

# MAINE STATE LEGISLATURE

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# EIGHTY - THIRD LEGISLATURE

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**House Document**

**No. 102**

H. P. 389                      House of Representatives, Feb. 9, 1927.

Referred to Committee on Public Utilities and 500 copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Hammond of Van Buren.

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## STATE OF MAINE

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

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AN ACT Relating to Increases in the Capital Stock of Railroad Corporations.

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

Section 1. That section twenty-one of chapter fifty-six of  
2 the revised statutes of Maine, revision of nineteen hundred  
3 and sixteen, be amended

(a) By striking out in the first sentence thereof, the  
2 words "under the provisions of the preceding section," and  
3 also by striking out the words "at such price, not less than  
4 the par value thereof, as shall be determined by its stock-  
5 holders" and by substituting therefor the following: 'at  
6 such price as shall be approved by them and by the public  
7 utilities commission,' so that, as amended, said sentence shall  
8 read as follows:

‘Whenever a railroad corporation which is in actual possession of and operating a railroad increases its capital stock the new shares shall be offered proportionately to its stockholders at such price as shall be approved by them and by the public utilities commission.’

(b) By striking out in the second sentence thereof, the words “The directors, upon the approval of such increase as provided in the preceding section,” so that, as amended, said sentence shall read as follows:

‘The directors shall cause written notice of such increase to be given to each stockholder of record upon the books of the company at the date of the vote to increase, stating the amount of the increase, the number of shares or fraction of shares to which, according to the proportionate number of his shares at the date of the vote to increase, he is entitled, the price at which he is entitled to take them, and fixing a time not less than fifteen days after the date of such vote to increase within which he may subscribe for such additional stock.’

(c) By striking out the period (.) at the end of the third sentence thereof, substituting a semi-colon (;) therefor and by adding the following: ‘in the absence of charter provisions to the contrary, subscriptions may not be made for fractions of shares, but rights to subscribe for such fractions may be combined to create rights of subscription to full shares.’

(d) By striking out in the fourth sentence thereof the

2 words “may sell the same at auction to the highest bidder  
3 at not less than the par value thereof,” and substituting  
4 therefor the following: ‘may sell the same in such manner,  
5 under such conditions, at such price and on such terms as  
6 the public utilities commission shall approve in an order  
7 issued pursuant to a petition or application filed with it  
8 under the requirements of the preceding section.’

(e) By striking out the fifth, sixth and seventh sentences  
2 thereof and substituting therefor the following: ‘If, after  
3 the expiration of the notice above provided for, any shares  
4 of such stock remain unsubscribed for by the stockholders,  
5 or their assignees, entitled to take them, the directors may  
6 sell the same in such manner, under such conditions, at such  
7 price and on such terms as the public utilities commission  
8 shall approve in an order issued pursuant to a petition or  
9 application filed with it under the requirements of the pre-  
10 ceding section.’

(f) By striking out in the last sentence thereof the word  
2 “fixed” wherever it appears in said sentence and substituting  
3 therefor the word ‘approved,’ and also by striking out the  
4 period (.) at the end of said sentence and substituting there-  
5 for a comma (,) and by adding the following: ‘or the said  
6 commission may make its approval conditional upon such  
7 stock being issued or sold at a price not less than that which  
8 the commission shall determine.’

Sect. 2. That said section twenty-one of chapter fifty-six.

2 of the revised statutes of Maine, revision of nineteen hun-  
3 dred and sixteen, as amended, shall read as follows:

‘Sect. 21. WHEN STOCK IS INCREASED IT SHALL  
2 BE OFFERED TO STOCKHOLDERS PROPORTION-  
3 ATELY; NOTICE TO EACH STOCKHOLDER; SALE  
4 OF SHARES UNSUBSCRIBED FOR. R. S. c. 51, Sec.  
5 21. 1909, c. 32. Whenever a railroad corporation which  
6 is in actual possession of and operating a railroad increases  
7 its capital stock the new shares shall be offered proportion-  
8 ately to its stockholders at such price as shall be approved  
9 by them and by the public utilities commission. The direc-  
10 tors shall cause written notice of such increase to be given  
11 to each stockholder of record upon the books of the com-  
12 pany at the date of the vote to increase, stating the amount  
13 of the increase, the number of shares or fraction of shares  
14 to which, according to the proportionate number of his  
15 shares at the date of the vote to increase, he is entitled, the  
16 price at which he is entitled to take them, and fixing a time  
17 not less than fifteen days after the date of such vote to  
18 increase within which he may subscribe for such additional  
19 stock. Each stockholder may, within the time limited, sub-  
20 scribe for his portion of such stock, which shall be paid  
21 for in cash before the issue of a certificate therefor; in the  
22 absence of charter provisions to the contrary, subscriptions  
23 may not be made for fractions of shares, but rights to  
24 subscribe for such fractions may be combined to create  
25 rights of subscription to full shares. Provided, that when

26 the increase in the capital stock does not exceed four per  
27 cent of the existing capital stock of the corporation, the  
28 directors, without first offering the same to the stockholders,  
29 may sell the same in such manner, under such conditions,  
30 at such price and on such terms as the public utilities com-  
31 mission shall approve in an order issued pursuant to a  
32 petition or application filed with it under the requirements  
33 of the preceding section. If, after the expiration of the  
34 notice above provided for, any shares of such stock remain  
35 unsubscribed for by the stockholders, or their assignees,  
36 entitled to take them, the directors may sell the same in  
37 such manner, under such conditions, at such price and on  
38 such terms as the public utilities commission shall approve  
39 in an order issued pursuant to a petition or application filed  
40 with it under the requirements of the preceding section.  
41 Provided, further, that the determination by the public  
42 utilities commission, under the provisions of the preceding  
43 section, as to the amount of such increase, shall be based  
44 upon the price at which such stock is to be issued as ap-  
45 proved by the stockholders, and that said commission shall  
46 refuse to approve any particular issue of stock if, in their  
47 opinion, the price approved by the stockholders is so low as  
48 to be inconsistent with the public interest, or the said com-  
49 mission may make its approval conditional upon such stock  
50 being issued or sold at a price not less than that which the  
51 commission shall determine.'