1914

REGULATING INVESTMENT COMPANIES

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Initiative act authorizing governer to appoint auditor of investments empowered to employ deputies and fix their compensation, defining investment companies, authorizing examination there by auditor and judicial investigation of their practices, defining securities and prohibiting sa. thereof to public, or taking subscriptions therefor, by such companies before filing with auditor their financial statement and description of security, excepting from act certain companies and individuals, securities thereof and certain installment securities, regulating advertisements and circulars regarding securities, creating fund from official fees for salaries and expenses under act; repeals all laws on subject adopted heretofore or concurrently herewith.

The electors of the State of California hereby present this petition to the secretary of state of said state, and hereby propose for submission to, and for approval of or rejection by, the qualified voters of said state, the following proposed law for said state, which proposed law is hereby and herein set forth in full in this petition, and the following is the full title and text of the said proposed measure:

An act to define investment companies, investment brokers, and agents; to provide for the regulation and supervision thereof; to provide penalties for the violation thereof; to create the office of auditor of investments, and to make an appropriation therefor; and to provide that the provisions of this act shall constitute the entire and only law of this state upon or relating to the subject matter or matters dealt with in or by this act, and that it shall operate as a complete substitute for, and shall be deemed to be amendatory of all other provisions of or in any and all other laws of this state relating to such subject matter or matters, whether heretofore existing, or approved or adopted prior to or concurrently with the adoption or approval of this act, and that the office of commissioner of corporations shall not exist in this state.

The people of the State of California do enact as follows:

Section 1. This act shall be known as the Investors' Protective Act of California.

Sec. 2. (a) The term investment company, when used in this act, includes every corporation, association, co-partnership and company, which shall, within this state, sell, offer for sale, negotiate for the sale of, or take subscriptions for any stock, stock certificate, bond or other evidence of indebtedness of any kind or character, issued or to be issued by itself, other than promissory notes not offered to the public by the maker thereof.

(b) The term security, when used in this act, includes the stock, stock certificates, bonds, and other evidences of indebtedness, other than promissory notes not offered to the public by the maker thereof, of an investment company.

(c) The term investment broker, when used in this act, includes every corporation, association, co-partnership, company and person who shall, within this state, engage in the business of selling, offering for sale or negotiating for the sale of, the securities of investment companies.

(d) The term agent, when used in this act, includes every corporation, association, co-partnership, company and person who shall, within this state, sell, offer for sale, negotiate for the sale of, or take subscriptions for any security of an investment company, as an employee on a salaried basis or for a commission, if acting either for an investment company or for an investment broker.

(e) The term sale, when used in this act, means the original transfer of title of its own securities from an investment company for a valuable consideration.

Sec. 3. This act shall not apply to corporations, associations, co-partnerships, companies, firms or individuals when they are subject to the jurisdiction or authority of the railroad commission, nor to corporations, associations, co-partnerships, companies, firms or individuals after they have secured from the state banking department, the insurance commissioner or the bureau of building and loan supervision a certificate of authority or license to do business within this state, nor to corporations, associations, co-partnerships or companies, subject to federal regulation, nor to those not organized for profit, nor to mutual water companies, nor to irrigation districts, nor to municipal corporations, nor to the stocks, stock certificates, bonds or other evidences of indebtedness of such corporations, associations, co-partnerships, companies, firms or individuals, nor to the securities described or referred to in section 635-a of t' Political Code.

Sec. 4. (a) Before selling, offering for sale, negotiating for the sale of, or taking subscriptions for any security defined in this act, each investment company shall file in the office of the auditor of investments of this state, together with a filing fee, as hereinafter provided, an itemized statement setting forth the name of the investment company; its principal place of business; the amount and character of its assets; the amount and character of its obligations; and the names of its officers and of its directors or trustees, or the names of its partners, if it be a co-partnership. The above described statements shall be verified by the oath of a member of the co-partnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer thereof, if it be an incorporated or an unincorporated association. Also, there shall be filed, together with said statement, a copy of all forms of securities which such investment company proposes to sell to the public, a certified copy of its charter, articles of incorporation or articles of association and all amendments thereto, and a certified copy of its by-laws and all amendments thereto. Said filing fee shall be five dollars, if the par or face value of said securities amount to twenty-five thousand dollars or less; ten dollars if the par or face value of said securities amount to over twenty-five thousand dollars and not over fifty thousand dollars; fifteen dollars if the par or face value of said securities amount to over fifty thousand dollars and not over seventy-five thousand dollars; twenty dollars if the par or face va of said securities amount to over seventy-f thousand dollars and not over one hundre

thousand dollars; and twenty-five dollars if the par or face value of said securities amount to over one hundred thousand dollars.

