

# MAINE STATE LEGISLATURE

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EIGHTY-FIRST LEGISLATURE

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SENATE

NO. 49

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In Senate, Feb. 6, 1923.

Referred to Committee on Judiciary and two thousand copies ordered printed. Sent down for concurrence.

L. ERNEST THORNTON, Secretary.

Presented by Senator Wilson of Aroostook.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND TWENTY-THREE

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AN ACT Authorizing the Formation of Non-Profit, Co-operative Associations, with or without capital stock, for the purpose of encouraging the orderly marketing of agricultural products through co-operation; defining the various terms used therein; enumerating the activities and powers of such an association; prescribing the rights and privileges of membership; providing for articles of incorporation, declaring what they shall contain, manner of executing and filing, method of amending same; providing for by-laws and what they may contain; providing for method of election of directors, filling of vacancies; powers and duties of directors; division into election districts; appointment of ex-

ecutive committees and allotment of functions and powers; providing for officers, qualifications, election and functions; regulating issuance of membership certificates of stock and payment therefor; limiting personal liability of members for debts of association; regulating voting power of members and stockholders; authorizing issuance of preferred stock, with or without right to vote; and the retirement thereof; providing for removal of officers and directors; providing for referendum to members; providing for a marketing contract; and prescribing remedies for breach of contract, including liquidated damages, fees and all costs; authorizing injunction and general equitable remedies in the event of breach of agreement; stating presumption of control of products by landlords who have signed marketing agreements; providing for annual reports; providing that no provision of law in conflict with this act shall be construed as applying to such association; providing that legal exemption of agricultural products in the possession of producers shall apply to such products in possession of, or under the control of, such associations; limiting the use of the word "co-operative" to names for producers' co-operative marketing activities; permitting associations to organize other corporations or to own stock in other corporations; providing for agreements with other co-operative associations in this or other states and stating the purposes or reasons therefor; providing that associations heretofore organized may reorganize hereunder; providing for similar

rights and remedies for co-operative associations organized under generally similar laws in other states; making it a misdemeanor to induce a member to breach his marketing contract with the association, or spread false reports about it and prescribing a fine for each offense; making such offender liable to the association for a prescribed penalty therefor in a civil suit; providing liability to the association in a penal sum in certain cases for any person who knowingly solicits, persuades or permits any member of the association to breach his marketing contract; authorizing an injunction against such offender; providing for payment of all fees and costs; setting out the reasons for such provisions; providing that no such association shall be deemed a conspiracy or an illegal combination or monopoly; providing that marketing contracts shall not be considered illegal; providing that if any section of this act shall be declared unconstitutional, the remainder of the act shall not be thereby affected; providing that the general corporation laws of this state shall apply to such associations, except where inconsistent with express provisions hereof; providing for annual license fees; providing fees for filing articles of incorporation and amendments thereto; providing that this act may be hereafter indexed, and cited as "The Co-operative Marketing Act."

Whereas, the agricultural interests of the state are of the utmost importance to the people of this state; and

Whereas, the state faces a demoralized condition of the

farming interests, injuriously affecting all other business; and

Whereas, the highest interests of the state generally demand prompt and immediate relief therefrom; and

Whereas, this act is designed and intended to afford such relief and to prevent a repetition of such undesirable conditions; and

Whereas, legislation to afford this relief is immediately necessary for the preservation of the public peace, health and safety; and

Whereas, the foregoing facts, in the judgment of this legislature, constitute an emergency within the meaning of the constitution of this state; now, therefore,

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Be it enacted by the People of the State of Maine, as follows:

#### 1. DECLARATION OF POLICY

(a) In order to promote, foster and encourage the in-  
4 waste; to make the distribution of agricultural products  
3 through co-operation; and to eliminate speculation and  
4 waste; to make the distribution of agricultural products  
5 between producer and consumer as direct as can be effi-  
6 ciently done; to stabilize the marketing of agricultural  
7 products; and to provide for the organization and incorpo-  
8 ration of co-operative marketing associations for the  
9 marketing of such products, this act is passed.

