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**Veto Message: Governor Peck
1874 (H.127)**

An act to incorporate the Vermont Mortgage Company.

STATE OF VERMONT
Executive Department.
Montpelier, Vt., November 24, 1874

The Speaker laid before the House a communication from His Excellency, the Governor, as follows:

To the Speaker of the House of Representatives:

SIR: I have the honor to return to the House of Representatives, House bill number one hundred and twenty-seven, entitled "An act to incorporate the Vermont Mortgage Company," without approval. The act incorporates certain individuals by name, their associates and successors, by the name of "The Vermont Mortgage Company," for the purpose of loaning its money upon mortgage securities, and taking mortgages, securing the payment thereof and of selling mortgage securities, and of making, issuing and selling bonds or other obligations and loaning the proceeds upon real estate securities, or applying the same to the redemption of prior bonds of the corporation, and of buying, selling, owning and dealing in any real estate or personal property necessary or convenient for the prosecution of said business: and generally doing all things incidental to said business and the proper management thereof, and it may guarantee payment of securities based upon real estate, but none other; provided, the corporation shall not transact banking business."

By the act the corporation may commence and prosecute the business when *fifty thousand* dollars of capital stock is paid in.

To say nothing about the questionable policy of incorporating particular individuals to transact the business named in the act,

which may be regarded as worthy of deliberate consideration, there is an objectionable feature in the bill, if I correctly interpret it. It contains a provision that "If the indebtedness of said company shall at any time exceed the amount of their capital stock actually paid in, and invested in the business of the company, the directors and stockholders of said corporation, shall be personally liable for such excess, to the creditors of said corporation, to the amount of their respective shares in said corporation." This would afford some security to creditors in such case, if it were not practically nullified by the provision immediately following, that "*No transfer of said shares within six months preceding the commencement of any action to recover on said liability shall be a release therefrom.*"

This implies there can be no recovery on this individual liability of stockholders, if the stockholders, who are such when debts are contracted, transfer their stock six months before a creditor learns of the indebtedness of the corporation beyond its capital, and actually brings his suit within six months after the transfer of the stock by the stockholders. This makes it easy for the stockholders to escape this liability by transferring their stock. The debt of a creditor against the corporation might not become payable till more than six months after the transfer of the stock, so that he could not bring a suit within the six months; or, if his debt was due, he might be ignorant of the fact that the corporation was indebted to the extent of making the directors and stockholders personally liable. Again, this corporation is a moneyed corporation within the General Statutes on that subject, and the bill makes this corporation subject to certain sections of the General Statutes relating to private corporations, but omits those sections specially applicable to moneyed corporations. For these objections, I return the bill without my approval.

ASAHEL PECK,
Governor

Governor's Veto Sustained **
H.127, 1874

The Governor's veto was sustained in the House:

Yeas 0 Nays 126

** At the time of the original vote from the House there was no quorum present and voting so the vote was stated a second time when a quorum was present.

Sources: *Journal of the House*, November 24, 1874 (pages 526-529)