

1 IN THE SENATE

BY THE RULES COMMITTEE  
BY REQUEST OF THE LEGISLATIVE COUNCIL

2 SENATE BILL NO. 61

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled:

"An Act relating to uniform stock  
7 transfer; supplementing the provi-  
8 sions of Ch. 126 SLA 1957; and  
9 providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 Section 1. CITATION OF ACT. This Act may be cited as the  
12 Uniform Stock Transfer Act.

13 Sec. 2. METHOD OR MODE OF TRANSFER OF CERTIFICATES AND  
14 SHARES. Title to a certificate and to the shares represented  
15 thereby can be transferred only:

16 (1) By delivery of the certificate indorsed either in blank  
17 or to a specified person by the persons appearing by the certifi-  
18 cate to be the owner of the shares represented thereby, or

19 (2) By delivery of the certificate and a separate document  
20 containing a written assignment of the certificate or a power of  
21 attorney, to sell, assign, or transfer the same or the shares  
22 represented thereby, signed by the person appearing by the certi-  
23 ficate to be the owner of the shares represented thereby. Such  
24 assignment or power of attorney may be either in blank or to a  
25 specified person.

26 The provisions of this section shall be applicable although  
27 the charter or articles of incorporation or code of regulations  
28 or by-laws of the corporation issuing the certificate and the  
29 certificate itself, provide that the shares represented thereby

1 shall be transferable only on the books of the corporation or  
2 shall be registered by a registrar or transferred by a transfer  
3 agent.

4 Sec. 3. POWERS OF FIDUCIARIES OR PERSONS LACKING LEGAL  
5 CAPACITY NOT ENLARGED. Nothing in this Act shall be construed as  
6 enlarging the powers of an infant or other person lacking full  
7 legal capacity, or of a trustee, executor or administrator, or  
8 other fiduciary, to make a valid indorsement, assignment or power  
9 of attorney.

10 Sec. 4. REGISTERED HOLDER AS OWNER. Nothing in this Act  
11 shall be construed as forbidding a corporation:

12 (1) To recognize the exclusive right of a person registered  
13 on its books as the owner of shares to receive dividends, and to  
14 vote as such owner, or

15 (2) To hold liable for calls and assessments a person reg-  
16 istered on its books as the owner of shares.

17 Sec. 5. TITLE AS BETWEEN BONA FIDE PURCHASER AND PRIOR  
18 TRANSFEREE UNDER POWER OF ATTORNEY OR ASSIGNMENT NOT APPEARING  
19 ON CERTIFICATE. The title of a transferee of the certificate  
20 under a power of attorney or assignment not written upon the  
21 certificate, and the title of any person claiming under such  
22 transferee, shall cease and determine, if, at any time prior to  
23 the surrender of the certificate to the corporation issuing it,  
24 another person, for value in good faith, and without notice of  
25 the prior transfer, shall purchase and obtain delivery of such  
26 certificate with the indorsement of the person appearing by the  
27 certificate to be the owner thereof, or shall purchase and obtain  
28 delivery of such certificate and the written assignment or power  
29 of attorney of such person, though contained in a separate

1 document.

2           Sec. 6. DELIVERY OF CERTIFICATE BY PERSON WITHOUT RIGHT OF  
3 POSSESSION OR AUTHORITY. The delivery of a certificate to transfer  
4 title in accordance with the provisions of Sec. 2, is effectual,  
5 except as provided in Sec. 8, though made by one having no right  
6 of possession and having no authority from the owner of the cer-  
7 tificate or from the person purporting to transfer the title.

8           Sec. 7. INDORSEMENT OF CERTIFICATE: FRAUD, MISTAKE AND  
9 OTHER MATTERS RENDERING INDORSEMENT INEFFECTUAL. The indorsement  
10 of a certificate by the person appearing by the certificate to be  
11 the owner of the shares represented thereby is effectual, except  
12 as provided in Sec. 8, though the indorser or transferor:

13           (1) Was induced by fraud, duress or mistake, to make the  
14 indorsement or delivery, or

15           (2) Has revoked the delivery of the certificate, or the  
16 authority given by the indorsement or delivery of the certificate  
17 or

18           (3) Has died or become legally incapacitated after the in-  
19 dorsement, whether before or after the delivery of the certificate,  
20 or,

21           (4) Has received no consideration.

22           Sec. 8. RESCINDING TRANSFER AND RECLAIMING POSSESSION OF  
23 CERTIFICATE: GROUNDS: AUXILIARY RELIEF BY INJUNCTION OR IMPOUND-  
24 ING. If the indorsement or delivery of a certificate:

25           (1) Was procured by fraud or duress, or

26           (2) Was made under such mistake as to make the indorsement  
27 or delivery inequitable; or

28           If the delivery of the certificate was made:

29           (3) Without authority from the owner, or

1 (4) After the owner's death or legal incapacity, the posses-  
2 sion of the certificate may be reclaimed and the transfer thereof  
3 rescinded, unless:

4 (a) The certificate has been transferred to a purchaser for  
5 value in good faith without notice of any facts making the trans-  
6 fer wrongful, or

7 (b) The injured person has elected to waive the injury, or  
8 has been guilty of laches in endeavoring to enforce his rights.

