

## Public Law 389

## CHAPTER 269

## AN ACT

To provide for the incorporation, regulation, merger, consolidation, and dissolution of certain business corporations in the District of Columbia.

June 8, 1954  
[H. R. 3704]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

D. C. Business  
Corporation Act.

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#### SHORT TITLE

SECTION 1. This Act shall be known and may be cited as the "District of Columbia Business Corporation Act".

#### DEFINITIONS

SEC. 2. As used in and for the purposes of this Act, unless the context otherwise requires—

(a) "Corporation" or "domestic corporation", except as used in section 143 of this Act, means a corporation subject to the provisions of this Act, except a foreign corporation.

(b) "Foreign corporation" means a corporation for profit organized under laws other than the laws of the District of Columbia and special Acts of Congress.

(c) "Articles of incorporation" include the original articles of incorporation and all amendments thereto, and include articles of merger or consolidation.

(d) "Subscriber" means one who subscribes for shares in a corporation, whether before or after incorporation.

(e) "Incorporator" means one of the signers of the original articles of incorporation.

(f) "Shares" are the units into which the shareholders' right to participate in the control of the corporation, in its surplus or profits, or in the distribution of its assets, are divided.

(g) "Shareholder" means one who is a holder of record of shares in a corporation.

(h) "Authorized shares" means the aggregate number of shares of all classes, whether with or without par value, which the corporation is authorized to issue.

(i) Shares of its own stock belonging to a corporation shall be deemed to be "issued" shares, but not "outstanding" shares.

(j) "Stated capital" means, at any particular time, the sum of (1) the par value of all shares then issued having a par value and (2) the consideration received by the corporation for all shares then issued without par value, except such part thereof as may have been allocated otherwise than to stated capital in a manner permitted by law, and (3) such amounts not included in clauses (1) or (2) of this paragraph as may have been transferred to the stated capital account of the corporation, whether upon the issue of shares as a share dividend or otherwise, minus such formal reductions from said sum as may have been effected in a manner permitted by law.

(k) "Paid-in surplus" means all that part of the consideration received by the corporation for, or on account of, all shares issued which does not constitute stated capital, whether heretofore or hereafter created by (1) the receipt by the corporation, for, or on account of, the issuance of shares having a par value of consideration in excess of the par value of such shares or (2) the allocation of any part of the consideration received by the corporation for, or on account of, the issuance of shares in a manner permitted by law or (3) a reduction of stated capital under this Act, minus such formal reductions of paid-in surplus as may have been effected in a manner permitted by law.

(l) "Net assets", for the purpose of determining the right of a corporation to purchase its own shares and of determining the right of a corporation to declare and pay dividends and the liabilities of directors therefor, shall not include shares of its own stock belonging to such corporation.

(m) "Registered office" means that office maintained by the corporation, the address of which is on file with the Commissioners.

(n) "Insolvent" means that the corporation is unable to pay its debts as they become due in the usual course of its business.

(o) "State" means any State, Territory, colony, dependency, or possession of the United States of America, or any foreign country.

(p) "Commissioners" means the Commissioners of the District of Columbia or the agent or agents designated by them to perform any function vested in the Commissioners by this Act.

(q) "District" means the District of Columbia.

(r) "The court", except where otherwise specified, means the United States District Court for the District of Columbia.

#### PURPOSES

SEC. 3. Corporations for profit may be organized under this Act for any lawful purpose or purposes, except for the purpose of banking or insurance or the acceptance and execution of trusts, the operation of railroads, or building and loan associations: *Provided*, That nothing contained in this Act shall be construed to relieve any public-utility corporation incorporated or reincorporated under the provisions of this Act from complying with all applicable provisions of the laws of the District of Columbia relating to such corporations: *Provided further*, That no corporation may be organized under this Act unless the place where it conducts its principal business is located within the District of Columbia.

#### GENERAL POWERS

SEC. 4. Each corporation shall have power:

(a) To have perpetual succession by its corporate name unless a limited period of duration is stated in its articles of incorporation.

(b) To sue and be sued, complain and defend, in its corporate name.

(c) To have a corporate seal, which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

(d) To purchase, take, receive, lease, take by gift, devise, or bequest, or otherwise acquire, and to own, hold, improve, use, and otherwise deal in and with real or personal property, or any interest therein, wherever situated.

(e) To sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of its property and assets.

(f) To lend money to, and otherwise assist, its employees, other than its officers and directors.

(g) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other corporations organized under the laws of the District of Columbia, of foreign corporations, and of associations, partnerships, or individuals.

(h) To make contracts and incur liabilities; to borrow money at such rates of interest as the corporation may determine without regard to the restrictions of any usury law; to issue its notes, bonds, and other obligations; and to secure any of its obligations by mortgage or pledge of all or any of its property, franchises, and income.

(i) To invest its surplus funds from time to time and to lend money for its corporate purposes, and to take and hold real and personal property as security for the payment of funds so invested or loaned.

(j) To conduct its business, carry on its operations, and have offices and exercise the powers granted by this Act within and without the District of Columbia and to exercise in any State, Territory, district, colony, or possession of the United States, or in any foreign country the powers granted by this Act, subject to the laws of such State, Territory, District, colony, or possession of the United States, or such foreign country.

(k) To elect or appoint officers and agents of the corporation, and to define their duties and fix their compensation.

(l) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of the District of Columbia, for the administration and regulation of the affairs of the corporation.

(m) To make contributions to charitable organizations, and, in time of war, to transact any lawful business in aid of the United States.

(n) To cease its corporate activities and surrender its corporate franchise.

(o) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is formed.

(p) To indemnify any and all of its directors or officers or former directors or officers or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit, or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled, under any bylaw, agreement, vote of stockholders, or otherwise.

#### POWER OF CORPORATION TO ACQUIRE ITS OWN SHARES

SEC. 5. A corporation shall have power to purchase, take, receive, or otherwise acquire, hold, own, pledge, transfer, or otherwise dispose of its own shares: *Provided*, That it shall not purchase, either directly or indirectly, its own shares when its net assets are less than the sum of its stated capital, its paid-in surplus, any surplus arising from unrealized appreciation in value or revaluation of its assets and any surplus arising from surrender to the corporation of any of its shares, or when by so doing its net assets would be reduced below such sum. Notwith-

standing the foregoing limitations, a corporation may purchase or otherwise acquire its own shares for the purpose of—

- (a) eliminating fractional shares;
- (b) collecting or compromising claims of the corporation or any indebtedness to the corporation;
- (c) paying dissenting shareholders entitled to payment for their shares under the provisions of this Act;
- (d) effecting the retirement of its redeemable shares by redemption or by purchase at not to exceed the redemption price, but no redemption or purchase of redeemable shares shall be made which will reduce the remaining assets of the corporation below an amount sufficient to pay all debts and known liabilities of the corporation as they mature, except such debts and liabilities as have been otherwise adequately provided for, or which will reduce the net assets below the aggregate amount payable to the holders of shares having prior or equal rights to the assets of the corporation upon dissolution.

#### DEALING IN REAL ESTATE AS CORPORATE PURPOSE

SEC. 6. A corporation having among its purposes, as set forth in its articles of incorporation, that of acquiring, owning, using, conveying, and otherwise disposing of and dealing in real property or any interest therein, shall have power and authority so to do without limitation.

#### DEFENSE OF ULTRA VIRES

SEC. 7. No act of a corporation and no conveyance or transfer of real or personal property to or by a corporation shall be invalid by reason of the fact that the corporation was without capacity or power to do such act or to make or receive such conveyance or transfer, but such lack of capacity or power may be asserted—

- (a) in a proceeding by a shareholder against the corporation to enjoin the doing of any act or acts or the transfer of real or personal property by or to the corporation. If the authorized acts or transfer sought to be enjoined are being, or are to be, performed or made pursuant to any contract to which the corporation is a party, the court may, if all of the parties to the contract are parties to the proceeding and if it deems the same to be equitable, set aside and enjoin the performance of such contract, and in so doing may allow to the corporation or to the other parties to the contract, as the case may be, compensation for the loss or damage sustained by either of them which may result from the action of the court in setting aside and enjoining the performance of such contract, but anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained;
- (b) in a proceeding by the corporation, whether acting directly or through a receiver, trustee, or other legal representative, or through shareholders in a representative suit, against the incumbent or former officers or directors of the corporation;
- (c) in a proceeding by the Commissioners, as provided in this Act, to dissolve the corporation, or in a proceeding by the Commissioners to enjoin the corporation from the transaction of unauthorized business.

## CORPORATE NAME

## SEC. 8. The corporate name—

(a) shall contain the word "corporation", "company", "incorporated", or "limited", or shall contain an abbreviation of one of such words;

(b) shall not contain any word or phrase which indicates or implies that it is organized for any purpose other than one or more of the purposes contained in its articles of incorporation;

(c) shall not be the same as, or deceptively similar to, the name of any domestic corporation, or that of any corporation organized under any Act of Congress authorizing the formation of corporations under the laws of the District of Columbia, or that of any corporation created pursuant to any special Act of Congress to transact business in the District of Columbia, or that of any foreign corporation authorized to transact business in the District of Columbia, or a name the exclusive right to which is at the time reserved in the manner provided in this Act;

(d) shall not indicate, nor shall any statement be made, that the corporation is organized under an Act of Congress.

## RESERVED NAME

SEC. 9. (a) The exclusive right to the use of a corporate name may be reserved by—

(1) any person intending to organize a corporation under this Act or any other Act for the organization of a corporation under the laws of the District of Columbia;

(2) any corporation organized under this Act proposing to change its name;

(3) any corporation organized under any law other than this Act proposing to reincorporate under this Act;

(4) any foreign corporation intending to make application for a certificate of authority to transact business in the District of Columbia;

(5) any foreign corporation authorized to transact business in the District of Columbia and intending to change its name;

(6) any person intending to organize a foreign corporation and intending to have such corporation make application for a certificate of authority to transact business in the District of Columbia.

(b) The reservation shall be made by filing with the Commissioners an application to reserve a specified corporate name, executed by the applicant. If the Commissioners find that the name is available for corporate use, they shall reserve the same for the exclusive use of the applicant for a period of sixty days.

(c) The right to the exclusive use of a specified corporate name so reserved may be transferred to any other person or corporation by filing with the Commissioners a notice of such transfer, executed by the applicant for whom the name was reserved, and specifying the name and address of the transferee.

## REGISTERED OFFICE AND REGISTERED AGENT

SEC. 10. Each corporation shall have and continuously maintain in the District of Columbia—

(a) a registered office which may be, but need not be, the same as its place of business;

(b) a registered agent, which agent may be either an individual resident in the District of Columbia whose business office is identi-

cal with such registered office, or a corporation authorized by the articles of incorporation to act as such agent and authorized to transact business in the District of Columbia having a business office identical with such registered office.

CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT

SEC. 11. (a) A corporation may change its registered office or change its registered agent, or both, by filing with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) the address, including street and number, if any, of its then registered office;
- (3) if the address of its registered office be changed, the address, including street and number, if any, to which the registered office is to be changed;
- (4) the name of its then registered agent;
- (5) if its registered agent be changed, the name of its successor registered agent;
- (6) that the address of its registered office and the address of the business office of its registered agent as changed, will be identical; and
- (7) that such change was authorized by resolution duly adopted by its board of directors or was authorized by an officer of the corporation duly empowered to make such change.

(b) Such statement shall be executed by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and delivered to the Commissioners. If the Commissioners find that such statement conforms to the provisions of this Act, they shall file such statement.

(c) The change of address of the registered office, or the change of registered agent, or both, as the case may be, shall become effective upon the filing of such statement by the Commissioners.

REGISTERED AGENT AS AN AGENT FOR SERVICE

SEC. 12. (a) The registered agent so appointed by a corporation shall be an agent of such corporation upon whom process against the corporation may be served, and upon whom any notice or demand required or permitted by law to be served upon the corporation may be served. Service of any process, notice, or demand upon a corporate agent, as such agent, may be had by delivering a copy of such process, notice, or demand to the president, vice president, the secretary, or an assistant secretary of such corporate agent.

(b) In the event a corporation shall fail to appoint or maintain a registered agent, then the Commissioners are hereby irrevocably appointed as an agent of such corporation upon whom any such process, notice, or demand may be served. Service on the Commissioners of any such process, notice, or demand shall be made by delivering to and leaving with them duplicate copies of such process, notice, or demand. In the event any such process, notice, or demand is served on the Commissioners, they shall immediately cause one of such copies thereof to be forwarded by registered mail, addressed to the corporation at its registered office. Any service so had on the Commissioners shall be returnable in not less than thirty days.

(c) The Commissioners shall keep a record of all processes, notices, and demands served upon them under this section, and shall record therein the time of such service and their action with respect thereto.

(d) Nothing herein contained shall limit or affect the right to serve

any process, notice, or demand, required or permitted by law to be served upon a corporation in any other manner now or hereafter permitted by law.

#### AUTHORIZED SHARES

SEC. 13. (a) Each corporation shall have power to create and issue the number of shares stated in its articles of incorporation. Such shares may be divided into one or more classes, any or all of which classes may consist of shares with par value or shares without par value, with such designations, preferences, voting powers, special or relative rights and such limitations, restrictions, or qualifications thereof as shall be stated in the articles of incorporation. The articles of incorporation may limit or deny the voting power of the shares of any class.

(b) Without limiting the authority herein contained, a corporation, when so provided in its articles of incorporation, may issue shares of preferred or special classes—

(1) subject to the right of the corporation to redeem any of such shares at the price fixed by the articles of incorporation for the redemption thereof;

(2) entitling the holders thereof to cumulative or noncumulative dividends;

(3) having preference over any other class or classes of shares as to the payment of dividends;

(4) having preference as to the assets of the corporation over any other class or classes of shares upon the voluntary or involuntary liquidation of the corporation;

(5) convertible into shares of any other class: *Provided*, That shares without par value shall not be converted into shares with par value unless that part of the stated capital of the corporation represented by such shares without par value is, at the time of conversion, at least equal to the aggregate par value of the shares into which the shares without par value are to be converted.

#### ISSUANCE OF SHARES OF PREFERRED OR SPECIAL CLASSES IN SERIES

SEC. 14. (a) If the articles of incorporation so provide, the shares of any preferred or special class may be divided into and issued in series. If the shares of any such class are to be issued in series, then each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. Any or all of the series of any such class and the variations in the relative rights and preferences as between different series may be fixed and determined by the articles of incorporation: *Provided*, That all shares of the same class shall be identical except as to the following relative rights and preferences, in respect of any or all of which there may be variations between different series:

(1) The rate of dividend.

(2) The price at and the terms and conditions on which shares may be redeemed.

(3) The amount payable upon shares in event of involuntary liquidation.

(4) The amount payable upon shares in event of voluntary liquidation.

(5) Sinking-fund provisions for the redemption or purchase of shares.

(6) The terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion.

(b) If the articles of incorporation shall expressly vest authority in the board of directors, then, to the extent that the articles of

incorporation shall not have established series and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority to divide any or all of such classes into series and, within the limitations set forth in this section, fix and determine the relative rights and preferences of the shares of any series so established: *Provided*, That such authority of the board of directors shall be subject to such further limitations, if any, as are stated in the articles of incorporation and shall always be subject to the limitation that the board of directors shall not create a sinking fund in respect of any series unless provision for a sinking fund at least as beneficial to all issued and outstanding shares of the same class shall either then exist or be at the same time created.

(c) In order for the board of directors to establish a series, where authority so to do is contained in the articles of incorporation, the board of directors shall adopt a resolution setting forth the designation of the series and fixing and determining the relative rights and preferences thereof, or so much thereof as shall not be fixed and determined by the articles of incorporation.

(d) Prior to the issue of any shares of a series established by resolution adopted by the board of directors, the corporation shall file with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) a copy of the resolution establishing and designating the series, and fixing and determining the relative rights and preferences thereof;
- (3) the date of adoption of such resolution;
- (4) that such resolution was duly adopted by the board of directors.

(e) Such statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall, when all franchise taxes, fees, and charges have been paid as in this Act prescribed—

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office.

(f) The duplicate original shall be filed for record in the office of the Recorder of Deeds.

(g) Upon the filing of such statement by the Commissioners, the resolution establishing and designating the series and fixing and determining the relative rights and preferences thereof shall become effective.

#### SUBSCRIPTIONS FOR SHARES

SEC. 15. (a) A subscription for shares of a corporation to be organized shall be irrevocable for a period of six months unless otherwise provided by the terms of the subscription agreement, or unless all of the subscribers consent to the revocation of such subscription.

(b) Unless otherwise provided in the subscription agreement, subscriptions for shares, whether made before or after the organization of a corporation, shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of the same class. In case of default in the payment of any installment or call when such payment is due, the corporation may proceed to collect the amount due

in the same manner as any debt due the corporation. The bylaws may prescribe other penalties for failure to pay installments or calls that may become due, but no penalty working a forfeiture of the shares, or of the amounts paid thereon, shall be declared as against any subscriber unless the amount due thereon shall remain unpaid for a period of twenty days after written demand has been made therefor. Such written demand shall be deemed to be made when deposited in the United States mail in a sealed envelope addressed to the subscriber at his last post-office address known to the corporation, with the postage thereon prepaid. In the event of the sale of any shares by reason of any forfeiture, the excess of proceeds realized over the amount due and unpaid on such shares shall be paid to the delinquent subscriber or to his legal representative.

