

AN ACT PROHIBITING THE INVESTMENT OF ANY FUND OF A CORPORATION OR IN ANY BUSINESS OTHER THAN THAT FOR WHICH IT WAS ORGANIZED UNLESS CERTAIN REQUIREMENTS ARE FULFILLED-AMENDING F...

Commonwealth Act No. 437, May 31, 1939

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Be it enacted by the National-Assembly of the Philippines:

Sec. 1. Act Numbered Fourteen hundred and fifty-nine, as amended, commonly known as the Corporation Law, is further amended by inserting after section seventeen a new section, to be known as section seventeen and one-half, which shall read as follows:

"Sec. 17-1/2. No corporation organized under this Act shall invest its funds in any other corporation or business, or for any purpose other than the main purpose for which it was organized, unless, its Board of Directors has been so authorized in a resolution by the affirmative vote of stockholders holding shares in the corporation entitling them to exercise at least two thirds of the voting power on such a proposal at a stockholders' meeting called for that purpose: Provided, That for the purposes of this section the business described in the prospectus issued by the corporation upon its organization and duly filed in the Securities and Exchange Commission shall prevail over the purpose clause of its articles of incorporation. Notice of such meetings shall be given to all of the stockholders on records of the corporation whether or not they shall be entitled to vote thereat: Provided, however, That any stockholder who did not vote to authorize the action of the Board of Directors may, within forty days after the date upon which such action was authorized object thereto in writing and demand payment for his shares. If, after such a demand by a stockholder, the corporation and the stockholder can not agree upon the value of his share or shares at the time such corporate action was authorized, such value shall be ascertained by three disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the appraisers shall be final and no action shall be taken by the corporation upon said resolution until after payment shall have been made of said award, which must be made within thirty days thereafter. In addition to any civil remedy on the part of the stockholder, the directors of the corporation shall be subject to criminal prosecution for any violation of this provision in accordance with section one hundred ninety and one-seventh of this Act. Upon payment by the corporation to the stockholder of the agreed or awarded price of his shares, the stockholder shall forthwith transfer and assign the share or shares held by him as directed by the corporation."

Sec. 2. This Act shall take effect upon its approval.

Approved, May 31, 1939.

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