

# CORPORATIONS

## CHAPTER 108

(H. B. No. 133—Plath and Crockett.)

### ADOPTION 1921 COOPERATIVE ASSOCIATION ACT BY OTHER CORPORATIONS

An Act to amend and re-enact Section 4609a17 of the 1925 Supplement to the Compiled Laws of the State of North Dakota for the year 1913.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Section 4609a17 of the 1925 Supplement to the Compiled Laws of the State of North Dakota for the year 1913 be amended and re-enacted to read as follows:

§ 4609a17. COOPERATIVE ASSOCIATIONS AND OTHER CORPORATIONS HERETOFORE ORGANIZED MAY ADOPT PROVISIONS OF THIS ACT.] All cooperative 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, 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 cooperative company or association has, by a majority vote of its stockholders, decided to adopt the benefits of and be bound by the provisions of this act. Any corporation, organized under the general corporation laws of this state, may, by a majority vote of its stockholders, amend its articles of incorporation or its by-laws to provide for the cooperative distribution of net earnings in compliance with the provisions of this act and thereupon shall have the benefit of and be bound by the provisions of this act upon filing with the Secretary of State an affidavit of the president and secretary, setting forth such amended by-law or by-laws and stating that the same has been adopted by a majority vote of its stockholders, provided the written assent of a majority of the stockholders to the passage of such by-law or by-laws shall be as effectual to authorize the amendment of such by-law or by-laws as if a meeting of the stockholders was called and held, and upon such written assent the president and secretary of such corporation may make and file the affidavit hereinbefore described.

Approved March 7, 1931.

CHAPTER 109  
(S. B. No. 110—Plath.)

COOPERATIVE ASSOCIATION STOCK IN OTHER  
ASSOCIATIONS

An Act to amend and re-enact Section 4609a10 Supplement to the Compiled Laws.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 4609a10 Supplement to the Compiled Laws of 1913 is hereby amended and re-enacted to read as follows:

§ 4609a10. SUBSCRIPTIONS ON STOCK IN OTHER ASSOCIATIONS.] At any regular meeting, or at any regularly called special meeting at which at least a majority of all its stockholders shall be present, or represented, an association organized under the provisions of this Chapter may, by a majority vote of those stockholders present or represented at such meeting, subscribe for shares and invest its reserve fund, not to exceed 25% of its capital, in the capital stock of any other cooperative association, provided, however, nothing herein contained shall prohibit the Board of Directors of an association, organized under the provisions of this Chapter, from subscribing for shares, and investing its reserve, not to exceed 25% of its capital, in the capital stock of any other cooperative association, if specifically authorized by the by-laws of such association so to do.

Approved March 11, 1931.

CHAPTER 110  
(S. B. No. 55—Whitman.)

ANNUAL REPORTS COOPERATIVE MARKETING ASSOCIATIONS

An Act to amend and re-enact Section 4609b19 of the Supplement to the Compiled Laws of the State of North Dakota for the year 1913, as amended and re-enacted by Chapter 100 of the 1929 Session Laws for the State of North Dakota relating to annual reports and audits of cooperative marketing associations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 4609b19 of the Supplement to the Compiled Laws for the year 1913, as amended by Chapter 100 of the 1929 Session Laws for the State of North Dakota, be amended and re-enacted to read as follows:

§ 4609b19. ANNUAL REPORTS. AUDIT.] Each association formed under this Act shall prepare, swear to and file with the Secretary of State an annual report on blanks to be furnished by such secretary. Such report shall contain the name, place of business and the general activities of the association during the fiscal year; the

amount of paid-up capital stock and the number of stockholders of an association or the number of members and amount of membership fees received, if a nonstock corporation; the amount of its indebtedness or liability and its balance sheets, and such other and further information as shall be required by the Secretary of State. Such association shall further be subject to an examination by the State Bank Examiner at such time or times as such examination shall be demanded by twenty-five per cent of the stockholders or members but in no event to exceed one hundred stockholders or members, upon a written application filed with the said State Bank Examiner. For the purpose of making an examination under the provisions of this Act, the officers and managers of any such association shall exhibit to said Examiner all books, records, documents, papers and other records used and kept by the association in the daily conduct of its business.

Approved February 11, 1931.

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CHAPTER 111  
(S. B. No. 226—Fine.)

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ARTICLES, FEES, ETC., COOPERATIVE MARKETING  
ASSOCIATIONS

An Act to amend and re-enact Subdivision (G) of Section 4609b8; Sections 4609b24 and 4609b30; and repealing Section 4609b29, Supplement to the Compiled Laws of 1913, relating to cooperative marketing associations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Subdivision (g), Section 4609b8, Supplement to the Compiled Laws of 1913, is hereby amended and re-enacted to read as follows:

(g) 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 extent of the preference and privileges granted to each.

