

# MAINE STATE LEGISLATURE

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ACTS AND RESOLVES  
AS PASSED BY THE  
Ninetieth and Ninety-first  
Legislatures  
OF THE  
STATE OF MAINE  
From April 26, 1941 to April 9, 1943  
AND MISCELLANEOUS STATE PAPERS

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**PUBLIC LAWS**

OF THE

**STATE OF MAINE**

As Passed by the Ninety-first Legislature

**1943**

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**Sec. 7. Application of act.** This act shall, so far as is applicable, apply to elections conducted pursuant to sections 38 to 52 of chapter 5 of the revised statutes.

Effective July 9, 1943

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## Chapter 265

**AN ACT** Relating to Commitment of Persons of Unsound Mind to the State Hospitals for Observation.

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

**P. L., 1933, c. 1, § 414, repealed.** Section 414 of chapter 1 of the public laws of 1933, as amended, is hereby repealed.

Effective July 9, 1943

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## Chapter 266

**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:*

**Sec. 1. How title to certificates and shares may be transferred.** Title to a certificate and to the shares represented thereby can be transferred only,

(a) By delivery of the certificate indorsed either in blank or to a specified person by the person appearing by the certificate to be the owner of the shares represented thereby, or

(b) By delivery of the certificate and a separate document containing a written assignment of the certificate or a power of attorney to sell, assign, or transfer the same or the shares represented thereby, signed by the person appearing by the certificate to be the owner of the shares represented thereby. Such assignment or power of attorney may be either in blank or to a specified person.

The provisions of this section shall be applicable although the charter or articles of incorporation or code of regulations or by-laws of the corporation issuing the certificate and the certificate itself, provide that the shares represented thereby shall be transferable only on the books of the corporation or shall be registered by a registrar or transferred by a transfer agent.

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

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

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

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

**Sec. 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.

**Sec. 5. Who may deliver a certificate.** The delivery of a certificate to transfer title in accordance with the provisions of section 1, is effectual, except as provided in section 7, 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.

**Sec. 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 7, though the indorser or transferor,

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

(b) has revoked the delivery of the certificate, or the authority given by the indorsement or delivery of the certificate, or

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

(d) has received no consideration.

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

(a) was procured by fraud or duress, or

(b) was made under such mistake as to make the indorsement 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 possession of the certificate may be reclaimed and the transfer thereof rescinded, unless:

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

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

**Sec. 8. Rescission of transfer of certificate does not invalidate subsequent transfer by transferee in possession.** Although the transfer of a certificate or of shares represented thereby has been rescinded or set aside, nevertheless, if the transferee has possession of the certificate or of a new certificate representing part or the whole of the same shares of stock, a subsequent transfer of such certificate by the transferee, mediately or immediately, to a purchaser for value in good faith, without notice of any facts making the transfer wrongful, shall give such purchaser an indefeasible right to the certificate and the shares represented thereby.

**Sec. 9. Delivery of unindorsed certificate imposes obligation to indorse.** The delivery of a certificate by the person appearing by the certificate to be the owner thereof without the indorsement requisite for the transfer of the certificate and the shares represented thereby, but with intent to transfer such certificate or shares, shall impose an obligation, in the absence of an agreement to the contrary, upon the person so delivering, to complete the transfer by making the necessary indorsement. The transfer shall take effect as of the time when the indorsement is actually made. This obligation may be specifically enforced.

**Sec. 10. Ineffectual attempt to transfer amounts to a promise to transfer.** An attempted transfer of title to a certificate or to the shares represented thereby without delivery of the certificate shall have the effect of a promise to transfer and the obligation, if any, imposed by such promise shall be determined by the law governing the formation and performance of contracts.

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

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- (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 impair the validity of the certificate.

In the case of an assignment of a claim secured by a certificate, the liability of the assignor upon such warranty shall not exceed the amount of the claim.

**Sec. 12. No warranty implied from accepting payment of a debt.** A mortgagee, pledgee, or other holder for security of a certificate who in good faith demands or receives payment of the debt for which such certificate is security, whether from a party to a draft drawn for such debt, or from any other person, shall not by so doing be deemed to represent or to warrant the genuineness of such certificate, or the value of the shares represented thereby.

