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UTAH STATE  
SECURITIES COMMISSION

STATE OF UTAH  
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ROBERT B. HANSEN  
DEPUTY

April 16, 1969

Mrs. Bernice Van Eyke  
Director - Securities Commission  
DEPT. OF BUSINESS REGULATIONS  
330 East 4th South  
Salt Lake City, Utah 84111

Re: Formletter reply - escrows

Dear Mrs. Van Eyke:

Enclosed herewith is our suggested amended draft of the reply letter which we discussed with regard to the several demands which you have for release of escrow stock. As indicated in our conference, we have amended only the final paragraph of the proposed letter which you referred to us. We trust this will meet your needs and will be happy to consult with you further if you deem it advisable.

Yours truly,

Mark A. Madsen  
Assistant Attorney General

MAM/ss

Encl: 1

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Mr.

Dear Mr.

Replying to your letter of ~~an~~ an addressed to the Department of Business Regulations with respect to the propriety of the Securities Commission releasing from escrow some shares of stock owned by you in the subject company.  
*or your client*

As you are undoubtedly aware, Section 61-1-23 Utah Code Annotated 1953, and which was in effect at the time your stock was deposited, provides, among other things, that if an application for registration of securities discloses that any such securities shall have been or shall be intended to be issued for intangible assets, the Commission may require such securities shall be delivered in escrow to the Commission under an escrow agreement:

"That the owners of such securities shall not be entitled to withdraw them from Escrow until all other stockholders who have paid for stock in cash shall have been paid a dividend or dividends aggregating not less than fifteen per cent of the cash price for which stock was issued, shown to the satisfaction of the Commission to have been actually earned on the investment in any common stock so held."

While this statute gives discretion to the Commission as to whether or not securities shall be escrowed, if they are escrowed then they must remain with the Commission until the contingency provided in the statute occurs.

The Securities Commission has many other securities which occupy the same similar status and the Commission feels that all of these securities must be held by it unless by some court decree or other lawful means the Commission is justified in surrendering the securities.

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Provision is made in the statutory law of the State of Utah for the bringing of an action for declaratory judgment in the district courts of this state. We suggest that you may wish to make use of this procedure in which case the Securities Commission will accept service of process and after each side has had an opportunity to be heard, we will be most happy to abide by the decision of the Court, whatever it may be.

Yours truly,