#### CONSIDERATION FOR SHARES

SEC. 16. (a) Shares having a par value may be issued for such consideration, not less than the par value thereof, as shall be fixed from time to time by the board of directors.

(b) Shares without par value may be issued for such consideration as may be fixed from time to time by the board of directors unless the articles of incorporation reserve to the shareholders the right to fix the consideration. In the event that such right be reserved as to any shares, the shareholders shall, prior to the issuance of such shares, fix the consideration to be received for such shares, by a vote of the holders of a majority of all outstanding shares entitled to vote thereon.

(c) Shares of a corporation issued and thereafter acquired by it may be disposed of by the corporation for such consideration as may be fixed from time to time by the board of directors.

(d) That part of the surplus of a corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed to be the consideration for the issuance of such shares.

(e) In the event of an exchange of issued shares having a par value for a different number of shares having the same aggregate par value, whether of the same or of a different class or classes, or in the event of a conversion of shares, or in the event of an exchange of shares with or without par value into the same or a different number of shares without par value, whether of the same or a different class or classes, the consideration for the shares so issued in exchange shall be deemed to be (1) the consideration originally received for the shares so exchanged or converted; and (2) that part of surplus, if any, transferred to stated capital upon the issuance of shares for the shares so exchanged or converted; and (3) any additional consideration paid to the corporation upon the issuance of shares for the shares so exchanged or converted.

#### PAYMENT FOR SHARES

SEC. 17. (a) The consideration for the issuance of shares may be paid, in whole or in part, in money, in other property, tangible or intangible, or in labor or services actually performed for the corporation. When payment of the consideration for which shares are to be issued, which, in the case of shares having a par value, shall be not less than the par value thereof, shall have been received by the corporation, such shares shall be deemed to be full paid and nonassessable.

(b) Neither promissory notes nor future services shall constitute payment or part payment for shares of a corporation.

(c) In the absence of fraud in the transaction, the judgment of the board of directors or the shareholders, as the case may be, as to the value of the consideration received for shares shall be conclusive.

#### DETERMINATION OF AMOUNT OF STATED CAPITAL

SEC. 18. (a) A corporation may determine that only a part of the consideration for which its shares may be issued, from time to time, shall be stated capital: *Provided*, That in the event of any such determination—

(1) if the shares issued shall consist wholly of shares having a par value, then the stated capital represented by such shares shall be not less than the aggregate par value of the shares so issued;

(2) if the shares issued shall consist wholly of shares without par value, all of which shares have a preferential right in the assets of the corporation in the event of its involuntary liquidation, then the stated capital represented by such shares shall be not less than the aggregate preferential amount payable upon such shares in the event of involuntary liquidation;

(3) if the shares issued consist wholly of shares without par value, and none of such shares has a preferential right in the assets of the corporation in the event of its involuntary liquidation, then the stated capital represented by such shares shall be the total consideration received therefor less such part thereof as may be allocated to paid-in surplus;

(4) if the shares issued shall consist of several or all of the classes of shares enumerated in (1), (2), and (3) of this section, then the stated capital represented by such shares shall be not less than the aggregate par value of any shares so issued having a par value and the aggregate preferential amount payable upon any shares so issued without par value having a preferential right in the event of involuntary liquidation.

(b) In order to determine that only a part of the consideration for which shares without par value may be issued from time to time shall be stated capital, the board of directors shall adopt a resolution setting forth the part of such consideration allocated to stated capital and the part otherwise allocated, and expressing such allocation in dollars. If the board of directors shall not have determined (a) at the time of the issuance of any shares issued for cash, or (b) within sixty days after the issuance of any shares issued for labor or services actually performed for the corporation or issued for property other than cash, that only a part of the consideration for shares so issued shall be stated capital, then the stated capital of the corporation represented by such shares shall be an amount equal to the aggregate par value of all such shares having a par value, plus the consideration received for all such shares without par value.

(c) The stated capital of the corporation may be increased from time to time by resolution of the board of directors directing that all or a part of the paid-in or other surplus of the corporation be transferred to stated capital. The board of directors may direct that the amount of the surplus so transferred shall be deemed to be stated capital in respect of any designated class of shares.

#### EXPENSES OF ORGANIZATION, REORGANIZATION, AND FINANCING

SEC. 19. The reasonable charges and expenses of organization or reorganization of a corporation and reasonable compensation for the sale or underwriting of its shares may be paid or allowed by such corporation out of the consideration received by it in payment for

its shares without thereby rendering such shares not full paid and nonassessable.

#### CERTIFICATES REPRESENTING SHARES

SEC. 20. (a) The shares of a corporation shall be represented by certificates signed by the president or a vice president and the secretary or an assistant secretary and sealed with the seal of the corporation. Such seal may be a facsimile. Where such a certificate is countersigned by a transfer agent other than the corporation itself or an employee of the corporation, or by a transfer clerk and registered by a registrar, the signatures of the president or vice president and the secretary or assistant secretary upon such certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if such officer had not ceased to hold such office at the date of its issue.

(b) Every certificate representing shares issued by a corporation which is authorized to issue shares the transferability of which is restricted or limited shall state upon the face or back thereof, in full or in the form of a summary, all of the limitations and restrictions upon the transferability thereof.

(c) Every certificate representing shares issued by a corporation which is authorized to issue shares of more than one class shall state upon the face or back thereof, in full or in the form of a summary, all of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

(d) Each certificate representing shares shall also state—

(1) that the corporation is organized under the laws of the District of Columbia;

(2) the name of the person to whom issued;

(3) the number and class of shares which such certificate represents;

(4) the par value of each share represented by such certificate, or a statement that the shares are without par value.

(e) No certificate shall be issued for any share until such share is full paid.

#### ISSUANCE OF FRACTIONAL SHARES OR SCRIP

SEC. 21. A corporation may, but shall not be obliged to, issue a certificate for a fractional share, and, by action of its board of directors, may issue in lieu thereof scrip or other evidence of ownership, which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or other evidence of ownership aggregating a full share, but which shall not, unless otherwise provided, entitle the holder to exercise any voting right, or to receive dividends thereon or to participate in any of the assets of the corporation in the event of liquidation. The board of directors may cause such scrip or evidence of ownership to be issued subject to the condition that it shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which such scrip or evidence of ownership is exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of such scrip or evidence of ownership, or subject to any other conditions which the board of directors may deem advisable.

## LIABILITY OF SUBSCRIBERS AND SHAREHOLDERS

SEC. 22. (a) A holder of or a subscriber to shares of a corporation shall be under no obligation to the corporation or its creditors with respect to such shares other than the obligation to pay to the corporation the full consideration for which said shares were issued or to be issued, which, as to shares having a par value, shall be not less than the par value thereof. Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefor has not been paid shall not be personally liable to the corporation or its creditors for any unpaid portion of such consideration.

(b) No person holding shares as executor, administrator, conservator, guardian, trustee, assignee for the benefit of creditors, or receiver shall be personally liable as a shareholder, but the estate and funds in the hands of said executor, administrator, conservator, guardian, trustee, assignee, or receiver shall be so liable. No pledgee or other holder of shares as collateral security shall be personally liable as a shareholder.

## SHAREHOLDERS' PREEMPTIVE RIGHTS

SEC. 23. (a) The preemptive right of a shareholder to acquire additional shares of a corporation may be limited or denied to the extent provided in the articles of incorporation.

(b) Unless otherwise provided by its articles of incorporation, any corporation may issue and sell its shares to its employees or to the employees of any subsidiary corporation, without first offering such shares to its shareholders, for such consideration and upon such terms and conditions as shall be approved by the holders of two-thirds of its shares entitled to vote or by its board of directors pursuant to like approval of the shareholders.

## BYLAWS

SEC. 24. The power to make, alter, amend, or repeal the bylaws of the corporation shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

## MEETINGS OF SHAREHOLDERS

SEC. 25. (a) Meetings of shareholders may be held at such place within or without the District of Columbia as may be provided in the bylaws. In the absence of any such provision, all meetings shall be held at the registered office of the corporation.

(b) An annual meeting of the shareholders shall be held at such time as may be provided in the bylaws. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the corporation.

(c) Special meetings of the shareholders may be called by the president, the secretary, the board of directors, the holders of not less than one-fifth of all the outstanding shares entitled to vote, or by such other officers or persons as may be provided in the articles of incorporation or the bylaws.

## NOTICE OF SHAREHOLDERS' MEETINGS

SEC. 26. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either per-

sonally or by mail, by or at the direction of the president, the secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid.

#### VOTING OF SHARES

SEC. 27. (a) Unless otherwise provided in the articles of incorporation, each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

(b) Shares of its own stock belonging to a corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

(c) A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the person executing it or his personal representatives or assigns; but the parties to a valid pledge or to an executory contract of sale may agree in writing as to which of them shall vote the stock pledged or sold until the contract of pledge or sale is fully executed.

(d) The articles of incorporation may provide that in all elections for directors every shareholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares owned by him, for as many persons as there are directors to be elected, or to cumulate said shares, and give one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or to distribute such votes on the same principle among any number of such candidates.

#### CLOSING OF TRANSFER BOOKS AND FIXING RECORD DATE

SEC. 28. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of a corporation may provide that the stock-transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock-transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock-transfer books, the board of directors may fix in advance a date as the record date for any determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock-transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

## VOTING OF SHARES BY CERTAIN HOLDERS

SEC. 29. (a) Shares standing in the name of another corporation may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

(b) Shares standing in the name of a deceased person may be voted by his administrator or executor, either in person or by proxy. Shares standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy, but no guardian, conservator, or trustee shall be entitled, as such fiduciary, to vote shares held by him without a transfer of such shares into his name.

(c) Shares standing in the name of a receiver or a trustee in bankruptcy may be voted by such receiver or trustee, and shares held by or under the control of a receiver or a trustee in bankruptcy may be voted by such receiver or trustee without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver or trustee in bankruptcy was appointed.

(d) Except as otherwise provided in section 27, a shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

## VOTING TRUST

SEC. 30. Any number of shareholders of a corporation may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their shares, for a period of not to exceed ten years, by entering into a written voting trust agreement specifying the terms and conditions of the voting trust, by depositing a counterpart of the agreement with the corporation at its registered office, and by transferring their shares to such trustee or trustees for the purposes of the agreement. The counterpart of the voting-trust agreement so deposited with the corporation shall be subject to the same right of examination by a shareholder of the corporation, in person or by agent or attorney, as is the record of shareholders of the corporation, and shall be subject to examination by any holder of a beneficial interest in the voting trust, either in person or by agent or attorney, at any reasonable time for any proper purpose. The trustee or trustees may execute and deliver to the transferors voting-trust certificates which shall be transferable in the same manner and with the same effect as certificates representing shares.

## QUORUM OF SHAREHOLDERS

SEC. 31. (a) Unless otherwise provided in the articles of incorporation or bylaws, a majority of the outstanding shares having voting power, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders: *Provided*, That in no event shall a quorum consist of less than one-third of the outstanding shares having voting power.

(b) The shareholders present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(c) If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting from time to time until a quorum is present when any business may be transacted that may have been transacted at the meeting as originally called.

## BOARD OF DIRECTORS

SEC. 32. The business and affairs of a corporation shall be managed by a board of directors. Directors need not be shareholders in the corporation unless the articles of incorporation or bylaws so provide. The articles of incorporation or bylaws may prescribe other qualifications for directors.

## NUMBER AND ELECTION OF DIRECTORS

SEC. 33. The number of directors of a corporation shall not be less than three. Subject to such limitation, the number of directors shall be fixed by the bylaws, except as to the number constituting the first board of directors, which number shall be fixed by the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment to the bylaws. In the absence of a bylaw fixing the number of directors, the number shall be the same as that stated in the articles of incorporation. The names and addresses of the members of the first board of directors shall be stated in the articles of incorporation. Such persons shall hold office until the first annual meeting of shareholders, or until their successors shall have been elected and qualified. At the first annual meeting of shareholders and at each annual meeting thereafter the shareholders shall elect directors to hold office until the next succeeding annual meeting, except as hereinafter provided. Each director shall hold office for the term for which he is elected or until his successor shall have been elected and qualified.

## CLASSIFICATION OF DIRECTORS

SEC. 34. The bylaws may provide that the directors be divided into either two or three classes, each class to be as nearly equal in number as possible, the term of office of directors of the first class to expire at the first annual meeting of shareholders after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the second succeeding annual meeting, if there be two classes, or until the third succeeding annual meeting, if there be three classes. No classification of directors shall be effective prior to the first annual meeting of shareholders.

## VACANCIES

SEC. 35. Any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or at a special meeting of shareholders entitled to vote called for that purpose. Any vacancy occurring in the board of directors for any cause other than by reason of an increase in the number of directors may be filled by the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

## QUORUM OF DIRECTORS

SEC. 36. A majority of the number of directors fixed by the bylaws, or in the absence of a bylaw fixing the number of directors, then of the number stated in the articles of incorporation, shall constitute a quorum for the transaction of business unless a greater number is

required by the articles of incorporation or the bylaws. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation or the bylaws.

#### EXECUTIVE COMMITTEE

SEC. 37. If the bylaws so provide, the board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws, or in the absence of a bylaw fixing the number of directors, then of the number stated in the articles of incorporation, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution or in the bylaws of the corporation shall have and may exercise all of the authority of the board of directors in the management of the business and affairs of the corporation; but the designation of such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed upon it or him by law.

#### PLACE OF DIRECTORS' MEETINGS

SEC. 38. Meetings of the board of directors, regular or special, may be held at such place within or without the District of Columbia as may be provided in the bylaws or by resolution adopted by a majority of the board of directors.

#### NOTICE OF DIRECTORS' MEETINGS

SEC. 39. Meetings of the board of directors shall be held upon such notice as is prescribed in the bylaws. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

#### DIVIDENDS

SEC. 40. The board of directors of a corporation may declare and the corporation may pay dividends on its outstanding shares in cash, property, or its own shares, subject to the following provisions:

(a) No dividend shall be declared or paid at a time when the corporation is insolvent or its net assets are less than its stated capital, or when payments thereof would render the corporation insolvent or reduce its net assets below its stated capital.

(b) Dividends may be paid out of paid-in surplus or surplus arising from the surrender to the corporation of any of its shares only upon shares having a preferential right to receive dividends, provided that the source of such dividends shall be disclosed to the shareholders receiving such dividends, concurrently with payment thereof. The limitations of this subparagraph shall not limit nor be deemed to conflict with the provisions of this Act in respect of the distribution of assets as a liquidating dividend.

(c) If a dividend is declared payable in its own shares having a par value, such shares shall be issued at the par value thereof and there shall be transferred to stated capital at the time such dividend is paid, an amount of surplus equal to the aggregate par value of the shares to be issued as a dividend.

(d) If a dividend is declared payable in its own shares without par value, such shares shall be issued at such value as shall be fixed by the board of directors by resolution adopted at the time such dividend is declared, and there shall be transferred to stated capital at the time such dividend is paid, an amount of surplus equal to the aggregate value so fixed in respect of such shares. The amount per share transferred to stated capital shall be disclosed to the shareholders receiving such dividends, concurrently with payment thereof.

(e) A split up or division of issued shares into a greater number of shares of the same class shall not be construed to be a share dividend within the meaning of this section.

(f) No dividend shall be declared or paid contrary to any restrictions contained in the articles of incorporation.

(g) Subject to any restrictions contained in its articles of incorporation, the directors of any corporation engaged in the exploitation of wasting assets may determine the net profits derived from the exploitation of such wasting assets without taking into consideration the depletion of such wasting assets resulting from lapse of time or from necessary consumption of such assets incidental to their exploitation and may pay dividends from the net profits so determined by the directors.

#### DIVIDENDS IN PARTIAL LIQUIDATION

SEC. 41. A corporation, from time to time, may distribute a portion of its assets, in cash or kind, to its shareholders as a liquidating dividend, in the following manner and subject to the following restrictions:

(a) The board of directors shall adopt a resolution recommending the payment of a liquidating dividend, specifying the class or classes of shareholders entitled thereto and the amount thereof, and directing that the question of such distribution be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting.

(b) Written or printed notice stating that the purpose or one of the purposes of such meeting is to consider the question of such distribution shall be given to each shareholder of record entitled to vote within the time and in the manner provided in this Act for the giving of notice of meetings of shareholders. If such meeting be an annual meeting, such purpose may be included in the notice of such meeting.

(c) At such meeting a vote of the shareholders entitled to vote shall be taken by classes on the question of the proposed distribution. The affirmative vote of the holders of at least two-thirds of the outstanding shares of each class shall be required for the authorization of such distribution.

