed to the broker-dealer, federal covered investment adviser or state investment adviser. The director, by rule, shall establish the reporting requirements under this subsection. In adopting rules under this subsection, the director shall consider and to the greatest extent practicable adopt the applicable public reporting requirements of the National Association of Securities Dealers, Inc., and the federal Securities and Exchange Commission.

(3) A broker-dealer, federal covered investment adviser or state investment adviser is not liable in any civil action by or on behalf of a salesperson or an investment adviser representative, including counterclaims, third-party claims or cross-claims, that is related to an alleged untrue statement made in connection with a report made under subsection (2) of this section, unless the salesperson or investment adviser representative shows by clear and convincing evidence that:

(a) The broker-dealer, federal covered investment adviser or state investment adviser knew at the time the report was made that the report contained a statement regarding the salesperson or investment adviser representative that was false in any material respect; or

(b) The broker-dealer, federal covered investment adviser or state investment adviser acted in reckless disregard as to the statement's truth or falsity. [1987 c.603 §21; 2001 c.434 §1]

59.375 [1967 c.537 §34; repealed by 1987 c.603 §30]

59.405 [1971 c.641 §3; 1975 c.491 §4; repealed by 1987 c.603 §30]

59.410 [Repealed by 1967 c.537 §36]

59.415 [1971 c.641 §4; 1981 c.897 §11; repealed by 1987 c.603 §30]

59.420 [Repealed by 1967 c.537 §36]

59.425 [1971 c.641 §5; repealed by 1987 c.603 §30]

59.430 [Repealed by 1967 c.537 §36]

59.435 [1971 c.641 §6; 1981 c.897 §12; repealed by 1987 c.603 §30]

59.440 [Repealed by 1967 c.537 §36]

59.445 [1971 c.641 §7; repealed by 1987 c.603 §30]

59.450 [Repealed by 1967 c.537 §36]

(Required Reports and Statements)

59.451 Prohibition against filing false statement by person under investigation or examination. It is unlawful for any person who is the subject of an investigation under ORS 59.245 or examination under ORS 59.235, directly or indirectly, to make or file or cause to be made or filed with the Director of the Department of Consumer and Business Services any statement, report or document which is false in any material respect or manner. [1985 c.349 §25]

(Financial Exploitation of Vulnerable Persons)

59.480 Definitions for ORS 59.480 to 59.505. As used in ORS 59.480 to 59.505:

(1)(a) “Financial exploitation” means:

(A) Wrongfully taking assets, funds or property belonging to or intended for the use of another person;

(B) Alarming another person by conveying a threat to wrongfully take or appropriate money or property of the person if the person would reasonably believe that the threat conveyed would be carried out;

(C) Misappropriating, misusing or transferring without authorization any money from any account held jointly or singly by another person; or

(D) Using the income or assets of another person for purposes other than the support and maintenance of the person without the person’s consent.

(b) “Financial exploitation” does not include a transfer of money or property that is made for the purpose of qualifying a person for Medicaid benefits or for any other state or federal assistance program, or the holding and exercise of control over money or property after such a transfer.

(2) “Financial institution” has the meaning given that term in ORS 706.008.

(3) “Qualified individual” means an individual who is:

(a) A salesperson;

(b) An investment adviser representative; or

(c) A person who serves in a supervisory, compliance or legal capacity for a broker-dealer or state investment adviser, or who is otherwise identified in the written supervisory procedures of a broker-dealer or state investment adviser.

(4) “Trust company” has the meaning given that term in ORS 706.008.

(5) “Vulnerable person” has the meaning given that term in ORS 124.100. [2017 c.514 §2]

59.485 Required reporting by certain securities professionals of suspected financial exploitation. (1) Except as provided in subsection (4) of this section, a qualified individual who has reasonable cause to believe that financial exploitation of a vulnerable person with whom the qualified individual comes into contact has occurred, has been attempted or is being attempted shall, as soon as is practicable, notify the Department of Consumer and Business Services, either orally or in writing.

(2) A notification made under subsection (1) of this section must include the following information, if known:

(a) The identity and address of the vulnerable person;

(b) The identity of all persons that the qualified individual believes are responsible for the suspected or attempted financial exploitation; and

(c) The nature and extent of the suspected or attempted financial exploitation.

