

1 **14-4312. “Isolated transaction”; definition.**

2 An “isolated transaction” is a transaction which is unique, occurs only once or sporadically.
3 [Approved, effective September 1, 1988.]
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5 **Committee commentary.**— Certain securities transactions are not required to be
6 registered prior to sale. One common defense to the sale of unregistered securities is that the sale
7 was an isolated sale. The Court of Appeals in a civil case held that the sale of all of the stock of a
8 business by a non-issuer may sell as an “isolated sale” a whole business by selling 100% of the
9 securities without registration if the purpose of the sale is to pass complete ownership, including
10 managerial control, of the business of the corporation to the buyer. *See White v. Solomon*, 1986-
11 NMCA-136, 105 N.M. 366, 732 P.2d 1389 [~~(Ct. App. 1986)~~]; *see also State v. Sheets*, 1980-
12 NMCA-041, 94 N.M. 356, [364,] 610 P.2d 760 [~~(Ct. App. 1980)~~ (~~cert. denied~~ 94 N.M. 675, 615
13 P.2d 992)] for the definition of “isolated sale”.

14 *White v. Solomon*, supra, adopts the sale of business doctrine. The New Mexico Court of
15 Appeals [~~improperly~~] relies upon the United States Supreme Court decision of *Tcherepnin v.*
16 *Knight*, 389 U.S. 332[~~, 88 S. Ct. 548, 19 L. Ed. 2d 564~~] (1967) in holding that the sale of 100% of
17 the stock of a business is not the sale of securities for purposes of registration. This interpretation
18 of [~~Tcherepnin~~] *Tcherepnin*, was specifically rejected by the United States Supreme Court
19 in *Landreth v. Landreth*, 471 U.S. 681[~~, 105 S. Ct. 2297, 85 L. Ed. 2d 692~~] (1985). *See* committee
20 commentary to UJI 14-4301 NMRA for a discussion of the [~~Tcherepnin~~] *Tcherepnin* and
21 [~~Landreth~~] *Landreth* decisions.

22 [It is noted that even though the sale of 100% of the stock of a business may not have to be
23 registered in New Mexico, the transaction is still subject to the fraud provisions of the the New

- 1 ~~Mexico Securities Act of 1986. See *State v. McCall*, 101 N.M. 616, 629, 686 P.2d 958 (Ct. App.~~
2 ~~1983).]~~
- 3 [As amended by Supreme Court Order No. 21-8300-009, effective for all cases pending or filed
4 on or after December 31, 2021.]