CHAPTER XXIX.

March 4, 1870. *An Act in Relation to the Formation of Co-operative Associations.*

SECTION 1. Formation of Co-operative Associations—for what purpose.
2. Objects to be set forth in articles of agreement for which such Association is established—articles of agreement to be recorded in the Clerk's office.
3. How business of such Association to be conducted.
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6. When Board of Managers to prepare a statement of the condition of the Association—what to contain—when Board to make annual statement—all statements to be signed and sworn to by a majority of the Board.
7. Said Association may hold real and personal estate—limit of amount of claim of individual members.
8. When certificates of shares shall be issued—no person to be allowed membership without consent of Board of Managers.
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10. Person recovering judgment against said Association how collected.
11. *Dividends, how distributed—when such distribution may be made.*
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Be it enacted by the Legislature of the State of Minnesota:

Formation of co-operative associations—for what purpose.

SECTION 1. Seven or more persons of lawful age, inhabitants of this state, may, by written articles of agreement, associate themselves together for the purposes of trade, or for carrying on any lawful mechanical, manufacturing or agricultural business within this state, and when such articles of association shall have been executed and recorded in the office of the clerk of the city or town in which the business is to be carried on, such persons shall be and become a corporation, and enjoy all the powers and privileges, and be subject to all the duties, restrictions and liabilities set forth in all general laws in relation

to similar corporations, except so far as the same may be limited or enlarged by this act.

SEC. 2. The objects for which such association is established, and the place within which its business is to be carried on, shall be distinctly set forth in its articles of agreement, and it shall not do business in any other place or places than those mentioned in its articles, and the articles of agreement shall be recorded in the office of the clerk of every place in which it proposes to do business.

Objects of association to be set forth in articles of agreement—to be recorded.

SEC. 3. The business of the association shall be managed and conducted by president, a board of not less than three directors, and a treasurer, who shall be styled a board of managers, and who shall be chosen annually by the stockholders, and shall hold their offices until others are chosen and qualified in their stead; and shall have such other officers as the association shall prescribe by their by-laws; and the mode of appointment and choice of such officers shall also be prescribed by the by-laws.

How business to be conducted.

SEC. 4. The first meeting of such association hereafter organized shall be called in the manner provided for calling meetings of corporations in the general statutes; each association may make its own by-laws, provided they be not repugnant to this act, nor to the laws of the state, and shall file in the clerk's office of the place where they transact their business a copy of all by-laws by them made.

Manner of calling first meeting—to make by-laws—by-laws to be filed.

SEC. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding fifty thousand dollars. The association may increase or diminish its amount and its number of shares at any meeting of the stockholders, especially called for that purpose, and within thirty days after the passing of any vote increasing or diminishing its capital stock, cause such vote to be recorded in the clerk's office of the place where its business is carried on, but no share shall be issued for less than its par value.

Amount of stock fixed and limited—not to exceed what amount—shares not issued for less than their par value.

SEC. 6. When the association shall have been organized, it shall be the duty of the board of managers to prepare a statement of the condition of the association, containing the amount of the capital stock, the par value of the shares, the number of shares issued, the name and residence of the shareholders, and the number of shares owned by each, and the same shall be filed and recorded in the office of the clerk of such city or town in which the association proposes to do business; and on or before the tenth day of November thereafter in each year, the board

When managers to prepare statement—what to contain—when to make annual statement—all statements signed and sworn to.

of managers shall prepare a like statement of the same facts as they existed on the first day of November, with a statement of the kind and amount of the property of the association on that day, and of all its debts and liabilities of every kind, and the same shall be filed and recorded in the office of the clerk of each city or town in which the association does business. All the statements provided for in this section shall be signed and sworn to by a majority of the board of managers.

May hold real and personal property—limit of amount of claim of individual members.

SEC. 7. Such association may take, hold and convey such real and personal estate as is necessary for the purposes of its organization, and may sue and be sued in its associate name, and no member thereof shall be entitled to hold or claim any interest therein exceeding the sum of one thousand dollars; nor shall any member, upon any subject, be entitled to more than one vote.

When certificates to be issued—no one to become a shareholder without consent of managers.

SEC. 8. No certificate of shares shall be issued to any person, until the full amount thereof shall have been paid in cash, no person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

Liability in case of failure to make true returns.

SEC. 9. If the board of managers shall fail to make the returns provided for in this act, or shall make untrue returns, they shall be jointly and severally liable for all debts existing at the date of such return, or at the time when the same should have been made.

Judgments how collected.

SEC. 10. If any person shall recover judgment against any association created under the provisions of this act, and if, after the issue of execution upon such judgment, demand shall be made on the treasurer, or any of the board of managers, for payment of the same, or for property to be exposed to satisfy such execution, and if the same shall not be paid or satisfied, the officer shall make return of such fact, upon the execution or upon any alias execution that may issue, so long as any part thereof remains unsatisfied; and if, after thirty days shall have elapsed, the balance of such execution remains unpaid, the creditor may apply to the supreme judicial court, setting forth the facts, and praying for an injunction to restrain such association from alienating or transferring any of its property, and doing any business until such judgment is satisfied; and the said court shall grant such injunction or the judgment creditor may apply to the district court in the county in which such association has a place of business, setting forth the facts, and after due notice and

hearing thereupon, a warrant shall issue under the law in relation to insolvent corporations, and proceedings shall be had as in other cases of insolvent corporations; and said association may at any time apply for the benefit of the acts in regard to insolvent corporations.

SEC. 11. There shall be such distribution of the profits or earnings of such association, among the workmen, purchasers and stockholders, as shall be described by the by-laws, at such times therein prescribed, and as often at least, as once in twelve months. *Provided*, That no distribution shall be declared and paid until a sum equal at least to ten per cent. of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to thirty per cent. in excess of such capital stock. Dividends how and when made

SEC. 12. This act shall take effect and be in force from and after its passage. When act to take effect.

Approved March 4, 1870.

CHAPTER XXX.

An Act to amend Sections Ninety-Six and One Hundred and One, of Title Five, of Chapter Thirty-Four, of the General Statutes. March 7, 1870.

SECTION 1. Amendment to Section Ninety-Six (96) of Title Five (5) of Chapter Thirty-Four (34) of the General Statutes. Associations incorporated under the provisions of this act may adopt by-laws for their government.

2. Amendment to Section One Hundred and One (101) of Title Five (5) of Chapter Thirty-Four (34) of the General Statutes. Associations hereby incorporated may purchase or receive by donation lands for the purpose of laying out for the exclusive use as a cemetery—how to proceed when necessary to enlarge grounds—such Associations may hold personal property.

3. When act to take effect.