

CORPORATIONS: Under House Bill 309 certificate of shares of stock may be indorsed in blank.

April 23, 1943

v-26



Honorable Frank Benanti
House of Representatives
Jefferson City, Missouri

Dear Sir:

We are in receipt of your request for an opinion, under date of April 22, 1943, concerning House Bill No. 309, of the Sixty-Second General Assembly.

Section 1, Pars. (a) and (b) of the proposed bill reads as follows:

"Section 1. 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, or"

Section 1, Article IV of the Constitution of Missouri, reads as follows:

"The legislative power, subject to the limitations herein contained, shall be vested in a Senate and House of Representatives, to be styled 'The General Assembly of the State of Missouri.'"

Under this section the legislature may enact any law which is not limited or restricted under the Constitution of Missouri. We find no limitation restricting the enactment of a law which sets out the procedure of assignment of shares of stock in a corporation, and it is not a special law as defined under Section 53, Article IV of the Constitution. When enacted by the legislature the procedure of assignment as set out in House Bill 309 of the Sixty-Second General Assembly would be a valid procedure as granted by the Constitution to the legislature.

Section 62 of 5 C. J. sets out the rule of law as to assignments as follows:

" * * * To constitute a valid written assignment at law, where the statute requires an assignment to be in writing, there must be an assignee who takes, and an assignor who gives, title at the time the assignment is made, and both must be named in the instrument; but in equity, even though the name of the assignee is left blank, the instrument will be upheld as an equitable assignment. * * * * * "

Section 72 of 5 C. J. also sets out the following rule:

"A valid assignment of a chose in action evidenced by a written instrument may be made either by a separate writ-

April 23, 1943

ing, or by indorsement on the original instrument. In the absence of statutory authorization, it has been held that the mere indorsement in blank upon a nonnegotiable instrument of the name of the transferor and delivery of the instrument do not constitute a valid assignment; but such indorsement in blank and delivery may constitute a valid equitable assignment if accompanied by other evidence showing an intention to assign, and in many jurisdictions statutes have been passed making nonnegotiable instruments assignable by mere indorsement and delivery so as to authorize the assignee to sue upon them in his own name."

Under the above rule of law, even without a statute as proposed under House Bill 309, supra, an indorsement of the shares of stock in a corporation would be an equitable assignment. (Mowry v. Wood, 12 Wis. 413)

House Bill 309, supra, specifically shows that it is the intention and the purpose of the legislature to allow a transfer of shares of stock in a corporation by an indorsement in blank.

The meaning of the language of the statute is narrowed or broadened to conform to the legislative intent as gathered from its entirety, history and purpose. (Rust v. Missouri Dental Board, 155 S. W. (2d) 80) House Bill No. 309 is plain and unambiguous and shows that it was the purpose of the legislature, if this bill passes, to allow the indorsement in blank of shares of stock in a corporation.

CONCLUSION

It is, therefore, the opinion of this department that the legislature may lawfully enact House Bill No. 309, which specifically allows the indorsement of cer-

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(4)

April 23, 1943

tificates and shares of stock in a corporation in blank.

Respectfully submitted

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