

Chapter 62

Cooperatives

DEFINITIONS AND GENERAL PROVISIONS

62.010 Definitions

62.020 General corporation laws applicable

ORGANIZATION, ADMINISTRATION AND POWERS

62.110 Organization of associations; powers and purposes; members; contracts and by-laws; injunction against breach of contract; federated cooperative associations

62.120 "Cooperative," unauthorized use; legality of marketing contracts

62.130 Articles of association; capital stock; non-stock associations

62.140 Filing and recording of articles; articles as evidence

62.150 Recording contracts of association

62.160 Supplementary articles; voting; filing and recording

62.170 Bylaws; capital stock; voting by members; meetings and elections

62.180 Members' rights and liabilities; qualifications to vote and hold office; expulsion; statement as to interest in assets

62.190 Ballots; mailing to members; voting by absent members

62.200 Management; directors; election and term; remuneration; directors residing and meeting outside state

62.210 Charges against officer or director; defense; removal; filling of vacancy

62.220 Election of officers

62.230 Annual meetings; notice; election of directors; special meetings

62.240 Annual report; filing copies

62.250 Annual license fee; payment

62.260 Interest in other associations; contracts with other businesses; payment with stock

62.270 Transfer of business of association; filing of minutes authorizing transfer

DISTRIBUTION OF EARNINGS

62.310 Dividends; basis of apportionment of sums to be distributed

62.320 Earnings; distribution; application to payment for stock or membership

62.330 Obligation imposed on directors to distribute earnings

MISCELLANEOUS PROVISIONS AND DISSOLUTION

62.410 Previously formed associations; acceptance of chapter; articles; fee

62.420 Dissolution of association; vote of members; notice of meeting; liquidation

PENALTIES

62.990 Inducing breach of contract with association and spreading false reports; penalties

CROSS REFERENCES

Mortgage of after acquired property to secure indebtedness under R.E.A. Act, 86.315

Telephone cooperative districts, Ch. 262

62.120
Nonprofit corporations precluded from using term "cooperative," 61.050

62.170
Renewal of registration of securities, 59.180

DEFINITIONS AND GENERAL PROVISIONS

62.010 Definitions. As used in ORS chapter 62, unless the context requires otherwise:

(1) "Agricultural products" includes horticultural, viticultural, forestry, nut, dairy, livestock, poultry, bee and any farm products and the by-products derived from them.

(2) "Association," "company," "exchange," "society" or "union" mean the same.

(3) "Association" means any corporation organized under this chapter. These associations shall be deemed "nonprofit," inasmuch as they are not organized to make a profit for themselves, as such, or for their members, as such, but only for their producers.

(4) "Member" includes actual members of associations without capital stock and holders of common stock in associations organized with capital stock.

62.020 General corporation laws applicable. The provisions of the general corporation laws and all powers and rights thereunder shall apply to associations organized under this chapter, except where they are in conflict with or inconsistent with the provisions of this chapter.

62.030 to 62.100 [Reserved for expansion]

ORGANIZATION, ADMINISTRATION AND POWERS

62.110 Organization of associations; powers and purposes; members; contracts and bylaws; injunction against breach of contract; federated cooperative associations.

(1) Any number of persons, not less than five, may associate themselves as a cooperative association, society, company or exchange for the transaction of any lawful business on the cooperative plan. Associations may be organized with or without capital stock. Membership shall be conditioned upon compliance with the rules, regulations and purposes of the association; and the signature of a person to the articles of association, the bylaws, the membership agreement or a member's marketing contract with the association shall be construed to mean that he has accepted the rules, regulations and purposes and has become a

member of the association. In its own name the association shall have the right to adopt and use a corporate seal, to sue and be sued and, subject to the provisions of this chapter, to exercise all the business rights and privileges conferred on corporations under the corporation law of Oregon.