(3) Upon receipt of a notification under subsection (1) of this section, the department shall:

(a) Immediately forward the notification to the Department of Human Services;

(b) If it reasonably appears that a violation of the Oregon Securities Law or rules adopted thereunder has occurred or is occurring, promptly investigate the suspected or attempted financial exploitation; and

(c) If it reasonably appears that a crime has been committed or attempted, promptly notify a law enforcement agency.

(4) Subsection (1) of this section does not apply to a qualified individual who is employed by a financial institution or trust company. [2017 c.514 §3]

59.490 Notifications to third parties.

(1) If a qualified individual has reasonable cause to believe that financial exploitation of a vulnerable person with whom the qualified individual comes into contact has occurred, has been attempted or is being attempted, the qualified individual may notify any third party who was previously desig-

nated by the vulnerable person to receive information from the qualified individual regarding the vulnerable person, or whom the qualified individual is otherwise permitted to notify under state or federal law or customer agreement.

(2) Disclosure may not be made under this section to any third party that is suspected of actual or attempted financial exploitation or other abuse of the vulnerable person. [2017 c.514 §4]

59.495 Delay of disbursements; notifications. (1) A broker-dealer or state investment adviser may delay a disbursement from an account of a vulnerable person or an account on which a vulnerable person is a beneficiary if:

(a) The broker-dealer, the state investment adviser or a qualified individual reasonably believes that the requested disbursement might result in financial exploitation of a vulnerable person; and

(b) The broker-dealer or state investment adviser:

(A) Within two business days of the request for disbursement, provides written notification of the delay and the reason for the delay to all parties authorized to transact business on the account, except to any party that is suspected to have engaged in actual or attempted financial exploitation of the vulnerable person;

(B) Within two business days of the request for disbursement, notifies the Department of Consumer and Business Services and the Department of Human Services of the delay and the reason for the delay; and

(C) Conducts an internal review of the suspected financial exploitation and reports the results of the review to the Department of Consumer and Business Services and the Department of Human Services.

(2) A delay of a disbursement under this section may not extend beyond the earlier of:

(a) Fifteen business days after the date on which the broker-dealer or state investment adviser first delayed disbursement of the funds; or

(b) The date on which a determination is made by the broker-dealer or state investment adviser that the disbursement will not result in financial exploitation of the vulnerable person.

(3) Notwithstanding subsection (2) of this section, upon request of the Department of Consumer and Business Services, a delay of a disbursement under this section may extend beyond 15 business days after the date

on which the broker-dealer or state investment adviser first delayed disbursement of the funds, but not beyond the earliest of:

(a) Twenty-five business days after the date on which the broker-dealer or state investment adviser first delayed disbursement of the funds;

(b) The date on which an order terminating the delay is entered by a court of competent jurisdiction; or

(c) The date on which the department issues an order terminating the delay.

(4) The department or a broker-dealer or state investment adviser that initiated a delay of a disbursement under this section may petition a court of competent jurisdiction for an order delaying or enjoining a disbursement of funds or for other protective relief on the grounds that financial exploitation of a vulnerable person is otherwise likely to occur. [2017 c.514 §5]

59.500 Limitation on liability. Qualified individuals, broker-dealers and state investment advisers are not liable under state law for the following actions, if performed in good faith, with reasonable cause and with the exercise of reasonable care:

(1) Disclosing information under ORS 59.485, 59.490 or 59.505;

(2) Failing to notify a vulnerable person of a disclosure of information under ORS 59.485, 59.490 or 59.505; or

(3) Delaying a disbursement under ORS 59.495. [2017 c.514 §6]

59.505 Provision of records to law enforcement and certain state agencies. (1) Upon request of the Department of Consumer and Business Services, the Department of Human Services or a law enforcement agency, a broker-dealer or state investment adviser shall provide copies of records related to any suspected financial exploitation of a vulnerable person to the requester. The records may include historical records if relevant to suspected financial exploitation of a vulnerable person.

(2) A record made available to an agency under this section is not a public record for purposes of ORS 192.311 to 192.478.

(3) Nothing in this section limits the authority of the Department of Consumer and Business Services to access or examine the books and records of broker-dealers and state investment advisers as otherwise provided by law. [2017 c.514 §7]

59.510 [Repealed by 1967 c.537 §36]

59.520 [Repealed by 1967 c.537 §36]

59.530 [Repealed by 1967 c.537 §36]

**UNIFORM TOD SECURITY
REGISTRATION ACT**

59.535 Definitions for ORS 59.535 to 59.585. For the purposes of ORS 59.535 to 59.585, unless the context otherwise requires:

(1) “Beneficiary form” means a registration of a security which indicates the present owner of the security and the intention of the owner regarding the person who will become the owner of the security upon the death of the owner.

