Chapter 62

1957 REPLACEMENT PART

Cooperatives

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SHORT TITLE AND DEFINITIONS

62.005 Short title. This chapter shall be known and may be cited as the "Oregon Cooperative Corporation Act." [1957 c.716 §1]

62.010 [Repealed by 1957 c.716 §76]

62.015 Definitions. (1) As used in this chapter, unless the context requires otherwise:

(a) "Articles" means articles of incorporation.

(b) "Board" means board of directors.

(c) "Cooperative" means a cooperative corporation which is subject to the provisions of this chapter.

(d) "Corporation" means a corporation which is not a cooperative.

(e) "Foreign cooperative" means a cooperative corporation organized under laws other than the laws of this state.

(f) "Member" means a person who has been qualified and accepted for membership in a cooperative.

(g) "Membership stock" means any class of stock, continuous ownership of which is required for membership in a cooperative.

(h) "Person" includes individuals, corporations, associations, firms, partnerships and joint stock companies.

(i) "Shareholder" means a holder of shares of capital stock of a cooperative other than membership stock.

(2) As used in ORS 62.245, 62.415, 62.425 and 62.700, "security" or "securities" means any indebtedness, capital stock or other equity interest in a cooperative's assets. [1957 c.716 §2]

62.020 [Repealed by 1957 c.716 §76]

62.025 to 62.105 [Reserved for expansion]

62.110 [Repealed by 1957 c.716 §76]

SUBSTANTIVE PROVISIONS

62.115 Purposes for which cooperatives may be organized. Cooperatives may be organized under this chapter for any lawful purpose or purposes, except for the purpose of banking or insurance. [1957 c.716 §3]

62.120 [Repealed by 1957 c.716 §76]

62.125 General Powers. Each cooperative shall have power:

(1) To have perpetual succession unless a limited period of duration is stated in its articles.

(2) To sue and be sued, complain and defend, in its corporate name.

(3) To have a corporate seal which may be altered at pleasure, and to use the seal by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

(4) To purchase, take, receive, lease, take by gift, devise or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with, real or personal property, or any interest therein, wherever situated.

(5) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of, all or any part of its property and assets.

(6) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign cooperatives and corporations, partnerships or individuals, or direct or indirect obligations of the United States or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof.

(7) To make contracts and incur liabilities, borrow money at such rates of interest as the cooperative may determine, issue its notes, bonds, certificates of indebtedness and other obligations, issue certificates representing equity interests in its assets, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.

(8) To lend money for its corporate purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds so loaned or invested.

(9) To conduct its business and affairs and have offices and exercise its powers in any state, territory, district or possession of the United States, or in any foreign country.

(10) To elect or appoint officers and agents, and define their duties and fix their compensation.

(11) To make and alter bylaws, consistent with its articles and the laws of this state, for the administration and regulation of its affairs.

(12) To make donations for the public welfare or for charitable, scientific or educational purposes.

(13) To indemnify any director, officer or agent or former director, officer or agent, or any person who may have served at its request as a director or officer of another domestic or foreign cooperative of which it is a member, against expenses necessarily incurred in defense of any proceeding in which he is a party because he is or was such director, officer or agent. This subsection does not apply to those proceedings in which the director, officer or agent is adjudged liable for negligence or misconduct in the performance of duty. Indemnification pursuant to this subsection is not exclusive of other rights to which the director, officer or agent may be entitled.

(14) To cease its activities and surrender its franchise.

(15) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the cooperative is organized. [1957 c.716 §4]

62.130 [Repealed by 1957 c.716 §76]

62.135 Bylaws. The initial bylaws of a cooperative shall be adopted by its board of directors. Power to alter, amend or repeal the bylaws or adopt new bylaws is vested in the members of the cooperative. Bylaws may contain any provisions for the regulation and management of the affairs of the cooperative not inconsistent with law or the articles. [1957 c.716 §8]

62.140 [Repealed by 1957 c.716 §76]

62.145 Membership. (1) Membership in a cooperative is conditioned on ownership of a share of membership stock or payment of a membership fee as set forth in the articles; except that the bylaws of a cooperative may authorize membership conditioned upon payment of part of the membership fee or payment for part of the membership stock subscribed for and compliance with an agreement to pay the balance.

(2) Qualifications for membership and method of acceptance of members shall be as set forth in the bylaws of the cooperative.

(3) Bylaws may provide for termination of membership and the conditions and terms thereof. [1957 c.716 §9]

62.150 [Repealed by 1957 c.716 §76]

62.155 Registered office and registered agent; service of process on cooperative. (1) Each cooperative shall have and continuously maintain in this state:

(a) A registered office which may, but need not be, the same as its place of business.

(b) A registered agent, which agent may be either an individual resident in this state whose business office is identical with such registered office, or a domestic corporation having a business office identical with such registered office, or a foreign corporation authorized to transact business in this state and having a business office identical with such registered office.

(2) A cooperative may change its registered office or registered agent in accordance with the procedure set forth in ORS 57.070, and a person who has been designated by a cooperative as its registered agent may resign in accordance with the procedure set forth in ORS 57.070.

