

Commission, to cause the aggregate capitalization to conform to the fair value of the property of such corporation as established by the Commission pursuant to the provisions of Section 385; provided, and not otherwise, that there shall have been secured from the Commission an order authorizing such issue, and the amount thereof, and stating that, in the opinion of the Commission, the use of the capital to be secured by the issue of such stocks, bonds or other evidence of indebtedness is reasonably required for the said purposes of the common carrier, railroad corporation, street railroad corporation, or such corporations, but this provision shall not apply to any lawful issue of stock, to the lawful execution and delivery of any mortgage, or to the lawful issue of bonds thereunder, before the time when this sub-title becomes a law. For the purpose of enabling it to determine whether it should issue such an order the Commission shall make inquiry or investigation, hold such hearings, and examine such witnesses, books, papers, documents or contracts as it may deem of importance in enabling it to reach a determination. Such common carrier may issue notes for proper corporate purposes, and not in violation of any provision of this or any other Act, payable at periods of not more than twelve months, without such consent, but no such notes shall in whole or in part, directly or indirectly, be refunded by any issue of stock or bonds, or by any evidence of indebtedness running for more than twelve months, without the consent of the Commission; provided, however, that the Commission shall have no power to authorize the capitalization of any franchise to be a corporation or to authorize the capitalization of any franchise or right to own, operate or enjoy any franchise whatsoever in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political sub-division thereof as a consideration for the grant of such franchise or right; nor shall the capital stock of corporations, formed by the merger or consolidation of two or more other corporations, exceed the sum of the capital stock of the corporations so consolidated, at the par value thereof, or such sum and any additional sum actually paid in cash; nor shall any contract for consideration or lease be capitalized in the stock of any corporation whatever; nor shall any corporation hereafter issue any bonds, against or as lien upon any contract for consolidation or merger.

Control of public service commission over a railroad is limited to latter's operations within this state. Commission may require statements of the facts relating to issues of stocks, bonds, etc., so that it may be determined whether such issue is *bona fide* and for value; where the enterprise is one to be conducted wholly within the state, commission may sanction or disapprove proposition. While an interstate carrier may be made subject to control of each state as to matters affecting the operations of company in such state, beyond that, state legislation is powerless. The commission has no supervisory powers over expenditures of money in other states, nor the apportionment of expenditures of a railroad's monies as between different states, nor can it pass upon wisdom of construction work to be performed in other states; neither may a corps of engineers and inspectors be maintained by the commission in other states. P. S. C. cannot (in the absence of fraud) override the officers of the corporation in the management of its affairs or in fixing of prices of its securities. Police power. Baltimore and Ohio Railroad Company. *Laird v. B. & O. R. R. Co.*, 121 Md. 181.

As to the issue of stocks, bonds, etc., see secs. 211 and 234. As to the consolidation of corporations, see secs. 33, 218 and 235.