

CHAPTER 22

COOPERATIVE MARKETING

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22.01 [Unnecessary]

22.02 **DEFINITIONS.** Subdivision 1. **Terms.** For the purposes of this chapter the terms defined in this section have the meanings ascribed to them.

Subd. 2. **Agricultural products.** The term "agricultural products" includes horticultural, viticultural, forestry, dairy, live stock, poultry, bee, and any farm products.

Subd. 3. **Member.** The term "member" includes actual members of associations without capital stock, and holders of common stock in associations organized with capital stock, if any.

Subd. 4. **Association.** The term "association" means any corporation or association organized under sections 22.03 to 22.35.

Subd. 5. **Person.** The term "person" includes individuals, firms, partnerships, corporations, and associations.

Subd. 6. **Directors.** The term "directors" means the board of directors.

Subd. 7. **Non-profit associations.** Associations organized under sections 22.03 to 22.35 shall be deemed non-profit, inasmuch as they are not organized to make profits for themselves, as such, or for their members, as such, but only for their members as producers.

[1923 c. 264 s. 2] (6080)

COOPERATIVE MARKETING

22.03 **DECLARATION OF POLICY.** In order to promote, foster, and encourage the intelligent and orderly marketing of agricultural products through cooperation, and to eliminate speculation and waste; to make the distribution of agricultural products as direct as can be efficiently done between producer and consumer; and to stabilize the marketing problems of agricultural products, sections 22.03 to 22.35 are passed. It is recognized that agriculture is characterized by individual production in contrast to the group or factory system that characterizes other forms of industrial production; that the ordinary form of corporate organization permits industrial groups to combine for the purpose of group production and the ensuing group marketing and that the public has an interest in permitting farmers to bring their industry to the high degree of efficiency and merchandising skill evidenced

in the manufacturing industries; that the public interest urgently needs to prevent the migration from the farm to the city in order to keep up farm production and to preserve the agricultural supply of the nation; and that the public interest demands that the farmer be encouraged to attain superior and more direct system of marketing in the substitution of merchandising for the blind, unscientific, and speculative selling of crops.

[1923 c. 264 s. 1] (6079)

22.04 NUMBER OF ORGANIZERS. Five or more persons engaged in the production of agricultural products may form a non-profit cooperative association, with or without capital stock, under the provisions of sections 22.03 to 22.35.

[1923 c. 264 s. 3] (6081)

22.05 PURPOSES. An association may be organized to engage in any activity in connection with the marketing or selling of the agricultural products of its members, or with the harvesting, preserving, drying, processing, canning, packing, grading, storing, handling, shipping, or utilization thereof, or the manufacturing or marketing of the by-products thereof, or in connection with the manufacturing, selling, or supplying to its members of machinery, equipment, or supplies; or in the financing of the above enumerated activities; or in any one or more of the activities specified therein.

[1923 c. 264 s. 4] (6082)

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, and with the manufacturing or marketing of the by-products thereof, and in any activities in connection with the purchase, hiring, or use by its members of supplies, machinery, or equipment, and in the financing of any such activities, and in any one or more of the activities specified in this section; any association may limit itself to handle the agricultural products of its members only; if it permits the handling of products of non-members, such products must be limited to a total not greater than the amount delivered by or handled for members;

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

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

(4) To purchase or otherwise acquire, and to hold, own, and exercise all rights or 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, 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.

[1923 c. 264 s. 5] (6083)

22.07 MEMBERS. Under the terms and conditions prescribed in its by-laws, any associations may admit as members, or issue common stock only to other cooperative marketing 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, or 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.

[1923 c. 264 s. 6] (6084)

22.08 ARTICLES OF INCORPORATION. Subdivision 1. **Contents.** Each association formed under sections 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 term for which it is to exist, not exceeding 50 years;
- (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;

(This provision of the articles of incorporation shall not be altered, amended, or repealed except by the written consent or the vote of three-fourths of the members);

(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.

Subd. 2. Where filed; evidence. The articles must be subscribed by the several incorporators and acknowledged by one of them before an officer authorized by the law of this state to take and certify acknowledgment of deeds and conveyances; and shall be filed in the office of the secretary of state, and when so filed such incorporation shall be complete and a certified copy of the articles shall be filed with the commissioner of agriculture, dairy, and food. The articles, or certified copies thereof, shall be received in all the courts of this state, and other places, as prima facie evidence of the facts contained therein and of the due incorporation of such association.

[1923 c. 264 s. 7] (6085)

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. An amendment must first be approved by two-thirds of the directors and then adopted by a vote representing a majority of all the members of the association. Amendments to the articles, when so adopted, shall be filed in accordance with the provisions of the original filing.