(2) “Devisee” means any person designated in a will to receive a disposition of real or personal property.

(3) “Heirs” means those persons, including the surviving spouse, who are entitled under the statutes of intestate succession to the property of a decedent.

(4) “Person” means an individual, a corporation, an organization or other legal entity.

(5) “Personal representative” includes executor, administrator, successor personal representative, special administrator and persons who perform substantially the same function under the law governing their status.

(6) “Property” includes both real and personal property or any interest therein and means anything that may be the subject of ownership.

(7) “Register,” including its derivatives, means to issue a certificate showing the ownership of a certificated security or, in the case of an uncertificated security, to initiate or transfer an account showing ownership of securities.

(8) “Registering entity” means a person who originates or transfers a security title by registration, and includes a broker maintaining security accounts for customers and a transfer agent or other person acting for or as an issuer of securities.

(9) “Security” means a share, participation or other interest in property, in a business, or in an obligation of an enterprise or other issuer, and includes a certificated security, an uncertificated security and a security account.

(10) “Security account” means:

(a) A reinvestment account associated with a security, a securities account with a broker, cash, cash equivalents, interest, earnings or dividends earned or declared on a security in an account, a reinvestment account or a brokerage account, whether or not credited to the account before the owner’s death;

(b) A cash balance or other property held for or due to the owner of a security as a

replacement for or product of an account security, whether or not credited to the account before the owner’s death; or

(c) An investment management account, a safekeeping account or a custody account with a financial institution or trust company, as those terms are defined in ORS 706.008, including the securities in the account and cash, cash equivalents, interest, earnings or dividends earned or declared on a security in the account, whether or not credited to the account before the owner’s death.

(11) “State” includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and any territory or possession subject to the legislative authority of the United States. [1991 c.306 §1; 2007 c.514 §1]

59.540 Registration in beneficiary form; sole or joint tenancy ownership.

Only individuals whose registration of a security shows sole ownership by one individual or multiple ownership by two or more with right of survivorship, rather than as tenants in common, may obtain registration in beneficiary form. Multiple owners of a security registered in beneficiary form hold as joint tenants with right of survivorship, as tenants by the entirety, or as owners of community property held in survivorship form, and not as tenants in common. [1991 c.306 §2]

59.545 Registration in beneficiary form; applicable law.

A security may be registered in beneficiary form if the form is authorized by this or a similar statute of the state of organization of the issuer or registering entity, the location of the registering entity’s principal office, the office of its transfer agent or its office making the registration, or by this or a similar statute of the law of the state listed as the owner’s address at the time of registration. A registration governed by the law of a jurisdiction in which this or similar legislation is not in force or was not in force when a registration in beneficiary form was made is nevertheless presumed to be valid and authorized as a matter of contract law. [1991 c.306 §3]

59.550 Origination of registration in beneficiary form.

A security, whether evidenced by certificate or account, is registered in beneficiary form when the registration includes a designation of a beneficiary to take the ownership at the death of the owner or the deaths of all multiple owners. [1991 c.306 §4]

59.555 Form of registration in beneficiary form.

Registration in beneficiary form may be shown by the words “transfer on death” or the abbreviation “TOD,” or by the words “pay on death” or the abbreviation “POD,” after the name of the registered

owner and before the name of a beneficiary. [1991 c.306 §5]

59.560 Effect of registration in beneficiary form. The designation of a TOD beneficiary on a registration in beneficiary form has no effect on ownership until the owner's death. A registration of a security in beneficiary form may be canceled or changed at any time by the sole owner or all then surviving owners without the consent of the beneficiary. [1991 c.306 §6]

59.565 Ownership on death of owner. On death of a sole owner or the last to die of all multiple owners, ownership of securities registered in beneficiary form passes to the beneficiary or beneficiaries who survive all owners. On proof of death of all owners and compliance with any applicable requirements of the registering entity, a security registered in beneficiary form may be reregistered in the name of the beneficiary or beneficiaries who survived the death of all owners. Until division of the security after the death of all owners, multiple beneficiaries surviving the death of all owners hold their interests as tenants in common. If no beneficiary survives the death of all owners, the security belongs to the estate of the deceased sole owner or the estate of the last to die of all multiple owners. [1991 c.306 §7]

59.570 Protection of registering entity. (1) A registering entity is not required to offer or to accept a request for security registration in beneficiary form. If a registration in beneficiary form is offered by a registering entity, the owner requesting registration in beneficiary form assents to the protections given to the registering entity by ORS 59.535 to 59.585.

