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THE STATE OF UTAH

OFFICE OF THE ATTORNEY GENERAL

E. R. CALLISTER  
Attorney General

SALT LAKE CITY

JULY 9, 1958

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

Dear Mr. Hardy:

Pursuant to our telephone conversation regarding the St. George Golf Course and Country Club, this is to confirm my earlier verbal opinion to the effect that the solicitation planned to affect that organization is subject to the Utah Securities Act. Particularly I refer to the taking of pledges or cash deposits for stock in the proposed corporation. Section 61-1-4, U. C. A. 1953, defines "Security" as including " \* \* \* collateral trust certificate, pre-organization certificate or subscription; \* \* \*."

IN my opinion the contract of participation by potential subscribers would fall within the category of pre-organization certificate or subscription, and therefore be subject to registration under the Utah law unless otherwise exempt.

According to the information available to me, it does not appear that the "security" involved in this case is exempt from the scope of the Securities Act. The sponsors of the Golf Course and Country Club clearly state that their organization will not be on a non-profit basis, and I cannot see where other exemptions would be applicable.

Therefore, in answer to your question as to whether this proposed pre-incorporation agreement is a security and would require registration, I would answer the question in the affirmative.

Very truly yours,

(Signed)

RAYMOND W. GEE  
Assistant Attorney General

EWG/jlt