#### 2. DEFINITIONS

As used in this act,

(a) The term "agricultural products" includes horticultural, viticultural, forestry, dairy, live stock, poultry, bee  
2 tural, viticultural, forestry, dairy, live stock, poultry, bee  
3 and any farm products.

(b) The term "member" includes actual members of  
2 associations without capital stock and holders of common  
3 stock in associations organized with capital stock.

(c) The term "association" means any corporation or-  
2 ganized under this act; and

(d) The term "person" includes individuals, firms, part-  
2 nerships, corporations and associations.

Associations organized hereunder shall be deemed "non-  
2 profit," inasmuch as they are not organized to make profit  
3 for themselves, as such, or for their members, as such, but  
4 only for their members as producers.

(e) For the purpose of brevity and convenience this act  
2 may be indexed, referred to and cited as "The Co-opera-  
3 tive Marketing Act."

### 3. WHO MAY ORGANIZE

Eleven or more persons, a majority of whom are residents  
2 of this state, engaged in the production of agricultural  
3 products, may form a non-profit, co-operative association,  
4 with or without capital stock, under the provisions of this  
5 act.

### 4. PURPOSES

An association may be organized to engage in any activity  
2 in connection with the marketing or selling of the agricul-  
3 tural products of its members, or with the harvesting, pre-  
4 serving, drying, processing, canning, packing, grading, stor-  
5 ing, handling, shipping or utilization thereof, or the manu-  
6 facturing or marketing of the by-products thereof; or in

7 connection with the manufacturing, selling or supplying to  
8 its members of machinery, equipment or supplies; or in the  
9 financing of the above enumerated activities; or in any one  
10 or more of the activities specified herein;

Provided, however, that nothing herein contained shall be  
2 construed to authorize a corporation organized hereunder  
3 to transact business in any other state, territory or foreign  
4 country, contrary to the provisions of the laws of such  
5 state, territory or foreign country, and the following corpo-  
6 rate purposes shall be exercised only in states and jurisdic-  
7 tions other than Maine, namely, the construction and opera-  
8 tion of railroads, or aiding in the construction thereof, tele-  
9 graph or telephone companies and gas or electrical com-  
10 panies, and such businesses are to be carried on only in  
11 states and jurisdictions when and where permissible under  
12 the laws thereof.

##### 5. PRELIMINARY INVESTIGATION

Every group of persons contemplating the organization of  
2 an association under this act is urged to communicate with  
3 the dean of the college of agriculture of the University of  
4 Maine, who will inform them whatever a survey of the  
5 marketing conditions affecting the commodities proposed to  
6 be handled may indicate regarding probable success.

It is here recognized that agriculture is characterized by  
2 individual production in contrast to the group or factory  
3 system that characterizes other forms of industrial produc-  
4 tion; and that the ordinary form of corporate organization

5 permits industrial groups to combine for the purpose of  
6 group production and the ensuing group marketing and  
7 that the public has an interest in permitting farmers to  
8 bring their industry to the high degree of efficiency and  
9 merchandising skill evidenced in the manufacturing indus-  
10 tries; and that the public interest urgently needs to prevent  
11 the migration from the farm to the city in order to keep up  
12 farm production and to preserve the agricultural supply of  
13 the nation; and that the public interest demands that the  
14 farmer be encouraged to attain a superior and more direct  
15 system of marketing in the substitution of merchandising  
16 for the blind, unscientific and speculative selling of crops;  
17 and that for this purpose, the farmers should secure special  
18 guidance and instructive data from the Dean of the College  
19 of Agriculture of the University of Maine.

#### 6. POWERS

Each association incorporated under this Act shall have  
2 the following powers:

(a) To engage in any activity in connection with the  
2 marketing, selling, preserving, harvesting, drying, process-  
3 ing, manufacturing, canning, packing, grading, storing,  
4 handling or utilization of any agricultural products pro-  
5 duced or delivered to it by its members, or the manufactur-  
6 ing or marketing of the by-products thereof; or any activity  
7 in connection with the purchase, hiring or use by its mem-  
8 bers of supplies, machinery or equipment; or in the financing  
9 of any such activities; or in any one or more of the activities



10 specified in this section. No association, however, shall  
11 handle the agricultural products of any non-member, except  
12 for storage.

