

**Allen v. Oakbrook Securities Corp.**  
**763 So.2d 1099**  
**Fla.App. 4 Dist., 1999.**  
**Dec. 15, 1999.**

763 So.2d 1099, 24 Fla. L. Weekly D2774  
District Court of Appeal of Florida,  
Fourth District.

Charles D. **←ALLEN→**, Charles D. Beck, Jr., Bruce J. Berg, Sydney C. Bower,  
Leonard Crowley, Eileen Escoto, Walter N. Frank, John E. Garwood, Joy A.  
Garwood, Garland G. Grant, Evelyn Guitreau, Jeffrey Hazle, Judith Ketterer,  
Lawrence A. Lange, Elwood Like, Lois Like, Daniel C. Meisinger, Linda P.  
Nichols, Arthur L. O'Connor, Kenneth M. Renney, Patrick Riley, and Leonard S.  
Siekmeier, Appellants,  
v.

**←OAKBROOK SECURITIES→** CORPORATION, an Illinois corporation, Harbour  
Investments,  
Inc., a Wisconsin corporation, D.E. Frey & Company, Inc., a Delaware  
corporation, James Frederick Glaza, Kenneth W. Germain, Frank A. Sebastiano,  
Nelson Mark Wright, Richard S. Diya, Linda Metaxa, Les B. Goldstein, CFS  
Investment Trust, an Illinois trust, TIC Participations Trust, a Texas trust,  
USLC/CFS Participations Trust, an Illinois trust, Barber & Bronson  
Incorporated, a Florida corporation, Cousins Financial Services, Inc., an  
Illinois corporation, Cousins Securities Corporation, an Illinois corporation,  
Dominion Capital Corporation, a Texas corporation, Kittlaus, Inc., an Illinois  
corporation, Sunpoint Securities, Inc., a Texas corporation, Trident Investment  
Company, a Texas corporation, WA Financial, Inc., a Texas corporation, Robert  
Alan Amato, Gregory **←Allen→** Andrews, Nicholas James Andrews, Eric Harris  
Aronson,  
Eric H. Carlson, William Roy Cousins, Michael Henry Demuth, Gregory  
Mason Edwards, Tamara Marie Fullerton, Karl L. Kittlaus, Edgar Lewis, Brian  
Damian O'Toole, Howard Charles Rapp, Mark Schultz and Donald Spinks, Appellees.  
No. 98-3390.  
Dec. 15, 1999.

Purchasers of securities brought securities fraud and negligent misrepresentation  
claims against sellers. The Seventeenth Judicial Circuit Court, Broward County,  
Jeffrey E. Streitfeld, J., dismissed claims. Purchasers appealed. The District Court of  
Appeal held that: (1) as a matter of first impression, securities fraud claims, which  
were based on sales of securities which occurred entirely outside State, were not  
actionable under Florida Securities and Investor Protection Act, also known as  
"Florida Blue Sky Law," but (2) Circuit Court had jurisdiction over negligent  
misrepresentation claims.  
Affirmed in part, reversed in part, and remanded.

West Headnotes

[\[1\] KeyCite this headnote](#)

- 🔑 349B Securities Regulation
- 🔑 349BII State Regulation
- 🔑 349BII(A) In General
- 🔑 349Bk242 k. What Law Governs. Most Cited Cases

Securities fraud claims which were based on sales of securities which occurred entirely outside State were not actionable under Florida Securities and Investor Protection Act, also known as "Florida Blue Sky Law." [West's F.S.A. § 517.301](#).

[2] [KeyCite this headnote](#)

- 🔑 349B Securities Regulation
- 🔑 349BII State Regulation
- 🔑 349BII(A) In General
- 🔑 349Bk242 k. What Law Governs. Most Cited Cases

Blue sky laws of one state may not be applied to sale of securities which occurred entirely in another state.

[3] [KeyCite this headnote](#)

- 🔑 106 Courts
- 🔑 106III Courts of General Original Jurisdiction
- 🔑 106III(B) Courts of Particular States
- 🔑 106k128 k. Florida. Most Cited Cases

Circuit Court is a court of general jurisdiction.

[4] [KeyCite this headnote](#)

- 🔑 106 Courts
- 🔑 106I Nature, Extent, and Exercise of Jurisdiction in General
- 🔑 106k3 Jurisdiction of Cause of Action
- 🔑 106k6 k. Place of Accrual of Cause of Action. Most Cited Cases

Circuit Court had subject matter jurisdiction over negligent misrepresentation claims which arose from sale of securities, even though sale had occurred entirely outside State.

