

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. 466

H. P. 1138

House of Representatives, February 7, 1939.

Referred to Committee on Banks and Banking. Sent up for concurrence and 500 copies ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Bird of Rockland.

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

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-NINE

**AN ACT Amending the Law Relating to the Issuance of Preferred Stock
by Trust Companies.**

Emergency preamble. Whereas, the present banking laws relating to the rights of preferred stockholders in trust companies, are doubtful and uncertain; and

Whereas, certain trust companies are about to be reorganized and it is necessary that the rights of such preferred stockholders be at once clarified and made more definite; and

Whereas, in the judgment of the legislature these facts 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 public peace, health and safety, now, therefore

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

R. S., c. 57, § 71-A, amended. The 1st, 3rd and 7th paragraphs of section 71-A of chapter 57 of the revised statutes as enacted by chapter 286 of the public laws of 1933, are hereby amended to read as follows:

'Notwithstanding any other provision of law, any company organized under sections 61 to 70, both inclusive, or any company organized under special act of the legislature, may, with the approval of the bank commissioner, by vote of stockholders owning a majority of the stock of such company, at a meeting duly called and held for that purpose, or by the agreement of association signed by, or vote of, its incorporators in case of a newly organized trust company which has not yet issued common stock, issue preferred stock of one or more classes in such amount and with such par value as shall be approved by the bank commissioner, and make such amendments to its Agreements of Association, Articles of Organization, **Articles of Association**, charter and/or by laws, as may be necessary for this purpose.'

'Notwithstanding any other provision of law, whether relating to restriction upon the payment of dividends upon capital stock, or otherwise, the holders of such preferred stock shall be entitled to receive such cumulative dividends at a rate not exceeding 6% per year **of the purchase price received by the company for said stock and in the event of the retirement of such stock to receive such retirement price not in excess of such purchase price plus all accumulated dividends as may be provided in the Agreements of Association, Articles of Organization, Articles of Association, Charter and/or by-laws, with the approval of the bank commissioner**, and shall have such voting rights, including that of cumulative voting (which may be granted also to the holders of common stock, and conversion rights and such control of management, and such stock shall be subject to retirement in such manner and ~~upon~~ **under** such conditions as may be ~~determined by such vote~~ **provided in the Agreements of Association, Articles of Organization, Articles of Association, Charter and/or by-laws**, with the approval of the commissioner.'

'No dividends shall be declared on common stock of such company until cumulative dividends on the preferred stock shall have been paid in full; and, if the company is placed in voluntary liquidation or a conservator or receiver is appointed therefor, no payments shall be made to the holders of the common stock until the holders of the preferred stock shall have been paid in full ~~the par value~~ **such amount as may be provided in the Agreements of Association, Articles of Organization, Articles of Association, Charter and/or by-laws, with the approval of the bank commissioner not in excess of such purchase price** of such preferred stock plus all accumulated dividends.'

Emergency clause. In view of the emergency created as recited in the preamble this act shall take effect when approved.