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Stock Purchase Agreement between Pearsall and Statitrol 1975

Statitrol Corporation

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STOCK PURCHASE AGREEMENT

AGREEMENT, made this _____ day of _____, 1975,
between Duane D. Pearsall, hereinafter called "Pearsall",
and Statitrol Corporation, a Colorado corporation, hereinafter called the "Corporation",

WHEREAS, Pearsall presently owns 380,850 shares of the stock in the Corporation and this constitutes approximately thirty-two per cent (32%) of all shares now issued and outstanding, and

WHEREAS, Pearsall and the Corporation believe it to be in their best interests to impose certain restrictions and obligations on the sale and transfer of the stock now owned by Pearsall and to provide for the occurrence and consequences of various contingencies, more particularly hereinafter described,

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration,

IT IS AGREED:

1. Restriction on Transfer. No sale, assignment, transfer, pledge, hypothecation, or other disposition of any of the shares of the stock of the Corporation, now or hereafter owned or held by Pearsall, or of any interest therein, hereinafter referred to as a "Transfer of Stock", shall be valid unless made in accordance with the terms and provisions of this Agreement.

2. Method of Transfer. Pearsall shall not make any transfer of stock unless he shall have first offered those of his shares of stock in the Corporation he desires to transfer to the Corporation, in the manner and to the extent hereinafter set forth.

(a) Any such offer shall be in writing, shall be

signed by Pearsall, and shall be sent to the Corporation and to all the shareholders. The price of the stock so offered shall be determined in accordance with the procedures set forth in paragraph 4 hereinbelow and the terms of payment shall be in cash, or, at the election of the Corporation, in twenty (20) consecutive equal quarterly payments commencing no later than thirty (30) days after the date the offer is accepted by either the Corporation or the shareholders.

(b) The Corporation shall have the first option to purchase such stock by giving notice of acceptance to Pearsall within sixty (60) days after the offer of transfer of stock is made. Upon failure of the Corporation to exercise its option to so purchase all of such offered stock (whether such failure is due to legal limitations or other causes), the other shareholders of the Corporation shall have the option, to be exercisable within sixty (60) days after the expiration date of the Corporation's option to purchase such stock, to purchase all such stock in such proportions as may be agreed upon among them, or in the absence of such agreement, in the same proportions in which the stock then owned by each of them who desires to purchase some of the stock bears to all of the issued and outstanding stock, excluding Pearsall's stock, of the Corporation.

(c) In the event any such stock is offered for sale under and pursuant to subdivision (b) above and such offer has not been finally accepted in accordance with the provisions of such subdivision, then and in any such event, such stock may be sold or disposed of at a price not less than the price offered to the Corporation within thirty (30) days after the expiration of the last date upon which the shareholders could exercise their option to purchase said stock,

except that the purchaser or purchasers who acquire the same shall hold the stock subject to the terms of this Agreement and subject to any restrictions imposed upon other shareholders in the Corporation. Any such stock which is not sold or disposed of within such thirty (30) day period shall again become fully subject to the terms of this Agreement.

(d) Notwithstanding anything herein to the contrary, there shall be no restrictions or limitations whatsoever upon the transfer of stock by Pearsall to or for the benefit of his wife or descendants, except that the person or entity acquiring such stock shall be bound by the terms and conditions of this Agreement and by the terms and conditions of any other restrictions placed upon stockholders of the Corporation.

3. Death of Pearsall. Upon the death of Pearsall, Pearsall's personal representative shall sell and the Corporation shall purchase such number of shares of stock in the Corporation permitted to be redeemed under Section 303 of the Internal Revenue Code, at a price determined in accordance with the provisions of paragraph 4 and upon the terms set forth in paragraph 6 hereof.

