

HOUSE....No. 51.

Commonwealth of Massachusetts.

The Joint Special Committee, appointed under the order of the House of Representatives of Jan. 23d, and adopted in concurrence by the Senate, on Jan. 25, 1843, to whom was referred so much of the Address of His Excellency the Governor, as relates to joint stock companies, have had that subject under consideration, and ask leave to

R E P O R T,

in part, by the accompanying bill.*

In framing this bill, the committee have judged it expedient to adopt the provisions of the Revised Statutes relating to existing manufacturing corporations, so far as they seem to be salutary and consistent with the objects sought to be attained. These provisions are incorporated by reference, to supersede the necessity of incumbering the statutes with the same phraseology, while the identity, so far as it exists, will secure uniformity of construction.

The bill, in effect, furnishes additional facilities for the organization of individuals as companies, while the ultimate liability of the members is retained in substance according to the common law.

It gives to such companies the conveniences arising from the enjoyment of corporate rights divested of the character of monopoly which attaches to existing corporations.

Its provisions, requiring the original proceedings of the associates to be recorded in the office of the Secretary of State, will give to the Legislature, in a manner easy of access, the means of determining whether there be any thing of an injurious tendency to be apprehended from its original constitution.

The registration at or near the place of business of the company, will give local publicity to those by whom, it is to be hoped, information will be given to the Legislature, of any abuses that may be practised subsequent to its organization.

The registration of the original shareholders and of the subsequent transfer of shares, will prevent this description of property being concealed from taxation, and make it accessible to the private creditors of stockholders.

Should this bill pass, it is believed the consumption of much valuable time, by succeeding Legislatures, will be saved from the consideration of petitions praying for acts of special legislation.

All which is respectfully submitted

N. T. LEONARD,

Chairman of Com. on the part of the H. of Rep.

February 18, 1843.

Commonwealth of Massachusetts.

In the year One Thousand Eight Hundred and Forty-
Three.

AN ACT

Authorizing the formation of Joint Stock Manufacturing
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 SECT. 1. Any three or more citizens of this Com-
2 monwealth may, by an agreement in writing, associ-
3 ate and form a joint stock company, for the purpose
4 of carrying on any kind of manufacture. Such agree-
5 ment shall state the general purposes for which the
6 association is formed, and the name by which the com-
7 pany is to be known.

1 SECT. 2. Any two or more of the persons who
2 may associate, as aforesaid, may make application in
3 writing to any justice of the peace, within and for the
4 county in which the major part of the associates reside,

5 or in which, by the terms of the association, the prin-
6 cipal place of business is proposed to be located, stat-
7 ing in such application the proposed name and style
8 of such company, and the purposes of the proposed
9 meeting, and requesting such justice to issue his war-
10 rant to some one of the persons applying, directing
11 him to call a meeting of such company; and such jus-
12 tice may thereupon issue his warrant accordingly,
13 stating therein the time, place, and purposes of said
14 meeting, and directed to some one of the associates so
15 applying, directing him to call such meeting. And
16 the associate to whom the warrant is directed shall
17 notify such meeting, by posting up the substance of
18 said warrant, with his notice annexed thereto, thirty
19 days at least before said meeting, in some public place
20 in the city or town in which the principal place of
21 business of such company is proposed to be located,
22 and also by publishing the same in some newspaper
23 published in the county in which the place of business
24 aforesaid is proposed to be located, or in some paper
25 published in an adjoining county, in case there be none
26 in that in which such place of business is proposed to
27 be located; such publication to be three weeks suc-
28 cessively, prior to the time of holding said meeting.
29 And said associate shall make return of such warrant,
30 with his doings thereon, to some justice of the peace
31 resident in the county in which the meeting is held,
32 which justice shall preside in such meeting until a
33 clerk shall be chosen and sworn.

1 SECT. 3. Said associates, when assembled pursu-
2 ant to the notice aforesaid, may organize themselves
3 as a corporation.

4 *Provided* the major part of those present shall vote
5 to do so.

6 And a copy of the articles of association, of the
7 proceedings and of the by-laws thereof, shall be filed
8 and recorded in the office of the Secretary of the
9 Commonwealth and in the office of register of deeds
10 of the district in which the principal place of business
11 of such company is to be located, and thereupon such
12 associates, with such as may thereafter unite with
13 them agreeable to their articles of association and by-
14 laws, shall be bodies politic and corporate, with all the
15 rights, powers, privileges, immunities, duties and obli-
16 gations, and subject to all the incidents, given, pre-
17 scribed and required, by the first, second, fourth, fifth,
18 sixth, seventh, eighth, ninth and tenth sections of the
19 forty-fourth chapter of the Revised Statutes, and by
20 all of the provisions of the thirty-eighth chapter of the
21 Revised Statutes, except the nineteenth, twenty-sixth,
22 twenty-seventh, thirtieth, thirty-first, thirty-sixth and
23 thirty-seventh sections thereof.

1 SECT. 4. The corporations so organized shall con-
2 tinue to exist for the period of fifteen years from the
3 day on which the first meeting shall be held, unless a
4 shorter term shall be fixed by the articles of associa-
5 tion, or the same shall be sooner annulled.

