

# MAINE STATE LEGISLATURE

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NEW DRAFT

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EIGHTY-FIRST LEGISLATURE

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SENATE

NO. 232

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In Senate, March 9, 1923.

Reported by Mr. Hussey from Committee on Judiciary and laid on table to be printed under joint rules and 3000 copies ordered printed.

L. ERNEST THORNTON, Secretary.

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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.

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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:

#### I. DECLARATION OF POLICY

(a) In order to promote, foster and encourage the intelligent and orderly marketing of agricultural products through co-operation; and to eliminate speculation and waste; and to make the distribution of agricultural products between producer and consumer as direct as can be efficiently done; to stabilize the marketing of agricultural products and to provide for the organization and incorporation of co-operative marketing associations for the 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 and any farm products.

(b) The term "member" includes actual members of associations without capital stock and holders of common 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-operative  
3 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 pro-  
3 ducts, may form a non-profit, co-operative association, with  
4 or without capital stock, under the provisions of this 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 state,  
5 territory or foreign country, and the following corporate  
6 purposes shall be exercised only in states and jurisdictions  
7 other than Maine, namely, the construction and operation  
8 of railroads, or aiding in the construction thereof, telegraph  
9 or telephone companies and gas or electrical companies, and  
10 such businesses are to be carried on only in states and juris-  
11 dictions when and where permissible under the laws thereof.

#### 5. POWERS

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; that the public has an interest in permitting farmers  
5 to bring their industry to the high degree of efficiency and  
6 merchandising skill evidenced in the manufacturing indus-  
7 tries; that it is for the public interest to prevent migration  
8 from the farm to the city in order to maintain farm pro-  
9 duction and to preserve the agricultural supply of the na-  
10 tion; that the public interest demands that the farmer be  
11 encouraged to attain a superior and more direct system of  
12 marketing, in the substitution of merchandising for the blind,  
13 unscientific and speculative selling of crops.

And 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 manufac-  
6 turing or marketing of the by-products thereof; or any ac-  
7 tivity in connection with the purchase, hiring or use by its  
8 members of supplies, machinery or equipment; or in the  
9 financing of any such activities; or in any one or more of  
10 the activities specified in this section. No association, how-  
11 ever, shall handle the agricultural products of any non-  
12 member, except 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 asso-  
8 ciation.

(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  
4 of the business of the association, or business incidental  
5 thereto.

(g) To establish, secure, own and develop patents, trade-  
2 marks, trade-names 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 nec-  
7 essary or incidental to the purposes for which the associa-  
8 tion is organized or to the activities in which it is engaged,  
9 and, in addition, any other rights, powers, and privileges  
10 granted by the laws of this state to corporations organized  
11 under the general laws of this state, except such as are in-  
12 consistent with the express provisions of this act; and do  
13 any such thing anywhere.

## 6. 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 co-operative market-  
4 ing associations or persons engaged in the production of

5 the agricultural products to be handled by or through the  
6 association, including the lessees and tenants of land used  
7 for the production of such products and any lessors and  
8 landlords who receive as rent all or any part of the crop  
9 raised on the leased premises.

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

#### 7. CERTIFICATE OF ORGANIZATION

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, names and addresses of the directors  
2 thereof, which shall be not less than five and may be any  
3 number in excess thereof, and the term of office of such  
4 directors.

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



(g) If organized without capital stock, whether the property rights and interest of the members shall be equal or unequal; and, if unequal, 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 provision for the admission of new members who shall be entitled to share in the property of the association in accordance with such general rule or rules. This provision or paragraph of the certificate of organization shall not be altered, amended, or replaced except by the written consent or vote of three-fourths of the members.

(h) If organized with capital stock, the amount of such stock, 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 certificate of organization shall contain a statement of the number of shares of stock to which preference is granted, the number of shares of stock to which no preference is granted, and the nature and definite extent of the preference and privileges granted to each.

