

# CHAPTER 302

## UNIFORM STOCK TRANSFER ACT

Sec.		Sec.	
302.02	Transfer of stock	302.13	No implied warranty by pledgee
302.03	Legal capacity not enlarged	302.14	No attachment or levy upon shares unless certificate surrender or transfer enjoined
302.04	Corporation rights reserved	302.15	Creditor's remedies to reach certificate
302.05	Holder in good faith takes title	302.16	Lien or restriction on shares; necessity of notation on certificates
302.06	Delivery of certificate; when effectual	302.17	Alteration of certificate does not divest title to shares
302.07	Endorsement effectual in spite of fraud, duress, mistake, revocation, death, incapacity, or lack of consideration or authority	302.18	Lost or destroyed certificates
302.08	Rescission	302.19	Law merchant controls
302.09	Holder in good faith takes title	302.20	Interpretation shall give effect to purpose of uniformity
302.10	Delivery of unendorsed certificate imposes obligation to endorse	302.21	Definitions
302.11	Ineffectual attempt to transfer amounts to a promise to transfer	302.22	Application
302.12	Warranties on sale of certificate		

### 302.01 [Unnecessary]

**302.02 TRANSFER OF STOCK.** Title to a certificate and to the shares represented thereby can be transferred only:

(1) By delivery of the certificate endorsed 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

(2) 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 bylaws 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.

[1933 c. 331 s. 1] (7492-71)

**302.03 LEGAL CAPACITY NOT ENLARGED.** Nothing in this chapter 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 endorsement, assignment or power of attorney.

[1933 c. 331 s. 2] (7492-72)

**302.04 CORPORATION RIGHTS RESERVED.** Nothing in this chapter shall be construed as forbidding a corporation:

(1) 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

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

[1933 c. 331 s. 3] (7492-73)

**302.05 HOLDER IN GOOD FAITH TAKES TITLE.** 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 endorsement 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.

[1933 c. 331 s. 4] (7492-74)

**302.06 DELIVERY OF CERTIFICATE; WHEN EFFECTUAL.** The delivery of a certificate to transfer title in accordance with the provisions of section 302.02 is

effectual, except as provided in section 302.08, 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.

[1933 c. 331 s. 5] (7492-75)

**302.07 ENDORSEMENT EFFECTUAL IN SPITE OF FRAUD, DURESS, MISTAKE, REVOCATION, DEATH, INCAPACITY OR LACK OF CONSIDERATION OR AUTHORITY.** The endorsement 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 302.08, though the endorser or transferrer,

(1) Was induced by fraud, duress, or mistake, to make the endorsement or delivery; or

(2) Has revoked the delivery of the certificate, or the authority given by the endorsement or delivery of the certificate; or

(3) Has died or become legally incapacitated after the endorsement, whether before or after the delivery of the certificate; or

(4) Has received no consideration.

[1933 c. 331 s. 6] (7492-76)

**302.08 RESCISSION.** If the endorsement or delivery of a certificate was procured by fraud or duress; or was made under such mistake as to make the endorsement or delivery inequitable; or if the delivery of a certificate was made without authority from the owner, or after the owner's death or legal incapacity, the possession of the certificate may be reclaimed and the transfer thereof rescinded, unless the certificate has been transferred to a purchaser for value in good faith without notice of any facts making the transfer wrongful, or the injured person has elected to waive the injury, or has been guilty of laches in endeavoring to enforce his rights.

Any court of appropriate jurisdiction may enforce specifically such right to reclaim the possession of the certificate or to rescind the transfer thereof and, pending litigation, may enjoin the further transfer of the certificate or impound it.

[1933 c. 331 s. 7] (7492-77)

**302.09 HOLDER IN GOOD FAITH TAKES TITLE.** 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.

[1933 c. 331 s. 8] (7492-78)

**302.10 DELIVERY OF UNENDORSED CERTIFICATE IMPOSES OBLIGATION TO ENDORSE.** The delivery of a certificate by the person appearing by the certificate to be the owner thereof without the endorsement 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 endorsement. The transfer shall take effect as of the time when the endorsement is actually made. This obligation may be specifically enforced.