(b) To borrow money without limitation as to amount  
2 of corporate indebtedness or liability; and to make advance  
3 payments and advances to members.

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

(d) To purchase or otherwise acquire; and to hold, own,  
2 and exercise all rights of ownership in; and to sell, transfer  
3 or pledge, or guarantee the payment of dividends or interest  
4 on, or the retirement or redemption of, shares of the capital  
5 stock or bonds of any corporation or association engaged  
6 in any related activity or in the warehousing or handling  
7 or marketing of any of the products handled by the associa-  
8 tion.

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

(f) To buy, hold and exercise all privileges of owner-  
2 ship, over such real or personal property as may be neces-  
3 sary or convenient for the conduct and operation of any of  
4 the business of the association, or business incidental thereto.

(g) To establish, secure, own and develop patents, trade-  
2 marks and copy-rights.

(h) To do each and every thing necessary, suitable or  
2 proper for the accomplishment of any one of the purposes

3 or the attainment of any one or more of the objects herein  
4 enumerated; or conducive to or expedient for the interest  
5 or benefit of the association; and to contract accordingly;  
6 to exercise and possess all powers, rights and privileges  
7 necessary or incidental to the purposes for which the asso-  
8 ciation is organized or to the activities in which it is en-  
9 gaged, and, in addition, any other rights, powers, and privi-  
10 leges granted by the laws of this state to ordinary corpora-  
11 tions, except such as are inconsistent with the express pro-  
12 visions of this Act; and do any such thing anywhere.

#### 7. MEMBERS

(a) Under the terms and conditions prescribed in the  
2 by-laws adopted by it, an association may admit as mem-  
3 bers (or issue common stock to), only persons engaged in  
4 the production of the agricultural products to be handled  
5 by or through the association, including the lessees and ten-  
6 ants of land used for the production of such products and  
7 any lessors and landlords who receive as rent all or any  
8 part of the crop raised on the leased premises.

(b) If a member of a non-stock association be other than  
2 a natural person, such member may be represented by any  
3 individual, associate, officer or manager or member thereof,  
4 duly authorized in writing.

(c) One association organized hereunder may become a  
2 member or stockholder of any other association or associa-  
3 tions organized hereunder.

#### 8. ARTICLES OF INCORPORATION

Before commencing business the president, treasurer and

2 a majority of the directors shall prepare and file a certificate  
3 of organization, setting forth :

(a) The name of the association.

(b) The purposes for which it is formed.

(c) The place where its principal business will be trans-  
2 acted.

(d) The term for which it is to exist, not exceeding fifty  
2 years.

(e) The number of directors thereof, which must be not  
2 less than five and may be any number in excess thereof ;  
3 the term of office of such directors ; and the names and ad-  
4 dresses of those who are to serve as incorporating directors  
5 for the first term, and or until the election and qualification  
6 of their successors.

(f) The name of the clerk and his residence.

(g) If organized without capital stock, whether the prop-  
2 erty rights and interest of the members shall be equal or  
3 unequal ; and, if unequal, the general rule or rules applicable  
4 to all members by which the property rights and interests,  
5 respectively, of each member may and shall be determined  
6 and fixed ; and provision for the admission of new members  
7 who shall be entitled to share in the property of the associa-  
8 tion in accordance with such general rule or rules. This  
9 provision or paragraph of the articles of incorporation shall  
10 not be altered, amended, or repealed except by the written  
11 consent or vote of three-fourths of the members.

(h) If organized with capital stock, the amount of such

2 stock and the number of shares into which it is divided and  
3 the par value thereof.

The capital stock may be divided into preferred and com-  
2 mon stock. If so divided, the articles of incorporation shall  
3 contain a statement of the number of shares of stock to  
4 which preference is granted and the number of shares of  
5 stock to which no preference is granted and the nature and  
6 definite extent of the preference and privilege granted to  
7 each.

