

TWO BLUE SKY ACTS ARE HELD INVALID

Measures Classed With One in Oregon Violate Fourteenth Amendment Is Ruling.

OTHER OBJECTIONS CITED

Every Point on Which Federal Court Finds Michigan Statute Void and Iowa Tribunal Issues Injunction Raised Here.

While admitting that blue sky laws are desirable and might be upheld if their provisions complied with the common understanding that blue sky laws are intended "to stop the sale of stock in fly-by-night concerns and other like fraudulent exploitations," yet two courts, one in Michigan and one in Iowa, within the past two months, have declared unconstitutional acts passed in the respective states.

The Michigan blue sky law was declared unconstitutional by the District Court of the United States, Judge A. C. Denton, C. W. Seasons and Arthur J. Tuttle all signing the decision. Their decision sustained the views of those attacking the law in almost every particular.

The court found that the power given to the commissioners to forbid the sale of securities at less than what they think the proper price is a taking of property without due process of law and is not within the police power, and that the act directly and substantially burdens interstate commerce. The decision apparently leaves little ground for the carrying into effect many of the drastic features which clearly were the intent of the Legislature.

Enforcing Iowa Act Enjoined.
In Iowa the enforcement of the blue sky law has been enjoined by the State District Court of Polk County, but the decision follows closely the law as laid down by the United States District Court of Michigan.

"The law is unconstitutional," the court found, "in that it deprives persons of liberty and property without due process of law and in that it delegates legislative powers to state officials, and likewise because it discriminates between residents and non-residents and interferes with interstate commerce."

Though there may be some difference in the details of the blue sky law of Oregon and the laws of Michigan and Iowa which have been declared unconstitutional, the laws of the three states are classed by leading financial and bonding writers of the more drastic type, such as has been passed in Arkansas, North and South Dakota, West Virginia, Missouri and Vermont. Counsel in the Michigan case, who had made a study of the several types of blue sky laws, intimated that in a majority of the 18 states that have passed similar statutes it would be hard for the courts to uphold the law.

Points Raised in Oregon Suit.
Every point on which the Michigan and Iowa laws were held void has been raised in the suit filed last week attacking the blue sky law of this state and asking for an injunction against the enforcement of the measure. We take judicial notice of the common understanding that the blue sky law was intended, as is said by the Attorney-General, "to stop the sale of stock in fly-by-night concerns, visionary old wells, distant gold mines and other like fraudulent exploitations," and the Michigan law, if its intent had been carried into effect by the act as passed, these cases would not be here, but scrutiny of the law discloses additional and very different effects.

"It is not confined to corporations, but covers partnerships issuing and individuals dealing in securities. It does not relate alone to stocks, but as well to bonds, mortgages and promissory notes. It is not limited to investment companies, as the term would ordinarily be defined, but extends the definition so that it may include most of the private corporations and partnerships in the United States. It does not cover fraudulent securities merely, but reaches and prohibits the sale of securities that are honest, valid and safe. It does not simply protect the unwary citizen against fraud, but it prevents the experienced investor from deliberately assisting an enterprise which he thinks gives sufficient promise of gain to offset the risk of loss, or which, from motives of pride, sympathy or charity, he is willing to aid, notwithstanding a probability that his investment will prove unprofitable.

