

CHAPTER 302

UNIFORM STOCK TRANSFER ACT

302.01 CITATION.

HISTORY. 1933 c. 331 s. 26; M. Supp. s. 7492-96.

A uniform stock transfer act has been adopted by the following states: Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Georgia, Idaho, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Virginia, Washington, West Virginia, Wisconsin.

Evidence that holder of lost certificate was innocent purchaser for value without notice, held insufficient to establish title of holder under common-law rule, which applied in the absence of proof of law of situs of lost certificate at the time of its transfer to prior holders. *American Surety v Cunningham*, 200 M 566, 275 NW 1; Uniform Stock Transfer Act, 23 MLR 484.

Shares of stock are personal property and subject to garnishment as property of the defendant of the main action, irrespective as to whether or not the stock certificates have been delivered to shareholders. *Wackerbarth v Weisman*, 207 M 507, 292 NW 214.

302.02 TRANSFER OF STOCK.

HISTORY. 1933 c. 331 s. 1; M. Supp. s. 7492-71.

Where defendant sold certain shares of its stock with the provision that it would be repurchased at par on demand of the plaintiff, evidence that the same contract was made with others is admissible. The verdict of the lower court in favor of the plaintiff is sustained. *Thomsen v Union Loan*, 198 M 137, 269 NW 109.

Owner of lost stock certificate, who secured a duplicate on filing proof of ownership and bond, was not liable to the surety, reserving the right to secure discharge on default of owner of certificate, which purchased lost certificate when it reappeared, without proof that the holder had title thereto. The owner of the certificate was not in default unless surety became liable to holder of lost certificate on its presentation. *American Surety Co. v Cunningham*, 200 M 566, 275 NW 1.

The garnishee should have been compelled to disclose as to matters dealing with transfers of stock, since it was relevant to the proceeding, and information as to possible claims which might have rights superior to the garnishing creditors. *Wackerbarth v Weisman*, 207 M 507, 292 NW 214.

Where subsequent to issuance of stock purchase warrants conferring option to purchase certain shares, the corporation increased its capital stock from \$1,000,000 to \$1,500,000 and reduced the par value of its stock from \$10.00 to \$2.50 per share, the warrant holder's demand for delivery of the stock which he was entitled to receive was not rendered nugatory by the fact that he had expressed a willingness to accept, in lieu of the \$10.00 shares, shares with the par value of \$2.50 per share at the rate of four shares of stock of \$2.50 par value for one share of \$10.00 stock contracted for. *Tripp v North Butte*, 100 F(2d) 188.

Situs of corporate stock under the uniform stock transfer act for purposes of attachment. 23 MLR 381.

Uniform stock transfer act; negotiability of stock certificates endorsed in blank; good faith pledges. 26 MLR 121.

302.03 LEGAL CAPACITY NOT ENLARGED.

HISTORY. 1933 c. 331 s. 2; M. Supp. s. 7492-72.

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302.04 CORPORATION RIGHTS RESERVED.

HISTORY. 1933 c. 331 s. 3; M. Supp. s. 7492-73.

302.05 HOLDER IN GOOD FAITH TAKES TITLE.

HISTORY. 1933 c. 331 s. 4; M. Supp. s. 7492-74.

302.06 DELIVERY OF CERTIFICATE; WHEN EFFECTUAL.

HISTORY. 1933 c. 331 s. 5; M. Supp. s. 7492-75.

Re-acquired stock; liability of transferees. 11 MLR 167.

Bona fide purchaser from one entrusted with certificate endorsed in blank. 13 MLR 272.

Liability of directors to pledgee of stock for misappropriation of corporate assets. 20 MLR 822.

302.07 ENDORSEMENT EFFECTUAL IN SPITE OF FRAUD, DURESS, MISTAKE, REVOCATION, DEATH, INCAPACITY OR LACK OF CONSIDERATION OR AUTHORITY.

HISTORY. 1933 c. 331 s. 6; M. Supp. s. 7492-76.

302.08 RESCISSION.

HISTORY. 1933 c. 331 s. 7; M. Supp. s. 7492-77.