(d) No such distribution shall be made at a time when the corporation is insolvent or its net assets are less than its stated capital, or when such distribution would render the corporation insolvent or reduce its net assets below its stated capital.

(e) No such distribution shall be made to any class of shareholders unless all cumulative dividends accrued on preferred or special classes of shares entitled to preferential dividends shall have been fully paid.

(f) No such distribution shall be made to any class of shareholders which will reduce the remaining net assets below the aggregate preferential amount payable in event of voluntary liquidation to the holders of shares having preferential rights to the assets of the corporation in the event of liquidation.

(g) Each such distribution, when made, shall be identified as a liquidating dividend and the amount per share shall be disclosed to the

shareholders receiving the same, concurrently with the payment thereof.

LIABILITY OF DIRECTORS IN CERTAIN CASES

SEC. 42. (a) In addition to any other liabilities imposed by law upon directors of a corporation—

(1) directors of a corporation who vote for or assent to the declaration of any dividend or other distribution of the assets of a corporation to its shareholders contrary to the provisions of this Act, or contrary to any restrictions contained in the articles of incorporation, shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of this Act or any restrictions in the articles of incorporation;

(2) the directors of a corporation who vote for or assent to the declaration of any dividend or other distribution of assets of a corporation to its shareholders which renders the corporation insolvent or reduces its net assets below its stated capital shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed, to the extent that the corporation is thereby rendered insolvent or its net assets are reduced below its stated capital;

(3) the directors of a corporation who vote for or assent to any distribution of assets of a corporation to its shareholders during the liquidation of the corporation without an adequate provision for, or the payment and discharge of, all debts, obligations, and liabilities of the corporation shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed, to the extent that such debts, obligations and liabilities of the corporation are not thereafter paid and discharged;

(4) the directors of a corporation who vote for or assent to the making of a loan to an officer or director of the corporation shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

(b) A director of a corporation who is present at a meeting of its board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

(c) A director shall not be liable under either subparagraph (1) or (2) of this section if he relied and acted in good faith upon a balance sheet and profit-and-loss statement of the corporation represented to him to be correct by the president or the officer of such corporation having charge of its books of account, or certified by an independent public or certified public accountant or firm of such accountants to fairly reflect the financial condition of such corporation, nor shall he be so liable if in good faith in determining the amount available for any such dividend or distribution he considered the assets to be of their book value.

(d) Any director against whom a claim shall be asserted under or pursuant to this section, and who shall be held liable thereon, shall be

entitled to contribution from the other directors who are likewise liable thereon.

(e) Any director against whom a claim shall be asserted under or pursuant to this section for the improper declaration of a dividend or other distribution of assets of a corporation and who shall be held liable thereon, shall be entitled to contribution from the shareholders who knowingly accepted or received any such dividend or assets, in proportion to the amounts received by them, respectively.

#### OFFICERS

SEC. 43. (a) The officers of a corporation shall consist of a president, one or more vice presidents as may be prescribed by the bylaws, a secretary, and a treasurer, each of whom shall be elected by the board of directors at such time and in such manner as may be prescribed by the bylaws. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the board of directors or chosen in such other manner as may be prescribed by the bylaws. If the bylaws so provide, any two or more offices may be held by the same person, except the offices of president and secretary.

(b) All officers and agents of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the property and affairs of the corporation as may be provided in the bylaws, or as may be determined by resolution of the board of directors not inconsistent with the bylaws.

#### REMOVAL OF OFFICERS

SEC. 44. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

#### BOOKS AND RECORDS

SEC. 45. (a) Each corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its shareholders and board of directors; and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

(b) Any person or persons who shall be the holder or holders of record of at least 5 per centum of all the outstanding shares of a corporation shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose, its record of shareholders and to make extracts therefrom.

(c) A holder of a voting-trust certificate evidencing an interest in a voting trust conforming to the provisions of this Act shall have the same rights as a shareholder to examine and make extracts from the record of shareholders of the corporation.

(d) If any person or persons holding in the aggregate 5 per centum or more of all of the outstanding shares of a corporation shall present to any officer, director, or registered agent of the corporation a written request for a statement of its affairs, it shall be his duty to make or procure such a statement sworn to by the president or a vice president or by the treasurer or an assistant treasurer, embracing a particular account of its assets and liabilities in detail, and to have the same ready and on file at the registered office of the corporation within

thirty days after the presentation of such request. Such statement shall at all times during business hours be open to the inspection of any shareholder and he shall be entitled to copy the same.

(e) Any corporation whose officers or agents shall refuse to allow any such shareholder, entitled under the provisions of this section to examine the record of shareholders, or his agent or attorney, so to examine and make extracts from its record of shareholders, for any proper purpose, shall be liable to such shareholder in a penalty of \$50, in addition to any other damages or remedy afforded him by law. It shall be a defense to any action for penalties under this section that the person suing therefor has within two years sold or offered for sale any list of shareholders of such corporation or any other corporation or has aided or abetted any person in procuring any list of shareholders for any such purpose, or has improperly used any information secured through any prior examination of the record of shareholders of such corporation or any other corporation.

(f) Nothing herein contained shall impair the power of any court of competent jurisdiction, upon proof by a shareholder of proper purpose, irrespective of the period of time during which such shareholder shall have been a shareholder of record, and irrespective of the number of shares held by him, to compel by mandamus or otherwise the production for examination by such shareholder of the books and records of account, minutes, and record of shareholders of a corporation.

#### INCORPORATORS

SEC. 46. Three or more natural persons of the age of twenty-one years or more may act as incorporators of a corporation by signing, verifying, and filing in duplicate in the office of the Commissioners articles of incorporation for such corporation.

#### ARTICLES OF INCORPORATION

SEC. 47. The articles of incorporation shall set forth:

(a) The name of the corporation.  
(b) The period of duration, which may be perpetual.  
(c) The purpose or purposes for which the corporation is organized.  
(d) The aggregate number of shares which the corporation shall have authority to issue; if said shares are to consist of one class only, the par value of each of said shares, or a statement that all of said shares are without par value; or, if said shares are to be divided into classes, the number of shares of each class, and a statement of the par value of the shares of each such class or that such shares are to be without par value.

(e) If the shares are to be divided into classes, the designation of each class and a statement of the preferences, voting power, limitations, restrictions, qualifications, and the special or relative rights in respect of the shares of each class.

(f) A statement that the minimum amount of capital with which the corporation shall commence business shall be not less than \$1,000.

(g) If the corporation is to issue the shares of any preferred or special class in series, then the designation of each series and a statement of the variations in the relative rights and preferences as between different series insofar as the same are to be fixed in the articles of incorporation, and a statement of any authority to be vested in the board of directors to establish series and fix and determine the variations in the relative rights and preferences as between series.

(h) Any provision limiting or denying to shareholders the preemptive right to acquire additional shares of the corporation.

(i) Any provision, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the internal affairs of the corporation, including any provision which under this Act is required or permitted to be set forth in the bylaws.

(j) The address, including street and number, if any, of its initial registered office, and the name of its initial registered agent at such address.

(k) The number of directors constituting the initial board of directors and the names and addresses, including street and number, if any, of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors be elected and qualify.

(l) The name and address, including street and number, if any, of each incorporator.

It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this Act. Whenever a provision of the articles of incorporation is inconsistent with a bylaw, the provision of the articles of incorporation shall be controlling.

#### FILING OF ARTICLES OF INCORPORATION

SEC. 48. (a) Duplicate originals of the articles of incorporation shall be delivered to the Commissioners. If the Commissioners find that the articles of incorporation conform to law, they shall, when all fees have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of incorporation to which they shall affix the other duplicate original.

(b) The certificate of incorporation, together with the duplicate original of the articles of incorporation affixed thereto by the Commissioners, shall be recorded by the Commissioners in the office of the Recorder of Deeds.

#### EFFECT OF ISSUANCE OF CERTIFICATE OF INCORPORATION

SEC. 49. Upon the issuance of the certificate of incorporation, the corporate existence shall begin, and such certificate of incorporation shall be conclusive evidence that all conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated under this Act, except as against the District of Columbia in a proceeding to cancel or revoke the certificate of incorporation.

#### REQUIREMENT BEFORE COMMENCING BUSINESS

SEC. 50. A corporation shall not transact any business or incur any indebtedness, except such as shall be incidental to its organization or to obtaining subscriptions to or payment for its shares, until at least the minimum amount of capital set forth in its articles of incorporation as the minimum amount of capital with which it will commence business has been fully paid in.

#### ORGANIZATION MEETING OF DIRECTORS

SEC. 51. After the issuance of the certificate of incorporation an organization meeting of the board of directors named in the articles of incorporation shall be held within the United States, at the call of a majority of the directors so named, for the purpose of adopting bylaws (unless the power to adopt bylaws has been reserved by the

articles of incorporation to the shareholders, in which event the bylaws shall be adopted by the shareholders), electing officers, and the transaction of such other business as may come before the meeting. The directors calling the meeting shall give at least five days' notice thereof by mail to each director so elected, which notice shall state the time and place of the meeting: *Provided, however,* That if all the directors shall waive notice in writing and fix a time and place for said organization meeting no notice shall be required of such meeting.

#### RIGHT TO AMEND ARTICLES OF INCORPORATION

SEC. 52. A corporation may amend its articles of incorporation, from time to time, in any and as many respects as may be desired: *Provided,* That its articles of incorporation as amended contain only such provisions as might be lawfully contained in original articles of incorporation if made at the time of making such amendment, and, if a change in shares or the rights of shareholders, or an exchange, reclassification, or cancellation of shares or rights of shareholders is to be made, such provisions as may be necessary to effect such change, exchange, reclassification, or cancellation.

In particular, and without limitation upon such general power of amendment, a corporation may amend its articles of incorporation, from time to time, so as:

- (a) To change its corporate name.
- (b) To change its period of duration.
- (c) To change, enlarge, or diminish its corporate purposes.
- (d) To increase or decrease the aggregate number of shares, or shares of any class, which the corporation has authority to issue.
- (e) To increase or decrease the par value of the authorized shares of any class having a par value, whether issued or unissued.
- (f) To exchange, classify, reclassify, or cancel all or any part of its shares, whether issued or unissued.
- (g) To change the designations of all or any part of its shares, whether issued or unissued, and to change the preferences, voting power, qualifications, limitations, restrictions, and the special or relative rights in respect of all or any part of its shares, whether issued or unissued.
- (h) To divide any preferred or special class of shares, whether issued or unissued, into series and fix and determine the designations of such series and the variations in the relative rights and preferences as between the shares of such series.
- (i) To authorize the board of directors to establish, out of authorized but unissued shares, series of any preferred or special class of shares and fix and determine the relative rights and preferences of the shares of any series so established.
- (j) To authorize the board of directors to fix and determine the relative rights and preferences of the authorized but unissued shares of series theretofore established in respect of which either the relative rights and preferences have not been fixed and determined or the relative rights and preferences theretofore fixed and determined are to be changed.
- (k) To revoke, diminish, or enlarge the authority of the board of directors to establish series out of authorized but unissued shares of any preferred or special class and fix and determine the relative rights and preferences of the shares of any series so established.
- (l) To change shares having a par value, whether issued or unissued, into the same or a different number of shares without par value, and to change shares without par value, whether issued or unissued, into the same or a different number of shares having a par value.

(m) To change the share of any class, whether issued or unissued, and whether with or without par value, into a different number of shares of the same class or into the same or a different number of shares, either with or without par value, of other classes.

(n) To create new classes of shares having rights and preferences either prior and superior or subordinate and inferior to the shares of any class then authorized, whether issued or unissued.

(o) To limit, deny, or grant to shareholders of any class the preemptive right to subscribe for or acquire additional shares of the corporation, whether then or thereafter authorized.

PROCEDURE TO AMEND ARTICLES OF INCORPORATION BEFORE ACCEPTANCE  
OF SUBSCRIPTIONS TO SHARES

SEC. 53. Amendments to the articles of incorporation before any subscriptions to shares have been accepted by the board of directors shall be made in the following manner:

(a) Amendments to the articles of incorporation modifying, changing, or altering the original articles of incorporation shall be signed by all of the living or competent incorporators who signed the original articles of incorporation, verified and filed in duplicate by the Commissioners. Such amended articles of incorporation shall contain only such provisions as might be lawfully contained in original articles of incorporation if made at the time of making such amended articles of incorporation.

(b) Such amended articles of incorporation shall be delivered in duplicate original to the Commissioners. If the Commissioners find that such amended articles of incorporation conform to law, they shall, when all fees have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) the other duplicate original shall be recorded in the office of the Recorder of Deeds.

(c) Upon the issuance of the amended articles of incorporation, the amended articles of incorporation shall become effective and shall take the place of the original articles of incorporation.

PROCEDURE TO AMEND ARTICLES OF INCORPORATION AFTER ACCEPTANCE  
OF SUBSCRIPTION TO SHARES

SEC. 54. Amendments to the articles of incorporation shall be made in the following manner:

(a) The board of directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting.

(b) Written or printed notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each shareholder of record entitled to vote at such meeting within the time and in the manner provided in this Act for the giving of notice of meetings of shareholders. If the meeting be an annual meeting, the proposed amendment or such summary shall be included in the notice of such annual meeting.

(c) At such meeting a vote of the shareholders entitled to vote shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote, unless any class of shares is entitled to vote as a class in respect thereof, as hereinafter provided, in which event the proposed amendment shall be adopted

upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of each class of shares entitled to vote as a class in respect thereof and of the total outstanding shares entitled to vote.

(d) Any number of amendments may be submitted to the shareholders, and voted upon by them, at one meeting.

#### WHEN ENTITLED TO VOTE BY CLASSES

SEC. 55. The holders of the outstanding shares of a class whether by the provisions of the articles of incorporation such class of stock is entitled to vote or not shall be entitled to vote as a class upon a proposed amendment which would—

(a) Increase or decrease the aggregate number of authorized shares of such class.

(b) Increase or decrease the par value of the shares of such class.

(c) Effect an exchange, reclassification, or cancellation of all or part of the shares of such class.

(d) Effect an exchange, or create a right of exchange, of all or any part of the shares of another class into the shares of such class.

(e) Change the designations, preferences, limitations, voting, or relative rights of the shares of such class.

(f) Change the shares of such class having a par value into the same or a different number of shares without par value, or change the shares of such class without par value into the same or a different number of shares having a par value.

(g) Change the shares of such class, whether with or without par value, into a different number of shares of the same class, or into the same or a different number of shares, either with or without par value, of other classes.

(h) In the case of a preferred or special class of shares, divide the shares of such class into series and fix and determine the designation of such series and the variations in the relative rights and preferences between the shares of such series.

(i) Create a new class of shares having rights and preferences prior and superior to the shares of such class.

(j) Limit or deny the existing preemptive rights of the shares of such class.

#### ARTICLES OF AMENDMENT

SEC. 56. (a) The articles of amendment shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and shall set forth—

(1) the name of the corporation;

(2) the amendment so adopted;

(3) the date of the adoption of the amendment by the shareholders;

(4) the number of shares outstanding, and the number of shares entitled to vote, and if the shares of any class are entitled to vote as a class, the designation of each such class and the number of outstanding shares thereof entitled to vote;

(5) the number of shares voted for and against such amendment, respectively, and, if the shares of any class are entitled to vote as a class, the number of shares of each such class voted for and against such amendment, respectively;

(6) if such amendment provides for an exchange, reclassification, or cancellation of issued shares, and if the manner in which the same shall be effected is not set forth in the amendment, then a statement of the manner in which the same shall be effected;

(7) if such amendment effects a change in the amount of stated capital, or paid-in surplus, or both, then a statement of the manner in which the same is effected and a statement, expressed in dollars, of the amount of stated capital and the amount of paid-in surplus as changed by such amendment.

(b) If issued shares without par value are changed into the same or a different number of shares having par value, the aggregate par value of the shares into which the shares without par value are changed shall not exceed the sum of (1) the amount of stated capital represented by such shares without par value, and (2) the amount of surplus, if any, transferred to stated capital on account of such change, and (3) any additional consideration paid for such shares with par value and allocated to stated capital.

#### FILING OF ARTICLES OF AMENDMENT

SEC. 57. (a) Duplicate originals of the articles of amendment shall be delivered to the Commissioners. If the Commissioners find that the articles of amendment conform to law, they shall, when all fees and taxes have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of amendment to which they shall affix the other duplicate original.

(b) The certificate of amendment with the duplicate original of the articles of amendment affixed thereto shall be recorded in the office of the Recorder of Deeds.

#### EFFECT OF CERTIFICATE OF AMENDMENT

SEC. 58. (a) Upon the issuance of the certificate of amendment, the amendment shall become effective and the articles of incorporation shall be deemed to be amended accordingly.

(b) No amendment shall affect any existing cause of action in favor of or against such corporation, or any pending suit to which such corporation shall be a party, or the existing rights of persons other than shareholders; and, in the event the corporate name shall be changed by amendment, no suit brought by or against such corporation under its former name shall abate for that reason.

