

HOUSE No. 892

By Mr. Hamilton of Cambridge (by request), petition of the Public Franchise League relative to concentration of ownership and control of gas, electric and water companies by holding companies. Power and Light.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Four.

An Act relative to the Concentration of Ownership and Control of Gas, Electric and Water Companies by Holding Companies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter one hundred and eighty-one
2 of the General Laws as amended is hereby further
3 amended by inserting after section ten the following
4 new section:—

5 *Section 10A.* If a foreign corporation, trust or
6 association acquires, directly or indirectly, ownership
7 or control of a majority of the common and other stock
8 having like voting powers of a domestic street railway,
9 gas or electric company, the supreme judicial court
10 shall have jurisdiction in equity to dissolve such do-
11 mestic company. If it appears to the attorney general
12 that such situation exists he shall institute proceedings
13 for such dissolution and for the proper disposition
14 of the assets of such company.

1 SECTION 2. Chapter one hundred and sixty-four
2 of the General Laws as amended is hereby further
3 amended by inserting after section ten the following
4 new section:—

5 *Section 10A.* Except as provided in sections nine
6 and nine A, no corporation subject to the provisions
7 of this chapter, unless authorized by a special act still
8 in force, shall purchase, acquire, take or hold, directly
9 or indirectly, more than ten per cent of the total capital
10 stock of any other corporation subject to the provi-
11 sions of this chapter, unless authorized by a special act
12 of the general court, upon recommendation of the
13 department.

1 SECTION 3. The provisions of sections four, five,
2 six, seven, eight, and nine of this act shall apply to all
3 voluntary associations and trusts created by or operat-
4 ing under a written instrument or declaration of trust,
5 the ownership of which or the beneficial interest under
6 which is divided into or represented by transferable
7 certificates of participation or shares, and which own
8 or control, directly or indirectly, (a) more than ten
9 per cent of the capital stock with voting powers of any
10 gas or electric company subject to chapter one hun-
11 dred and sixty-four of the General Laws, or (b) the
12 capital stock or any part thereof of two or more such
13 gas or electric companies, or (c) any security or securi-
14 ties, as defined in chapter one hundred and ten A of
15 the General Laws, of any other such voluntary asso-
16 ciation or trust.

1 SECTION 4. No voluntary association or trust sub-
2 ject to the provisions of this act shall acquire, directly
3 or indirectly, ownership or control of the capital stock

4 or any part thereof, of any gas or electric company
5 subject to chapter one hundred and sixty-four of the
6 General Laws, without special authorization of the
7 general court, upon recommendation of the depart-
8 ment of public utilities. Any transfer of ownership
9 or control of such capital stock in violation hereof shall
10 be null and void.

1 SECTION 5. No voluntary association or trust sub-
2 ject to the provisions of this act or officer, agent or
3 trustee thereof shall be entitled to vote, directly or
4 indirectly, any stock acquired in violation of section
5 three. Any gas or electric company or officer or agent
6 thereof knowingly permitting a violation of the pro-
7 visions of this act shall be punished by a fine of one
8 thousand dollars and the charter and franchise of such
9 company shall be subject to forfeiture.

1 SECTION 6. No voluntary association or trust sub-
2 ject to the provisions of this act shall hereafter acquire,
3 directly or indirectly, ownership or control of any
4 security or securities, as defined in chapter one hundred
5 and ten A of the General Laws, of any other voluntary
6 association or trust subject to the provisions of this act.
7 Any transfer of ownership or control of any such
8 security in violation of this section shall be null and
9 void.

1 SECTION 7. Any officer, agent or trustee of any
2 voluntary association or trust subject to the provisions
3 of this act who knowingly participates in any transfer
4 or acquisition of ownership or control in violation of the
5 provisions of section five shall be punished by a fine of
6 one thousand dollars.

1 SECTION 8. No trust or voluntary association sub-
2 ject to the provisions of this act shall, by amendment
3 of its declaration of trust or written instrument under
4 which it operates, or otherwise, extend or increase its
5 duration, except by special authorization of the general
6 court upon recommendation of the department of
7 public utilities.

1 SECTION 9. The general court may at any time
2 alter, amend, or revoke and repeal any declaration of
3 trust or written instrument under which a voluntary
4 association operates or is created, if such trust or as-
5 sociation, after the effective date of this act, acquires
6 ownership or control, directly or indirectly, of the
7 capital stock or any part thereof of any gas or electric
8 company subject to chapter one hundred and sixty-
9 four of the General Laws as amended, or of any se-
10 curity, as defined in chapter one hundred and ten A
11 of the General Laws as amended, of any voluntary
12 association or trust subject to the provisions of this
13 act.