

REPUBLIC OF PANAMA, Law 32 of February 26, 1927.

GENERAL INCORPORATION LAW

THE NATIONAL ASSEMBLY OF PANAMA

HEREBY DECREES:

CHAPTER I

INCORPORATION

Article 1

Two or more persons of lawful age, of any nationality even though not domiciled in the Republic of Panama, may, in accordance with the formalities hereinafter provided, form a corporation for any lawful purpose or purposes.

Article 2

Such persons desiring to form such a corporation shall sign articles of incorporation which shall set forth:

1. The names and domiciles of each of the subscribers of the articles;

2. The name of the proposed corporation which shall not be the

same as, nor so similar as to cause confusion with, the name of any other existing corporation.

The name shall include a word, phrase or abbreviation which indicates that it is a corporation to distinguish it from a natural person or company of any other nature.

The name of the corporation may be expressed in any language.

3. The general purpose or purposes of the corporation;

4. The amount of the capital stock and the number and par value of the shares of which it is to consist; and if the corporation is to issue shares without par value, the statements required by Article 22 of this law.

The capital stock and par value of shares of any corporation may be expressed in terms of the legal currency of the Republic or of gold units of the legal currency of any other country, or of both;

5. If the shares are to be classified, the number of shares to be included in each class and the designations, preferences, privileges and voting powers or restrictions or qualifications of the shares of each class; or that such designations, preferences,

privileges and voting powers or restrictions or qualifications shall be determined by resolution of the majority in interest of the Stockholders or of the majority of the Directors;

6. The number of shares of stock which each subscriber of the articles of incorporation agrees to take;

7. The domicile of the corporation and the name and domicile of its resident agent in the Republic, who may be a juridical person;

8. Its duration;

9. The number, names and addresses of its Directors, not less than three;

10. Any other lawful provisions which the subscribers of the articles of incorporation may desire to include.

Article 3

The articles of incorporation may be executed in any place, within or outside the Republic, and in any language.

Article 4

The articles of incorporation shall be in the form of a public deed, or in any other form, provided that said articles be

acknowledged before a Notary Public or before any other officer authorised to take acknowledgements at the place of the execution thereof.

Article 5

If the articles of incorporation are not in the form of a public deed, they must be protocolized in a Notary Office of the Republic.

If the said document has been executed outside of the Republic, it must, before it is protocolized, be authenticated by a Panamanian Consul, or, if there should be no such Consul, by the Consul of a country friendly to Panama; and if it should be in a foreign language it must be protocolized together with an authenticated translation subscribed by an official or public interpreter of the Republic.

Article 6

The public deed or the protocolized document containing the articles of incorporation must be presented for registration in the Mercantile Registry.

The incorporation of a corporation shall have no effect with respect to third parties until the articles of incorporation have been recorded.

Article 7

Any corporation formed under this law may from time to time amend its articles of incorporation in any respect; provided such articles of incorporation, when so amended, shall conform to the provisions of this law.

Therefore, the corporation may by such amendment change the number of its shares or of any class of its outstanding shares at the time of such amendment, change the par value of the outstanding shares of any class, change the outstanding shares of any class having par value into the same or different number of shares of the same or a different class without par value, or the outstanding shares of a class without par value into the same or different number of shares of the same or different class having par value, or increase the amount or the number of shares of its authorised capital stock or divide its authorised capital stock into classes or increase the number of classes of its authorised capital stock, or change their designations, rights, privileges, preferences, voting powers, restrictions or qualifications. But the capital stock of a corporation shall not be reduced except in accordance with the provisions of articles 14 et seq of this law.

Article 8

The amendments shall be made by the persons hereinafter

mentioned and in the manner provided in this law with respect to the execution of the articles of incorporation.

Article 9

In case no share has been issued, the articles of amendment shall be signed by every subscriber of the articles of incorporation and by every subscriber to the stock of the corporation.

