

proceedings, including any foreclosure or cancellation proceeding now pending, and the record thereof, if any shall have been made, are hereby legalized and made as valid and effectual to all intents and purposes and of the same force and effect in all respects, for the purpose of notice, evidence, validity, foreclosure, cancellation or otherwise as if such mortgage registration tax had been paid prior to the time of the commencement of any such proceedings, provided that the mortgage registration tax on said contract was paid in full prior to the passage of this act or was paid in full during the pendency of said foreclosure or cancellation proceeding.

Sec. 2. **Application.**—This act shall not apply to any action now pending in any of the courts of this state.

Sec. 3. This act shall take effect and be in force from and after its passage.

Approved April 23, 1919.

CHAPTER 381—S. F. No. 1050.

An act relieving counties of liability to incorporated cities, boroughs or villages on account of the failure of county auditors to apportion, pursuant to the provisions of Chapter 239, General Laws of 1905, as amended by Chapter 159, Laws of 1915, penalties and interest accruing upon taxes heretofore levied upon real estate.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Counties not to be liable for failure of auditors in incorrect apportionments.**—In all counties in this state where heretofore county auditors thereof have apportioned between the county revenue fund and school districts of the county penalties and interest accruing upon taxes levied upon real estate and have not apportioned such penalties and interest to cities, boroughs or villages pursuant to the provisions of chapter 239, General Laws of 1905, as amended by chapter 159, Laws of 1915, such counties shall not be liable to cities, boroughs or villages for such failure; provided, however, that the liability of counties on account of the collection of penalties and interest accruing on special assessments shall not in any way be affected by this act.

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 23, 1919.

CHAPTER 382—H. F. No. 1065.

An act authorizing the incorporation of co-operative associations and defining their powers.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Co-operative associations—Who may organize—Purposes.**—A co-operative association, society, company or exchange may be formed for the purpose of conducting any agricultural, dairy, mercantile, mining, telephone, manufacturing or

mechanical business upon the co-operative plan, and in addition to other powers, such association, society, company or exchange, shall have the power to buy, sell or deal in its own products, the products of its individual members, the products of any other co-operative association whether organized under the provisions of this act or otherwise. It shall be lawful for such association or associations to sell its own products as well as the products of its members for them, either individually or collectively, and to negotiate the price at which such products may be sold either for itself or for its members, individually or collectively, as the case may be. For the above purposes it shall have the power to purchase and hold, lease, mortgage, encumber, sell, exchange and convey such real estate, buildings and personal property as the business of the association may require; also to erect buildings upon its own lands or leased grounds. For the purposes of this act the words "company," "corporation," "exchange," "society," or "union" shall be construed to mean an association. No corporation or association hereafter organized or doing business for profit in this state shall be entitled to use the term "co-operative" as part of its corporate or business name or title, unless it has complied with the provisions of this act. Any corporation or association violating the provisions of this section may be enjoined from doing business under such name or title at the instance of any stockholder of any association legally organized hereunder.

Sec. 2. Articles of incorporation—Contents and filing.—Persons forming an association under this act shall sign and acknowledge written articles of incorporation specifying:

(a) The name of the association, the general nature of its business and the principal place of transacting the same. Such name shall distinguish it from all other corporations, domestic or foreign, doing business in the state, and shall be preserved to it during its corporate existence.

(b) The period of its duration, if limited, shall not exceed thirty (30) years without renewal.

(c) The name and place of residence of the incorporators. Associations with a capitalization of fifty thousand dollars (\$50,000.00) or less shall have at least seven (7) incorporators and associations with a capitalization of more than fifty thousand (\$50,000.00) shall have at least fifteen (15) incorporators, a majority of whom in both cases shall be residents of the state.

(d) In what board its management shall be vested, the date of the annual meeting at which it shall be elected, and the names and places of residence of those composing the board until the first election, a majority of whom shall be residents of the state.

(e) The amount of capital stock, if any; how the same is to be paid in, the number of shares into which it is to be divided and the par value of each share.

(f) The highest amount of indebtedness or liability to which the association shall at any time be subject, which may be fixed in a stated amount or by a percentage of its paid in capital.

(g) To amend its articles of incorporation, as hereinafter provided, and it may also contain any other lawful provision defining and regulating the powers or business of the association, its officers, directors, trustees, members and stockholders.

Articles of incorporation of any association organized under this act, or amendments to such articles of incorporation, shall be published in the same manner as provided in section 6149, chapter 58, General Statutes of 1913, relating to corporations. The original articles of incorporation, or a certified copy thereof, verified as such by the affidavits of two of the signers, shall be filed with the register of deeds of the county of the principal place of business of the association, if incorporated for twenty-five thousand dollars (\$25,000.00) or less, and with the secretary of state if incorporated for more than twenty-five thousand dollars (\$25,000.00). If the articles of incorporation are filed with the secretary of state, a certified copy shall be filed and recorded in the office of the register of deeds of the county in which the principal place of business of the association is located. For filing the articles of incorporation with the secretary of state there shall be paid to the state treasurer a fee of ten dollars (\$10.00) and for amendments to such articles five dollars (\$5.00).