The articles must be subscribed by the incorporators and  
2 acknowledged by one of them before an officer authorized  
3 by the law of this state to take and certify acknowledgements  
4 of deeds and conveyances; and shall be filed in accordance  
5 with the provisions of the general corporation law of this  
6 state; and when so filed the said articles of incorporation,  
7 or certified copies thereof, shall be received in all the courts  
8 of this state as prima facie evidence of the facts contained  
9 therein and of the due incorporation of such association. A  
10 certified copy of the articles of incorporation shall also be  
11 filed with the dean of the College of Agriculture of the Uni-  
12 versity of Maine.

#### 9. AMENDMENTS TO ARTICLES OF INCORPORATION

The articles of incorporation may be altered or amended  
2 at any regular meeting or any special meeting called for that  
3 purpose. An amendment must first be approved by two-  
4 thirds of the directors and then adopted by a vote repre-

5 sending a majority of all the members of the association.  
6 Amendments to the articles of incorporation, when so  
7 adopted, shall be filed in accordance with the provisions of  
8 the general corporation law of this state.

#### 10. BY-LAWS

Each association incorporated under this Act shall within  
2 thirty days after its organization, adopt for its government  
3 and management, a code of by-laws, not inconsistent with  
4 the powers granted by this Act. A majority vote of the  
5 members or stockholders, or their written assent, is neces-  
6 sary to adopt such by-laws. Each association, under its by-  
7 laws, may provide for any or all of the following matters:

(a) The time, place and manner of calling and conduct-  
2 ing its meetings.

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

(c) The right of members or stockholders to vote by  
2 proxy or by mail or both; and the conditions, manner, form,  
3 and effect of such votes.

(d) The number of directors constituting a quorum.

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

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

(g) The amount of entrance, organization and member-  
2 ship fees, if any; the manner and method of collection of  
3 the same; and the purposes for which they may be used.

(h) The amount which each member or stockholder shall  
2 be required to pay annually or from time to time, if at all,  
3 to carry on the business of the association; the charge, if  
4 any, to be paid by each member or stockholder for services  
5 rendered by the association to him and the time of payment  
6 and manner of collection; and the marketing contract be-  
7 tween the association and its members or stockholders, which  
8 every member or stockholder may be required to sign.

(i) The number and qualification of members or stock-  
2 holders of the association and the conditions precedent to  
3 membership or ownership of common stock; the method,  
4 time and manner of permitting members to withdraw or  
5 the holders of common stock to transfer their stock; the  
6 manner of assignment and transfer of the interest of mem-  
7 bers and of the shares of common stock; the conditions  
8 upon which and time when membership of any member  
9 shall cease; the automatic suspension of the rights of a  
10 member when he ceases to be eligible to membership in the  
11 association; the mode, manner and effect of the expulsion  
12 of a member; the manner of determining the value of a  
13 member's interest and provision for its purchase by the as-  
14 sociation upon the death or withdrawal of a member or  
15 stockholder, or upon the expulsion of a member or forfeit-  
16 ure of his membership, or, at the option of the association,  
17 the purchase at a price fixed by conclusive appraisal by the  
18 board of directors. In case of the withdrawal or expulsion  
19 of a member, the board of directors shall equitably and con-

clusively appraise his property interests in the association  
and shall fix the amount thereof in money, which shall be  
paid to him within one year after such expulsion or with-  
drawal.

#### 11. GENERAL AND SPECIAL MEETINGS—HOW CALLED

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 not less than ten per cent of the members or stockhold-  
ers may file a petition stating the specific business to be  
brought before the association and demand a special meet-  
ing at any time. Such meeting shall thereupon be called  
by the directors. Notice of each meeting, together with a  
statement of the purposes thereof, shall be mailed to each  
member at least ten days prior to the meeting; provided,  
however, that the by-laws may require instead that such no-  
tice may be given by publication in a newspaper of general  
circulation, published at the principal place of business of  
the association.