#### REDEMPTION AND CANCELLATION OF SHARES

SEC. 59. (a) If the articles of incorporation provide that redeemable shares redeemed, or purchased or otherwise acquired by the corporation, shall be canceled and shall not be reissued, then, in the event of such cancellation of shares, the stated capital of the corporation shall be deemed to be reduced by that part of the stated capital which was, at the time of such cancellation, represented by the shares so canceled.

(b) No redemption or purchase of redeemable shares shall be made which will reduce the remaining assets of the corporation below an amount sufficient to pay all debts and known liabilities of the corporation as they mature, except such debts and liabilities as have been otherwise adequately provided for, or which will reduce the net assets below the aggregate amount payable to the holders of shares having prior or equal rights to the assets of the corporation upon dissolution.

(c) When redeemable shares of a corporation have been canceled pursuant to the provisions of the articles of incorporation, a statement shall be executed in duplicate by the corporation by its president

or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by the secretary or an assistant secretary, which statement shall set forth—

- (1) the name of the corporation;
  - (2) the aggregate number of shares which the corporation had authority to issue, itemized by classes and series;
  - (3) the number of shares canceled, itemized by classes and series;
  - (4) the number of shares which the corporation has authority to issue, itemized by classes and series, after giving effect to such cancellation;
  - (5) a statement of the aggregate number of issued shares itemized by classes, par value of shares, shares without par value, and series, if any, within a class, after giving effect to the cancellation;
  - (6) a statement, expressed in dollars, of the amount of the stated capital and the amount of paid-in surplus of the corporation after giving effect to such cancellation.
- (d) Such statement shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall—
- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
  - (2) file one of such duplicate originals in their office.
- (e) The duplicate original shall be recorded in the office of the Recorder of Deeds.
- (f) The filing of such statement by the Commissioners shall operate as an amendment to the articles of incorporation and shall reduce the number of shares of the class so canceled which the corporation is authorized to issue by the number of shares so canceled.
- (g) Nothing contained in this section shall be construed to forbid a reduction of authorized shares or a reduction of stated capital in any other manner permitted by this Act.

#### CANCELLATION OF REACQUIRED SHARES

SEC. 60. (a) A corporation may at any time, by resolution of its board of directors, cancel all or any part of the shares of the corporation of any class reacquired by it through redemption, purchase, or otherwise, and in the event of such cancellation a statement of cancellation shall be filed as provided in this section. When any reacquired shares have been canceled by resolution of the board of directors, a statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by the secretary or assistant secretary, which statement shall set forth—

- (1) the name of the corporation;
- (2) the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class;
- (3) the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class before giving effect to such cancellation;
- (4) the number of shares canceled, itemized by classes, par value of shares, shares without par value, and series, if any, within a class;
- (5) a statement that the shares so canceled were canceled by a resolution duly adopted by the board of directors;
- (6) the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, after giving effect to such cancellation;

(7) a statement, expressed in dollars, of the amount of the stated capital and the amount of the paid-in surplus of the corporation before giving effect to such cancellation;

(8) a statement, expressed in dollars, of the amount of the stated capital and the amount of the paid-in surplus of the corporation after giving effect to such cancellation.

(b) Such statement shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall—

(1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) the other duplicate original shall be recorded in the office of the Recorder of Deeds.

(c) Upon the filing of such statement by the Commissioners, the stated capital of the corporation shall be deemed to be reduced by that part of the stated capital which was, at the time of such cancellation, represented by the shares so canceled and the shares so canceled shall be deemed to be authorized but unissued shares.

(d) Nothing contained in this section shall be construed to forbid a cancellation of shares or a reduction of stated capital in any other manner permitted by this Act.

#### REDUCTION OF STATED CAPITAL IN CERTAIN CASES

SEC. 61. (a) The reduction of the stated capital of a corporation where such reduction is not accompanied by an exchange, reclassification, or cancellation of shares, or by a reduction in the par value of issued shares, or by a reduction of the number of authorized shares of any class below the number of issued shares of that class, or by a redemption and cancellation of shares, may be made in the following manner:

(1) The board of directors shall adopt a resolution setting forth the amount of the proposed reduction and the manner in which the reduction shall be effected, and directing that the question of such reduction be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting.

(2) Written or printed notice, stating that the purpose or one of the purposes of such meeting is to consider the question of reducing the stated capital of the corporation, shall be given to each shareholder of record entitled to vote within the time and in the manner provided in this Act for the giving of notice of meetings of shareholders.

(3) At such meeting a vote of the shareholders entitled to vote shall be taken on the question of the proposed reduction of stated capital, which shall require for its adoption the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote.

(b) When a reduction of the stated capital of a corporation has been approved as provided in this section, a statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by the secretary or an assistant secretary, which statement shall set forth—

(1) the name of the corporation;

(2) a copy of the resolution of the shareholders approving such reduction;

(3) the total number of shares outstanding and the number of shares entitled to vote;

(4) the number of shares voted for and against such reduction, respectively;

(5) a statement of the manner in which such reduction is effected, and a statement, expressed in dollars, of the amount of stated capital and the amount of paid-in surplus of the corporation adjusted to give effect to such reduction.

(c) Such statement shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall, when all fees have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) the other duplicate original shall be recorded in the office of the Recorder of Deeds.

SEC. 62. (a) No reduction of stated capital shall be made under the provisions of section 61 which would reduce the amount of the aggregate stated capital of the corporation to an amount less than the aggregate preferential amounts payable upon all issued shares having a preferential right in the assets of the corporation in the event of involuntary liquidation, plus the aggregate par value, after such reduction, of all issued shares having a par value but no preferential right in the assets of the corporation in the event of involuntary liquidation.

(b) The surplus, if any, created by or arising out of the reduction of the stated capital of a corporation shall be deemed to be paid-in surplus, except where such reduction is effected by the cancellation of its own shares belonging to the corporation, or by the redemption and cancellation of shares, in either of which events the paid-in surplus, if any, created by such reduction shall not exceed the amount by which the stated capital represented by such shares exceeded the cost thereof to the corporation.

#### REDUCTION OF PAID-IN SURPLUS

SEC. 63. A corporation may, by resolution of its board of directors, apply any part or all of its paid-in surplus to the payment of dividends as permitted by section 40 of this Act, or to the distribution of liquidating dividends as permitted by section 41 of this Act, to the payment of reasonable compensation for the sale or underwriting of its shares as permitted by section 19 of this Act, the reduction or elimination of any deficit arising from operating or other losses or from diminution in value of its assets.

#### PROCEDURE FOR MERGER

SEC. 64. Any two or more domestic corporations may merge into one of such corporations in the following manner:

The board of directors of each corporation shall, by resolution adopted by a majority vote of the members of each such board, approve a plan of merger setting forth:

(a) The names of the corporations proposing to merge, and the name of the corporation into which they propose to merge, which is hereinafter designated as the surviving corporation.

(b) The terms and conditions of the proposed merger.

(c) The manner and basis of converting the shares of each merging corporation into shares or other securities or obligations of the surviving corporation.

(d) A statement of any changes in the articles of incorporation of the surviving corporation to be effected by such merger.

(e) Such other provisions with respect to the proposed merger as are deemed necessary or desirable.

## PROCEDURE FOR CONSOLIDATION

SEC. 65. Any two or more domestic corporations may consolidate into a new corporation in the following manner:

The board of directors of each corporation, shall by a resolution adopted by a majority vote of the members of each such board, approve a plan of consolidation setting forth:

(a) The names of the corporations proposing to consolidate, and the name of the new corporation into which they propose to consolidate, which is hereinafter designated as the new corporation.

(b) The terms and conditions of the proposed consolidation.

(c) The manner and basis of converting the shares of each corporation into shares, or other securities, or obligations of the new corporation.

(d) With respect to the new corporation, all of the statements required to be set forth in articles of incorporation for corporations organized under this Act.

(e) Such other provisions with respect to the proposed consolidation as are deemed necessary or desirable.

## MEETINGS OF SHAREHOLDERS

SEC. 66. The board of directors of each corporation, upon approving such plan of merger or plan of consolidation, shall, by resolution, direct that the plan be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting. Written or printed notice shall be delivered not less than twenty days before such meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting. Such notice shall state the place, day, hour, and purpose of the meeting, and a copy or a summary of the plan of merger or plan of consolidation, as the case may be, shall be included in or enclosed with such notice.

## APPROVAL BY SHAREHOLDERS

SEC. 67. At each such meeting, a vote of the shareholders shall be taken on the proposed plan of merger or consolidation. The plan of merger or consolidation shall be approved upon receiving the affirmative vote of the holders of two-thirds of the outstanding shares of each corporation unless as to any of such corporations two or more classes of shares are issued in which event as to such corporation or corporations the plan of merger or consolidation shall be approved upon receiving the affirmative vote of at least two-thirds of the outstanding shares of each such class.

## ARTICLES OF MERGER OR CONSOLIDATION

SEC. 68. (a) Upon such approval, articles of merger or articles of consolidation shall be executed in duplicate by each corporation by its president or a vice president, and verified by him, and the corporate seal of each corporation shall be thereto affixed, attested by its secretary or an assistant secretary, and shall set forth—

(1) the plan of merger or the plan of consolidation;

(2) as to each corporation, the number of shares outstanding, and if there are two or more classes of shares issued, the designation of each such class and the number of shares thereof outstanding;

(3) as to each corporation, the number of shares voted for and against such plan respectively, and, if there are two or more classes

of shares issued the number of shares of each such class voted for and against such plan, respectively.

(b) Such articles of merger or consolidation shall be delivered to the Commissioners. If the Commissioners find that such articles of merger or consolidation conform to law, they shall, when all fees have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of merger or certificate of consolidation to which they shall attach the other duplicate original.

(c) The certificate of merger or certificate of consolidation, together with the duplicate original affixed thereto, shall be recorded in the office of the Recorder of Deeds.

#### EFFECTIVE DATE OF MERGER OR CONSOLIDATION

SEC. 69. Upon the issuance of the certificate of merger or the certificate of consolidation by the Commissioners, the merger or consolidation shall be effected.

#### EFFECT OF MERGER OR CONSOLIDATION

SEC. 70. When such merger or consolidation has been effected:

(a) The several corporations parties to the plan of merger or consolidation shall be a single corporation, which, in the case of a merger, shall be that corporation designated in the plan of merger as the surviving corporation, and, in the case of a consolidation, shall be the new corporation provided for in the plan of consolidation.

(b) The separate existence of all corporations parties to the plan of merger or consolidation, except the surviving or new corporation, shall cease.

(c) Such surviving or new corporation, as the case may be, shall have all the rights, privileges, immunities, and powers and shall be subject to all the duties and liabilities of a corporation organized under this Act.

(d) Such surviving or new corporation shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, as well of a public as a private nature, of each of the merging or consolidating corporations; and all property—real, personal, and mixed—and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to each of the corporations so merged or consolidated, shall be taken and deemed to be transferred to and vested in such single corporation without further act or deed; and the title to any real estate, or any interest therein, vested in any of such corporations shall not revert or be in any way impaired by reason of such merger or consolidation.

(e) Such surviving or new corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the corporations so merged or consolidated; and any claim existing or action or proceeding pending by or against any of such corporations may be prosecuted to judgment as if such merger or consolidation had not taken place, or such surviving or new corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of any such corporation shall be impaired by such merger or consolidation.

(f) In the case of a merger, the articles of incorporation of the surviving corporation shall be deemed to be amended to the extent, if any, that changes in its articles of incorporation are stated in the

articles of merger; and, in the case of a consolidation, the statements set forth in the articles of consolidation and which are required or permitted to be set forth in the articles of incorporation of corporations organized under this Act shall be deemed to be the articles of incorporation of the new corporation.

(g) The aggregate amount of the net assets of the merging or consolidating corporations which was available for the payment of dividends immediately prior to such merger or consolidation, to the extent that the amount thereof is not transferred to stated capital by the issuance of shares or otherwise, shall continue to be available for the payment of dividends by such surviving or new corporation.

#### MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN CORPORATIONS

SEC. 71. One or more foreign corporations and one or more domestic corporations may be merged or consolidated if permitted by the laws of the State under which each such foreign corporation is organized:

(a) Each domestic corporation shall comply with the provisions of this Act with respect to the merger or consolidation, as the case may be, of domestic corporations and each foreign corporation shall comply with the applicable provisions of the laws of the State under which it is organized.

(b) If the surviving or new corporation, as the case may be, is to be governed by the laws of any State other than the District of Columbia, it shall comply with the provisions of this Act with respect to foreign corporations if it is to do business in the District of Columbia, and in every case it shall file with the Commissioners—

(1) an agreement that it may be served with process in the District of Columbia in any proceeding for the enforcement of any obligation of any domestic corporation which is a party to such merger or consolidation and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such domestic corporation against the surviving or new corporation;

(2) an irrevocable appointment of the Commissioners of the District of Columbia as its agent to accept service of process in any such proceeding; and

(3) an agreement that it will promptly pay to the dissenting shareholders of any such domestic corporation the amount, if any, to which they shall be entitled under the provisions of this Act with respect to the rights of dissenting shareholders.

(c) The effect of such merger or consolidation shall be the same as in the case of the merger or consolidation of domestic corporations, if the surviving or new corporation is to be governed by the laws of the District of Columbia. If the surviving or new corporation is to be governed by the laws of any jurisdiction other than the District of Columbia, the effect of such merger or consolidation shall be the same as in the case of the merger or consolidation of domestic corporations except insofar as the laws of such other jurisdiction provide otherwise.

#### MERGER OF PARENT CORPORATION AND WHOLLY OWNED SUBSIDIARY

SEC. 72. (a) Any corporation now or hereafter organized under the provisions hereof or existing under the laws of the District of Columbia, for the purpose of carrying on any kind of business authorized by this Act, owning all of the stock of any other corporation now or hereafter organized hereunder or existing under the laws of the District of Columbia, or now or hereafter organized under the laws of any other State of the United States of America, if the laws under which said other corporation is formed shall permit a merger as herein

provided, may file, in duplicate original with the Commissioners, a certificate of such ownership in its name and under its corporate seal, signed by its president or a vice president, and its secretary or assistant secretary, and setting forth a copy of the resolution of its board of directors to merge such other corporation, and to assume all of its obligations and the date of the adoption thereof. If the Commissioners find that such certificate of ownership conforms to law, they shall, when all fees have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of ownership to which they shall affix the other duplicate original.

(b) The certificate of merger or certificate of consolidation, together with the duplicate original affixed thereto, shall be recorded in the office of the Recorder of Deeds.

(c) Upon the issuance of the certificate of ownership, the merger shall be effected and thereupon all of the estate, property, rights, privileges, and franchises of such other corporation shall vest in and be held and enjoyed by such parent corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by such other corporation, and be managed and controlled by such parent corporation, and except as hereinafter in this section provided, in its name, but subject to all liabilities and obligations of such other corporation and the rights of all creditors thereof. The parent corporation shall not thereby acquire power to engage in any business, or to exercise any right, privilege, or franchise, of a kind which it could not lawfully engage in or exercise under the provisions of the law or laws by or pursuant to which such parent corporation is organized, or operates in the District of Columbia. The parent corporation shall be deemed to have assumed all of the obligations and liabilities of the merged corporation and shall be liable in the same manner as if it had itself incurred such liabilities and obligations. The parent corporation may relinquish its corporate name and assume in lieu thereof the name of the merged corporation, by including it in a provision to that effect in the resolution of merger adopted by the directors and set forth in the certificate of ownership, and upon the filing of such certificate the change of name shall be completed, with the same force and effect and subject to the same conditions and consequences as if such change had been accomplished by proceedings under the appropriate section of this Act.

#### RIGHTS OF DISSENTING SHAREHOLDERS

SEC. 73. (a) If a shareholder of a corporation which is a party to a merger or consolidation shall file with such corporation, prior to or at the meeting of shareholders at which the plan of merger or consolidation is submitted to a vote, a written objection to such plan of merger or consolidation, and shall not vote in favor thereof, and such shareholder, within twenty days after the merger or consolidation is effected, shall make written demand on the surviving or new corporation for payment of the fair value of his shares as of the day prior to the date on which the vote was taken approving the merger or consolidation, the surviving or new corporation shall pay to such shareholder, upon surrender of his certificate or certificates representing said shares, such fair value thereof. Such demand shall state the number and class of the shares owned by such dissenting shareholder. Any shareholder failing to make demand within the twenty-day period shall be bound by the terms of the merger or consolidation.

(b) If within thirty days after the date on which such merger or consolidation was effected the value of such shares is agreed upon between the dissenting shareholder and the surviving or new corporation payment therefor shall be made within ninety days after the date on which such merger or consolidation was effected, upon the surrender of his certificate or certificates representing said shares. Upon payment of the agreed value the dissenting shareholder shall cease to have any interest in such shares or in the corporation.