(b) If an investment company desire not to its securities to the public the auditor of in- ments shall file a written finding to that effect. Upon the filing of said finding the investment company and its securities shall be exempt from the provisions of this act unless said investment company shall sell its securities to the public, whereupon the auditor of investments shall make and file an order setting aside said finding.

(c) Also, if such investment company be organized or created under or by virtue of the laws of any other state, territory or government, it shall file in the office of the auditor of investments, a certified copy of the statute or statutes or legislative or executive or governmental act or acts creating it, in cases where it has been created by statute or legislative or executive or governmental act, said copy to be duly certified by the official authorized by the law of the jurisdiction under which said corporation is formed to certify such copy; also such investment company shall file in the office of the auditor of investments its written instrument, irrevocable, appointing the auditor of investments its true and lawful attorney, upon whom all process in any action or proceeding against it may be served with the same effect as if said company were organized or created under the laws of this state and had been lawfully served with process therein. Service upon said attorney shall be deemed personal service upon such company. The auditor of investments shall forthwith forward by mail, postage prepaid, to the person designated by such company by written instrument filed with the auditor of investments, to the address given in said instrument, or, in case no such instrument been filed, to the secretary of such company its latest known post office address, a copy of every process served upon him under the provisions of this section. For each copy of process, the auditor of investments shall collect the sum of two dollars, which shall be paid by the plaintiff or moving party at the time of such service, to be recovered by him as part of his costs, if he succeed in the suit or proceeding. Service shall be deemed not complete until said fee has been paid, and said copy of process mailed as hereinbefore directed.

Sec. 5. It shall be the duty of the auditor of investments to examine the statement and other information so filed, and, if it appear to said auditor of investments from said statements that said company be in an unsafe or in an insolvent condition, to make, or to have made, at the cost of said company as hereinafter provided, a detailed examination, audit and investigation of the investment company's affairs. Such investment company shall pay to the auditor of investments, for each examination, traveling expenses, and a fee of ten dollars for each day or fraction thereof that he or his deputy shall necessarily be absent from his office for the purpose of making such examination, and failure or refusal of any investment company to pay such fee upon demand of the auditor of investments shall work a forfeiture of its rights to sell any further securities in this state until such fee shall have been paid to the auditor of investments, with interest at the rate of seven per cent. per annum from the time of the demand of the auditor of investments and an additional twenty-five per cent. of such fee by way of penalty. If the auditor of stments, upon such examination, find said estment company to be violating the provisions of its charter or of the laws of this state provided for its government, or to be conducting its business in an unsafe or in an unauthorized manner, he may, by an order addressed to the said investment company so offending, direct a discontinuance of such violations or unsafe practices and a conformity with all the requirements of law; and if such investment company refuse or neglect to comply with such order within the time specified therein; or if it appear to the auditor of investments, at any time, that any such investment company is in an unsafe condition, or is conducting its business in an unsafe manner, so as to render its further proceeding hazardous to the public or to those having funds in its custody, he shall notify the attorney general of the State of California of such facts and shall furnish to him a statement showing the condition of such investment company, as the same may have been found by him to exist; at the same time he shall notify the officers of such investment company of the fact of such notification having been given and of such statement having been furnished and direct them to cease the transaction of new business, and to hold all moneys, securities and property intact, pending the action of the attorney general on such report. The attorney general shall thereupon apply to the superior court of the county in which said investment company has its principal place of business to issue a mandamus pending such action on his part requiring compliance with said instructions of said auditor or to issue an injunction restraining it, in whole or in part, from further proceeding with its business until a hearing shall be had. Such court may, upon such application, issue such mandamus or injunction in whole or in part, and after a full hearing, it may dissolve it or it may modify it, or it may make it perpetual, and it may make such orders and such decrees according to the course of proceedings in equity to restrain or to prohibit the further prosecution of business by such investment company as may be needful in the premises: and it may appoint one or more receivers to take possession of the property and of the effects of such investment company, subject to such directions as may from time to time be prescribed by the court; or it may, by its decree, order and direct that, in lieu of the appointment of a receiver, the business and affairs of such investment company be liquidated by a board of trustees equal in number to its board of directors, or partners, if it be a co-partnership, said board of trustees to be elected by the stockholders, or partners, if it be a co-partnership, at a meeting thereof, to be called for such purpose and to be held within two weeks after the first Monday succeeding the date of such order and decree: such meeting to be called and to be held on the order of the auditor of investments, who shall be present and who shall preside thereat until such election shall be had; whereupon he shall report the result to the proper court, and thereupon the term of office of the existing board of directors and of all the officers, or partners, if it be a co-partnership, of such investment company shall cease and shall determine.