Sec. 3. Capital—Limit of interest—Vote.—The amount of capital stock shall be fixed by the articles of incorporation. The amount of stock and the number of shares may be increased or diminished at any regular meeting of the stockholders or at any special meeting of the stockholders called for such purpose in the manner hereinafter provided for amending the articles of incorporation. Within thirty (30) days after the adoption of an amendment increasing or diminishing its capital the vote by which such amendment was adopted shall be recorded in the office where the original articles of incorporation were recorded, as provided in section 2 of this act: The association may commence business whenever twenty per cent (20%) of the capital stock has been subscribed and paid in, and the amount of capital stock outstanding shall at no time be diminished below twenty per cent (20%) of the amount of the authorized capital: No share shall be issued for less than its par value nor until the same has been paid for in cash or its equivalent and such payment has been deposited with the treasurer. The association may limit the amount of stock or the number of shares which may be issued or owned by one person but in no case shall the person be allowed to own or hold more stock than would represent the value of one thousand dollars (\$1,000.00) of the par value of such stock. No stockholder shall be entitled to more than one vote, which shall be in person or by

mail as hereinafter provided and no stockholder shall be allowed to vote by proxy. No person shall become a stockholder of any association organized under this act by transfer of stock except by consent of the board of directors, and the by-laws may provide that the association shall have the first privilege of purchasing stock offered for sale by any stockholder. Any stock so acquired by the board of directors for the company may be held as treasury stock or may be retired and cancelled.

Any stockholder who knowingly and intentionally violates the provisions of this act or the provisions of the by-laws adopted by any association organized under this act may be required by the board of directors to forfeit his stock, in which case the board of directors shall refund to such stockholders the par value of his stock or in case the book value of such stock shall be greater than the par value he shall be paid the amount of the book value of same. Stock so forfeited shall be retired and cancelled by the board of directors and such stockholders shall have no further rights or benefits in such association.

At any regularly called general or special meeting of the stockholders a written vote received by mail from any absent stockholder certified to and signed by him, may be read in such meeting and shall be accepted as the vote of the stockholder so signing; provided, however, that such stockholder has had due and previous notice, as elsewhere provided in this act, and that a notice containing the exact text of the motion or resolution or amendment has been mailed to him at his last known postoffice address and that a copy of same is forwarded with and attached to the vote so mailed by absent stockholder. The board of directors may cause a referendum vote to be taken by mail upon any action or recommendation of the board or for the purpose of electing members upon the board of directors, subject to the same regulations as above provided.

Sec. 4. Stockholders' meetings—Regular and special.—Meetings of the stockholders shall be held annually at the principal place of business of the association at such times as shall be designated by the by-laws. At such annual meeting reports covering the business of the association for the previous fiscal year and showing the condition of the association at the close of the fiscal year shall be submitted to the stockholders by the officers, and directors shall be elected for the ensuing years. The secretary shall cause notice of such meeting to be published in a daily or weekly newspaper published in the principal place of business of such association and being qualified to publish legal notices and such notice shall appear in at least two consecutive issues of such newspaper in the case of a weekly paper and in case of a daily paper once each week for two consecutive weeks, previous to such meeting. Or notice of such meeting may be given by mailing notice of such

meeting to each and every stockholder at his or her last known postoffice address not less than ten (10) days previous to the date of such meeting.

Special meetings of the stockholders may be called by a majority vote of the directors or upon written petition of at least ten per cent (10%) of the stockholders, in which case it shall be the duty of the president to cause notice of such meeting to be made as above provided. Such notice shall state the time, place and purpose of such meeting and shall be issued within ten (10) days of the date of the presentation of such petition and such meeting shall be held within thirty (30) days of the date of the presentation of such petition. Notice of regular or special meetings having been mailed to the stockholders of the association or published in a daily or weekly newspaper as above provided, the secretary shall execute a certificate stating the date and manner in which such notice was issued and an exact copy of such notice and failure of any stockholder to receive such notice shall not invalidate any action taken by the stockholders at such regular or special meeting.

Sec. 5. **Quorum.**—Except in cases where this act requires a majority vote of all stockholders, the number of stockholders required to be present in person or represented by mail vote at any regular or special stockholders' meeting to constitute a quorum for the transaction of business shall be a majority of such stockholders when the total number does not exceed one hundred (100), and at least ten per cent (10%) of the total number of stockholders in all other cases, which shall not be less than fifty (50); but four hundred (400) stockholders present in person shall constitute a quorum in any association. The fact of the attendance of a sufficient number of stockholders to constitute a quorum shall be established by a registration of the stockholders of the company, which registration shall be verified and certified to by the president and secretary of the association. No action of any association organized under this act shall be valid or legal unless there is a quorum present, as above provided, at the meeting at which such action is taken.