The certificate shall be subscribed by the president and a majority of the directors and acknowledged by one of them before an officer authorized by law to take and certify acknowledgments of deeds; and shall be filed in accordance with the provisions of the general corporation law; and when so filed the said certificate of organization, or certified

7 copy thereof, shall be received in all the courts of this state  
8 as prima facie evidence of the facts contained therein and  
9 of the due incorporation of such association. A certified  
10 copy shall also be filed with the commissioner of agriculture.

#### 8. AMENDMENTS TO CERTIFICATE OF ORGANIZATION

The certificate of organization may be altered or amended  
2 at any regular meeting or any special meeting called for  
3 that purpose. An amendment must first be approved by  
4 two-thirds of the directors and adopted by a vote represent-  
5 ing a majority of all the members of the association.  
6 Amendments to the certificate of organization, when so  
7 adopted, shall be filed in accordance with the provisions of  
8 the general corporation law.

#### 9. 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  
7 by-laws, may provide for any or all of the following mat-  
8 ters:

(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 qualifications, 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) Reasonable penalties for violations 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 charges, 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 upon  
8 which and time when membership of any member shall

9 cease; the automatic suspension of the rights of a member  
10 when he ceases to be eligible to membership in the associa-  
11 tion; the mode, manner and effect of the expulsion of a  
12 member; the manner determining the value of a member's  
13 interest and provision for its purchase by the association  
14 upon the death or withdrawal of a member or stockholder,  
15 or upon the expulsion of a member or forfeiture of his  
16 membership, or, at the option of the association, the pur-  
17 chase at a price fixed by conclusive appraisal by the board  
18 of directors. In case of the withdrawal or expulsion of a  
19 member, the board of directors shall equitably and con-  
20 clusively appraise his property interests in the association  
21 and fix the amount thereof in money, which shall be paid  
22 to him within one year after such expulsion or withdrawal.

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

In its by-laws, each association shall provide for one or  
2 more regular meetings annually. The board of directors  
3 shall have the right to call a special meeting at any time;  
4 and not less than ten per cent of the members or stock-  
5 holders may file a petition stating the specific business to  
6 be brought before the association and demand a special  
7 meeting at any time. Such meeting shall thereupon be called  
8 by the directors. Notice of each meeting, together with a  
9 statement of the purposes thereof, shall be mailed to each  
10 member at least ten days prior to the meeting; provided,  
11 however, that the by-laws may require instead that such

12 notice may be given by publication in a newspaper of gen-  
13 eral circulation, published at the principal place of business  
14 of the association.

#### II. DIRECTORS—ELECTION

The business of the association shall be managed by a  
2 board of not less than five directors, elected by the mem-  
3 bers or stockholders from their own number. The by-laws  
4 may provide that the territory in which the association has  
5 members shall be divided into districts and that the directors  
6 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  
16 or may be deemed the act of the association. The by-laws  
17 may provide that one or more directors may be appointed  
18 by any public official or commission or by the other directors  
19 selected by the members or their delegates; such directors  
20 shall represent primarily the interest of the general public in  
21 such associations and need not be members or stockholders  
22 of the association; but shall have the same powers and rights

23 as other directors. Such directors shall not number more  
24 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 differ-  
6 ing in any way from the business relations accorded each  
7 member or holder of common stock of the association or  
8 others, or upon terms differing from those generally cur-  
9 rent in that district.

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

The by-laws may provide for an executive committee and  
2 may allot to such committee all the functions and powers  
3 of the board of directors, subject to the general direction  
4 and 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, and  
5 in such a case the board of directors shall immediately call  
6 a special meeting of the members, or stockholders, to fill  
7 the vacancy, in the district where it exists.

