

UNIFORM SECURITIES ACT (EXCERPT)
Act 265 of 1964

***** 451.706 THIS SECTION IS REPEALED BY ACT 551 OF 2008 EFFECTIVE OCTOBER 1, 2009

451.706 Registration statement; denial, suspension or revocation by administrator's stop order; findings; postponement or suspension; notice; hearing; requirements for entry of stop order; vacating or modifying stop order; applicability of section to securities registered under MCL 451.704a.

Sec. 306. (a) The administrator may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement if it finds that the order is in the public interest and any of the following:

(1) The registration statement as of its effective date or as of any earlier date in the case of an order denying effectiveness, or any amendment under section 305(j) as of its effective date, or any report under section 305(i) is incomplete in any material respect or contains any statement that was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact.

(2) Any provision of this act or any rule, order, or condition lawfully imposed under this act has been violated in connection with the offering by any of the following:

(i) The person filing the registration statement.

(ii) The issuer, any partner, officer, or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, but only if the person filing the registration statement is directly or indirectly controlled by or acting for the issuer.

(iii) Any underwriter.

(3) The security registered or sought to be registered is the subject of an administrative stop order or similar order or a permanent or temporary injunction of any court entered under any other federal or state act applicable to the offering. However, the administrator may not institute a proceeding against an effective registration statement under this clause more than 1 year from the date of the order or injunction relied on, and may not enter an order under this clause on the basis of an order or injunction entered under any other state act unless that order or injunction was based on facts that would currently constitute a ground for a stop order under this section.

(4) The issuer's enterprise or method of business includes or would include activities that are illegal where performed.

(5) The offering has worked or has tended to work a fraud, deception, or imposition or would operate to work a fraud, deception, or imposition, or the offering is on unfair terms.

(6) The offering has been or would be made with unreasonable amounts of underwriters' and sellers' discounts, commissions, or other compensation, or promoters' profits or participation, or unreasonable amounts or kinds of options. With respect to the sale of periodic payment plan certificates for the purchase of securities of investment companies registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-64, commissions up to 9% of the total payments to be made during the entire term of the plan, and deductions for those commissions from any of the first 12 monthly payments, or their equivalent, up to 1/2 thereof, shall be allowed.

(7) If a security is sought to be registered by notification, it is not eligible for that registration.

(8) If a security is sought to be registered by coordination, there has been a failure to comply with the undertaking required by section 303(b)(4).

(9) The applicant or registrant has failed to pay the proper filing fee. However, the administrator may enter only a denial order under this clause and it shall vacate that order if the deficiency is corrected.

(b) The administrator may by order summarily postpone or suspend the effectiveness of the registration statement pending final determination of any proceeding under this section. Upon the entry of the order, the administrator shall promptly notify each person specified in subsection (c) that the order has been entered, the reasons that the order has been entered, and that within 15 days after the receipt of a written request the matter will be scheduled for hearing. If no hearing is requested and none is ordered by the administrator, the order shall remain in effect until it is modified or vacated by the administrator. If a hearing is requested or ordered, the administrator, after notice and opportunity for hearing to each person specified in subsection (c), may modify, vacate, or extend the order until final determination.

(c) No stop order may be entered under this section except under the first sentence of subsection (b), without all of the following:

- (1) Appropriate prior notice to the applicant or registrant, the issuer, and the person on whose behalf the securities are to be or have been offered.
- (2) Opportunity for hearing.
- (3) Written findings of fact and conclusions of law.
- (d) The administrator may vacate or modify a stop order if it finds that the conditions that prompted entry of the stop order have changed or that it is otherwise in the public interest to vacate or modify the stop order.
- (e) This section does not apply to securities registered under section 304a.

History: 1964, Act 265, Eff. Jan. 1, 1965;—Am. 1996, Act 529, Imd. Eff. Jan. 13, 1997.