

1 IN THE HOUSE

BY REPRESENTATIVE ROBERT H. ZIEGLER, SR.
AND WARREN TAYLOR

2

HOUSE BILL NO. 42

3

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4

TWENTY-THIRD SESSION

5

A BILL

6 For an Act entitled: "An Act concerning gifts of securities to
7 minors and declaring an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA

9 Section 1. Any adult person may make a gift of securities
10 to a person who has not attained the age of 21 years on the date
11 of the gift (hereinafter referred to as the "minor") in the follow-
12 ing manner:

13 (a) Securities, if in registered form, shall be regis-
14 tered by the donor in his own name or in the name of any adult
15 member of the minor's family or in the name of any guardian of
16 the minor, followed by the words "as custodian, for _____
17 _____, a minor, under the laws of Alaska", and the
18 securities shall be delivered to the person in whose name they
19 are thus registered as custodian. If the securities are thus
20 registered in the name of the donor as custodian such registra-
21 tion shall of itself constitute the delivery required by this
22 section.

23 (b) Securities, if in bearer form, shall be delivered
24 by the donor to any adult member of the minor's family, other than
25 the donor, or to any guardian of the minor, accompanied by a deed
26 of gift duly acknowledged in substantially the following form,
27 signed by the donor and the person designated therein as custodian:

28 "DEED OF GIFT UNDER THE LAWS OF ALASKA"

29 I, _____ do hereby deliver
(name of donor)

1. to _____ as custodian for
2. (name of custodian)

3. _____ a minor, under
4. (name of minor)

5. the Laws of Alaska the following security(ies):

6. Principal amount \$_____, of the _____
7. (description

8. _____, Serial number of security
9. of security)

10. _____

11. or

12. Certificate NO. _____, representing _____

13. shares of the _____
14. (class or type of stock)

15. stock of _____
16. (name of company)

17. _____
18. (signature of donor)

19. I, _____, do hereby acknowledge
20. (name of custodian)

21. receipt of the above described security(ies).

22. _____
23. (signature of custodian)

24. Dated: _____"

25. (c) The person designated as a custodian under this
26. subsection is hereinafter called "the custodian."

27. Sec. 2. A gift made in the manner prescribed in subsection
28. 1 of this section shall be irrevocable and shall convey to the
29. minor indefeasibly vested legal title to the securities thus de-
30. livered, but no guardian of the person or property of the minor
31. shall have any rights, duties or authority with respect to any
32. property held at any time by the custodian under the authority of
33. this section unless said guardian shall himself be or become
34. custodian in accordance herewith.

35. Sec. 3. (a) The custodian shall hold, manage, invest and
36. reinvest the property held by him as custodian, including any
37. unexpended income therefrom, as hereinafter provided. He shall
38. collect the income therefrom and apply so much or the whole

1. thereof and so much or the whole of the other property held by
2. him as custodian as he may deem advisable for the support, main-
3. tenance, education and general use and benefit of the minor, in
4. such manner, at such time or times, and to such extent as the
5. custodian in his absolute discretion may deem suitable and proper,
6. without court order, without regard to the duty of any person to
7. support the minor and without regard to any other funds which
8. may be applicable or available for the purpose. To the extent
9. that property held by the custodian and the income thereof is not
10. so expended, it shall be delivered or paid over to the minor upon
11. the minor's attaining the age of twenty-one (21) years, and in
12. the event that the minor dies before attaining the age of twenty-
13. one (21) years it shall thereupon be delivered or paid over to
14. the estate of the minor.

15. (b) The custodian may sell, exchange, convert, or
16. otherwise dispose of any and all of the securities or other
17. property held by him in such manner and at such time or times,
18. for such prices and upon such terms as he may deem advisable;
19. he shall have the power in his sole and absolute discretion to
20. retain any and all securities delivered to him within the mean-
21. ing and under the authority of this section without reference
22. to the statutes relating to permissible investments by fidu-
23. ciaries; he shall invest the minor's property in such securities
24. as would be acquired by prudent men of discretion and intelli-
25. gence who are seeking a reasonable income and the preservation of
26. their capital without reference to the statutes relating to
27. permissible investments by fiduciaries or hold part or all of
28. the same in one or more bank accounts in his name as such cus-
29. todian; he may vote in person or by general or limited proxy with

1. respect to any securities held by him; he may consent directly
2. or through a committee or other agent to the reorganization,
3. consolidation, dissolution or liquidation of any corporations,
4. the securities of which may be held by him, or to the sale,
5. lease, pledge or mortgage of any property by or to any such
6. corporation.

7. (c) In addition to the foregoing rights, powers and
8. duties with respect to any securities or other property held by
9. the custodian, the custodian, in his name as such custodian, shall
10. have all the powers of management which a guardian of the pro-
11. perty of the minor would have.

12. (d) The custodian may execute and deliver any and all
13. instruments in writing which he may deem advisable to carry out
14. any of the foregoing powers. No issuer of securities, transfer
15. agent, registrar or bank or other person acting on the instruc-
16. tions of any person purporting to be a custodian or donor shall
17. be responsible for determining whether any person has been duly
18. designated as a custodian under this section, or whether any
19. purchase, sale or transfer to or by any person as custodian is
20. in accordance with or authorized by this section, or shall be
21. obliged to inquire into the validity under this section of any
22. instrument or instructions executed or given by a person pur-
23. porting to act as custodian or donor, or be bound to see to the
24. application by any person purporting to act as custodian of any
25. moneys or other property paid or delivered to him. All registered
26. securities held by the custodian from time to time shall be
27. registered in his name followed by the words "as custodian for
28. _____, a minor under the laws of Alaska". All
29. other property held by the custodian for the minor under the

1. authority of this section shall be kept separate and distinct
2. from the custodian's own personal funds and property and shall be
3. maintained at all times in such a manner as to identify it clearly
4. as the minor's property held by the custodian under the authority
5. of this section.