(2) By accepting a request for registration of a security in beneficiary form, the registering entity agrees that the registration will be implemented on death of the deceased owner as provided in ORS 59.535 to 59.585.

(3) A registering entity is discharged from all claims to a security by the estate, creditors, heirs or devisees of a deceased owner if it registers a transfer of the security in accordance with ORS 59.565 and does so in good faith reliance on the registration, on ORS 59.535 to 59.585 and on information provided to it by affidavit of the personal representative of the deceased owner, or by the surviving beneficiary or by the surviving beneficiary's representatives, or other information available to the registering entity. The protections of ORS 59.535 to 59.585 do not extend to a reregistration or payment made after a registering entity has received written notice from any claimant to any interest in the security objecting to implementation of a registration in beneficiary form. No other notice or other information avail-

able to the registering entity affects its right to protection under ORS 59.535 to 59.585.

(4) The protection provided by ORS 59.535 to 59.585 to the registering entity of a security does not affect the rights of beneficiaries in disputes between themselves and other claimants to ownership of the security transferred or its value or proceeds. [1991 c.306 §8]

59.575 Nontestamentary transfer on death. (1) A transfer on death resulting from a registration in beneficiary form is effective by reason of the contract regarding the registration between the owner and the registering entity and ORS 59.535 to 59.585, and is not testamentary.

(2) ORS 59.535 to 59.585 do not limit the rights of creditors of security owners against beneficiaries and other transferees under other laws of this state. [1991 c.306 §9]

59.580 Terms, conditions and forms for registration. (1) A registering entity offering to accept registrations in beneficiary form may establish the terms and conditions under which it will receive requests for registrations in beneficiary form and for implementation of registrations in beneficiary form, including requests for cancellation of previously registered TOD beneficiary designations and requests for reregistration to effect a change of beneficiary. The terms and conditions so established may provide for proving death, avoiding or resolving any problems concerning fractional shares, designating primary and contingent beneficiaries and substituting a named beneficiary's descendants to take in the place of the named beneficiary in the event of the beneficiary's death. Substitution may be indicated by appending to the name of the primary beneficiary the letters LDPS, standing for "lineal descendants per stirpes." This designation substitutes a deceased beneficiary's descendants who survive the owner for a beneficiary who fails to so survive, the descendants to be identified and to share in accordance with the law of the beneficiary's domicile at the owner's death governing inheritance by descendants of an intestate. Other forms of identifying beneficiaries who are to take on one or more contingencies, and rules for providing proofs and assurances needed to satisfy reasonable concerns by registering entities regarding conditions and identities relevant to accurate implementation of registrations in beneficiary form, may be contained in a registering entity's terms and conditions.

(2) The following are illustrations of registrations in beneficiary form which a registering entity may authorize:

(a) Sole owner-sole beneficiary: John S. Brown TOD (or POD) John S. Brown Jr.

(b) Multiple owners-sole beneficiary: John S. Brown Mary B. Brown JT TEN TOD John S. Brown Jr.

(c) Multiple owners-primary and secondary (substituted) beneficiaries: John S. Brown Mary B. Brown JT TEN TOD John S. Brown Jr. SUB BENE Peter Q. Brown or John S. Brown Mary B. Brown JT TEN TOD John S. Brown Jr. LDPS. [1991 c.306 §10]

59.585 Short title; rules of construction. (1) ORS 59.535 to 59.585 shall be known as and may be cited as the Uniform TOD Security Registration Act.

(2) ORS 59.535 to 59.585 shall be liberally construed and applied to promote its underlying purposes and policy and to make uniform the laws with respect to the subject of ORS 59.535 to 59.585 among states enacting it.

(3) Unless displaced by the particular provisions of ORS 59.535 to 59.585, the principles of law and equity supplement its provisions. [1991 c.306 §11]

59.610 [Repealed by 1967 c.537 §36]

59.620 [Repealed by 1967 c.537 §36]

59.660 [Repealed by 2007 c.661 §28]

59.670 [Amended by 1981 c.897 §13; 1995 c.618 §35; repealed by 2007 c.661 §28]

59.680 [Amended by 1971 c.200 §5; 1973 c.794 §14; repealed by 2007 c.661 §28]

59.690 [Repealed by 2007 c.661 §28]

59.700 [Repealed by 2007 c.661 §28]

PROHIBITION OF CERTAIN SECURITY TRANSACTIONS

59.710 Definitions for ORS 59.710 to 59.830. As used in ORS 59.710 to 59.830, unless the context indicates otherwise:

(1) "Security," "securities" or "securities or commodities," mean and include all evidences of debt or property and options for their purchase, shares in any corporation or association, bonds, coupons, scrip, rights, choses in action, and other evidences of debt or property, and options for their purchase, or anything movable that is bought and sold.

