

MAINE STATE LEGISLATURE

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E I G H T Y - N I N T H L E G I S L A T U R E

Legislative Document

No. 64

H. P. 248

House of Representatives, January 19, 1939.

Referred to the Committee on Judiciary. Sent up for concurrence and 500 copies ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Weatherbee of Lincoln.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-NINE

**AN ACT Relating to the Reorganization of Corporations Under the
National Bankruptcy Act.**

Emergency preamble. Whereas, as a result of the world wide depression, heretofore and now existing, the National Bankruptcy Act of the United States of America has been amended to permit the reorganization of corporations and the reclassification of corporate structures, and

Whereas, present statutory provisions require that corporate changes be authorized by action of the stockholders at meetings legally convened for the purpose and forbid changes in stock priorities and preferences except by vote of 80% of each and every class of stock affected by any proposed change, and

Whereas, several corporations, the securities of which are largely held by citizens and institutions of this state and upon employment by which many of its citizens are dependent for their livelihood, are now in process of reorganization under the provisions of the National Bankruptcy Act, and delay in the reorganization of such corporations may have serious consequences to the security owners thereof and to the citizens of this state employed thereby, for which reasons it is desirable to authorize with a minimum of delay any and all corporate changes which may be appropriate under the provisions of the National Bankruptcy Act, and

Whereas, in the judgment of this legislature, the facts hereinbefore set forth create an emergency, within the meaning of section 16 of Article XXXI of the constitution of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health, and safety; now, therefore,

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

Sec. 1. R. S., c. 56, § 52, additional. Chapter 56 of the revised statutes is hereby amended by adding thereto a new section to be numbered section 52 and to read as follows:

‘Sec. 52. Reorganizations under National Bankruptcy Act. (1) Any corporation now or hereafter organized under this chapter or existing under the laws of this state, a plan of reorganization of which, pursuant to the provisions of the Act of Congress of July 1, 1898, entitled “An Act to Establish a Uniform System of Bankruptcy Throughout the United States,” as now or hereafter amended and supplemented (herein referred to as the National Bankruptcy Act), has been or shall be confirmed by the decree or order of a court of competent jurisdiction, shall have full power and authority to put into effect and carry out the plan and the decrees and orders of the court or judge relative thereto and may take any proceeding and do any act provided in the plan or directed by said decrees and orders, without further action by its directors or stockholders. Such power and authority may be exercised, and such proceedings and acts may be taken, as may be directed by such decrees or orders, by the trustee or trustees of such corporation appointed in the reorganization proceedings (or a majority thereof), or if none be appointed and acting, by designated officers of the corporation, or by a master or other representative appointed by the court or judge, with like effect as if exercised and taken by unanimous action of the directors and stockholders of the corporation.

(2) Such corporation may, in the manner above provided, but without limiting the generality or effect of the foregoing, and always in accordance with the plan of reorganization so confirmed, alter, amend or repeal its by-laws; change its name; constitute or reconstitute and classify or reclassify its board of directors, and name, constitute and appoint directors and officers in place of or in addition to all or some of the directors or officers then in office; amend its certificate of organization and make any change in its capital or capital stock, including the cancellation in whole or in part of any or all classes of existing stock, with or without the substitution of a new class or classes of stock, whether or not such change would alter the preferences given to any one or more classes of stock by

taking away any right or preference previously belonging thereto, or may make any amendment, change, alteration or provision authorized by this chapter; be dissolved, merge or consolidate, sell, lease, or in any manner part with its franchises or property, or transfer all or part of its assets as permitted by this chapter; change the location of its principal office; authorize and fix the terms, manner and conditions of the issuance of bonds, debentures or other obligations, and the security if any therefor whether or not the same be convertible into stock of any class, or bearing warrants or other evidences of optional rights to purchase or subscribe for stock of any class.

(3) No stockholder of any such corporation shall have the right of appraisal and payment for his shares provided in this chapter in a proceeding to which this section is applicable, except as otherwise provided in such plan of reorganization.

(4) A certificate, executed as hereinafter provided, of any amendment, change or alteration, or of dissolution, or of any merger or consolidation, made by such corporation pursuant to the foregoing provisions, shall be filed in the office of the secretary of state, and a certified copy thereof recorded in the office of the register of deeds of the county in which the principal place of business is located, and shall thereupon become effective in accordance with its terms and the provisions hereof. Such certificate shall be made, executed and acknowledged, as may be directed by such decrees or orders, by the trustee or trustees appointed in the reorganization proceedings (or a majority thereof), or if none be appointed and acting, by designated officers of the corporation, or by a master or other representative appointed by the court or judge, and shall certify that (a) provision for the making of such certificate is contained in the plan of reorganization or in a decree or order of the court or judge relative thereto; and (b) that the plan has been confirmed, as provided in the National Bankruptcy Act.

(5) The provisions of this section shall cease to apply to such corporation upon the entry of a final decree in the reorganization proceedings closing the case and discharging the trustee or trustees, if any.

(6) On filing any certificate made or executed pursuant to the provisions of this section there shall be paid to the secretary of state for the use of the state the same fees as are payable by corporations not in reorganization upon the filing of like certificates.'

Sec. 2. Emergency clause. In view of the emergency set forth in the preamble, this act shall take effect when approved. •