

MAINE STATE LEGISLATURE

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NEW DRAFT.

Sixty-Fifth Legislature.

HOUSE.

No. 252.

STATE OF MAINE.

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

AN ACT to define the Rights of Minority Stockholders.

*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 notice of the subject matter of the pro-
5 posed sale, lease or consolidation. All such sales, leases
6 and consolidations shall be subject to the provisions of this
7 act, and to the prior liens of stockholders as herein defined.

SECT. 2. If any stockholder in any corporation, which

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

SECT. 3. If any such corporation shall fail to enter such
2 petition as aforesaid, any stockholder dissenting as afore-
3 said may within one month thereafter enter such petition
4 and prosecute the same making such corporation party
5 defendant. In either case the court shall fix the time of
6 hearing and shall order notice thereof to all parties inter-
7 ested by publication in some newspaper or newspapers at
8 least two weeks successively, and such personal service as
9 is required upon bills in equity.

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 shall make and enforce all such
5 orders and decrees as may be necessary to secure to such
6 stockholders all their rights. Such corporation shall,
7 notwithstanding any appeal as hereinafter authorized,

8 forthwith deposit the amounts so awarded, in some bank
9 or trust company designated by the court, to be by it held
10 until final judgment and paid to the parties as thereafter-
11 wards ordered by the court directing such deposit. Upon
12 such deposit and upon compliance with final judgment as
13 hereinafter ordered the shares of such stockholders shall
14 become the property of such corporation, and the court
15 may make and enforce such orders as may be necessary
16 to secure its title thereto.

SECT. 5. Within thirty days after filing the decree
2 determining such values, as aforesaid, either party may
3 enter an appeal therefrom, to be heard at the next term
4 of the supreme judicial court in the county where such
5 petition is pending. The issue may thereupon, at the
6 request of any party thereto, be submitted to a jury. If
7 upon such trial the amount of such award is increased, the
8 stockholder shall have judgment and execution against
9 the petitioning corporation or corporation defending for
10 such increase with interest and costs; and if not increased,
11 such corporation may withdraw from said deposit the
12 amount of the decrease with interest and costs. During
13 the pendency of such appeal, the appellant shall have a
14 lien upon all the property of the corporation interested in
15 such sale or lease, or consolidation for thirty days after
16 judgment on appeal. Such lien shall have precedence
17 over any mortgages or leases made after any vote of sale,
18 lease or consolidation. All such liens may be released
19 upon filing with the court a bond in such amount and with
20 such sureties as the court may approve. Two or more
21 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 it appears that any stockholder is legally
4 incapacitated from giving such assent or waiver, the court
5 shall appoint suitable guardians or representatives for
6 such persons and the case shall then be heard and deter-
7 mined as if such stockholders had filed their dissent as
8 required by section two. *Provided, however,* that, if
9 the proceedings authorized by this act are not had, then as
10 against any stockholder who is a minor, or otherwise
11 legally incapacitated, and who has no guardian, the period
12 of one month in which to file the written dissents afore-
13 said shall not begin to run until the removal of the inca-
14 pacity by the appointment of a guardian or otherwise and
15 actual notice of the vote of sale, lease or consolidation.

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 therefor, with interest and costs, against such cor-
7 poration or withdraw his stock aforesaid; and after such
8 withdrawal or if said execution is returned unsatisfied
9 within thirty days after judgment, the owner of such
10 shares shall retain all the rights of a dissenting stockholder
11 as though no proceedings had taken place. All stock-
12 holders entitled to a remedy hereunder shall have a lien
13 upon the property of the corporations in which they are
14 stockholders which shall take precedence of all mortgages
15 or leases of any kind made after any vote of sale, lease or
16 consolidation. Such liens may be released as provided in
17 section five.

SECT. 9. The supreme judicial court, or any justice
2 thereof, may in term time or vacation hear and determine
3 said petitions, and make all orders for giving notice to
4 non-resident parties, and taking action with reference to
5 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 interest upon the deposit aforesaid for the
10 distribution of costs between the parties and for enforcing
11 its orders and decrees, as are consistent with the principles
12 of equity practice, and as the convenient and speedy
13 settlement of the controversy 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 effect any
2 pending action at law or in equity or cause of action, legal
3 or equitable, heretofore accrued; nor any special acts rela-
4 ing to the rights of minority stockholders in any particular
5 corporations enacted heretofore or by the present legislature,
6 nor to any mortgage legally made.

SECT. 12. In the event either of the corporations inter-
2 ested has consolidated its stock with corporations created
3 by any other state or states, or the stock therein is held
4 by virtue of concurrent legislation of one or more states,
5 and proceedings have been commenced for valuing the
6 stock and paying the value thereof in any state having
7 jurisdiction, such proceedings shall, while pending, be a
8 bar to any under this statute; but if such proceedings in
9 any other state shall fail for any reason not touching the
10 merits, a petition may be filed as herein provided within
11 two months thereafter.



STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
March 12, 1891. }

Reported by Mr. SAVAGE of Auburn, from Committee on Judiciary,
and ordered printed under joint rules.

W. S. COTTON, *Clerk.*