

MAINE STATE LEGISLATURE

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EIGHTY-FOURTH LEGISLATURE

House Document

No. 139

H. P. 429 House of Representatives, Jan. 31, 1929.

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.

STATE OF MAINE

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

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

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

That section twenty-one of chapter fifty-six of the revised
2 statutes of Maine, revision of 1916, as amended by chapter
3 forty-three of the public laws of 1927, is hereby amended
4 by striking out the second sentence thereof now reading:
5 "The directors shall cause written notice of such increase
6 to be given to each stockholder of record upon the books
7 of the company at the date of the vote to increase, stating
8 the amount of the increase, the number of shares or fraction

9 of shares to which, according to the proportionate number
10 of his shares at the date of the vote to increase, he is en-
11 titled, the price at which he is entitled to take them, and
12 fixing a time not less than fifteen days after the date of
13 such vote to increase within which he may subscribe for
14 such additional stock," and by substituting therefor the
15 following: 'The stockholders who shall be entitled to sub-
16 scribe to such new shares shall be the stockholders of record
17 upon the books of the company at such date as the stock-
18 holders may determine or at such date as the directors may
19 determine provided the stockholders shall delegate the de-
20 termination of the date to the directors; the directors shall
21 cause written notice of such increase to be given to each
22 stockholder entitled to subscribe for the new shares, stating
23 the amount of the increase, the number of shares, or frac-
24 tion of shares to which, according to the proportionate
25 number of his shares at the date of the accrual of his rights
26 he is entitled, the price at which he is entitled to take them,
27 and fixing a date within which he may subscribe for such
28 additional stock,' so that said section, as amended, shall read
29 as follows:

'Sect. 21. Whenever a railroad corporation which is in
2 actual possession of and operating a railroad increases its
3 capital stock the new shares shall be offered proportionately
4 to its stockholders at such price as shall be approved by
5 them and by the public utilities commission. The stock-
6 holders who shall be entitled to subscribe to such new

7 shares shall be the stockholders of record upon the books
8 of the company at such date as the stockholders may de-
9 termine or at such date as the directors may determine pro-
10 vided the stockholders shall delegate the determination of
11 the date to the directors; the directors shall cause written
12 notice of such increase to be given to each stockholder
13 entitled to subscribe for the new shares, stating the amount
14 of the increase, the number of shares, or fraction of shares
15 to which, according to the proportionate number of his
16 shares at the date of the accrual of his right he is entitled,
17 the price at which he is entitled to take them, and fixing
18 a date 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 sub-
24 scribe for such fractions may be combined to create rights
25 of subscription to full shares. Provided, that when the
26 increase in the capital stock does not exceed four per cent
27 of the existing capital stock of the corporation, the direc-
28 tors, 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 peti-
32 tion or application filed with it under the requirements of
33 the preceding section. If, after the expiration of the notice

34 above provided for, any shares of such stock remain un-
35 subscribed for by the stockholders, or their assignees, en-
36 titled to take them, the directors may sell the same in such
37 manner, under such conditions, at such price and on such
38 terms as the public utilities commission shall approve in an
39 order issued pursuant to a petition or application filed with
40 it under the requirements of the preceding section. Pro-
41 vided, further, that the determination by the public utilities
42 commission, under the provisions of the preceding section
43 as to the amount of such increase, shall be based upon the
44 price at which such stock is to be issued as approved by
45 the stockholders, and the said commission shall refuse to
46 approve any particular issue of stock if, in their opinion,
47 the price approved by the stockholders is so low as to be
48 inconsistent with the public interest, or the said commis-
49 sion 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.'