4. Purchase Price. Pearsall and the Corporation, acting by and through its Board of Directors, agree that the fair market value of each share of the Corporation owned by Pearsall is at the present time \$5.00. Such value includes an amount mutually agreed upon as representing the goodwill of the Corporation as a going concern and the value of any and all policies of insurance taken out by the Corporation on Pearsall's life, pursuant to this Agreement. Within sixty (60) days after March 31st of each year hereafter the Corporation and Pearsall shall agree upon the fair market value of each share owned by

him and such value shall be endorsed on Schedule A, annexed hereto and made a part hereof. Such value shall include an amount mutually agreed upon as representing the goodwill of the Corporation as a going concern and the values of the policies of insurance taken out by the Corporation pursuant to this Agreement. If the parties fail to redetermine a value at the end of a particular fiscal year, the last previously stipulated value shall control, except that if the parties have not so stipulated a value after the six-month period following the end of any fiscal year, the value of each share owned by Pearsall as of the end of the last fiscal year shall be determined and agreed upon by Pearsall, or his personal representative, as the case may be, and the Corporation. If they are unable to come to an agreement within seventy-five (75) days after Pearsall requests that the price be so determined, or within seventy-five (75) days after Pearsall's death, as the case may be, the value of each share shall be determined by arbitration in accordance with the rules of the American Arbitration Association then in effect.

5. Insurance. The Corporation shall be the applicant for and the owner of policies of insurance on Pearsall as described in Schedule B annexed hereto and made a part hereof. The Corporation shall pay all premiums on these policies during the continuance in force of this Agreement as they become due, and shall give proof of payment thereof to Pearsall within twenty (20) days after the due date of each premium. If any premium is not paid within twenty (20) days after its due date, Pearsall shall have the right to pay such premium and to be reimbursed therefor by the Corporation. The insurer in each policy is hereby authorized and directed to give Pearsall, upon his written request, any information with respect to the status of any policy on his life. The Corporation may apply any dividends on such

policies toward the payment of premiums. While this Agreement is in force, the Corporation shall not, without the written consent of Pearsall, modify or impair any of the rights or values of such policies. This Agreement shall extend to and include any additional policies issued pursuant hereto, such additional policies to be also listed in Schedule B.

6. Terms of Payment. In the event of Pearsall's death, the Corporation agrees that the proceeds of the policies of insurance on the life of Pearsall, shall, to the extent required, be promptly applied toward the purchase price, as herein determined, of the shares of Pearsall in accordance with the terms of this Agreement. If such purchase price exceeds the proceeds of the life insurance, the balance of the purchase price shall be paid by the Corporation in cash, or, at the election of the Corporation, in thirty (30) consecutive equal quarterly payments commencing approximately six (6) months after the date of Pearsall's death. Any unpaid balance of the purchase price shall be evidenced by a negotiable promissory note, made by the Corporation to the order of the estate of Pearsall, with interest at six per cent (6%) per annum, payable quarterly, and shall give the maker thereof the option of prepayment in whole or in part at any time without penalty, and such note shall provide that upon default of any payment of principal or interest, the entire unpaid balance shall become due and payable immediately.

7. Payment and Delivery. Upon the death of Pearsall, the Corporation, through its duly authorized officers, shall:

(a) Make claim for and collect the proceeds of the life insurance policies issued on the life of Pearsall.

(b) Pay to the estate of Pearsall the proceeds of the life insurance policies on his life as collected by

the Corporation, to the extent required by paragraph 3 above.

(c) Execute and deliver any promissory notes required herein to be executed and delivered and execute and deliver such security agreements as are necessary to give Pearsall's estate a lien against the stock sold to the Corporation by his estate, said lien to be released after payment in full is made by the Corporation to the estate or the beneficiaries thereof; provided, it shall have first received from Pearsall's estate all of the shares required herein to be sold by such estate to the Corporation, together with any and all such legal instruments as may be necessary or required to transfer to the Corporation all of the interests of the estate of Pearsall in such shares.

8. Insurance Companies. Notwithstanding the provisions of this Agreement, the insurers issuing the policies of insurance herein mentioned, are hereby authorized to act in accordance with the terms of any such policy as if this Agreement did not exist. Payment or other performance of the obligations of such insurers in accordance with the terms of such policies shall completely discharge such insurers from any and all claims, suits, and demands of all persons whomsoever.