(2) "Broker" means and includes every person who in this state engages, either for all or part of the person's time, in the business of selling any securities or commodities, or purchasing, or otherwise acquiring securities or commodities from another for the purpose of reselling them or offering them for sale to the public; or in the business of offering, buying or selling, or otherwise dealing or trading in securities or commodities, as agent or principal, for commission or at a profit; and every person who deals in futures or differences in market quotations of prices or values of any securities or commodities, or accepts margins on purchases or

sales, or pretended purchases or sales of securities or commodities.

(3) "Bucket shop" means any building, or any room, apartment, booth, office or store therein, or any other place where any contract prohibited by ORS 59.710 to 59.830 is made or offered to be made more than once and in the course of continuing or repeated transactions.

(4) "Bonds" includes the bonds or other evidences of debt of a corporation, company or association.

59.720 Application of ORS 59.710 to 59.830 to real estate contracts and brokers. The provisions of ORS 59.710 to 59.830 shall not apply to any contract, agreement, sale, purchase, lease, conveyance or mortgage pertaining to real estate situated in this state, nor to the business of real estate brokers or principal real estate brokers, as defined in ORS 696.010, in so far as such business pertains to real estate located in this state. [Amended by 2001 c.300 §53]

59.730 Making contract involving securities without intending a bona fide sale or purchase. No person, whether acting in the person's own right, or as the officer, agent, servant, correspondent or representative of another, shall, as broker make or offer to make, assist in making or offering to make, perform or take part in any contract respecting the purchase or sale, either upon credit or margin, of any securities or commodities more than once, and in course of continuing or repeated transactions:

(1) Intending that the contract shall be terminated, closed or settled according to, or upon the basis of the public market quotations of or prices made on any board of trade or exchange or market which deals in such commodities or securities, and without intending a bona fide purchase or sale of the same; or

(2) Intending that the contract shall be deemed terminated, closed and settled when the market quotations or prices mentioned in subsection (1) of this section for the securities or commodities named in the contract reach a certain figure, without intending a bona fide purchase or sale of the same; or

(3) Not intending the actual bona fide receipt or delivery of such securities or commodities, but intending a settlement of the contract based upon the difference in the public market quotations or prices, mentioned in subsection (1) of this section, at which the securities or commodities are, or are asserted to be, bought or sold. The prosecution, conviction and punishment of a corporation for violation of this section shall not be deemed to be a prosecution, con-

viction or punishment of any of its officers, directors or stockholders.

59.740 Conducting bucket shop or repeatedly making forbidden contracts. No person shall as owner, keeper, proprietor or person in charge of, or as officer, director, stockholder, agent, servant, correspondent or representative of any person, keep, conduct or operate any bucket shop, or knowingly permit or induce any person, whether acting in the person's own right or as officer, agent, servant, correspondent or representative of another, to make, offer to make therein, or assist in making or in offering to make therein, any of the contract specified in ORS 59.730, more than once and in the course of continuing or repeated transactions.

59.750 Receipt or communication of prices for purpose of forbidden contract. No person shall receive, communicate, exhibit or display in any manner any statement of quotations or prices of securities or commodities with an intent to make or offer to make, or to assist in making, or offering to make any contract prohibited by ORS 59.720 to 59.810.

59.760 Reporting false sale of securities with intent to deceive. No person shall, with intent to deceive, report or publish, or cause to be reported or published as a purchase or sale of stocks or bonds, any transaction whereby no actual change of ownership or interest is effected.

59.770 Manipulating market by pretended sales. No person shall inflate, depress or cause fluctuations in, or attempt to inflate, depress or cause fluctuations in, or combine or conspire with any other person to inflate, depress or cause fluctuations in, the market prices of stocks or bonds, or of an issue or any part of an issue of such stocks or bonds, by means of pretended purchases and sales, or by any other fictitious transactions or devices, for or on account of any person, whereby either in whole or in part a simultaneous change of ownership of or interest in such stocks or bonds or of such issue or part of an issue thereof, is not effected. A pretended purchase or sale of any stocks or bonds whereby, in whole or in part, no simultaneous change of ownership or interest therein is effected, is prima facie evidence of the violation of this section by the person taking part in the pretended purchase or sale.