Article 10

In case share has been issued, such articles of amendment shall be signed:

- (a) In person or by proxy by the holders of all the outstanding shares of the corporation entitled to vote thereon and shall be accompanied by a certificate of the Secretary or an Assistant Secretary of the corporation that the persons who have executed the articles of amendment, in person or by proxy, constitute the holders of all the outstanding shares of the corporation entitled to vote thereon; or
- (b) By the President or a Vice-President and the Secretary or Assistant Secretary of the corporation, who shall sign and annex thereto a certificate stating that they have been authorised to execute such articles of amendment by the

votes, cast in person or by proxy, of the holders of a majority of such shares and that such votes were cast at a stockholders meeting held on the date specified in the notice or waiver of notice.

Article 11

In case that the articles of amendment alter the preferences of outstanding shares of any class or authorise the issuance of shares having preferences which are in any respect superior to those of the outstanding shares of any class, the certificate referred to in paragraph (b) of the preceding article shall state that the officers signing the same have been authorised to execute such articles of amendment by the vote cast in person or by proxy of the holders of a majority of the outstanding shares of each class entitled to vote thereon, cast at a stockholders' meeting held on a date specified upon notice or waiver of notice.

Article 12

If the articles of incorporation provide that the votes of the holders of more than a majority of the outstanding shares of any class or classes shall be required in order to effect any amendment of any provision of the articles of incorporation, the certificate referred to in paragraph (b) of article 10 shall state that such amendment has been authorised in that manner.

Article 13

Unless the articles of incorporation or any amendment thereof otherwise provide, in the event of an increase of stock, each stockholder shall be entitled to a preferential right to subscribe for shares of stock, issued pursuant to such increase, in proportion to the number of shares then held by him.

Article 14

Any corporation may reduce its authorised capital stock by an amendment of its articles of incorporation; but no distribution of assets may be made pursuant to any such reduction, which will reduce the actual value of its remaining assets to an amount less than the total amount of its debts and liabilities plus the amount as reduced of its issued capital stock. There shall be annexed to the articles of amendment a certificate issued under oath by the President or a Vice-President and of the Treasurer or an Assistant Treasurer stating that no distribution of assets made or to be made pursuant thereto will violate the provision contained in this article. The judgement of the Directors as to the value of the assets and their determination of debts and liabilities shall be conclusive, except in the case of fraud.

Article 15

Any corporation, unless its articles of incorporation otherwise provide, may acquire shares of its own stock. If such acquisition

is made out of funds or properties other than surplus or net profits, the shares of stock so acquired shall be cancelled by the reduction of the amount of issued stock: but such shares may be reissued if the authorised capital stock shall not have been reduced by such cancellation.

Article 16

Shares of its own stock acquired by a corporation with funds taken from surplus of its assets over its liabilities or from net earnings, may be held by such corporation or sold by it from time to time for its corporate purposes and may be cancelled or reissued from time to time by the Board of Directors.

Article 17

The shares of stock in the corporation held by the corporation shall not be voted upon, directly or indirectly, at any meeting of stockholders.

Article 18

No corporation shall purchase or otherwise acquire its own stock out of funds or property other than its surplus or net profits, if such purchase or acquisition will reduce the actual value of its assets to an amount less than the total amount of its debts and liabilities plus the amount as reduced of its issued capital stock. The judgement of the Directors as to the value of

the assets, and their determination of the debts and liabilities shall be conclusive, except in the case of fraud.

CHAPTER II
OF THE FACULTIES OF THE CORPORATION

Article 19

Every corporation organised under this law shall have the following powers, in addition to other powers specified in this law:

1. To sue and be sued in any court;

2. To adopt and use a corporate seal and alter the same at convenience;

3. To acquire, purchase, hold, use and convey real and personal property of all kinds and make and accept pledges, leases, mortgages, liens, and encumbrances of all kinds;

4. To appoint officers and agents;

5. To make contracts of all kinds;

6. To make by-laws not inconsistent with any existing laws of

the Republic or its articles of incorporation, for the management, regulation and government of its affairs and property, the transfer of its stock and the calling and holding of meetings of its stockholders and directors, and for all other lawful matters;