Where licensed Minnesota brokers accepted securities from investment manager and credited manager's account with proceeds of securities which manager had secured from customers pursuant to contracts which constituted unregistered securities, the record in the instant case establishes that brokers were purchasers in good faith for value, and precluded customers from recovering from brokers on theory of conversion. *Thomes v Atkins*, 52 F. Supp. 406.

Measure of damages in an action for fraud in sale of corporate securities. 23 MLR 205.

302.09 HOLDER IN GOOD FAITH TAKES TITLE.

HISTORY. 1933 c. 331 s. 8; M. Supp. s. 7492-78.

Evidence that holder of lost certificate was innocent purchaser for value without notice is insufficient to establish title to the holder under common-law rule which applied, in the absence of proof of law of situs of lost certificate, at the time of its transfer to prior holders. *American Surety v Cunningham*, 200 M 566, 275 NW 1.

302.10 DELIVERY OF UNENDORSED CERTIFICATE IMPOSES OBLIGATION TO ENDORSE.

HISTORY. 1933 c. 331 s. 9; M. Supp. s. 7492-79.

302.11 INEFFECTUAL ATTEMPT TO TRANSFER AMOUNTS TO A PROMISE TO TRANSFER.

HISTORY. 1933 c. 331 s. 10; M. Supp. s. 7492-80.

302.12 WARRANTIES ON SALE OF CERTIFICATE.

HISTORY. 1933 c. 331 s. 11; M. Supp. s. 7492-81.

Where stock is sold without compliance with the provisions of chapter 80, the act is a fraudulent representation of compliance with the blue sky laws. *Shepherd v City Co. of New York*, 24 F. Supp. 682.

Negotiability of shares; right of subsequent transferee to sue. 23 MLR 487.

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302.13 NO IMPLIED WARRANTY OF PLEDGEE.

HISTORY. 1933 c. 331 s. 12; M. Supp. s. 7492-82.

302.14 NO ATTACHMENT OR LEVY UPON SHARES UNLESS CERTIFICATE SURRENDER OR TRANSFER ENJOINED.

HISTORY. 1933 c. 331 s. 13; M. Supp. s. 7492-83.

The status and interest of a member of federal savings and loan association is not subject to the provisions of the uniform stock transfer act relating to levy of execution, and the share certificate need not be seized to make the levy effective. The defendant, in substance, had a savings account in the association and this account was subject to levy of execution as a chose in action. *Benton's v Hegna*, 213 M 271, 7 NW(2d) 3.

Situs of corporate stock under uniform stock transfer act for purposes of attachment. 23 MLR 381.

302.15 CREDITOR'S REMEDIES TO REACH CERTIFICATE.

HISTORY. 1933 c. 331 s. 14; M. Supp. s. 7492-84.

302.16 NO LIEN OR RESTRICTION UNLESS INDICATED ON CERTIFICATE.

HISTORY. 1933 c. 331 s. 15; M. Supp. s. 7492-85.

302.17 ALTERATION OF CERTIFICATE DOES NOT DIVEST TITLE TO SHARES.

HISTORY. 1933 c. 331 s. 16; M. Supp. s. 7492-86.

302.18 LOST OR DESTROYED CERTIFICATES.

HISTORY. 1933 c. 331 s. 17; M. Supp. s. 7492-87.
See *American Surety Co. v Cunningham*, 200 M 566, 275 NW 1.

302.19 LAW MERCHANT CONTROLS.

HISTORY. 1933 c. 331 s. 18; M. Supp. s. 7492-88.
See *American Surety Co. v Cunningham*, 200 M 566, 275 NW 1.

302.20 INTERPRETATION SHALL GIVE EFFECT TO PURPOSE OF UNIFORMITY.

HISTORY. 1933 c. 331 s. 19; M. Supp. s. 7492-89.

302.21 DEFINITIONS.

HISTORY. 1933 c. 331 ss. 20 to 22; M. Supp. ss. 7492-90 to 7492-92.

302.22 APPLICATION.

HISTORY. 1933 c. 331 s. 23; M. Supp. s. 7492-93.

Physical possession of bank stock certificates of sheriff at time of his levy on a sale of them under execution pursuant to applicable statutes, before effective date of uniform stock transfer act, was unnecessary. *Brennan v Friedell*, 215 M 499, 10 NW(2d) 355.