

HOUSE....No. 404.

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, May 15, 1866.

The Committee on the Judiciary, to whom was committed the Bill to authorize the business of mechanics' and laboring people's co-operative associations, have considered the same, and in order to guard the provisions of the Bill against possible abuse, and while giving important rights to the shareholders in such associations, to sufficiently protect the rights of the public, report the Bill in a new draft.

For the Committee,

H. JEWELL, *Chairman.*

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Sixty-Six.

AN ACT

In relation to the Formation of Workingmen's Co-operative Associations.

Be it enacted by the Senate and House of Representatives, in General Court assembled, and by the authority of the same, as follows:—

1 SECT. 1. Seven or more persons of lawful age,
2 inhabitants of this Commonwealth, may, by written
3 articles of agreement, associate themselves together
4 for the purposes of trade, or for carrying on any law-
5 ful mechanical or manufacturing business within this
6 state, and when such articles of association shall have
7 been executed, and recorded in the office of the clerk
8 of the city or town in which the business is to be car-
9 ried on, such persons shall be and become a corpo-
10 ration, and enjoy all the powers and privileges, and
11 be subject to all the duties, restrictions and liabilities

12 set forth in the General Statutes in relation to corpo-
13 rations, except so far as the same may be limited or
14 enlarged by this act.

1 SECT. 2. The objects for which such association is
2 established, and the place within which its business is
3 to be carried on, shall be distinctly set forth in its
4 articles of agreement, and it shall not do business in
5 any other place or places than those mentioned in its
6 articles, and the articles of agreement shall be recorded
7 in the office of the clerk of every place in which it
8 proposes to do business.

1 SECT. 3. The business of the association shall be
2 managed and conducted by a president, a board of
3 not less than three directors, and a treasurer, who
4 shall be styled a board of managers, and who shall
5 be chosen annually by the stockholders, and shall
6 hold their offices until others are chosen and quali-
7 fied in their stead; and shall have such other officers
8 as the association shall prescribe by their by-laws; and
9 the mode of appointment and choice of such officers
10 shall also be prescribed by the by-laws.

1 SECT. 4. The first meeting of such association
2 hereafter organized shall be called in the manner
3 provided for calling the first meeting of corporations
4 by chapter sixty-first of the General Statutes, and if
5 doubts arise as to whether such organization be legal,
6 it may be confirmed in the manner provided in said
7 chapter. Each association may make its own by-

8 laws, provided they be not repugnant to this act, nor
9 to the laws of the Commonwealth.

1 SECT. 5. The amount of capital stock of such
2 association shall be fixed and limited in its articles of
3 association, and it may be any sum not exceeding
4 twenty-five thousand dollars. The association may
5 increase or diminish its amount and its number of
6 shares at any meeting of the stockholders, specially
7 called for that purpose ; but no share shall be issued
8 for less than its par value

1 SECT. 6. When the association shall have been
2 organized, it shall be the duty of the board of man-
3 agers to prepare a statement of the condition of the
4 association, containing the amount of the capital stock,
5 the par value of the shares, the numbers of shares
6 issued, the names and residence of the shareholders,
7 and the number of shares owned by each, and the
8 same shall be filed and recorded in the office of the
9 clerk of each city or town in which the association
10 proposes to do business ; and on or before the tenth
11 day of November thereafter in each year, the board of
12 managers shall prepare a like statement of the same
13 facts as they existed on the first day of November,
14 with a statement of the amount of the property of the
15 association on that day, and of all its debts and liabil-
16 ities of every kind, and the same shall be filed and
17 recorded in the office of the clerk of each city or town
18 in which the association does business, and also be
19 filed in the office of the secretary of the Common-
20 wealth, and the same shall be by him printed and

21 transmitted to the legislature. All the statements
22 provided for in this section shall be signed and sworn
23 to by a majority of the board of managers.

1 SECT. 7. Such association may take, hold and
2 convey such real and personal estate as is necessary
3 for the purposes of its organization, and may sue
4 and be sued in its associate name ; and no member
5 thereof shall be entitled to hold or claim any interest
6 therein exceeding the sum of one thousand dollars ;
7 nor shall any member, upon any subject, be entitled
8 to more than one vote.

1 SECT. 8 No certificate of shares shall be issued to
2 any person until the full amount thereof shall have
3 been paid in cash, and no person shall be allowed to
4 transfer any share in said association until he shall
5 have offered the same to the managers ; but if, after
6 the same shall have been offered to the managers,
7 they shall fail, within ten days, to accept the offer of
8 the same, the shares may be sold to any other stock-
9 holder of the association, or, with the assent of the
10 managers, to any person not a stockholder in the
11 association. Stock so offered to be taken by the
12 managers, shall be held by them for the benefit of the
13 association, and may be by them transferred to a
14 stockholder or other person at such price as may be
15 agreed on. No person shall be allowed to become a
16 shareholder in such association except by the consent
17 of the managers of the same.

1 SECT. 9. If the board of managers shall fail to
2 make the returns provided for in this act, or shall

3 make untrue returns, they shall be jointly and sev-
4 erally liable for all debts existing at the date of such
5 return or at the time when the same should have
6 been made.

1 SECT. 10. If any person shall recover judgment
2 against any association created under the provisions
3 of this act, and if, after issue of execution upon such
4 judgment, demand shall be made on the treasurer, or
5 any of the board of managers, for payment of the
6 same, or for property to be exposed to satisfy such
7 execution; and if the same shall not be paid or sat-
8 isfied, the officer shall make return of such fact, upon
9 the execution, or upon any other execution that may
10 issue, so long as any part thereof remains unsatisfied;
11 and if, after ten days shall have elapsed, the balance
12 of said execution remains unpaid, the creditor may
13 apply to the supreme judicial court, setting forth the
14 facts, and praying for an injunction to restrain such
15 association from alienating or transferring any of its
16 property, and doing any business, until such judg-
17 ment is satisfied; and the said court shall grant such
18 injunction; or the judgment creditor may apply to the
19 court of insolvency in the county in which such asso-
20 ciation has a place of business, setting forth the facts;
21 and after due notice and hearing thereupon, a warrant
22 shall issue under the laws in relation to insolvent cor-
23 porations, and proceedings shall be had as in other
24 cases of insolvent corporations; and said association
25 may at any time apply for the benefit of the acts in
26 regard to insolvent corporations.

1 SECT. 11. No shareholder shall be personally lia-
2 ble for any debt of the association.

1 SECT. 12. There shall be such distribution of the
2 profits or earnings of such association among the
3 workmen, purchasers and stockholders, as shall be
4 described by the by-laws, at such times as therein
5 prescribed, and as often, at least, as once in twelve
6 months: *provided*, that no distribution shall be declared
7 and paid until a sum equal at least to ten per cent. of
8 the net profits shall be appropriated for a contingent
9 or sinking fund, until there shall have accumulated a
10 sum equal to thirty per cent. in excess of such capital
11 stock.

Section 11. The Corporation shall be managed by the Board of Directors, who shall have the right to elect or remove any officer or director, and to fill any vacancy in the office of any officer or director.

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