#### 12. DIRECTORS—ELECTION

The business 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. The by-laws may  
provide that the territory in which the association has mem-  
bers shall be divided into districts and that the directors  
shall be elected according to such districts, either directly

7 or by district delegates elected by the members in that dis-  
8 trict, and in such case the by-laws shall specify the number  
9 of directors to be elected by each district, and the manner  
10 and method of reapportioning the directors and of redis-  
11 tricting the territory covered by the association. The by-  
12 laws may provide that primary elections shall be held in  
13 each district to elect the directors apportioned to such dis-  
14 tricts and that the result of all such primary elections may  
15 be ratified by the next regular meeting of the association or  
16 may be deemed the act of the association. The by-laws may  
17 provide that one or more directors may be appointed by any  
18 public official or commission or by the other directors se-  
19 lected by the members or their delegates; such directors  
20 shall represent primarily the interest of the general public  
21 in such association and need not be members or stockhold-  
22 ers of the association; but shall have the same power and  
23 rights as other directors. Such directors shall not number  
24 more than one-fifth of the entire number of directors.

An association may provide a fair remuneration for the  
2 time actually spent by its officers and directors in its service  
3 and for the service of the members of its executive com-  
4 mittee. No director, during the term of his office, shall be  
5 a party to a contract for profit with the association differing  
6 in any way from the business relations accorded each mem-  
7 ber or holder of common stock of the association or others,  
8 or upon terms differing from those generally current in that  
9 district.



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

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

When a vacancy on the board of directors occurs other  
2 than by expiration of term, the remaining members of the  
3 board, by a majority vote, shall fill the vacancy, unless the  
4 by-laws provide for an election of directors by districts. In  
5 such a case the board of directors shall immediately call a  
6 special meeting of the members, or stockholders, to fill the  
7 vacancy, in the district where it exists.

### 13. ELECTION OF OFFICERS

The directors shall elect from their number a president  
2 and one or more vice-presidents. They shall also elect a  
3 secretary, who shall be the clerk of the corporation, and a  
4 treasurer, who need not be directors or members of the  
5 association; and they may combine the two latter offices and  
6 designate the combined office as that of secretary-treasurer;  
7 or unite both functions and titles in one person. The treas-  
8 urer may be a bank or any depository, and as such, shall  
9 not be considered as an officer, but as a function, of the  
10 board of directors, and in such case, the secretary shall  
11 perform the usual accounting duties of the treasurer, ex-  
12 cepting that the funds shall be deposited only as and where  
13 authorized by the board of directors.

14. OFFICERS, EMPLOYEES AND AGENTS TO BE  
BONDED

Each 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 to the association a bond, satisfactory to the board of directors, for the faithful performance of his duties and obligations.

15. STOCK — MEMBERSHIP CERTIFICATE — WHEN  
ISSUED—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 notes of the members may be accepted by the association as full or partial payment. The association shall hold the stock as security for the payment of the note; but such retention as security shall not affect the member's right to vote.

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 therefor.

No stockholder of a co-operative association shall own more than one-twentieth of the common stock of the association; and an association, in its by-laws, may limit the

4 amount of common stock which one member may own to  
5 any amount less than one-twentieth of the common stock.

No member or stockholder shall be entitled to more than  
2 one vote regardless of the number of shares of common  
3 stock owned by him.

Any association organized with stock under this act may  
2 issue preferred stock, with or without the right to vote.  
3 Such stock may be sold to any person, member or non-mem-  
4 ber, and may be redeemable or retireable by the association  
5 on such terms and conditions as may be provided for by  
6 the articles of incorporation and printed on the face of the  
7 certificate. The by-laws shall prohibit the transfer of the  
8 common stock of the association to persons not engaged in  
9 the production of the agricultural products handled by the  
10 association; and such restrictions shall be printed upon every  
11 certificate of stock subject thereto.

