

# MAINE STATE LEGISLATURE

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## PART 2

## ISSUE—ISSUER

Sec.

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**§ 8-201. "Issuer"**

(1) With respect to obligations on or defenses to a security, "issuer" includes a person who

(a) Places or authorizes the placing of his name on a security (otherwise than as authenticating trustee, registrar, transfer agent or the like) to evidence that it represents a share, participation or other interest in his property or in an enterprise or to evidence his duty to perform an obligation evidenced by the security; or

(b) Directly or indirectly creates fractional interests in his rights or property which fractional interests are evidenced by securities; or

(c) Becomes responsible for or in place of any other person described as an issuer in this section.

(2) With respect to obligations on or defenses to a security, a guarantor is an issuer to the extent of his guaranty whether or not his obligation is noted on the security.

(3) With respect to registration of transfer (part 4 of this Article) "issuer" means a person on whose behalf transfer books are maintained.

1963, c. 362, § 1.

**§ 8-202. Issuer's responsibility and defenses; notice of defect or defense**

(1) Even against a purchaser for value and without notice, the terms of a security include those stated on the security and

those made part of the security by reference to another instrument, indenture or document or to a constitution, statute, ordinance, rule, regulation, order or the like to the extent that the terms so referred to do not conflict with the stated terms. Such a reference does not of itself charge a purchaser for value with notice of a defect going to the validity of the security, even though the security expressly states that a person accepting it admits such notice.

(2) (a) A security other than one issued by a government or governmental agency or unit, even though issued with a defect going to its validity, is valid in the hands of a purchaser for value and without notice of the particular defect unless the defect involves a violation of constitutional provisions, in which case the security is valid in the hands of a subsequent purchaser for value and without notice of the defect.

(b) The rule of paragraph (a) applies to an issuer which is a government or governmental agency or unit only if either there has been substantial compliance with the legal requirements governing the issue or the issuer has received substantial consideration for the issue as a whole or for the particular security and a stated purpose of the issue is one for which the issuer has power to borrow money or issue the security.

(3) Except as otherwise provided in the case of certain unauthorized signatures on issue (section 8-205), lack of genuineness of a security is a complete defense even against a purchaser for value and without notice.

(4) All other defenses of the issuer, including nondelivery and conditional delivery of the security, are ineffective against a purchaser for value who has taken without notice of the particular defense.

(5) Nothing in this section shall be construed to affect the right of a party to a "when, as and if issued" or a "when distributed" contract to cancel the contract in the event of a material change in the character of the security which is the subject of the contract or in the plan or arrangement pursuant to which such security is to be issued or distributed.

1963, c. 362, § 1.

**§ 8-203. Staleness as notice of defects or defenses**

(1) After an act or event which creates a right to immediate performance of the principal obligation evidenced by the security or which sets a date on or after the security is to be presented or surrendered for redemption or exchange, a purchaser is charged with notice of any defect in its issue or defense of the issuer,

(a) If the act or event is one requiring the payment of money or the delivery of securities or both on presentation or surrender of the security and such funds or securities are available on the date set for payment or exchange and he takes the security more than one year after that date; and

(b) If the act or event is not covered by paragraph (a) and he takes the security more than 2 years after the date set for surrender or presentation or the date on which such performance became due.

(2) A call which has been revoked is not within subsection (1).

1963, c. 362, § 1.

**§ 8-204. Effect of issuer's restrictions on transfer**

Unless noted conspicuously on the security, a restriction on transfer imposed by the issuer even though otherwise lawful is ineffective except against a person with actual knowledge of it.

1963, c. 362, § 1.

**§ 8-205. Effect of unauthorized signature on issue**

An unauthorized signature placed on a security prior to or in the course of issue is ineffective, except that the signature is effective in favor of a purchaser for value and without notice of the lack of authority, if the signing has been done by

(1) An authenticating trustee, registrar, transfer agent or other person entrusted by the issuer with the signing of the security or of similar securities or their immediate preparation for signing; or

(2) An employee of the issuer or any of the foregoing entrusted with responsible handling of the security.

1963, c. 362, § 1.

**§ 8-206. Completion or alteration of instrument**

(1) Where a security contains the signatures necessary to its issue or transfer but is incomplete in any other respect,

(a) Any person may complete it by filling in the blanks as authorized; and

(b) Even though the blanks are incorrectly filled in, the security as completed is enforceable by a purchaser who took it for value and without notice of such incorrectness.

(2) A complete security which has been improperly altered even though fraudulently remains enforceable but only according to its original terms.

1963, c. 362, § 1.

**§ 8-207. Rights of issuer with respect to registered owners**

(1) Prior to due presentment for registration of transfer of a security in registered form, the issuer or indenture trustee may treat the registered owner as the person exclusively entitled to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner.

(2) Nothing in this Article shall be construed to affect the liability of the registered owner of a security for calls, assessments or the like.

1963, c. 362, § 1.

**§ 8-208. Effect of signature on authenticating trustee, registrar or transfer agent**

(1) A person placing his signature upon a security as authenticating trustee, registrar, transfer agent or the like warrants to a purchaser for value without notice of the particular defect that

(a) The security is genuine and in proper form; and

(b) His own participation in the issue of the security is within his capacity and within the scope of the authorization received by him from the issuer; and

(c) He has reasonable grounds to believe that the security is in the form and within the amount the issuer is authorized to issue.

(2) Unless otherwise agreed, a person by so placing his signature does not assume responsibility for the validity of the security in other respects.

1963, c. 362, § 1.