

CHAPTER LV.

An Act to provide for the creation and regulation of Corporations.

CHAPTER I.—OF CORPORATIONS FOR PECUNIARY PROFIT.

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 24. Private property of stockholders, exempt so long as corporation property can be levied upon.
 25. Defendant may point out corporate property, subject to levy.
 26. Private property being taken, owner may maintain an action against corporation for damages.
 27. Sinking fund may be created for certain purposes.
 28. Sale of franchises under execution.
 29. Books of corporation to be produced in suits against stockholders.
 30. A single individual may entitle himself to advantages of incorporation.
 31. Persons acting as an incorporation under this act, presumed to be legal until declared otherwise.
 32. Want of a legal organization to be no defense to actions.
 33. Corporations heretofore in force, how entitled to advantages of this act.
 34. Mutual Insurance Companies premium notes a lien upon property insured.
 35. Companies heretofore organized not affected by this act.

CHAPTER II.—OF CORPORATIONS OTHER THAN THOSE OF PECUNIARY PROFIT.

- SECTION 1. Provisions of Chapter I, extended to incorporation of seminaries, churches, societies, &c., so far as applicable.
2. Newspaper publication of articles not requisite.
 3. No dividend to be made until dissolution of corporation.
 4. Corporations of an academical character invested with power of conferring degrees.
 5. Banking powers prohibited under this act.

Be it enacted by the Legislature of the State of Minnesota :

CHAPTER I.

OF CORPORATIONS FOR PECUNIARY PROFIT.

SECTION 1. Any number of persons may associate themselves and become incorporated for the transaction of any lawful business, including the establishment of Ferries, the

Creations of bodies corporate

construction of Canals, Railways, Telegraphs, Bridges or other works of internal improvement; but such incorporation confers no power or privilege not possessed by natural persons, except as hereinafter provided.

Powers of bodies corporate

SEC. 2. Among the powers of such body corporate are the following :

First—To have perpetual succession.

Second—To sue and be sued by its corporate name.

Third—To have a common seal which it may alter at pleasure.

Fourth—To render the interest of the stockholders transferrable.

Fifth—To exempt the private property of its members from liability for corporate debts, except as herein otherwise declared.

Sixth—To establish by-laws and make all rules and regulations deemed expedient for the management of their affairs, in accordance with law and not incompatible with an honest purpose.

Articles of incorporation to be recorded

SEC. 3. Previous to commencing any business except that of their own organization, they must adopt articles of incorporation, which must be recorded in the office of the Register of Deeds of the county where the principal place of business is to be, in a book kept therefor.

Record by secretary of state—limit of indebtedness

SEC. 4. Corporations for the construction of any work of internal improvement, must in addition also file a copy of such articles in the office of the Secretary of State, and have the same recorded by him in a book kept for such purposes. Such articles of incorporation must fix the highest amount of indebtedness or liability to which the corporation is at any one time to be subject, which must in no case, except in that of the risks of insurance companies, exceed two-thirds of its capital stock.

Public notice in newspaper

SEC. 5. A notice must also be published for four weeks in succession in some newspaper as convenient as practicable to the principal place of business.

Contents of notice

SEC. 6. Such notice must contain :

First—The name of the corporation and its principal place of transacting business.

Second—The general nature of the business to be transacted.

Third—The amount of capital and stock authorized, and the times and condition on which it is to be paid in.

Fourth—The time of the commencement and termination of the corporation.

Fifth—By what officers or persons the affairs of the company are to be conducted, and the times at which they will be elected.

Sixth—The highest amount of indebtedness or liability to which the corporation is at any time to subject itself.

Seventh—Whether private property is to be exempt from the corporate debts.

SEC. 7. The corporation may commence business as soon as the articles are filed in the office of the Register of Deeds, and their doings shall be valid if the publication in a newspaper is made, and the copy filed in the office of the Secretary of State, when such filing is necessary, within three months from such filing in the Register's office.

SEC. 8. No change in any of the above matters shall be valid unless recorded and published as the original articles are required to be.

SEC. 9. Corporations for the construction of any work of internal improvement may be formed to endure fifty years; those formed for other purposes cannot exceed twenty years in duration; but in either case they may be renewed from time to time, for periods not greater, respectively, than was at first permissible; *Provided*, Three-fourths of the votes cast at any regular election for the purpose, be in favor of such renewals; *And Provided, also*, That those thus wishing a renewal will purchase the stock of those opposed to the renewal at its fair current value.

SEC. 10. The corporation cannot be dissolved prior to the period fixed upon in the articles of incorporation, except by unanimous consent, unless a different rule has been adopted in their articles.

SEC. 11. The same period of newspaper publication must precede any such premature dissolution of a corporation, as is required at its creation.