(c) If within such period of thirty days the shareholder and the surviving or new corporation do not so agree, then the dissenting shareholder may, within sixty days after the expiration of the thirty-day period, file a petition in any court of competent jurisdiction within the District of Columbia, asking for a finding and determination of the fair value of such shares, and shall be entitled to judgment against the surviving or new corporation for the amount of such fair value as of the day prior to the date on which such vote was taken approving such merger or consolidation, together with interest thereon at the rate of 5 per centum per annum to the date of such judgment. The judgment shall be payable only upon and simultaneously with the surrender to the surviving or new corporation of the certificate or certificates representing said shares. Upon payment of the judgment, the dissenting shareholder shall cease to have any interest in such shares or in the surviving or new corporation. Such shares may be held and disposed of by the surviving or new corporation as it may see fit. Unless the dissenting shareholder shall file such petition within the time herein limited, such shareholder and all persons claiming under him shall be bound by the terms of the merger or consolidation.

(d) The right of a dissenting shareholder to be paid the fair value of his shares as herein provided shall cease if and when the corporation shall abandon the merger or consolidation.

SALE, LEASE, EXCHANGE, OR MORTGAGE OF ASSETS IN USUAL AND REGULAR COURSE OF BUSINESS

SEC. 74. The sale, lease, exchange, mortgage, pledge, or other disposition of less than all, or less than substantially all, the property and assets of a corporation, when made in the usual and regular course of the business of the corporation, may be made upon such terms and conditions and for such considerations, which may consist in whole or in part, of money or property, real or personal, including shares of any other corporation, whether or not such other corporation be organized under the provisions of this Act, as shall be authorized by its board of directors; and in such case no authorization or consent of the shareholders shall be required.

SALE, LEASE, EXCHANGE, OR MORTGAGE OF ASSETS OTHER THAN IN USUAL AND REGULAR COURSE OF BUSINESS

SEC. 75. A sale, lease, exchange, mortgage, pledge, or other disposition of all, or substantially all, the property and assets, with or without the good will, of a corporation, may be made upon such terms and conditions and for such consideration, which may consist, in whole or in part, of money or property, real or personal, including shares of any other corporation, whether or not such other corporation be organized under the provisions of this Act, as may be authorized in the following manner:

(a) The board of directors shall adopt a resolution recommending such sale, lease, exchange, mortgage, pledge, or other disposition and directing the submission thereof to a vote at a meeting of shareholders, which may be either an annual or a special meeting.

(b) Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the sale, lease, exchange, mortgage, pledge, or other disposition of all, or substantially all, the property and assets of the corporation shall be given to each shareholder of record entitled to vote within the time and in the manner provided by this Act for the giving of notice of meetings of shareholders.

(c) At such meetings the shareholders may authorize such sale, lease, exchange, mortgage, pledge, or other disposition and fix, or may authorize the board of directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the corporation therefor. Such authorization shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote, unless there are two or more classes of stock issued and outstanding and entitled to vote, in which event such authorization shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of each such class of shares issued and outstanding and entitled to vote.

(d) After such authorization by a vote of shareholders, the board of directors nevertheless, in its discretion, may abandon such sale, lease, exchange, mortgage, pledge, or other disposition of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by shareholders.

#### VOLUNTARY DISSOLUTION OF CORPORATION BY ITS INCORPORATORS

SEC. 76. A corporation which has not commenced business and which has not issued any shares may be voluntarily dissolved by its incorporators at any time within one year from the date of the issuance of its certificate of incorporation in the following manner:

(a) Articles of dissolution shall be executed in duplicate by a majority of the incorporators, and verified by them, and shall set forth—

- (1) the name of the corporation;
- (2) the date of issuance of its certificate of incorporation;
- (3) that none of its shares have been issued;
- (4) that the corporation has not commenced business;
- (5) that the amount, if any, actually paid in on subscriptions to its shares, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto;
- (6) that no debts of the corporation remain unpaid;
- (7) that all the incorporators elect that the corporation be dissolved.

(b) Duplicate originals of the articles of dissolution shall be delivered to the Commissioners. If the Commissioners find that the articles of dissolution conform to law, they shall, when all fees and charges have been paid as in this Act prescribed—

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) issue a certificate of dissolution to which they shall affix the other duplicate original.

(c) The certificate of dissolution, together with the duplicate original affixed thereto, shall be recorded in the office of the Recorder of Deeds.

(d) Upon the issuance of such certificate of dissolution the existence of the corporation shall cease.

## DISSOLUTION BY CONSENT OF SHAREHOLDERS

SEC. 77. A corporation may be dissolved by the written consent of the holders of record of all of its outstanding shares in the following manner:

Upon the execution of such written consent by all the shareholders of record, a statement of intent to dissolve shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, which shall set forth and contain—

- (a) The name of the corporation.
- (b) The names and respective addresses, including street and number, if any, of its officers.
- (c) The names and respective addresses, including street and number, if any, of its directors.
- (d) A copy of the agreement signed by all shareholders of record of the corporation consenting to its dissolution.
- (e) A statement that such agreement has been signed by all shareholders of record of the corporation or signed in their names by their attorneys thereunto duly authorized.

## DISSOLUTION BY ACT OF CORPORATION

SEC. 78. A corporation may be dissolved by the act of the corporation in the following manner:

(a) The board of directors shall adopt a resolution recommending that the corporation be dissolved, and directing that the question of such dissolution be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting.

(b) Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of dissolving the corporation, shall be given to each shareholder of record entitled to vote within the time and in the manner provided in this Act for the giving of notice of meetings of shareholders.

(c) At such meeting a vote of the shareholders entitled to vote shall be taken on a resolution to dissolve the corporation, which shall require for its adoption the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote.

(d) Upon the adoption of such resolution, a statement of intent to dissolve shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, which shall set forth—

- (1) the name of the corporation;
- (2) the names and respective addresses, including street and number, if any, of its officers;
- (3) the names and respective addresses, including street and number, if any, of its directors;
- (4) a copy of the resolution of the shareholders authorizing the dissolution of the corporation;
- (5) the number of shares outstanding and entitled to vote;
- (6) the number of shares voted for and against the dissolution of the corporation.

## FILING OF STATEMENT OF INTENT TO DISSOLVE

SEC. 79. Duplicate originals of the statement of intent to dissolve, whether by consent of shareholders or by act of the corporation, shall be delivered to the Commissioners. If the Commissioners find that

such statement conforms to law, they shall, when all fees and charges have been paid as in this Act prescribed—

(a) Endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof.

(b) File one of such duplicate originals in their office.

(c) The other duplicate original shall be recorded in the office of the Recorder of Deeds.

#### EFFECT OF STATEMENT OF INTENT TO DISSOLVE

SEC. 80. Upon the filing by the Commissioners of a statement of intent to dissolve, whether by consent of shareholders or by act of the corporation, the corporation shall cease to carry on its business, except insofar as may be necessary for the proper winding up thereof.

#### PROCEEDINGS AFTER FILING OF STATEMENT OF INTENT TO DISSOLVE

SEC. 81. After the filing by the Commissioners of a statement of intent to dissolve—

(a) The corporation shall proceed to collect its assets, convey and dispose of such of its properties as are not to be distributed in kind to its shareholders, pay, satisfy, and discharge its liabilities and obligations and do all other acts required to liquidate its business and affairs, and, after paying or adequately providing for the payment of all its obligations, distribute the remainder of its assets, either in cash or in kind, among its shareholders according to their respective rights and interests.

(b) The corporation, at any time during the liquidation of its business and affairs, may make application to the United States District Court for the District of Columbia to have the liquidation continued under the supervision of the court as provided in this Act.

#### REVOCATION BY CONSENT OF SHAREHOLDERS OF VOLUNTARY DISSOLUTION PROCEEDINGS

SEC. 82. By the written consent of the holders of record of all of its outstanding shares, a corporation may, at any time prior to the issuance of a certificate of dissolution by the Commissioners as hereinafter provided, revoke voluntary dissolution proceedings theretofore taken, in the following manner:

Upon the execution of such written consent by all the shareholders of record, a statement of revocation of voluntary dissolution proceedings shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, which shall set forth and contain—

(a) The name of the corporation.

(b) The names and respective addresses, including street and number, if any, of its officers.

(c) The names and respective addresses, including street and number, if any, of its directors.

(d) A copy of the agreement signed by all shareholders of record of the corporation revoking such voluntary dissolution proceedings.

(e) That such agreement is signed by all shareholders of record of the corporation or signed in their names by their attorneys thereunto duly authorized.

REVOCATION BY ACT OF CORPORATION OF VOLUNTARY DISSOLUTION  
PROCEEDINGS

SEC. 83. By the act of the corporation, a corporation may, at any time prior to the issuance of a certificate of dissolution by the Commissioners as hereinafter provided, revoke voluntary dissolution proceedings theretofore taken in the following manner:

(a) The board of directors shall adopt a resolution recommending that the voluntary dissolution proceedings be revoked and directing that the question of such revocation be submitted to a vote at a meeting of shareholders.

(b) Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of revoking the voluntary dissolution proceedings, shall be given to each shareholder of record entitled to vote within the time and in the manner provided in this Act for the giving of notice of meetings of shareholders.

(c) At such meeting a vote of the shareholders entitled to vote shall be taken on a resolution revoking the voluntary dissolution proceedings, which shall require for its adoption the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote.

(d) Upon the adoption of such resolution, a statement of revocation of voluntary dissolution proceedings shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, which shall set forth—

- (1) the name of the corporation;
- (2) the names and respective addresses, including street and number, if any, of its officers;
- (3) the names and respective addresses, including street and number, if any, of its directors;
- (4) a copy of the resolution of the shareholders revoking the voluntary dissolution proceedings;
- (5) the number of shares outstanding and entitled to vote;
- (6) the number of shares voted for and against the revocation of the voluntary dissolution proceedings, respectively.

FILING OF STATEMENT OF REVOCATION OF VOLUNTARY DISSOLUTION  
PROCEEDINGS

SEC. 84. Duplicate originals of the statement of revocation of voluntary dissolution proceedings, whether by consent of shareholders or by act of the corporation, shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall, when all fees have been paid as in this Act prescribed—

(a) Endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof.

(b) File one of such duplicate originals in their office.

(c) The other duplicate original shall be recorded in the office of the Recorder of Deeds.

EFFECT OF STATEMENT OF REVOCATION OF VOLUNTARY DISSOLUTION  
PROCEEDINGS

SEC. 85. Upon the filing by the Commissioners of a statement of revocation of voluntary dissolution proceedings, whether by consent of shareholders or by act of the corporation, the revocation of the voluntary dissolution proceedings shall become effective and the corporation may thereupon again carry on its business.

## ARTICLES OF DISSOLUTION

SEC. 86. When all debts, liabilities, and obligations of the corporation have been paid and discharged, or adequate provision has been made therefor, and all of the remaining property and assets of the corporation have been distributed to its shareholders, articles of dissolution shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary which shall set forth—

- (a) The name of the corporation.
- (b) That the corporation has theretofore filed with the Commissioners a statement of intent to dissolve, and the date on which such statement was filed.
- (c) That all debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provision has been made therefor.
- (d) That all the remaining property and assets of the corporation have been distributed among its shareholders in accordance with their respective rights and interests.
- (e) That there are no suits pending against the corporation in any court, or that adequate provision has been made for the satisfaction of any judgment, order, or decree which may be entered against it in any pending suit.

## FILING OF ARTICLES OF DISSOLUTION

SEC. 87. (a) Duplicate originals of such articles of dissolution shall be delivered to the Commissioners. If the Commissioners find that such articles of dissolution conform to law, they shall, when all fees have been paid as in this Act prescribed—

- (1) endorse on each such duplicate original the word "Filed", and the month, day, and year of the filing thereof;
  - (2) file one of such duplicate originals in their office;
  - (3) issue a certificate of dissolution, to which they shall affix the other duplicate original.
- (b) The certificate of dissolution, together with the duplicate original of the articles of dissolution affixed thereto, shall be recorded in the office of the Recorder of Deeds. Upon the issuance of such certificate of dissolution the existence of the corporation shall cease, except for the purpose of suits, other proceedings, and appropriate corporate action by shareholders, directors, and officers as provided in this Act.

## INVOLUNTARY DISSOLUTION

SEC. 88. A corporation may be dissolved involuntarily by a decree of a court of equity in an action instituted by the Commissioners in the name of the District of Columbia, when it is made to appear to the court that—

- (a) The franchise of the corporation was procured through fraud;
- or
- (b) The corporation has continued to exceed or abuse the authority conferred upon it by this Act; or
- (c) The corporation has failed for thirty days to appoint and maintain a registered agent as provided in this Act; or
- (d) The corporation has failed for thirty days after change of its registered office or registered agent to file with the Commissioners a statement of such change.

## VENUE AND PROCESS

SEC. 89. Every action for the involuntary dissolution of a corporation on the grounds hereinbefore provided shall be commenced by the Commissioners in the United States District Court for the District of Columbia. Summons shall issue and shall be served as in other civil actions. In case a return is made thereon that no officer or agent of such corporation can be found within the territorial limits of the District of Columbia, then the Commissioners shall cause publication to be made in some newspaper of general circulation published in the District of Columbia, containing a notice of the pendency of such action, the title of the court, the names of the parties thereto, and the date on or after which default may be entered. The Commissioners shall cause a copy of such notice to be mailed by registered mail to the corporation at its registered office within ten days after the first publication thereof. The certificate of the Commissioners of the mailing of such notice shall be prima facie evidence thereof. Such notice shall be published at least once each week for three successive weeks, and the first publication thereof may begin at any time after the summons has been returned. Unless a corporation shall have been served with summons, no default shall be taken against it earlier than thirty days after the first publication of such notice. The cost of publication of such notice shall be paid by the Commissioners, unless the decree is against the corporation and such cost is collected from it.

## JURISDICTION OF COURT TO LIQUIDATE ASSETS AND BUSINESS OF CORPORATION

SEC. 90. (a) The United States District Court for the District of Columbia shall have full power to liquidate the assets and business of a corporation—

(1) upon application by a corporation which has filed a statement of intent to dissolve, as provided in this Act, to have its liquidation continued under the supervision of the court;

(2) when an action has been commenced by the Commissioners to dissolve a corporation and it is made to appear that liquidation of its business and affairs should precede the entry of a decree of dissolution.

(b) Proceedings under this section shall be brought in the United States District Court for the District of Columbia.

(c) It shall not be necessary to make shareholders parties to any such action or proceeding unless relief is sought against them personally.

## PROCEDURE IN LIQUIDATION OF CORPORATION BY COURT

SEC. 91. (a) In proceedings to liquidate the assets and business of a corporation the court shall have power to issue injunctions, to appoint a receiver or receivers pendente lite with such powers and duties as the court, from time to time, may direct, and to take such other proceedings as may be requisite to preserve the corporate assets wherever situated, and carry on the business of the corporation until a full hearing can be had.

(b) After a hearing had upon such notice as the court may direct to be given to all parties to the proceedings and to any other parties in interest designated by the court, the court may appoint a liquidating receiver or receivers with authority to collect the assets of the corporation, including all amounts owing to the corporation by shareholders on account of any unpaid portion of the consideration for the issuance

of shares. Such liquidating receiver or receivers shall have authority, subject to the order of the court, to sell, convey, and dispose of all or any part of the assets of the corporation wherever situated, either at public or private sale. The assets of the corporation or the proceeds resulting from a sale, conveyance, or other disposition thereof shall be applied to the expenses of such liquidation and to the payment of the liabilities and obligations of the corporation, and any remaining assets or proceeds shall be distributed among its shareholders according to their respective rights and interests. The order appointing such liquidating receiver or receivers shall state their powers and duties. Such powers and duties may be increased or diminished at any time during the proceedings.

(c) A receiver of a corporation appointed under the provisions of this section shall have authority to sue and defend in all courts in his own name as receiver of such corporation. The court appointing such receiver shall, for the purposes of this Act, have exclusive jurisdiction of the corporation and its property, wherever situated.

#### QUALIFICATIONS OF RECEIVERS

SEC. 92. A receiver shall in all cases give such bond as the court may direct with such sureties as the court may require.

#### FILING OF CLAIMS IN LIQUIDATION PROCEEDINGS

SEC. 93. In proceedings to liquidate the assets and business of a corporation the court may require all creditors of the corporation to file with the clerk of the court or with the receiver, in such form as the court may prescribe, proofs under oath of their respective claims. If the court requires the filing of claims it shall fix a date, which shall be not less than four months from the date of the order, as the last day for the filing of claims, and shall prescribe the notice that shall be given to creditors and claimants of the date so fixed. Prior to the date so fixed, the court may extend the time for the filing of claims. Creditors and claimants failing to file proofs of claim on or before the date so fixed may be barred, by order of court, from participating in the distribution of the assets of the corporation.

#### DISCONTINUANCE OF LIQUIDATION PROCEEDINGS

SEC. 94. The liquidation of the assets and business of a corporation may be discontinued at any time during the liquidation proceedings when it is made to appear to the court that cause for liquidation no longer exists. In such event the court shall dismiss the proceedings and direct the receiver to redeliver to the corporation all its remaining property and assets.

