

# MAINE STATE LEGISLATURE

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NEW DRAFT

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EIGHTY-FIFTH LEGISLATURE

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Legislative Document

No. 916

S. P. 572

In Senate, March 20, 1931.

Reported by Senator Southard of Kennebec from Committee on Legal Affairs and laid on table to be printed under Joint Rules.

ROYDEN V. BROWN, Secretary.

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STATE OF MAINE

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

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AN ACT with reference to changes in the Capital of Corporations.

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

Section 1. Sections fifty-one to fifty-five, inclusive, of chapter fifty-six of the revised statutes are hereby repealed.

Sec. 2. Chapter fifty-six of the revised statutes is hereby amended by adopting a new section to be numbered section fifty-one, which said section shall read as follows:

'Sec. 51. Any corporation may reduce its capital at any time by the written consent of stockholders of record representing a majority of the voting power on such a proposal or by resolution adopted by stockholders of record representing a majority of the voting power on such a proposal, at a meeting of the stockholders duly called, when notice shall have been given of such proposed action in the call therefor. A certificate stating the fact of such consent or the adoption of such resolution shall be made by the clerk of the corporation and filed with the secretary of state within twenty days after the date of such consent or the adoption of such resolution. Upon such filing the capital of the corporation shall thereby be so reduced. No such reduction shall be made in the capital of the corporation unless the assets of the corpora-

tion remaining after such reduction are sufficient to pay any debts the payment of which shall not have been otherwise provided for, and said certificate shall so state.

Such reduction of the capital of the corporation may be effected

(a) by reducing the par value of shares of any class of stock having par value or the amount of capital represented by shares of stock having no par value, or

(b) by retiring shares already owned by the corporation, or

(c) by retiring or reducing pro rata the outstanding stock of any class, or

(d) by the exchange of stock having par value for stock having no par value, or

(e) by the exchange by the holders of outstanding stock of any class of the stock of such class held by them for a decreased number of shares of stock of the same class or for the same or a different number of shares of stock of a different class of stock, or

(f) by the purchase of shares for retirement either pro rata from all holders of shares of that class of stock or by purchasing such shares from time to time in the open market or at private sale, in both cases at not exceeding such price or prices as may be fixed or approved by the stockholders entitled to vote upon the reduction of capital to be effected in that manner; provided, however, that nothing herein contained shall be construed as preventing a corporation from purchasing its own shares of stock when it may legally so do, upon authority of its board of directors.

If shares having a par value are retired, an amount not exceeding the aggregate par value of such shares may be charged against or paid out of the capital of the corporation in respect of such shares having par value, and if shares having no par value are retired, an amount not exceeding that part of the capital of the corporation represented by such shares pursuant to the provisions of section nineteen of this chapter may be charged against or paid out of the capital of the corporation in respect of such shares having no par value.

Stock retired pursuant to the provisions of this section shall have the status of authorized but unissued stock, and such

authorized unissued stock may be reduced pursuant to the provisions of section forty-eight of this chapter either simultaneously with or subsequently to the reduction of capital authorized hereunder.

This section shall not be taken as implying that the capital of any corporation could not have been so reduced under the law as it existed prior to the date this section becomes effective; and all reductions of capital which could be accomplished under this section, with respect to which a certificate or notice has been filed with the secretary of state prior to the date this section becomes effective, are hereby declared to have been valid.'