Sec. 6. The provisions of sections four and five of this act, in so far as applicable, shall apply to investment brokers.

Sec. 7. It shall be unlawful for any investment company, investment broker or agent to issue, to circulate or to deliver any advertisement, pamphlet, prospectus, circular or statement or other similar document in regard to securities which are to be sold in this state unless the same shall be signed with the name of the investment company or of the investment broker

and shall bear a serial number, and a copy thereof first shall have been filed with the auditor of investments. The auditor of investments may for cause object to any such advertisement, pamphlet, prospectus, circular, statement or other similar document, whereupon it shall be unlawful for any such investment company, investment broker or agent further to circulate or to deliver such advertisement, pamphlet, prospectus, circular, statement or other similar document.

Sec. 8. (a) Every investment company shall file in the office of the auditor of investments, under date of December 31st and of June 30th of each year, and within fifteen days after said dates, respectively, a report setting forth the name of the company; its principal place of business; the amount and character of its assets; the amount and character of its obligations; and the names of its officers and of its directors or trustees or partners, if it be a co-partnership, together with a copy of all amendments to its charter, articles of incorporation, or articles of association, or by-laws which may have been made subsequent to the filing of its latest prior statement. The above described statements shall be verified by the oath of a member of the co-partnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer thereof, if it be an incorporated or an unincorporated association.

(b) Also, at the time of filing such statement every investment company shall publish a condensed statement of its financial condition, at least once, in a newspaper of general circulation, published in the city or town where the principal place of business of such investment company is located, and if no newspaper be published in the place designated as the principal place of business of such investment company then the publication may be made in some other newspaper published in the county, if there be one, and if there be none, then in a newspaper published in an adjoining county of this state. Said statement shall contain such items as shall show the actual financial condition of such investment company, and shall be verified.

Sec. 9. All papers, documents, reports and other instruments in writing filed with the auditor of investments under this act shall be open to public inspection; provided that, if in his judgment the public welfare or the welfare of any investment company demand that any portion of such information be not made public the auditor of investments may withhold such information from public inspection for such time as in his judgment be wise.

Sec. 10. Any person who knowingly or wilfully shall subscribe to or shall make or shall cause to be made any false statement or false entry in any book of any investment company or of any investment broker, or who shall exhibit any false paper with the intention of deceiving any person authorized to examine into such affairs, or who knowingly or wilfully shall make or publish any false or any misleading statement of financial conditions or concerning securities offered for sale, shall be guilty of a misdemeanor and shall be punishable by a fine not to exceed one thousand dollars or by imprisonment in a county jail not to exceed one year or by both such fine and by such imprisonment.

Sec. 11. Any person, corporation, association, co-partnership or company which shall violate or which shall fail to comply with any of the provisions of this act shall be subject to a penalty of not less than five hundred dollars nor more than two thousand dollars for each and every offense, which penalty if unpaid after demand by the auditor of investments shall be recovered in an action brought in the name of the people of the State of California by the attorney general of said state.

Sec. 12. There is hereby created the office of auditor of investments. The auditor of investments shall be appointed by the governor and he shall hold office at the pleasure of the governor. He shall receive a monthly salary at the rate of six thousand dollars a year to be paid from the state treasury upon a warrant of the controller. He shall within fifteen days from the time of notice of his appointment take and subscribe to the constitutional oath of office and file the same in the office of the secretary of state and he shall execute to the people of the state a bond in the penal sum of twelve thousand dollars with corporate security or two or more sureties, to be approved by the governor of the state, for the faithful discharge of the duties of his office.

Sec. 13. The auditor of investments shall employ such clerks and such deputies as he may need to discharge in proper manner the duties imposed upon him by law. Neither the auditor of investments nor any of his clerks nor deputies s[hall] be interested in any investment company, or investment b[roker] as director, stockholder, officer, member, agent or emplo[yee]. Such clerks and deputies shall perform such duties as the auditor of investments shall assign to them. The auditor of investments shall fix the compensation of such clerks and deputies; which compensation shall be paid monthly from the treasury of the state upon the certificates of the auditor of investments and upon the warrants of the controller: provided, however, that the total expenditure provided for in this act shall not exceed the sum of thirty thousand dollars a year. Each deputy within fifteen days after his appointment shall take and shall subscribe to the constitutional oath of office and shall file the same in the office of the secretary of state.