9 Any court of appropriate jurisdiction may enforce specifi-  
10 cally such right to reclaim the possession of the certificate or  
11 to rescind the transfer thereof, and pending litigation, may en-  
12 join the further transfer of the certificate or impound it.

13 Sec. 9. RIGHTS OF SUBSEQUENT PURCHASER IN GOOD FAITH.

14 Although the transfer of a certificate or of shares represented  
15 thereby has been rescinded or set aside nevertheless, if the  
16 transferee has possession of the certificate or of a new certifi-  
17 cate representing part or the whole of the same shares of stock,  
18 a subsequent transfer of such certificate by the transferee,  
19 mediately or immediately, to a purchaser for value in good faith,  
20 without notice of any facts making the transfer wrongful, shall  
21 give such purchaser an indefeasible right to the certificate and  
22 the shares represented thereby.

23 Sec. 10. DELIVERY OF CERTIFICATE WITHOUT INDORSEMENT:

24 OBLIGATION TO COMPLETE TRANSFER AND ENFORCEMENT OF SAME. The  
25 delivery of a certificate by the person appearing by the certifi-  
26 cate to be the owner thereof without the indorsement requisite for  
27 the transfer of the certificate and the shares represented thereby,  
28 but with intent to transfer such certificate or shares shall im-  
29 pose an obligation, in the absence of an agreement to the contrary,

1 upon the person so delivering, to complete the transfer by making  
2 the necessary indorsement. The transfer shall take effect as of  
3 the time when the indorsement is actually made. This obligation  
4 may be specifically enforced.

5 Sec. 11. TRANSFER OF CERTIFICATE WITHOUT DELIVERY AS IN  
6 EFFECT A PROMISE TO TRANSFER. An attempted transfer of title to  
7 a certificate or to the shares represented thereby without de-  
8 livery of the certificate shall have the effect of a promise to  
9 transfer and the obligation, if any, imposed by such promise shall  
10 be determined by the law governing the formation and performance  
11 of contracts.

12 Sec. 12. WARRANTIES IMPLIED ON TRANSFER OF CERTIFICATE OR  
13 CLAIM SECURED BY CERTIFICATE. A person who for value transfers a  
14 certificate, including one who assigns for value a claim secured  
15 by a certificate, unless a contrary intention appears, warrants:

- 16 (1) That the certificate is genuine,  
17 (2) That he has a legal right to transfer it, and  
18 (3) That he has no knowledge of any fact which would impair  
19 the validity of the certificate.

20 In the case of an assignment of a claim secured by a certifi-  
21 cate, the liability of the assignor upon such warranty shall not  
22 exceed the amount of the claim.

23 Sec. 13. WARRANTIES OF MORTGAGEE OR OTHER HOLDER FOR SECUR-  
24 ITY DEMANDING OR RECEIVING PAYMENT. A mortgagee, pledgee, or other  
25 holder for security of a certificate who in good faith demands or  
26 receives payment of the debt for which such certificate is secur-  
27 ity, whether from a party to a draft drawn for such debt, or from  
28 any other person, shall not by so doing, be deemed to represent  
29 or to warrant the genuineness of such certificate, or the value

1 of the share represented thereby.

2 Sec. 14. ATTACHMENT OF OR LEVY ON SHARES. NEW CERTIFICATES  
3 ON SURRENDER OF OLD ONES. No attachment or levy upon shares of  
4 stock for which a certificate is outstanding shall be valid until  
5 such certificate be actually seized by the officer making the  
6 attachment or levy, or be surrendered to the corporation which  
7 issued it, or its transfer by the holder be enjoined. Except  
8 where a certificate is lost or destroyed, such corporation shall  
9 not be compelled to issue a new certificate for the stock until  
10 the old certificate is surrendered to it.

11 Sec. 15. CREDITOR'S RIGHT TO INJUNCTION OR OTHER REMEDY IN  
12 AID OF ATTACHMENT OR LEVY. A creditor whose debtor is the owner  
13 of a certificate shall be entitled to such aid from courts of  
14 appropriate jurisdiction, by injunction and otherwise, in attach-  
15 ing such certificate or in satisfying the claim by means thereof  
16 as is allowed at law or in equity, in regard to property which  
17 can not readily be attached or levied upon by ordinary legal  
18 process.

19 Sec. 16. STATEMENT IN CERTIFICATE AS ESSENTIAL TO CORPORA-  
20 TION'S LIEN ON SHARES OR RESTRICTION ON TRANSFER. There shall be  
21 no lien in favor of a corporation upon the shares represented by  
22 a certificate issued by such corporation and there shall be no  
23 restriction upon the transfer of shares so represented by virtue  
24 of any by-law of such corporation, or otherwise, unless the right  
25 of the corporation to such lien or the restriction is stated upon  
26 the certificate.