1 SECT. 5. Any such company may hold real estate
2 to an amount not exceeding two hundred thousand
3 dollars, and personal estate to an amount not exceed-
4 ing three hundred thousand dollars, and may convey
5 the same.

1 SECT. 6. Any share or interest of any stockholder
2 in such company may be attached, taken in execution
3 and sold in the same manner as the share or interest
4 of a stockholder in any bank, insurance company or
5 joint stock company may be, by virtue of the provi-

6 sions contained in the ninetieth and ninety-seventh
7 chapters of the Revised Statutes.

8 *Provided, however,* that the copy and return required
9 by the thirty-sixth section of the ninetieth chapter of
10 the Revised Statutes shall also be left with the reg-
11 ister of deeds of the district in which the principal
12 place of business of such corporation may be located.

1 SECT. 7. It shall be the duty of every such com-
2 pany to make out a full and perfect list of its stock-
3 holders, and the residence of each, with the number
4 of shares set against their respective names, and to
5 cause the same to be recorded in the office of the reg-
6 ister of the district aforesaid, within thirty days from the
7 time when the capital stock thereof shall be divided
8 into shares; and unless the same shall be so recorded,
9 all rights and privileges that might otherwise have been
10 acquired by such company, by virtue of the provisions
11 of this act, shall be annulled.

1 SECT. 8. Certificates of shares, that may be given
2 pursuant to the provisions of the fortieth section of the
3 ninety-seventh chapter of the Revised Statutes, and
4 all deeds, and other evidences of transfers of stock in
5 such corporations, except executions and the returns
6 thereon, shall, within ten days after the same have
7 been recorded, pursuant to the provisions of the Re-
8 vised Statutes, be recorded in the registry of deeds of
9 the district in which the principal place of business of
10 such corporation is located; and no such certificate,
11 deed or transfer, shall be valid or effectual against any
12 other person than the judgment debtor, and the grant-
13 or or vendor, and their heirs, executors or administra-
14 tors, unless so recorded as aforesaid.

1 SECT. 9. All proceedings in law, or in equity,

2 against any such corporation, including the levy of exe-
3 cutions, shall conform to the provisions of the Revised
4 Statutes relative to existing manufacturing corpora-
5 tions, where no other provision is made by this act.

1 SECT. 10. Each member of every company organ-
2 ized under the provisions of this act, shall be liable
3 for all the debts of the company, that shall be con-
4 tracted while he is a stockholder thereof, and his per-
5 son or property may be taken therefor, on any writ of
6 attachment or execution, as on such process against
7 him for his individual debts, as hereinafter provided.

1 SECT. 11. Whenever any creditor shall sue out a
2 writ against such corporation, and the proper officer to
3 whom the same may be directed, shall return thereon
4 that such corporation have neglected, on request made,
5 to expose estate of the value which he is required by
6 the writ to attach, then such creditor may, at any
7 time before or after the return day of such writ, com-
8 mence an action on the case against any one or more
9 of the stockholders of such corporation, who may be
10 liable to such creditor, by virtue of the preceding sec-
11 tion of this act, and the declaration in such action
12 shall state the claim against the corporation, the suing
13 out of the writ aforesaid, and the officer's return there-
14 on, and both or either of such actions may be prose-
15 cuted until the creditor shall obtain payment of his
16 debt and the costs of both actions; and whenever any
17 officer to whom any execution against such corporation
18 may be directed, shall return thereon, at any time be-
19 fore the return day thereof, that the same or any part
20 thereof remains unsatisfied, by reason of the neglect
21 of such corporation, on request made to disclose suffi-
22 cient estate whereon to levy the same, then the exe-
23 cution creditor may have the same remedy to recover

24 the amount due upon such execution, as is above pro-
25 vided in relation to mesne process.

1 SECT. 12. Whenever any stockholder in such cor-
2 poration shall have paid any sum recovered against
3 him, by virtue of the two preceding sections of this
4 act, or shall have paid the same to prevent judgment
5 against him, being rendered in such action, and the
6 provisions of the sixteenth, seventeenth, eighteenth,
7 twentieth, twenty-second, twenty-third, twenty-fourth
8 and twenty-fifth sections of the thirty-eighth chapter
9 of the Revised Statutes, or either of them, shall have
10 been violated, or shall not have been performed, then
11 such stockholder may recover the sum so paid of the
12 president, directors, clerk and treasurer, of such cor-
13 poration, in manner prescribed by the twenty-ninth
14 section of said last-mentioned chapter of the Revised
15 Statutes.

1 SECT. 13. Every corporation organized as afore-
2 said, shall be liable to be taxed by any general law
3 for taxing similar corporations, and be subject to such
4 regulations as the Legislature may adopt, and the offi-
5 cers thereof shall, when required by the Legislature,
6 lay before the Legislature, or either branch thereof, a
7 statement of the affairs of such corporation, and sub-
8 mit to examination on oath concerning the same.

1 SECT. 14. The power of the Legislature to annul
2 the existence of any such corporation, whenever such
3 Legislature shall judge that the interests of the Com-
4 monwealth require it, is hereby declared.