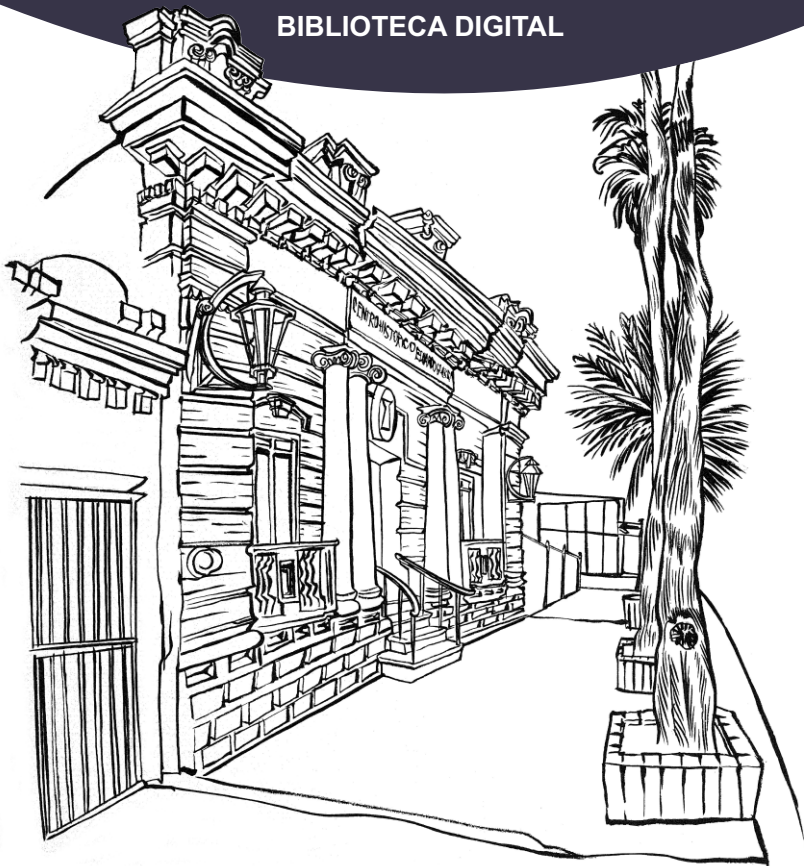




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STATUTES (BY-LAWS)
OF THE
Agricultural, Industrial and Colonization Company
of Tlahualilo, Limited
A STOCK COMPANY

MEXICO, JULY 24, 1890

CHAPTER I.

NAME OF THE COMPANY, ITS OBJECT, DOMICILE AND DURATION.

ARTICLE 1ST. This Company, organized by Public Contract, executed in Mexico, the 17th of July, 1890, before the Notary Public, Lic. D. VICENTE DE P. VELASCO, shall be governed as regards domicile, object and duration by the stipulations contained in Clauses 2nd, 3rd and 4th of the said Contract.

ARTICLE 2ND. The Company shall cultivate cotton or any other agricultural product, either by its own exclusive account or risk or by means of contract on shares.

ARTICLE 3RD. It shall make the division which it deems convenient of the twenty-six **sitios** of land which it owns, in order to found the establishments which it may deem needful for its proper administration.

ARTICLE 4TH. The Company shall have the right to acquire and possess by purchase, lease or other legal title, all kinds of property, both fixed and movable, rights and privileges of entry, fulfillments or others, and in general perform all the acts and make all the agreements which shall tend to the greater development of its own interests and which may be allowed by law.

ARTICLE 5TH. As a manufacturer it shall have the right to acquire all the machinery, buildings, implements, and whatever else may be required by the industries which are established for the Company's account.

ARTICLE 6TH. As a colonizing enterprise it shall comply with what is provided in the contract executed on the 6th of June, 1888, with the Department of Internal Affairs.

CHAPTER II.

REPRESENTATION, ASSETS OF THE COMPANY AND ITS SHARE CAPITAL.

ARTICLE 7TH. The following are the assets of the Company:

First. **The Concession** executed in its favor by the Department of Internal Affairs on June 6th, 1888.

Second. The **twenty-six cattle ranches (sitios de ganado mayor)** bought from Señor Don Juan N. Flores and from the Estate of the latter, according to the Contracts executed, the first on September 15th, 1885 before the Notary, Don Buenaventura Cincunegui, and the second on February 13th, 1888, before the Notary Don Jesus Cincunegui.

Third. The **73 kilometers of canal** which begin at the dam of San Fernando, situated on the River Nazas and terminate upon the Company's lands.

Fourth. All the **machinery**, implements and tools, which have been used in the construction of the said canal.