27 Sec. 17. ALTERATION OF CERTIFICATE: EFFECT ON TITLE. The  
28 alteration of a certificate, whether fraudulent or not and by  
29 whomsoever made, shall not deprive the owner of his title to the

1 certificate and the shares originally represented thereby, and  
2 the transfer of such a certificate shall convey to the transferee  
3 a good title to such certificate and to the shares originally  
4 represented thereby.

5 Sec. 18. LOST OR DESTROYED CERTIFICATE: ISSUANCE OF NEW  
6 CERTIFICATE: CORPORATION'S LIABILITY TO TRANSFEREE OR ORIGINAL  
7 CERTIFICATE. In any case not provided for by this Act, the rules  
8 of law and equity, including the law merchant, and in particular  
9 the rules relating to the law of principal and agent, executors,  
10 administrators and trustees, and to the effect of fraud, misrep-  
11 resentation, duress or coercion, mistake, bankruptcy, or other  
12 invalidating cause, shall govern.

13 Sec. 19. LAW APPLICABLE TO CASES NOT PROVIDED FOR BY ACT.  
14 Where a certificate has been lost or destroyed a court of compe-  
15 tent jurisdiction may order the issue of a new certificate there-  
16 for on service of process upon the corporation and on reasonable  
17 notice by publication, and in any other way which the court may  
18 direct, to all persons interested, and upon satisfactory proof of  
19 such loss or destruction and upon the giving of a bond with suf-  
20 ficient surety to be approved by the court to protect the corpo-  
21 ration or any person injured by the issue of a new certificate  
22 from any liability or expense which it or they may incur by rea-  
23 son of the original certificate remaining outstanding. The court  
24 may also in its discretion order the payment of the corporation's  
25 reasonable costs and counsel fees.

26 The issue of a new certificate under an order of the court  
27 as provided in this section, shall not relieve the corporation  
28 from liability in damages to a person to whom the original certi-  
29 ficate has been or shall be transferred for value without notice

1 of the proceedings or of the issuance of the new certificate.

2 Sec. 20. INTERPRETATION AND CONSTRUCTION. This Act shall  
3 be so interpreted and construed as to effectuate its general  
4 purpose to make uniform the law of those states which enact it.

5 Sec. 21. INDORSEMENT OF CERTIFICATE: WHAT CONSTITUTES. A  
6 certificate is indorsed when an assignment or a power of attorney  
7 to sell, assign, or transfer the certificate or the shares repres-  
8 ented thereby is written on the certificate and signed by the  
9 person appearing by the certificate to be the owner of the shares  
10 represented thereby, or when the signature of such person is  
11 written without more upon the back of the certificate. In any such  
12 cases a certificate is indorsed though it has not been delivered.

13 Sec. 22. PERSON APPEARING BY THE CERTIFICATE TO BE THE  
14 OWNER. The person to whom a certificate was originally issued  
15 is the person appearing by the certificate to be the owner there-  
16 of, and of the shares represented thereby, until and unless  
17 he indorses the certificate to another specified person, and  
18 thereupon such other specified person is the person appearing by  
19 the certificate to be the owner thereof until and unless he also  
20 indorses the certificate to another specified person. Subsequent  
21 special indorsements may be made with like effect.

22 Sec. 23. TERMS DEFINED. (1) In this Act, unless the con-  
23 text or subject matter otherwise requires:

24 "Certificate" means a certificate of stock in a corporation  
25 organized under the laws of this State or of another state or  
26 territory whose laws are consistent with this Act.

27 "Delivery" means voluntary transfer of possession from one  
28 person to another.

29 "Person" includes a corporation or partnership or two or

1 more persons having a joint or common interest.

2 To "purchase" includes to take as mortgagee or as pledgee.

3 "Purchaser" includes mortgagee and pledgee.

4 "Shares" mean a share or shares of stock in a corporation  
5 organized under the laws of this State or of another state whose  
6 laws are consistent with this Act.

7 "State" includes, State, Territory, District and Insular  
8 possession of the United States.

9 "Title" means legal title and does not include a merely  
10 equitable or beneficial ownership or interest.

11 "Transfer" means transfer of legal title.

12 "Value" is any consideration sufficient to support a simple  
13 contract. An antecedent or pre-existing obligation, whether for  
14 money or not, constitutes value where a certificate is taken  
15 either in satisfaction thereof or as security therefor.

16 (2) A thing is done "in good faith" within the meaning of  
17 this Act, when it is in fact done honestly, whether it be done  
18 negligently or not.

19 Sec. 24. CERTIFICATES WITHIN APPLICATION OF ACT. The pro-  
20 visions of this Act apply only to certificates issued after the  
21 taking effect of this Act.

22 Sec. 25. EFFECTIVE DATE. This Act shall take effect immed-  
23 iately upon its passage and approval or upon its becoming law  
24 without such approval.

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