

CHAPTER 128—H. F. No. 492

An act relating to cooperative marketing associations; amending Minnesota Statutes 1953, Sections 22.06, 22.07, 22.08, Subdivision 1, 22.09, 22.10, 22.11, 22.18, 22.19, 22.22, 22.24, and 22.30.

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

Section 1. Minnesota Statutes 1953, Section 22.06, is amended to read :

22.06 Powers. Each association incorporated under sections 22.03 to 22.35 shall have the following powers :

(1) To engage in any activity in connection with the marketing, selling, harvesting, preserving, drying, processing, canning, packing, grading, storing, handling, or utilization of any agricultural products produced or delivered to it by its members, *or patrons*, and with the manufacturing or marketing of the by-products thereof, *and to provide facilities and services therefor*, and in any activities in connection with the *purchasing, manufacturing, selling, warehousing, handling, shipping, distributing and otherwise dealing in and procuring for its members or patrons any and all kinds of supplies and equipment, and to perform any and all services to and for its members or patrons as may be required by them in their respective operations*, and in the financing of any such activities, and in any one or more of the activities specified in this section ; any association may *provide in its articles of incorporation that it shall not deal in products, supplies and services for non-members in an amount greater in value than such as are dealt in for members.*

(2) To borrow money and to make advance payments and advances to members ; *or patrons* ;

(3) To act as the agent or representative of *its members or patrons* in any of the above mentioned activities ;

(4) To purchase or otherwise acquire, and to hold, own, and exercise all rights of ownership in, and to sell, transfer, or pledge, or guarantee the payment of dividends or interest on, or the retirement or redemption of, shares of capital stock or bonds of any corporation or association engaged in any related activity or in the warehousing or handling or marketing of any of the products handled by the association ;

(5) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the by-laws ;

(6) To buy, hold, and exercise all privileges of ownership over, such real or personal property as may be necessary or convenient for the conduct and operation of any of the business of the association or incidental thereto; and

(7) To do each and every thing necessary, suitable, or proper for the accomplishment of any one of the purposes, or the attainment of any one or more of the objects herein enumerated, or conducive to or expedient for the interest or benefit of the association or its members or patrons, and to contract accordingly; and, in addition, to exercise and possess all powers, rights, and privileges necessary or incidental to the purposes for which the association is organized or to the activities in which it is engaged; and, in addition, any other rights, powers, and privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the express provisions of Sections 22.03 to 22.35, and to do any such thing anywhere.

Sec. 2. Minnesota Statutes 1953, Section 22.07 is amended to read:

22.07 Members. Under the terms and conditions prescribed in its by-laws, any association may admit as members, or issue common stock only to other cooperative associations and to persons engaged in the production of the agricultural products to be handled by or through the association, including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent part of the crop raised on the leased premises.

If a member of a non-stock association be other than a natural person, such member may be represented by any individual, associate, officer, and member thereof, duly authorized in writing.

One association, organized under Sections 22.03 to 22.35, may become a member or stockholder of any other association or associations so organized.

Sec. 3. Minnesota Statutes 1953, Section 22.08, Subdivision 1, is amended to read:

22.08 Articles of incorporation. Subdivision 1. **Contents.** Each association formed under Section 22.03 to 22.35 must prepare and file articles of incorporation, setting forth:

- (1) The name of the association;
- (2) The purposes for which it is formed;
- (3) The place where its principal business will be transacted;

(4) *The period of its duration, which may be limited or perpetual;*

(5) The number of directors thereof, which must not be less than five and may be any number in excess thereof, and the term of office of such directors, and the names and places of residences of the first board of directors;

(6) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal, and if unequal, the articles shall set forth the general rule or rules applicable to all members by which the property rights and interests, respectively, of each member may and shall be determined and fixed, and the association shall have the power to admit new members, who shall be entitled to share in the property and property rights with the old members, in accordance with such general rule or rules;

(7) If organized with capital stock, the amount of such stock and the number of shares into which it is divided and the par value thereof; the capital stock may be divided into preferred and common stock; if so divided, the articles of incorporation must contain a statement of the number of shares of stock to which preference is granted and the number of shares of stock to which no preference is granted, and the nature and definite extent of the preference and privileges granted to each.

