

HOUSE No. 1660.

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, May 22, 1908.

The committees on Railroads and Taxation, sitting jointly, to whom was referred the petition (with accompanying bill, Senate, No. 176) of John P. Wainwright for legislation relative to the issue of stock by public service corporations, report, in part, the accompanying bill.

For the committee,

JOSEPH WALKER.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Eight.

AN ACT

Relative to the Price at which Railroad Corporations and Street Railway Companies shall offer New Stock to their Stockholders.

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. Any railroad, street railway, *electric rail-*
2 *road* or elevated railway company which is in actual
3 possession of and operating a railroad or railway shall,
4 upon any increase of its capital stock, except as provided
5 in the following section, offer the new shares proportion-
6 ately to its stockholders at such price not less than the
7 par value thereof as may be determined by its stock-
8 holders. The directors upon the approval of such in-
9 crease, as provided in section sixty-five of part two and
10 section one hundred seven of part three of chapter four
11 hundred sixty-three *of the acts of nineteen hundred and*
12 *six*, shall cause written notice of such increase to be given
13 to each stockholder of record upon the books of the com-
14 pany at the date of such vote to increase, stating the
15 amount of such increase, the number of shares or fractions

16 of shares to which he according to the proportionate num-
17 ber of his shares at the date of such vote to increase is
18 entitled, the price at which he is entitled to take them,
19 and fixing a time not less than fifteen days after the date
20 of such vote to increase within which he may subscribe
21 for such additional stock. Each stockholder may within
22 the time limited subscribe for his portion of such stock,
23 which shall be paid for in cash before the issue of a cer-
24 tificate therefor.

1 SECTION 2. If the increase in the capital stock which
2 is subject to the provisions of the preceding section does
3 not exceed four per cent of the existing capital stock of
4 the company, the directors, without first offering the same
5 to the stockholders, may sell them by auction to the high-
6 est bidder at not less than the par value thereof to be
7 actually paid in cash. They may also so sell at public
8 auction any shares, which, after the expiration of the time
9 limited in the notice required by the preceding section,
10 remain unsubscribed for by the stockholders entitled to
11 take them. Such shares shall be offered for sale in the
12 city of Boston, or in such other city or town as may be
13 prescribed by the board of railroad commissioners; and
14 notice of the time and place of such sale shall be published
15 at least five times during the ten days immediately pre-
16 ceding the sale in each of at least three of such daily
17 newspapers as may be prescribed by said board. No
18 shares shall be sold or issued under this or the preceding
19 section for a less amount to be actually paid in cash than
20 the par value thereof.

1 SECTION 3. The determination by the board of rail-
2 road commissioners under the provisions of section sixty-
3 five of said part two and section one hundred seven of

4 said part three as to the amount of stock which is reason-
5 ably necessary for the purpose for which such stock has
6 been authorized shall in the case of the corporations de-
7 scribed in this act be based upon the price at which such
8 stock is to be issued as fixed by the stockholders: (*pro-*
9 *vided*, that the board *shall* refuse to approve any particu-
10 lar issue of stock if, in the opinion of the board, the price
11 fixed by the stockholders is inconsistent with the public
12 interest).

1 SECTION 4. All acts and parts of acts which are incon-
2 sistent herewith are hereby repealed, so far as they apply
3 to corporations described in this act.

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