Sec. 14. The auditor of investments shall have his office in the city of Sacramento and he shall from time to time obtain the necessary furniture, stationery, fuel, light and other proper conveniences for the transaction of his business, the expenses of which shall be paid out of the state treasury on the certificate of the auditor of investments and the warrant of the controller.

Sec. 15. A fund is hereby created to be known as the investment auditor's fund and out of said fund shall be paid all the expenses incurred in and about the conduct of the business of the auditor of investments, including the salary of the auditor of investments and of his clerks and of his deputies, traveling expenses, furniture and rent. All moneys collected or received by the auditor of investments under and by virtue of the provisions of this act shall be delivered by him to the treasurer of the state, who shall deposit the same to the credit of said investment auditor's fund. All such fund so deposited or such part thereof as may be necessary for the purposes of this act hereby are appropriated to the use of the auditor of investments for the purposes of this act. It shall be the duty of the auditor of investments semi-annually to certify under oath to the state treasurer and to the s[ecre]tary of state the total amount of receipts and of expend[itures] of the auditor's investment fund for the six months preced[ing]. All fees and payments of every description required by this act to be paid to the auditor of investments shall be paid by him to the state treasurer on the first day of each month following their receipt by the auditor of investments.

Sec. 16. The auditor of investments shall adopt a seal bearing the words Auditor of Investments, State of California, and such other device as the auditor of investments may desire, by which he shall authenticate the proceedings of his office. Certified copies of all records and papers in the office of the auditor of investments shall be received as evidence in all cases equally and with like effect as originals.

The auditor of investments shall charge customary fees for certifying to copies of papers filed in his office.

Sec. 17. Any investment company, investment broker or agent complying with the requirements of this act may sell securities or perform any other act permitted under the provisions hereof.

Sec. 18. The office of commissioner of corporations shall not exist in this state.

Sec. 19. If any section, sub-section, sentence, clause or phrase of this act be, for any reason, held unconstitutional, such decision shall not affect the validity of the remaining parts of this act.

Sec. 20. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

Sec. 21. The sum of ten thousand dollars is hereby appropriated from any moneys in the state treasury not otherwise appropriated for the purpose of putting this act into effect.

Sec. 22. The provisions of this act shall constitute the entire and only law of this state upon or relating to the subject matter or matters dealt with in or by this act, and they shall operate as a complete substitute for, and shall be deemed to be amendatory of all other provisions of or in any and all laws of this state relating to such subject matter or mat[ters] whether heretofore existing, or approved or adopted prior to or concurrently with the adoption or approval of this act.

ARGUMENT IN FAVOR OF INVESTORS' PROTECTIVE ACT.

This act, initiated by the electors of this state, will completely safeguard the interests of investors in securities, without virtually prohibiting corporate or co-operative enterprises.

This state must have its resources developed, either by encouraging corporate or co-operative enterprises financed by our general public, as "small investors," or by letting them fall into the hands of great individual capitalists, or "close corporations" formed abroad, which will absorb the profits due our own people.

This act has been prepared by experts of long experience in fiduciary capacities with responsible and successful concerns, who know and appreciate the value of that public confidence which rests on honesty in financial affairs.

The definition of "investment companies," as adopted by our legislature, includes all corporate or co-operative concerns and partnerships, *whatever their line of business*, and no matter how far from "investment" enterprises in the ordinary sense. Every concern for profit which is incorporated, or which raises money in any way except on its promissory notes to banks, is an "investment company" and comes under these stringent rules.

Is it not desirable, therefore, that these rules shall be fixed and bear evenly on all, and that their administration shall be conducted according to established, orderly procedures, rather than that they be subject to the caprices and prejudices of a single individual, who may alter or end his requirements at will, or make flesh one and fowl of another, without effective check and with no appeal adequate to protect the personal and property rights of even innocent parties?

This act includes everything controlled by the most comprehensive "blue sky" law, but it avoids the vicious methods of administration which make many such acts more dangerous and harmful to the public than beneficial.

It involves no unnecessary expense or delay to legitimate business, and the healthful publicity it provides will enable the public to judge correctly of the condition of any corporation, and will enable it to act intelligently in transactions therewith.

