

Don't Sleep On Your Lost, Destroyed Or Stolen Stock Certificate, Darlin'

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Share certificates are subject to loss, destruction and even speculation. The California General Corporation Law makes allowance for such misadventures by providing in Section 419 that a domestic corporation or a foreign corporation may issue a new certificate in replacement and may require the owner to give the corporation a bond or other adequate security sufficient to indemnify it against any claim on account of the alleged loss. Section 8405 of the California Uniform Commercial Code is of like tenor, imposing a duty on the issuer to issue a new certificate, provided the following three conditions are met:

- The request for a new certificate is made before the certificate has been acquired by a protected purchaser;
- The owner files with the issuer a sufficient indemnity bond; and
- other reasonable requirements on the owner

Sleep may knit up the ravell'd sleeve of care, but *vigilantibus non dormientibus jura subveniunt* (justice aids the vigilant not the somnolent). Thus, Section 8406 provides that the owner of a share certificate may not assert a claim for a new certificate under Section 8405 if the certificate has been lost, apparently destroyed, or wrongfully taken, and the owner fails to notify the issuer of that fact within a reasonable time after the owner has notice of it and the issuer registers transfer before receiving notification.

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