

No. 1073, A.]

[Published July 8, 1911.

CHAPTER 592.

AN ACT to legalize the employment of attorneys by school boards of cities of the first class in the state of Wisconsin.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. Whenever the school board of any city of the first class, whether incorporated under general or special law, shall have heretofore, without authority, engaged an attorney to assist the city attorney in the prosecution of any matter involving the legal existence of said board, upon request of the city attorney, said employment, if ratified by a majority of all the members elect of said board shall be legal and binding, and payment for said employment may thereafter be made by any such board.

SECTION 2. This act shall take effect and be in force from and after its passage and publication.

Approved July 7, 1911.

No. 156, S.]

[Published July 8, 1911.

CHAPTER 593.

AN ACT to repeal sections 1753—1 to 1753—13, inclusive, of the statutes, and to create sections 1753—1 to 1753—22, inclusive, of the statutes, relating to the stocks and bonds of public service corporations.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. Sections 1753—1 to 1753—13, inclusive, of the statutes are repealed.

SECTION 2. There are added to the statutes twenty-two new sections to read: Section 1753—1. The term "public service corporation" when used in this act shall mean and embrace every railroad, street railway, telegraph, telephone, express, freight line, sleeping car, light, heat, water, and power corporation, and all other corporations, excepting towns, villages, and cities, engaged in the business of supplying the public, directly or indirectly, with light, heat, power, or water, or in transmitting telegraph or telephone messages, or in transporting passengers, freight, or express; the term "commission" when used in this act shall mean the railroad commission of Wisconsin; the term "capital account" when used in this act shall mean the capital account prescribed by the commission and required to be kept by every public service corporation as provided by law; the term "net income or revenue" when used

in this act shall mean the money available for dividends and surplus according to the accounts prescribed by the commission and required to be kept by every public service corporation.

(Am. 1911, c. 664, s. 133.)

Section 1753—2. The power to create liens on corporate property by public service corporations in this state is a special privilege, the right of supervision, regulation, restriction, and control of which shall be vested in the state, and such power shall be exercised according to the provisions of these statutes.

Section 1753—3. Except as otherwise provided herein, the provisions of this act shall apply to the issue by public service corporations of stocks, certificates of stock, bonds, notes or other evidences of indebtedness payable at periods of more than one year after the date thereof.

(Am. 1911, c. 664, s. 133.)

Section 1753—4. No public service corporation shall hereafter issue for any purposes connected with or relating to any part of its business, any stocks, certificates of stock, bonds, notes, or other evidences of indebtedness, to an amount exceeding that which may from time to time be reasonably necessary for the purpose for which such issue of stock, certificates of stock, bonds, notes, or other evidences of indebtedness may be authorized.

Section 1753—5. A public service corporation may issue stocks, certificates of stock, bonds, notes, or other evidences of indebtedness, when necessary for organization expenses and all other expenses reasonably required in connection with the financing and construction of its property, for the acquisition of property, the construction, completion, extension, or improvement of its plant, distributing system, or facilities, or for the improvement of its service, or for the discharge or refunding of its legal obligations, or in case of railroad corporation for any of the purposes stated in section 1826 or subsection 10 of section 1828 of the statutes, provided, however, that no such corporation shall issue any stocks or certificates of stock for any purpose which is not properly chargeable to its capital account; and that, if any such corporation shall issue any bonds, notes, or other evidences of indebtedness for any lawful purpose which is not properly chargeable to its capital account, it shall set aside annually from its net income or revenue, if any, such a sum that when such bonds, notes, or other evidences of indebtedness shall become due and payable, the total amount of said sums so set aside shall be sufficient to pay and discharge the same.

Section 1753—6. No public service corporation shall issue any stocks, certificates of stock, bonds, notes, or other evidences of indebtedness for the purpose of paying, discharging, refunding, exchanging for, or retiring, in whole or in part, directly or indirectly, any of its bonds, notes, or other evidences of indebtedness, payable at periods of less than one year after the date thereof, which were issued for purposes not properly chargeable to its capital account.

