

## CHAPTER 302

## UNIFORM STOCK TRANSFER ACT

**302.04 CORPORATION RIGHTS RESERVED**

A county agricultural society, organized under laws relating to business corporations, having stock, may not refund money realized on a former assessment to stockholders who then paid the assessments; but the corporation when it owes no debts may declare a dividend to be distributed among present stockholders. OAG Feb. 24, 1949 (772-A-5).

**302.05 HOLDER IN GOOD FAITH TAKES TITLE**

Buyers of stock in a corporation for value in good faith are protected against infirmities in the certificates of stock of which they had no notice. *Costello v Farrell*, 234 M 453, 48 NW(2d) 557.

**302.08 RESCISSION**

Under the Uniform Stock Transfer Act, buyers of stock in a corporation for value in good faith are protected against infirmities in a certificate of stock of which they had no notice. Where a bylaw of a corporation contained a restriction on the sale or transfer of its shares of stock, and where a certificate of stock was purchased which did not have the restrictions stated upon it, in violation of section 302.16, under the facts in this case, the question whether the purchaser was a purchaser for value in good faith, without notice of the restriction, was immaterial. *Costello v Farrell*, 234 M 453, 48 NW(2d) 557.

In a suit by a stockholder against a corporation for specific performance of a contract entered into by the corporation and the stockholder for repurchase by the corporation, on opposition by the stockholder, of the stock for a sum of money per share equal to twelve months "net earnings" per share of stock for preceding twelve months, the evidence sustained the finding of the mistake that "net earnings" meant "net profits". *Sanitary Farm Dairies v Gammel*, 195 F. 2d 106.

**302.16 NO LIEN OR RESTRICTION UNLESS INDICATED ON CERTIFICATE**

This section is a modification of the common law rule which made effectiveness of a restriction by a corporation on the transfer of its stock depend upon notice to the purchaser. 36 MLR 270.

Restriction upon sale or transfer of stock imposed by bylaws of corporation but not stated in stock certificate was not binding on buyer regardless of whether she was a buyer for value in good faith without notice of restriction. *Costello v Farrell*, 234 M 453, 48 NW(2d) 557.

**302.18 LOST OR DESTROYED CERTIFICATES**

Lost stock certificate; bond required on duplicate issue. 35 MLR 204.