[1923 c. 264 s. 8] (6086)

22.10 BY-LAWS. The directors of each association incorporated under sections 22.03 to 22.35 must, within 30 days after its incorporation, adopt for its government and management, a code of by-laws, not inconsistent with the powers granted by sections 22.03 to 22.35. Such by-laws so adopted shall lapse and become void and of no effect unless, within one year from the date of such adoption, the same shall be approved by a majority vote of all the members or by the written assent of such majority, and shall lapse and become void and of no effect at any time within such year, that such association, by a majority vote of all its members, or by the written assent of such majority, adopt a code of by-laws. Thereafter, any proposed amendment to such by-laws shall only become effective when approved by a majority vote of the members, or by the written assent of such majority. Each association under its by-laws may also 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 number and 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; the manner of determining the value of a member's interest and provisions for its purchase by the association upon the death or withdrawal of a member or stockholder, or upon the expulsion of a member or forfeiture of his membership. In case of the withdrawal or expulsion of a member the board of directors shall, within a reasonable time, equitably appraise his property interests in the association and fix the amount thereof in money, which shall be paid or tendered to him within 30 days after such appraisal.

[1923 c. 264 s. 9] (6087)

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 per cent 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, together with a statement of the general purposes thereof, shall be mailed to each member at least ten days prior to the meeting; provided, that the by-laws may require instead that such notice may be given by publication in a newspaper of general circulation published at the principal place of business of the association.

[1923 c. 264 s. 10] (6088)

22.12 DIRECTORS; ELECTION. The affairs of the association shall be managed by a board of not less than five directors, elected by the members or stockholders from their own number, except as hereinafter provided. The by-laws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such case the by-laws shall specify the number of directors to be elected by each district, the manner and method of apportioning or reapportioning the directors, and of districting or redistricting the territory covered by the association. The by-laws may provide that primary elections should be held in each district to elect the directors apportioned to such districts, and the result of all such primary elections must be ratified by the next regular meeting of the association, or may be considered final by the association.

The by-laws shall provide that one or more directors may be appointed by the commissioner or any other public official or commission. The director or directors so appointed need not be members or stockholders of the association, but shall have the same powers and rights as other directors. Such directors shall not number more than one-fifth of the entire number of directors.

An association may provide a fair remuneration for the time actually spent by its officials and directors in its service. No director, during the term of his office, shall be a party to a contract for profit with the association differing in any way from the business relations accorded regular members or holders of common stock of the association, or to any other kind of contract differing from terms generally current in that district.

The by-laws may provide that no director shall occupy any position in the association, except the president and secretary on regular salary or substantially full-time pay.

The by-laws may provide for an executive committee and may allot to such committee all the functions and powers of the board of directors, subject to the general direction and control of the board.

When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board, by a majority vote, shall fill the vacancy, unless the by-laws provide for an election of directors by district. In such a case the board of directors shall immediately call a special meeting of the members or stockholders in that district to fill the vacancy.

[1923 c. 264 s. 11] (6089)

22.13 ELECTION OF OFFICERS. The directors shall elect from their number a president and one or more vice-presidents. They shall also elect a manager, a secretary, and a treasurer, who need not be directors, and they may combine the two latter offices and designate the combined office as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be considered as an officer but as a function of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, excepting that the funds shall be deposited only as authorized by the board of directors.

[1923 c. 264 s. 12] (6090)

22.14 OFFICERS, EMPLOYEES, AND AGENTS BONDED. Every officer, employee, and agent handling funds or negotiable instruments or property of or for any association created hereunder shall be required to execute and deliver adequate bonds for the faithful performance of his duties and obligations.

[1923 c. 264 s. 13] (6091)

22.15 STOCK; MEMBERSHIP CERTIFICATES; VOTING; LIABILITY; LIMITATIONS ON TRANSFER AND OWNERSHIP. When a member of an association established without capital stock has paid his membership fee in full, he shall receive a certificate of membership. No association shall issue stock to a member until it has been fully paid for. The promissory note of the member may be accepted by the association as full or partial payment. The association shall, in case of associations organized without capital stock, hold the stock or membership certificate as security for the payment of the note, but such retention as security shall not affect the member's right to vote.

Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee, including any unpaid balance or any promissory notes given in payment thereof.

No stockholder of a cooperative association shall own more than one-twentieth of the common stock of the association; and an association, in its by-laws, may further limit the amount of common stock which one member may own.

No member or stockholder shall be entitled to more than one vote, excepting that where the stockholder is a local cooperative association and the general association is a central exchange composed of local cooperative associations, the central cooperative association may, in its option, provide for one vote for each such stockholder or for any other method of voting which may seem to it equitable on the basis of membership in each such local cooperative association or tonnage amount or value of products handled by each such local cooperative association.

