



**STATE OF UTAH**  
**DEPARTMENTAL MEMORANDUM**

From DEPARTMENT	Keith E. Sohm	DATE:	October 21, 1968
DIVISION	Public Service Commission	FILE:	
To DEPARTMENT	Commissioner Hal S. Bennett Director Bernice Van Eyk, Securities	SUBJECT:	The Release of the Officers' stock in Privateer Mining Company.
DIVISION			

The law relative to escrow stocks and their release Section 61-1-23, Utah Code Annotated, appears to be permissive to the extent that the Commission "may" require that the securities so issued be delivered in escrow to the Commission but it appears to be mandatory that the stock "shall not" be withdrawn from escrow until all other stockholders who have paid for their stock in cash shall be paid a dividend or dividends aggregating not less than 15% of the cash value for which the stock was issued, shown to the satisfaction of the Commission to have been "actually" earned on the investment in any common stock so held.

There is no evidence that The Privateer Mining Company has ever had sufficient earnings on its investments to pay 15% of the cash value in dividends nor that any dividends have in fact ever been paid.

It is obvious that the intent of the statute is to protect the cash investors and release of this stock would be contrary to the intent of the statute.

However, it does appear that the purposes of the statute may be satisfied if the purchasers of the stock are required to escrow the same quantity of stock under the same terms or, better still, to leave the stock in escrow but authorize a change of name and ownership of the stock. It would appear that the interest of the cash purchasers of the stock would be fully protected by this procedure. The stockholders may, in fact, have their investment greatly enhanced by the addition of new working capital in the company.

Respectfully submitted,



Keith E. Sohm

KES:ka