The association may, at any time, as specified in the by-  
2 laws, except when the debts of the association exceed fifty  
3 per cent of the assets thereof, buy in or purchase its com-  
4 mon stock at the book value thereof, as conclusively deter-  
5 mined by the board of directors, and pay for it in cash with-  
6 in one year thereafter.

#### 16. REMOVAL OF OFFICER OR DIRECTOR

Any member may bring charges against an officer or di-  
2 rector by filing them in writing with the secretary of the  
3 association, together with a petition signed by not less than  
4 five per cent of the members, requesting the removal of that

5 officer or director. The removal shall be voted upon at the  
6 next regular or special meeting of the association and, by  
7 vote of a majority of the members, the association may re-  
8 move such officer or director and fill the vacancy created  
9 by such removal. The director or officer against whom  
10 such charges have been brought shall, previous to the meet-  
11 ing for action on charges preferred against him, be informed  
12 in writing of such charges and have opportunity at such  
13 meeting to be heard in person, or by counsel, and to present  
14 witnesses; and the person or persons bringing the charges  
15 shall have the same opportunity.

In case the by-laws provide for election of directors by  
2 districts with primary elections in each district, then the  
3 petition for removal of a director must be signed by not  
4 less than twenty per cent of the members residing in the  
5 district from which he was elected. The board of directors  
6 shall call a special meeting of the members residing in that  
7 district to consider the removal of the director; and by a  
8 vote of a majority of the members of that district, the di-  
9 rector in question may be removed from office.

#### 17. REFERENDUM

Upon demand of one-third of the entire board of directors,  
2 made (at the same meeting at which the original motion  
3 was passed) immediately and so recorded, any matter of  
4 policy that has been approved or passed by the board shall  
5 be referred to the entire membership or the stockholders  
6 for decision at the next special or regular meeting; and a  
7 special meeting may be called for the purpose.

## 18. MARKETING CONTRACT

The association and its members may make and execute 2 marketing contracts, requiring the members to sell, for any 3 period of time, not over ten years, all or any specified part 4 of their agricultural products or specified commodities ex- 5 clusively to or through the association, or any facilities to 6 be created by the association. If they contract a sale to 7 the association, it shall be conclusively held that title to the 8 products passes absolutely and unreservedly, except for re- 9 corded liens, to the association upon delivery; or at any 10 other specified time if expressly and definitely agreed in 11 the said contract. The contract may provide, among other 12 things, that the association may sell or re-sell the products 13 delivered by its members, with or without taking title there- 14 to; and pay over to its members the re-sale price, after de- 15 ducting all necessary selling, overhead and other costs and 16 expenses, including interest or dividends on stock, not ex- 17 ceeding eight per cent per annum, and reserves for retiring 18 the stock, if any; and other proper reserves; and or any 19 other deductions.

## 19. REMEDIES FOR BREACH OF CONTRACT

(a) The by-laws or the marketing contract may fix, as 2 liquidated damages, a specific sum to be paid by a member 3 or stockholder to the association upon the breach by him 4 of any provision of the marketing contract regarding the 5 sale or delivery or withholding of products; and may fur- 6 ther provide that the member will pay all costs, premiums

7 for bonds, expenses and fees, in case any action is brought  
8 upon the contract by the association; and any such provi-  
9 sions shall be valid and enforceable in the courts of this  
10 state; and such clauses providing for liquidated damages  
11 shall be enforceable as such and shall not be regarded as  
12 penalties.

(b) In the event of any such breach or threatened breach  
2 of such marketing contract by a member, the association  
3 shall be entitled to an injunction to prevent the further  
4 breach of the contract and to a decree of specific perform-  
5 ance thereof. Pending the adjudication of such an action  
6 and upon filing a verified complaint showing the breach or  
7 threatened breach, and upon filing a sufficient bond, the  
8 association shall be entitled to a temporary restraining order  
9 and preliminary injunction against the member.