Any association organized with stock under sections 22.03 to 22.35 may issue preferred stock, with or without the right to vote. Such stock may be sold to any person, member or non-member, and may be redeemable or retirable by the association on such terms and conditions as may be provided for by the articles of incorporation and printed on the face of the certificate. The promotion, organization, and extension of organization costs and expenses shall not exceed the sum of \$5.00 per member, such sum to be fixed and determined, from time to time, by the board of directors.

The by-laws shall prohibit the transfer of the common stock or certificate of membership in the association to persons not engaged in the production of the agricultural products handled by the association, and such restrictions must be printed upon every certificate of stock or membership.

[1923 c. 264 s. 14] (6092)

22.16 REMOVAL OF OFFICER OR DIRECTOR. Any member may bring charges against an officer or director by filing them, in writing, with the secretary of the association, together with a petition signed by not less than ten per cent of the members requesting the removal of the officer or director in question.

The removal shall be voted upon at the next regular or special meeting of the association, and, by a vote of a majority of the members, the association may remove the officer or director and fill the vacancy. The officer or director against whom such charges have been brought shall be informed, in writing, of the charges previous to the meeting and shall have an opportunity at the meeting to be heard, in person or by counsel, and to present witnesses; and the person or persons bringing the charge against him shall have the same opportunity.

In case the by-laws provide for election of directors by districts with primary elections in each district, then, in lieu of the foregoing, the petition for removal of a director must be signed by 20 per cent of the members residing in the district from which he was elected. The board of directors must call a special meeting of the members residing in that district to consider the removal of the director. By a vote of the majority of the members of that district, the director in question shall be removed from office.

[1923 c. 264 s. 15] (6093)

22.17 REFERENDUM. Upon demand of not less than one-third of the entire board of directors, made immediately and so recorded, at the same meeting at which the original motion was passed, any matter of policy that has been approved or passed by the board must be referred to the entire membership or the stockholders for decision at the next special or regular meeting; and a special meeting may be called for the purpose.

[1923 c. 264 s. 16] (6094)

22.18 MARKETING CONTRACT. The association and its members may make and execute marketing contracts, requiring the members 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, with or without taking title thereto, and pay over to its members the re-sale price, after deducting all necessary selling, overhead and other costs and expenses; and other proper reserves, and interest not exceeding eight per cent per annum upon common stock, if any.

[1923 c. 264 s. 17] (6095)

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 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 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, the association 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.

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.

[1923 c. 264 s. 18] (6096)

22.20 PURCHASING BUSINESS OF OTHERS; PAYMENT; STOCK ISSUED.

When an association, organized under sections 22.03 to 22.35, with preferred capital stock, shall purchase the stock or any property, or any interest in any property of any person, firm, or corporation, or association, it may discharge the obligations so incurred, wholly or in part, by exchanging for the acquired interest, shares of its preferred capital stock to an amount which, at par value, would equal the fair market value of the stock or interest so purchased, as determined by the board of directors. In that case the transfer to the association of the stock or interest purchased shall be equivalent to payment in cash for the shares of stock issued.

[1923 c. 264 s. 19] (6097)

22.21 ANNUAL REPORTS. Each association formed under sections 22.03 to 22.35 shall annually prepare, make out, certify, and file with the commissioner of agriculture, dairy, and food an annual report, on forms furnished by him, containing the name of the association, its principal place of business, and a general statement of its business operations during the fiscal year, showing the amount of capital stock paid up and the number of stockholders, if a stock association, or the number of members, the amount of membership fees received, if a non-stock association; also, in all cases, the total expenses of operations, the amount of its indebtedness, or liability, and a copy of its balance sheets.

[1923 c. 264 s. 20] (6098)

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 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, 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.

[1923 c. 264 s. 21] (6099)

22.23 COOPERATIVE, USE OF WORD. No person, firm, corporation, or association hereafter organized or doing business in this state as a cooperative marketing association shall be entitled to use the word "cooperative" as a part of its corporate or other business name or title unless it is in fact a cooperative association or corporation.

[1923 c. 264 s. 22] (6100)

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, handling, shipping, utilizing, manufacturing, marketing, or selling the agricultural products handled by the association, or the by-products thereof. 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.

[1923 c. 264 s. 23] (6101)

22.25 CONTRACTS AND AGREEMENTS WITH OTHER ASSOCIATIONS. Any association may, upon resolution adopted by its board of directors, enter into all necessary and proper contracts and agreements and make all necessary and

proper stipulations, agreements, contracts, and arrangements with any other cooperative corporations, associations, or association, formed in this or in any other state, for the cooperative and more economical carrying on of its business, or any part or parts thereof. Any two or more associations may, by agreement between them, unite in employing and using, or may separately employ and use, the same methods, means and agencies for carrying on and conducting their respective businesses.