The articles must be subscribed by the incorporators and acknowledged by one of them before an officer authorized by the law of this State to take and certify acknowledgments of deeds and conveyances; and shall be filed in accordance with the provisions of the general corporation law of this state; and when so filed the said articles of incorporation, 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.

§ 2. AMENDMENT.] That Section 4609b24, Supplement to the Compiled Laws of 1913, is hereby amended and re-enacted to read as follows:

§ 4609b24. ASSOCIATION HERETOFORE ORGANIZED MAY ADOPT THE PROVISIONS OF THIS ACT. Any corporation or association organized and incorporated under previously existing statutes, having not less than five stockholders or members, which shall by a majority vote of its stockholders or members amend its articles of incorporation to provide for the acceptance of the provisions of this act, shall have the benefit and be bound by all the provisions of this act upon filing with the Secretary of State a certificate by its president and secretary setting forth such amendment and the vote by which same was adopted.

§ 3. AMENDMENT.] That Section 4609b30, Supplement to the Compiled Laws of 1913, is hereby amended and re-enacted to read as follows:

§ 4609b30. FILING FEES.] For filing and recording articles of incorporation there shall be paid to the Secretary of State two dollars; for issuing certificate of incorporation three dollars; and for filing and recording an amendment to the articles of incorporation three dollars.

§ 4. REPEAL.] That Section 4609b29, Supplement to the Compiled Laws of 1913, be and is hereby repealed.

§ 5. EMERGENCY.] Whereas an emergency exists, this act shall take effect and be in force from and after its passage and approval.

Approved March 11, 1931.

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CHAPTER 112  
(H. B. No. 164—Strutz.)

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BY-LAWS COOPERATIVE MARKETING ASSOCIATIONS

An Act to amend and re-enact Section 4609b10, 1925 Supplement to the Compiled Laws of North Dakota for the year of 1913, as amended by Chapter 100 of the 1929 Laws, relating to cooperative marketing associations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 4609b10, 1925 Supplement to the Compiled Laws of North Dakota for the year 1913 as amended by Chapter 100 of the 1929 Laws be amended and re-enacted to read as follows:

§ 4609b10. BY-LAWS.] Each association incorporated under this act must, within thirty (30) days after its incorporation, adopt for its government and management, a code of by-laws, not inconsistent with the powers granted by this act. A majority vote of the members or stockholders, or their written assent, is necessary to adopt such by-laws. Each association under its by-laws may also provide for any or all of the following matter :

(a) The time, place and manner of calling and conducting its meetings.

(b) The number of stockholders or members constituting a quorum.

(c) The right of members or stockholders to be represented and to vote at annual or special meetings, by delegates or by mail; but no by-laws shall be passed permitting stockholders or members to vote by proxy.

(d) The number of directors constituting a quorum.

(e) The qualifications, compensation and duties and term of office of directors and officers; time of their election and mode and manner of giving notice thereof.

(f) Penalties for violation of the by-laws.

(g) 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.

(h) The amount which each member or stockholder shall be required to pay annually or from time to time, if any, 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 the manner of collection; and the marketing contract between the association and its members or stockholders which every member or stockholder may be required to sign.

(i) The number and qualification of members or stockholders of the association and the conditions 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 time when membership of any members shall cease. The automatic suspension of the rights of a member when he ceases to be eligible to membership in the association and mode, manner and effect of the expulsion of a member; manner of determining the value of a member's interest and provision 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, or, at the option of the association, by conclusive appraisal by the

board of directors. In case of the withdrawal or expulsion of a member the board of directors shall equitably and conclusively appraise his property interest in the association and shall fix the amount thereof in money, which shall be paid to him within one year after such expulsion or withdrawal.

§ 2. REPEAL.] All acts or parts of acts in conflict with this act are hereby repealed.

§ 3. EMERGENCY.] Whereas an emergency exists, this bill shall take effect and be in force from and after its passage and approval.

Approved March 7, 1931.

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## CHAPTER 113

(S. B. No. 153—Matthaei.)