(2) It is the public policy of the State of Oregon to encourage the production of agricultural products and to stabilize marketing conditions through the elimination of speculation and to bring about a lower cost of living through the establishment of more efficient systems of distribution. To this end it is lawful for persons who have associated themselves under this chapter to unite or consolidate any or all of their business activities by means of contracts or agreements between the members and their associations or through the provisions of their articles of association or bylaws. The contracts may require members to transact the business embracing all or any specified part of their products or specified commodities exclusively with or through the association, upon terms agreed upon in the contract, including the passing of title from the member to the association by purchase and sale agreements, except for recorded liens, upon delivery of the products or at any other specified time if expressly and definitely agreed in the contracts. It shall be conclusively held that title to the products under these conditions passes absolutely and unreservedly. The bylaws and marketing contract may fix, as liquidated damages, specific sums to be paid by the member to the association upon the breach by him of any provisions of the marketing contract regarding the sale or delivery or withholding of products; and any such provisions shall be valid and enforceable in the courts of this state. In the event of breach or threatened breach of the marketing contract by a member, the association shall be entitled to an injunction to prevent the further breach of the contract, and to a decree of specific performance thereof. Pending the adjudication of the suit, the association shall be entitled in a proper case to a temporary restraining order or preliminary injunction against the member.

(3) Any two or more associations organized pursuant to this chapter may act as incorporators to establish under its provisions a federated cooperative association authorized to do and perform any lawful

business which may be necessary or beneficial to its member associations. Articles of association for a federated cooperative association may be executed by one or more authorized representatives of each association uniting to form the federated association. The board of directors shall consist of representatives of the member associations appointed or elected in the manner provided in their bylaws and in the bylaws of the federated association.

62.120 "Cooperative," unauthorized use; legality of marketing contracts. (1) An association organized under this chapter may adopt the term "cooperative" as part of its business name or title as given in its articles of association.

(2) No person, firm, corporation or association organized or doing business for profit in this state shall be entitled to use the term "cooperative" as part of its corporate or other business name or title unless it has complied with this chapter. Those violating this section may be enjoined from doing business, under such name, at the instance of any stockholder of an association legally organized under this chapter. If the courts decide that any person, firm or corporation established previous to February 20, 1913, having the term "cooperative" as a part of its corporate or other business name or title has the right to continue to so use the term "cooperative," any such person, firm or corporation electing to continue to so use the term shall always place immediately after it, in the same kind of type and in letters not less than two-thirds as large as those used in printing the term, the words "does not comply with the Oregon cooperative laws." No association organized hereunder and complying with the terms and purposes of this chapter shall be deemed to be a combination in unlawful restraint of trade or an unlawful monopoly, nor shall any marketing contract or agreement between the association and its members which is authorized by this chapter be considered unlawful or in unlawful restraint of trade; provided, that the association does not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members.

62.130 Articles of association; capital stock; nonstock associations. Every association formed under this chapter shall prepare articles of association, which shall set forth

the name of the association, the purpose for which it is formed, its principal place of business, the term of its duration, and the total amount of capital stock with the number of shares, the par value of each and the conditions under which the stock may be transferred. If more than one class of stock is issued, the articles shall state the different classes, the number of shares of each class, the par value of each share and any restrictions or privileges attaching to its ownership. Any association may provide in its articles that it will only handle products for its members. Associations established without capital stock shall state the amount of the membership fee and the conditions under which a membership may be transferred. In addition, the articles of the association may contain any provisions consistent with law with respect to management, regulation, government, financing, indebtedness, membership, the establishment of voting districts and the election of delegates for representative purposes, the issuance, retirement and transfer of its stock, or any provisions relative to the manner in which it shall operate or with respect to its members, officers or directors and any other provisions relating to its affairs. Each of the persons uniting to establish an association under this chapter shall subscribe to the articles of association and acknowledge the same before some person competent to take an acknowledgment of a deed in this state.

62.140 Filing and recording of articles; articles as evidence. Every association organized under this chapter shall make out its articles of association in triplicate. It shall file one copy with the Corporation Commissioner, file and record another with the clerk of the county in which its principal place of business is located, and the third shall remain in the possession of the association. When the Corporation Commissioner notifies the county clerk and the secretary of the association that its articles of association have been filed in his office, the association is legally organized. The articles filed with the commissioner, or a certified copy thereof, shall be prima facie evidence of the existence of the association and of its right to do the business mentioned in those articles without any other evidence. For filing the articles the association shall pay to the Corporation Commissioner \$10, together with the proportionate part of the annual license fee, as prescribed in ORS

62.250, which may be due for the succeeding fraction of the fiscal year; and for filing an amendment to the articles, \$5.