7. To carry on business and to exercise its powers in the Republic and in foreign countries;

8. To dissolve itself or to be dissolved in accordance with law, voluntarily or for other cause;

9. To borrow money and contract debts in connection with its business or for any lawful purpose; to issue bonds, notes, bills or exchange, debentures and other obligations and evidences of indebtedness (which may or may not be convertible into stock of the corporation) payable at a specified time or times payable upon the happening of a specified event or events whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed or in payment for property purchased or acquired or for any other lawful objects;

10. To guarantee, acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of or deal in shares of the capital stock of, or bonds, securities or other evidences of indebtedness created by other corporations, or of any municipality,

province, state or government;

11. To do all things necessary for the accomplishment of the objects enumerated in its articles of incorporation or any amendment thereof or necessary or incidental to the protection and benefit of the corporation, and in general to carry on any lawful business whether or not such business is similar in nature to the objects set forth in its articles of incorporation or any amendment thereof.

CHAPTER III

STOCK

Article 20

Every corporation shall have power to create and issue one or more classes of shares of stock with such designations, preferences, privileges, voting powers or restrictions or qualifications thereof and other rights as its articles of incorporation provide and subject to such rights of redemption as shall have been reserved to the corporation in such articles of incorporation.

The articles of incorporation may provide that shares of stock of any class shall be convertible into shares of one or more other classes.

Article 21

Shares of stock may have a nominal or par value. Such shares may be issued as fully paid and non-assessable or as partly paid or without any payment having been made thereon. Unless the articles of incorporation otherwise provide, full paid and non-assessable shares having a par value, or securities or shares convertible into such shares, shall not be issued for a consideration which, in the judgment of the Board of Directors, is less in value than the par value of such shares or of the shares into which such securities or shares are convertible, nor shall certificates for partly paid shares state that there has been paid thereon an amount greater than the value, in the judgement of the Board of Directors, of the consideration actually paid thereon. Such consideration may be money, labour, services or property of any kind.

The judgement of the Board of Directors as to the value of any such consideration shall be conclusive, except in case of fraud.

Article 22

Shares of stock may be created and issued without par value provided there be included in the articles of incorporation the following statements:

1. The total number of shares that may be issued by the corporation.

2. The number of shares, if any, which are to have a par value and the par value of each.

3. The number of shares which are to be without par value.

4. Either one of the following statements:

(a) The stated capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value plus a certain amount in respect to every issued share without par value plus such amounts as from time to time by resolution of the Board of Directors may be transferred thereto; or

(b) The stated capital of the corporation shall be at least equal to the whole of the aggregate par value of all issued shares having par value plus the aggregate amount of consideration received by the corporation for the issuance of shares without par value, plus such amounts as from time to time by resolution or resolutions of the Board of Directors may be transferred thereto.

There may also be included in such articles of incorporation an additional statement that the stated capital shall not be less than

the amount therein specified.

Article 23

Subject to the designations, preferences, privileges and voting powers or restrictions or qualifications granted or imposed in respect to any class of shares, each share with or without par value shall be equal to every other share of the same class.

Article 24

Any corporation may issue and may sell its authorised shares without par value for such consideration as may be prescribed in its articles of incorporation; or for such consideration which, in the judgment of the Board of Directors, shall be the fair value of such shares; or for such consideration as from time to time may be fixed by the Board of Directors pursuant to authority conferred in such articles of incorporation; or for such consideration as shall be determined by the holders of a majority of the shares entitled to vote.

Article 25

Any and all shares issued as permitted by Articles 22, 23 and 24 of this law shall be deemed fully paid and non-assessable. The holders of such shares shall not be liable to the corporation or to its creditors in respect thereto.

Article 26

The shares of a corporation shall be paid at such times and in such a manner as the Board of Directors may determine. If default shall be made in the payment, the Board of Directors may either proceed against the debtor to enforce payment of the amounts due and unpaid and to collect such damages as the corporation may have suffered, or rescind the contract in respect to the shareholder in default, having the right in this last instance to retain for the corporation such amounts as the defaulting shareholder may be entitled to receive from the funds of the corporation.