\***1100** [Philip Mugavero](#) of Silverio & Hall, Miami, and Heather Hanneman and [John F. Head](#) of John F. Head, P.C., Denver, Colorado, for appellants.

[Robert W. Pearce](#) of Lerner & Pearce, P.A., Fort Lauderdale, for appellee Oakbrook Securities Corporation.

[Mark F. Raymond](#) and [Daniel S. Newman](#) of Tew, Cardenas, Rebak, Kellogg, Lehman, Demaria & Tague, L.L.P., Miami, and [David A. Genelly](#) of Vanasco, Wayne & Genelly, Chicago, Illinois, for appellee Harbour Investments, Inc.

[Bruce Botsford](#) and [Edward R. Curtis](#) of Curtis & Curtis, P.A., Fort Lauderdale, and [Charles F. Brega](#), [Stuart N. Bennett](#), and [Eric B. Liebman](#) of Brega & Winters, P.C., Denver, Colorado, for appellees D.E. Frey & Company, Inc., and James Glaza.

PER CURIAM.

Plaintiffs appeal the trial court's order dismissing their securities fraud and negligent misrepresentation claims against Oakbrook Securities Corporation, Harbour Investments, Inc., D.E. Frey & Co., Inc., and James F. Glaza. We affirm in part and reverse in part.

The security fraud claims are grounded on [section 517.301, Florida Statutes](#), an anti-fraud provision of the Florida Securities and Investor Protection Act a/k/a The Florida

Blue Sky Law. The trial court dismissed the claims brought under Chapter 517 because it is undisputed that the sales of the securities involved were not made in Florida. They occurred entirely in other states. Plaintiffs argue that they should be able to invoke Chapter 517, even though the sales occurred in other states, because the securities consisted of stock in **\*1101** a company which was incorporated in Florida and had its principal place of business in Florida.

[1][2] The issue as to whether these claims can be brought under Chapter 517 is one of first impression in Florida; however, other courts considering the issue have uniformly rejected applying one state's blue sky law where the sale of the security occurred entirely in another state.

In *Singer v. Magnavox Co.*, 380 A.2d 969 (Del.1977), overruled on other grounds, *Weinberger v. UOP, Inc.*, 457 A.2d 701 (Del.1983), plaintiffs brought a class action alleging violations of the Delaware Securities Act, even though the activity violating the act occurred in another state. The Delaware Supreme Court refused to apply the Delaware Act, stating:

There is, of course, a presumption that a law is not intended to apply outside the territorial jurisdiction of the State in which it is enacted, and that principle is applicable to a Blue Sky Law.

*Id.* at 981-82 (citations omitted); see also *Arizona Corp. Comm'n v. Media Prods., Inc.*, 158 Ariz. 463, 763 P.2d 527, 531 (Ct.App.1988)(extraterritorial application of a state's blue sky law would violate the Commerce Clause of the United States Constitution); *Cors v. Langham*, 683 F.Supp. 1056 (E.D.Va.1988)(complaint did not state a claim under Maryland Securities Act because acts complained of took place in Virginia); *McCullough v. Leede Oil & Gas, Inc.*, 617 F.Supp. 384 (W.D.Okla.1985)(Oklahoma Securities Act not applicable to sale conducted in another state).

[3] The trial court dismissed the Chapter 517 claims on the ground that it did not have subject matter jurisdiction. Because the trial court is a court of general jurisdiction, it did have subject matter jurisdiction over these claims. But, because it is undisputed that the securities sales occurred entirely in other states, and because plaintiffs seek only to allege blue sky violations under Chapter 517, Florida Statutes, those claims should have been dismissed for failure to state a cause of action. We therefore affirm the dismissal, but on a different ground.

[4] The trial court also dismissed the negligent misrepresentation claims, stating that it had no subject matter jurisdiction over those claims as well. Because the trial court is a court of general jurisdiction, it had subject matter jurisdiction over the tort claims. *White v. Pepsico., Inc.*, 568 So.2d 886, 888 (Fla.1990). And the court had personal jurisdiction over the defendants. We therefore reverse the dismissal of the negligent misrepresentation claims.

AFFIRMED in part; REVERSED in part; and REMANDED.

[GUNTHER](#), [FARMER](#) and [KLEIN](#), JJ., concur.

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