62.150 Recording contracts of association. (1) Whenever any association or corporation organized under this chapter or Acts amendatory thereto shall prepare and deliver to the county clerk a book to be called the "Contract Book of _____ Association," such book shall thereupon become a public record book of the clerk's office; and the clerk shall record therein the matters and things authorized by this chapter. At any time after the book has been delivered to the clerk, the association which delivered it may request the clerk to whom it was delivered to record therein any marketing contract or agreement which has been entered into by the association and any member. However, if the contract or agreement is in substantially the same terms as any other contract or agreement with any other members of the association and is separately signed by the members of the association, the association may have one of the contracts or agreements recorded in extenso in the book and may furnish the clerk with a list of the names of persons appearing on the contracts as signers thereof, with the dates of the signatures, respectively, whereupon the clerk shall record the names as signers of the contracts or agreements with the dates of their signatures, respectively. Such recordation of the list of signers so furnished shall be equivalent to the recordation in extenso of the contract or agreement of each signer thereon. The copy of the contracts or agreements and the list of names of persons appearing on the contracts as signers shall be sworn to by some officer of the association cognizant of the facts, before some officer authorized to take acknowledgment to deeds. But in no case shall the contract or agreement be deemed to be recorded as to any signer until his name is recorded in the book by the clerk, which recording the clerk hereby is required to do.

(2) When this chapter has been complied with and the recordation has been made in the county in which is situated the land on which the products covered by the particular marketing contract or agreement concerned are grown or produced, or in which the owner or producer thereof resides, the recordation shall operate as constructive notice of the existence of the contract or

agreement and of its terms. All persons contracting or dealing with any such member in relation to any such products covered by the contract or agreement shall be bound thereby; and all rights or liens acquired by any such person in the products subsequent to the date of the recordation shall be subject in all respects to the rights of the association under the contract or agreement. If any member places any mortgage or lien upon any products under contract to an association, and recorded as provided in this section, the member and the mortgagee may jointly notify the association in writing of the amount of the mortgage. Thereafter all payments due the member from the sale of products covered by the mortgage shall be made to the holder of the mortgage until the amount thereof has been paid. Thereafter payments shall be made to the member as provided in his contract. For making the recordation authorized by this section, the clerk shall be entitled to the following fees, to be paid by the association for which the service is performed: For recording the contract or agreement in extenso, and the sworn list of names accompanying it, the fees shall be the same as for recording a deed, and for the subsequent recording of additional names, 2 cents for each person.

62.160 Supplementary articles; voting; filing and recording. The directors when authorized by a majority of the members present, or represented by ballot, as prescribed in ORS 62.190, at any regular meeting or any special meeting of the members called for that purpose, may execute supplementary articles of association. A written or printed notice, setting forth the substance of the proposed amendment and of the time and place of holding the meeting at which the proposed amendment is to be voted upon, shall be sent to each member not less than 10 days before the amendment is to be voted upon. Within 30 days after the adoption of an amendment to its articles of association, the directors shall cause a copy thereof, verified under oath by the secretary, to be filed in the office of the Corporation Commissioner and another filed and recorded with the clerk of the county wherein its principal place of business is located.

62.170 Bylaws; capital stock; voting by members; meetings and elections. An association formed under this chapter may adopt bylaws to govern itself in carrying out the

provisions of this chapter. The association in its bylaws may limit the amount of common capital stock which one member may own, and it may restrict the transfer and ownership of common stock to persons engaged in the production of the agricultural products handled by the association. Associations may also issue and sell preferred stock which may be sold to members or nonmembers. In addition to holding common stock, a member may own any amount of preferred stock. Associations may place such restrictions upon the privileges of holders of preferred stock as they may deem to be for the best interests of the association. Such restrictions as may be adopted, together with the rate of dividend and the time of redemption, must be printed on the face of the certificates of the preferred stock. Voting shall be by ballot. An association in its bylaws may provide that no member shall have more than one vote, or it may provide that members may vote according to actual, estimated or potential patronage, or a combination of such plans of voting, but shares of stock as such shall not be given voting power in any case. An association established under this chapter may make provisions in its bylaws for an appeal to a vote by which each member shall be represented by a voting strength in proportion to the amount of business he is doing through the association. This provision is intended for use only when an emergency arises threatening the welfare of the association, and each association making use of it shall outline the conditions under which it may be appealed to clearly in its bylaws and adhere to them strictly. There shall be no voting by proxy; but an association covering an area too large for the convenient assembling of its members may provide in its bylaws for the formation of districts and the holding of district meetings and elections, at which directors may be elected. District meetings may also elect delegates who shall represent their districts in annual and special meetings of the association. The vote of such delegates shall be taken as representing the votes of all members in their districts on points not covered by ballots submitted to all members.