In the event that the corporation should proceed to rescind the contract in respect to the stockholder in default and to retain the amounts to which he may be entitled, the Board of Directors shall give at least six days advance notice to such shareholder.

Shares acquired by the corporation by virtue of the provisions of this article may be reissued or re-offered for subscription.

Article 27

Every share certificate shall contain the following statements:

1. The reference to the inscription of the corporation in the Mercantile Registry.

2. The amount of its capital stock.

3. The number of shares owned by the holder thereof.

4. The class of share, if there be more than one class, as well as the special conditions, designations, preferences, privileges, premiums, advantages and restrictions or qualifications which some classes of shares may have over the others.

5. If the shares which it represents are fully paid and non-assessable, the share certificate shall so state; and if such shares are not fully paid and are assessable the certificate shall state the amount or amounts which have been paid thereon.

6. If the shares are represented by a certificate issued in the name of the owner, it should contain the name of said owner.

Article 28

Shares may be issued to bearer only if fully paid and non-assessable.

Article 29

Shares represented by a certificate issued in the name of the owner shall be transferable on the books of the corporation in such manner and under such regulations as may be provided in the articles

of incorporation or in the by-laws. But in no case shall the transfer of stock be binding on the corporation unless it shall have been registered upon the corporation books.

If the stockholder shall be indebted to the corporation it may refuse to permit the transfer of his stock until such indebtedness is paid. But in all cases the transferor and the transferee shall be jointly liable for the payment of the amounts owed to the corporation by virtue of the shares so transferred.

Article 30

The transfer of shares issued to bearer requires only delivery of the certificate.

Article 31

If so provided in the articles of incorporation, any holder of a certificate of shares issued to bearer may exchange such certificate for a certificate for a like number of shares issued in his name; and the holder of a certificate of shares issued in the name of the owner may exchange it for a certificate for a like number of shares issued to bearer.

Article 32

The articles of incorporation may provide that in case a stockholder desires to dispose of his shares of stock, the

corporation or any other stockholder thereof shall have a preferential right to purchase such shares.

It may also impose other restrictions upon the transfer of the shares; but no restriction which shall absolutely prevent a stockholder from disposing of his shares of stock shall be valid.

Article 33

Every corporation may issue a new share certificate in the place of any certificate theretofore issued by it alleged to have been destroyed, lost or stolen. The Directors authorising such issue of a new certificate may require the owner of the destroyed lost or stolen certificate to give the corporation such security or indemnity as they may direct against any claim that may be made against the corporation.

Article 34

The articles of incorporation may provide that the holders of any designated class or classes of shares shall not be entitled to vote, or may otherwise limit or define the respective voting powers of the several classes of shares.

The provisions of this article shall prevail in accordance with their terms in all elections and in all proceedings in which the law requires the vote or the written consent of the holders of all of

the shares or of a specified proportion of the shares of the corporation.

The articles of incorporation may also provide that for specified purposes the vote of more than a majority of the holders of any class of shares shall be required.

Article 35

One or more stockholders by agreement in writing may transfer their shares to a voting trustee or trustees for the purpose of conferring upon it or them the right to vote thereon for the period and upon the terms and conditions therein stated. Every other stockholder may transfer his shares to the same trustee or trustees and thereupon shall be a party to such agreement. The certificates of shares so transferred shall be surrendered and cancelled and new certificates therefore issued to such trustee or trustees, in which it shall appear that they are issued pursuant to such agreement, and in the stock register of the corporation that fact shall also be noted. In order that the provision contained in this article be carried into effect it will be necessary that a certified copy of such agreement be filed with the corporation.

Article 36

Every corporation organised under this law shall keep at its

office in the Republic, or at such other place or places as the articles of incorporation or the by-laws provide, a book to be known as the stock register, containing (except in the case of shares issued to bearer) the names alphabetically arranged of all persons who are stockholders of the corporation, showing their places of residence, the number of shares held by them respectively, the time when they respectively became the owners thereof and the amount paid thereon or that they are fully paid and non-assessable.