Sec. 6. **Directors—Election of—Duties—Officers.**—Every association shall be managed by a board of not less than five (5) directors, who shall be members of the association and who shall be elected by the stockholders by ballot at such time and for such period as the by-laws shall prescribe. The officers of the association shall be a president, one or more vice presidents, a secretary and a treasurer, who shall be elected annually by the directors. Each officer shall be a director of the association. The office of secretary and treasurer may be combined, and when so combined the person filling the office shall be termed "secretary-treasurer." A quorum of the stockholders shall have power at any regular or special stockholders' meeting, regularly called, to remove any di-

rector or officer for cause and fill the vacancy. The by-laws shall specify the manner of nominating and electing the directors.

Sec. 7. Earnings—Reserve fund—Distribution.—The stockholders may set aside all of the earnings of the first and second fiscal years of the association for the purpose of creating a reserve fund and the directors shall transfer to said reserve fund at least ten per cent (10%) of the annual net earnings until an amount has accumulated equal to thirty per cent (30%) of the paid up capital stock, which reserve fund may be used in the business of the association the same as paid up capital. When recommended by the directors, the stockholders at any annual meeting, or at a special meeting called for that purpose, may increase such reserve fund out of the annual net earnings to one hundred per cent (100%) of the paid up capital stock. A portion of the net profits not exceeding five per cent (5%) may be used as an educational fund for teaching co-operation. Annual dividends shall not exceed eight per cent (8%). Additional net profits shall be disbursed by uniform dividends based upon the amount of purchases from the association by stockholders and upon the wages and salaries received by the employees. Non-stockholders shall receive dividends upon purchases equal to one-half the amount paid to stockholders, which may be paid in the capital stock of the association. In productive associations, such as creameries, canneries, and elevators such dividends shall be based upon raw material delivered instead of upon goods purchased, and if an association is both a selling and a productive concern the dividends may be upon both raw material delivered and goods purchased. Distribution of net earnings shall be made as often as the directors shall determine, which shall be at least once in each year, if the net earnings, after the amount required to be set aside as a reserve fund has been deducted, is of sufficient amount to pay such dividend, and not otherwise. If the board of directors of any association shall authorize the payment of dividends on the paid-up capital stock in excess of eight per cent (8%), such act shall operate as a vacation of office of each director or officer voting for, authorizing, or in any manner sanctioning such payment and as a disqualification of such director or officer from holding any office of the association for a period of three years thereafter. Whenever any such association for a second time authorizes the payment of dividends on the paid-up capital stock in excess of eight per cent (8%), the secretary of state may institute the proper proceedings for the forfeiture of the charter of such association.

Sec. 8. Purchase of going business—Payment—Special stock issue.—Whenever any association shall purchase the business of another association, corporation, firm or individual, it may pay for the same in whole or in part by issuing in payment therefor shares of its capital stock to an amount, which, at par value, would

equal a fair market value of the business purchased; and in such case the sale to the association of such business shall be equivalent to payment in cash for the shares of stock so issued. In case the cash value of such purchased business exceeds one thousand dollars, the directors of the association are authorized to hold the shares in excess of one thousand dollars (\$1,000.00) in trust for the vendor, and dispose of the same to such persons, and within such times, as may be mutually satisfactory to the parties in interest, and to pay the proceeds thereof as currently received to the former owner of such business. At any regular meeting of the stockholders or at any regularly called special meeting, at which a quorum of stockholders shall be present or represented by mail vote, any association may, by a majority of the votes of the stockholders present and voting or represented by mail vote, subscribe for shares and invest the reserve fund or any portion thereof in the capital stock of any other co-operative association or for the purpose of purchasing any going business permitted under its articles of incorporation.

Sec. 9. Promotion expense limited.—None of the funds of any association organized under this act shall be used, nor shall any stock of such association be issued in payment of any promotion of such association or commission, salaries, or expenses of any kind, character or nature whatsoever; except that a sum not to exceed five per cent (5%) of the par value of stock sold may be used by committees elected by the stockholders for selling or soliciting for the sale of stock or for hiring responsible salaried solicitors for such purpose. Provided, that associations operating in more than one county may expend ten per cent (10%) for such purpose if incorporated for less than one hundred thousand dollars (\$100,000.00) and over fifty thousand dollars (\$50,000.00). Associations incorporated for more than one hundred thousand dollars (\$100,000.00) shall be governed by the laws of the state regulating the sale of stock by other corporations.