62.180 Members' rights and liabilities; qualifications to vote and hold office; expulsion; statement as to interest in assets. No association shall issue stock to a member until it has been fully paid for; but an

association in its bylaws may admit a member and allow him to vote and hold office who has paid for part of the capital stock for which he has subscribed. When a member of an association established without capital stock has paid his membership fee in full, he shall receive a certificate of membership; but an association in its bylaws may admit a member and allow him to vote and hold office who has paid part of his membership fee and who has agreed to pay the remaining part. Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his subscription to the capital stock; and no member of an association established without capital stock shall be liable for the debts of the association to an amount exceeding any sum remaining unpaid on his membership fee, or on his annual dues. Each member shall fulfill the conditions of all contracts between him and the association, whether stipulated in the bylaws or in separate agreements, provided the agreements do not conflict with the terms of this chapter. For failure to live up to the provisions of this chapter, or the bylaws of his association, or the terms of any contract between him and his association, a member may be expelled from any association established under this chapter. Associations may provide in their bylaws the conditions under which members may be expelled in such manner as to protect the interests of the association and safeguard the property rights of expelled members. Any association established under this chapter shall, once each year, upon request of any member, render a statement to that member, showing or representing the proportionate interest of that member, as such, in the assets or capital of that association, or in any particular reserve fund or any other specific portion of the assets or capital. The method, terms and conditions of issuance of the statements and the extent, if at all, to which they may be transferred or assigned shall be such as may be provided in the bylaws of the association.

62.190 Ballots; mailing to members; voting by absent members. The bylaws may require the secretary to prepare a ballot upon the principal questions to be voted on at any general or special meeting of the association. In that case he shall mail to

each member, along with the notice of the meeting, one ballot and a small voting envelope. An absent member may write the secretary, enclosing the sealed envelope containing his vote, requesting over his signature that the voting envelope be dropped in the ballot box along with the votes cast in person. The secretary shall read the signed request and place the voting envelope in the box. A vote so cast shall be counted as if the member were present and voting in person.

62.200 Management; directors; election and terms; remuneration; directors residing and meeting outside state. (1) At such time, in such manner and for such a term of office, not to exceed three years, as the bylaws may prescribe, not inconsistent with this chapter, the members of every cooperative association shall elect from their own number, to manage the affairs of the association, a board of not less than three directors. The directors shall enter immediately upon the discharge of their duties and shall hold office for the time for which elected, and until their successors are elected and qualified. An association may provide in its bylaws for the appointment of a director or directors representing the public interests. When such a director is provided for he shall be appointed by some official representing the public at large. In its bylaws the association shall name the public official who is to have the appointing power. An association may provide a fair remuneration for the time actually spent by its officers and directors in its service; but no director, during his term of office, shall occupy any position in the association on regular salary, nor shall he, during his term of office, be a party to a contract for profit with the association differing in any way from the business relations accorded regular members of the association under the bylaws as provided in this chapter.

(2) When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board, by a majority vote, shall fill the vacancy. The term of the member thus appointed shall be the unexpired portion of the term of the member whose place he is elected to fill.

(3) Directors may reside, and meetings of the board may be held, outside the State of Oregon.

62.210 Charges against officer or director; defense; removal; filling of vacancy. Any member bringing charges against an officer or director shall file them in writing with the secretary of the association; and the secretary shall immediately notify the officer or director of the charges filed against him. The officer or director may then file with the secretary a statement giving concisely his defense against the charges made. The board of directors shall take the matter up at its next meeting and take such action as it deems to be for the good of the association. If the charges are accompanied by a petition requesting the removal of the officer or director, signed by 10 percent of the members, and are filed with the secretary at least 14 days previous to any general or special meeting, the secretary shall prepare and mail to each member with the regular notice a ballot calling for a vote upon the removal of the officer or director. Accompanying the notice and ballot the secretary shall inclose a statement giving the charges against the officer or director; and at the request of the accused officer or director the secretary shall inclose with this statement to each member a copy of the written defense as filed. By a vote of the majority of the total membership present or represented by ballot the association may remove the officer or director and fill the vacancy.