59.780 Broker's trading against customer's order; violation of ORS 59.780 to 59.800 by member of broker's firm. (1) No broker, employed by a customer to buy and carry upon margin stocks or bonds, while acting as broker for the customer in respect to such stocks or bonds, shall sell for

the broker's own account the same kind or issue of stocks or bonds, with intent to trade against the customer's order.

(2) No broker, employed by a customer to sell stocks or bonds, while acting as broker for the customer in respect to the sale of such stocks or bonds, shall purchase for the broker's own account the same kind or issue of stocks or bonds, with intent to trade against the customer's order.

(3) Every member of a firm of brokers who either does, or consents or assents to the doing of, any act prohibited by this section, ORS 59.790 or 59.800 is guilty of violating the section prohibiting the act.

59.790 Insolvent broker-dealer receiving securities from customer. No broker-dealer engaged in the business of purchasing and selling stocks or bonds as a broker-dealer, knowing that the broker-dealer is insolvent, shall accept or receive from a customer ignorant of the insolvency, money, stocks or bonds belonging to the customer, except in liquidation or as security for an existing indebtedness, and thereby cause the customer to lose in whole or in part such money, stocks or bonds. A broker-dealer shall be deemed insolvent within the meaning of this section whenever the aggregate of the property of the broker-dealer is not, at a fair valuation, sufficient in amount to pay the debts of the broker-dealer. [Amended by 1987 c.158 §12]

59.800 Pledge or sale by broker-dealer of customer's securities. No broker-dealer engaged in the business of purchasing and selling stocks or bonds as a broker-dealer shall:

(1) While having in the possession of the broker-dealer, for safekeeping or otherwise, stocks or bonds belonging to a customer, without having any lien thereon or any special property therein, pledge or dispose thereof without the customer's consent; or

(2) While having in the possession of the broker-dealer stocks or bonds belonging to a customer on which the broker-dealer has a lien for indebtedness due to the broker-dealer by the customer, pledge the same for more than the amount due to the broker-dealer thereon, or otherwise dispose thereof for the broker-dealer's own benefit, with or without the customer's consent, and without having in possession of the broker-dealer or subject to control of the broker-dealer, stocks or bonds of the kind and amount to which the customer is then entitled, for delivery to the customer upon demand of the customer therefor and tender of the amount due thereon, and thereby cause the customer to lose, in whole or in part, such stocks or bonds, or the value thereof; or

(3) Fail, on demand, to deliver to any customer, stocks or bonds owned by the customer, and in the possession of such broker-dealer, upon payment or tender of the amount the same was pledged to secure. [Amended by 1987 c.158 §13]

59.810 Delivery to customer of true statement of purchase or sale made by broker. No person engaged in the business of purchasing or selling stocks or bonds as a broker shall refuse to deliver to each customer on whose behalf a purchase or sale of such securities is made by the person, within five days after written demand therefor made within six months following the purchase or sale, a statement or memorandum of the purchase or sale which is true in all material respects and which contains a description of the securities purchased or sold, the name of the person from whom the securities were purchased or to whom they were sold, and the day and hours between which the transaction took place.

59.820 Actions against corporation for second violation. (1) If a domestic corporation is convicted of a second offense under ORS 59.730 to 59.810, the circuit court has jurisdiction over an action by the Attorney General, in the name of the people, to dissolve the corporation.

(2) If a foreign corporation is convicted of a second offense under ORS 59.730 to 59.810, the circuit court has jurisdiction in an action brought as provided in subsection (1) of this section to restrain the corporation from doing business in this state.

59.830 Self-incrimination by witness; immunity from prosecution. No person shall be excused from attending and testifying, or producing any book, paper or other document before any court or magistrate, upon any trial, investigation or proceeding initiated by the district attorney, grand jury or court for a violation of any of the provisions of ORS 59.730 to 59.810, upon the ground that the testimony or evidence, documentary or otherwise, required of the person may tend to convict the person of a crime or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which the person may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be received against the person in any criminal action, suit or proceeding, investigation, inquisition or inquiry.