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### CONSOLIDATION OR MERGER DOMESTIC CORPORATIONS —PURCHASE OF BUSINESS, ETC., OF ANOTHER CORPORATION

An Act relating to the consolidation or merger of domestic corporations or the purchase by one such corporation of the business, property and assets of another corporation.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. Any two or more domestic corporations, heretofore or hereafter organized, except banking associations, may consolidate or merge into one corporation under the charter of either existing corporation or under the chapter (charter) of a newly organized corporation or any such domestic corporation, may sell, transfer, dispose of all of its property and assets to another corporation, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each interested corporation and be ratified and confirmed by the vote of the stockholders of each such corporation owning at least a majority of its capital stock outstanding, at a meeting to be held on the call of the directors, after sending notice to each stockholder of record by registered mail at least thirty days prior to said meeting at the last known address of said stockholder as shown by the books of the respective corporation, or if no such address is so shown then such notice shall also be published, three times, in a paper of general circulation in the county where the principal office of such corporation is located; provided that the stockholders of each such corporation may unanimously waive such notice and may consent to such meeting and consolidation, merger, sale or purchase in writing.

All the rights, franchises and interest of such consolidated, merged, sold or transferred corporation in and to every species of

property, real, personal and mixed and choses of action thereto belonging, shall be deemed to be transferred to and vested in such corporation into which it is consolidated, merged or otherwise transferred without other instrument of transfer, and the said receiving corporation shall hold and enjoy the same and all rights of property, franchises and interests in the same manner and to the same extent as was held and enjoyed by the disposing corporation; provided, however that the disposing corporation shall transfer to the receiving corporation all of its real estate by good and sufficient deed of conveyance.

Approved March 11, 1931.

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### CHAPTER 114

(H. B. No. 229—Crockett.)

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#### CORPORATE DIVIDENDS AND LIMITATIONS OF INDEBTEDNESS

An Act to amend Section 4543 of the 1925 Supplement to Compiled Laws of North Dakota, 1913, and to remove the limitation therein contained as to the creation of debts by cooperative associations or cooperative corporations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 4543 of the 1925 Supplement to Compiled Laws of North Dakota for 1913 be and the same is hereby amended and re-enacted to read as follows:

§ 4543. DIVIDENDS ONLY FROM PROFITS; LIMITATIONS OF INDEBTEDNESS; EXCEPTIONS: The directors of corporations must not make dividends except from the surplus profits arising from the business thereof; nor must they divide, withdraw or pay to the stockholders, or any of them, any part of the capital stock, nor must they create debts beyond the subscribed capital stock, or reduce or increase the capital stock, except as specially provided by law; provided, however, that the above limitations as to the creation of debts shall not apply to the policy risks of insurance companies on which no loss has occurred, or the notes, bonds or debentures of any loan or trust company, or public utility, company or corporation, organized under the provisions of this chapter, when payment of such notes, bonds or debentures shall be secured by the actual transfer of real estate by trust deed or mortgage for the payment of such notes, bonds or debentures, which said real estate so transferred, shall be of twice the value of the par value of such notes, bonds and debentures; provided, further, that the limitation as to the value of property conveyed by trust deed, or mortgage shall not apply to the bonds or debentures of public utility corporations; provided, further, that such limitation shall not apply to any loan or trust company's guarantee of payment after transfer of any note, bond or debenture when the

same is secured by trust deed or mortgage as above stated; provided, further, that the above limitation as to the creation of debts shall not apply to certificates and debentures issued by investment companies for the creation of an investment fund for the holders of such certificates or debentures shall by the terms of the same, participate in the earnings of such investment fund; provided, further, that cooperative associations or corporations organized under the provisions of Chapter 43 or 44 of the Session Laws of North Dakota for the year 1921 may create debts in an amount not to exceed twice the amount of the capital stock of such association or corporation.

Approved March 11, 1931.

CHAPTER 115  
(H. B. No. 180—Cox.)

**RECEIVER'S DEEDS OF FOREIGN INSOLVENT CORPORATION:  
VALIDATION**

**An Act relating to receiver's deeds of foreign insolvent corporations and validating foreign receiver's deeds heretofore issued.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. When foreign insolvent corporations own and hold real property in this state, such real property may be conveyed by the duly appointed and qualified receiver of such foreign corporation, under order of foreign court having jurisdiction of such foreign corporation.

§ 2. All deeds to real property in this state heretofore made by the duly appointed and qualified receiver of a foreign corporation under order of a foreign court having jurisdiction of such corporation are hereby declared valid and sufficient; provided, however, that in all cases there shall be recorded in the office of the Register of Deeds where such real property is situated a properly authenticated copy of the order of appointment of such receiver and the order of the foreign court having jurisdiction of such foreign corporation authorizing or approving the conveyance; provided, further, that any action or defense based on the invalidity of such receiver's deeds must be commenced or interposed within nine months after this act takes effect.

§ 3. EMERGENCY.] This act is hereby declared to be an emergency measure and shall be in full force and effect from and after the date of its passage and approval.

Approved March 11, 1931.