9. Termination. This Agreement shall terminate on the occurrence of any of the following events:

(a) Bankruptcy, receivership or dissolution of the Corporation;

(b) At the option of Pearsall, if the Corporation fails to pay the premiums within the grace period of any policy of insurance owned by it under this Agreement; or if the Corporation assigns or surrenders any such policy, or changes the beneficiary, or makes the proceeds payable other than in a lump sum, without Pearsall's written consent;

(c) The written agreement of the Corporation and

Pearsall effecting such termination;

(d) Pearsall's attaining the age of 65 years.

10. Purchase of Insurance Policies on Termination.

Pearsall shall have the right, within sixty (60) days after termination of this Agreement, to purchase from the Corporation the policies of insurance on his life, at a price equal to the interpolated terminal reserve of the policies on the date of termination. Upon receipt of the purchase price, the Corporation shall deliver the policies to Pearsall and shall execute any necessary instruments of transfer. Pearsall shall have no further rights in any policies not purchased within the above sixty (60) day period.

11. Construction. This Agreement shall be construed according to the laws of the state of Colorado.

12. Binding Effect. This Agreement shall be binding upon the heirs and personal representatives of Pearsall and upon the assigns of all parties. A duly authorized officer of the Corporation and the executor or administrator shall make, execute and deliver any documents necessary to carry out this Agreement. Pearsall agrees to execute a will directing his personal representatives to execute those documents and perform such acts as may be necessary to carry this Agreement into effect after his death, but failure to execute such a will shall not relieve Pearsall's estate from complying with all the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

ATTEST:

Secretary

STATITROL CORPORATION

By _____
Vice-President

Duane D. Pearsall

SCHEDULE A

This schedule is to be attached to and made a part of that Stock Purchase Agreement, dated _____, 1975 between Statitrol Corporation and Duane D. Pearsall.

1. As of _____, 1975:

(a) Mutually agreed value of the stock is \$ _____ per share;

(b) The total amount of insurance owned by the Corporation now in effect and available for redemption of Pearsall's stock is \$ _____;

(c) Capital surplus of the Corporation is approximately \$ _____;

(d) Estimated amount required to effect a Section 303 redemption from Pearsall's estate is \$ _____.

STATITROL CORPORATION

By _____

Duane D. Pearsall

2. As of _____, 1976:

(a) Mutually agreed value of the stock is \$ _____ per share;

(b) The total amount of insurance owned by the Corporation now in effect and available for redemption of Pearsall's stock is \$ _____;

(c) Capital surplus of the Corporation is approximately \$ _____;

(d) Estimated amount required to effect a Section 303 redemption from Pearsall's estate is \$ _____.

STATITROL CORPORATION

By _____

Duane D. Pearsall

3. As of _____, 1977:

(a) Mutually agreed value of the stock is \$ _____ per share;

(b) The total amount of insurance owned by the Corporation now in effect and available for redemption of Pearsall's stock is \$ _____;

(c) Capital surplus of the Corporation is approximately \$ _____;

(d) Estimated amount required to effect a Section 303 redemption from Pearsall's estate is \$ _____.

STATITROL CORPORATION

By _____

Duane D. Pearsall

SCHEDULE B

This schedule is to be attached to and made a part of that Stock Purchase Agreement, dated _____, 1975, between Statitrol Corporation and Duane D. Pearsall.

APPLICABLE INSURANCE POLICIES

1. As of _____, 1975:

RECEIVED OF

Duane D. Pearsall

4,455

SHARES COMMON STOCK OF STATITROL CORPORATION

TO BE HELD IN ACCORDANCE WITH PLEDGE AGREEMENT AND STOCKHOLDERS
AGREEMENT DATED OCTOBER 24, 1966.

Date

5/27/70

CENTRAL INVESTMENT CORPORATION
OF DENVER

By

B. E. D'Arcy

STATITROL

Please Detach This Voucher Stub and Retain For Your Records

140 South Union Boulevard - Lakewood, Colorado 80228

DATE	DESCRIPTION/COMMENTS	REFERENCE	GROSS AMOUNT	DEDUCTION	NET AMOUNT
3/29/74	2800 - 10,000.00 1190 - (179.21) 1210 - (156.40)	<i>Escrow Bal. received from sale of Statrol Stock sept. 73</i>			9,664.39

*Please file
 with Statrol
 transactions*