

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

EIGHTY-SECOND LEGISLATURE

S. P. No. 506

S. D. No. 216

In Senate, March 11, 1925.

Referred to Committee on Legal Affairs and 500 copies ordered printed. Sent down for concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Cram of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-FIVE

AN ACT to Make Uniform the Law of Transfer of Shares
of Stock in Corporations.

Be it enacted by the People of the State of Maine, as follows:

Section 1. *How title to certificates and shares may be
2 transferred.*

Title to a certificate and to the shares represented thereby
2 can be transferred only,

(a) By delivery of the certificate indorsed either in blank
2 or to a specified person by the person appearing by the
3 certificate to be the owner of the shares represented there-
4 by, or

(b) By delivery of the certificate and a separate docu-

2 ment containing a written assignment of its certificate or
3 a power of attorney to sell, assign, or transfer the same
4 or the shares represented thereby, signed by the person ap-
5 pearing by the certificate to be the owner of the shares rep-
6 resented thereby. Such assignment or power of attorney
7 may be either in blank or to a specified person.

The provisions of this section shall be applicable although
2 the charter or articles of incorporation or code of regu-
3 lations or by-laws of the corporation issuing the certificate
4 and the certificate itself, provide that the shares represented
5 thereby shall be transferable only on the books of the cor-
6 poration or shall be registered by a registrar or transferred
7 by a transfer agent.

Sect. 2. *Powers of those lacking full legal capacity and
2 of fiduciaries not enlarged.* Nothing in this act shall be
3 construed as enlarging the powers of an infant or other
4 person lacking full legal capacity, or of a trustee, executor
5 or administrator, or other fiduciary, to make a valid in-
6 dorsement, assignment or power of attorney.

Sect. 3. *Corporation not forbidden to treat registered
2 holder as owner.* Nothing in this act shall be construed as
3 forbidding a corporation,

(a) To recognize the exclusive right of a person regis-
2 tered on its books as the owner of shares to receive divi-
3 dends, and to vote as such owner, or

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

Sect. 4. *Title derived from certificate extinguishes title derived from a separate document.* The title of a transferee of a certificate under a power of attorney or assignment not written upon the certificate, and the title of any person claiming under such transferee, shall cease and determine if, at any time prior to the surrender of the certificate to the corporation issuing it, another person, for value in good faith, and without notice of the prior transfer, shall purchase and obtain delivery of such certificate with the indorsement of the person appearing by the certificate to be the owner thereof, or shall purchase and obtain delivery of such certificate and the written assignment or power of attorney of such person, though contained in a separate document.

Sect. 5. *Who may deliver a certificate.* The delivery of a certificate to transfer title in accordance with the provisions of section one, is effectual, except as provided in section seven, though made by one having no right of possession and having no authority from the owner of the certificate or from the person purporting to transfer the title.

Sect. 6. *Indorsement effectual in spite of fraud, duress, mistake, revocation, death, incapacity or lack of consideration or authority.* The indorsement of a certificate by the person appearing by the certificate to be the owner of the shares represented thereby is effectual, except as provided in section seven, though the indorser or transferor,

(a) was induced by fraud, duress or mistake, to make the
2 indorsement or delivery, or

(b) has revoked the delivery of the certificate, or the
2 authority given by the indorsement or delivery of the cer-
3 tificate, or

(c) has died or become legally incapacitated after the
2 indorsement whether before or after the delivery of the
3 certificate, or

(d) has received no consideration.

Sect. 7. *Rescission of transfer.* If the indorsement or
2 delivery of a certificate,

(a) was procured by fraud or duress, or

(b) was made under such mistake as to make the indorse-
2 ment or delivery inequitable; or

If the delivery of a certificate was made

(c) without authority from the owner, or

(d) after the owner's death or legal incapacity, the pos-
2 session of the certificate may be reclaimed and the transfer
3 thereof rescinded, unless:

(1) The certificate has been transferred to a purchaser
2 for value in good faith without notice of any facts making
3 the transfer wrongful, or,

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

Any court of appropriate jurisdiction may enforce spe-
2 cifically such right to reclaim the possession of the certifi-

3 cate or to rescind the transfer thereof and, pending liti-
4 gation, may enjoin the further transfer of the certificate or
5 impound it.

