

554.8404 Wrongful registration.

1. Except as otherwise provided in section 554.8406, 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 section 554.8403, subsection 1, and the issuer did not comply with section 554.8403, subsection 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 554.8210.

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.

[C66, 71, 73, 75, 77, 79, 81, § 554.8404]

89 Acts, ch 113, § 40; 96 Acts, ch 1138, § 44, 84