#### DECREE OF INVOLUNTARY DISSOLUTION

SEC. 95. In proceedings to liquidate the assets and business of a corporation, when the costs and expenses of such proceedings and all debts, obligations, and liabilities of the corporation shall have been paid and discharged and all of its remaining property and assets distributed to its shareholders, or in case its property and assets are not sufficient to satisfy and discharge such costs, expenses, debts, and obligations, all the property and assets have been applied so far as they will go to their payment, the court shall enter a decree dissolving the corporation, whereupon the existence of the corporation shall cease.

## FILING OF DECREE OF DISSOLUTION

SEC. 96. In case the court shall enter a decree dissolving a corporation it shall be the duty of the clerk of such court to cause a certified copy of the decree to be filed with the Commissioners. No fee shall be charged by the Commissioners for the filing thereof.

## SURVIVAL OF REMEDY AFTER DISSOLUTION

SEC. 97. The dissolution of a corporation either (1) by the issuance of a certificate of dissolution by the Commissioners, or (2) by proclamation of the Commissioners for failure to pay annual report fees or file annual reports as provided in the Act, or (3) by expiration of its period of duration, shall not take away or impair any remedy available to or against such corporation, its directors, or shareholders, or any right or claim existing, or any liability incurred, prior to such dissolution if suit or other proceeding thereon is commenced within two years after the date of such dissolution. Any suit or proceeding by or against the corporation may be prosecuted or defended by the corporation in its corporate name. The shareholders, directors, and officers shall have power to take such corporate or other action as shall be appropriate to protect such remedy, right, or claim. If such corporation was dissolved by the expiration of its period of duration, such corporation may amend its articles of incorporation at any time during such period of two years so as to extend its period of duration.

## ANNUAL REPORT OF DOMESTIC CORPORATION

SEC. 98. (a) Each corporation shall file with the Commissioners, on or before April 15 of each year, an annual report setting forth—

(1) the name of the corporation, the address, including street and number, if any, of its registered office in the District of Columbia, and the name of its registered agent at such address;

(2) the names and respective addresses, including street and number, if any, of its directors and officers;

(3) a brief statement of the character of the business in which the corporation is actually engaged;

(4) a statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class;

(5) a statement of the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value and series, if any, within a class.

(b) Such annual report shall be made on forms prescribed and furnished by the Commissioners, and the information therein contained shall be given as of the date of the execution of the report.

(c) It shall be executed by the corporation by its president, vice president, secretary, assistant secretary, or treasurer, and verified by the officer executing the report, and the corporate seal shall be thereto affixed.

## ADMISSION OF FOREIGN CORPORATION

SEC. 99. A foreign corporation shall procure a certificate of authority from the Commissioners before it transacts business in the District, but no foreign corporation shall be entitled to procure a certificate of authority under this Act to transact in the District the business of banking, insurance, assurance, benefit, indemnity, building and loan association, or the acceptance of savings deposits, such corporations being admitted to and shall do business in the District of Columbia

pursuant to the laws relating to such business. A foreign corporation shall not be denied a certificate of authority by reason of the fact that the laws of the State under which such corporation is organized governing its organization and internal affairs differ from the laws of the District, and nothing in this Act contained shall be construed to authorize the District to regulate the organization or the internal affairs of such corporation.

(b) A foreign corporation shall not be required to procure a certificate of authority merely for the prosecution of litigation, the collection of its debts, or the taking of security for the same, or by reason of the appointment of an agent for the solicitation of business not to be transacted in the District, nor for the sale of personal property to the United States within the District of Columbia unless a contract for such sale is accepted by the seller within the District or such property is delivered from stock of the seller within the District for use within the District.

#### POWERS OF FOREIGN CORPORATION

SEC. 100. No foreign corporations subject to the provisions of this Act shall transact in the District any business for the conduct of which a domestic corporation may not be organized or which is prohibited to a domestic corporation. A foreign corporation which shall have received a certificate of authority under this Act shall, until a certificate of revocation or of withdrawal shall have been issued as provided in this Act, enjoy the same rights and privileges as, but no greater rights and privileges than, a domestic corporation organized for the purposes set forth in the application pursuant to which such certificate of authority is issued; and, except as in this Act otherwise provided, shall be subject to the same duties, restrictions, penalties, and liabilities now or hereafter imposed upon a domestic corporation of like character.

#### CORPORATE NAME OF FOREIGN CORPORATIONS

SEC. 101. No certificate of authority shall be issued to a foreign corporation—

(a) Which has a name the same as, or deceptively similar to, the name of any domestic corporation, or that of any corporation organized under any Act of Congress authorizing the formation of corporations under the laws of the District of Columbia, or that of any corporation created pursuant to any special Act of Congress to transact business in the District of Columbia, or that of any foreign corporation authorized to transact business in the District of Columbia, or a name the exclusive right to which is, at the time, reserved in the manner provided in this Act.

(b) The name of which does not contain the word "corporation", "company", "incorporated", or "limited", or does not contain an abbreviation of one of said words, unless such corporation, for use in the District, adds at the end of its name one of such words or an abbreviation thereof.

#### CHANGE OF NAME BY FOREIGN CORPORATION

SEC. 102. Whenever a foreign corporation which is admitted to transact business in the District shall change its name to one under which a certificate of authority to transact business in the District would not be granted to it on application therefor, the authority of such corporation to transact business in the District shall be suspended and it shall not thereafter transact any business in the District until it

has changed its name to a name which is available to it under the laws of the District.

#### APPLICATION FOR CERTIFICATE OF AUTHORITY

SEC. 103. A foreign corporation may procure a certificate of authority to transact business in the District by making application therefor to the Commissioners, which application shall set forth—

(a) The name of the corporation and the State under the laws of which it is organized.

(b) If the name of the corporation does not contain one of the words "corporation", "company", "incorporated", "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in the District.

(c) The date of its incorporation and the period of its duration.

(d) The address, including street and number, if any, of its principal office in the State under the laws of which it is organized.

(e) The address, including street and number, if any, of its proposed registered office in the District, and the name of its proposed registered agent in the District at such address.

(f) The name or names of the State or States, if any, in which it is admitted or qualified to transact business.

(g) The purpose or purposes for which it was organized and which it proposes to pursue in the transaction of business in the District.

(h) The names and respective addresses, including street and number, if any, of its directors and officers.

(i) A statement of the aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.

(j) A statement of the aggregate number of its issued shares itemized by classes, par value of shares, shares without par value, and series, if any, within a class.

(k) Such additional information as may be necessary or appropriate in order to enable the Commissioners to determine whether such corporation is entitled to a certificate of authority to transact business in the District. Such application shall be made on forms prescribed and furnished by the Commissioners and shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary.

#### FILING OF DOCUMENTS ON APPLICATION FOR CERTIFICATE OF AUTHORITY

SEC. 104. (a) There shall be delivered to the Commissioners (1) duplicate originals of the application of the corporation for a certificate of authority, and (2) a copy of its articles of incorporation and all amendments thereto, duly certified by the proper officer of the State wherein it is incorporated.

(b) If, according to law, a certificate of authority to transact business in the District should be issued to such corporation, the Commissioners shall, when all fees and charges have been paid as in this Act prescribed—

(1) endorse on each of such documents the word "Filed", and the month, day, and year of the filing thereof;

(2) file in their office one of such duplicate originals of the application and the copy of the articles of incorporation and amendments thereto;

- (3) issue a certificate of authority to transact business in the District, to which they shall affix the other duplicate original application.
- (c) The certificate of authority with the duplicate original of the application affixed thereto by the Commissioners shall be recorded in the office of the Recorder of Deeds.

#### EFFECT OF CERTIFICATE OF AUTHORITY

SEC. 105. Upon the issuance of a certificate of authority by the Commissioners, the corporation shall have the right to transact business in the District for those purposes set forth in its application, subject, however, to the right of the District to suspend or to revoke such right to transact business in the District as provided in this Act.

#### REGISTERED OFFICE AND REGISTERED AGENT OF FOREIGN CORPORATION

SEC. 106. (a) Each foreign corporation authorized to transact business in the District shall have and continuously maintain in the District—

- (1) a registered office which may be, but need not be, the same as its place of business in the District;
  - (2) a registered agent, which agent may be either an individual, resident in the District, whose business office is identical with such registered office, or a corporation authorized by its articles of incorporation to act as such agent and authorized to transact business in the District having a business office identical with such registered office.
- (b) The address, including street and number, if any, of the initial registered office, and the name of the initial registered agent of each foreign corporation shall be as stated in its application for a certificate of authority to transact business in the District.

#### CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT OF FOREIGN CORPORATION

SEC. 107. (a) A foreign corporation may from time to time change the address of its registered office. A foreign corporation shall change its registered agent if the office of registered agent shall become vacant for any reason, or if its registered agent becomes disqualified or incapacitated to act, or if it revokes the appointment of its registered agent.

(b) A foreign corporation may change the address of its registered office or change its registered agent, or both, by filing with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) the address, including street and number, if any, of its then registered office;
- (3) if the address of its registered office be changed, the address including street and number, if any, to which the registered office is to be changed;
- (4) the name of its then registered agent;
- (5) if its registered agent be changed, the name of its successor registered agent;
- (6) that the address of its registered office and the address of the business office of its registered agent, as changed, will be identical;
- (7) that such change was authorized by resolution duly adopted by the board of directors or was authorized by an officer of the corporation duly empowered to make such change.

(c) Such statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to the provisions of this Act, they shall—

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) the other duplicate original shall be recorded in the office of the Recorder of Deeds.

(d) The change of address of the registered office, or the change of registered agent, or both, as the case may be, shall become effective upon the filing of such statement by the Commissioners.

#### SERVICE OF PROCESS ON FOREIGN CORPORATION

SEC. 108. (a) Service of process in any suit, action, or proceeding, or service of any notice or demand required or permitted by law to be served on a foreign corporation, may be made on such corporation by service thereof on the registered agent of such corporation. Service of any such process, notice, or demand upon a corporate agent, as such agent, may be had by delivering a copy of such process, notice, or demand to the president, vice president, the secretary, or an assistant secretary of such corporate agent. During any period within which a foreign corporation authorized to transact business in the District shall fail to appoint or maintain in the District a registered agent, or whenever any such registered agent cannot with reasonable diligence be found at the registered office in the District of such corporation, or whenever the certificate of authority of any foreign corporation shall be revoked, then and in every such case the Commissioners shall be an agent and representative of such foreign corporation upon whom any process, notice, or demand may be served. Service on the Commissioners of any such foreign corporation shall be made by delivering to and leaving with them, or with any clerk having charge of their office, duplicate copies of such process, notice, or demand. In the event any process, notice, or demand is served on the Commissioners, they shall immediately cause one of such copies to be forwarded by registered mail, addressed to such corporation at its principal office as the same appears in the records of the Commissioners. Any services so had on the Commissioners shall be returnable in not less than thirty days: *Provided, however,* That, if a period of less than or greater than thirty days is prescribed by law or by rules of a court in the District or the rules or regulations of any agency of the United States or of the District, such prescribed period shall govern.

(b) Nothing herein contained shall limit or affect the right to serve any process, notice, or demand required or permitted by law to be served upon a foreign corporation in any other manner now or hereafter permitted by law.

(c) The Commissioners shall keep a record of all processes, notices, and demands served upon them under this section, and shall record therein the time of such service and their action with reference thereto.

#### AMENDMENT TO ARTICLES OF INCORPORATION OF FOREIGN CORPORATION

SEC. 109. Whenever the articles of incorporation of a foreign corporation authorized to transact business in the District are amended, such foreign corporation shall forthwith file with the Commissioners a copy of such amendment duly certified by the proper officer of the

State under the laws of which such corporation is organized; but the filing thereof shall not of itself enlarge or alter the purpose or purposes which such corporation is authorized to pursue in the transaction of business in the District, nor authorize such corporation to transact business in the District under any other name than the name set forth in its certificate of authority.

MERGER OF FOREIGN CORPORATION AUTHORIZED TO TRANSACT BUSINESS  
IN THE DISTRICT

SEC. 110. Whenever a foreign corporation authorized to transact business in the District shall be a party to a statutory merger permitted by the laws of the State under which it is organized, and such corporation shall be the surviving corporation, it shall forthwith file with the Commissioners a copy of the articles of merger duly certified by the proper officer of the State under the laws of which such statutory merger was effected; and it shall not be necessary for such corporation to procure either a new or amended certificate of authority to transact business in the District unless the name of such corporation be changed thereby or unless the corporation desires to pursue in the District other or additional purposes than those which it is then authorized to transact in the District.

AMENDED CERTIFICATE OF AUTHORITY

SEC. 111. (a) A foreign corporation authorized to transact business in the District shall secure an amended certificate of authority in the event it changes its corporate name, or desires to pursue in the District other or additional purposes than those set forth in its prior application for a certificate of authority, by making application therefor to the Commissioners.

(b) The requirements in respect to the form and contents of such application, the manner of its execution, the filing of duplicate originals thereof with the Commissioners, the issuance of an amended certificate of authority and the effect thereof shall be the same as in the case of an original application for a certificate of authority.

ANNUAL REPORT OF FOREIGN CORPORATIONS

SEC. 112. Each foreign corporation authorized to transact business in the District shall file on or before April 15 of each year with the Commissioners an annual report setting forth—

(a) The name of the corporation and the State under the laws of which it is organized.

(b) If the name of the corporation does not contain one of the words "corporation", "company", "incorporated", or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it has elected to add thereto for use in the District.

(c) The date of its incorporation and the period of its duration.

(d) The address, including street and number, if any, of its principal office in the State under the laws of which it is organized.

(e) The address, including street and number, if any, of its registered office in the District, and the name of its registered agent at such address.

(f) The name or names of the State or States other than the District, if any, in which it is admitted or qualified to transact business.

(g) A brief statement of the character of the business in which it is actually engaged in the District.

(h) The names and respective addresses, including street and number, if any, of its directors and officers.

(i) A statement of the aggregate number of shares which the corporation has authority to issue, and the aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.

Such annual report shall be made on forms prescribed and furnished by the Commissioners and the information therein contained shall be given as of the date of the execution of the report. It shall be executed by the corporation by its president, vice president, secretary, assistant secretary, or treasurer, and verified by the officer making the report, and the corporate seal shall be thereto affixed.

#### WITHDRAWAL OF FOREIGN CORPORATION

SEC. 113. (a) A foreign corporation authorized to transact business in the District may withdraw from the District upon procuring from the Commissioners a certificate of withdrawal. In order to procure such certificate of withdrawal, such foreign corporation shall file with the Commissioners an application for withdrawal.

(b) The application for withdrawal shall set forth—

(1) the name of the corporation and the State under the laws of which it is organized;

(2) that it is not transacting business in the District;

(3) that it surrenders its authority to transact business in the District;

(4) that it revokes the authority of its registered agent in the District to accept service of process and consents that service of process in any suit, action, or proceeding based upon any cause of action arising in the District during the time it was authorized to transact business in the District may thereafter be made on such corporation by service thereof on the Commissioners;

(5) a post-office address to which the Commissioners may mail a copy of any process against the corporation that may be served on him;

(6) such information as may be necessary or appropriate in order to enable the Commissioners to determine and assess any unpaid fees payable by such foreign corporation as in this Act prescribed.

(c) The application for withdrawal shall be made on forms prescribed and furnished by the Commissioners and shall be executed by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, or, if the corporation is in the hands of a receiver or trustee, the same shall be executed on behalf of the corporation by such receiver or trustee and verified by him.

#### FILING OF APPLICATION FOR WITHDRAWAL

SEC. 114. (a) Duplicate originals of such application for withdrawal shall be delivered to the Commissioners. Upon receipt thereof they shall examine the same, and, if they find that it conforms to the provisions of this Act, they shall, when all fees and charges have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of withdrawal to which they shall affix the other duplicate original.

(b) The certificate of withdrawal, together with the duplicate original of the application for withdrawal affixed thereto, shall be recorded in the office of the Recorder of Deeds. Upon the issuance of such certificate of withdrawal, the authority of the corporation to transact business in the District shall cease.

#### REVOCATION OF CERTIFICATE OF AUTHORITY

SEC. 115. The certificate of authority of a foreign corporation to transact business in the District may be revoked by the Commissioners when they find that—

(a) The certificate of authority of the corporation was procured through fraud practiced upon the District; or

(b) The corporation has continued to exceed or abuse the authority conferred upon it by this Act; or

(c) The corporation has failed for a period of ninety days to pay any fees, charges, or penalties prescribed by this Act; or

(d) The corporation has failed for ninety days to appoint and maintain a registered agent in the District; or

(e) The corporation has failed for thirty days after change of its registered office or registered agent to file with the Commissioners a statement of such change; or

(f) The corporation has failed to file its annual report as required by this Act; or

(g) The corporation for a period of two years has not transacted any business in the District; or

(h) The corporation has failed to file with the Commissioners a duly authenticated copy of each amendment to its articles of incorporation within thirty days after such amendment becomes effective; or

(i) A misrepresentation has been made of any material matter in any application, report, affidavit, or other document submitted by such corporation pursuant to this Act, in which event the Commissioners shall give not less than thirty days' notice forwarded by registered mail, addressed to such corporation at its principal office as the same appears in the records of the Commissioners or at its registered office in the District, of their intent to revoke the certificate of authority.

