

§ 162. The moneys of the permanent school fund and other educational funds shall be invested only in bonds of school corporations or of counties, or of townships, or of municipalities within the state, bonds issued for the construction of drains under authority of law within the state, bonds of the United States, bonds of the state of North Dakota, or on first mortgages on farm lands in this state, not exceeding in amount one half of the actual value of any subdivision on which the same may be loaned such value to be determined by the board of appraisal of school lands.

Approved March 12, 1917.

CO-OPERATIVE COMPANIES

CHAPTER 95.

[S. B. No. 63—Cahill.]

CO-OPERATIVE ASSOCIATIONS.

An Act to Amend and Re-enact Section 4606 of the Compiled Laws of North Dakota for the year 1913, Relating to the Capital Stock of Co-operative Associations.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. That Section 4606 of the Compiled Laws of North Dakota for the year 1913 be amended and re-enacted to read as follows:

§ 4606. CAPITAL. LIMIT OF INTEREST. SHARES.] The amount of capital stock shall be fixed by the articles of incorporation, which amount and the number of shares may be increased or diminished at a stockholders' meeting specially called for that purpose. Within thirty days after the adoption of an amendment increasing or diminishing its capital, it shall cause the vote so adopting it, together with a record of the minutes of said meeting, to be filed for record in the office of the secretary of state with its original certificate. No share will be issued for less than its par value, and no member shall own shares of greater par value than one thousand dollars, or be entitled to more than one vote. It may commence business whenever thirty per cent of the stock has been subscribed for and paid in, but no certificate of shares shall be issued to any person until the full amount thereof has been paid in cash, and no person shall become a shareholder therein except by consent of the managers.

§ 2. REPEAL.] All acts and parts of acts in conflict with the provisions of this Act are hereby repealed.

Approved March 9, 1917.

CHAPTER 96.

[S. B. No. 318—Ettestad.]

CO-OPERATIVE CORPORATIONS.

An Act to Provide that Members of Co-operative Corporations may Provide in their Articles of Incorporation Limitations upon the Voting Privileges of Members thereof, Limitation as to the Ownership of Shares of Stock therein, and also for the Disposition of the Earnings of Such Corporations.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Members of co-operative corporations hereafter organized may provide in their articles of incorporation limitations or restrictions on the voting privileges of members of such corporation, limitations or restrictions as to the ownership of shares of stock of such corporation, and also for the disposition of the earnings of such corporation on such basis as they may deem to be just and equitable. Provided, however, that any such restriction or limitation shall be plainly printed upon every share of stock issued by it.

§ 2. CONSTRUCTION.] This Act shall not be construed as in any manner limiting or restricting the powers of existing corporations, but shall be deemed to be supplementary to the corporation laws not inconsistent herewith which are now a part of the laws of the state.

Approved March 9, 1917.

CHAPTER 97.

[H. B. No. 99—Arnold.]

CO-OPERATIVE ASSOCIATIONS.

An Act Relating to the Incorporation of Co-operative Associations and the fees to be paid therefor, the powers, duties and obligations thereof.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. CO-OPERATIVE ASSOCIATIONS, WHO MAY ORGANIZE; PURPOSES.] Any number of persons, not less than 15, may associate themselves as a co-operative association, society, company, or exchange, for the purpose of conducting any agricultural, dairy, mercantile, mining, manufacturing or mechanical business on the co-operative plan. For the purpose of this act, the words "association," "company," "corporation," "exchange," "society," or "union," shall be construed to mean the same.

§ 2. ARTICLES. CONTENTS.] They shall sign and acknowledge written articles which shall contain the name of said association and the names and residences of the persons forming the same. Such articles shall also contain a statement of the purposes of the association and shall designate the city, town or village where its principal place of business shall be located. Said articles shall

also state the amount of the capital stock, the number of shares and the par value of each.