[1923 c. 264 s. 24] (6102)

22.26 RIGHTS AND REMEDIES APPLY TO SIMILAR ASSOCIATIONS OF OTHER STATES. Any corporation or association heretofore or hereafter organized under generally similar laws of another state shall be allowed to carry on any proper activities, operations, and functions in this state upon compliance with the general regulations applicable to foreign corporations desiring to do business in this state, and all contracts theretofore or thereafter made by or with such associations, which could be made by any association incorporated hereunder, shall be legal and valid and enforceable in this state, with each and all of the remedies set forth in sections 22.03 to 22.35.

[1923 c. 264 s. 24A] (6102-1)

22.27 ASSOCIATION HERETOFORE ORGANIZED MAY ADOPT PROVISIONS. Any corporation or association organized under previously existing statutes may, by a majority vote of its stockholders or members, be brought under the provisions of sections 22.03 to 22.35 by limiting its membership and adopting the other restrictions, as provided therein. It shall make out, in duplicate, a statement signed and sworn to by its directors, upon forms supplied by the commissioner of agriculture, dairy, and food, to the effect that the corporation or association has, by a majority vote of its stockholders or members, decided to accept the benefits and be bound by the provisions of sections 22.03 to 22.35. Articles of incorporation shall be filed as required in section 22.08, except that they shall be signed by the members of the board of directors. The filing fee shall be the same as for filing an amendment to the articles of incorporation. Where any association or corporation may be incorporated or brought under sections 22.03 to 22.35, all contracts heretofore made by or on behalf of the same by the promoters thereof in anticipation of such association becoming incorporated under the laws of this state or otherwise, including such contracts made by or in the name of some corporation organized elsewhere, and when same would have been valid, if entered into subsequent to the passage of sections 22.03 to 22.35, are hereby accepted and validated as if made after the passage of sections 22.03 to 22.35. Cooperative corporations and associations heretofore or hereafter organized and doing business under the existing laws or laws supplementary thereto or amendatory thereof shall continue to be governed thereby unless and until they shall elect to be brought under the provisions of sections 22.03 to 22.35 in the manner provided in this section.

[1923 c. 264 s. 25] (6103)

22.28 BREACH OF MARKETING CONTRACT OF COOPERATIVE ASSOCIATIONS; SPREADING FALSE REPORTS CONCERNING ASSOCIATIONS. Any person, or any corporation whose officers or employees knowingly induce or attempt to induce any member or stockholder of an association organized hereunder or organized under similar statutes of other states with similar restrictions and rights and operating in this state under due authority, to break his marketing contract with the association, or who maliciously and knowingly spreads false reports about the finances or management or activity thereof, shall be guilty of a misdemeanor for each such offense; and shall be liable to the association aggrieved in a civil suit in the penal sum of \$500 for each such offense.

[1923 c. 264 s. 26] (6104)

22.29 [Unconstitutional, 163 M 403, 204 NW 314]

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 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.

[1923 c. 264 s. 28] (6106)

22.31 STATE MAY REPEAL OR AMEND. The state reserves the right at any future time to modify, amend, or repeal sections 22.03 to 22.35, or any part thereof, or to cancel, modify, repeal, or extend any grant of power or any permit or franchise obtained or secured under the terms of sections 22.03 to 22.35.

[1923 c. 264 s. 29] (6107)

22.32 SUPERVISION. Every association organized or existing under the provisions of sections 22.03 to 22.35 shall be at all times under the supervision and subject to the control of the commissioner. At least annually, and as much oftener as he deems it necessary, without previous notice, the commissioner, his deputy or assistant, shall visit and examine the business and offices of every such corporation, verify its books, vouchers, and papers, and ascertain its financial condition and ability to perform its functions and fulfill its obligations, and wherein, if at all, it has violated any provision of law, and determine what, if any, further action shall be taken in the premises. For the purpose of making such examination, he is authorized to enforce the attendance as witnesses of persons whose testimony is desired, and the production of books and papers, by subpoena or attachment, and may administer oaths to witnesses and compel them to testify. If he is of the opinion that the further operation of such corporation is hazardous to public interests, he shall forthwith take possession of its property and report the matter to the governor for appropriate action. He shall have authority, upon his own motion, and it shall be his duty, to make investigation of the affairs of any such association, prescribe uniform system of accounting, and to do or perform any act in relation to any association which in his opinion may be necessary or expedient to protect the public interest. It shall be the duty of the officers and directors of any such association to comply with the orders or requirements of the commissioner and, upon failure so to do, he shall report such failure to the governor for such appropriate action as the governor shall consider necessary.