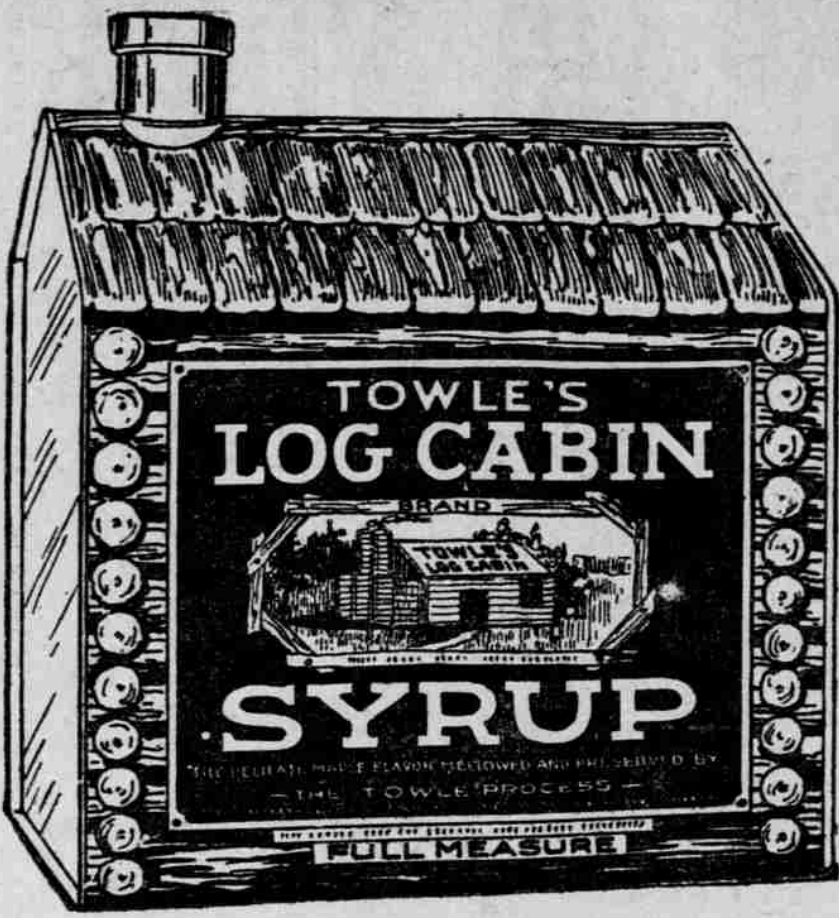
"Inventions Are Affected."
"If a company is organized to make and sell a new invention, and if the commission thinks the enterprise will not succeed, the stock may not be sold, even to skilled bankers who have investigated thoroughly and still desire to buy."

This constitutes deprivation of property and rights without due process of law, the court held. Familiar definitions of "property" and "rights" adopted by the Supreme Court of the United States and by the Supreme Court of Michigan are cited in support of the ruling.

Many of the transactions prohibited by the statute were not even of a quasi-public nature, the court found, but strictly private nature, with no real or substantial relation to the public welfare. This feature, the court held, carries the prohibitions beyond the valid exercise of the police power of the state.
"Of like effect and subject to like infirmity," the court held, "is the provision forbidding the sale of securities, if the commission thinks that the company's organization or proposed plan of business is not 'fair.' Broader and vaguer language could not be found. Such provisions deprive plaintiffs of property, and they do not carry the semblance of 'due process of law.'"

Stocks Subjects of Commerce.
Stocks and bonds are the subjects of interstate commerce, and shipments and sales of them between the states are interstate commerce, in that they are a new principle of law by the Michigan case, but the court says that in the present development of commerce such a finding would be regarded as obvious. Other measures which might be considered as in conflict with the interstate commerce act have been upheld under the police authority.
"This statute finds no support in the police power, and accordingly, its restraint of interstate commerce is not merely indirect or incidental," the court announces after a long discussion of this feature of the law.
Delegation of legislative or judicial power to an administrative board is another objectionable feature of the law.

The court further calls attention to the vital difference between an unprofitable and an incidental, the court announces after a long discussion of this feature of the law.
From the opinion handed down by the District Court in the Iowa case it is plain that the court tried hard to find grounds upon which the validity of



A Message to the People of Portland

Through the co-operation of the great wholesale houses and the enterprising retail grocers of Portland we are able to supply the constantly increasing demand for Towle's Log Cabin Syrup.

Wherever you see a grocer who displays and sells Towle's Log Cabin Syrup you know he is one of the factors in the growth of Portland.

He is giving to his customers the same product which has a continually increasing popularity, the world over.