Section 1752—7. No public service corporation shall issue any stock or certificate of stock except in consideration of money, or of labor or property, at its true money value, as found and determined by the commission as in this act provided, actually received by it, equal to the face value thereof, nor any bonds, notes, or other evidences of indebtedness except for money, or for labor or property estimated at its true money value, as found and determined by the commission as in this act provided, actually received by it equal to a sum not less than seventy-five per cent of the face value thereof, provided, however, that no bonds, notes, or other evidences of indebtedness of any such corporation issued for the purpose of refunding, retiring, or discharging any of its bonds, notes, or other evidences of indebtedness, shall be issued at less than seventy-five per cent of the face value thereof, plus the amount of any discount hereafter paid or incurred by such corporation upon the issuance of the bonds, notes, or other evidences of indebtedness to be refunded, retired, or discharged. All stocks, certificates of stock having a designated monetary value, bonds, notes, and other evidences of indebtedness, of any public service corporation issued contrary to the provisions of this act shall be void.

(Am. 1911, c. 94, s. 133.)

Section 1753—8. The amount of bonds, notes, or other evidences of indebtedness which any public service corporation may issue shall bear a reasonable proportion to the amount of stock and certificates of stock issued by such corporation, due consideration being given to the nature of the business in which the corporation is engaged, its credit and future prospects, the effect which such issue will have upon the management and efficient operation of the corporation by reason of the relative amount of financial interest which the stockholders will have in the corporation, and the circumstances surrounding the operation and business of the corporation.

Section 1753—9. 1. No public service corporation shall hereafter issue any stocks, certificates of stock, bonds, notes, or any other evidences of indebtedness, except such as are issued for

money only and payable one year or less from the date thereof, until it shall have first obtained authority for such issue from the commission, as herein provided. The proceedings for obtaining a certificate of such authority from the commission and the conditions of its being granted by the commission shall be as follows: In case the stocks, certificates of stock, bonds, notes, or other evidences of indebtedness are payable at periods of more than one year after the date thereof, and are to be issued for money only, the corporation shall file with the commission a statement, signed and verified by its president and secretary, setting forth (a) the amount and character of the proposed stocks, certificates of stock, bonds, notes, or other evidences of indebtedness; (b) the purposes for which they are to be issued; (c) the terms on which they are to be issued, and (d) the total assets and liabilities, and the previous financial operations and business of the corporation, in such detail as the commission may require.

2. The signers of the articles of association of a public service corporation hereafter organized may sign and verify such statement in the first instance. For the purpose of enabling it to determine whether the proposed issue complies with the provisions of this act, the commission shall make such inquiry or investigation, hold such hearings and examine such witnesses, books, papers, documents, or contracts, as it may deem of importance in enabling it to reach a determination. It may also make a valuation of all the property of the corporation if it deems it pertinent to the inquiry or investigation. It shall find and determine the amount of such stock, certificates of stock, bonds, notes, or other evidences of indebtedness, reasonably necessary for the purposes for which the same are to be issued.

(Am. 1911, c. 664, s. 133.)

3. If the commission shall determine that such proposed issue complies with the provisions of this act such authority shall thereupon be granted, and it shall issue to the corporation a certificate of authority, stating: (a) the amount of such stocks, certificates of stock, bonds, notes, or other evidences of indebtedness reasonably necessary for the purposes for which they are to be issued, and the character of the same; (b) the purposes for which they are to be issued, and (c) the terms upon which they are to be issued. Such corporation shall not apply the proceeds of such stock, bonds, notes, or other evidences of indebtedness as aforesaid, to any purposes not specified in such certificate, nor issue such stock, bonds, notes, or

other evidences of indebtedness, on any terms not specified in such certificate.

(Am. 1911, c. 664, s. 133.)