(c) In any action upon such marketing agreement, it  
2 shall be conclusively presumed that a landowner or land-  
3 lord or lessor is able to control the delivery of products pro-  
4 duced on his land by tenants or others, whose tenancy or  
5 possession or work on such land or the terms of whose  
6 tenancy or possession or labor thereon were created or  
7 changed after execution by the landowner or landlord, or  
8 lessor, of such a marketing agreement; and in such actions,  
9 the foregoing remedies for non-delivery or breach shall lie  
10 and be enforceable against such landowner, landlord or  
11 lessor.

20. PURCHASING BUSINESS OF OTHER ASSOCIATIONS, PERSONS, FIRMS OR CORPORATIONS—PAYMENT—STOCK ISSUED

Whenever an association, organized hereunder with preferred capital stock, shall purchase the stock or any property, or any interest in any property of any person, firm, 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.

21. ANNUAL REPORTS

Each association formed under this act shall prepare and submit to its annual meeting an annual report on forms to be furnished by the dean of the College of Agriculture of the University of Maine, 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 for and the number of stockholders, if a stock association, or the number of members and amount of membership fees received, if a non-stock association; the total expenses of operation; the amount of its indebtedness or liabilities, and its balance sheets.

## 22. CONFLICTING LAWS NOT TO APPLY

Any provisions of law which are in conflict with this act shall be construed as not applying to the associations herein provided for.

Any exemptions whatsoever under any and all existing laws applying to agricultural products in the possession or under the control of the individual producer, shall apply similarly and completely to such products delivered by its farmer members, in the possession or under the control of the association.

23. LIMITATION OF THE USE OF TERM  
"CO-OPERATIVE"

No person, firm, corporation or association, hereafter organized or hereafter applying to do business in this state as a farmers' marketing association for the sale of farm products, shall be entitled to use the word "co-operative" as part of its corporate or other business name or title, unless it has complied with the provisions of this act.

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 by-products thereof.



If such corporations are warehousing corporations, they may issue legal warehouse receipts to the association against the conditions delivered by it, or to any other person and such legal warehouse receipts shall be considered as adequate collateral to the extent of the usual and 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 of the United States, its warehouse receipt delivered to the association on commodities of the association or its members, or delivered by the association or its members, shall not be challenged or discriminated against because of ownership or control, wholly or in part, by the association.

#### 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 co-operative corporation, association or associations, formed in this or in any other state, for the co-operative and more economical carrying on of its business or any part or parts thereof. Any two or more associations may, by agreement, unite in employing and using or may separately employ and use the same personnel, methods, means and agencies for carrying on and conducting their respective businesses.

26. RIGHTS AND REMEDIES APPLY TO SIMILAR  
ASSOCIATIONS OF OTHER STATES

Any corporation or association heretofore or hereafter  
2 organized under generally similar laws of another state  
3 shall be allowed to carry on any proper activities, opera-  
4 tions and functions in this state upon compliance with the  
5 general regulations applicable to foreign corporations de-  
6 siring to do business in this state, and all contracts which  
7 could be made by any association incorporated hereunder,  
8 made by or with such association shall be legal and valid  
9 and enforceable in this state with all of the remedies set  
10 forth in this act.

27. ASSOCIATIONS HERETOFORE ORGANIZED  
MAY ADOPT THE PROVISIONS OF THIS  
ACT

Any corporation or association, organized under previ-  
2 ously existing statutes, may, by a majority vote of its stock-  
3 holders or members, be brought under the provisions of  
4 this act by limiting its membership and adopting the other  
5 restrictions as provided herein. It shall make out in du-  
6 plicate a statement signed and sworn to by its directors to  
7 the effect that the corporation or association has, by a ma-  
8 jority vote of the stockholders or members, decided to  
9 accept the benefits and be bound by the provisions of this  
10 act and has authorized all changes accordingly. Articles  
11 of incorporation shall be filed as required in section eight,  
12 hereof, except that they shall be signed by the members of

13 the then board of directors. The filing fee shall be the  
14 same as for filing an amendment to articles of incorpo-  
15 ration.