Sect. 8. *Rescission of transfer of certificate does not in-
2 validate subsequent transfer by transferee in possession.*
3 Although the transfer of a certificate or of shares repre-
4 sented thereby has been rescinded or set aside, neverthe-
5 less, if the transferee has possession of the certificate or of
6 a new certificate representing part or the whole of the same
7 shares of stock, a subsequent transfer of such certificate
8 by the transferee, mediately or immediately, to a purchaser
9 for value in good faith, without notice of any facts making
10 the transfer wrongful, shall give such purchaser an inde-
11 feasible right to the certificate and the shares represented
12 thereby.

Sect. 9. *Delivery of unindorsed certificate imposes obliga-
2 tion to indorse.* The delivery of a certificate by the person
3 appearing by the certificate to be the owner thereof without
4 the indorsement requisite for the transfer of the certificate
5 and the shares represented thereby, but with intent to trans-
6 fer such certificate or shares, shall impose an obligation, in
7 the absence of an agreement to the contrary, upon the per-
8 son so delivering, to complete the transfer by making the
9 necessary indorsement. The transfer shall take effect as
10 of the time when the indorsement is actually made. This
11 obligation may be specifically enforced.

Sect. 10. *Ineffectual attempt to transfer amounts to a*

2 *promise to transfer.* An attempted transfer of title to a
3 certificate or to the shares represented thereby without de-
4 livery of the certificate shall have the effect of a promise
5 to transfer and the obligation, if any, imposed by such
6 promise shall be determined by the law governing the for-
7 mation and performance of contracts.

Sect. 11. *Warranties on sale of certificate.* A person
2 who for value transfers a certificate, including one who
3 assigns for value a claim secured by a certificate, unless a
4 contrary intention appears, warrants—

(a) That the certificate is genuine.

(b) That he has a legal right to transfer it, and

(c) That he has no knowledge of any fact which would
2 impair the validity of the certificate.

In the case of an assignment of a claim secured by a cer-
2 tificate, the liability of the assignor upon such warranty shall
3 not exceed the amount of the claim.

Sect. 12. *No warranty implied from accepting payment*
2 *of a debt.* A mortgagee, pledgee, or other holder for se-
3 curity of a certificate who in good faith demands or re-
4 ceives payment of the debt for which such certificate is
5 security, whether from a party to a draft drawn for such
6 debt, or from any other person, shall not by so doing be
7 deemed to represent or to warrant the genuineness of such
8 certificate or the value of the shares represented thereby.

Sect. 13. *No attachment or levy upon shares unless cer-*
2 *tificate surrendered or transfer enjoined.* No attachment

3 or levy upon shares of stock for which a certificate is out-
4 standing shall be valid until such certificate be actually
5 seized by the officer making the attachment or levy, or be
6 surrendered to the corporation which issued it, or its trans-
7 fer by the holder be enjoined. Except where a certificate
8 is lost or destroyed, such corporation shall not be compelled
9 to issue a new certificate for the stock until the old cer-
10 tificate is surrendered to it.

Sect. 14. *Creditor's remedies to reach certificate.* A cred-
2 itor whose debtor is the owner of a certificate shall be en-
3 titled to such aid from courts of appropriate jurisdiction,
4 by injunction and otherwise, in attaching such certificate
5 or in satisfying the claim by means thereof as is allowed
6 at law or in equity, in regard to property which cannot
7 readily be attached or levied upon by ordinary legal process.

Sect. 15. *There shall be no lien or restriction unless indi-
2 cated on certificate.* There shall be no lien in favor of a
3 corporation upon the shares represented by a certificate is-
4 sued by such corporation and there shall be no restriction
5 upon the transfer of shares so represented by virtue of any
6 by-laws of such corporation, or otherwise, unless the right
7 of the corporation to such lien or the restriction is stated
8 upon the certificate.

Sect. 16. *Alteration of certificate does not divest title to
2 shares.* The alteration of a certificate, whether fraudulent
3 or not and by whomsoever made, shall not deprive the
4 owner of his title to the certificate and the shares originally

5 represented thereby, and the transfer of such a certificate
6 shall convey to the transferee a good title to such certificate
7 and to the shares originally represented thereby.