[1933 c. 331 s. 9] (7492-79)

**302.11 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.

[1933 c. 331 s. 10] (7492-80)

**302.12 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 that a certificate is genuine; that he has a legal right to transfer it; and 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.

[1933 c. 331 s. 11] (7492-81)

**302.13 NO IMPLIED WARRANTY OF PLEDGEE.** 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.

[1933 c. 331 s. 12] (7492-82)

**302.14 NO ATTACHMENT OR LEVY UPON SHARES UNLESS CERTIFICATE SURRENDER 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.

[1933 c. 331 s. 13] (7492-83)

**302.15 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.

[1933 c. 331 s. 14] (7492-84)

**302.16 LIEN OR RESTRICTION ON SHARES; NECESSITY OF NOTATION ON CERTIFICATES.** Subdivision 1. There is no lien in favor of a corporation upon the shares represented by a certificate issued by the corporation and there is no restriction upon the transfer of shares so represented unless the right of the corporation to a lien or the restriction or a reference to the existence of a lien or restriction is stated upon the certificate and, in the case of a certificate issued after June 1, 1955, upon the face thereof. If a reference only to the lien or restriction appears on the certificate, a full description of the lien or restriction shall be available at the registered office of the corporation at all times for inspection by interested persons.

Subd. 2. This section applies to every lien and restriction existing at the date of enactment of Laws 1955, Chapter 301, and to every lien or restriction thereafter arising, regardless of the date of issuance of the certificate upon which the lien or restriction or reference thereto is stated.

[1933 c 331 s 15; 1955 c 301 s 1, 2] (7492-85)

**302.17 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.

[1933 c. 331 s. 16] (7492-86)

**302.18 LOST OR DESTROYED CERTIFICATES.** 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.

[1933 c. 331 s. 17] (7492-87)

**302.19 LAW MERCHANT CONTROLS.** In any case not provided for by this chapter, 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.

[1933 c. 331 s. 18] (7492-88)

**302.20 INTERPRETATION SHALL GIVE EFFECT TO PURPOSE OF UNIFORMITY.** This chapter shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states which enact it.

[1933 c. 331 s. 19] (7492-89)

**302.21 DEFINITIONS.** Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of this chapter, shall be given the meanings subjoined to them.

Subd. 2. **Endorsement.** A certificate is endorsed 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 endorsed though it has not been delivered.

Subd. 3. **Certificate owner.** The person to whom a certificate was originally issued is the person appearing by the certificate to be the owner thereof, and the shares represented thereby, until and unless he endorses 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 endorses the certificate to another specified person. Subsequent special endorsements may be made with like effect.

Subd. 4. **Certificate.** "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 chapter.

Subd. 5. **Delivery.** "Delivery" means voluntary transfer of possession from one person to another.

Subd. 6. **Person.** "Person" includes a corporation or partnership or two or more persons having a joint or common interest.

Subd. 7. **Purchase.** To "purchase" includes to take as mortgagee or as pledgee.

Subd. 8. **Purchaser.** "Purchaser" includes mortgagee and pledgee.

Subd. 9. **Shares.** "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 chapter.

Subd. 10. **State.** "State" includes state, territory, district, and insular possession of the United States.

Subd. 11. **Transfer.** "Transfer" means transfer of legal title.

Subd. 12. **Title.** "Title" means legal title and does not include a merely equitable or beneficial ownership or interest.

Subd. 13. **Value.** "Value" is any consideration sufficient to support a simple contract. An antecedent or preexisting obligation, whether for money or not, constitutes value where a certificate is taken either in satisfaction thereof or as security therefor.

Subd. 14. **In good faith.** A thing is done "in good faith" when it is in fact done honestly, whether it be done negligently or not.

[1933 c. 331 ss. 20, 21, 22] (7492-90, 7492-91, 7492-92)

**302.22 APPLICATION.** The provisions of this chapter apply only to certificates issued after July 1, 1933.

[1933 c. 331 s. 23] (7492-93)