**Sec. 13. No attachment or levy upon shares unless certificate surrendered or transfer enjoined.** No attachment or levy upon shares of stock for which a certificate is outstanding shall be valid until such certificate be actually seized by the officer making the attachment or levy, or be surrendered to the corporation which issued it, or its transfer by the holder be enjoined. Except where a certificate is lost or destroyed, such corporation shall not be compelled to issue a new certificate for the stock until the old certificate is surrendered to it.

**Sec. 14. Creditor's remedies to reach certificate.** A creditor whose debtor is the owner of a certificate shall be entitled to such aid from courts of appropriate jurisdiction, by injunction and otherwise, in attaching such certificate or in satisfying the claim by means thereof as is allowed at law or in equity, in regard to property which cannot readily be attached or levied upon by ordinary legal process.

**Sec. 15. There shall be no lien or restriction unless indicated on certificate.** There shall be no lien in favor of a corporation upon the shares represented by a certificate issued by such corporation and there shall be no restriction upon the transfer of shares so represented by virtue of any by-laws of such corporation, or otherwise, unless the right of the corporation to such lien or the restriction is stated upon the certificate.

**Sec. 16. Alteration of certificate does not divest title to shares.** The alteration of a certificate, whether fraudulent or not and by whomsoever made, shall not deprive the owner of his title to the certificate and the shares originally represented thereby, and the transfer of such a certificate shall convey to the transferee a good title to such certificate and to the shares originally represented thereby.

**Sec. 17. Lost or destroyed certificate.** Where a certificate has been lost or destroyed, a court of competent jurisdiction may order the issue of a new certificate therefor on service of process upon the corporation and on reasonable notice by publication, and in any other way which the court may direct, to all persons interested, and upon satisfactory proof of such loss or destruction and upon the giving of a bond with sufficient surety to be approved by the court to protect the corporation or any person injured by the issue of the new certificate from any liability or expense, which it or they may incur by reason of the original certificate remaining outstanding. The court may also in its discretion order the payment of the corporation's reasonable costs and counsel fees.

The issue of a new certificate under an order of the court as provided in this section, shall not relieve the corporation from liability in damages to a person to whom the original certificate has been or shall be transferred for value without notice of the proceedings or of the issuance of the new certificate.

**Sec. 18. Rule for cases not provided for by this act.** In any case not provided for by this act, the rules of law and equity, including the law merchant, and in particular the rules relating to the law of principal and agent, executors, administrators and trustees, and to the effect of fraud, misrepresentation, duress or coercion, mistake, bankruptcy, or other invalidating cause, shall govern.

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

**Sec. 20. Definition of indorsement.** A certificate is indorsed when an assignment or a power of attorney to sell, assign, or transfer the certificate or the shares represented thereby is written on the certificate and signed by the person appearing by the certificate to be the owner of the shares represented thereby, or when the signature of such person is written without more upon the back of the certificate. In any of such cases a certificate is indorsed though it has not been delivered.

**Sec. 21. Definition of person appearing to be the owner of certificate.** The person to whom a certificate was originally issued is the person appearing by the certificate to be the owner thereof, and of the shares represented thereby, until and unless he indorses the certificate to another specified person, and thereupon such other specified person is the person appearing by the certificate to be the owner thereof until and unless he also indorses the certificate to another specified person. Subsequent special indorsements may be made with like effect.



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

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

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

“Person” includes a corporation or partnership or 2 or 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 organized under the laws of this state or of another state whose laws are consistent with this act.

“State” includes state, territory, district and insular possession of the United States.

“Transfer” means transfer of legal title.

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

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

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

**Sec. 23. Act does not apply to existing certificates.** The provisions of this act apply only to certificates issued after the taking effect of this act.

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

**Sec. 25. Name of act.** This act may be cited as the “Uniform Stock Transfer Act”.

Effective July 9, 1943

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## Chapter 267

### AN ACT Relating to Sessions of Boards of Registration in Cities.

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

**R. S., c. 6, § 21, amended.** The 1st sentence of section 21 of chapter 6 of the revised statutes, as amended by chapter 54 of the public laws of 1933, is hereby further amended to read as follows: