

## CHAPTER CXI.

## AN ACT

GRANTING A FRANCHISE TO ESTABLISH AND MAINTAIN A LOTTERY.

*Be it Enacted by the Queen and the Legislature of the Hawaiian Kingdom:*

SECTION 1. The exclusive franchise is hereby granted to D. H. Cross, of Chicago, Illinois, United States of America, W. B. Davenport, of St. Louis, Missouri, United States of America, and John Phillips, J. J. Williams, Samuel Nowlen and William C. Aebi of Honolulu, Oahu, Hawaiian Islands, and their successors and assigns, or such corporation as may hereafter be incorporated or organized by them to establish and maintain a lottery, and to sell lottery tickets at terms and prices in just proportion to the prizes to be drawn and to insure perfect fairness and justice in the distribution of the prizes for the term of twenty-five years.

SECTION 2. The majority of the said grantees, or if a corporation be formed, then a majority of the directors of said corporation shall be domiciled in Honolulu, and said business shall be conducted in the city of Honolulu, on the Island of Oahu, Hawaiian Islands, where all the drawings of said lottery shall take place.

SECTION 3. The said grantees, and their successors and assigns, shall pay for said franchise to the Hawaiian Government, the sum of five hundred thousand dollars each year in

quarterly installments in advance, that is to say, on the 31st day of March, the 30th day of June, the 30th day of September and the 31st day of December of each year. Provided, that if any of the conditions under which this franchise is granted be altered or modified in such manner that the sum stipulated to be paid annually shall be lessened the said franchise shall be null and void.

SECTION 4. Said sum shall be devoted to the uses and purposes hereinafter set forth, and the Minister of Finance is hereby authorized to pay the same as herein provided, as long as the same is received for said franchise.

*First:* Subsidy to be paid for an ocean cable between the Port of Honolulu and a port on the North American Continent connecting with any American telegraph system, one hundred thousand dollars per annum. This subsidy shall be paid in quarterly installments in the manner in which it is received, to such company with which the Hawaiian Government may enter into a contract under Chapter LXX. of the Session Laws of 1890, and to commence after the sending the first message over such cable and to continue as long as such cable is maintained in working order.

*Second:* Subsidy to be paid for the construction and maintenance of a railroad around the Island of Oahu, fifty thousand dollars per annum, to be paid to such company who may construct and maintain such railroad, and during such time in which said railroad is kept in operation.

*Third:* Subsidy to be paid for the construction and maintenance of a railroad from Hilo, Island of Hawaii, through the Districts of Hilo and Hamakua, fifty thousand dollars per annum, to be paid during such period during which said railroad is kept in operation.

*Fourth:* For improving and maintaining the improvements of Honolulu Harbor, fifty thousand dollars per annum.

*Fifth:* For roads, bridges, landings and wharves in the Hawaiian Kingdom, one hundred and seventy-five thousand dollars per annum, to be apportioned as follows: Island of Oahu, fifty thousand dollars; Island of Hawaii, sixty thousand dollars; Island of Maui, forty thousand dollars; Island of Kauai, twenty-five thousand dollars.

*Sixth:* For the encouragement of industries in the Hawaiian Kingdom, fifty thousand dollars per annum, to be disbursed as may be from time to time directed by the Legislature.

*Seventh:* For the encouragement of tourist travel and immigration, twenty-five thousand dollars per annum, to be disbursed as may be from time to time directed by the Legislature.

*Eighth:* If at any time during the existence of this franchise, the provision of the Reciprocity Treaty relating to Pearl Harbor should be abrogated, then the amounts mentioned in subdivisions fifth and seventh shall be used as a subsidy for the purpose of opening the harbor known as Pearl Harbor and erecting and maintaining drydocks and other improvements in said harbor.

*Ninth:* If for any reason any of the above subsidies can not be applied to the purposes herein set forth, then the sum so set apart shall be used as from time to time as the Legislature may direct.

**SECTION 5.** The grantees, and their successors and assigns, shall be exempted from any and all taxes and license fees of any kind whatsoever upon or for said franchise, except the said sum of five hundred thousand dollars per annum, paid as aforesaid.

**SECTION 6.** The Minister of the Interior is hereby authorized to grant a charter of incorporation to the grantees of this franchise and their successors and assigns in conformity with this Act and under the following conditions, and the holders of this franchise shall do no act under or by virtue of this Act, except in conformity with such charter.

*First:* The capital stock of such corporation shall be five million dollars, represented by fifty thousand shares of stock of one hundred dollars each, par value, provided that said capital stock may be increased to ten million dollars represented by one hundred thousand shares of the par value of one hundred dollars each share.

*Second:* All powers of the corporation shall be vested in a Board of Directors to consist of five persons, each of whom shall own at least five hundred shares of the capital stock of the said corporation.

*Third:* The corporation shall be empowered to sue and be sued, to plead and be impleaded, to appear in any Court of Record or Justice, and to do any other lawful act, such as any person or persons might do for their own defense, interests, or safety, in its corporate name.

