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OFFICE OF THE ATTORNEY GENERAL
SALT LAKE CITY, UTAH

MAY 8, 1944

Mr. Lawrence Taylor, Director
Securities Commission
Department of Business Regulation
Building.

Dear Mr. Taylor:

I reply to your letter of April 27, 1944, wherein you state that the Intermountain Title Guaranty Company some time ago purchased all of the stock of the W. D. Ellis Abstract Company of Ogden and the Utah Abstract Company of Provo. The Title company desires now to sell this stock and you have requested my opinion "as to whether or not if the sale of stock in each company was made in one sales contract to a number of persons, it would be considered an isolated sale" under our Securities Act.

Subsection 3 of Section 82-1-6, Utah Code Annotated, 1943, relates to isolated sale and reads as follows:

"An isolated transaction in which any security is sold, offered for sale, subscription or delivery by the owner thereof, or by his representative for the owner's account; such sale or offer for sale, subscription or delivery not being made in the course of repeated and successive transactions of a like character by such owner or on his account by such representative and such owner or representative not being the underwriter of such security. The provisions of this subdivision shall not apply in any case of sale where the issuer shall have taken the entire stock of a company in payment for mining claims, patent rights, copyrights, trade-marks, process, lease, formula, oil lease, good will or any other property right or any other tangible or intangible asset which may be construed as a promotion interest, or where funds received from the sale of such security may be used directly or indirectly for development purposes."

In the instant case the Title Company is not the issuer of the stock under consideration, and there is nothing in the facts submitted by you which would make it the underwriter. Under such circumstances the Title Company may make an isolated sale without registering the stock with your Commission.

Our Statute and our Court decisions have not defined an isolated sale or transaction, but the Supreme Court of Massachusetts, in the case of Kneeland vs. Emerton, 280 Mass. 371, 183 N.E. 155, under a Statute almost identical with ours has given the following definition, which I believe, is quite generally accepted by the various states with similar statutes, namely, "we think that two sales of securities, made one after the other within a period of such reasonable time as to indicate that one general purpose actuates the vendor and that the sales promote the same aim and are not so detached and separated as to form no part of a single plan, would be repeated and successive transactions." The mere fact that the sale is made to several persons would not destroy it as an isolated sale providing it constituted a single transaction. For instance, I may own a hundred shares of stock and without my solicitation five persons come to me for the purpose of purchasing it. The stock is sold to them but they desire to have it made in five certificates of twenty shares each. Under such fact there would have been but one isolated sale. On the other hand, if I had solicited each of the five persons and arranged for each to take twenty shares of stock, there would be five successive sales and it could not be considered as an isolated transaction.

Trusting that this information will give you the desired information,
I am

Respectfully yours,
Grover A. Giles, Attorney General
By S/ S.D. Huffaker, Dep. Att.Gen.