SEC. 12. A copy of the by-laws of the corporation with the names of all its officers appended thereto, must be posted in the principal place of business and be subject to public inspections.

SEC. 13. A statement of the amount of the capital stock subscribed, the amount of capital actually paid in, and the amount of indebtedness of the company in a general way, must also be kept posted up in like manner, which statement must be corrected as often as any material change takes place in relation to any part of the subject matter of such statement.

SEC. 14. Intentional fraud in failing to comply substantially with the articles of incorporation, or in deceiving the public or individuals in relation to their means or liabilities, shall subject those guilty thereof to fine or imprisonment, or both, at the discretion of the Court. Any person who has sustained injury from such fraud may also recover damages therefor against those guilty of participating in such fraud.

SEC. 15. The diversion of the funds of the corporation to other objects than those mentioned in their articles and the notices published as aforesaid, (*provided*, any person be thereby injured), and the payment of dividends which leave insufficient funds to meet the liabilities of the corporation, shall be deemed such frauds as will subject those therein concerned to the penalties of the preceding section; and such dividends,

or their equivalent in the hands of individual stockholders, shall be subject to said liabilities.

Dividends by insurance companies

SEC. 16. Dividends by insurance companies, made in good faith, before their knowledge of the happening of actual losses, are not intended to be punished by the provisions of the preceding section.

Individual liability of stockholder—when

SEC. 17. A failure to comply substantially with the foregoing requisitions in relation to organization and publicity, renders the individual property of all the stockholders liable for the corporate debts.

Forfeiture of chartered rights—how caused

SEC. 18. Either such failure or the practice of fraud in the manner hereinbefore mentioned shall cause a forfeiture of all the privileges hereby conferred, and the Courts may proceed to wind up the business of the corporation by an information in the manner prescribed by law.

False books or accounts a misdemeanor

SEC. 19. The intentional keeping of false books or accounts by any corporation, whereby any one is injured, is a misdemeanor on the part of those concerned therein, whose duty it was to see that the books and accounts were correctly kept.

Transfer of shares when valid

SEC. 20. The transfer of shares is not valid, except as between the parties thereto, until it is regularly entered on the books of the company, so far as to show the name of the persons by and to whom transferred, the numbers or other designation of the shares, and the date of the transfer; but such transfer shall not in any way exempt the person or persons making such transfer from any liability or liabilities of said corporation which were created prior to such transfer. The books of the company must be so kept as to show intelligibly the original stockholders, their respective interests, the amount which has been paid in on their shares, and all transfers thereof; and such books, or a correct copy thereof, so far as the items mentioned in this section are concerned, shall be subject to the inspection of any person desiring the same.

Non use of franchises—when dissolved by

SEC. 21. A corporation organized or attempted to be organized in accordance with the provisions of this chapter, shall cease to exist by the non-user of its franchises for two years at any one time; but such body shall not forfeit its franchises by reason of its omission to elect officers or to hold meetings at any time prescribed by the laws: *Provided*, such act be done within two years of the time appointed therefor.

Closing up business of corporations

SEC. 22. Corporations whose charters expire by their own limitation, or by the voluntary act of the stockholders, may nevertheless continue to act for the purpose of winding up their concerns, but for no other purpose.

Individual liability for unpaid instalments

SEC. 23. Nothing herein contained exempts the stockholders of any corporation from individual liability to the amount of the unpaid instalments on the stock owned by them, or transferred by them for the purpose of defrauding creditors; and an execution against the company may to that extent be levied upon such private property of any individual.

SEC. 24. In none of the cases contemplated in this chapter can the private property of the stockholders be levied upon for the payment of corporate debts while corporate property can be found with which to satisfy the same; but it will be sufficient proof that no property can be found, if an execution has issued on a judgment against the corporation, and a demand thereon made of some one of the last acting officers of the body for property on which to levy, and if he neglects to point out any such property.

Private property
of stockholders—
when exempt

SEC. 25. The defendant in any stage of a cause may point out corporate property subject to levy, and upon his satisfying the Court of the existence of such property, by affidavit or otherwise, the cause may be continued, or execution against the defendant stayed, until the property can be levied upon and sold; and the Court may subsequently render judgment and order execution for any balance which there may be after disposing of the corporate property according to the stage of the cause; but if a demand of property has been made as contemplated in the preceding section, the costs of such proceedings shall in any event be paid by the company, or by the defendant.

Defendant may
point out corpo-
rate property sub-
ject to levy

SEC. 26. When the private property of a stockholder is taken for a corporate debt, he may maintain an action against the corporation for indemnity, and against any of the other stockholders for contribution.

Private property
taken—damages

SEC. 27. For the purpose of repairs, rebuilding or enlarging, or to meet contingencies, or for the purpose of a sinking fund, the corporation may establish a fund which they may loan, and in relation to which they may take the proper securities.