[1923 c. 264 s. 30] (6108)

22.33 GOVERNOR TO ACT UPON REPORT. The governor shall have the power to remove from office any officer or director of any association, such removal to be upon such notice to the association and to the officers or directors thereof as shall be prescribed by the governor. In case the commissioner has decided that the further operation of any such association is hazardous to the public interest, and so reports to the governor, the governor may refer the matter of winding up the affairs of such association to the attorney general and it shall thereupon be the duty of the attorney general to proceed to wind up the affairs of any such association in the manner provided by law for winding up the business of insolvent banking institutions in the state.

[1923 c. 264 s. 31] (6109)

22.34 EXPENSES OF EXAMINATION; PAYMENT. The commissioner shall furnish to such association, as soon as possible, after any such examination, a complete copy of his report in relation to any examination made of any such association, and it shall forthwith be the duty of the association and the treasurer thereof to pay all of the costs of such services, including compensation of the accountants employed, transportation, meals, lodging, and all other expenses in connection with or incidental to the services performed, upon presentation of a bill therefor by the commissioner, who shall deposit the same with the state treasurer to the credit of the cooperative accounting fund. Such charges shall be at the prevailing rates charged by the division of cooperative accounting for services rendered pursuant to sections 22.36 to 22.39, inclusive.

[1923 c. 264 s. 32; 1949 c. 183 s. 1] (6110)

22.35 FEES. For filing articles of incorporation, any association organized under sections 22.03 to 22.34 shall pay \$5.00; and for filing an amendment to the articles, \$2.50.

[1923 c. 264 s. 35] (6113)

ACCOUNTING SYSTEMS

22.36 ACCOUNTING SYSTEMS. It shall be the duty of the commissioner to make inquiry into the requirements of the different types of cooperative associations in this state and to formulate appropriate systems of accounting for their use, such systems of accounting to be established, as nearly as practicable, upon uniform classification of accounts. Bulletins shall be prepared under the direction of the commissioner of agriculture, dairy, and food, illustrating the forms to be used in

such accounting system, and to be accompanied by a detailed explanation of their use. The bulletins shall be furnished without charge to any person or cooperative association in this state upon application being made therefor.

It shall also be the duty of the commissioner to employ and assign competent accountants to install accounting systems appropriate to the requirements of any such cooperative associations whenever written application is made for such service by such associations. The applications shall be made in the manner described in sections 22.37 to 22.39, and services shall be extended under such applications subject to the terms and provisions set forth in sections 22.37 to 22.39.

[1923 c. 284 s. 1] (6114)

22.37 ACCOUNTS AND RECORDS EXAMINED. It shall be the duty of the commissioner to cause the books, accounts, and corporate records of any cooperative associations in this state to be examined by a competent accountant whenever written application is made by the properly elected officers of such association for such service. The application shall be made in the manner hereinafter described and services shall be extended under the application, subject to the terms and provisions hereinafter set forth.

It shall be the duty of the accountant making such examinations to examine the books, accounts, and corporate records of such cooperative associations in detail and to point out any irregularities or inaccuracies that might exist. He shall prepare statements of the financial condition and business affairs of the association and a statement covering the operations of such association for the period designated, which exhibits shall be supported by schedules of detail necessary to the information of the officers and stockholders. He shall report upon any other matters pertaining to the business and affairs of the association as may be requested or required by the officers thereof and suggest improvements that might be desirable or advantageous in the accounting methods or business practices of such association. Reports of the examination shall be prepared under the direction of the commissioner, three copies of which shall be furnished to the properly elected officers of the association and one copy to be filed in the office of the commissioner. Such reports filed in the office of the commissioner shall be accessible only to officers, stockholders, and members of the association so examined or to authorities of the state having jurisdiction over or administration of the activities in which such association is engaged. Other persons shall be permitted to have access to the reports only upon presentation of a written order signed by the president and secretary of the association.

[1923 c. 284 s. 2] (6115)

22.38 APPLICATION FOR EXAMINATION. Any cooperative association in this state may secure the services permitted under sections 22.36 to 22.39 by making application to the commissioner, which application shall state the character of services required by such association, and shall be signed by the president and the secretary of the association. The application shall be accompanied by a copy of a resolution adopted by the vote of a majority of the directors of the association, and such other information as may be required by the commissioner. In case of the neglect, failure, or refusal of the directors of any such cooperative association in this state to secure an examination of its books, accounts, and corporate records, the stockholders or members may make application to the commissioner for such an examination. The application shall be accompanied by a petition signed by at least ten per cent of the total number of the stockholders or members of the association. The application and petition shall be prepared in duplicate, one copy of each to be filed with the secretary of the association represented by such stockholders or members, and the originals to be sent to the commissioner. In case of such application by the stockholders or members of an association, the commissioner shall require a sufficient guarantee from the signers of the petition to cover the estimated cost of such an examination before giving his approval to such application. The costs shall be determined in the manner set forth in section 22.39.