Fifth. The **properties** which hereafter may be acquired for any purpose whatsoever.

ARTICLE 8TH. The capital stock shall be formed of the 2,600 shares of \$1,000, each one already issued and subscribed, making together \$2,600,000., together with any new shares which by a resolution of the General Meeting may hereafter be issued.

CHAPTER III.

CONCERNING THE SHARES.

ARTICLE 9TH. The shares of this Company of the first issue, which constitute its capital stock as stated in article 8th, are 2,600 of \$1,000 each.

ARTICLE 10TH. They shall be indivisible, so that a single share can not be represented by more than one person, and consequently when there are several owners of a single share they shall name a common representative; otherwise such shall not be admitted to representation.

ARTICLE 11TH. The Company will only recognize as owner of the share the legal holder thereof.

ARTICLE 12TH. The shares shall be numbered successively from 1 to 2,600, continuing progressively thereafter in any new issues which would be made.

ARTICLE 13TH. The shares shall be to bearer, and shall express the following:

First. The name of the Company and its place of domicile.

Second. The date of the contract by which the Company was definitely constituted.

ARTICLE 14TH. The said shares shall be cut from a book with stubs, the party interested signing the receipt for them on the stub which is attached to the said book.

ARTICLE 15TH. These shares in addition to the stamps which are required by law shall bear the seal of the Company and 60 coupons for the payment of dividends, and they shall be authorized by the signature of the members composing the Council of Administration.

ARTICLE 16TH. If by any cause the certificate of a share should be lost, the party interested must apply to the Courts, and the Company shall not issue a duplicate thereof without a mandatory judgment thereon, in which it shall be stated that the lost certificate is considered cancelled.

ARTICLE 17TH. The new certificate which is issued in compliance with said judgment shall contain a declaration that it is a duplicate, the date of the said judgment and the Court which rendered the same, and the Secretary of the Council shall make in the book of stubs all the notes necessary for the better understanding of the affair.

ARTICLE 18TH. In the disposition of shares which by sale, transfer or other title pass from the holder to a new possessor, the mere fact of acquisition shall imply for the latter entire adhesion to the Contract constituting the Company, to its by-laws, and to the action of the General Meeting as well as the complete acceptance by the said acquirer of all the affairs and operations which the Company has done.

ARTICLE 19TH. Although there may have intervened special agreements between the old and the new possessor of the shares, these shall be considered as of purely personal character, without any obligation whatever, upon the Company.

ARTICLE 20TH. The new holder of a share shall have all the rights and be bound by all the obligations attaching to said share.

CHAPTER IV.

CONCERNING THE ISSUE OF NEW SHARES.

ARTICLE 21ST. When the affairs of the Company require the issue of new shares, the Council of Administration shall convoke the General Meeting of Share Holders in order that it may take action on the matter. For the purposes of this Meeting the requirements of the 33d and following articles of Chapter 6th shall be observed.

ARTICLE 22ND. Upon issuing new shares which increase the Capital Stock and before publishing the notice of the said issue to the public, one month of time shall be given to the old Stockholders so that they may have preference in subscribing to them.

ARTICLE 23RD. The right of these old Stockholders to subscribe to the new shares shall be in proportion to those which they already hold in the former issue and to the number of those which form the new issue.

ARTICLE 24TH. In the event of their utilizing the preferential right to subscribe to the shares, the holders of the former shares shall deposit the certificates representing them in the Treasury of the Company within the said period of one month, and in their place the Treasury shall emit a certificate containing the ordinal number of their shares and the number of the new ones which they desire to subscribe to.

ARTICLE 25TH. After the expiration of the month following the Resolution of the General Meeting regarding the new issue, the subscription to such as have not been taken shall be offered to the public.

ARTICLE 26TH. The price of the new shares shall not be less than their nominal value.

ARTICLE 27TH. The General Meeting, upon authorizing the issue of new shares, shall also determine the price which is to be paid therefor, taking into consideration the amount of the Reserve Funds and the credit which these securities of the Company may have acquired.

ARTICLE 28TH. Payment for the shares shall be made in the terms declared in the Contract of Association.

ARTICLE 29TH. Until the permanent certificates for the shares are issued, the provisional certificates issued by the President of the Council of Administration, the Treasurer and the Secretary shall take their place.

ARTICLE 30TH. All the shares have an equal right in the assets of the Company and in the distribution of profits which shall be distributed among the Shareholders with exact proportion to the number of shares which they possess.

CHAPTER V.

CONCERNING THE OBLIGATIONS OF THE COMPANY.

