

## CHAPTER 492

## CAPITAL STOCK

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**492.1 Endorsement of amount paid.**

No certificate or shares of stock shall be issued, delivered, or transferred by any corporation, officer or agent thereof, or by the owner of such certificate or shares without having endorsed on the face thereof what amount or portion of the par value has been paid to the corporation issuing the same, and whether such payment has been in money or property.

[C97, §1627; S13, §1627; C24, 27, 31, 35, 39, §8408; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.1]

**492.2 Effect of violation.**

Any certificate of stock issued, delivered, or transferred in violation of section 492.1 when the corporation has not received payment therefor at par in money or property at a valuation approved by the executive council, shall be void, and the issuance, delivery, or transfer of each certificate shall be considered a separate transaction.

[C24, 27, 31, 35, 39, §8409; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.2]

**492.3 Penalties.**

Any person violating the provisions of sections 492.1 and 492.2, or knowingly making a false statement on such certificate, shall be guilty of a fraudulent practice.

[C97, §1627; S13, §1627; C24, 27, 31, 35, 39, §8410; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.3]

**492.4 Certain corporations excepted.**

Sections 492.1 to 492.3 shall not apply to railway or quasi-public corporations organized before October 1, 1897.

[S13, §1627; C24, 27, 31, 35, 39, §8411; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.4]

**492.5 Par value required.**

No corporation organized under the laws of this state, except building and loan associations, shall issue any certificate of a share of capital stock, or any substitute therefor, until the corporation has received the par value thereof.

[S13, §1641-b; C24, 27, 31, 35, 39, §8412; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.5]

**492.6 Payment in property other than cash.**

If it is proposed to pay for said capital stock in property or in any other thing than money, the corporation proposing the same must, before issuing capital stock in any form, apply to the executive council of the state for leave so to do. Such application shall state the amount of capital stock proposed to be issued for a consideration other than money, and set forth specifically the property or other thing to be received in payment for such stock, providing that the foregoing provision shall not apply to trust companies or insurance companies organized under the laws of this state.

Any insurance company proposing to issue capital stock for property or any thing other than money, before issuing the capital stock in any form, shall apply to the commissioner of insurance for leave so to do. Such application to the commissioner of insurance shall state

the amount of capital stock proposed to be issued for a consideration other than money and set forth specifically the property or other thing to be received in payment for such stock.

[S13, §1641-b; C24, 27, 31, 35, 39, §8413; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.6]

#### **492.7 Executive council to fix amount.**

The executive council or the commissioner of insurance as the case may be, shall make investigation, under such rules as it may prescribe, and ascertain the real value of the property or other thing which the corporation is to receive for the stock. It shall enter its finding, fixing the value at which the corporation may receive the same in payment for capital stock; and no corporation shall issue capital stock for the said property or thing in a greater amount than the value so fixed.

[S13, §1641-b; C24, 27, 31, 35, 39, §8414; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.7]

#### **492.8 Elements considered in fixing amount.**

For the purpose of encouraging the construction of new steam or electric railways, and manufacturing industries within this state, the labor performed in effecting the organization and promotion of such corporation, and the reasonable discount allowed or reasonable commission paid in negotiating and effecting the sale of bonds for the construction and equipment of such railroad or manufacturing plant, shall be taken into consideration by said council as elements of value in fixing the amount of capital stock that may be issued.

[S13, §1641-b; C24, 27, 31, 35, 39, §8415; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.8]

#### **492.9 Certificate of issuance of stock.**

It shall be the duty of every corporation, except corporations qualified under chapter 534, to file a certificate under oath with the secretary of state, within thirty days after the issuance of any capital stock, stating the date of issue, the amount issued, the sum received therefor, if payment be made in money, or the property or thing taken, if such be the method of payment. If the corporation fails to file said certificate of issuance of stock within the thirty-day period herein provided, it may thereafter file the same upon first paying to the secretary of state a penalty of ten dollars when the said certificate is offered for filing. Provided further that the penalty herein provided for is first paid and provided the said report contains the specific information required by this section as to the issuance of any capital stock not previously reported, then the first annual report filed by such corporation following such failure to comply with the provisions of this section, shall be received by the secretary of state as a compliance with this section.

[S13, §1641-c; C24, 27, 31, 35, 39, §8416; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.9]

93 Acts, ch 126, §12

#### **492.10 Cancellation of stock — reimbursement.**

The capital stock of any corporation issued in violation of the terms and provisions of sections 492.5 to 492.8 shall be void, and in a suit brought by the attorney general on behalf of the state in any court having jurisdiction, a decree of cancellation shall be entered; and if the corporation has received any money or thing of value for the said stock, such money or thing of value shall be returned to the individual, firm, company, or corporation from whom it was received, and if represented by labor or other service of intangible nature, the value thereof shall constitute a claim against the corporation issuing stock in exchange therefor.

[S13, §1641-d; C24, 27, 31, 35, 39, §8417; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.10]

#### **492.11 Dissolution — distribution of assets.**

Any corporation violating the provisions of sections 492.5 to 492.8 shall, upon the application of the attorney general, in behalf of the state, made to any court of competent

jurisdiction, be dissolved, its affairs wound up, and its assets distributed among the stockholders other than those who have received the stock so unlawfully issued.

[S13, §1641-e; C24, 27, 31, 35, 39, §8418; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.11]

**492.12 Violation.**

Any officer, agent or representative of a corporation who violates any of the provisions of sections 492.5 to 492.8 shall be guilty of a simple misdemeanor.

[S13, §1641-f; C24, 27, 31, 35, 39, §8419; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §492.12]