[1923 c. 284 s. 3] (6116)

22.39 FEES AND EXPENSES. Any cooperative association which makes application to the commissioner for any of the services permitted under sections 22.36 to 22.39 shall pay all of the costs of such services, including the compensation of the accountants employed, transportation, meals, lodging, and all other expenses in connection with or incidental to the services performed, payment of such costs to be made by such association upon presentation of a bill therefor by the commissioner,

who shall deposit the same with the state treasurer to the credit of the cooperative accounting fund, and which shall be subject to the order of the commissioner, on warrant of the state auditor, for the purposes of sections 22.36 to 22.39.

[1923 c. 284 s. 4] (6117)

22.40 COMMISSIONER TO PREPARE FORM OF ACCOUNT BOOKS FOR FARMS. In addition to the powers now conferred on him by law, the commissioner is hereby empowered, and it is made his duty, to cause to be prepared, at the expense of the state, a standard form of account book and record designed for use in recording of the receipts and expenditures of farming operations and in ascertaining the cost of production of the several kinds of crops and stock produced, and the profits therefrom, which shall be known as the standard farm account approved by the commissioner, and shall be filed in his office and be open to public inspection. A sufficient number of copies thereof shall be printed by him, at the expense of the state and distributed among the several county agricultural agents. It shall be the duty of these agents to solicit and advise persons engaged in agricultural pursuits to use such standard farm account and to instruct and aid such persons in so doing.

[1921 c. 491 ss. 1, 2] (6118, 6119)

22.41 COUNTY AGRICULTURAL AGENTS TO SECURE DATA FOR STATISTICAL PURPOSES. Annually, on or before January first, each county agricultural agent shall forward to at least from ten to 25 persons engaged in agricultural pursuits in his county, the same being persons who are operating farms under average conditions existing in such county and known to be using a standard farm account, a questionnaire, to be prepared by the commissioner and supplied to such agents, containing inquiries as to the cost of production of various farm products, the amount received from the sale thereof, the average profit therefrom, and as to other matters deemed pertinent to the subject of profitable farming, with the request that the same be fully answered and returned to the county agent sending it. Thereafter such county agent shall compile the answers and data contained in the questionnaires returned to him and shall send to the commissioner a report of such compilation. The commissioner shall publish in his official bulletin any data, statistics, or information contained in such reports which in his opinion will be of use to persons engaged in agricultural pursuits.

[1921 c. 491 s. 3] (6120)

COORDINATION

22.42 PURPOSE. The purpose of sections 22.42 to 22.48 is to coordinate the work of the federal government, the state, the several counties of the state, and the division of agricultural extension of the University of Minnesota in the maintenance of county extension work in agriculture and home economics.

[1923 c 423 s 1; 1953 c 202 s 1] (6121)

22.43 COUNTY BOARD, EXPENSES. The county commissioners of the several counties of this state are hereby authorized and empowered to incur expenses and to expend money for county extension work in agriculture and home economics, as provided in sections 22.44 to 22.48.

[1923 c 423 s 2; 1953 c 202 s 2] (6122)

22.44 COUNTY FARM BUREAU ASSOCIATIONS. A formation of one corporation in each county in this state, to be known as the county farm bureau association, the objects of which shall be to improve the science, art and business of agriculture and home economics, is hereby authorized. The incorporation of such association shall be accomplished by the filing of a certificate of incorporation, in the usual form for record, with the register of deeds of the proper county, when said organization has a membership equal to one-third of the number of farmers in the county, as determined by the last official state or federal census; provided, that in no case shall more than 200 members be required, has among its objects the promotion of the purposes specified in Laws 1923, Chapter 423, Section 3, has on deposit in local banks not less than \$200 available for use by such association in maintaining its organization and work, and has elected a board of directors from among its members, and a president, a vice president, a secretary-treasurer, and other members as provided by the by-laws of the county farm bureau association. For the purposes of this section and section 22.441, a farmer shall be defined as a person who operates or directs the operation of a farm.