§ 3.] VERIFICATION. FILING. CHARTER.] The original articles of incorporation organized under this act or a true copy thereof, verified as such by the affidavits of two of the signers thereof, shall be filed with the Secretary of State. A like verified copy of such articles and certificates of the Secretary of State, showing the date when such articles were filed with and accepted by the Secretary of State, within thirty days of such filing and acceptance, shall be filed with and recorded by the register of deeds of the county in which the principal place of business of the corporation is to be located, and no corporation shall, until such articles be left for record, having legal existence. The register of deeds shall forthwith transmit to the secretary of state a certificate stating the time when such copy was recorded. Upon receipt of such certificate the secretary of state shall issue a certificate of incorporation.

§ 4. FILING FEE.] For filing of articles of incorporation of corporations organized under this act, there shall be paid the secretary of state ten (\$10.00) dollars, and for the filing of an amendment to such articles, five dollars. For recording copy of such articles the register of deeds shall receive a fee of twenty-five cents to be paid by the person presenting such papers for record. When stock is less than five hundred (\$500.00) dollars, fee is one (\$1.00) dollar.

§ 5. DIRECTORS. ELECTION. DUTIES. ELECTION OF OFFICERS.] Every such association shall be managed by a board of not less than five directors. The directors shall be elected by and from the stockholders of the association at such time and for such term of office as the by-laws may prescribe, and shall hold office for time for which elected and until their successors are elected and shall enter upon the discharge of their duties; but a majority of the stockholders shall have the power at any regular or special stockholders meeting, legally called, to remove any director or officer for cause, and fill the vacancy, and thereupon the director, or officer so removed shall cease to be a director or officer of said association. The officers of every such association shall be a president, one or more vice-presidents, a secretary, and a treasurer, who shall be elected annually by the directors, and each of said officers must 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 secretary-treasurer.

§ 6. AMENDMENTS. HOW ADOPTED. RECORDING.] The association may amend its articles of incorporation by a majority vote of its stockholders at any regular stockholders' meeting, or at any special stockholders' meeting, called for that purpose, on ten days' notice to the stockholders. Said power to amend shall include the power to increase or diminish the amount of capital stock and the number of shares. Provided, the amount of the capital stock shall not be diminished below the amount of paid-up capital at time

amendment is adopted. Within thirty days after the adoption of an amendment to its articles of incorporation, an association shall cause a copy of such amendment adopted to be recorded in the office of the secretary of state and of the register of deeds of the county where the principal place of business is located.

§ 7. BUSINESS AUTHORIZED TO BE CONDUCTED.] An association created under this act shall have power to conduct any agricultural, dairy, mercantile, mining, manufacturing or mechanical business, on the co-operative plan and may buy, sell and deal in the products of any other co-operative company heretofore organized or hereafter organized under the provisions of this act.

§ 8. STOCKS. ISSUE. LIMIT. VOTE.] No stockholder in any such association shall own shares of a greater aggregate, par value than one thousand (\$1,000.00) dollars except as hereinafter provided, or be entitled to more than one vote.

§ 9. SUBSCRIPTIONS OF STOCK IN OTHER ASSOCIATIONS.] At any regular meeting, or any regularly called special meeting at which at least a majority of all its stockholders shall be present, or represented. An association organized under this act may by majority vote of stockholders subscribe for shares and invest its reserve fund, not to exceed twenty-five per cent of its capital, in the capital stock of any other co-operative association.

§ 10. PURCHASING BUSINESS OF OTHER ASSOCIATIONS. PAYMENT. STOCK ISSUE.] Whenever an association created under this act, shall purchase the business of another association, person or persons, it may pay for the same in whole or in part by issuing to the selling association or person shares of its capital stock to an amount, which at par value would equal the fair market value of the business so purchased, and in such case the transfer to the association of such business at such valuation shall be equivalent to payment in cash for the shares of stock so issued.

§ 11. CERTIFICATES OF STOCK. WHEN HELD IN TRUST. ISSUE.] 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 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 pay the proceeds thereof as currently received to the former owner of said business. Certificates of stock shall not be issued to any subscriber until fully paid, but the by-laws of the association may allow subscribers to vote as stockholders; provided, part of the stock subscribed for has been paid in cash.