ARTICLE 31ST. The obligations of the Company are as follows:

First. Those imposed by the Contract celebrated with the Secretary of Internal Affairs on June 6th 1888.

Second. Those generally imposed upon Companies of this class by the laws of the Country, with the exception of those which by special arrangements grant certain special franchises to the Company.

CHAPTER VI.

CONCERNING THE GENERAL MEETINGS.

ARTICLE 32ND. The Regular General Meeting of the Shareholders shall be convoked at least once a year in the month of June, in the Company's domicile and upon the dates fixed for said Meeting by the Council of Administration.

ARTICLE 33RD. There shall be an extraordinary General Meeting when ever the same shall be called in conformity to these By-laws by the Council of Administration and the Commissioners, and also when on account of the action of the Council 10 or more associates representing together at least 20% of the shares issued shall demand it.

ARTICLE 34TH. The notices for these Meetings, whether regular or special, shall be made at least one month before the date of the reunion by means of notices inserted in the Diario Oficial of the National Government, the date, hour and place of the Meeting being designated.

ARTICLE 35TH. The call for regular and special General Meetings shall contain besides the day, hour and place of the Meeting, an announcement of the questions which are to be submitted for the decision of the Meeting, and no other matter besides these announced can be determined upon penalty of nullification.

ARTICLE 36TH. The Council of Administration shall have the right to reduce to 15 days the advance call of Special Meetings when the purpose thereof shall, in his judgment, so demand.

ARTICLE 37TH. The General Meeting shall be considered as legally constituted whenever the persons attending the same represent one-half of the subscribed shares and one share more.

ARTICLE 38TH. If for want of a proper number, the Meeting can not be held on the day named in the call, the latter shall be repeated with 15 days of notice in the same way as the first, with the difference that this Meeting shall be held whatever be the number of the shares represented by those who attend.

ARTICLE 39TH. The unanimous vote of at least two-thirds of the shares issued and one more share shall be necessary for the determination of the matters referred to in the 5 following clauses in this article.

First. Concerning the increase or reduction of the Capital Stock or the conversion of the shares.

Second. Concerning any reform in these statutes.

Third. Concerning the transfer, placing under lien or mortgaging of any real property belonging to the Company.

Fourth. Concerning the consolidation with other Companies.

Fifth. Concerning any change in the contract of Association.

ARTICLE 40TH. Each share shall have the right to one vote in the General Meetings. The determinations shall be taken by the absolute majority of the shares present.

ARTICLE 41ST. The General Meeting of Shareholders shall have the fullest powers in everything relating to the Company's affairs, the Council of Administration being subject to it's decision with the exception of those cases in which the Council is fully authorized to act according to what it deems necessary as is provided in Articles 62 and 63.

ARTICLE 42ND. The following acts are prerogatives of the General Meeting.

First. To debate, approve or alter the General Balance which is to be presented to the Regular Annual Meeting by the Council of Administration after the reading of the report or reports which the Commissioners jointly or separately have to make to the Meeting regarding the said Balance.

Second. To designate from the Shareholders, the members who are to constitute the Council of Administration, these consisting of 5 Proprietors and 5 Delegates.

Third. To designate the Commissioners and their Delegates.

Fourth. To determine the division of the annual profits.

Fifth. To designate the Liquidators, remove them, discuss their accounts, approve or disapprove them, determine their functions and emoluments and generally to take all the acts relating to the prompt settlement of the liquidation.

Sixth. Whatever else is reserved to it in these By-laws, in the Contract of association or by Special Resolution of any General Meeting, considered as addition to or reform of the By-laws.

ARTICLE 43RD. In order to have the right to take part in the General Meetings, the Shareholders must deposit their shares or provisional certificates if the shares have not been issued, in the Treasury of the Company at least 3 days before the date fixed for the Meeting. The Treasury shall give them a nominal and personal receipt indicating how many shares they have deposited and their numeration.

The presentation of this receipt shall qualify the party interested to take part in the Meeting. The shares or certificates shall not be returned until after the General Meeting has been held and then in return for the receipt given.

ARTICLE 44TH. Whenever the Commissioners or a group of Shareholders, in accordance with Article 33rd demand that the Council of Administration should convoke the associates for a Special General Meeting, they must specify in such demand the questions which they propose to submit to said Meeting. If the Council of Administration should not grant the request within 15 days after its presentation, the General Meeting shall be called by the 2 Commissioners.

ARTICLE 45TH. The Resolution of the General Meeting passed in accordance with these statutes shall bind all the Shareholders, including those who dissent and those who are absent.