#### ISSUANCE OF CERTIFICATE OF REVOCATION

SEC. 116. (a) Upon revoking any such certificate of authority, the Commissioners shall—

(1) issue a certificate of revocation in duplicate;

(2) file one of such certificates in his office;

(3) mail to such corporation at its registered office in the District a notice of such revocation. The certificate of revocation, together with the duplicate original affixed thereto, shall be recorded in the office of the Recorder of Deeds.

(b) Upon the issuance of such certificate of revocation, the authority of the corporation to transact business in the District shall cease.

#### EFFECT OF REVOCATION OR WITHDRAWAL UPON ACTIONS AND CONTRACTS

SEC. 117. The revocation of certificate of authority or the voluntary withdrawal of a foreign corporation whereby its authority to do business in the District shall cease and be determined, shall not affect any action then pending, nor affect any right of action upon any contract made by the corporation in the District before such revocation or withdrawal, and, in any action upon any liability or obligation so incurred before the revocation or withdrawal, the process against

the corporation may be served, after the filing thereof, upon the Commissioners.

APPLICATION TO FOREIGN CORPORATIONS TRANSACTING BUSINESS ON THE  
EFFECTIVE DATE OF THIS ACT

SEC. 118. Foreign corporations transacting business in the District at the time this Act takes effect for a purpose or purposes for which a certificate of authority is required under the provisions of this Act shall, within six months after the effective date of this Act, procure a certificate of authority and shall otherwise comply with all applicable provisions of this Act. Failure to secure a certificate of authority within the time provided in this section shall subject the corporation to all the penalties, liabilities, and restrictions provided in this Act for transacting business without a certificate of authority.

TRANSACTING BUSINESS WITHOUT CERTIFICATE OF AUTHORITY

SEC. 119. (a) No foreign corporation which is subject to the provisions of this Act and which transacts business in the District without a certificate of authority shall be permitted to maintain an action at law or in equity in any court of the District until such corporation shall have obtained a certificate of authority. Nor shall an action at law or in equity be maintained in any court of the District by any successor or assignee of such corporation on any right, claim, or demand arising out of the transaction of business by such corporation in the District until a certificate of authority shall have been obtained by such corporation or by a corporation which has acquired all or substantially all of its assets.

(b) The failure of a foreign corporation to obtain a certificate of authority to transact business in the District shall not impair the validity of any contract or act of such corporation, and shall not prevent such corporation from defending any action at law or suit in equity in any court of the District.

(c) A foreign corporation which transacts business in the District without a certificate of authority shall be liable to the District, for the years or parts thereof during which it transacted business in the District without a certificate of authority, in an amount equal to all fees and other charges which would have been imposed by this Act upon such corporation had it duly applied for and received a certificate of authority to transact business in the District as required by this Act and thereafter filed all reports required by this Act; and in addition thereto it shall be liable for a penalty of not in excess of \$500. The Commissioners shall bring proceedings to recover all amounts due the District under the provisions of this section. Such charges and penalties shall be paid to the District before any certificate of authority is issued to such foreign corporation.

COMMISSIONERS; DUTIES AND FUNCTIONS

SEC. 120. (a) The Commissioners shall be charged with the administration and enforcement of this Act. Said Commissioners are authorized to employ such personnel as may be necessary for the administration of this Act, within appropriations made by Congress. The compensation of such personnel shall be fixed in accordance with the provisions of the Classification Act of 1949, as amended.

(b) The Commissioners may transfer any or all of the functions vested in them by this Act to any agent designated by them pursuant to the provisions of this Act, or to any office or agency established by them pursuant to Reorganization Plan Numbered 5 of 1952.

63 Stat. 954.  
5 USC 1071 note.

66 Stat. 824.  
D. C. Code title  
1 app.

(c) The Commissioners of the District of Columbia shall provide a distinctive official seal, which shall be the seal of the District of Columbia surrounded by a border in which shall appear such legend as the Commissioners may determine.

(d) Every certificate and other document or paper executed by the Commissioners, in pursuance of any authority conferred upon them by this Act, and sealed with the seal prescribed by subsection (b) hereof, and all copies of such papers as well as of documents and other papers filed in accordance with the provisions of this Act, when certified by them and authenticated by said seal, shall have the same force and effect as evidence as would the originals thereof in any action or proceeding in any court and before a public officer, or official body.

(e) The Commissioners are authorized to attend and participate in the meetings of national organizations of State officials having supervision over corporations, and of the committees thereof, and there is hereby authorized to be appropriated such sums as may be necessary to defray the expenses of attendance at such meetings and to pay such annual dues or other fees as may be necessary to membership in said organizations. The Commissioners are further authorized to visit the corporation departments of the various States when in their judgment such visits are necessary or desirable in connection with the organization or proper conduct of any office or agency established by them.

(f) The Commissioners are authorized to make, modify, and enforce such regulations as they may deem necessary to carry out the provisions of this Act, prescribed penalties for the violation of any such regulations not exceeding a fine of \$300 or imprisonment for ninety days, or both, and to prescribe such forms and procedures for use in the conduct of the business of any office or agency established by them as they may deem appropriate.

#### FEEES AND LICENSE TAXES, AND CHARGES

SEC. 121. (a) There are hereby imposed the following fees and charges:

- (1) fees for filing documents and issuing certificates;
- (2) license fees;
- (3) miscellaneous charges.

(b) The Commissioners shall charge for—

- (1) filing articles of incorporation, \$20;
- (2) filing amendment to articles of incorporation, \$20;
- (3) filing articles of merger or consolidation, \$20;
- (4) filing a statement of intent to dissolve, \$5;
- (5) filing articles of reincorporation, \$20;
- (6) filing articles of dissolution, \$10;
- (7) filing statement of change of address of registered office or change of registered agent, or both, \$1;
- (8) filing statement of the establishment of a series of shares, \$5;
- (9) filing an application of a foreign corporation for certificate of authority to transact business in the District and issuing a certificate of authority, \$20;
- (10) filing an application for reservation of a corporate name or for a renewal of reservation, \$5;
- (11) filing notice of transfer of a reserved corporate name, \$5;
- (12) filing an application of a foreign corporation for amended certificate of authority to transact business in the District and issuing an amended certificate of authority, \$20;

(13) filing a copy of amendment to the articles of incorporation of a foreign corporation holding a certificate of authority to transact business in the District, \$5;

(14) filing a copy of articles of merger of a foreign corporation holding a certificate of authority to transact business in the District, \$20;

(15) filing an application for withdrawal of a foreign corporation and issuing a certificate of withdrawal, \$5;

(16) filing application for reinstatement of a domestic or foreign corporation and issuing certificate of reinstatement, \$50;

(17) filing any other statement or report, except an annual report, of a domestic or foreign corporation, \$1;

(18) for indexing each document filed, except an annual report, of a domestic or a foreign corporation, \$2;

(19) for furnishing a certified copy of any document, instrument, report, or paper relating to a corporation, \$5.

(c) An initial license fee is hereby imposed as follows:

(1) Every domestic corporation upon the filing of its articles of incorporation shall pay, in addition to any other fees and charges imposed by this Act, the sum of 2 cents for each authorized share of its capital stock up to and including ten thousand shares, and the sum of 1 cent for each additional authorized share up to and including fifty thousand shares, and the sum of one-half of 1 cent for each additional authorized share in excess of fifty thousand shares: *Provided*, That in any case in which the articles of incorporation, of a domestic corporation authorizes par value shares having a par value per share other than \$100 per share, then, in respect to such shares only, the aggregate par value of all of such shares shall be divided by the figure 100 and the quotient so obtained shall be the number of shares for the purpose of the initial license tax as to such shares: *And provided further*, That in no case shall the initial license fee payable be less than \$10.

(2) Every domestic corporation upon the filing of any amendment of its articles of incorporation effecting an increase of its authorized capital stock, in addition to any other fees and charges imposed by this Act, a sum equal to the difference between the initial license fee computed at the rates provided in paragraph (b) (1) of this section on the total of the authorized number of shares, including the proposed increase and the initial license fee so computed on the total of the authorized number of shares excluding said increase: *Provided*, That in no case shall the sum payable be less than \$10.

(3) Upon filing of an agreement of consolidation or an agreement of merger, if the corporation created in the case of an agreement of consolidation, or the corporation surviving in the case of an agreement of merger shall be a domestic corporation, then in addition to any other fees and charges imposed by this Act, a sum equal to the difference between the initial license fee computed at the rates provided in paragraph (b) (1) of this section upon the total of the authorized number of shares of the corporation created by such consolidation or surviving in the case of a merger and the initial license fee so computed upon the aggregate amount of the total authorized number of shares such of the constituent corporation as are domestic corporations: *Provided further*, That in no case shall the sum payable as an initial license fee be less than \$20.

(d) Each foreign corporation authorized under the provisions of this Act to do business in the District shall pay an annual report fee of \$10, which sum shall be paid at the time of the filing of the annual report required of such corporations under the provisions of this Act.

(e) Each domestic corporation organized, incorporated, or rein-

incorporated under the provisions of this Act shall pay, at the rate hereinafter set out, an annual report fee based upon the amount of its total authorized capital stock on the 15th day of March immediately preceding the date on which such annual report is due to be filed. The annual report fee shall be paid at the time of filing the annual report required of such corporations under the provisions of this Act. The amount of the annual report fee shall be as follows:

Where the total authorized capital stock does not exceed \$25,000, \$15; where the total authorized capital stock exceeds \$25,000, but does not exceed \$100,000, \$25; where the total authorized capital stock exceeds \$100,000, but does not exceed \$300,000, \$40; where the total authorized capital stock exceeds \$300,000, but does not exceed \$500,000, \$70; where the total authorized capital stock exceeds \$500,000, but does not exceed \$1,000,000, \$100; and a further sum of \$50 for each \$1,000,000, or fraction thereof, in excess of \$1,000,000. Shares without par value, for the purpose of ascertaining the amount of the annual report fee, but for no other purpose, shall be taken to be of the par value of \$100 each.

(f) In the case of a newly organized corporation, the amount of the annual report fee to be paid at the time of the filing of its first annual report shall be an amount at the rates provided in subsection (e) of this section prorated on a monthly basis for the period from the date its certificate of incorporation or reincorporation was filed with the Commissioners to the April 15 on which said first annual report is due to be filed.

(g) If the annual report fee of any domestic corporation is unpaid on the April 15 on which the same is due, the annual report fee shall bear interest at the rate of 1 per centum per month until paid.

(h) All taxes, fees, and charges provided for in this Act shall be paid to the Commissioners and deposited in the Treasury of the United States to the credit of the District.

#### EFFECT OF FAILURE TO PAY ANNUAL REPORT FEE OR TO FILE ANNUAL REPORT

SEC. 122. If any corporation incorporated or reincorporated under this Act, or any foreign corporation having a certificate of authority issued under this Act, shall for two consecutive years fail or refuse to pay any annual report fee or fees payable under this Act, or fail or refuse to file any annual report as required by this Act for two consecutive years, then, in the case of a domestic corporation, the articles of incorporation shall be void and all powers conferred upon such corporation are declared inoperative, and, in the case of a foreign corporation, the certificate of authority shall be revoked and all powers conferred thereunder shall be inoperative.

#### PROCLAMATION OF REVOCATION

SEC. 123. (a) On the second Monday in September of each year, the Commissioners shall issue a proclamation listing the names of all domestic corporations and all foreign corporations which have failed or refused to pay any annual report fee or fees or failed or refused to file any annual report as required by this Act for two consecutive years next preceding June 30 in the year in which such proclamation is issued and upon the issuance of such proclamation the articles of incorporation or the certificate of authority, as the case may be, shall be void and all powers thereunder inoperative without further proceedings of any kind.

(b) The proclamation of the Commissioners shall be filed in their office and shall be published once during the month of September in each of two daily newspapers of general circulation in the District of

Columbia. A certified copy of the proclamation shall be transmitted to the Recorder of Deeds and he shall cause notation of the fact of revocation to be made upon the articles of incorporation of each domestic corporation listed in said proclamation.

(c) Upon publication of the proclamation of revocation as provided in this Act each domestic corporation listed in such proclamation shall be deemed to have been dissolved without further legal proceedings and each such corporation shall cease to carry on its business and shall proceed to collect its assets, convey and dispose of such of its properties as are not to be distributed in kind to its shareholders, pay, satisfy, and discharge its liabilities and obligations and do all other acts required to liquidate its business and affairs, and, after paying or adequately providing for the payment of all of its obligations, distribute the remainder of its assets, either in cash or in kind, among its shareholders according to their respective rights and interest.

(d) All domestic corporations the articles of incorporation of which are revoked by proclamation or the term of existence of which expires by limitation set forth in its articles of incorporation shall nevertheless be continued for the term of three years from the date of such revocation or expiration bodies corporate for the purpose of prosecuting and defending suits by or against them, and of enabling them gradually to collect their assets, convey and dispose of such of their properties as are not to be distributed in kind to their shareholders, pay, satisfy, and discharge their liabilities and obligations and do all other acts required to liquidate their business and affairs, and, after paying or adequately providing for the payment of all its obligations, to distribute the remainder of their assets, either in cash or in kind among their shareholders according to their respective rights and interests, but not for the purpose of continuing the business for which such corporation shall have been organized: *Provided, however,* That with respect to any action, suit, or proceeding begun or commenced by or against a corporation prior to such revocation or expiration and with respect to any action, suit, or proceeding begun or commenced by or against such corporation within three years after the date of such revocation or expiration, such corporation shall only for the purpose of such actions, suits, or proceedings so begun or commenced be continued bodies corporate beyond said three-year period and until any judgments, orders, or decrees therein shall be fully executed.

#### PENALTY FOR CARRYING ON BUSINESS AFTER ISSUANCE OF PROCLAMATION

SEC. 124. Any corporation, person, or persons who shall exercise or attempt to exercise any powers under articles of incorporation of a domestic corporation or under a certificate of authority of a foreign corporation which has been revoked shall be deemed guilty of a misdemeanor and shall be punished by a fine not exceeding \$500 or by imprisonment not exceeding one year, or both, in the discretion of the court.

#### CORRECTION OF ERROR IN PROCLAMATION

SEC. 125. Whenever it is established to the satisfaction of the Commissioners that any corporation named in said proclamation has not failed or refused to pay any annual report fee or file any annual report for two consecutive years, or has been inadvertently included in the list of corporations as so failing or refusing to pay annual report fees or file reports, the Commissioners are authorized to correct such mistake by issuing a proclamation to that effect and restoring the articles

of incorporation or certificate of authority, as the case may be, into good standing with like effect as if such proclamation of revocation, as to such corporation, had not been issued.

#### RESERVATION OF NAME OF PROCLAIMED CORPORATION

SEC. 126. The Commissioners shall reserve the names of all corporations the articles of incorporation of which have been revoked and of all foreign corporations the certificates of authority of which have been revoked until December 31 of the year in which the proclamation of revocation was issued and no domestic corporation shall be formed nor the name of any such domestic corporation changed to a name the same as or deceptively similar to such reserved name nor shall any foreign corporation be authorized to do business under a name the same as or deceptively similar to such reserved name.

#### REINSTATEMENT OF PROCLAIMED CORPORATIONS

SEC. 127. Upon filing a petition for reinstatement by a proclaimed corporation accompanied by the filing of the delinquent reports, or payment of delinquent annual report fee or fees in full, or both, as the case may be, plus interest thereon as provided by this Act, together with any penalties imposed by this Act, and upon payment of the reinstatement fee provided by this Act at any time after the date of the issuance of the proclamation, the Commissioners, if they find that all of the documents offered for filing conform to law, shall file them in their office and shall issue their certificate of reinstatement which shall have the effect of annulling the revocation proceedings theretofore taken as to such corporation and such corporation shall have such powers, rights, duties, and obligations as it had at the time of the issuance of the proclamation with the same force and effect as to such corporation as if the proclamation had not been issued.

#### PENALTY FOR FAILURE TO FILE ANNUAL REPORT ON TIME

SEC. 128. Any corporation organized under this Act or any foreign corporation having a certificate of authority under this Act which fails or refuses to file the annual report required by this Act to be filed on April 15 of each year shall pay a penalty of \$25.

#### PENALTY FOR FAILURE TO MAINTAIN REGISTERED OFFICE OR REGISTERED AGENT

SEC. 129. Any corporation incorporated or reincorporated under this Act, or any foreign corporation which has been issued a certificate of authority under this Act, which fails or refuses to maintain a registered office or a registered agent in the District of Columbia, in accordance with the provisions of this Act shall be deemed to be guilty of a misdemeanor and upon conviction thereof by a court of competent jurisdiction shall be fined in an amount not exceeding \$500.

