

R.S. 14A:11-1 et seq.

LEGISLATIVE HISTORY OF R.S. 14:12-7

(Corporations - Dissenting Stockholders)

For history of corporation laws prior to the General Corporation Revision of 1875, see:

Cadman, J. E. The Corporation in N. J., 1791-1875.
(see especially p. 325-26) NJ KFN 2013 C34 1949
J347.7 C124

Although several court decisions and special acts (see footnotes in Cadman) provided for compensation of dissenting stockholders upon consolidation, no provisions for consolidation were put in the 1875 Revision.

Following the 1875 Revision several amendments provided for consolidation of specific groups of corporations. The ones we have found are:

Laws 1883, Chapter 198, p. 242 - S-232 - Introduced March 5 by Mr. Paxton
Had no statement.

Laws 1888, Chapter 294, p. 441 - S-209 - Introduced February 27, 1888 by Mr. Werts
Had no statement.

Laws 1893, Chapter 67, p. 121 - A-183 - Introduced February 27, 1893 by Mr. Hutchinson
Had no statement. Section 5 of this act concerned demand for appraisal by dissenting stockholder of corporation with right to franchise for public use.

In a column "Note on some of the laws of 1893" in 16 NJLJ 101 (1893), Mr. Keesby wrote the following:

Chapter 67 is a comprehensive general act providing for the consolidation and merger of corporations created under the laws of this state, excepting railroad, turnpike and canal companies, insurance companies, banking companies, saving banks or other corporations intended to derive profit from the loan or use of money. There is a provision for appraising and taking stock of dissenting stockholders. This can hardly be justified as a taking of private property for a public purpose under the Constitution, but stockholders, according to the recent decision of Vice-Chancellor Van Fleet in *Rabe v. Breslin Hotel and Land Co.*, 22 Atl. Rep. 959, 16 N.J.L.J. 80, will have to act promptly if they wish to resist the merger of the company they invested in with another which they care nothing about.

This provision was also put into the corporation revision act of 1896.

The 1896 act was recommended by:

N. J. Commissioners Appointed by Chapter 351, L. 1895
to revise and codify the acts concerning corporations.
Report. 1896 (in, Senate Journal, 1896, p. 72-122)

The text of this report did not discuss this provision.

Laws 1896, Chapter 185 - S-56 - Introduced January 27, 1896 by Mr. Voorhees
Had no statement.

Section 108 of this act (now N. S. 14:12-6) provides for appraisal of corporations with right to exercise franchise for public use.

The present section N. S. 14:12-7 appeared as a supplement to the 1896 act in 1902.

For background during this period see:

Keasbey, E. Q. New Jersey and the Great Corporations.
In, American Bar Association Reports, v. 22, 1899,
p. 379 (enclosed)

Laws 1902, Chapter 241 - A-128 - Introduced February 17, 1902 by Mr. Bacheller
No statement on the bill. Not amended during passage.

Laws 1920, Chapter 142 - S-247 - Introduced March 1, 1920 by Mr. Pilgrim.
This amendment added one phrase:

... such dissenting stockholder, or such consolidated Corporation may, at any time within thirty days ...

It had statement:

The purpose of this act is to authorize, on merger or consolidation of a corporation not exercising a franchise for public use, the stock of a dissenting holder to be appraised at the instance of the consolidated company as well as at the request of the dissenting stockholder, thereby making the rule alike both as to public and private companies.

Laws 1936, Chapter 114 - A-374 - Introduced February 10, 1936 by Mr. Kelley
Bill had statement. (Photostat of original bill with statement enclosed.)
Amendment in Assembly merely corrected typographical error in the title.

Laws 1953, Chapter 14 - S-11 - Introduced January 13, 1953 by Senator Clapp
No statement.
One of long series of bills making technical amendments.

SENATE, No. 247

(P. L. 1902, p. 700.)

STATE OF NEW JERSEY

INTRODUCED MARCH 1, 1920.

By Mr. PILGRIM.

Referred to Committee on Corporations.

AN ACT to amend section one of the act entitled "A supplement to an act entitled 'An act concerning corporations' (Revision of 1896), approved April twenty-sixth, one thousand eight hundred and ninety-six," which supplement was approved April tenth, one thousand nine hundred and two.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1 1. Upon the merger or consolidation of any two or more corporations, which
2 do not have the right to exercise any franchise for public use, into a single cor-
3 tion, as provided by the act to which this act is a supplement, if any stockholder
4 in any of said merging or consolidating corporations not voting in favor of such
5 agreement of merger or consolidation, shall dissent therefrom and shall refuse or neg-
6 lect to convert his stock into the stock of such consolidated corporation, or to dispose
7 thereof in the manner and on the terms specified in such agreement, such dis-
8 sentsing stockholder, or such consolidated corporation may, at any time within thirty
9 days after the adoption and filing of the agreement of consolidation, apply by
10 petition to the Circuit Court of the county in which the chief office of the corpora-
11 tion, whose stockholder shall so dissent or neglect, was or is located, on reason-
12 able notice to be prescribed by said court to said consolidated corporation for
13 the appointment of three disinterested appraisers to appraise the full market value

14 of his stock without regard to any depreciation or appreciation thereof in con-
15 sequence of the said merger or consolidation; and thereafter the proceedings and
16 the rights and remedies of the respective parties shall be the same as is provided
17 in the act to which this act is a supplement in the case of the appointment of
18 appraisers to appraise the market value of stock of dissenting stockholders of cor-
19 porations enjoying the right to exercise any franchise for public use; and the judg-
20 ment upon the award as provided for therein, shall be a judgment against said con-
21 solidated corporation, and shall be a lien on all property and assets acquired by
22 the consolidated corporation from the corporation so merged, subject only to such
23 liens as existed against said property and assets at the time of such merger or con-
24 solidation.