*Fourth:* The President and Secretary of the Board of Directors shall be the proper persons upon whom citations, notices, and other legal process shall be served.

*Fifth:* The corporation shall furnish bonds to the Minister of Finance in the sum of one hundred and twenty-five thousand dollars, with sureties who own unencumbered real estate in this Kingdom to the value of not less than one hundred and twenty-five thousand dollars, or deposit with the Minister of Finance for such purpose Hawaiian Government Bonds to the amount of one hundred and twenty-five thousand dollars, as security for the prompt and punctual payment

of the sums and in the manner set forth in Section 3 of this Act, which bond shall be filed within one year after the passage of this Act.

*Sixth:* The Board of Directors shall have power to establish as many agencies as may be necessary, and to appoint a President, Superintendent, Secretary and Treasurer, and such clerks and agents as may be required, and may remove them at pleasure, fix salaries of all officers and employees of the corporation (except that of the Commissioners appointed by the Queen, with the approval of the Cabinet as hereinafter provided), and fix the amount of their respective bonds and sureties, and shall make and establish such rules and by-laws for the proper management and regulation of the affairs of the corporation as may be necessary and proper. A majority of the Board of Directors shall be necessary to constitute a quorum, and shall have power to remove any officer of the company. The Board of Directors shall have power to fill any vacancy that may occur by death, resignation or removal.

*Seventh:* At all meetings held for election of Directors or for any other purpose, every stockholder whose name is entered upon the books of the company as such, and none other shall be entitled, either directly or by proxy, to cast one vote for each share of capital stock held by him. All transfers of stock shall be made and entered on the books of the company.

*Eighth:* The persons named in Section 1 of this Act, shall be, and they are hereby constituted the first Board of Directors, who shall at their first meeting, appoint one of their number President, and the said Board shall serve for two years from the time this incorporation takes effect, and thereafter until their successors are elected and qualified, at the expiration of which term a meeting of the stockholders for

the election of a Board of Directors shall be held on a day fixed for all elections hereafter. A two-thirds vote shall be necessary to constitute an election, and if no election be held, the meeting will adjourn over one year.

*Ninth:* There shall be two Commissioners appointed by the Queen, with the approval of the Cabinet, who shall hold office during the pleasure of the Queen and Cabinet. The duties of said Commissioners shall be to preside at all lottery drawings, and to superintend the same and secure perfect fairness in the allotment of prizes in each scheme. The salary of said Commissioners shall be six thousand dollars per annum each, payable out of the treasury of the corporation in quarterly installments. The said Commissioners shall not own or be interested in the capital stock of the said corporation, nor purchase nor own any ticket or tickets, devices, certificates or fractional parts thereof.

*Tenth:* All drawings of lotteries under this Act shall be made in public, admission free, and it shall be compulsory upon said company to hold annually twelve regular drawings, and as many additional special drawings as the directors of said company may designate.

*Eleventh:* The stockholders of the Capital Stock of the Corporation shall be liable to the creditors of said corporation to the amount of the shares by them respectively held.

*Twelfth:* The corporation shall present a full and accurate account or exhibit of the state of its affairs to the Minister of the Interior on the first day of January of each and every year.

*Thirteenth:* At the expiration of this franchise three commissioners shall be elected by the stockholders, whose duty

it shall be to liquidate its affairs on such terms and in such manner as shall be determined by a majority vote, as set forth in subdivision eighth of Section 6 of this Act.

SECTION 7. Any person selling, offering, or exposing for sale after the 31st day of December, A. D. 1892, any lottery tickets except as authorized by this Act, or in violation of this Act, or in violation of the rights and privileges herein granted, shall be liable upon conviction thereof to a fine not exceeding five thousand dollars, nor less than five hundred dollars for each and every offense, and all district courts of this Kingdom shall have jurisdiction in such cases.

SECTION 8. The grantees of this franchise, and their successors and assigns, shall have the right during the whole term of said franchise, to dispose of by lottery or a series of lotteries, any land, improved or unimproved, which said corporation may become possessed of by purchase or otherwise in the Hawaiian Islands, but such lands shall be disposed of by special drawings only, which shall be advertised as drawings for property.

SECTION 9. The grantees of this franchise, and their successors and assigns, are hereby given the right of uninterrupted passage through the mails of the Hawaiian postal system, of all written and printed matter relating to or connected with the business of said lottery upon paying current rates of postage therefor.

SECTION 10. The failure on the part of the grantees of this franchise, or their representatives or assigns, to conform to any of the terms or conditions of this Act shall thereby work a forfeiture of this franchise.

SECTION 11. This Act shall take effect from and after its

approval, and all laws and parts of laws in conflict with the same are hereby repealed.

Approved this 13th day of January A. D. 1893.

BY THE QUEEN :

JOHN F. COLBURN,

*Minister of the Interior.*

LILLUOKALANI R.