This act is based on the accepted legal and moral principle that men and their enterprises are to be considered honest and lawful until the contrary appears. It does not presume, as do most such acts, that they are all to be considered dishonest until they have proved their honesty to the satisfaction of a commissioner who can, arbitrarily, find them guilty and impose fine or imprisonment by a star chamber decision, without even notice of the accusation.

It requires, among many other safeguards, that every "investment company" must, semi-annually, file with the auditor of investments, and publish, a sworn statement of the kind and value of its assets and the character and amount of its obligations; that all advertising matter be submitted to the auditor before circulation, and that audits of books and affairs be made at the auditor's pleasure. It also provides that any "investment company" found to be in an insolvent or unsafe condition, shall be wound up under supervision of the attorney general.

W. C. WALLACE.

ARGUMENT AGAINST INVESTORS' PROTECTIVE ACT.

This is a substitute for and an attempt to defeat the adoption of the referendum measure known as the "Investment Companies Act" set out on pages 38 to 41 of this pamphlet.

For the sake of brevity and clarity the "Investment Companies Act" will hereinafter be referred to as the "referendum act," and the "Investors' Protective Act of California" as the "initiative act." Both are "blue sky" laws, so called, but it only becomes necessary to examine the points of difference between the two to decide in favor of the referendum act.

First—One difference is that in the referendum act the officer to execute the act is called the 'commissioner of corporations," while in the initiative act such officer is designated "auditor of investments," a difference of course immaterial.

Second—By section 4 of the referendum act the commissioner of corporations is authorized to call for all matters which may be called for by the auditor of investments in the initiative act, but also to call for any such other information as may be deemed by him to be necessary to a full examination and understanding of the corporation under investigation; the auditor of investments is confined in his investigation to the strict letter of the statute, thus depriving him of the power of making such other investigation as might be indirectly necessary.

Third—By section 5 of the referendum act it is made the duty of the commissioner of corporations, after examining the matters required by the act to be presented to him, if he finds that the proposed plan of business is not unfair, unjust, or inequitable, to issue a certificate to said corporation reciting that it has complied with the provisions of the act and that said corporation is authorized to sell its securities on such conditions as the commissioner may in said certificate prescribe; or if said commissioner finds that the proposed plan of business of the corporation is unfair, unjust or inequitable he may refuse to issue such certificate, whereupon said corporation shall not be permitted to transact business until amending its plan and receiving such certificate. By said act an appeal may be taken to the superior court from the decision of the commissioner.

This permit thus issued by the commissioner must be exhibited to all would be purchasers of the securities of said corporation and becomes its warrant to transact business, and furnishes an authoritative and valuable document for its protection and advantage, as well as for the protection of investors. But by section 5 of the initiative act no such permit or certificate is to be furnished by the auditor of investments. Instead, he is required to examine the statements and information filed in his office, which, as stated, constitute only the matters and things fixed by the letter of the statute, giving him no discretion or power to call for anything else. The auditor, after making such examination, if he finds that said corporation be violating the provisions of its charter or of the laws, may direct a discontinuance of such violation or unsafe practice, but has no power whatever to restrain it in its activities, except to refer the matter to the attorney general and require him to bring suit against such corporation, which suit is to be brought in the county in which such corporation is transacting its business, thus compelling the attorney general to bring suit in a county where the corporation may be, and substituting the slow, laborious and expensive process of the courts for the expeditious methods provided by the referendum act in such cases; under the referendum act such corporation and the commissioner may readily readjust said methods of business so as to permit the corporation to proceed. This curtailment of power of the commissioner is one of the important differences.

Fourth—As by said section no certificate to transact business is issued, the investing public would have no opportunity of knowing authoritatively whether a corporation offering its securities was legally authorized to do so.

Fifth—By section 6 of the referendum act an investment broker, upon making certain showing to the commissioner, is permitted to receive a certificate authorizing him to deal in stocks of other corporations, a very important provision for the investment broker who deals in marketable stocks; by the initiative act no such permit or license is provided for or can be issued.

Sixth—Another very important difference is in section 8 of the referendum act, which provides for general supervision and control over all investment companies and brokers by the commissioner; and provides further, possibly the most important of all his powers, the power of visitation and examination whereby he, like the superintendent of banks, the insurance commissioner, the railroad commission and the commissioner of building and loan associations, will have the power to visit and inspect such corporations—a power most salutary and necessary, but which has been entirely omitted from the initiative act, doubtless for the reason that its advocates desired to escape this regulation.

