

# HOUSE . . . . . No. 337

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Bill accompanying the petition of James E. Tolman and others for legislation relative to the liability of stockholders and directors of business corporations. Mercantile Affairs. January 20.

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## Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Nine.

### AN ACT

Relative to the Liability of Stockholders for the Debts of Corporations.

*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. Section thirty-three of chapter four hun-  
2 dred and thirty-seven of the acts of the year nineteen  
3 hundred and three, is hereby amended by inserting in  
4 the seventh line after the word "liable," the words:—  
5 jointly and severally, — so as to read as follows:—The  
6 stockholders of a corporation which reduces its capital  
7 stock contrary to the provisions of section forty-three  
8 shall be liable for the payments of the debts and contracts  
9 of the corporation existing at the time of such reduction,  
10 to the extent of the amount withdrawn and paid to them

11 respectively. The stockholders of a corporation shall  
12 also be liable jointly and severally for all money due to  
13 operators for services rendered within six months before  
14 demand made upon the corporation and its neglect or re-  
15 fusial to make such payment. A stockholder who pays  
16 on a judgment or otherwise more than his proportion of  
17 any such debt shall have a claim for contributions against  
18 other stockholders.

1 SECTION 2. Section thirty-eight of the said chapter is  
2 hereby amended by adding at the end thereof the  
3 words:— but when such suit is brought for money due  
4 operatives, judgment shall be given for such sums as  
5 may be found due against the stockholders who have  
6 been served with summons to appear. Stockholders  
7 who pay on such a judgment may recover from other  
8 stockholders their proportional part of the amount so  
9 paid, but no stockholder shall be liable to pay a larger  
10 amount than the par value of the stock held by him at  
11 the time when said money became due.