## 12. 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  
4 a treasurer, who need not be directors or members of the  
5 association; and they may combine the two latter offices  
6 and designate the combined office as that of secretary-treas-  
7 urer; or unite both functions and titles in one person. The  
8 treasurer may be a bank or any depository, and as such,  
9 shall not be considered as an officer, but as a function, of  
10 the board of directors, and in such case, the secretary shall  
11 perform the usual accounting duties of the treasurer, ex-  
12 cept that the funds shall be deposited only as and where  
13 authorized by the board of directors, and whenever there  
14 is a change in the office of clerk, the clerk shall file a certifi-  
15 cate of his election as provided by section twenty-four of  
16 chapter fifty-one of the revised statutes, and an attested  
17 copy of such certificate shall be sufficient evidence that he  
18 is clerk, for service of process upon the corporation, until  
19 another certificate has been filed.

13. OFFICERS, EMPLOYEES AND AGENTS TO BE  
BONDED

Each officer, employee and agent handling funds or nego-  
2 tiable instruments or property of or for any association  
3 created hereunder shall be required to execute and deliver  
4 to the association a bond, satisfactory to the board of di-

5 rectors, for the faithful performance of his duties and obli-  
6 gations.

14. STOCK — MEMBERSHIP CERTIFICATE — WHEN  
ISSUED—VOTING—LIABILITY—LIMITATIONS ON  
TRANSFER AND OWNERSHIP

When a member of an association established without cap-  
2 ital stock has paid his membership fee in full, he shall receive  
3 a certificate of membership.

No association shall issue stock to a member until it has  
2 been fully paid for. The promissory notes of the members  
3 may be accepted by the association as full or partial pay-  
4 ment. The association shall hold the stock as security for  
5 the payment of the note; but such retention as security shall  
6 not affect the member's right to vote.

No member shall be liable for the debts of the association  
2 to an amount exceeding the sum remaining unpaid on his  
3 membership fee or his subscription to the capital stock, in-  
4 cluding any unpaid balance on any promissory note given  
5 in payment therefor.

No stockholder of a co-operative association shall own  
2 more than one-twentieth of the common stock of the asso-  
3 ciation; 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-  
4 member, and may be redeemable or retireable by the asso-  
5 ciation on such terms and conditions as may be provided  
6 in the certificate of organization and printed on the face of  
7 the stock certificate. The by-laws shall prohibit the trans-  
8 fer of the common stock of the association to persons not  
9 engaged in the production of the agricultural products  
10 handled by the association, and such restrictions shall be  
11 printed upon every 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  
6 within one year thereafter.

#### 15. 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  
5 that officer or director. The removal shall be voted upon  
6 at the next regular or special meeting of the association and,  
7 by a vote of a majority of the members, the association may  
8 remove such officer or director and fill the vacancy created  
9 by such removal. The director or officer against whom such

10 charges have been brought shall, previous to the meeting  
11 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.

#### 16. REFERENDUM

Upon demand of one-third of the entire board of directors,  
2 made immediately and so recorded (at the same meeting  
3 at which the original motion was passed), 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.

#### 17. MARKETING CONTRACT

An 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  
15 deducting all necessary selling, overhead and other costs  
16 and expenses, including interest or dividends on stock, not  
17 exceeding eight per cent per annum, and reserves for re-  
18 tiring the stock, if any; and other proper reserves; and for  
19 any other deductions.

#### 18. 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 of  
4 any provision of the marketing contract regarding the sale  
5 or delivery or withholding of products; and may further  
6 provide that the member shall pay all costs, premiums for  
7 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 Supreme  
3 Judicial Court may restrain by injunction further breach of  
4 the contract and may decree specific performance thereof.  
5 Pending the adjudication of such an action and upon filing  
6 a verified complaint showing the breach or threatened  
7 breach, and upon filing a sufficient bond, the said court may  
8 grant a temporary restraining order and preliminary in-  
9 junction 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  
4 produced on his land by tenants or others, whose tenancy  
5 or 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 action,  
9 the foregoing remedies for non-delivery or breach shall lie  
10 and be enforceable against such landowner, landlord or  
11 lessor.

