

# MAINE STATE LEGISLATURE

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# Sixty-Fifth Legislature.

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HOUSE.

No. 176.

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## STATE OF MAINE.

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IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED  
AND NINETY-ONE.

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AN ACT to define the Rights of Minority Stockholders.

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*Be it enacted by the Senate and House of Representatives  
in Legislature assembled, as follows :*

SECTION 1. No corporation shall sell, lease or in any  
2 manner part with its franchises except with the consent of  
3 its stockholders at an annual or special meeting, the call  
4 for which shall give suitable notice of the subject matter  
5 of the proposed sale, lease or consolidation. All such  
6 sales, leases and transfers shall be subject to the pro-  
7 visions of this act, and to the prior liens of stockholders as  
8 herein defined.

SECT. 2. If any stockholder in any corporation, which  
2 shall vote to sell or lease its property and franchise, or to

3 unite in any way with any other corporation, shall vote in  
4 the negative and shall file his written dissent therefrom  
5 with the president, clerk or treasurer of such corporation  
6 within one month from the day of such vote, the corpora-  
7 tion in which he is a stockholder shall within three  
8 months after such dissent is so filed enter a petition with  
9 the supreme judicial court, sitting in equity, in the county  
10 where it held its last annual meeting, in term time or in  
11 vacation, setting forth in substance the material facts of  
12 the transaction, the action of the corporations thereon,  
13 the names and residence of all dissenting stockholders  
14 whose dissents were so filed, making such dissenting  
15 stockholders parties thereto, and praying that the value  
16 of the shares of the dissenting stockholders may be deter-  
17 mined, and for other appropriate relief.

SECT. 3. If any such corporation shall fail to enter such  
2 petition during said three months, any stockholder dis-  
3 senting as aforesaid may within three months thereafter  
4 enter such petition and prosecute the same in the name  
5 and at the expense of such corporation. In either case  
6 the court shall fix the time of hearing and shall order  
7 notice thereof to all parties interested by publication in  
8 some newspaper or newspapers at least two weeks suc-  
9 cessively, and such personal service as is required upon  
10 bills in equity. If there are stockholders in any such  
11 corporation so voting who are minors or insane, or other-  
12 wise legally incapacitated, and have no guardians or other  
13 persons legally authorized to act for them, the court,  
14 before hearing the case, shall appoint suitable persons to  
15 act for such stockholders, and such corporation shall  
16 before final decree pay such persons for their services and

17 disbursements such amounts as may be allowed by the  
18 court.

SECT. 4. The court, or any justice thereof, in term  
2 time or in vacation, shall hear the parties and determine as  
3 soon as practicable the value of the stock of such dissent-  
4 ing stockholders and of all other non-assenting stock-  
5 holders made parties; and shall make and enforce all  
6 such orders and decrees as may be necessary to secure to  
7 such stockholders all their rights. The petitioning cor-  
8 poration shall, notwithstanding any appeal as hereinafter  
9 authorized, forthwith pay or tender to the defendants the  
10 amounts so awarded, and, if refused, the same shall be  
11 deposited with the State Treasurer, to be by him held in  
12 trust for and paid to the parties designated by the court  
13 in the order directing such deposit. Upon such payment  
14 or deposit, the shares of such stockholders shall become  
15 the property of such petitioning corporation, and the court  
16 may make and enforce such orders as may be necessary  
17 to secure its title thereto; and such corporation may  
18 thereupon complete its contract of sale, lease or union,  
19 after due proof of such payment or deposit and by appro-  
20 priate decree of court.

SECT. 5. Within thirty days after filing the decree  
2 determining such values, as aforesaid, any stockholder, or  
3 his representative as above provided, aggrieved thereby,  
4 may enter an appeal therefrom, to be heard at the next  
5 term of the supreme judicial court in the county where  
6 such petition is pending. The issue may thereupon, at  
7 the request of any party thereto, be submitted to a jury.  
8 If upon such trial the amount of such award is increased,  
9 the appellant shall have judgment and execution against

10 the petitioning corporation for such increase with interest  
11 and costs; and if not increased, such corporation shall  
12 have judgment and execution against the appellant for any  
13 decrease with interest and costs. During the pendency of  
14 such appeal, the appellant shall have a lien upon all the  
15 property of the corporation interested in such sale or  
16 lease, or union for thirty days after judgment on appeal.  
17 Such lien shall have precedence over any transfer of any  
18 kind made after any vote of sale, lease or union. Two  
19 or more stockholders may join in the same appeal.