(3) A registered agent appointed by a cooperative is an agent of the cooperative upon whom any process, notice or demand required or permitted by law to be served upon the cooperative may be served.

(4) The provisions of ORS 57.075 are applicable to cooperatives. [1957 c.716 §10]

62.160 [Repealed by 1957 c.716 §76]

62.165 Defense of ultra vires. No act and no transfer of property to or by a cooperative is invalid because in excess of the cooperative's power to do such act or make or receive such transfer, except that such lack of power may be asserted in a proceeding by:

(1) A member, shareholder or director against the cooperative to enjoin any act or transfer of property to or by the cooperative. If the unauthorized acts or transfer sought to be enjoined are being, or are to be, performed or made pursuant to any contract to which the cooperative is a party, the court may, if all of the parties to the contract are parties to the proceeding and if it deems the same to be equitable, set aside and enjoin the performance of the contract, and in so doing may allow to the cooperative or to the other parties to the contract, as the case may be, compensation for the loss or damage sustained by either of them which may result from the action of the court in setting aside and enjoining the performance of the contract but anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained.

(2) A cooperative, its legal representative, or through its members or shareholders in a representative suit, against the officers

or directors or former officers or directors of the cooperative.

(3) The Attorney General against the cooperative in an action to dissolve the cooperative or to enjoin it from the transaction of unauthorized business. [1957 c.716 §11]

62.170 [Repealed by 1957 c.716 §76]

62.175 Capital stock; membership stock. (1) Any cooperative, including a cooperative which requires a membership fee rather than the holding of membership stock as a prerequisite of membership, has power to issue the number of shares of capital stock stated in its articles. Such shares may be divided into more than one class with such designations, preferences, limitations and relative rights as shall be stated in the articles, except that capital stock as such shall have no voting power except as specifically authorized in this chapter.

(2) The articles may require that members own one or more shares of membership stock, and may provide limitations on the issuance and transferability of such stock. Unless restricted by the articles, stock other than membership stock may be issued or transferred without limitation.

(3) No stock certificate may be issued except upon payment of the par value of the shares it represents if the shares have par value, or if such shares are without par value, upon payment of the consideration therefor expressed in dollars as may be fixed for such shares by the board. Payment for shares may be in cash or other property, tangible or intangible. If in other property, the value thereof shall be determined by the board, and such determination, if made in good faith, is conclusive.

(4) Shareholders as such have no preemptive right to purchase additional shares. [1957 c.716 §12]

62.180 [Repealed by 1957 c.716 §76]

62.185 Certificates representing shares. Each certificate of stock of a cooperative shall bear the manual or facsimile signature of a principal officer and shall include the following information:

(1) The name of the cooperative, number and class of the shares represented by the certificate, the par value of each share or a statement that the shares are without par value, and if the shares are membership stock, their designation as such.

(2) Any restrictions on the issuance or transfer of such shares.

(3) If more than one class of stock is authorized or if stock is authorized in a cooperative which requires a membership fee of its members, designation of the several classes of stock and the respective preferences, limitations and relative rights of such classes. In lieu of a full statement, the information required by this paragraph may be given in summary form. [1957 c.716 §13]

62.190 [Repealed by 1957 c.716 §76]

62.195 Voting by shareholders. (1) A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy. Subsections (5), (6), (7) and (8) of ORS 57.170 relating to voting of shares in business corporations are applicable to shareholders of cooperatives and shares of the capital stock of cooperatives other than membership stock.

(2) For the purpose of determining shareholders entitled to notice of or to vote at meetings, or entitled to receive payment of any dividend, the bylaws may fix in advance a date as the record date for any such determination of shareholders. Such date shall be not more than 50 days and not less than 10 days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no such record date is fixed by the bylaws, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting has been made as provided in this section, such determination shall apply to any adjournment of that meeting. [1957 c.716 §15]

62.200 [Repealed by 1957 c.716 §76]

62.205 Subscription for shares. A subscription for shares of a cooperative is irrevocable for six months unless otherwise provided by the subscription agreement, or unless all subscribers consent to the revocation. [1957 c.716 §16]

62.210 [Repealed by 1957 c.716 §76]

62.215 Limitation of liability of members. Except for debts lawfully contracted between a member and the cooperative, no member is liable for the debts of the cooperative to an amount exceeding the sum remaining unpaid on his subscription for shares of the cooperative, and the sum remaining unpaid on such member's membership fee if such fee is required by the cooperative. [1957 c.716 §17]

62.220 [Repealed by 1957 c.716 §76]

62.225 Dividends on capital stock. A cooperative organized with capital stock may pay such dividend upon capital stock as is authorized by its articles if its capital is not impaired and would not be impaired by such payment. [1957 c.716 §18]

62.230 [Repealed by 1957 c.716 §76]

62.235 Recall, exchange or redemption of stock or other evidence of equity by cooperative. (1) Unless the articles provide otherwise, a cooperative may recall membership stock upon termination of membership, acquire, exchange, redeem, and reissue its own shares or other evidences of equity. Consideration paid for shares of membership stock recalled by the cooperative shall be the par value thereof and accrued and unpaid dividends, if any, except that if such shares have no par value the consideration paid therefor shall be the consideration in dollars for which the shares were issued plus accrued and unpaid dividends. The cooperative may set off obligations to it of the holder of membership stock or other stock or other evidence of equity. No such acquisition, recall or redemption of stock or other evidence of equity shall be made if the result thereof would be to bring the value of the remaining assets of the cooperative below the aggregate of its indebtedness. The articles may provide other limitations on the right of a cooperative to acquire, recall, exchange or redeem its shares or other evidences of equity.