1 2. Nothing herein shall in anywise limit, repeal or supersede the provisions of
2 the one hundred and eighth section of the act to which this is a supplement.

1 3. This act shall take effect immediately.

STATEMENT.

The purpose of this act is to authorize, on merger or consolidation of a corpora-
tion not exercising a franchise for public use, the stock of a dissenting holder to be
appraised at the instance of the consolidated company as well as at the request of the
dissenting stockholder, thereby making the rule alike both as to public and private
companies.

ASSEMBLY, No. 374

(P. L. 1902, Chap. 241)

(P. L. 1920, Chap. 142)

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 10, 1936

By Mr. KELLEY

Referred to Committee on Miscellaneous Business

As Act to amend an act entitled "A supplement to an act entitled 'An act concerning corporations' (Revision of 1896), approved April twenty-sixth, one thousand eight hundred and ninety-six," which supplement was approved April tenth, one thousand nine hundred and two.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section one of the act to which this act is an amendment be and the
2 same is hereby amended to read as follows:

3 1. Upon the merger or consolidation of any two or more corporations,
4 which do not have the right to exercise any franchise for public use, into a
5 single corporation, as provided by the act to which this act is a supplement,
6 if any stockholder in any of said merging or consolidating corporations not
7 voting in favor of such agreement of merger or consolidation, shall dissent
8 therefrom and shall refuse or neglect to convert his stock into the stock of
9 such consolidated corporation, or to dispose thereof in the manner and on
10 the terms specified in the such agreement for merger or consolidation, and
11 at any time prior to the vote on such merger or consolidation, shall give to
12 the corporation in which he is a stockholder written notice of his dissent,
13 such dissenting stockholder, or such consolidated corporation may, at any
14 time within thirty days after the adoption and filing of the agreement of con-

15 solidation, apply by petition to the Circuit Court of the county in which the
 16 chief office of the corporation, whose stockholder shall so dissent or neglect,
 17 was or is located, on reasonable notice to be prescribed by said court to said
 18 consolidated corporation for the appointment of three disinterested ap-
 19 praisers to appraise the full market value of his stock without regard to any
 20 depreciation or appreciation thereof in consequence of the said merger or
 21 consolidation; and thereafter the proceedings and the rights and remedies
 22 of the respective parties shall be the same as is provided in the act to which
 23 this act is a supplement in the case of the appointment of appraisers to ap-
 24 praise the market value of stock of dissenting stockholders of corporations
 25 enjoying the right to exercise any franchise for public use; and the judgment
 26 upon the award as provided for therein, shall be a judgment against said
 27 consolidated corporation, and shall be a lien on all property and assets
 28 acquired by the consolidated corporation from the corporation so merged,
 29 subject only to such liens as existed against said property and assets at the
 30 time of such merger or consolidation. At the time of appointing the ap-
 31 praisers or at any time thereafter the court may direct the dissenting stock-
 32 holder to submit his certificate of stock to the clerk of the court for notation
 33 thereon of the pendency of the appraisal proceedings, and if the stockholder
 34 fails to comply with such direction the court may dismiss the proceedings.

1 2. This act shall take effect immediately.

STATEMENT

That it may be known at the time of taking the vote on a corporate merger or consolidation how many stockholders dissent therefrom, this amendment provides for the giving of notice of his objection by the dissenting stockholder, prior to the vote on such merger or consolidation. Provision is also made for noting the pendency of appraisal proceedings on the stock certificate of the dissenting stockholder.

An act of March 7th (Chapter 48) is a curious supplement to the act concerning mortgages and seems to be intended to promote unity between husband and wife, and to protect one against the improvidence of the other, securing them and their children in the possession of their household furniture. It provides that no mortgage, conveyance or conditional sale (not given for the purchase money) of any household furniture in the use and possession of any family shall be good unless it is "signed by the husband and wife of the family" and duly recorded. This creates a sort of an estate in entirety in the husband and wife with respect to household furniture and modifies the married women's property act. Whether the act would apply in case the furniture all belonged to the mother-in-law or a maiden aunt, remains to be decided.

Chapter 67 is a comprehensive general act providing for the consolidation and merger of corporations created under the laws of this state, excepting railroad, turnpike and canal companies, insurance companies, banking companies, saving banks or other corporations intended to derive profit from the loan or use of money. There is a provision for appraising and taking the stock of dissenting stockholders. This can hardly be justified as a taking of private property for a public purpose under the constitution, but stockholders, according to the recent decision of Vice-Chancellor Van Fleet in *Rabe v. Breslin Hotel and Land Co.*, 22 Atl. Rep. 959, 16 N. J. L. J. 80, will have to act promptly if they wish to resist the merger of the company they invested in with another which they care nothing about.

Chapter 59 amends the first section of the act authorizing the consolidation of street railway companies, and Chapter 75 prohibits the construction of any horse or street railroad along the streets of any municipality without the consent of the governing body of the town. There is also a long and comprehensive statute providing for the formation of traction companies to operate street railways and construct new lines, (Ch. 172) and an act was passed validating the erection and use of the poles and wires for the operation of street railways by electricity.

Chapter 78 provides that the Governor shall appoint, with the consent of the Senate, three judges empowered to hold the Circuit Courts, in the absence of the justice of the Supreme Court, they to hold office seven years at a salary of \$7,500. The JOURNAL has heretofore set forth the need of some such legislation. Judges Childs and Miller are the judges thus far appointed.

Chapter 87 provides that bills of costs taxed hereafter in a criminal case where there is a nolle, or discontinuance or suspension of sentence, shall be paid the same as in case of sentence; and Chapter 88 is the same act applying to past instances of taxation of costs in such cases.

Chapter 96 enacts that the register of the Prerogative Court may have