In the case of shares issued to bearer such stock register shall state the number of shares so issued, and the date of issue and that such shares are fully paid and non-assessable.

Article 37

Dividends may be paid to the stockholders from the net earnings or profits of a corporation or from the surplus of its assets over its liabilities, but not otherwise. The corporation may declare and may pay dividends upon the basis of the amount actually paid upon partly paid shares of stock.

Article 38

When the directors shall so determine, dividends may be paid in shares of the corporation; provided that the shares issued for such purpose shall be authorised and provided, if such shares have not heretofore been issued, there shall be transferred from surplus to

the capital of the corporation an amount at least equal to that for which such shares could be lawfully issued.

Article 39

Every stockholder shall be personally liable to the creditors of the corporation only to an amount equal to the amount unpaid on his shares; but no action shall be brought against a stockholder for any debt of the corporation until judgment therefore has been recovered against the corporation and an execution against the assets thereon has been returned unsatisfied in whole or in part.

CHAPTER IV

STOCKHOLDERS' MEETINGS

Article 40

Whenever under the provisions of this law the approval or authorisation of the stockholders is required, the notice of the meeting shall be in writing and in the name of the President or a Vice-President or the Secretary or an Assistant-Secretary or of such other person or persons as the by-laws or articles of incorporation may prescribe or permit.

Such notice shall state the purpose or purposes for which the meeting is called and the time and place at which it is to be held.

Article 41

All meetings of stockholders shall be held within the Republic, unless otherwise provided in the articles of incorporation or by-laws.

Article 42

Such notice shall be given at such time prior to any such meeting and in such manner as the articles of incorporation or by-laws of the corporation provide; but unless they otherwise provide, such notice shall be given personally or by mail upon each stockholder of record entitled to vote at such meeting not less than ten or more than sixty days before such meeting.

If the corporation has issued shares to bearer, notice of stockholders' meetings shall be published in such manner, as the articles of incorporation or by-laws provide.

Article 43

Any stockholder may waive notice of any meeting in writing signed by him or his representative either before or after the meeting.

Article 44

The resolutions taken in any meeting at which all stockholders are present in person or by proxy shall be valid for all purposes and the resolutions taken in any meeting at which a quorum is so present and notice of which shall have been so waived by all absent stockholders, shall be valid for all purposes stated in each waiver, notwithstanding that in either case the notice required by this law or by the articles of incorporation or the by-laws shall not have been given.

Article 45

Unless otherwise provided in the articles of incorporation, every stockholder of a corporation shall be entitled at each meeting of stockholders thereof to one vote for each share of stock of any class and whether with or without par value standing in his name on the books of the corporation. It is hereby understood, however, that unless contrary provision should be made in the articles of incorporation, the directors may prescribe a period not exceeding forty days prior to any meeting of the stockholders during which no transfer of stock on the books of the corporation may be made, or may fix a day not more than forty days prior to the holding of any such meeting as the day as of which stockholders (other than the holders of shares issued to bearer) entitled to notice of and to vote at such meeting shall be determined, in which event, only stockholders of record on such day shall be entitled to notice or to

vote at such meeting.

Article 46

In the case of shares issued to bearer, the bearer shall be entitled to one vote at any meeting of the stockholders for each share of stock entitled to vote, upon presentation at such meeting of such certificate or certificates, or upon presentation of such other evidence of ownership as may be prescribed by the articles of incorporation or by-laws.

Article 47

At any meeting of the stockholders of any corporation any stockholder may be represented and vote by proxy or proxies (who need not be stockholders) appointed by an instrument in writing public or private, with or without power of substitution.

Article 48

The articles of incorporation of any corporation may provide that at all elections of directors of such corporation each holder of stock possessing the right to vote for directors shall be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them as he may see fit.

