

HOUSE.....No. 40.

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Thirty-Eight.

AN ACT

To protect the Creditors and Stockholders of Corporations from loss by Fraud or Insolvency.

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

1 SEC. 1. Whenever any director of an incorporated
2 company in this Commonwealth, or any two or more
3 creditors of any such company, the aggregate of whose
4 demands shall be not less than one thousand dollars,
5 or any two or more stockholders in any such company,
6 the aggregate of whose shares shall amount to not less
7 than one thousand dollars, shall make application,
8 under oath, to the supreme judicial court sitting in

9 any county, or to any justice thereof in vacation, and
10 shall, in writing, declare his or their belief, setting
11 forth the reasons of such belief, that the said corpora-
12 tion is insolvent, or that the capital stock or effects
13 thereof are in danger of being embezzled, wasted or
14 lost, through the fraud, negligence or mismanagement
15 of the directors, trustees, agents or officers of the said
16 corporation, and shall pray for the appointment of
17 receivers of the property of the said corporation, it
18 shall be the duty of the said court or justice to issue
19 notice to such corporation to appear, at such time and
20 place as to the said court or justice shall seem meet,
21 and shew cause why receivers should not be appoint-
22 ed, according to the prayer of the said petition: and
23 if, upon the return of such notice duly served, such
24 corporation shall not appear, or shall not shew, to the
25 satisfaction of the said court or justice, that the same
26 is solvent, and able to discharge all its just debts, and
27 that its capital stock and effects are not in danger of
28 being embezzled, wasted or lost, through the fraud,
29 negligence or mismanagement of the directors, trus-
30 tees, agents or officers thereof, the said court or jus-
31 tice shall forthwith appoint one or more persons to be
32 receivers or trustees of the property of such corpora-
33 tion, to take charge of the estate and effects thereof,
34 and to collect the debts due to the same, with all the
35 other powers which may now be vested in receivers
36 appointed by the said court, under and by virtue of
37 the forty-fourth chapter of the Revised Statutes, to
38 take charge of the effects of corporations, whose char-
39 ters have expired or been annulled.

1 SEC. 2. The said court or justice shall have the
2 like jurisdiction over such applications, and of all

3 questions arising in the proceedings thereon, and shall
4 perform the same duties and exercise the same pow-
5 ers, as are provided in and by the said forty-fourth
6 chapter of the Revised Statutes.

1 SEC. 3. In case the said application be made to
2 the said court when sitting in any county other than
3 that where the said corporation is established, or to a
4 justice of the said court, the same shall be removed
5 and entered, as soon as conveniently may be, into the
6 court within and for the county where the said corpo-
7 ration is established, to be there prosecuted and de-
8 termined; but the court in any county, and any
9 justice of the court in vacation, may hear and deter-
10 mine all motions, and may make all such orders and
11 decrees, as the justice of the case may require.

1 SEC. 4. This act shall take effect from and after
2 its passage.