ARTICLE 46TH. The General Meeting shall be presided over by the President of the Council of Administration and in his absence by the Vice-president, the Secretary of the Council acting as Secretary of the Meeting.

ARTICLE 47TH. The Meeting shall designate from its number one or more Inspectors and the voting shall always be nominal.

ARTICLE 48TH. The member of the Council who presides over the General Meeting shall have charge of the order of the Meeting and shall control the discussion.

ARTICLE 49TH. If any one person would represent more than a third part of the shares present at the Meeting his vote shall be limited to the said third part.

ARTICLE 50TH. One or more members of the Council of Administration may be elected to the Committees named by the General Meeting for deciding any matter presented for discussion or for any other purpose.

ARTICLE 51ST. The Resolutions of the General Meeting shall be recorded in Minutes which shall be signed by the President, the Inspector and the Secretary.

To the Minute of each Meeting shall be attached,

First. The register containing the names of the persons attending the Meeting, which shall be signed by the latter upon entering the same, such register to declare the number of shares represented by the said persons.

Second. The documents referring to the calling of the Meeting and any others which may have been presented to it. Any copies or extracts which may be required from the Minutes of the General Meetings shall be certified by the President or Vice-president of the Council of Administration.

CHAPTER VII.

CONCERNING THE COUNCIL OF ADMINISTRATION.

ARTICLE 52ND. The direction of the Company's interests shall be in charge of the Council of Administration composed of 5 Shareholders. Proprietor Members of 5 Delegates, who shall exercise the functions upon the summons of the said Council in case of absence, illness or any other impediment to any of the Proprietors.

ARTICLE 53RD. It shall be the duty of the Proprietor Members to give convenient notice to the Council when, having to be absent or finding themselves disabled, the Delegate ought to be summoned, and the said Council even without such advise, learning of the impediment or absence of any Proprietor shall summon a Delegate; the functions of the latter shall cease as soon as the Proprietor returns. The Delegate, so-called, shall only have the attributes of a non-official Member of Council.

In the absence of the President, the **Vice-president shall exercise his functions.**

ARTICLE 54TH. The Office of Members of the Council can not be abandoned unless for a reason fully justified.

ARTICLE 55TH. The party interested shall present his resignation to the Council, who shall meet together and resolve if it is or is not admissible; if they accept it one of the Delegates shall be called.

ARTICLE 56TH. In order to be a Member of the Council of Administration, the following is necessary:

First. To be a Shareholder.

Second. To have the legal right to direct his own personal affairs for himself.

Third. To have previously deposited in the Treasury of the Company 25 fully paid-up shares; this deposit shall continue until the accounts of the Council in which the depositor has had a part shall be approved.

ARTICLE 57TH. The Council shall choose from among the Shareholders or outside of them, a Manager, one or more Administrators and one or more Inspectors, designating their duties and responsibilities wherever they are not provided for in these Statutes, and agreeing with them upon the compensations to be paid them, and the guarantees which they shall give before entering upon the exercise of their functions.

ARTICLE 58TH. The Resolutions of the Council of Administration shall be taken by a majority of votes of the members present. The presence of 3 of its members voting unanimously, being sufficient to permit the Council to take action. Consequently, no Resolution of the Council which is taken in accordance with this provision can be invalidated for any reason whatsoever, provided that it is within the powers of the Council.

ARTICLE 59TH. The Council can modify and revoke its decisions and Resolutions whenever it deems it necessary.

ARTICLE 60TH. The Members of the Council of Administration can be re-elected indefinitely.

ARTICLE 61ST. The Council of Administration can delegate specific functions to one or more of its members in the quality of Committees.

ARTICLE 62ND. The direction and Government of all of the Company's affairs, pertain to the Council, the latter having the right for this purpose of **doing anything** which may affect the object of the Company and which is not expressly reserved to the General Meeting of Shareholders in the Contract of Association or in these By-laws.

ARTICLE 63RD. The following acts are prerogatives of the Council.

First. To acquire by purchase, lease or other title, properties, movable or immovable, not exceeding the value of \$100,000.00.

Second. To contract loans in the form determined by the General Meeting.

Third. To erect factories for industries which may be established whose value shall not exceed \$100,000.00.

Fourth. To appoint or remove the Manager, Administrators, Inspectors, Treasurer and **generally all the Agents** and Employees of the Company whenever the latter's business requires it, and to assign to said Employees their duties, compensations, term of office and guarantee.

ARTICLE 64TH. The Council shall present to the regular annual Meetings a Report of all its acts and of the general progress of the Company's affairs, presenting at the same time a General Balance Sheet of the latter. The Report and Balance Sheet should be communicated to the Commissioners at least one month before the day named for the General Meeting.