Sinking fund may
be created

SEC. 28. When the franchise of a corporation has been levied upon under an execution and sold, the corporation shall not have power to dissolve the corporation so as to destroy the franchise, and if they neglect to keep up an organization sufficient to enable the business to proceed, the purchaser thereupon becomes vested with all the powers of the corporation requisite therefor; and when it becomes impracticable for an individual so to conduct them, and in cases where doubts or difficulties, not herein provided for, arise, the purchaser may apply by petition to the District Court, which is hereby vested with authority to make any orders requisite for carrying into effect the intent of this chapter in this respect.

Sale of franchise
under execution

SEC. 29. In any proceedings by or against a corporation, or against a stockholder, to charge his private property, or the dividends received by him, the Court is invested with power to compel the officers to produce the books of the corporation on the motion of either party, upon a proper cause being shown for that purpose.

Books of corpora-
tion to be produc-
ed on demand

SEC. 30. A single individual may entitle himself to all the advantages of this chapter, provided he complies sub-

A single individ-
ual may be in-
corporated

stantially with all its requirements, omitting those which, from the nature of the case are inapplicable.

Acting as a corporation presumed to be legal

SEC. 31. Persons acting as a corporation under the provisions of this chapter, will be presumed to be legally incorporated, until the contrary is shown; and no such franchise shall be declared actually null or forfeited, except in a regular proceeding brought for that purpose.

Want of legal organization no defence against actions

SEC. 32. No body of men acting as a corporation under the provisions of this chapter, shall be permitted to set up the want of a legal organization as a defense to an action against them as a corporation, nor shall any person sued on a contract made with such a corporation, or sued for an injury to its property, or a wrong done to its interests, be permitted to set up a want of such legal organization in his defense.

Corporations heretofore in force

SEC. 33. Corporations regularly organized under the general law heretofore in force, by adapting their articles of association to the provisions of this chapter, and by making the required publication of the change, as well as of their intention to act under the foregoing provisions, will be entitled to all the advantages and subjected to all the liabilities above provided for, but the change in their articles of association must be made in accordance with those articles, or by the unanimous consent of the stockholders.

Insurance notes: liens upon property insured

SEC. 34. Mutual Insurance Companies, organized under the provisions of this chapter, may render their premium notes a lien upon the whole or any part of the real estate upon which the property insured is situate, whether such real estate is or is not exempt from other liabilities as a homestead; but such lien will not attach until the premium note stating the property on which it is a lien is filed for record and treated in the same manner as though it were a mortgage from the maker thereof to the company, except that it need not be acknowledged.

SEC. 35. Nothing herein contained is intended to affect the interests of companies already organized, further than is above expressed.

CHAPTER II.

OF CORPORATIONS OTHER THAN THOSE OF PECUNIARY PROFIT.

Incorporation of seminaries &c

SECTION 1. Corporations for the establishment of seminaries of learning, churches, lyceums, libraries, agricultural societies and for other lawful purposes unconnected with motives of pecuniary profit, may be formed in the manner directed in the preceding chapter, so far as applicable, and the provisions of that chapter are extended to them except as herein modified.

Publication of articles not requisite

SEC. 2. Their articles of incorporation shall be recorded, but a newspaper publication is not requisite.

SEC. 3. No dividend or distribution of property among the stockholders shall be made until the dissolution of the corporation.

SEC. 4. Corporations of an academical character are in-^{Banking powers}vested with authority to confer the degrees usually conferred ^{prohibited} by such institutions.

SEC. 5. Nothing in this Act shall be construed as granting banking powers.

GEORGE BRADLEY,
Speaker of the House of Representatives.
WILLIAM HOLCOMBE,
President of the Senate.

APPROVED—August twelfth, one thousand eight hundred and fifty-eight.

HENRY H. SIBLEY.

SECRETARY'S OFFICE, Minnesota, }
August 12, 1858.

I hereby certify the foregoing to be a true copy of the original on file in this office.

FRANCIS BAASEN, Secretary.

CHAPTER LVI.

An Act for the preservation of the Muskets, Accoutrements and all other property belonging to the State, in and around the Capitol, not otherwise provided for by law.

- SECTION 1. Governor authorized to take charge of the muskets, accoutrements, &c., belonging to State, have control of State Capitol.
2. Governor authorized to commute the muskets, &c., for other military property.
 3. Authorizes the appointment of a person to attend to the preservation of military property and the State Capitol.
 4. This act takes effect on passage.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. The Governor is hereby authorised and em-^{Military property}powered to take charge and have control of all the muskets, ^{to be preserved} accoutrements and other military property belonging to, or which may hereafter belong to the State, by purchase or otherwise, and also to have control and supervision of the State Capitol, and all the public property belonging to the State, not otherwise provided for by law.