Towle's Log Cabin Syrup has been a favorite in the market of Portland for thirty years.

There must be, and there is, a mighty good reason for this.

Towle's Log Cabin Syrup tempts the appetite and delights the taste because of its perfect flavor and unflinching high quality. This is secured by the exclusive Towle method of blending sugar cane syrup with maple syrup.

The principle is the same as that which makes a skillful blend of Mocha and Java the most perfect coffee the epicure can demand.

This Towle combination results in a product with the "body" of sugar cane syrup and the delicious, never-forgotten flavor of pure maple. It is said by thousands of people, lovers of the best food, to be the finest and choicest syrup they ever had on their tables.

This is ALL there is in Towle's Log Cabin Syrup. Just the pure maple and the pure sugar cane syrup "body"—but is BLENDED as only Towle's know how to blend it, and it always has been made by the same Towle method.

Towle's Log Cabin Syrup is not only sold all over the United States, but is shipped to the Philippines, Hawaii, Porto Rico, Alaska and other foreign possessions of this country.

It is sold in Great Britain and her colonies.

The little German fraulein knows it and likes it; the French child eats it; the Russian family enjoys it; the burgher in South Africa, the dweller in Australia, in New Zealand, in Japan, in the land of the Midnight Sun—wherever there is civilization you will find Towle's Log Cabin Syrup.

And Log Cabin Syrup is just as good, just as palatable, just as wholesome for the family living in Portland as for the family living in Capetown.

We want everybody in Portland to get better acquainted with our syrup. It is already a world favorite, and we know that the splendid co-operation of Portland's wholesale and retail grocers, who know what the best and purest food products are, is certain to help us put a "log cabin" can in every home in Portland—make Towle's Log Cabin Syrup a regular feature on every table here.

You will always know our syrup by the log cabin-shaped can—which is at once our package and our trade mark.

Grocers everywhere sell Towle's Log Cabin Syrup. People everywhere know it. Everyone who tastes it wants more.

Tell or telephone your grocer today that you want a can of Towle's Log Cabin Syrup.

Write to us for our free booklet of recipes giving many delicious uses of Log Cabin Syrup.

The Towle Maple Products Company

St. Paul, Minnesota

Refineries: St. Johnsbury, Vermont, St. Paul, Minnesota

Our \$500 Challenge and Positive Guarantee

We will pay Five Hundred Dollars to any person who can show in any way that Towle's Log Cabin Syrup contains any glucose, acid, or any adulterant or preservative. This reward will be paid in cash instantly upon proof.

We positively guarantee the wholesome purity of Towle's Log Cabin Syrup. Any housewife who will order a can from her grocer and finds that it is not exactly as we represent will have her money cheerfully refunded if she will write us.



REMEMBER THE CAN

—Jack Towle

the statute could be upheld but was forced to the conclusion that the statute could not be passed over. The court expressed itself as "firmly and abidingly satisfied that the object of the law is to prevent fraud," and announced itself in sympathy and accord with this object, but found in substance that the law was so inherently defective and objectionable that no part of it could be sustained.

"Fourteenth Amendment Violated."
As in the Michigan case, the greatest emphasis was placed on the provisions of the measure that deprived persons of their liberty and property without due process of law and in such a manner that it could not be upheld under the theory that it was done under the police power of the state. These provisions the court held are clearly in violation of the fourteenth amendment, for they take "from the owner of property the right to sell and dispose of the same and from the individual citizen the right to engage in the business of buying and selling stocks, bonds and other securities without due process of law."
This prohibition easily resolves itself into a violation of the interstate commerce rights of the plaintiffs. The court held, and it asserts emphatically that "there can be no question but that this business is legitimate interstate commerce when transacted between citizens of two different states, and it is impossible for any rational man to say that the statute of our state, which by express provisions requires a license and a payment of a fee from a non-resident investment company before it transacts business