4. In case the stocks, certificates of stock, bonds, notes, or other evidences of indebtedness, payable in more than one year after the date thereof, or payable in less than one year from the date thereof when issued for purposes properly chargeable to its capital account, are to be issued, partly or wholly for property or services or other consideration than money, the corporation shall file with the commission a statement, signed and verified by its president and secretary, setting forth (a) the amount and character of the stocks, certificates of stock, bonds, notes, or other evidences of indebtedness proposed to be issued; (b) the purposes for which they are to be issued; (c) the description in detail and estimated value of the property or services for which they are to be issued; (d) the terms on which they are to be issued or exchanged; (e) the amount of money, if any, to be received for the same, in addition to such property, services, or other consideration, and (f) the total assets and liabilities, and the previous financial operations and business of the corporation, in such detail as the commission may require.

5. The signers of the articles of association of a public service corporation hereafter organized, may sign and verify such statement, in the first instance. For the purpose of enabling it to determine whether the proposed issue complies with the provisions of this act, the commission shall determine the true valuation, in detail, of the property, services, or other consideration other than money, for which it is proposed to issue, in whole or in part, such stocks, certificates of stock, bonds, notes, or other evidences of indebtedness, and shall make such inquiry or investigation, hold such hearings, and examine such witnesses, books, papers, documents, or contracts as it may deem of importance in enabling it to reach a determination.

(Am. 1911, c. 664, s. 133.)

6. If the commission shall determine that the proposed issue complies with the provisions of this act, such authority shall thereupon be granted and it shall issue to the corporation a certificate of authority stating: (a) the amount of such stocks, certificates of stock, bonds, notes, or other evidences of indebtedness reasonably necessary for the purposes for which they are to be issued, and the character of the same; (b) the purposes for which they are to be issued; (c) the terms upon which they are to be issued, and (d) the true value of the property, services, or other consideration than money (which shall be de-

scribed in detail) as found and determined by the commission, for which, in whole or in part, such issue is to be made.

(Am. 1911, c. 664, s. 133.)

7. Such corporation shall not apply the proceeds of the sale of such stock, bonds, notes, or other evidences of indebtedness as aforesaid to any purpose not specified in such certificate, nor issue such stock, bonds, notes, or other evidences of indebtedness on any terms not specified in such certificate, and no property, services, or other consideration than money shall be taken in payment to the corporation for such stock, certificates of stock, bonds, notes or other evidences of indebtedness, except at the true value of such property, services, or other consideration than money, as found and determined by the commission and stated in said certificate.

Section 1753—10. Nothing in section 1753—9 contained, shall be construed to prohibit the commission from authorizing in such certificate the mortgage or pledge by any public service corporation of any bond, note, or other evidence of indebtedness issued by such corporation as security for or as part security for any bond, note, or other evidence of indebtedness issued by or loan made to such corporation which shall not be issued or made in violation of the provisions of this act, provided that the terms of said loan and of such notes, bonds, or other evidences of indebtedness shall provide that none of said pledged bonds, notes, or other evidences of indebtedness shall, upon non-payment of the notes, bonds, or other evidences of indebtedness which they are pledged to secure, or upon non-performance of any of the conditions thereof, be sold, or become the property of the holders of the notes, bonds, or other evidences of indebtedness so secured, either directly or through a trustee for their benefit, except at or through public sale, notice whereof shall be published once a week for not less than three successive weeks prior thereto, in at least one newspaper of general circulation printed in the English language and published in the place where such sale shall take place, and except at a sum not less than seventy-five per cent of the face value thereof, plus the discount, if any, paid or incurred by the corporation upon the notes, bonds, or other evidence of indebtedness which they are pledged to secure.

(Am. 1911, c. 664, s. 133.)

