

CHAPTER 16.

[S. B. 32.]

COOPERATIVE MARKETING ASSOCIATIONS.

AN ACT relating to cooperative marketing associations and amending Sections 5, 7, 8, 9, 11, 13, 15 and 21 of Chapter 115 of the Laws of 1921.

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

SECTION 1. That section 5 of chapter 115 of the Laws of 1921, (section 2882 of Remington's Compiled Statutes) be amended to read as follows:

Amends § 5, ch. 115, Laws of 1921; § 2882 Rem. Comp. Stat.

Section 5. Each association incorporated under this act shall have the following powers:

Powers.

(a) To engage in any activity in connection with the marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling or utilization of any agricultural products produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or in connection with the purchase, hiring, or use by its members of supplies, machinery, or equipment, or in the financing of any such activities; or in any one or more of the activities specified in this section: or transact such business with or for non-members of the association to an amount in any one fiscal year, not to exceed fifteen per cent of its total gross business for the preceding fiscal year.

Marketing activities.

(b) To borrow money and to make advances to members.

Borrow money.

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

Act as agent.

(d) To purchase or otherwise acquire, and to hold, own, and exercise all rights of ownership in, and to sell, transfer, or pledge shares of the capital stocks or bonds of any corporation or association engaged in any related activity or in the handling or

Purchase and own stocks and bonds.

marketing of any of the products handled by the association or corporate obligations eligible for the investment of trust funds by trust companies as provided by law.

Invest funds.

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

Buy and own real or personal property.

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

To do all necessary things.

(g) To do each and everything 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 associations; 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 this act; and to do any such thing anywhere.

Amends § 7, ch. 115, Laws of 1921; § 2884 Rem. Comp. Stat.

SEC. 2. That section 7 of chapter 115 of the Laws of 1921 (section 2884 of Remington's Compiled Statutes) be amended to read as follows:

Articles of incorporation, contents.

Section 7. Each association formed under this act must prepare and file articles of incorporation, setting forth:

Name.

(a) The name of the association.

Purpose.

(b) The purpose for which it is formed.

Place of business.

(c) The place where its principal business will be transacted.

(d) The term for which it is to exist, not exceeding fifty (50) years. Term of existence.

(e) The number of directors thereof, which must not be less than five (5) and may be any number in excess thereof, and the term of office of such directors, which term shall not exceed three (3) years as may be provided by the by-laws of the association. Number of directors.

(f) 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 of the association 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 two-thirds of the members voting upon such change after notice of the proposed change shall have been given to all members entitled to vote thereon, in the manner provided by the by-laws: *Provided*, That if the total vote upon the proposed change shall be less than twenty-five percent (25%) of the total membership of the association, such change shall fail of adoption. Rights and interests of members.

(g) If organized with capital stock, the amount of such stock and the number of shares into which it is divided. The capital stock may be divided into preferred and common stock which stock may be of a fixed par value or non-par value. 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 na- Amount and number of shares of stock.

ture and extent of the preference and privileges granted to each.

(h) The articles must be subscribed by the incorporators and acknowledged by three or more of such incorporators 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.

Articles
subscribed
and acknowl-
edged.

SEC. 3. That section 8 of chapter 115 of the Laws of 1921, (section 2885 of Remington's Compiled Statutes) be amended to read as follows:

Amends
§ 8, ch. 115,
Laws of
1921; § 2885
Rem. Comp.
Stat.

Section 8. The articles of incorporation may be altered or amended at any regular meeting or at any special meeting called for that purpose. An amendment must first be approved by a majority of the directors and then adopted by a vote of two-thirds of the members voting upon such amendment after notice of the proposed amendment shall have been given to all members entitled to vote thereon, in the manner provided by the by-laws: *Provided*, That if the total vote upon the proposed amendment shall be less than twenty-five per cent (25%) of the total membership of the association, such amendment shall fail of adoption. Amendments to the articles of incorporation when so adopted shall be filed in accordance with the provisions of the general corporation law of this state.