SECT. 6. Any stockholder failing to file his dissent as  
2 required in section two shall be deemed to have assented  
3 to such vote. If no dissents are so filed, either corpora-  
4 tion interested may file its petition, as herein authorized,  
5 and, after notice and hearing, have such sale, lease or  
6 union confirmed, upon proof that all stockholders inter-  
7 ested and legally competent to act have assented thereto  
8 or waived their dissent as aforesaid. If it appears that  
9 any stockholder is legally incapacitated from giving such  
10 assent or waiver, the court shall appoint suitable guardians  
11 or representatives for such persons and the case shall then  
12 be heard and determined as if such stockholders had filed  
13 their dissent as required by section two. *Provided, how-*  
14 *ever,* that, if the proceedings authorized by this section  
15 are not had, then as against any stockholder who is a  
16 minor, or otherwise legally incapacitated, and who has  
17 no guardian, the period of one month in which to file the  
18 written dissents aforesaid shall not begin to run until the  
19 removal of the incapacity by the appointment of a guar-  
20 dian or otherwise and actual notice of the vote of sale,  
21 lease or union.

SECT. 7. Every stockholder appearing in answer to, or  
2 filing any petition, by himself, guardian or other legal  
3 representative, shall simultaneously therewith or within  
4 such time as the court may allow, deposit in court his  
5 certificate of shares duly endorsed to the corporation of  
6 which he is a shareholder, or some other sufficient transfer  
7 thereof, which shall there remain subject to the order of  
8 the court. All attachments and transfers of such shares  
9 shall be subject to the final decrees in such proceeding;  
10 and any such attaching creditor or transferee shall be  
11 allowed to become a party to the proceedings to protect  
12 his interests; and if such person, so claiming under such  
13 transfer or attachment omits or fails to intervene in such  
14 proceedings, his omission as a party shall not bar or impair  
15 the proceedings.

SECT. 8. If none of the corporations interested in such  
2 petition shall pay or deposit the amount as herein ascer-  
3 tained and decreed, with interest thereon, within such  
4 time as the court shall order, any stockholder, entitled to  
5 such amount, may at his option take judgment and execu-  
6 tion for such amount, with interest and costs, against such  
7 petitioning corporation or withdraw his stock aforesaid;  
8 and after such withdrawal or if said execution is returned  
9 unsatisfied within thirty days after judgment, the owner  
10 of such shares shall retain all the rights of a dissenting  
11 stockholder as though no proceedings had taken place,  
12 and the corporations interested shall, on motion and hear-  
13 ing, be enjoined from completing any such sale, lease or  
14 union until the amounts due upon the stock of non-assent-  
15 ing stockholders shall be paid or secured. All stock-  
16 holders entitled to a remedy hereunder shall have a lien

17 upon the property of the corporations in which they are  
18 stockholders which shall take precedence of all sales,  
19 leases, or transfers of any kind made after any vote of  
20 sale, lease or union.

SECT. 9. The supreme judicial court, or any justice  
2 thereof, may in term time or vacation hear and deter-  
3 mine said petitions, and make all orders for giving notice  
4 to non-resident parties, and taking action with reference  
5 to them, for the enforcement of the rights of any party to  
6 the proceeding, for the consolidation of two or more peti-  
7 tions, for the payment of interest on the adjudged value  
8 of the shares, for the payment of dividends pending the  
9 proceedings, for the distribution of costs between the  
10 parties and for enforcing its orders and decrees, as are  
11 consistent with the principles of equity practice, and as  
12 the convenient and speedy settlement of the controversy  
13 may require.

SECT. 10. If any petition shall fail for any matter of  
2 form, any party interested therein may file a new petition  
3 within two months thereafter. No petition shall be abated  
4 by the death of any party, but may thereupon be summa-  
5 rily revived by suggestion and amendment.

SECT. 11. This act shall not apply to nor affect any  
2 pending action at law or in equity or cause of action, legal  
3 or equitable, heretofore accrued.





## STATE OF MAINE.

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HOUSE OF REPRESENTATIVES, }  
February 27, 1891. }

Tabled pending reference to Committee on Judiciary, by Mr. SAVAGE  
of Auburn, and ordered printed.

W. S. COTTON, *Clerk.*