

355.8-404 Wrongful registration.

- (1) Except as otherwise provided in KRS 355.8-406, 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 KRS 355.8-403(1) and the issuer did not comply with KRS 355.8-403(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) of this section 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 KRS 355.8-210.
- (3) Except as otherwise provided in subsection (1) of this section 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.

Effective: January 1, 1997

History: Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 150, effective January 1, 1997. -- Amended 1986 Ky. Acts ch. 118, sec. 49, effective July 1, 1987. -- Created 1958 Ky. Acts ch. 77, sec. 8-404, effective July 1, 1960.