Sec. 4. Minnesota Statutes 1953, Section 22.09, is amended to read:

22.09 Amendments to articles of incorporation. The articles of incorporation may be altered or amended at any regular meeting of members or at any special meeting called for that purpose *where a quorum is registered as being present*. An amendment must first be approved by two-thirds of the directors *and a copy of the text of the proposed amendment shall be mailed to each member not less than ten days prior to the meeting or published in the same manner as publication of notice of meetings of members, and the same must be approved by a vote representing a majority of the members present at the meeting*. Amendments to the articles, when so adopted, shall be filed in accordance with the provisions of the original filing.

Sec. 5. Minnesota Statutes 1953, Section 22.10, is amended to read:

22.10 Bylaws. Each association *in its by-laws may provide for any or all of the following matters:*

(1) The time, place, and manner of calling and conducting its meetings;

(2) The number of stockholders or members constituting a quorum;

(3) The right of members or stockholders to vote by proxy or by mail, or by both, and the conditions, manner, form, and effect of such votes;

(4) The number of directors constituting a quorum;

(5) The qualifications, compensation, duties, and term of offices of directors and officers, the time of their election and mode and manner of giving notice thereof;

(6) Penalties for violations of the by-laws;

(7) The amount of entrance, organization, and membership fees, if any; the manner and method of collection of the same and the purposes for which they may be used;

(8) The amount which each member or stockholder shall be required to pay annually or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member or stockholder for services rendered by the association to him, and the time of payment and manner of collection; and the form of marketing contract between the association and its members or stockholders which every member or stockholder may be required to sign; and

(9) The qualifications of members or stockholders of the association, and the particular conditions, if any, precedent to membership or ownership of common stock; the method, time, and manner of permitting members to withdraw or the holders of common stock to transfer their stock, the manner of assignment and transfer of the interest of members, and of the shares of common stock; the conditions upon which, and the time when membership of any member shall cease, the automatic suspension of the rights of a member when he ceases to be eligible to membership in the association, and the mode, manner and effect of the expulsion of a member.

Sec. 6. Minnesota Statutes 1953, Section 22.11, is amended to read:

22.11 General and special meetings. In its by-laws each association shall provide for one or more regular meetings annually. The board of directors shall have the right to call a special meeting at any time, and ten percent of the members or stockholders may file a petition with the secretary stating the specific business to be brought before the association

and demand a special meeting at any time. Such meeting must thereupon be called by the secretary. Notice of all meetings shall be mailed to each member at least ten days prior to the meeting or such notice may be given by publication *not less than ten days prior to the meeting once* in a newspaper of general circulation published at the principal place of business of the association, *or once in a periodical of general circulation among the members of the association which is regularly published at said principal place of business, not less than ten days prior to the meeting.*

Sec. 7. Minnesota Statutes 1953, Section 22.18, is amended to read:

22.18 Marketing contract. The association and its members *or patrons* may make and execute marketing contracts, requiring the members *or patrons* to sell, for any period of time, not over five years, all or any specified part of their agricultural products or specified commodities exclusively to or through the association or any facilities to be created by the association. If they contract a sale to the association, it shall be conclusively held that title to the products passes absolutely and unreservedly, except for recorded liens, to the association upon delivery; or at any other specified time if expressly and definitely agreed in the contract. The contract may provide that the association may sell or re-sell the products of its members, *or patrons*, with or without taking title thereto, and pay over to *them* the re-sale price, after deducting all necessary selling, overhead and other costs and expenses; and other proper reserves, and interest not exceeding eight percent per annum upon common stock, if any.