CHAPTER V

DIRECTORS

Article 49

The business of every corporation shall be managed by a board of not less than three directors, all of whom shall be male or female persons of full age.

Article 50

Subject to the provisions of this law and of the articles of incorporation, the board of directors of every corporation shall have full control over the affairs of the corporation.

Article 51

The Board of Directors may exercise all of the powers of the corporation except those that the law or the articles of incorporation or the by-laws confer upon or reserve to the stockholders.

Article 52

Subject to the provisions of this law and of its articles of incorporation, the number of directors shall be fixed by the by-laws

of the corporation.

Article 53

A majority of the board of directors of a corporation at a meeting duly assembled shall be necessary to constitute a quorum for the transaction of business provided, however, that the articles or incorporation may provide that a certain number of the directors, whether more or less, than a majority, shall be necessary to constitute a quorum.

Article 54

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Article 55

Unless otherwise provided in the articles of incorporation no director need be a stockholder.

Article 56

The directors may make, alter, amend and repeal the by-laws of the corporation, unless otherwise provided by the articles of incorporation, or in the by-laws adopted by the stockholders.

Article 57

The directors of every corporation shall be chosen at the time and place and in the manner provided for by the articles of incorporation or by-laws.

Article 58

Vacancies in the board of directors shall be filled in the manner prescribed by the articles of incorporation or by-laws.

Article 59

Subject to the provisions contained in the two foregoing articles, vacancies, whether resulting from an increase in the authorised number of directors or otherwise, may be filled by the vote of a majority of the directors then in office.

Article 60

If the directors shall not be elected on the day designated for the purpose, the directors then in office shall continue to hold their offices and discharge their duties until their respective successors shall have been elected.

Article 61

Unless otherwise provided in the articles of incorporation or in the by-laws, the board of directors may appoint two or more of their members to constitute a committee or committees, who shall have and exercise the powers of the board of directors in the

management of the business and affairs of the corporation to the extent and subject to the restrictions expressed in the articles of incorporation, the by-laws, or the resolutions appointing such committee or committees.

Article 62

If the articles of incorporation so provide, at any meeting of the directors, any director may be represented and vote by proxy or proxies (who need not be directors), appointed by an instrument in writing, public or private, with or without power of substitution.

Article 63

Directors may be removed at any time by the vote of the holders of a majority of the outstanding shares entitled to vote for directors. Officers, agents and employees may be removed at any time by the vote of a majority of the directors, or in such other manner as the articles of incorporation or the by-laws.

Article 64

If any dividend or distribution of assets be declared or paid which shall reduce the value of the assets of the corporation to less than the aggregate amount of its debts and liabilities, including capital stock, or if a reduction of capital stock be made, or if any report or statement be made which shall be false in any material representation, the directors of the corporation who assent

thereto with knowledge of the impairment of the capital stock, or falsity as the case may be, shall be jointly and severally liable to the creditors of the corporation for any loss or damage arising therefrom.

CHAPTER VI

OFFICERS

Article 65

Every corporation shall have a President, a Secretary and a Treasurer, who shall be chosen by the Board of Directors, and may also have such other officers, agents and representatives as the Board of Directors or the by-laws or the articles of incorporation may determine and who shall be chosen in the manner provided thereby.

Article 66

Any person may hold two or more offices, if so provided by the articles of incorporation or the by-laws.

Article 67

No officer need be a director of the corporation unless the articles of incorporation or by-laws so provide.

CHAPTER VII

SALE OF ASSETS AND FRANCHISES

Article 68

Every corporation may, by action taken at any meeting of its Board of Directors, sell, lease, exchange or otherwise dispose of all or part of its assets, including its goodwill and its corporate franchise, upon such terms and conditions as its Board of Directors deem expedient, if authorised by the affirmative vote of stockholders holding a majority of the shares entitled to voting power and given at a stockholders' meeting called for that purpose in the manner provided in Articles 40 and 44 of this law or if authorised by the written consent of such stockholders.