62.220 Election of officers. Within 10 days after an election the directors shall meet and elect from their number a president, one or more vice-presidents, a secretary and treasurer. They may combine the two latter offices and designate the combined office secretary-treasurer. If deemed advisable by the directors, the office of secretary and treasurer, or secretary-treasurer, or the office of vice-president, may be filled by engaging any person or persons they consider capable of rendering the association the most efficient service. The manager of an association may hold the office of vice-president.

62.230 Annual meetings; notice; election of directors; special meetings. In its bylaws each association shall provide for one or more regular meetings annually. The secretary shall mail a notice to each member 10 days previous to the date set therefor in the bylaws. An association may provide in its bylaws that the regular meetings may be held by districts, and that elections of direc-

tors may be held at district meetings. The board of directors shall have the right to call a special meeting at any time; and by filing a petition stating the business to be brought before the association, signed by 10 percent of the members, the petitioners shall have the right to demand a special meeting at any time. The secretary shall call special meetings in the same manner as provided for regular meetings, except that he shall add to each notice a brief statement of the purpose of the proposed meeting.

62.240 Annual report; filing copies.

Every association formed under this chapter shall, during the month of July of each year, prepare and make out in duplicate an annual report. This report shall be made upon forms furnished by the Corporation Commissioner and shall contain the name of the association, its principal place of business in this state, the amount of capital stock authorized, subscribed, unsubscribed, issued and the amount paid up, and the number of stockholders. For associations established without capital stock the annual report shall contain the amount received in membership fees in place of the information regarding capital stock required from associations having capital stock. On or before August 1 the association shall mail the original of this report to the Corporation Commissioner and shall keep the other on file in the head office of the association.

62.250 Annual license fee; payment.

(1) Every association organized under this chapter, except those established for educational, literary, scientific, religious, political or charitable purposes, shall pay to the Corporation Commissioner, when it sends in its annual report, an annual license fee in accordance with the following schedule:

If stock exceeds	But does not exceed	Fee
0	\$ 5,000	\$ 5.00
\$ 5,000	10,000	7.50
10,000	25,000	10.00
25,000	50,000	15.00
50,000	100,000	25.00
100,000	250,000	35.00
250,000	500,000	50.00
500,000	1,000,000	62.50
1,000,000	2,000,000	87.50
2,000,000		100.00

(2) An association established for the mutual benefit of its members without capi-

tal stock, unless established for educational, literary, scientific, religious, political or charitable purposes, shall pay to the Corporation Commissioner, when it sends its annual report, an annual license fee of \$5.

62.260 Interest in other associations; contracts with other businesses; payment with stock.

(1) Associations organized under this chapter may subscribe for shares and invest in the capital stock of any other cooperative association or corporation. They may also contract with any other corporation, person or association in this or any other state, for the preserving, drying, processing, canning, packing, storing, handling, shipping, utilizing, manufacturing, marketing, financing or selling of the products handled by the association, or the by-products thereof. They may organize, form, operate, own, control, have an interest in, own stock of or be a member of any other corporation or association with or without capital stock which is or is to be engaged in the doing of any of the above mentioned things, or in other lawful business.

(2) Whenever the association purchases stock of any other association or a partial or complete interest of any person, firm or corporation engaged in a lawful business, it may discharge the obligations so incurred, wholly or partly, by exchanging for the acquired interest shares of its capital stock to an amount which at par value would equal a fair market value of the stock or interest so purchased. Whenever an association organized under this chapter with preferred capital stock purchases the stock of any corporation or association, or an 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 a 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.

62.270 Transfer of business of association; filing of minutes authorizing transfer.

Any association established under this chapter may, by two-thirds vote of the total membership, at any meeting regularly called for that purpose, decide to sell, lease, assign,

transfer or convey the business, franchise and property as a whole, of such association. The secretary of the association shall file with the Corporation Commissioner certified copies of the minutes of the meeting at which the transfer was authorized, and a statement signed and sworn to by the secretary setting forth the condition under which the transfer was made.

62.280 to 62.300 [Reserved for expansion]

DISTRIBUTION OF EARNINGS

62.310 Dividends; basis of apportionment of sums to be distributed. After the payment of all operating expenses, including deductions for reserves, an association having capital stock may pay dividends not to exceed eight percent per annum upon all sums received from members for shares of stock which have been fully paid. The sums remaining for distribution to the members after paying operating expenses and deducting sums for reserves, in either stock or nonstock associations, shall be apportioned as dividends in accordance with the amount of business transacted by each member through the association. In this apportionment they may, except as provided in ORS 62.320, apportion dividends to nonmembers in accordance with their bylaws regarding nonmember business.