59.840 [1993 c.508 §1; 1995 c.129 §1; 1995 c.622 §13; 1997 c.211 §1; 1997 c.631 §377; 1999 c.36 §1; 2001 c.377 §40; 2001 c.952 §1; 2003 c.364 §47; 2003 c.655 §48; 2009 c.863 §14; renumbered 86A.100 in 2009]

59.845 [1993 c.508 §2; 1999 c.36 §2; renumbered 86A.103 in 2009]

59.850 [1993 c.508 §3; 1995 c.129 §2; 1997 c.631 §378; 1999 c.36 §3; 2009 c.863 §15; renumbered 86A.106 in 2009]

59.855 [1993 c.508 §4; 1995 c.129 §3; 2009 c.863 §16; renumbered 86A.109 in 2009]

59.860 [1993 c.508 §5; 2008 c.38 §1; 2009 c.863 §17; renumbered 86A.112 in 2009]

59.865 [1993 c.508 §6; 2001 c.952 §10; 2009 c.863 §18; renumbered 86A.115 in 2009]

59.870 [1993 c.508 §7; renumbered 86A.118 in 2009]

59.875 [1993 c.508 §8; 2009 c.863 §19; renumbered 86A.121 in 2009]

59.880 [1993 c.508 §9; 2001 c.952 §11; 2009 c.863 §20; renumbered 86A.124 in 2009]

59.885 [1993 c.508 §10; 2007 c.71 §15; renumbered 86A.127 in 2009]

59.890 [1993 c.508 §11; 1995 c.696 §12; renumbered 86A.130 in 2009]

59.895 [1993 c.508 §12; 2003 c.576 §187; renumbered 86A.133 in 2009]

59.900 [1993 c.508 §13; 2001 c.952 §12; 2009 c.863 §21; renumbered 86A.136 in 2009]

59.905 [1993 c.508 §14; 2001 c.952 §13; 2009 c.863 §22; renumbered 86A.139 in 2009]

59.910 [1993 c.508 §15; 2003 c.576 §322; renumbered 86A.142 in 2009]

59.915 [1993 c.508 §16; renumbered 86A.145 in 2009]

59.920 [1993 c.508 §17; renumbered 86A.148 in 2009]

59.925 [1993 c.508 §18; 1995 c.696 §13; 1999 c.1001 §1; 2005 c.97 §1; 2009 c.863 §23; renumbered 86A.151 in 2009]

59.930 [1993 c.508 §19; renumbered 86A.154 in 2009]

59.935 [1993 c.508 §20; 1995 c.191 §1; renumbered 86A.157 in 2009]

59.940 [1993 c.508 §20a; 1995 c.191 §2; renumbered 86A.160 in 2009]

59.945 [1993 c.508 §21; renumbered 86A.163 in 2009]

59.950 [1993 c.508 §22; renumbered 86A.166 in 2009]

59.955 [1993 c.508 §23; renumbered 86A.169 in 2009]

59.960 [1993 c.508 §24; renumbered 86A.172 in 2009]

59.962 [1999 c.36 §4; 2001 c.952 §14; 2009 c.863 §24; renumbered 86A.175 in 2009]

59.965 [1995 c.129 §5; renumbered 59.980 in 2001]

59.967 [2001 c.952 §3; 2009 c.863 §25; renumbered 86A.178 in 2009]

59.969 [2001 c.952 §4; 2003 c.526 §4; 2005 c.22 §40; 2008 c.38 §2; renumbered 86A.179 in 2009]

59.970 [2003 c.526 §2; 2005 c.22 §41; renumbered 86A.180 in 2009]

59.971 [2001 c.952 §6; 2003 c.526 §6; 2008 c.38 §3; 2009 c.863 §26; renumbered 86A.183 in 2009]

59.972 [2003 c.526 §3; 2009 c.863 §27; renumbered 86A.186 in 2009]

59.973 [2001 c.952 §7; 2003 c.526 §5; 2008 c.38 §4; renumbered 86A.187 in 2009]

59.975 [2001 c.952 §8; renumbered 86A.188 in 2009]

59.977 [2001 c.952 §9; 2005 c.97 §3; renumbered 86A.189 in 2009]

59.980 [Formerly 59.965; renumbered 86A.095 in 2009]

59.990 [Amended by 1955 c.180 §1; repealed by 1967 c.537 §36]

PENALTIES

59.991 Criminal penalties for ORS 59.005 to 59.505 and 59.710 to 59.830; exceptions. (1) Except as provided in subsection (3) of this section, violation of any provision of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule adopted by the Director of the Department of Consumer and Business Services under ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995, except ORS 59.315 (2) or 59.810, is a Class B felony.