Amend-
ments to
articles of
incorporation.

SEC. 4. That section 9 of chapter 115 of the Laws of 1921, (section 2886 of Remington's Compiled Statutes) be amended to read as follows:

Amends
§ 9, ch. 115,
Laws of
1921; § 2886
Rem. Comp.
Stat.

Section 9. Each association incorporated under this act must, within thirty (30) days after its incor-

By-laws.

poration, adopt, for its government and management a code of by-laws not inconsistent with the powers granted by this act, and may provide for voting by mail on any matter which may or shall be submitted to a vote of the membership of such association. The vote of two-thirds of the members voting thereon after notice of the proposed adoption, alteration or amendment shall have been given to all members entitled to vote thereon, in the manner provided by the by-laws, is necessary to adopt, alter or amend such by-laws: *Provided*, That if the total vote upon the proposed adoption, alteration or amendment shall be less than twenty-five per cent (25%) of the total membership of the association, such adoption, alteration or amendment shall not be approved.

SEC. 5. That section 11 of chapter 115 of the Laws of 1921, as amended by section 1 of chapter 69 of the Laws of 1929, (section 2888 of Remington's Compiled Statutes) be amended to read as follows:

Amends
§ 11, ch. 115,
Laws of
1921; § 1, ch.
69, Laws of
1929; § 2888
Rem. Comp.
Stat.

Section 11. The affairs of the association shall be managed by a board of not less than five directors, a majority of whom shall be residents of the State of Washington and who shall be elected by the members or stockholders from their own number. 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 a case the by-laws shall specify the numbers of directors to be elected by each district, the manner and method of reapportioning the directors and of redistricting the territory covered by the association. The by-laws shall provide that primary elections shall be held in each district to select the directors apportioned to such districts and the result of all such primary elections must be ratified by the next regular meet-

Board of
directors,
number.

Election.

Districts.

ing of the association. The by-laws of all associations hereafter organized or hereafter brought under the provisions of this act shall, if the director of agriculture so require, provide that one director shall be appointed by the director of agriculture, and no association whose by-laws now provide for the appointment of one or more directors by the director of agriculture, shall amend such by-laws so as to eliminate such appointed director without having first obtained the consent of the director of agriculture. The director so appointed need not be a member or stockholder of the association, but shall have the same powers and rights as other directors, and shall be regarded as representing the interests of the public. An association may provide a fair remuneration for the time actually spent by its officers 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. 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.

Fees for services.

Vacancy.

Amends § 13, ch. 115, Laws of 1921; § 2890 Rem. Comp. Stat.

Certificate of membership.

SEC. 6. That section 13 of chapter 115 of the Laws of 1921, (section 2890 of Remington's Compiled Statutes) be amended to read as follows:

Section 13. 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. 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 or his subscription to the capital stock, including any unpaid balance on any promissory notes given in payment thereof. No stockholder of a cooperative association shall own more than 1/10 of the issued common stock of the association; and an association in its by-laws may limit the amount of common stock which any one member may own to any amount less than one-tenth of the issued common stock. Any association organized with stock under this act may issue preferred stock, with or without the right to vote. No member or stockholder shall be entitled to more than one vote. Such stock 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 by-laws shall prohibit the transfer of the common stock of 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 subject thereto. The by-laws and the marketing agreement, of the association, may provide for the retiring of the common or preferred stock of the association. Any shares of common or preferred stock redeemed, but not retired, may, from time to time, by order of the board of directors, without the vote of the members of the association, be reissued.

Debts, members liability.

Stock ownership limited.

Common and preferred stock.

Redemption.

Transfer.