Article 69

Notwithstanding the provisions contained in the preceding article, the articles of incorporation may require the consent of some particular class of stockholders in order to grant the authority referred to in said article.

Article 70

Unless the articles of incorporation provide otherwise no vote or consent of stockholders shall be necessary for a transfer of assets in trust, or a pledge or mortgage thereof to secure

indebtedness of the corporation.

CHAPTER VIII
CONSOLIDATION

Article 71

Subject to the provisions of their articles of incorporation, any two or more corporations organised under this law may consolidate into a single new corporation. The Directors, or a majority of them of each of such corporations desiring to consolidate may enter into an agreement signed by them describing the terms and conditions of consolidation, the mode of carrying the same into effect and stating such other facts as are necessary to be stated in articles of incorporation or in accordance with this law, as well as the manner of converting the shares of each of the old corporations into shares of the new corporation with such other details and provisions as are deemed necessary or desirable.

Article 72

The agreement may provide for the distribution of cash, notes or bonds in whole or in part, in lieu of stock, provided, however, that upon such distribution the liabilities of the new corporation including those derived by it from the constituent corporations and including the amount of capital to be issued by the consolidated

corporation pursuant to the terms of the consolidation shall not exceed the value of the assets of the consolidated corporation.

Article 73

The agreement of dissolution shall be submitted to the stockholders of each constituent corporation at a meeting thereof called specially for the purpose of considering the same, in the manner required by Articles 40 to 43 of this law and at said meeting said agreement shall be considered and a vote taken for the adoption or rejection of the same.

Article 74

Unless the articles of incorporation otherwise provide, if the votes of stockholders of each corporation representing a majority of the shares entitled to vote thereon shall be for the adoption of said agreement, then that fact shall be certified on said agreement by the Secretary or Assistant Secretary of each corporation; and the agreements so adopted and certified shall be signed by the President or a Vice-President and Secretary or Assistant Secretary of each of said corporations in the manner and in accordance with the requirements specified in Article 2 of this law with reference to the execution of articles of incorporation.

Article 75

The agreement of consolidation so executed shall be filed for

registration in the Mercantile Registry as required in the case of articles of incorporation and when so filed shall be the agreement and act of consolidation of said corporation.

Article 76

When such agreement of consolidation is executed and filed as required by the two preceding articles, the separate existence of the constituent corporations shall cease and the consolidating corporations shall become a single corporation in accordance with said agreement possessing all the properties, rights, privileges, powers and franchises and subject to the restrictions, obligations and duties of each of the consolidated corporations; provided that all rights of creditors and all liens upon the property of either of the consolidating corporations shall be preserved unimpaired, but such liens shall be limited to the property affected thereby at the time of consolidation; and all debts, liabilities and duties of the consolidating corporations shall pertain to the consolidated corporation and may be enforced against it to the same extent as if they had been incurred by it.

Article 77

The articles of incorporation of any corporation may provide and determine the conditions, in addition to the requirements of this law upon which such corporation may consolidate with any other corporation.

Article 78

In any judicial or administrative proceeding pending by or against the corporations that have ceased to exist, or any of them, the new corporation may be substituted in their place.

Article 79

The liability of corporations or the stockholders or officers thereof, or the rights or remedies of the creditors thereof or of persons doing or transacting business with each corporation shall not in any way be lessened or impaired by the consolidation of two or more corporations under the provisions hereof.

CHAPTER IX

DISSOLUTION

Article 80

If the Board of Directors deem it advisable that any corporation organised under this law should be dissolved, the Board within ten days after the adoption of a resolution to that effect by a majority of the whole Board at any meeting called for that purpose, shall cause notice of the adoption of that resolution to be given in the manner provided in Articles 40 to 43 thereof, in a notice of a meeting of the stockholders having voting power to take

action upon the resolution so adopted by the Board of Directors.

Article 81

If at any such meeting the holders of a majority of the shares entitled to vote shall by resolution consent that the dissolution shall take place, copy of such resolution together with a list of the names and residences of the Directors and Officers of the company, certified by the President or a Vice-President, and the Secretary or an Assistant Secretary, and the Treasurer or an Assistant Treasurer, shall be executed, protocolised and filed for record in the Mercantile Registry as required in Article 6.