Section 1753—11. 1. Any person or association of persons, which shall have, or may hereafter become the owner or assignee of the rights, powers, privileges, and franchise of any public service corporation, created or organized by or under

any law of this state, by purchase under a mortgage sale, sale in bankrupt proceedings, or sale under any judgment, order, decree, or proceedings of any court in this state, including the courts of the United States sitting herein, must, within sixty days after such purchase or assignment, organize anew by filing articles of organization as provided by law respecting corporations for similar purposes, and thereupon shall have the rights, privileges, and franchises which such corporation had, or was entitled to have, at the time of such purchase and sale, and such as are provided by those statutes applicable thereto. The new organization may issue stock, certificates of stock and bonds for the property of the former corporation thus acquired, in an amount not to exceed the true value of such property, as found and determined by the commission, and stated in the certificate of authority issued to such corporation, in accordance with the provisions of subsections 5 and 6 of section 1753—9 of the statutes.

2. No public service corporation shall purchase, directly or indirectly, or in any way acquire the property of any other public service corporation used subject to this act or of any person furnishing service to the public, for the purpose of effecting a consolidation, except that the property of such corporation or person shall first be valued as provided in subsection 5 of section 1753—9 of the statutes, and then only at a sum not to exceed the value found and determined by the commission and stated in the certificate of authority issued to such corporation for the issuance of stocks, certificates of stock, bonds, notes, or other evidences of indebtedness.

(Am. 1911, c. 664, s. 133.)

Section 1753—12. No public service corporation shall issue any stocks, certificates of stock, bonds, notes, or other evidences of indebtedness for money, property, or services, either directly or indirectly, until there shall have been recorded upon the books of such corporation the certificate of the commission herein provided for.

Section 1753—13. The commission shall have the power to require public service corporations to account for the disposition of the proceeds of all sales of stocks, certificates of stock, bonds, notes, and other evidences of indebtedness, issued pursuant to this act, in such form and detail as it may deem advisable, and to do and perform any and all acts necessary to carry out the provisions of this act.

(Am. 1911, c. 664, s. 133.)

Section 1753—14. No public service corporation shall declare any stock, bond, or scrip dividend, or divide the proceeds of the sale of any stock, bond, or scrip among its stockholders.

Section 1753—15. In determining the value of the property of a public service corporation or any person furnishing service to the public for the purposes of this act, no franchise to be a corporation and no franchise or privilege granted to such corporation by the state or a municipality shall be appraised, fixed, or considered at any greater sum or value than the sum paid therefor into the public treasury of the state or the municipality granting the same.

Section 1753—16. Any such public service corporation, if dissatisfied with any valuation made by the commission, or any order or certificate made or issued by it, may commence an action in the circuit court of Dane county against the commission, as defendant, to vacate and set aside such valuation, order, or certificate on the ground that the same is unreasonable or unlawful, in which action the complaint shall be served with the summons. Sections 1797—16 and 1797—17 of the statutes shall apply to all the rights of the parties to the proceeding in such action.

Section 1753—17. Any public service corporation as herein defined, or any agent, director, or officer thereof, who shall directly or indirectly, issue or cause to be issued, any stocks, certificates of stock, bonds, notes, or other evidences of indebtedness, contrary to the provisions of this act, or who shall apply the proceeds from the sale thereof to any purposes other than that specified in the certificate of the commission, as herein provided, shall forfeit and pay into the state treasury not less than five hundred dollars nor more than ten thousand dollars for each offense.

(Am. 1911, c. 664, s. 133.)

Section 1753—18. Each and every director, president, secretary, or other official or agent of any such public service corporation, who shall make any false statement to secure the issue of any stock, certificates of stock, bond, note, or other evidence of indebtedness, or who shall by false statement knowingly made, procure of the commission the making of the certificate herein provided, or issue with knowledge of such fraud, negotiate, or cause to be negotiated any such bond or other issue, in violation of these statutes, shall be guilty of a felony and upon conviction thereof, shall be punished by a fine of not less than five hundred dollars, or by imprisonment in the state prison for a term of not less than one nor more than ten years, or by both such fine and imprisonment in the discretion of the court.