[1923 c 423 s 3; 1953 c 178 s 1] (6123)

22.441 COUNTY FARM BUREAU ASSOCIATIONS CONTINUED. All county farm bureau associations now organized and existing under Laws 1923, Chapter 423, Section 3, and acts amendatory thereof and supplementary thereto; shall continue to exist and operate thereunder, and nothing contained in Laws 1953, Chapter 178, or Laws 1953, Chapter 202, shall be construed to repeal or rescind any law or provision thereof under which said associations were organized and now operate. Appropriations now or hereafter made by the counties under Minnesota Statutes 1949, Sections 22.42 to 22.48 shall not be canceled but shall be used in like manner until said funds are exhausted.

[1953 c 178 s 2; 1953 c 202 s 7, 8]

22.45 APPROPRIATIONS, HOW EXPENDED. All moneys appropriated by the state for the purpose of aiding in the maintenance and expenses of county extension work in agriculture and home economics shall be expended under the direction of the dean of the Institute of Agriculture of the University of Minnesota, or his delegated representative, who, acting with the county extension committee, is hereby empowered to carry out the provisions of sections 22.42 to 22.48.

[1923 c 423 s 4; 1953 c 202 s 3] (6124)

22.46 COUNTY EXTENSION COMMITTEE. There shall be provided in each county an extension committee, consisting of nine members, of whom two shall be members of the board of county commissioners, including the chairman and one other member of the county board selected by the board, the county auditor, and six additional members five of whom shall be selected and appointed by the county board, one from each of the several commissioner's districts and the remaining sixth member of the county extension committee shall be selected and appointed at large from the county by the county board. If in any county at any time there be less than five county commissioner districts, then the county board shall select and appoint at large from the county one or more members to the county extension committee, so that the full membership of the committee will be maintained. In any county where four county commissioner districts are wholly within a city of the first class the county board shall select and appoint five of the extension committee members whose residence shall be outside of the city of the first class. If at any time there be more than five county commissioner districts, then the membership of the county extension committee in any such county shall be increased in number to provide representation for each commissioner district on the county extension committee of that county. In 1954 two of the members of the county extension committee shall be appointed for a term expiring on the date of the annual meeting of the board of county commissioners in 1955, two for a term expiring on the date of the annual meeting of the board of county commissioners in 1956, and two for a term expiring on the date of the annual meeting of the board of county commissioners in 1957. In 1955 and each year thereafter, the board of county commissioners at their annual meeting shall select and appoint that number of the county extension committee as is required to fill the memberships on that committee expiring at that time. Only persons actively engaged in agriculture as their principal source of livelihood shall be eligible for appointment to or membership on the county extension committee. Not more than one member of the county extension committee shall be selected from or reside in a particular township, city, village or other municipality, but there shall always be at least two women members of the committee. The county extension committee, each year, on or before the second Monday of July, shall prepare a budget showing the total funds available and needed, and shall recommend by resolution the amount of county funds necessary for the maintenance, support, and expenses of the county extension work in agriculture and home economics during the following year, which shall not be less than \$1,500, and shall not exceed \$7,500, except that in counties having two or more county extension agents, the sum shall not exceed \$15,000, and except further that in counties having a total area of 150 or more full or fractional congressional townships the sum shall not exceed \$45,000, and in such counties such amount may be levied over and above any tax limitation now existing, and a copy of such budget and resolution shall be presented by the county auditor to the board of county commissioners. It shall be the duty of the board of county commissioners at its regular meeting in July or January, as the case may be, to consider the recommended county share of money necessary for the maintenance, support, and expenses of county extension work in agriculture and home economics during the following year. For these purposes the board of county commissioners may appro-

priate, annually, not less than \$1,500, and not to exceed the specified limits hereinbefore provided, and may include the same in the annual levy of county taxes. The amount so set aside shall be appropriated from the general revenue fund of the county, except that in counties where the general revenue fund is exhausted, the board of county commissioners shall make a special levy for county extension purposes. The amount of money so set aside and appropriated by the board of county commissioners for any county for these purposes shall constitute a fund to be known as the county extension fund, which shall be paid out by orders of the dean of the Institute of Agriculture of the University of Minnesota, or his delegated representative, for salaries of the agents employed, their employees, and other expenses incident to the work of such agents in improving agriculture and home economics and improving and bettering the marketing of farm products within the appropriation available. No order for the application of these funds for the purposes named shall be issued until the expenditure shall have been audited and signed by the county auditor and the secretary of the county extension committee. In the event there is an unexpended balance of the county extension fund at the end of any year, this balance shall be carried over or reappropriated within the limits of the appropriation hereinbefore specified.

[1923 c 423 s 5; 1947 c 157 s 1; 1951 c 390 s 1; 1951 c 412 s 1; 1953 c 202 s 4] (6125)

22.47 COUNTY EXTENSION COMMITTEE, PROGRAM. The county extension committee shall, annually, formulate a program of work in agriculture and home economics in cooperation with the agricultural extension division of the University of Minnesota and the United States Department of Agriculture. For the purpose of putting this program into operation it shall be the duty of the county extension committee, acting with the dean of the Institute of Agriculture of the University of Minnesota, or his delegated representative, to engage a suitable and qualified person or persons for such work to be known as county extension agents. No county extension agent shall be continued in any county whose services prove unsatisfactory to the county extension committee.