#### EFFECT OF NONPAYMENT OF FEES

SEC. 130. (a) The Commissioners shall not file any articles, statements, certificates, reports, applications, notices, or other papers relating to any corporation, domestic or foreign, organized under or subject to the provisions of this Act, until all fees and charges provided to be paid in connection therewith shall have been paid to him or while the corporation is in default in the payment of any fees, charges, or penalties herein provided to be paid by or assessed against it.

(b) No corporation required to pay a fee, charge, or penalty under this Act shall maintain in the District of Columbia any action at law or suit in equity until all such fees, charges, and penalties have been paid in full.

#### PENALTIES; VIOLATION OR FAILURE A MISDEMEANOR

SEC. 131. Any person, or corporation, who violates any provision of this Act, or fails to comply with any provision thereof, for which violation or failure no penalty is provided therein or elsewhere in the laws of the District of Columbia, shall be deemed guilty of a misdemeanor and upon conviction thereof by a court of competent jurisdiction shall be fined not exceeding \$500 for each and every violation or failure.

#### RIGHTS AND IMMUNITIES OF WITNESSES

SEC. 132. No person shall be excused from testifying or from producing books, accounts, and papers in any proceeding based upon or growing out of any violation of the provisions of this Act, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no person having so testified shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may have testified or produced any documentary evidence: *Provided*, That no person so testifying shall be exempted from prosecution or punishment for perjury: *Provided further*, That the immunity hereby conferred shall extend only to a natural person who, in obedience to a subpoena gives testimony under oath or produces evidence, documentary or otherwise, under oath.

#### MONOPOLIES AND RESTRAINT OF TRADE

SEC. 133. Nothing in this Act shall be interpreted to authorize a corporation to do any act in violation of the common law or the statutes relating to the District of Columbia or of the United States with respect to monopolies and illegal restraint of trade.

#### WAIVER OF NOTICE

SEC. 134. Whenever any notice whatever is required to be given under the provisions of this Act or under the provisions of the articles of incorporation or bylaws of any corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### VOTING REQUIREMENTS OF ARTICLES OF INCORPORATION

SEC. 135. Whenever, with respect to any action to be taken by the shareholders of a corporation, the articles of incorporation require the vote or concurrence of the holders of a greater proportion of the shares, or of any class or series thereof, than required by this Act with respect to such action, the provisions of the articles of incorporation shall control.

## INFORMAL ACTION BY SHAREHOLDERS

SEC. 136. Any action required by this Act to be taken at a meeting of the shareholders of a corporation, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. In the event that the action which is consented to is such as would have required the filing of a certificate under any section of this Act, if such action had been voted upon by the shareholders at a meeting thereof, the certificate filed under such section shall state that written consent has been given hereunder, in lieu of stating that the shareholders have voted upon the corporate action in question, if such last-mentioned statement is required thereby.

## APPEAL FROM COMMISSIONERS

SEC. 137. (a) If the Commissioners shall fail to approve any articles of incorporation, amendment, merger, consolidation, or dissolution, or any other document required by this Act to be approved by the Commissioners before the same shall be filed in their office, they shall, within ten days after the delivery thereof to them give written notice of their disapproval to the person or corporation, domestic or foreign, delivering the same, specifying the reasons therefor. From such disapproval such person or corporation may appeal to the United States District Court for the District of Columbia, by filing with the clerk of such court a petition setting forth a copy of the articles or other document sought to be filed and a copy of the written disapproval thereof by the Commissioners; whereupon the matter shall be tried *de novo* by the court, and the court shall either sustain the action of the Commissioners or direct them to take such action as the court may deem proper.

(b) If the Commissioners shall revoke the certificate of authority to transact business in the District of any foreign corporation, pursuant to the provisions of this Act, such foreign corporation may likewise appeal to the United States District Court for the District of Columbia, by filing with the clerk of such court a petition setting forth a copy of its certificate of authority to transact business in the District and a copy of the notice of revocation given by the Commissioners; whereupon the matter shall be tried *de novo* by the court and the court shall either sustain the action of the Commissioners or direct them to take such action as the court may deem proper.

(c) Appeals from all final orders and judgments entered by the United States District Court for the District of Columbia under this section in review of any ruling or decision of the Commissioners may be taken to the United States Circuit Court of Appeals for the District of Columbia by either party to the proceeding within sixty days after service on such party of a copy of the order or judgment of the United States District Court for the District of Columbia.

## CERTIFICATES AND CERTIFIED COPIES OF CERTAIN DOCUMENTS TO BE RECEIVED IN EVIDENCE

SEC. 138. All certificates issued by the Commissioners in accordance with the provisions of this Act, and all copies of documents filed in their office in accordance with the provisions of this Act when certified by them, shall be taken and received in all courts, public offices, and official bodies as *prima facie* evidence of the facts therein stated. A certificate by the Commissioners under the seal of their office, as to the existence or nonexistence of the facts relating to corporations which would not appear from a certified copy of any of the foregoing

documents or certificates shall be taken and received in all courts, public offices, and official bodies as prima facie evidence of the existence or nonexistence of the facts therein stated.

#### UNAUTHORIZED ASSUMPTION OF CORPORATE POWERS

SEC. 139. All persons who assume to act as a corporation without authority so to do shall be jointly and severally liable for all debts and liabilities incurred or arising as a result thereof.

#### FORMS TO BE FURNISHED BY COMMISSIONERS

SEC. 140. All reports required by this Act to be filed in the office of the Commissioners shall be made on forms which shall be prescribed and furnished by the Commissioners. Forms for all other documents to be filed in the office of the Commissioners shall be furnished by the Commissioners on request therefor, but the use thereof, unless otherwise specifically prescribed in this Act, shall not be mandatory.

#### REINCORPORATION OR INCORPORATION OF EXISTING CORPORATIONS

SEC. 141. Any corporation which is either—

(1) organized and existing under the laws of the District of Columbia on the date this Act takes effect and which is organized for profit and for a purpose or purposes authorized by this Act; or

(2) created under the provisions of a special Act of Congress to transact business in the District of Columbia for profit and for purposes authorized by this Act;

may avail itself of the provisions of this Act and may become reincorporated or incorporated hereunder in the following alternative manner:

##### I. REINCORPORATION

(a) The board of directors shall adopt a resolution declaring it advisable in the judgment of the board that the corporation should be reincorporated under the provisions of this Act and further setting forth the following statements for articles of incorporation under this Act:

(1) The name which the corporation elects to be reincorporated under and which shall contain the word "corporation", "company", "incorporated", or "limited", or shall contain an abbreviation of one of said words.

(2) The designation of the address, including street and number, if any, of its registered office in the District of Columbia; and the name of its registered agent at such address.

(3) The purpose or purposes for which the corporation was organized and which it will hereafter carry on.

(4) The aggregate number of shares which the corporation was authorized to issue and, if said shares were of one class only, the par value of such shares, or a statement that all were without par value, as the case may be; or if said shares were divided into classes, the number of shares of each class, if any, that have a par value and the par value of each share of each such class, and the number of shares of each class, if any, that are without par value.

(5) If the shares were divided into classes, the designation of each class and a statement of the preferences, qualifications, limitations, restrictions, and the special or relative rights in respect of the shares of each class and whether the shares of any class have full, limited, or no voting power.

(6) The number of directors of the corporation.

(7) Any other provisions, not inconsistent with law, or this Act, for the regulation of the internal affairs of the corporation.

(8) That it elects to surrender its existing charter and to be reincorporated under and subject to the provisions of this Act.

It shall not be necessary to set forth in the articles of reincorporation any of the corporate powers enumerated in this Act.

(b) Written or printed notice setting forth the proposed articles of reincorporation or a summary thereof shall be given to each shareholder of record within the time and in the manner provided in this Act for giving notice of meetings of shareholders.

(c) At such meeting a vote of the shareholders shall be taken on the proposed reincorporation and it shall be adopted upon receiving the affirmative vote of the holders of two-thirds of the outstanding shares unless two or more classes of shares are issued in which event it shall be adopted upon receiving the affirmative vote of two-thirds of the outstanding shares of each class issued.

(d) Upon receiving such approval, articles of reincorporation shall be executed in duplicate by the corporation by its president or vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and delivered to the Commissioners.

(e) If the Commissioners find that the articles of reincorporation conform to law, they shall, when all fees and charges have been paid as in this Act prescribed—

(1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;

(2) file one of such duplicate originals in their office;

(3) issue a certificate of reincorporation to which they shall attach the other duplicate original.

(f) The certificate of reincorporation, together with the duplicate original of the articles of reincorporation affixed thereto, shall be recorded in the office of the Recorder of Deeds.

## II. INCORPORATION

### EFFECT OF FILING ARTICLES OF REINCORPORATION

(a) By filing with the Commissioners a copy of its charter, or articles of incorporation, then in effect, certified by the secretary of said corporation, together with a certificate executed on behalf of the corporation by the president or a vice president and the secretary or the assistant secretary setting forth the following:

(1) The name of the corporation, which shall contain the word "corporation", "company", "incorporated", or "limited", or shall end with an abbreviation of one of said words.

(2) The designation of the address, including street and number, if any, of its registered office in the District of Columbia; and the name of its registered agent at such address.

(3) The purpose or purposes for which the corporation was organized and which it will hereafter carry on.

(4) The aggregate number of shares which the corporation was authorized to issue and, if said shares were of one class only, the par value of such shares, or a statement that all were without par value, as the case may be; or if said shares were divided into classes, the number of shares of each class, if any, that have a par value and the par value of each share of each such class, and the number of shares of each class, if any, that are without par value.

(5) If the shares were divided into classes, the designation of each class and a statement of the preferences, qualifications, limitations, restrictions, and the special or relative rights in respect of the shares of

each class and whether the shares of any class have full, limited, or no voting power.

(6) The number of directors of the corporation.

(7) Any other provisions, not inconsistent with law, or this Act, for the regulation of the internal affairs of the corporation.

It shall not be necessary to set forth in such certificate any of the corporate powers enumerated in this Act.

(b) A copy of a resolution of the board of directors certified to by the secretary of such corporation which shows that said board believes it advisable that the corporation should elect to avail itself of the provisions of this Act and become incorporated hereunder.

(c) A certificate of the secretary of such corporation to the effect that such action by the corporation has been ratified and approved by the affirmative vote of not less than a majority of the outstanding shares of capital stock of such corporation entitled to vote.

(d) If the Commissioners find that such papers conform to law, they shall accept them for filing in the same manner as herein provided for the filing of articles of incorporation.

#### EFFECT OF FILING ARTICLES OF REINCORPORATION OR CERTIFICATES OF INCORPORATION

SEC. 142. Upon the issuance of articles of reincorporation or the certificate of incorporation by the Commissioners the existence of the corporation shall be continued under this Act and the corporation shall be entitled to and be possessed of all the privileges, franchises, and powers and subject to all the provisions of this Act as fully and to the same extent as if such corporation had been originally incorporated under this Act; and all privileges, franchises, and powers theretofore belonging to said corporation and all property, real, personal, and mixed, and all debts due on whatever account, and all choses in action, and all and every other interest of or belonging to or due such corporation shall be and the same are hereby ratified, approved, and confirmed and assured to such corporation with like effect and to all intents and purposes as if the same had been originally acquired through incorporation under this Act: *Provided, however,* That any corporation thus reincorporating or incorporating under the provisions of this Act shall be subject to all the contracts, debts, claims, duties, liabilities, and obligations of the corporations thus reincorporated or incorporated as if such reincorporation or incorporation had not taken place and neither the rights of creditors nor any liens upon the property of any such corporation shall be impaired by such reincorporation or incorporation. Such reincorporated or incorporated corporation shall not be subject to the payment of the initial license tax provided by this Act.

#### TRANSFER OF DUTIES OF RECORDER OF DEEDS

SEC. 143. (a) All powers conferred and all duties imposed upon the Recorder of Deeds of the District of Columbia by any Act of Congress in relation to the organization of corporations, the amendment of certificates of incorporation or charters of corporations, change in capital stock, change of name, reincorporation, dissolution, or other corporate action are on the effective date of this Act hereby transferred to, imposed upon, and shall be exercised or performed by the Commissioners; and wherever the words "Recorder of Deeds" or other words denoting that officer appear in any of the Acts of Congress relating to the organization of corporations under the laws of the District of Columbia, or to amendments to the certificate of incorporation or charter of any corporation organized and existing

under any of such Acts, or to changes of name, changes of capital stock, reincorporation, dissolution, or other corporate action of any such corporation, whether such words relate to the powers and duties of such officer in relation to organization of corporations under any such Acts, or to any of the corporate acts hereinbefore enumerated or are used in connection with the imposition of obligations or duties or the conferring of rights or privileges upon corporations or other persons, such words shall be construed to mean the Commissioners. All fees and charges, except as hereinafter provided, now chargeable by the Recorder of Deeds for doing the work or performing the services hereby transferred to the Commissioners shall, after the effective date of this Act, be chargeable by the Commissioners. On and after the effective date of this Act all certificates of incorporation or charters for the organization of corporations under any Act of Congress authorizing the formation of corporations under the laws of the District of Columbia, or for the amendment of any such certificate of incorporation or charter, changes in capital stock, reincorporation, dissolution, or other corporate action under any such Act, shall be delivered to the Commissioners in duplicate original. If the Commissioners find that any such document conforms to law, they shall, when all fees have been paid as prescribed by law—

- (1) endorse on each such duplicate original the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) the other duplicate original shall be recorded in the office of the Recorder of Deeds.

(b) The filing of such document in the office of the Commissioners shall have the same force and effect as the recordation of lodging for recordation of certificates of incorporation and other corporate documents hereinbefore enumerated, formerly had in the office of the Recorder of Deeds.

(c) Upon the effective date of this Act, the Commissioners shall take possession of all original books, papers, and records theretofore filed, recorded, used, or acquired by the Recorder of Deeds in the exercise of the powers and in the performance of the duties hereby transferred to the Commissioners, but nothing herein contained shall require the Recorder of Deeds to transfer any copies or transcripts of corporate papers that may constitute part of the records of his office.

#### CONSTITUTIONALITY

SEC. 144. The invalidity of any portion of this Act shall not affect the validity of any other portion thereof which can be given effect without such invalid part.

#### RIGHT OF REPEAL RESERVED

SEC. 145. Congress reserves the right to alter, amend, or repeal this Act, or any part thereof, or any certificate of incorporation or certificate of authority issued pursuant to its provisions.

#### TIME OF TAKING EFFECT

SEC. 146. This Act shall take effect one hundred and eighty days after the date of its approval, and thereafter no corporation eligible to be formed under this Act shall be incorporated under any other Act or statute now in force in the District of Columbia.

## APPROPRIATION OF FUNDS

SEC. 147. There are hereby authorized to be appropriated from any moneys in the Treasury of the United States to the credit of the District of Columbia, such amounts as may be necessary to carry into effect the provisions of this Act.

Approved June 8, 1954.

Public Law 390

CHAPTER 270

## AN ACT

To amend the Act entitled "An Act to provide for the purchase of public lands for home and other sites", approved June 1, 1938 (52 Stat. 609), as amended.

June 8, 1954  
[H. R. 2512]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act entitled "An Act to provide for the purchase of public lands for home and other sites", approved June 1, 1938 (52 Stat. 609), as amended by the Act approved July 14, 1945 (59 Stat. 467; 43 U. S. C., sec. 682a), is amended to read as follows:

Public lands,  
Home site pur-  
chases, etc.

"That the Secretary of the Interior, in his discretion, is authorized to sell or lease to any person or organization described in section 3 of this Act a tract of not exceeding five acres of any vacant, unreserved public lands, public lands withdrawn by Executive Orders Numbered 6910 of November 26, 1934, and 6964 of February 5, 1935, for classification, or public lands withdrawn or reserved by the Secretary of the Interior for any purposes, which the Secretary may classify as chiefly valuable for residence, recreation, business, or community site purposes, if he finds that such sale or lease of the lands would not unreasonably interfere with the use of water for grazing purposes nor unduly impair the protection of watershed areas, in reasonably compact form and under such rules and regulations as he may prescribe, at a price to be determined by him, for such use: *Provided*, That no land may be sold hereunder unless it has been surveyed. No person or organization shall be permitted to purchase or lease more than one tract under the provisions of this Act, except upon a showing of good faith and reasons satisfactory to the Secretary.

"SEC. 2. No tract shall be sold for less than the cost of making any survey necessary to describe properly the land sold. Patents for all tracts purchased under the provisions of this Act shall contain a reservation to the United States of the oil, gas, and all other mineral deposits, together with the right to prospect for, mine, and remove the same under applicable law and such regulations as the Secretary may prescribe.

Reservation to  
U.S.

"SEC. 3. A lease may be issued or a sale made under this Act to any of the following: (a) An individual who is a citizen of the United States, or who has filed his declaration of intention to become a citizen as required by the naturalization laws; (b) a partnership or an association, each of the members of which is a citizen of the United States or has filed a declaration of intention to become a citizen; (c) a corporation, including nonprofit corporations, organized under the laws of the United States, or of any State or Territory thereof, and authorized to do business in the State or Territory in which the land is located; (d) a State, Territory, municipality, or other governmental subdivision.

Lease or sale.