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Israels and Guttman: Modern Securities Transfers

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MODERN SECURITIES TRANSFERS. By *Carlos L. Israels* and *Egon Guttman*. Boston: Warren, Gorham & Lamont. 1967. Pp. 529. \$27.50.

In evaluating a book of this nature first consideration must be given to its purpose and intended audience. The authors seem to recognize that the subject of the transfer of securities is too broad to be treated completely in less than 300 pages of text, which includes numerous direct quotations from the Uniform Commercial Code (Code). Consequently, they make no exhaustive effort in that direction. Their primary purpose seems to be to furnish the student, teacher, and nonspecialist who want to know a little something about Article 8 of the Code, with the text of that Article, the related sections of Article 1, and a discussion of the purpose of Article 8 and its general scope and effect.

The value of the authors' textual material depends upon the person using it and the purpose that person has in mind. If the reader uses it only as a means of understanding the purpose and the general scope of the Code, the text and appendix A, which sets forth the Code provisions, fulfill that aim quite well. If, however, the reader is looking for guidance in effecting transfers of securities on the books of corporations by a fiduciary, joint owners, or a custodian for a minor, he may find it necessary to look to other sources for satisfactory answers. Thus, the book will not be of great assistance to presenters and professional transfer agents in answering the day-to-day questions that arise in effecting irregular transfers on the books of corporations. This results in part from the fact that the work is written closely around the Code and does not follow the many roots that lead to the Code and give it life. The authors set forth their preferred interpretations and state broad general principles and theories without sufficiently indicating the practical results sug-

gested by experience and the distinctions that must be drawn between the laws of the various states. The difficulties in using this text for research or specific instruction purposes are magnified when the authors fail to treat a subject fully in one place, but instead discuss it partially—and sometimes incompletely—in several different chapters and then neglect to unite the chapters by proper cross-references and specific indexing. The discussion of the different types of joint ownership of securities suffers particularly from this failure. In addition, many important subjects are partially or entirely omitted. Community ownership of securities is not mentioned at all, although in some states such ownership may be desirable for tax purposes. Ownership by a nonresident of the United States as well as ownership of a foreign security by a resident of the United States are not adequately covered. The Uniform Gifts to Minors Act, which is perhaps one of the best known—though probably not the best understood—pieces of recent legislation, is treated only in passing. Much more could have been said about this Act and the legal problems presented prior to and after its revision and generated by changes made by various state legislatures. Finally, the effect on stock transfers of bankruptcy of the corporation, the stockholder, other than a broker, or the signature guarantor is not discussed.

If the authors had added to the title of this book the words "Under the Uniform Commercial Code," there would have been some justification for the omissions, and the practitioner would have been alerted to some of the troublesome areas not covered fully. Of course, reasonable men can differ as to the extent of textual discussion that is desirable for a book on the transfer of securities, and the value of brevity should not be questioned. Nevertheless, even allowing for the very limited purpose of the text, portions are so brief as to raise the question of whether they should have been greatly expanded or omitted entirely. Moreover, even as to those areas adequately covered, the failure of the authors to provide for a pocket part may limit the useful life of the book.

The authors' treatment of the forms used in registering jointly owned securities is especially disappointing. The discussion in chapter III is tied in with the abbreviations set forth in appendix C. It is not clear why the authors did not give more consideration to a booklet entitled *Uniform Procedures for Stockholder Descriptions and Addressing*, which was published in 1961 by The New York Clearing House Association. This booklet recommended abbreviations to be used in registering securities in the names of two or more persons, and suggested that the abbreviations be explained on the reverse side of stock certificates. Most stock certificates in use today bear the explanatory legends, and the suggested abbreviations are used on those certificates. Nor is it apparent why the authors paid

so little attention to the Uniform Requirements of The Stock Transfer Association which is also used and followed extensively by New York transfer agents and many transfer agents in other cities. Had they done so, a practitioner or banker relying on the book as the single authority in its field would understand, to some extent, requests by a transfer agent that were not in accord with the opinions of the authors.

Greater use of the Uniform Requirements of The Stock Transfer Association and the Uniform Procedures suggested by the New York Clearing House Association would also have helped to guide decision making by transfer agents. The authors give the impression that policy decisions of transfer agents may be made on general principles outside the Code and that the Code provides only rules that effectuate policy decisions. This is especially true of the discussion of assurances in chapter X.

Nevertheless, the book under review is not totally devoid of usefulness to practitioners, banks, brokers, and corporations and their transfer agents. For example, the chapter on Guarantee of Signature, which sets forth the duties and liabilities assumed under the Code, should be of special interest to a banker or broker when he is presented with a "Signature Guaranteed" rubber stamp. Yet it must be re-emphasized that the authors have provided a book that should be of more use to teachers and students of the Code than to persons seeking practical assistance in problems arising from the transfer of securities. In a book of this size dealing with the broad subject of security transfers, omissions cannot be avoided. Most security transfer experts have pet fears and preferences, and if more had been consulted the difficulty of deciding what to include would have been multiplied. Admittedly, it is often easier to ask questions than to answer them and to find faults without suggesting procedure for correcting them. Consequently, it is perhaps overly harsh to castigate the authors for exercising their independent judgment and including only what they as students and teachers of the Code considered vital.

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