19. PURCHASING BUSINESS OF OTHER ASSOCIA-  
TIONS, PERSONS, FIRMS OR CORPORATIONS—  
PAYMENT—STOCK ISSUED

Whenever an association, organized hereunder with pre-  
2 ferred capital stock, shall purchase the stock or any

3 property, or any interest in any property, of any person,  
4 firm, corporation or association, it may discharge the obli-  
5 gations so incurred, wholly or in part, by exchanging for  
6 the acquired interest, shares of its preferred capital stock  
7 to an amount which at par value would equal the fair mar-  
8 ket value of the stock or interest so purchased, as deter-  
9 mined by the board of directors. In that case the transfer  
10 to the association of the stock or interest purchased shall be  
11 equivalent to payment in cash for the shares of stock issued.

#### 20. ANNUAL REPORTS

Each association formed under this act shall prepare and  
2 submit to its annual meeting an annual report containing  
3 the name of the association, its principal place of business;  
4 a general statement of its business operations during the  
5 fiscal year, showing the amount of capital stock paid for  
6 and the number of stockholders, if a stock association, or  
7 the number of members and amount of membership fees  
8 received, if a non-stock association; the total expenses of  
9 operation; the amount of its indebtedness or liabilities, and  
10 its balance sheets.

#### 21. CONFLICTING LAWS NOT TO APPLY

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

Any exemptions whatsoever under any and all existing  
2 laws applying to agricultural products in the possession or  
3 under the control of the individual producer, shall apply

4 similarly and completely to such products delivered by its  
5 farmer members, in the possession or under the control of  
6 the association.

22. LIMITATION OF THE USE OF THE TERM  
“CO-OPERATIVE”

No person, firm, corporation or association, hereafter or-  
2 ganized or hereafter undertaking to do business in this state,  
3 as a farmers' marketing association for the sale of farm  
4 products, shall be entitled to use the word “co-operative”  
5 as part of its corporate or other business name or title, un-  
6 less it has complied with the provisions of this act.

23. INTEREST IN OTHER CORPORATIONS OR  
ASSOCIATIONS

An association may organize, form, operate, own, control,  
2 have an interest in, own stock of, or be a member of any  
3 other corporation or corporations, with or without capital  
4 stock, and engaged in preserving, drying, processing, can-  
5 ning, packing, storing, handling, shipping, utilizing, manu-  
6 facturing, marketing or selling the agricultural products  
7 handled by the association, or by-products thereof.

If such corporations are warehousing corporations, they  
2 may issue legal warehouse receipts of the association against  
3 the commodities delivered, and such legal warehouse re-  
4 ceipts shall be considered as adequate collateral to the  
5 extent of the usual and current value of the commodity  
6 represented thereby. In case such warehouse is licensed, or  
7 licensed and bonded, under the laws of this or any other

8 state or the United States, its warehouse receipt delivered  
9 to the association on commodities of the association or its  
10 members, or delivered by the association or its members,  
11 shall not be challenged or discriminated against because of  
12 ownership or control, wholly or in part, by the association.

24. CONTRACTS AND AGREEMENTS WITH OTHER  
ASSOCIATIONS

Any association may, upon resolution adopted by its board  
2 of directors, enter into all necessary and proper contracts  
3 and agreements and make all necessary and proper stipu-  
4 lations, agreements, contracts and arrangements with any  
5 other co-operative corporation, association or associations,  
6 formed in this or in any other state, for the co-operative  
7 and more economical carrying on of its business or any part  
8 or parts thereof. Any two or more associations may, by  
9 agreement, unite in employing and using or may separately  
10 employ and use the same personnel, methods, means and  
11 agencies for carrying on and conducting their respective  
12 businesses.

25. 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 shall  
3 be allowed to carry on any proper activities, operations and  
4 functions in this state upon compliance with the general  
5 regulations applicable to foreign corporations desiring to do  
6 business in this state, and all contracts which could be made

7 by any association incorporated hereunder, made by or with  
8 such association shall be legal and valid and enforceable in  
9 this state with all of the remedies set forth in this act.