(a) Where any association may be incorporated under  
2 this act, all contracts heretofore made by or on behalf of  
3 same by the promoters thereof in anticipation of such asso-  
4 ciations becoming incorporated under the laws of this state,  
5 whether such contracts be made by or in the name of some  
6 corporation organized elsewhere, and when same would  
7 have been valid if entered into subsequent to the passage  
8 of this act, are hereby validated as if made after the pas-  
9 sage of this act.

28. MISDEMEANOR TO INDUCE BREACH OF MAR-  
KETING CONTRACT OF CO-OPERATIVE AS-  
SOCIATION — SPREADING FALSE REPORTS  
ABOUT THE FINANCES OR MANAGEMENT  
THEREOF

Any person or persons or any corporation whose officers  
2 or employees knowingly induce or attempt to induce any  
3 member or stockholder of an association organized here-  
4 under or organized under similar statutes of other states  
5 with similar restrictions and rights and operating in this  
6 state under due authority, to breach his marketing contract  
7 with the association, or who maliciously and knowingly  
8 spreads false reports about the finances or management or  
9 activity thereof, shall be guilty of a misdemeanor and be  
10 subject to a fine of not less than one hundred dollars and

11 not more than one thousand dollars for each such offense;  
12 and shall be liable to the association aggrieved in a civil  
13 suit in the penal sum of five hundred dollars for each such  
14 offense.

29. WAREHOUSEMEN LIABLE FOR DAMAGES FOR  
ENCOURAGING OR PERMITTING DELIVERY  
OF PRODUCTS IN VIOLATION OF MARKET-  
ING AGREEMENT

Any person, firm or corporation conducting a warehouse  
2 within this state who solicits or persuades or permits any  
3 member of any association organized hereunder to breach  
4 his marketing contract with the association by accepting  
5 or receiving such member's products for sale or for auc-  
6 tion or for display for sale, contrary to the terms of any  
7 marketing agreement of which said person or any member  
8 of the said firm or any active officer or manager of the  
9 said corporation has knowledge or notice, shall be liable  
10 to the association aggrieved in a civil suit in the penal sum  
11 of five hundred dollars for each such offense; and such  
12 association shall be entitled to an injunction against such  
13 warehouseman to prevent further breaches and a multi-  
14 plicity of actions thereon. In addition said warehouseman  
15 shall pay to the association a reasonable attorney's fee and  
16 all costs involved in any such litigation or proceeding at  
17 law.

This section is enacted in order to prevent a recurrence  
2 or outbreak of violence and to give marketing associations

3 an adequate remedy in the courts against those who en-  
4 courage violations of co-operative contracts.

### 30. ASSOCIATIONS ARE NOT IN RESTRAINT OF TRADE

No association organized hereunder and complying with  
2 the terms hereof shall be deemed to be a conspiracy or a  
3 combination in restraint of trade or an illegal monopoly,  
4 or an attempt to lessen competition or to fix prices arbi-  
5 trarily; nor shall the marketing contracts and agreements  
6 between the association and its members or any agreements  
7 authorized in this act be considered illegal as such or in  
8 unlawful restraint of trade or as part of a conspiracy or  
9 combination to accomplish an improper or illegal purpose.

### 31. CONSTITUTIONALITY

If any section of this act shall be declared unconstitutional  
2 for any reason, the remainder of this act shall not be affected  
3 thereby.

### 32. APPLICATION OF GENERAL CORPORATION LAWS

The provisions of the general corporation laws of this state  
2 and all powers and rights thereunder, shall apply to the  
3 associations organized hereunder, except where such pro-  
4 visions are in conflict with or inconsistent with the express  
5 provisions of this act.

### 33. ANNUAL LICENSE FEES

Each association organized hereunder shall pay an annual  
2 fee of ten dollars only, in lieu of all franchise or license

3 or corporation or other taxes, or taxes or charges upon  
4 reserves held by it for members.

#### 34. FILING FEES

For filing articles of incorporation, an association organ-  
2 ized hereunder shall pay ten dollars; and for filing an  
3 amendment to the articles, two and fifty-hundredths dollars.

35. In view of the emergency set forth in the preamble  
2 hereof, this act shall take effect when approved.