within this state can possibly be otherwise than a direct infringement of the constitutional provision."
Objection is found by the Iowa court to the provision that grants to the Secretary of State the power to censor all plans of business and proposed contracts are fair, just and equitable.
Referring to this provision, the court says:
"Crime Cannot Depend on Opinion."
"Can it be that we have reached the point in the jurisprudence of our state where an act may be a crime punishable by a fine of \$5000 and imprisonment because in the opinion of the Secretary of State the sale of a mortgage or a bond is inequitable and unjust? In this law not only the sale is forbidden, but the punishment of a fine of \$5000 and imprisonment is visited upon the violator of this law depending upon the opinion of the Secretary of State as to whether a proposed plan of business is just and equitable or to the contrary. I do not believe it is within the power of the Legislature to delegate to the Secretary of State such authority as this."
While final decisions have been rendered in only a few states there is a general agitation against the drastic measures in a large majority of the 18 states in which such laws have been put on the statute books. Suit has been brought in West Virginia and now is before the Supreme Court of that state.
In California many of the large investment companies have organized an association which intends to refer the

measure in the state to the voters at an election this year. The act, like the one in Oregon, is patterned after the more drastic style of law originally passed in Kansas. The Kansas law has been attacked in the courts and is before the Supreme Court of that state. The Michigan law, which has been declared unconstitutional, is similar in most of its features to the Kansas law, from which the Oregon law was taken. The blue sky law of Idaho probably will be taken into the courts at any early date, a meeting of those affected by the measure having been held last month to resist it.

TIMBER ON RESERVE TAXED
Chehalis County Expects to Take Toll When Logging Begins.

ABERDEEN, Wash., March 7.—(Special.)—Property on the Indian reservations, not owned by the Government or its wards, will be subject to taxation by the county, according to instructions received this morning by the Assessor from the State Tax Commission.
No large sum is just now made available by the decision of the Tax Commissioners, but a valuable precedent has been established, since there will be extensive logging operations on the reservation in the near future.

Tenino Shingle Mill Opens.
CENTRALIA, Wash., March 7.—(Special.)—The new shingle mill erected at Tenino by E. J. Bordeaux, of Olympia, started operations yesterday,

Blustering March Weather

is a menace to health when the effects of a busy Winter have begun to tell in lessened vitality. The raw, cold winds and uncertain weather of March encourages disease germs which a weakened system cannot always resist. When the skin is cold and the pulse weak and sluggish, what you need is a bracing tonic to enrich the blood and make it course more quickly through the veins.
By its invigorating effect upon the physical and nervous forces

Duffy's Pure Malt Whiskey

rebuilt the weakened tissues in a gradual, healthy and natural manner. It excites in a moderate degree the energies and activities of all parts of the body without causing any deviation of healthy functions. Taken as directed, in a little water or milk, at meal time or before retiring, it proves a valuable remedy in the relief and prevention of coughs, colds, grip, pneumonia, bronchitis, malaria, consumption and all weakened and diseased conditions.
Users of Duffy's Pure Malt Whiskey are quick to notice perceptible improvement in appetite, and the consequent freedom from digestive irritation is a constant source of gratification. Get Duffy's and you'll find it one of the most convenient and useful remedies that has ever graced the family medicine chest.
The genuine is sold in sealed bottles only, price \$1.00. Most druggists, grocers and dealers can supply you, but insist on Duffy's and refuse to accept a substitute. Write for valuable booklet and free medical advice.
The Duffy Malt Whiskey Co., Rochester, N. Y.

WISS SHEARS AND SCISSORS
Don't be Tempted with cheap scissors.
To do fine work every woman needs a pair of Wiss Shears or Scissors. Not the soft edge—easily dulled—bargain counter kind. The guaranteed Wiss cut clean—true and stay sharp. 50c and up. Remember the Wiss Test when buying shears or scissors.
STANDARD WISS TEST
A clean, true cut from heel to point through 32 thicknesses of cheese cloth.
If you don't see this it isn't a WISS