

HOUSE No. 806

Bill accompanying the petition of George N. Nichols for legislation to protect investors in the stock of certain public service corporations. Railroads. January 10.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Thirteen.

AN ACT

To protect Investors in the Stock of Certain Public Service Corporations.

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

1 SECTION 1. Whenever a railroad, street railway,
2 telegraph, telephone, gas light, electric light, or gas
3 and electric light company increases its capital stock
4 and any commission, board or officer of the common-
5 wealth is required by law to fix, determine, approve,
6 ratify or confirm the price at which shares of such
7 increase of capital stock may be offered to the stock-
8 holders of such company, and if the price so fixed,
9 determined, approved, ratified or confirmed exceeds the
10 par value of such share, such increase in capital stock
11 shall be and constitute a new and special class of stock

12 from any previously issued by such company, and the
13 certificates for stock of such new and special class shall
14 plainly state upon their face the date of original issue of
15 the stock represented by any such certificate, and shall
16 also plainly state that such stock has been issued under
17 the provisions of this act.

1 SECTION 2. Capital stock issued in accordance with
2 provisions of this act shall be entitled to receive, out of
3 the net earnings of the company, dividends at the rate of
4 four per cent per annum upon the price fixed, deter-
5 mined, approved, ratified or confirmed as aforesaid
6 before any dividends are paid on any stock previously
7 issued, and such dividends shall be cumulative. After
8 the passage of this act each increase of capital stock
9 coming under the provisions of section one shall take
10 precedence over previous increase as to dividends, in the
11 reverse order from that of their issue.

1 SECTION 3. Nothing in this act shall be construed to
2 affect any preference as to dividends when such prefer-
3 ence was duly authorized, and the stock so preferred
4 was actually issued before the passage of this act.

1 SECTION 4. All laws and parts of laws inconsistent
2 herewith are hereby repealed.

1 SECTION 5. This act shall take effect upon its passage.