Sec. 10. Annual reports—Form of—Filing.—Every association organized under this act shall be required to file with the department of agriculture, and every creamery or other association manufacturing or handling dairy products, whether organized under this act or otherwise, shall file with the dairy and food commissioner each year a report of its business for the last fiscal year, which report shall be made on or before the first day of March or at the close of the fiscal year. Such report shall contain the name of the association, the amount of its authorized and paid in capital, the names of its officers and directors, a statement of its resources and liabilities and such other information as may be required by the departments with which such report shall be filed.

Sec. 11. Associations heretofore organized may come under this act.—Any co-operative corporation or association heretofore

organized and doing business under prior statutes, or which was doing business under an attempted organization thereunder, which retains the same name or title, may come under the provisions of this act and be bound thereby upon filing with the proper official a copy of the resolution authorizing such action adopted by the stockholders of such corporation or association in the manner provided for the adoption of amendments. There shall be filed at the same time a copy of the articles of incorporation of said corporation or association. The place for filing such resolution and articles and the fees to be paid therefor shall be the same as for new associations organized under this act. Co-operative associations organized under the laws of other states may become subject to the provisions of this act by proceeding as provided by this section.

Sec. 12. Amending articles of incorporation.—The articles of incorporation of any association organized under this act or which may elect to come under the provisions of this act may be amended so as to change its corporate name or title, or so as to increase or diminish its capital stock, or to change the number and par value of the shares of its capital stock, or in respect to any other matter which the original articles of incorporation of the same kind might lawfully have contained, in the following manner: The board of directors, by majority vote of its members, may pass a resolution setting forth the full text of the proposed amendment and also the full text of such section or sections as may be repealed by such amendment. Upon such action by the board of directors, notice shall be mailed to each and every stockholder containing a copy of the resolution so adopted, the full text of the proposed amendment, and also the full text of such section or sections as may be repealed by such amendment. Such notice shall also designate the time and place of the meeting at which such proposed amendment shall be considered and voted upon, in the same manner as elsewhere provided in this act. If a quorum of the stockholders is registered as being present or represented by mail vote at such meeting, a majority of the members so present or represented by mail vote, may adopt or reject such proposed amendment. In case such amendment is adopted, it shall be filed and recorded with the office in which the original articles of incorporation are filed or recorded, together with a copy of the resolution adopted by the board of directors, a copy of the notice given to stockholders and the certificate of the president and secretary verifying the action of the meeting at which such amendment was adopted.

Sec. 13. Companies excepted.—Existing laws relative to the incorporation and management of rural telephone companies and co-operative creameries, except as specifically repealed by section 14 of this act, shall remain in force and shall not be affected by

any of the provisions of this act; provided, however, that any such rural telephone company or co-operative creamery organized under the provisions of existing laws may continue to operate thereunder until they shall come under the provisions of this act by complying with section 11 thereof.

Sec. 14. **Laws repealed.**—Sections 6479, 6481, 6482, 6483, 6485, 6488, 6489 of chapter 58 of the General Statutes of 1913, and amendments thereto, insofar as they conflict with the provisions of this act, are hereby repealed, but any corporation or association incorporated and operating under the provisions of said sections shall continue to be governed thereby until they elect to come under the provisions of this act.

Approved April 23, 1919.

CHAPTER 383—S. F. No. 265.

An act entitled an act to amend Section 3 of Chapter 156 of the General Laws of Minnesota for the year 1917, the same being an act relating to sheriffs and their deputies and other assistants in counties containing not less than eighty congressional townships and having an assessed valuation of more than \$20,000,000 and less than \$50,000,000 and to the salaries of such deputies and assistants.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Salaries of deputy sheriffs in certain counties.**—That section 3 of chapter 156 of the General Laws of Minnesota for the year 1917, be and the same hereby is amended so that the same shall read as follows:

Section 3. The sheriff in any such county shall appoint and employ a chief deputy who shall be paid an annual salary of *twenty-one hundred (\$2,100.00) dollars*; a second deputy who shall be paid an annual salary of *eighteen hundred (\$1,800.00) dollars*; and a third deputy who shall be paid an annual salary of *eighteen hundred (\$1,800.00) dollars*; one jailor who shall be paid six hundred (\$600.00) dollars per annum; one additional deputy during such times as the district court is in session in his county, and such other and additional deputies, bailiffs, or court officers as may from time to time be required, ordered, or authorized by a judge of said district court, or by the county commissioners of said county, each such additional deputy, bailiff or court officer to receive a salary at the rate of not to exceed one hundred (\$100.00) dollars per month. The salaries of all such deputies, jailers, bailiffs and court officers shall be paid by the county.

Sec. 2. This act shall take effect and be in force from and after the first day of April, 1919.

Approved April 23, 1919.