Article 82

Upon such filing at the Registry Office a copy thereof shall be published in one issue of a newspaper published in the place where the office of the dissolved corporation was situated within the Republic, or if there be no such newspaper then in the Official Gazette of the Republic.

Article 83

Whenever all the stockholders having voting power shall consent in writing to a dissolution, no meeting of the Directors or Stockholders shall be necessary for that purpose.

Article 84

The document setting forth such consent should be protocolised, registered in the Mercantile Registry and published in the manner provided in Article 82 hereof. Once these formalities have been complied with, such corporation shall be deemed to be dissolved.

Article 85

All corporations whether they expire by their own limitation or are otherwise dissolved, shall nevertheless be continued for the term of three years from such expiration or dissolution for the purpose of prosecuting or defending suits by or against them or enabling them to settle their business and dispose of and convey their property and to divide their capital stock, but not for the purpose of continuing their business for which said corporation shall have been established.

Article 86

When any corporation shall expire by its own limitation or shall be otherwise dissolved, the Directors shall be trustees of such corporation with full power to settle the affairs, collect the outstanding debts, sell and convey the property of all kind, and divide the monies and property among the stockholders, after paying the debts of the corporation; and they shall have authority to sue for, in the name of the corporation, and recover debts and property and to represent it in proceedings that may be initiated against it.

Article 87

In the case of the foregoing article the Directors shall be jointly and severally responsible for the debts of the corporation, but only up to the amount of the monies and properties which shall come into their hands.

Article 88

The Directors shall have power to apply monies and property of the corporation to the payment of a reasonable compensation to themselves for their services, and to fill any vacancies in their number.

Article 89

The Directors when acting as trustees pursuant to Articles 86, 87 and 88, shall act by majority vote.

CHAPTER X

FOREIGN CORPORATIONS

Article 90

A foreign corporation may maintain offices or agencies and carry on business in the Republic provided it files in the Mercantile Registry the following documents for registration:

1. Deed of protocolization of its Articles of Incorporation;

2. Copy of its last balance sheet accompanied by a declaration of the amount of its capital utilised or to be utilised in business in the Republic;

3. A certificate setting forth that it is incorporated and organised under the laws of the country of its domicile certified by a Consular representative of the Republic in said country, or if there be no such representative then by that of a friendly nation.

Article 91

A foreign corporation (maintaining an office or carrying on business in the Republic) which has not complied with the requirements of this law may not bring judicial or any other proceedings before any court or authority in the Republic, but may be sued in any action before judicial or administrative authorities, and shall furthermore be liable to a fine not exceeding five thousand balboas to be imposed by the Secretary of the Treasury.

Article 92

A foreign corporation carrying on business in this Republic and which has registered its articles of incorporation in the Mercantile Registry as aforesaid, shall be required to register in such Registry all amendments of such articles of incorporation and the

instruments of consolidation or dissolution.

CHAPTER XI

SUNDRY PROVISIONS

Article 93

National or foreign corporations established or having agencies or branches in the Republic at the time that this law comes into effect shall be governed insofar as referred to the contracting parties, by their articles of incorporation, their by-laws and the laws in force at the time of their incorporation or of their establishment in the Republic, as the case may be.

Article 94

National corporations organised before this law comes into effect may at any time be governed by the provisions of this law, for which purpose it shall be necessary that this fact be set forth in a resolution adopted by the shareholders, which resolution must be registered in the Registry Office.

The stockholders of local corporations actually dissolved but not yet liquidated may, for the purpose of the liquidation, be governed by the provisions of this article, provided that it is so resolved by a number of stockholders not less than that required by

the document of its organisation to allow the dissolution of the corporation before the expiration of the term fixed for such corporation.

Article 95

All the provisions now in force relative to corporations are hereby repealed.

Article 96

This law shall come into effect on the 1st day of April, 1927.