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

Any corporation or association, organized under previous-  
2 ly existing statutes, may, by a majority vote of its stock-  
3 holders or members, be brought under the provisions of this  
4 act by limiting its membership and adopting the other re-  
5 strictions as provided herein. It shall make out in duplicate  
6 a statement signed and sworn to by its directors to the effect  
7 that the corporation or association has, by a majority vote  
8 of the stockholders or members, decided to accept the  
9 benefits and be bound by the provisions of this act and has  
10 authorized all changes accordingly. Articles of incorpora-  
11 tion shall be filed as required in section seven, hereof,  
12 except that they shall be signed by the members of the then  
13 board of directors. The filing fee shall be the same as for  
14 filing an amendment to certificate of organization.

(a) When any association shall be hereafter incorporated  
2 under this act, all contracts heretofore made, by or on be-  
3 half of same, by the promoters thereof, in anticipation of  
4 such associations becoming incorporated under the laws of  
5 this state, whether such contracts be made by or in the name  
6 of some corporation organized elsewhere or otherwise, and  
7 when same would have been valid if entered into subsequent



8 to the passage of this act, are hereby validated as if made  
9 after the passage of this act.

27. MISDEMEANOR TO INDUCE BREACH OF MAR-  
KETING CONTRACT OF CO-OPERATIVE ASSOCIA-  
TIONS—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 spread 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 suit  
13 in the penal sum of five hundred dollars for each such  
14 offense.

28. WAREHOUSEMEN LIABLE FOR DAMAGES FOR  
ENCOURAGING OR PERMITTING DELIVERY OF  
PRODUCTS IN VIOLATION OF MARKETING  
AGREEMENT

Any person, firm or corporation conducting a warehouse  
2 within this state who solicits or persuades or knowingly  
3 permits any member of any association organized here-

4 under to breach his marketing contract with the association  
5 by accepting or receiving such member's products for sale  
6 or for auction or for display for sale, contrary to the terms  
7 of any marketing agreement of which said person or any  
8 member of the said firm or any active officer or manager  
9 of the said corporation has knowledge or notice, shall be  
10 liable to the association aggrieved in a civil suit in the penal  
11 sum of five hundred dollars for each such offense; and such  
12 association may apply to the Supreme Judicial Court for  
13 an injunction against such warehouseman to prevent further  
14 breaches and a multiplicity of actions thereon. In addition  
15 said warehouseman shall pay to the association a reasonable  
16 attorney's fee and all costs involved in any such litigation  
17 or proceeding at law.

This section is enacted in order to give marketing associa-  
2 tions an adequate remedy in the courts against those who  
3 encourage violations of co-operative contracts.

29. 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 or  
4 an attempt to lessen competition or to fix prices arbitrarily;  
5 and the marketing contracts and agreements between the  
6 association and its members and any agreements authorized  
7 in this act shall not be deemed illegal as such or in unlawful  
8 restraint of trade or as part of a conspiracy or combination

9 to accomplish an improper or illegal purpose.

### 30. CONSTITUTIONALITY

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

### 31. APPLICATION OF GENERAL CORPORATION LAWS

The provisions of the general corporation laws of this  
2 state 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.

### 32. ANNUAL FRANCHISE TAX

Each association organized hereunder shall pay an annual  
2 fee of ten dollars only, in lieu of all franchise or license or  
3 corporation or other taxes, or taxes or charges upon re-  
4 serves held by it for members.

### 33. FILING FEES

For filing certificate of organization, an association organ-  
2 ized hereunder shall pay ten dollars; and for filing an  
3 amendment thereto, two and fifty hundredths dollars.

34. IN VIEW OF THE EMERGENCY set forth in the  
2 preamble hereof, this act shall take effect when approved.