(Am. 1911, c. 664, s. 133.)

Section 1753—19. All stocks, certificates of stock, bonds, notes, or other evidences of indebtedness issued or delivered by any public service corporation, after this act takes effect, upon the authority of any articles of incorporation or amendments thereto or vote of the stockholders or directors filed, taken or had previous to the taking effect of this act, shall be void unless the certificate provided for by this act shall have been obtained from the commission prior to such issue or delivery. The burden of proof shall be upon any party claiming any exemption under this act.

(Am. 1911, c. 664, s. 133.)

Section 1753—20. 1. Any public service corporation may provide for preferred stock in its original articles of organization, or by amendment thereto adopted by the affirmative vote of the holders of not less than two-thirds of the outstanding stock, and may in such articles, or by such amendment thereto adopted by the affirmative vote of the holders of two-thirds of the outstanding stock, provide for the increase of the amount of preferred stock theretofore authorized and provide for the payment of dividends on all preferred stock, whenever so authorized, out of the profits at a specified rate not to exceed eight per centum per annum, before dividends are paid upon the common stock; for the accumulation of such dividends; for a preference of such preferred stock, not, however, exceeding the par value thereof over the common stock in the distribution of the corporate assets other than profits; for the redemption of such preferred stock at a sum not to exceed the face value thereof, and any accumulations and unpaid dividends; if said stock provides for the accumulation of dividends; and for denying or restricting the voting power of such preferred stock.

2. Neither preferred nor common stock shall bear interest. Certificates of preferred stock and common stock shall state on the face thereof all privileges accorded to and all restrictions imposed on preferred stock. No change or amendment in relation to such preferred stock shall be made, except by way of amendment to the articles of organization, adopted by the affirmative vote of the holders of two-thirds of all outstanding stock, both preferred and common, at a special meeting called therefor in accordance with the provisions of the articles of incorporation and the by-laws of said company.

Section 1753—21. Before the issuance of the certificate in this act provided, authorizing any public service corporation to issue bonds, notes, or other evidences of indebtedness, for purposes properly chargeable to its capital account, such corporation shall pay the commission a fee of one dollar for each thousand

dollars of the face value of the bonds, notes, or other evidences of indebtedness to be issued by virtue of such authority, provided that no fee shall be required when such issue is made for the purpose of guaranteeing, taking over, refunding, discharging, or retiring any bonds, notes, or other evidences of indebtedness. Such fees when collected shall be paid into the common school fund income.

(Am. 1911, c. 664, s. 133.)

Section 1753—22. The provisions of this act shall not apply to any stock, bonds, or other evidence of indebtedness heretofore authorized by the commission.

(Am. 1911, c. 664, s. 133.)

SECTION 3. All acts or parts of acts conflicting with any provision of this act, excepting section 1826 and subsection 10 of section 1828, and section 1833, are repealed in so far as they are inconsistent therewith.

SECTION 4. This act shall take effect and be in force from and after its passage and publication.

Approved July 7, 1911.

No. 232, S.]

[Published July 8, 1911.

CHAPTER 594.

AN ACT to appropriate to Edna E. Chynoweth, widow of Herbert W. Chynoweth, deceased, a sum of money therein named.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. There is hereby appropriated out of any money in the state treasury not otherwise appropriated, to Edna E. Chynoweth, widow of Herbert W. Chynoweth, deceased, late of the city of Madison, the sum of five thousand dollars in full for services rendered by the said Herbert W. Chynoweth to the State of Wisconsin. Upon the payment of said sum the said Edna E. Chynoweth shall execute to the state her receipt which shall provide that said sum is in full for such services and as a release and waiver of any other and all claims against the state on account of the services performed by the said Herbert W. Chynoweth, whether due to said Edna E. Chynoweth, the widow, or to the estate of said deceased.

SECTION 2. This act shall take effect and be in force from and after its passage and publication.

Approved July 7, 1911.