[1923 c 423 s 6; 1953 c 202 s 5] (6126)

22.48 COUNTY EXTENSION COMMITTEE, DUTIES. The duties of the members of the county extension committee, in addition to those hereinbefore specified, shall be to encourage the cooperation of all individuals and organizations to make profitable use of extension activities. It shall elect its own chairman and vice-chairman, who shall serve for one year. The county extension agent shall give aid and advice to all residents of the county when called upon, when the object is to improve the science, art and business of agriculture and home economics. The county auditor shall act as secretary of such county extension committee, and keep a record of all its proceedings, and shall forward copies of all resolutions appropriating funds by the county commissioners to the dean of the Institute of Agriculture of the University of Minnesota. The members of the county extension committee shall serve without pay, except those members who are also members of the board of county commissioners who may be entitled to such compensation and paid in like manner as for committee services as county commissioners.

[1923 c 423 s 7; 1953 c 202 s 6] (6127)

22.49 [Repealed, 1947 c 124 s 6]

MISCELLANEOUS

22.491 AMENDING ARTICLES OF INCORPORATION. Subdivision 1. **Scope of amendment.** The articles of incorporation of any county farm bureau association may be amended in the manner provided in this section so as to include or omit any provision which could have been included in or omitted from the original articles, or may be amended so as to extend the duration of the association for a definite period or provide for perpetual existence.

Subd. 2. **Proposal.** An amendment may be proposed to the members or stockholders of an association by its executive committee or board of managers, by majority vote, who may adopt a resolution setting forth the full text of the proposed amendment and the full text of each section containing any language to be modified by the proposed amendment, and designating the time and place of the meeting at which the members or stockholders shall consider and vote upon it.

Subd. 3. **Mail vote.** At least ten days before the time so designated, there shall be mailed to each member or stockholder a notice containing both the text of

the resolution so adopted and a form of ballot to be used by the member or stockholder in voting by mail upon the proposed amendment in case he will not be present at the said meeting.

Subd. 4. **Two-thirds of members voting.** A proposed amendment shall be adopted only if it receives the affirmative vote of two-thirds of the members or stockholders voting upon it at such meeting, whether in person or by mail.

Subd. 5. **Certificate filed with register of deeds.** After an amendment has been adopted, a certificate setting forth the amendment and the manner of its adoption shall be signed and acknowledged by the president and secretary and filed for record in the office of the register of deeds of the county in which the county farm bureau association is located, and thereupon the amendment shall be effective.

[1947 c. 124 s. 1-5]

22.50 GRAIN TESTING LABORATORY; TESTS, HOW MADE. There shall be equipped and maintained, under the direction and authority of the board of regents, in some suitable building situated upon the campus of the agricultural college at St. Anthony Park, a laboratory for the purpose of testing wheat and other grain as to their physical and chemical properties and commercial value, and for the testing of flour made from wheat so tested as to its bread-making qualities. These tests shall be made by competent instructors in chemistry employed at the college of agriculture, so as to be educational in character. The results thereof shall be published in the regular monthly bulletin, or in a special bulletin if deemed necessary. All tests asked for and requested by the state railroad and warehouse commission, the grain inspection department, and the boards of appeals shall be made free of charge.

[1909 c. 199 ss. 1, 2] (3130, 3131)

22.51 STATISTICS AND INFORMATION REGARDING COOPERATIVE ASSOCIATIONS AMONG FARMERS. In addition to the duties now imposed by law upon the board of regents, none of which shall be affected or abridged by anything herein contained, it is hereby made the duty of the board of regents to create, in the department of agriculture, under the supervision of the board, a department to collect statistics and information in reference to cooperative associations among farmers and the management and methods of conducting such associations. This information shall cover all matters relating to cooperative associations among farmers and relate to all subject matter proper or usual for cooperative action among farmers.

It shall be the duty of the board to disseminate such information among farmers desiring to form and operate such cooperative associations upon application therefor by any such cooperative association or any number of farmers desiring to form such a cooperative association. Such information shall not only cover the methods of organizing such cooperative association, but also the law governing and regulating such cooperative associations, and such information as to the conduct and management of the business thereof as shall be necessary or essential for the proper management and conduct of such business. It is hereby made the duty of all cooperative associations to report annually to the department on blanks provided for that purpose.

[1913 c. 386 ss. 1, 2] (3133, 3134)