§ 12. STOCKHOLDERS MAY VOTE BY MAIL.] At any regularly called general or special meeting of the stockholders a written vote received by mail from any absent stockholder and signed by him may be read in such meeting and shall be equivalent to a vote of such of the stockholders so signing; provided, he has been previously notified in writing of the exact motion or resolution upon which

such vote is taken and a copy of same is forwarded with and attached to the vote so mailed by him.

§ 13. EARNINGS. APPORTIONMENT.] The Directors, subject to revisions by the association at any general or special meeting, shall apportion the earnings by first paying dividends on the paid-up capital stock shall not exceed eight per cent per annum, and the remainder of said net profits by uniform dividend upon the amount of purchases of shareholders and upon the wages and salaries of employes, and one half of such uniform dividend to non-shareholders on the amount of their purchases, which may be credited to the account of such nonshareholders on account of capital stock of the association; but in productive associations such as creameries, canneries, elevators, factories and the like, dividends shall be on raw material delivered instead of on goods purchased. In case the association is both selling and a productive concern, the dividends may be on both raw material delivered and on goods purchased by patrons.

§ 14. DISTRIBUTION OF DIVIDENDS.] The profits or net earnings of such association shall be distributed to those entitled thereto, at such times as the by-laws shall prescribe, which shall be as often as once in twelve months.

§ 15. ANNUAL REPORT. CONTENTS. FILING.] Every association organized under the terms of this act shall annually, on or before the first day of July of each year, make a report to the secretary of state; such report shall contain the name of the company, its principal place of business in this state, and generally a statement as to its business, showing total amount of business transacted, amount of capital subscribed for and paid in, number of stockholders, total expenses of operation, amount of indebtedness or liabilities, and its profits and losses.

§ 16. CO-OPERATIVE ASSOCIATIONS HERETOFORE ORGANIZED; MAY ADOPT PROVISIONS OF THIS ACT.] All co-operative corporations, companies, or associations heretofore organized and doing business under prior statutes, or which have attempted to so organize and do business, under prior statutes, or which have attempted to so organize and do business, shall have the benefit of all the provisions of this act, and be bound thereby on filing with the secretary of state a written declaration signed and sworn to by the president and secretary to the effect that said co-operative company or association has by a majority vote of its stockholders decided to accept the benefits of and to be bound by the provisions of this act. No association organized under this act shall be required to do or perform anything not specifically required herein, in order to become a corporation or to continue its business as such.

§ 17. USE OF TERM "CO-OPERATIVE" LIMITED TO CORPORATIONS UNDER THIS ACT.] 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 other business name or title, unless it has complied with the provisions

of this act; and any corporation or association violating the provisions of this section may be enjoined from doing business under such name at the instance of any stockholder or any association legally organized hereunder.

All acts and parts of acts in conflict herewith are hereby repealed.
Approved March 12, 1917.

CORPORATIONS

CHAPTER 98.

[H. B. No. 226—Oksendahl.]

DISSOLUTION OF CORPORATIONS.

An Act to Amend and Re-enact Section 4565 of the Compiled Laws of North Dakota for the year 1913, Relating to the Dissolution of Corporations.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] That Section 4565 of the Compiled Laws of North Dakota for the year 1913, be and the same is hereby amended and re-enacted so as to read as follows:

§ 4565. INVOLUNTARY. VOLUNTARY. HOW.] A corporation is dissolved:

1. By the expiration of the time limited by its articles of incorporation.

2. Its involuntary dissolution is provided for in chapter 27 of the codes of civil procedure.

3. If voluntary, its dissolution may be affected in the following manner:

(a) A corporation may be dissolved by the district court of the county where its office or principal place of business is situated upon its voluntary application for that purpose.

(b) The application must be in writing and must set forth, that at a meeting of the stockholders or members called for that purpose the dissolution of the corporation was resolved upon by a two-thirds vote of all the stockholders or members, and that all claims and demands against the corporation have been satisfied and discharged.

(c) The application must be signed by a majority of the board of directors, trustees or other officers having the management of the affairs of the corporation and must be verified in the same manner as a complaint in a civil action.

(d) If the court is satisfied that the application is in conformity with this article, it must order the application to be filed and that the clerk give not less than thirty nor more than fifty days' notice of the application by publication in some newspaper published in