After the report and Balance Sheet has been approved by the General Meeting they shall be published in the Diario Oficial of the General Government.

ARTICLE 65TH. The Council of Administration shall reside in this Capital and meet weekly, upon the day and hour which may be fixed, without affecting its obligation to meet whenever it may be called by the president or **Vice-president** acting for him.

ARTICLE 66TH. The Meetings and Resolutions of the Council shall be entered on a book of Minutes, written consecutively one after the other without leaving blanks or spaces between them. This book shall be held by the Treasurer.

ARTICLE 67TH. At the beginning of each Meeting the Secretary shall read the Minutes of the preceding Meeting for its approval. These Minutes shall be signed by the President, the Secretary and one other of the members of the Council present.

ARTICLE 68TH. The President of the Council of Administration, and in his absence the Vice-president, shall decide all the measures and proceedings which shall be considered urgent until the General Meeting is held and shall generally hold the representation of the Company, excepting those powers which the Council itself agrees to Delegate for specified affairs.

ARTICLE 69TH. The Council of Administration shall be renewed each year, excepting when the General Meetings re-elects its members in whole or in part.

ARTICLE 70TH. The Council of Administration has the right to establish Consulting Councils, Agencies and Correspondents in the different parts of this Country or abroad.

CHAPTER VIII.

CONCERNING THE COMMISSIONERS.

ARTICLE 71ST. A General Meeting of Shareholders shall elect 2 Commissioners and 2 Delegates.

ARTICLE 72ND. The examination of the Company's affairs shall be entrusted to the said Commissioners.

ARTICLE 73RD. The Commissioners shall exercise their functions for one year and may be re-elected.

ARTICLE 74TH. For the Office of Commissioners the same requirements are necessary as for a member of the Council of Administration, except that the deposit shall be of only two shares.

ARTICLE 75TH. The Office of Commissioner may be revoked by a Resolution of the General Meeting duly organized; but to effect this at least a majority of three-fifth of the shares represented at said Meeting shall be required.

ARTICLE 76TH. The respective Delegates shall fulfill the duties of the discharged Commissioner unless the General Meeting which revoked the appointment of the latter should name his successor.

ARTICLE 77TH. The resignation of Commissioners shall be presented to the General Meeting, but if they are made for reasons arising after the election which do not permit time for calling a Special General Meeting, they shall be presented to the Council of Administration, which shall take cognizance of the resignation and notify the respective Delegates that they must enter upon their function until the Special General Meeting is held and takes action in the Case.

ARTICLE 78TH. As the Commissioners have an unlimited right to watch over all the affairs of the Company, they shall be permitted to inspect the books, correspondence, Minutes, and generally all the documents and papers belonging to it as well as its establishments and factories.

The Shareholders shall not have the right to exercise these powers individually.

ARTICLE 79TH. As already stipulated, the Council of Administration shall deliver to the Commissioners at least one month before the date stated for the Regular General Meeting, the Report and General Balance Sheet for the year, and it shall be the duty of the Commissioners to audit the same, and submit to the said General Meeting the result of their examination and the remarks which they consider proper and right.

CHAPTER IX.

CONCERNING THE MANAGER OF THE COMPANY.

ARTICLE 80TH. The Council of Administration shall appoint an agent, whether Shareholder or not, and shall execute with him the Contracts which it deems convenient, marking the compensation and powers given to him and **investing him with the authority which may be necessary for him as agent**, and in accordance with the said contracts. He shall have charge also of the accounts of Administration and shall comply with all the obligations imposed upon him by these By-laws.

ARTICLE 81ST. The residence of the said Manager shall be in the City of Mexico.

ARTICLE 82ND. As agent of the Company he shall be governed by the dispositions of the Commercial Code regarding agents in all matters not provided for in his Contracts and Powers.

ARTICLE 83RD. The Council of Administration shall require from the agent such security as it deems desirable to guarantee the fulfillment of his obligations. This security may consist of a guarantee by the deposit of a certain number of the Company's shares or the value thereof in money; all to be to the satisfaction of the said Council.

ARTICLE 84TH. The Manager shall be subject in everything to the Council of Administration, receiving from it the instructions which it may deem it well to give, **through** the channel of the President or of the delegated member.

ARTICLE 85TH. In cases when his responsibility may be involved he shall have the right to ask for instructions in writing.

ARTICLE 86TH. The manager may propose to the Council the appointment of such persons as he needs to assist him in the office for the proper discharge of the work committed to him, which proposals may be ratified or refused.