

CHAPTER 11

COOPERATIVE SOCIETIES OF WORKINGMEN

Chapter Expiration Date

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SUBCHAPTER 1. GENERAL PROVISIONS

12:11-1.1 Formation of society

Any seven or more persons who are residents in this State, may associate themselves into a society for the purpose of carrying on any lawful mechanical, mining, manufacturing or trading business, or of trading and dealing in goods, wares and merchandise or chattels, or of buying, selling, mortgaging, settling, owning, leasing and improving real estate and erecting buildings thereon, within this State, upon making and filing a certificate of association in writing in the manner hereinafter provided.

Authority
N.J.S.A. 24:17-3

12:11-1.2 Contents of certificate of association

(a) The certificate of association shall set forth:

1. The name assumed to designate the society and to be used in its business and dealings, which name shall have the word "cooperative" as a distinguishing part thereof, but shall in no respect be similar to that of any other society organized under this Chapter;

2. The place or places in this State where the business of the society is to be conducted and the location of its principal office;

3. The object for which the society is formed;

4. The total amount of capital stock of the society, the number of shares into which the same is divided, the par value of each share, the manner in which the installments on the shares shall be paid, the number of shares subscribed, and the amount actually paid in cash on account of same;

5. The terms of admission of members;

6. The mode of application of profits;

7. The mode of altering and amending the certificate of association and the bylaws of the society.

Authority
N.J.S.A. 34:17-2

12:11-1.3 Certificate signing, acknowledging, recording and filing

(a) The certificate shall be signed by the persons originally associating themselves together, shall be proved or acknowledged by at least seven of them before an officer qualified to take acknowledgments of deeds of real estate, and after being approved by the Commissioner of Labor, shall be recorded in the office of the clerk of the county where the principal office or place of business of the society shall be located and a copy thereof shall be filed in the office of the Commissioner of Labor.

(b) Thereupon the persons so associating shall be deemed to be a body corporate with all the powers incident thereto.

Authority
N.J.S.A. 34:17-3

12:11-1.4 First meeting of society

(a) The first meeting of the society shall be called by a notice signed by a majority of the persons named in the certificate of association, designating the time, place and purpose of the meeting, and shall be personally served on all persons signing the certificate, or by advertisement in a newspaper published in the county where the society shall have been incorporated, if such personal service cannot be made.

(b) At such meeting or at any adjourned meeting thereof, a majority of the persons so signing shall constitute a quorum for the transaction of business and may elect the directors and other officers as hereafter provided, and may

adopt bylaws, rules and regulations for the government of the society.

Authority
N.J.S.A. 34:17-4

12:11-1.5 Officials of society

(a) The business of every society shall be managed and conducted by a board of not less than five directors, who shall be members in the society, and shall be annually elected at such time and place as shall be provided in the bylaws thereof.

(b) One of the directors shall be chosen president and one treasurer, and such directors and officers shall hold their respective offices until their successors are duly qualified.

(c) The society shall also have a secretary and such other officers, agents and factors as may be necessary to carry on its business, and shall choose them in the manner prescribed in the laws thereof.

Authority
N.J.S.A. 34:17-5

12:11-1.6 Bylaws

(a) The bylaws of such society shall provide:

1. For an annual meeting of the members thereof and such other regular and special meeting as may be deemed desirable, the number of members necessary to constitute a quorum for the transaction of business and the right of voting thereat;

2. For the election of directors and other officers, agents and factors, and their respective powers and duties;

3. For the limitation of the amount of such real and personal estate as the purpose of the society shall require;

4. Whether the shares or any number of them, shall be transferable, and if it is determined that they shall be transferable, provision for their transfer and registration, and the consent of the board of directors to the same and if it is determined that the shares shall not be transferable, provisions for paying to members the balance due to them on withdrawal, or paying nominees in cases herein-after mentioned;

5. How members may withdraw from the society;

6. Whether and by what authority any part of the capital may be invested in or on security of another society through which its products are disposed of or its supplies secured;

7. Whether and to what extent credit in its business transactions may be given or taken;

8. In what sum and with what sureties the treasurer and other fiduciary officers and agents shall give bonds for the faithful performance of their respective duties;

9. For the audit of accounts;

10. For the distribution of the net profits;

11. For the custody, use and device of the seal, which shall bear the corporate name of the society.

Authority
N.J.S.A. 34:17-6

12:11-1.7 Name displayed at place of business

Every society shall paint or affix and shall keep painted or affixed its name on the outside of every office or place in which the business of the association is carried on, in a conspicuous position in letters easily legible.

Authority
N.J.S.A. 34:17-7

12:11-1.8 Registered office

(a) Every society shall have a registered office to which all communications and notices may be addressed.

(b) Notices in writing of the location of such office, and of any change therein, shall be filed with the Commissioner of Labor, and in the office of the clerk of the county where the office of the society is located.

