

THE STATE OF UTAH
Office of the Attorney General
Salt Lake City

January 5, 1961

William G. Hardy, Commissioner
Securities Commission
902 Tribune Building
Salt Lake City, Utah

RE: Promissory Notes

Dear Mr. Hardy:

This is to advise you that I have examined a copy of the promissory note proposed by Crosbie Valley Inv. Ltd., submitted to your commission by Attorney Zar E. Hayes.

In my opinion (a) the note is a security within the definition of Section 61-1-4, Utah Code Annotated 1953; and (b) the instrument might be exempt from those provisions of the Securities Act "except as * * * otherwise expressly provided" in the act, if issued within three months after the date of the sale of such security. Section 61-1-5, Utah Code Annotated 1953, Subsection (7), provides:

"Except as hereinafter otherwise expressly provided, the provisions of this chapter shall not apply to any of the following classes of securities:

* * *

"(7) Negotiable promissory notes or commercial paper; provided, such notes or commercial paper matures in not more than twelve months from date of issue and shall be issued within three months after the date of sale."

The form of the instrument in question is that of a promissory note which matures in not more than twelve months. Hence, if the issuing date meets the conditions of Section 61-1-5, Subsection (7), the exemption under that statute may be conceded.

The exemption extends only to those provisions of the Securities Act except where otherwise expressly provided. An example of such express provision is Section 61-1-24, U.C.A. 1953.

The exemption claimed by Crosbie Valley Inv. Ltd. is applicable upon the conditions noted.

Yours very truly

RAYMOND W. GEE
Deputy Attorney General

RWG/mn