(2) Violation of ORS 59.315 (2) or 59.810 is a Class A misdemeanor.

(3) This section does not apply to a failure to file a notice and pay a fee under ORS 59.049 (1), (2) or (3), nor to a failure to file a notice and pay a fee pursuant to ORS 59.165 (7), nor to a failure to pay a fee pursuant to ORS 59.175 (8), nor to a violation of any rule adopted by the director under ORS 59.049 (1), (2) or (3), 59.165 (7) or 59.175 (8). [1967 c.537 §5; 1981 c.292 §5; 1987 c.603 §24; 1997 c.772 §28; 1999 c.53 §5]

Note: The amendments to 59.991 by section 5, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.991. (1) Except as provided in subsection (3) of this section, violation of any provision of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule adopted by the Director of the Department of Consumer and Business Services under ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995, except ORS 59.315 (2) or 59.810, is a Class B felony.

(2) Violation of ORS 59.315 (2) or 59.810 is a Class A misdemeanor.

(3) This section does not apply to a failure to file a notice and pay a fee under ORS 59.049 (1), (2) or (3), nor to a failure to file a notice and pay a fee pursuant to ORS 59.165 (7), nor to a failure to pay a fee pursuant to ORS 59.175 (9), nor to a violation of any rule adopted by the director under ORS 59.049 (1), (2) or (3) or 59.165 (7).

59.992 [1993 c.508 §25; 1995 c.622 §14; 2005 c.97 §2; 2009 c.863 §28; renumbered 86A.990 in 2009]

59.995 Civil penalties for ORS 59.005 to 59.505 and 59.710 to 59.830; exceptions.

(1)(a) Except as provided in paragraph (b) of this subsection, in addition to all other penalties and enforcement provisions provided by law, any person who violates or who procures, aids or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or order of the Director of the Department of Consumer and Business Services shall be subject to a penalty of not more than \$20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

(b) Notwithstanding paragraph (a) of this subsection, any person who violates or who

procures, aids or abets the violation of ORS 59.485 or of any rule adopted by the director for administration of ORS 59.480 to 59.505 shall be subject to a penalty of not more than \$1,000 for every violation, which shall be paid to the General Fund of the State Treasury.

(2) Every violation described in subsection (1)(a) of this section is a separate offense and, in the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation shall not exceed \$100,000.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

(4) This section does not apply to a failure to file a notice and pay a fee pursuant to ORS 59.049 (1), (2) or (3), nor to a failure to file a notice and pay a fee pursuant to ORS 59.165 (7), nor to a failure to pay a fee pursuant to ORS 59.175 (8), nor to a violation of any rule adopted by the director under ORS 59.049 (1), (2) or (3), 59.165 (7) or 59.175 (8). [1973 c.366 §10; 1975 c.491 §5; 1983 c.696 §7; 1985 c.349 §28; 1989 c.197 §18; 1991 c.734 §3; 1997 c.772 §29; 1999 c.53 §6; 1999 c.315 §4; 2017 c.514 §8]

Note: The amendments to 59.995 by section 6, chapter 313, Oregon Laws 2017, become operative July 31, 2018. See section 7, chapter 313, Oregon Laws 2017. The text that is operative on and after July 31, 2018, is set forth for the user's convenience.

59.995. (1)(a) Except as provided in paragraph (b) of this subsection, in addition to all other penalties and enforcement provisions provided by law, any person who violates or who procures, aids or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or order of the Director of the Department of Consumer and Business Services shall be subject to a penalty of not more than \$20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

(b) Notwithstanding paragraph (a) of this subsection, any person who violates or who procures, aids or abets the violation of ORS 59.485 or of any rule adopted by the director for administration of ORS 59.480 to 59.505 shall be subject to a penalty of not more than \$1,000 for every violation, which shall be paid to the General Fund of the State Treasury.

(2) Every violation described in subsection (1)(a) of this section is a separate offense and, in the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation shall not exceed \$100,000.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

(4) This section does not apply to a failure to file a notice and pay a fee pursuant to ORS 59.049 (1), (2) or (3), nor to a failure to file a notice and pay a fee pursuant to ORS 59.165 (7), nor to a failure to pay a fee pursuant to ORS 59.175 (9), nor to a violation of any rule adopted by the director under ORS 59.049 (1), (2) or (3) or 59.165 (7).

59.996 [1993 c.508 §26; 2008 c.38 §5; renumbered 86A.992 in 2009]