6. Section 4. A person acting as custodian, other than a
7. guardian of the property of the minor, shall receive no compensa-
8. tion for his services but shall be entitled to reimbursement from
9. the property held by him as custodian for the reasonable ex-
10. penses incurred in the performance of his duties hereunder. A
11. guardian of the property of the minor, when acting as custodian
12. under the authority of this section, may receive such additional
13. compensation for his services as guardian as he would be en-
14. titled to receive if the property held by him as custodian here-
15. under were held by him in his capacity as guardian, in addition
16. to the other property of the minor held by him in that capacity.

17. Section 5. A custodian who is not compensated for acting
18. as such shall be under no obligation to give bond for the faith-
19. ful performance of his duties and shall not be liable for any
20. losses to the property held by him except such as are the result
21. of his bad faith or intentional wrongdoing or result from his
22. investing the minor's property in a manner other than as pres-
23. cribed in subsection 3(b) of this section.

24. Section 6. A custodian may resign by (a) executing and duly
25. acknowledging an instrument of resignation designating a
26. successor custodian who is an adult member of the minor's family
27. or a guardian of the minor,

28. (b) delivering such instrument to the successor
29. custodian,

1 (c) causing securities, if in registered form, to be
2 registered in the name of the successor custodian as such, and

3 (d) delivering to the successor custodian such
4 securities as registered together with all other property held
5 by him as custodian. In the alternative, the custodian may
6 petition the United States District Court for the Territory of
7 Alaska for permission to resign and for the appointment of a
8 successor custodian.

9 Section 7. In the event of the death or incapacity of the
10 custodian before the minor attains the age of twenty-one (21)
11 years, and

12 (a) if there is a duly appointed and acting general
13 guardian of the property of the minor, he shall become the
14 successor custodian, but

15 (b) if there is no duly appointed and acting general
16 guardian of the property of the minor, and

17 i. if the minor has attained the age of
18 fourteen (14) years, he may designate in writing
19 an adult member of the minor's family or a guardian
20 of the minor as successor custodian, or

21 ii. if the minor has not attained the age
22 of fourteen (14) years, the successor custodian
23 shall be the adult member of the minor's family or
24 a guardian of the minor, designated by will or
25 duly acknowledged instrument of appointment executed
26 by the last acting custodian. If no such designa-
27 tion is made by the last acting custodian, his
28 legal representative may designate in writing an
29 adult member of the minor's family or a guardian

1. of the minor a successor custodian.
2. Section 8. At any time or times when there is no duly
3. acting custodian the legal representative of the last acting
4. custodian or any adult member of the minor's family or a guardian
5. of the minor may petition the United States District Court for the
6. Territory of Alaska for the appointment of a successor custodian.
7. Section 9. Any successor custodian shall have all the rights,
8. powers and duties of a custodian under the authority of this
9. section.
10. Section 10. The custodian shall not be required to account
11. to the minor or to any other person for his acts and proceedings
12. unless the minor, a parent of the minor, the legal representative
13. of the minor or a successor custodian shall petition the United
14. States District Court for the Territory of Alaska for such an
15. accounting no later than one year after the minor attains the age
16. of twenty-one years or dies before attaining the age of twenty-
17. one years.
18. Section 11. (a) The term "security" as used in this section
19. means any note, stock, bond, debenture, evidence of indebtedness,
20. collateral trust certificate, transferable share, voting trust
21. certificate, certificate of deposit for a security or, in general,
22. any interest or instrument commonly known as a security, or any
23. certificate of interest or participation in, temporary or interim
24. certificate for, or warrant or right to subscribe to or purchase,
25. any of the foregoing.
26. (b) A security is in "registered form" when its terms
27. specify a person entitled to the security or to the rights it
28. evidences and specify that its transfer may be registered upon
29. books maintained for that purpose by or on behalf of an issuer.

1 (c) A security is in "bearer form" when it runs to
2 bearer according to its terms and not by reason of any endorsement,

3 (d) The term "member of the minor's family" as used in
4 this section means the minor's parents, grandparents, brothers,
5 sisters, uncles and aunts, whether of the whole blood or the half
6 blood, or by or through legal adoption.

7 (e) The term "legal representative" as used in this
8 section means, as may be appropriate in the circumstances, the
9 executor, administrator, general guardian, or committee (conser-
10 vator) of the property of the person to whose legal representative
11 reference is made.

12 (f) A gift made under authority of this section to a
13 guardian of the minor as custodian shall be deemed to have satis-
14 fied the requirements of this section if the person to whom
15 delivery has been made is either guardian of the person or
16 guardian of the property of the minor, duly appointed in Alaska
17 or in the state, territory or country where the minor was
18 domiciled at the time of the delivery of the gift.

19 Sec. 12. This section shall not be construed as providing
20 an exclusive method for making gifts of securities to minors.

21 Sec. 13. This Act shall take immediate effect and be in
22 force from and after its passage and approval or upon its becom-
23 ing law without such approval, and it is so enacted.

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