By sections 18 and 22 of the initiative act [illegible] adoption, even though the referendum act w also adopted, would work a repeal of the ref endum act and leave only the initiative act in force. The authors of the initiative act were zealous to work this result, for the reason that they apparently desired to draw the teeth of the referendum act and to substitute in its place another so harmless as to be of no real protection, effect or benefit to the investing public.

Vote "Yes" on the "Investment Companies Act." Vote "No" on the "Investors' Protective Act of California."

LEE C. GATES,
State Senator Thirty-fourth District.

SUSPENSION OF PROHIBITION AMENDMENT.

Initiative amendment adding section 26a to article I of constitution. Provides that if proposed amendment adding sections 26 and 27 to article I of constitution relating to manufacture, sale, gift, use and transportation of intoxicating liquors be adopted, the force and effect of section 26 shall be suspended until February 15, 1915, and that, as to the manufacture and transportation for delivery at points outside of state only, it shall be suspended until January 1, 1916, at which time section 26 shall have full force and effect.

The electors of the State of California present to the secretary of state this petition, and request that a proposed amendment to the Constitution of the State of California, by adding to article I thereof, section 26a, suspending the force and effect of proposed section 26 of article I, if enacted at the general election held November 3, 1914, as hereinafter set forth, be submitted to the people of the State of California for their approval or rejection, at the next ensuing general election, or as provided by law. The proposed amendment is as follows:

The people of the State of California do enact as follows:

Article I of the Constitution of the State of California is hereby amended by adding thereto a new section, to be numbered section 26a, in the following words:

Section 26a. Should an amendment to the Constitution of the State of California by adding to article I two new sections to be numbered respectively section 26 and section 27, as proposed by initiative petition filed with and certified to the secretary of state, and relating to intoxicating liquors, be enacted at the general election held on Nov. 3, 1914, then the force and effect of said section 26 shall be suspended until Feb. 15, 1915, at which time it shall have full force and effect except that, as to the manufacture and transportation of intoxicating liquors for delivery at points outside of the State of California only, the force and effect thereof shall be suspended until Jan. 1, 1916, at which time such manufacture and transportation also shall wholly cease and on and after said date said section 26 shall in all respects have full force and effect.

ARGUMENT IN FAVOR OF SUSPENSION OF PROHIBITION AMENDMENT.

This amendment seeks to correct an oversight in the drafting of the prohibition amendment, which failed to fix the time when it shall go into effect. The law of the state fixes the time at five days after the declaration of the vote by the secretary of state unless the time is specified in the law. It has been the rule where prohibitory amendments have been proposed to grant those engaged in the liquor traffic a reasonable length of time to get out of the business. The amendments of Washington, Oregon, and Colorado fix the date at January 1, 1916. The present local option law allows ninety days to close out the business.

This amendment was initiated by the same persons who initiated the prohibitory amendment. It has been endorsed by almost all temperance organizations. It hardly needs an argument, as it is reasonable, wise and fair. The liquor traffic has been recognized as a business by our state laws, and if a majority of voters now prohibit the traffic those engaged in it ought to have time to readjust their financial affairs to conform to the law. This provision gives opportunity for laborers employed in the business to secu employment in other lines, or in the busin reconstructed for the purpose of making a legiti mate use of wine grapes. It also provides time for municipalities whose budgets have been based upon license fees to rearrange their budgets.

The concession is not made because of any legal rights, but in the interest of fair dealing and to make the loss inherent in a change of state policy as light as possible. It ought to command the support of every voter, whether in favor of prohibition or against it, as it is non-effective unless the prohibitory amendment carries.

The mere statement of the case is all the argument that is needed for this amendment. There is no prohibition in it. F. M. LARKIN.

ARGUMENT AGAINST SUSPENSION OF PROHIBITION AMENDMENT.

The second proposed amendment, extending the time when prohibition is to take effect, simply serves to befog the original issue, which original issue is prohibition with its attendant evil effects on the people at large, among such evils being that it tends to make hypocrites, falsifiers, lawbreakers, cowards, and also destroys self-respect.

Additional thereto, it destroys personal property and greatly lessens the value of real property; all without recompense therefor. It is condemnatory in character, and the rule is that there can be no condemnation without just compensation, which compensation prohibition denies. Such denial seems to verge on fanaticism.

The issue involved is simply one of prohibition with its attendant evils of confiscation and injury to our prosperity, on the one side, and maintenance of honesty, temperance, self-respect, liberty of thought and action and prosperity on the oth

If confiscation is right, why delay it?

Let the intelligent voter read and ponder.

C. F. A. LAST.