SEC. 7. That section 15 of chapter 115 of the Laws of 1921, as amended by section 1 of chapter 138 of the Laws of 1927, (section 2892 of Remington's Compiled Statutes) be amended to read as follows:

Amends
§ 15, ch. 115,
Laws of
1921; § 1, ch.
138, Laws of
1927; § 2892
Rem. Comp.
Stat.

Marketing
contracts.

Provisions.

Form,
approval.

Annual
crop.

Section 15. The association and its members may make and execute marketing contracts, requiring the members to sell, for any period of time not over ten 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. 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 on a proportional basis or otherwise to its members the resale price, after deducting all necessary selling, overhead and other costs and expenses, including interest on preferred stock, not exceeding eight per cent per annum, and reserves for retiring the stock, if any; and other proper reserves; and interest not exceeding eight per cent per annum on common stock: *Provided*, That the form of such contract shall be approved by the director of agriculture, who may require that such contract set the maximum amount of any such reserves to be deducted from the sale price of the products of the members of such association: *Provided, further*, That in contracts involving the marketing of an annual crop, the director of agriculture may require that said contract shall contain a date upon which settlement will be made between the association and each of its members for the crop or product marketed by said association. 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 provision 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 legally maintained under the contract by the association; and any such provisions shall be valid and enforceable in the courts of this state. 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 verified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the association shall be entitled to a temporary restraining order and after notice and hearing, to a temporary injunction against the member.

Breach,
injunctions.

SEC. 8. That section 21 of chapter 115 of the Laws of 1921, (section 2898 of Remington's Compiled Statutes) be amended to read as follows:

Amends
§ 21, ch. 115,
Laws of
1921; § 2898
Rem. Comp.
Stat.

Section 21. Any corporation or association organized under previously existing statutes, may by a two-thirds majority vote of its stockholders or members voting upon the question after notice of the proposed question shall have been given to all members entitled to vote thereon, in the manner provided by the by-laws of such corporation or association, be brought under the provisions of this act by limiting its membership and adopting the other restrictions as provided herein: *Provided*, That if the total vote upon the proposed question shall be less than twenty-five per cent (25%) of the total membership of the association, such question shall fail of adoption. It shall make out in duplicate a statement signed and sworn to by a majority of its directors, to the effect that the corporation or association has, by a two-thirds majority vote of its stockholders or members voting on the question, decided to accept the benefits and be bound by the provisions of this act. Amendments to articles of incorporation shall be filed as required in sections 4 and 7, except that they shall be signed by a majority of the members of the board of directors. The filing fee shall be the same as for filing an amendment to

Existing
corporations
or associa-
tions, benefits
of act.

Amendments
to articles of
incorpora-
tion.

articles of incorporation: *Provided*, That any such corporation or association organized prior to the approval of this act shall be admitted to the benefits hereof, subject to all of the requirements of this act except that the marketing contract between such association and its members need not be approved by the director of agriculture.

Passed the Senate January 27, 1931.

Passed the House February 19, 1931.

Approved by the Governor March 3, 1931.

CHAPTER 17.

[H. B. 81.]

SITE FOR BRANCH OF NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

AN ACT imposing upon a county as an arm and agency of the state an indebtedness not exceeding one hundred thousand dollars (\$100,000) exclusive of interest, requiring such county to issue its negotiable bonds therefor and to levy taxes to pay the same and to acquire by condemnation or otherwise such site as may be selected and to donate and convey the same to the United States for the establishment of a branch home of the national home for disabled volunteer soldiers; conferring on such county the power of eminent domain for the purposes of this act, granting the consent of the state to such conveyance and ceding exclusive legislative jurisdiction to the United States over the lands so conveyed and declaring an emergency.

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

SECTION 1. WHEREAS, Under the authority of an act of Congress being chapter 832 of the acts of the 71st Congress United States statutes at large adopted July 3, 1930, a branch of the national home for disabled volunteer soldiers is directed to be established in one of the northwest Pacific states and the site thereof is directed to be obtained by donation, and

Reasons and
necessity for
act.