

MAINE STATE LEGISLATURE

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EIGHTY-FOURTH LEGISLATURE

House Document

No. 453

H. P. 727 House of Representatives, February 22, 1929.

Reported by Mr. Tucker of Sanford from Committee on Public Utilities and laid on table to be printed under joint rules.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Kitchen of Presque Isle.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-NINE

AN ACT to Empower the Westfield Electric Company to Sell
its Property to Gould Electric Company, and for Other
Purposes.

Be it enacted by the People of the State of Maine, as follows:

Section 1. The Westfield Electric Company, a corpora-
2 tion organized under the general law of Maine in nineteen
3 hundred sixteen, is hereby authorized and empowered to
4 sell to Gould Electric Company its franchises and entire
5 property including its corporate rights and privileges essen-
6 tial to the conduct of its corporate business and purposes
7 and to receive in payment therefor one hundred shares of
8 the capital stock of said Gould Electric Company plus the

9 assumption by said Gould Electric Company of all the in-
10 debtedness of the said The Westfield Electric Company;
11 and Gould Electric Company is hereby authorized to pur-
12 chase said franchises and property for the consideration
13 hereinabove set forth. Notwithstanding any lack of author-
14 ity or illegality in the original issue of the stock of said
15 The Westfield Electric Company, the holders in good faith
16 of its certificates of stock are declared to be stockholders
17 and their acts and doings as such stockholders are hereby
18 ratified, validated and confirmed; the election of the officers
19 of said The Westfield Electric Company is hereby validated
20 and confirmed.

Sect. 2. The sale by Ashland Electric Light and Power
2 Company, Cyr Electric Company, Easton Electric Com-
3 pany, Fort Kent Electric Company, Katahdin Electric Com-
4 pany, Maple Grove Electric Company, Mapleton Electric
5 Company, Milo Electric Light and Power Company, Pres-
6 tile Electric Company, Sherman Electric Company and
7 Stockholm Light and Power Company of all their franchises
8 and entire property including their corporate rights and
9 privileges essential to the conduct of their corporate busi-
10 nesses and purposes to Gould Electric Company as approved
11 by the Public Utilities Commission of Maine by its decree
12 number U. No. 1023 dated November sixteen, nineteen hun-
13 dred twenty-eight and its supplemental decree of the same
14 number dated January first, nineteen hundred twenty-nine
15 is hereby ratified, approved and confirmed and said Gould

16 Electric Company is hereby empowered to exercise all the
17 charter rights of said selling corporations.

Sect. 3. Gould Electric Company is further authorized
2 and empowered to extend its transmission lines into Lake
3 View Plantation in the county of Piscataquis and state of
4 Maine.

STATEMENT OF FACTS

On September 17, 1928, a petition was filed with the Public Utilities Commission by Ashland Electric Light and Power Company, Cyr Electric Company, Easton Electric Company, Fort Kent Electric Company, Katahdin Electric Company, Maple Grove Electric Company, Mapleton Electric Company, Milo Electric Light and Power Company, Prestile Electric Company, Sherman Electric Company, Stockholm Light & Power Company and The Westfield Electric Company asking for authority to sell to Gould Electric Company all the properties, rights, privileges and franchises of every kind and nature of said selling petitioners as of June 30, 1928 subject to the then existing indebtedness, contracts, leases and other corporate obligations of every kind and character of and against said selling petitioners, all of which said Gould Electric Company agreed to assume, pay, perform and discharge, the purchase price (with an immaterial exception in the case of Stockholm Light & Power Company) to be stock of the Gould Electric Company equal in amount to the outstanding stock of the selling petitioners par for par.

Hearings were had upon this petition and on November 16, 1928 the Public Utilities Commission by its decree U. No. 1023 approved of all the proposed sales except the sales by The Westfield Electric Company and Cyr Electric Company to Gould Electric Company. By its supplemental decree in the same case dated January 1, 1929 further approval was given for the sale by Cyr Electric Company to Gould Electric Company.

It appeared at the hearing that the stock of The Westfield Electric Company had originally been issued in 1916 without the approval of the Public Utilities Commission as required by section thirty-seven of chapter fifty-five of the revised statutes. There was nothing to show that the failure to obtain the approval of the commission to the original issue of stock was not in good faith and it appeared affirmatively that the present holders of stock certificates acquired their "stock" in good faith for a valuable consideration without any knowledge whatever of the defect in the original issue. Without knowledge of any defect in the original issue of the stock they had

elected the present officers and directors of the company. Said directors on July 17, 1928 had voted in favor of this sale and the holders of the stock certificates at a meeting on August 1, 1928 had ratified and approved the vote of the directors. Nevertheless the Public Utilities Commission ruled as a matter of law on the authority of certain Massachusetts cases, notably: Attorney General v. Massachusetts Pipe Line Gas Co., 179 Mass. 15; Falmouth v. Falmouth Water Co., 180 Mass. 385; Smith v. Worcester & Southbridge Street Railway Company, 224 Mass. 564; Re Richards Trucking & Warehouse Co., Public Utility Reports 1926 E 342; that the purported stock issued without the approval of the commission was not merely voidable but absolutely void. The consequence of the commission's ruling was to render void all the acts and doings of the supposed stockholders and directors and to make it impossible to sell or otherwise deal with the assets of the corporation notwithstanding the fact that all the persons interested therein were desirous of effecting said sale to Gould Electric Company. In this peculiar situation the only relief which can be sought by those holding the purported stock of the company is by application to the legislature to confirm their position as stockholders and allow the sale pursuant to their wishes.

The purpose of section 2 is simply to give legislative recognition to the decree of the Utilities Commission and in particular to remove any doubt whatever might otherwise exist under section 40 of chapter 55 of the revised statutes as to the authority of the Gould Electric Company under its charter to exercise the charter rights of the various selling corporations.

Gould Electric Company desires to extend its transmission lines into Lakeview Plantation which lies without its present chartered territory. By section 3 hereof it seeks legislative authorization so to do.