Sect. 17. *Lost or destroyed certificate.* Where a certifi-
2 cate has been lost or destroyed, a court of competent juris-
3 diction may order the issue of a new certificate therefor on
4 service of process upon the corporation and on reasonable
5 notice by publication, and in any other way which the court
6 may direct, to all persons interested, and upon satisfactory
7 proof of such loss or destruction and upon the giving of
8 a bond with sufficient surety to be approved by the court
9 to protect the corporation or any person injured by the
10 issue of the new certificate from any liability or expense,
11 which it or they may incur by reason of the original cer-
12 tificate remaining outstanding. The court may also in its
13 discretion order the payment of the corporation's reason-
14 able costs and counsel fees.

The issue of a new certificate under an order of the court
2 as provided in this section, shall not relieve the corporation
3 from liability in damages to a person to whom the original
4 certificate has been or shall be transferred for value with-
5 out notice of the proceedings or of the issuance of the new
6 certificate.

Sect. 18. *Rule for cases not provided for by this act.* In
2 any case not provided for by this act, the rules of law and
3 equity, including the law merchant, and in particular the
4 rules relating to the law of principal and agent, executors,

5 administrators and trustees, and to the effect of fraud, mis-
6 representation, duress or coercion, mistake, bankruptcy, or
7 other invalidating cause, shall govern.

Sect. 19. *Interpretation shall give effect to purpose of*
2 *uniformity.* This act shall be so interpreted and construed
3 as to effectuate its general purpose to make uniform the law
4 of those states which enact it.

Sect. 20. *Definition of indorsement.* A certificate is in-
2 dorsed when an assignment or a power of attorney to sell,
3 assign, or transfer the certificate or the shares represented
4 thereby is written on the certificate and signed by the per-
5 son appearing by the certificate to be the owner of the shares
6 represented thereby, or when the signature of such person
7 is written without more upon the back of the certificate.
8 In any of such cases a certificate is indorsed though it has
9 not been delivered.

Sect. 21. *Definition of person appearing to be the owner*
2 *of certificate.* The person to whom a certificate was orig-
3 inally issued is the person appearing by the certificate to
4 be the owner thereof, and of the shares represented thereby
5 until and unless he indorses the certificate to another speci-
6 fied person, and thereupon such other specified person is
7 the person appearing by the certificate to be the owner
8 thereof until and unless he also indorses the certificate to
9 another specified person. Subsequent special indorsements
10 may be made with like effect.

Sect. 22. *Other definitions.* (1) In this act, unless the
2 context or subject matter otherwise requires—

“Certificate” means a certificate of stock in a corporation
2 organized under the laws of this state or of another state
3 whose laws are consistent with this act.

“Delivery” means voluntary transfer of possession from
2 one person to another.

“Person” includes a corporation or partnership or two or
2 more persons having a joint or common interest.

To “purchase” includes to take as mortgagee or as pledgee.

“Purchaser” includes mortgagee and pledgee.

“Shares” means a share or shares of stock in a corporation
2 organized under the laws of this state or of another state
3 whose laws are consistent with this act.

“State” includes state, territory, district and insular pos-
2 session of the United States.

“Transfer” means transfer of legal title.

“Title” means legal title and does not include a merely
2 equitable or beneficial ownership or interest.

“Value” is any consideration sufficient to support a simple
2 contract. An antecedent or pre-existing obligation, whether
3 for money or not, constitutes value where a certificate is
4 taken either in satisfaction thereof or as security therefor.

(2) A thing is done “in good faith” within the meaning
2 of this act, when it is in fact done honestly, whether it be
3 done negligently or not.

Sect. 23. *Act does not apply to existing certificates.* The

2 provisions of this act apply only to certificates issued after
3 the taking effect of this act.

Sect. 24. *Inconsistent legislation repealed.* All acts or
2 parts of acts inconsistent with this act are hereby repealed.

Sect. 25. *Name of act.* This act may be cited as the
2 Uniform Stock Transfer Act.