62.320 Earnings; distribution; application to payment for stock or membership. When an association is composed of consumers organized to supply their need for commodities of any kind, the directors shall make the final apportionment of net earnings, or savings, in proportion to the amounts purchased from or through the association, but not upon purchases which the association makes from others. When an association is composed of producers organized for the storage, manufacture or marketing of their product the directors shall distribute the net earnings, or savings, in proportion to the value of commodities supplied to or sold through the association, but not upon purchases from the association. When an association is made up of both producers and consumers, they shall provide in the bylaws for a division of the net profits, or savings, not contrary to the provisions of this chapter, as shall be mutually agreeable. In case a member has not paid in full for the capital stock for

which he has subscribed, or for his membership certificate, the directors shall credit to his account the dividends due him until the stock or his membership certificate has been fully paid. The directors may, at their option, and with the consent of the nonmember, credit any dividends due him to his account in payment for capital stock or for a membership certificate, and when a sum has accrued sufficient to entitle him to membership they may enroll him as a member. An association may provide in its bylaws the minimum amount of any single transaction covered by the provisions of this section which shall be recorded for the purpose of participating in patronage dividends.

62.330 Obligation imposed on directors to distribute earnings. The directors shall distribute the net earnings of an association to those entitled to receive them at such times as its bylaws may provide, and in a manner not inconsistent with this chapter.

62.340 to 62.400 [Reserved for expansion]

MISCELLANEOUS PROVISIONS AND DISSOLUTION

62.410 Previously formed associations; acceptance of chapter; articles; fee. Any corporation or association organized under statutes existing before May 22, 1915, may, by a majority vote of its stockholders or members, be brought under the provisions of this chapter. It shall make out in duplicate a statement signed and sworn to by its directors, upon forms supplied by the Corporation Commissioner, to the effect that it has, by a majority vote of its stockholders or members, decided to accept the benefits and be bound by the provisions of this chapter. Articles of association shall be made out in triplicate as required in ORS 62.140, except that they shall be signed by the members of the board of directors instead of by the total membership. The association shall file these articles in accordance with ORS 62.140, except that those filed with the Corporation Commissioner shall be accompanied by the signed and sworn statement of the directors regarding the decision of the membership to come under this chapter. The filing fee paid the Corporation Commissioner shall be the same as for filing an amendment. The Corporation Commissioner shall

mail notices as required in ORS 62.140, in order to legally complete the transfer.

62.420 Dissolution of association; vote of members; notice of meeting; liquidation.

Any association operating under the provisions of this chapter may be dissolved and its affairs wound up by the vote of two-thirds of the members present and represented by ballot at any regularly called meeting; provided, the notice of such meeting contains a statement to the effect that the dissolution of the association shall be voted on, and a brief statement of the reasons why the dissolution is advisable. Such notice shall also contain an alphabetical list of the members in good standing and provide a ballot for the election of three members as trustees to have charge of the liquidation of the affairs of the association. Should the vote cast decide in favor of the dissolution of the association the authority of the directors shall cease forthwith; and they shall turn over all books, records, real and personal property belonging to the association to the three members receiving the highest vote for trustees. The board of trustees so elected shall proceed to wind up the affairs of the association, realize upon its assets, pay its debts and divide the remaining funds among the members in proportion to their interests therein as conclusively determined by the trustees. Upon completing the liquidation the trustees shall

execute under oath a signed statement that the association has been dissolved and its affairs liquidated. This statement shall be forwarded to the Corporation Commissioner, together with the dissolution fee of \$2. Upon receipt of the statement the Corporation Commissioner shall notify the county clerk of the county in which the association dissolved had its principal place of business that it has been legally dissolved.

62.430 to 62.980 [Reserved for expansion]

PENALTIES

62.990 Inducing breach of contract with association and spreading false reports; penalties. Any person or persons who, or any corporation whose officers or employees, knowingly, maliciously and intentionally induce or attempt to induce any member or stockholder of an association organized under this chapter to breach his marketing contract with the association, or maliciously, knowingly and intentionally spread false reports about the finances or management thereof, shall, upon conviction, be subject to a fine of not less than \$100 and not more than \$1,000 for each offense, and shall be liable, in a civil action, to the association aggrieved, in the penal sum of \$500 for each such offense.