Sec. 8. Minnesota Statutes 1953, Section 22.19, is amended to read:

22.19 Remedies for breach of contract. The by-laws and the marketing contract may fix, as liquidated damages, specific sums to be paid by the member or stockholder *or patron* to the association upon the breach by him of any provisions of the marketing contract regarding the sale or delivery or withholding of products; and may further provide that the member *or patron* will pay all costs, premiums for bonds, expenses and fees in case any action is brought upon the contract by the association; and any such provisions shall be valid and enforceable in the courts of this state, and such provisions, or provisions fixing liquidated damages, shall be enforceable as such and shall not be considered or regarded as a penalty.

In the event of any such breach or threatened breach of such marketing contract by a member, *or patron*, the asso-

ciation shall be entitled to an injunction to prevent the further breach of the contract, and to a decree of specific performance thereof. Pending the adjudication of such an action, and upon filing a certified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the association shall be entitled to a temporary restraining order and preliminary injunction against the member *or patron*.

In any action upon such marketing agreement, it shall be conclusively presumed that a landowner or landlord or lessor is able to control the delivery of products produced on his land by tenants or others, whose tenancy or possession or work on such land or the terms of whose tenancy or possession or labor thereon were created or changed after execution by the landowner or landlord or lessor, of such a marketing agreement; and in such actions the foregoing remedies for non-delivery or breach shall lie and be enforceable against such landowner or lessor.

Sec. 9. Minnesota Statutes 1953, Section 22.22, is amended to read:

22.22 Application. Sections 22.03 to 22.35 shall not be construed or considered as repealing or amending by implication, or otherwise, any existing law of this state, and no statute or law hereafter enacted in this state shall be considered or construed as amending or repealing sections 22.03 to 22.35 by implication or otherwise, unless so provided in express language in such subsequent enactment.

Any exemptions whatsoever under any and all existing laws, applying to agricultural products in the possession or under the control of the individual producer, and for his benefit, shall apply similarly and completely to such products delivered by its members *or patrons*, and to the proceeds of such products in case the products, if still in the hands of the producer, would have been exempt under the laws of this state.

Sec. 10. Minnesota Statutes 1953, Section 22.24, is amended to read:

22.24 Interest in other corporations or associations. An association may organize, form, operate, own, control, have an interest in, own stock of, or be a member of any other corporation or corporations, with or without capital stock, and engaged in preserving, drying, processing, canning, packing, storing, candling, shipping, utilizing, manufacturing, marketing, or selling the agricultural products handled by the association, or the by-products thereof *and cooperative associations engaged in procuring supplies and services to its*

members and patrons. If such corporations are warehousing corporations, they may issue legal warehouse receipts to the association for any such products or by-products actually delivered, and such legal warehouse receipt shall be considered as adequate collateral to the extent of the current value of the commodity represented thereby. In case such warehouse is licensed, or licensed and bonded under the laws of this or any other state or the United States, its warehouse receipt shall not be challenged or discriminated against because of ownership or control, wholly or in part, by the association.

Sec. 11. Minnesota Statutes 1953, Section 22.30, is amended to read:

22.30 Association deemed not in restraint of trade. No association or organization under sections 22.03 to 22.35 shall be deemed to be a combination in restraint of trade or an illegal monopoly, or an attempt to lessen competition or fix prices arbitrarily; nor shall the marketing contracts or agreements between the association and its members or patrons, or any agreement authorized in sections 22.03 to 22.35 be considered illegal or in unlawful restraint of trade, or as a part of a conspiracy or combination to accomplish an improper or illegal purpose.

Approved March 15, 1957.

CHAPTER 129—H. F. No. 493

An act relating to cooperative association; amending Minnesota Statutes 1953, Sections 308.06, Subdivision 2, as amended; 308.14, Subdivision 1, as amended; 308.15, Subdivision 2, as amended, and adding a new subdivision and section 308.37.

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

Section 1. Minnesota Statutes 1953, Section 308.06, Subdivision 2, as amended by Laws 1955, Chapter 222, Section 2, is amended to read:

Subd. 2. *The incorporators of a cooperative association under Sections 308.05 to 308.18 shall sign and acknowledge written articles of incorporation, specifying (1) the name of the association, its purpose, 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*