

**70A-8-404 Wrongful registration.**

- (1) Except as otherwise provided in Section 70A-8-406, an issuer is liable for wrongful registration of transfer if the issuer has registered a transfer of a security to a person not entitled to it, and the transfer was registered:
  - (a) pursuant to an ineffective indorsement or instruction;
  - (b) after a demand that the issuer not register transfer became effective under Subsection 70A-8-403(1) and the issuer did not comply with Subsection 70A-8-403(2);
  - (c) after the issuer had been served with an injunction, restraining order, or other legal process enjoining it from registering the transfer, issued by a court of competent jurisdiction, and the issuer had a reasonable opportunity to act on the injunction, restraining order, or other legal process; or
  - (d) by an issuer acting in collusion with the wrongdoer.
- (2) An issuer that is liable for wrongful registration of transfer under Subsection (1) on demand shall provide the person entitled to the security with a like certificated or uncertificated security, and any payments or distributions that the person did not receive as a result of the wrongful registration. If an overissue would result, the issuer's liability to provide the person with a like security is governed by Section 70A-8-210.
- (3) Except as otherwise provided in Subsection (1) or in a law relating to the collection of taxes, an issuer is not liable to an owner or other person suffering loss as a result of the registration of a transfer of a security if registration was made pursuant to an effective indorsement or instruction.

Repealed and Re-enacted by Chapter 204, 1996 General Session