Authority
N.J.S.A. 34:17-8

12:11-1.9 Capital stock

(a) The capital stock of the society shall be divided into shares the par value of which shall not be more than \$50.00 and no share shall be issued for less than its par value.

(b) No certificate of shares shall be issued to any member until his shares are fully paid up.

Authority
N.J.S.A. 34:17-9

12:11-1.10 Members' voting rights

(a) No member of such society shall be entitled to more than one vote upon any subject, which vote must be cast in person.

(b) The board of directors may, unless otherwise provided in the bylaws, fix and regulate the number of shares to be held by one member.

Authority
N.J.S.A. 34:17-10

12:11-1.11 Interest in other society

Any society incorporated under this Chapter may hold in its corporate name any amount of interest in any other society through which its products are disposed of or its supplies secured, but not in excess of $\frac{1}{2}$ in value of the paid-up capital of the society holding such interest.

Authority
N.J.S.A. 34:17-11

12:11-1.12 Annual report

(a) The board of directors of every society incorporated under this Chapter shall annually make a statement in writing of the conditions of such society, setting forth:

1. The amount of capital stock and the number and par value of shares issued;
2. The number of stockholders and the number of shares held by each;
3. The amount and character of the property of the society and of its debts and liabilities.

12:11-1.13 Procedures for filing annual report

(a) The statement shall be signed and sworn to by a majority of directors, including the treasurer and filed in the office of the clerk of the county where the principal office of the society is located, and immediately thereafter a copy of such statement shall be forwarded to the Commissioner of Labor.

(b) If the Commissioner of Labor shall have reason to doubt the correctness of the statement, or upon the written request of five members of the society, he shall cause an examination of the books and affairs of the society to be made and shall render a correct statement to the members thereof.

(c) Every member or creditor of the society shall be entitled to receive from the secretary of the society a copy of the annual statement, and every director or other officer refusing to comply with the requirements of this Section, or making and signing a false annual statement of the condition of the society, shall forfeit for each offense the sum of \$100.00 to be recovered in an action at law in any court of competent jurisdiction in this State by any member or creditor of the society who shall sue for the same.

Authority
N.J.S.A. 34:17-12

12:11-1.14 Inspection of books

Any member or other person having an interest in the fund of any society may inspect its books at all reasonable hours, at its office.

Authority
N.J.S.A. 34:17-13

12:11-1.15 Distribution of profits; sinking fund

There shall be such distribution of the profits of the society among the workmen, purchasers and members as shall be prescribed in the certificate of association, at such time as therein prescribed, as often at least as once in 12 months, but no such distribution shall be made until a sum equal to five per cent of the net profits shall have been appropriated for a contingent or sinking fund and such appropriation shall continue to be made until there shall be accumulated a sum equal to 30 per cent of the capital stock of such society.

Authority
N.J.S.A. 34:17-14

12:11-1.16 Transfer of shares

(a) Any member of the society by a writing under his hand, delivered at the office of the society, may nominate any person, being the husband, wife, father, mother, child, brother, sister, nephew, or niece or other relative of such member to whom his shares of the capital stock of the society shall be transferred at his decease, and from time to time may revoke or vary such nomination by a writing similarly delivered.

(b) The society shall keep a book wherein the names of all persons so nominated and the number of shares to be transferred shall be recorded, but in lieu of making such transfer, the society may provide for the payment to all such nominees of the full value of shares intended to be transferred.

(c) If by the bylaws of the society the shares are transferable, this Section shall not be construed to forbid the transfer of such shares by sale or will or otherwise, subject to the consent of the board of directors.

Authority
N.J.S.A. 34:17-15

12:11-1.17 Contribution by stockholder

(a) When the whole capital of such society has not been paid in and its assets are insufficient for the payment of its debts, liabilities and obligations, each stockholder shall be bound to pay on each share held by him the sum necessary to complete the amount of such share as fixed in the certificate of association, or such proportion as shall be required to satisfy such debts, liabilities and obligations.

(b) No such contribution shall be required from any person after the expiration of one year from the time he has ceased to be a member or for any debt, liability or obligation contracted after he has ceased to be a member of such society.

Authority
N.J.S.A. 34:17-16

12:11-1.18 Reincorporation under Chapter

Any association incorporated under an Act entitled "An Act to encourage the organization and regulate cooperative associations of workmen", approved March 22, 1881, may come under and be subject to the provisions and liabilities of this Chapter, in the same manner as if formed under the same, if such association makes and files the certificate required by N.J.S.A. 34:17-2.

Authority
N.J.S.A. 34:17-17

12:11-1.19 Dissolution

Any society formed pursuant to this Chapter may be dissolved in the manner provided by Section 14:13-1 of the title Corporations General.

Authority
N.J.S.A. 34:17-18