(2) When shares are acquired, recalled, exchanged or redeemed by the cooperative, such shares shall be restored to the status of authorized but unissued shares. [1957 c.716 §14]

62.240 [Repealed by 1957 c.716 §76]

62.245 Missing securities or records relating to securities. (1) When a certificate for a security issued by a cooperative is missing, the cooperative shall issue a duplicate certificate upon the request of the owner and upon the furnishing of such indemnity as may be required by the cooperative.

(2) When records showing ownership of securities are missing or if records upon which the apportionment of securities is based are missing, and in either case if the information which is missing is necessary to a proposed redemption of the securities, the cooperative may give notice and redeem such securities as follows:

(a) The cooperative shall set aside an amount equal to the value of the securities to be redeemed.

(b) The cooperative shall give notice of the redemption to all owners of such securities of which the cooperative has knowledge.

(c) If there are securities the ownership of which is unknown to the cooperative, it shall publish notice of the redemption at least once a month for four months in a newspaper of general circulation in the county in which the registered office of the cooperative is located.

(d) After the completion of such publication, any unclaimed outstanding securities represented by the missing records may then be terminated in accordance with the provisions of this chapter dealing with unclaimed distributions, redemptions or proceeds. [1957 c.716 §19]

62.250 [Repealed by 1957 c.716 §76]

62.255 Meetings of members. (1) Meetings of members may be held either within or without this state as may be provided in the bylaws, and in the absence of a bylaw provision such meetings shall be held at the principal place of business of the cooperative.

(2) An annual meeting of the members shall be held at such time or within such time as may be provided in the bylaws. If the bylaws do not fix a time for such meeting, the annual meeting shall be held in each calendar year at such time as the board shall determine. Failure to hold the annual meeting at the designated time does not work a forfeiture or dissolution of the cooperative.

(3) Special member meetings may be called by the president or the board; or the secretary shall call such a meeting upon the filing of a petition stating the business to be brought before the meeting signed by not less than 10 percent of the members of the cooperative.

(4) Written or printed notice, stating the place, day and hour, and in case of a special

member meeting the purposes for which the meeting is called, shall be given to each member and each shareholder, if shareholders are entitled to vote at such meeting, either personally or by mail not less than seven or more than 30 days before the meeting by direction of the person calling the meeting. If mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the member or shareholder at his address as it appears on the records of the cooperative with postage thereon prepaid. At any meeting at which the members are to be represented by delegates, notice to the members may be given by notifying the delegates and their alternates if any.

(5) A cooperative may provide in its bylaws:

(a) For the formation of districts and the holding of member meetings by districts and that elections of directors may be held at district meetings.

(b) That district meetings may elect delegates who shall represent their districts in annual and special meetings of the members. Notice of district meetings shall be given in the same manner as prescribed in this section for member meetings. [1957 c.716 §20]

62.260 [Repealed by 1957 c.716 §76]

62.265 Voting by members. (1) At any member meeting each member has one vote except that bylaws may authorize voting according to actual, estimated or potential patronage, or a combination of such plans of voting. Shares of stock as such shall not be given voting power except in the specific instances authorized by this chapter.

(2) Members as such shall not vote by proxy; but a member that is a corporation, association or partnership may designate a representative to cast its vote. In the absence of written notice that some person has been designated to represent a member which is other than a natural person, such member may be represented by any of its principal officers. If the bylaws of a cooperative provide for the formation of districts and the election of delegates at district meetings to represent their districts in member meetings, such representation is not considered voting by proxy, and the delegates so elected shall cast the votes to which members represented by them are entitled on such matters as are not covered by mail ballots submitted to all members.

(3) If the bylaws so provide, the board may cause to be submitted by mail ballot any question to be voted on at any member meeting, including the election of directors. In such event the secretary shall mail to each member along with the notice of the meeting, the ballot on each such question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person.

(4) The bylaws may set forth provisions, not inconsistent with this chapter, relating to the methods and procedures for voting. [1957 c.716 §21]

62.270 [Repealed by 1957 c.716 §76]

62.275 Quorum of members. (1) Those members present at any annual or special member meeting of a cooperative constitute a quorum at the meeting, unless the bylaws of that cooperative provide that a greater number constitutes a quorum.

(2) Any action taken at a member meeting of a cooperative subsequent to December 31, 1953, and prior to January 1, 1958, which would have been effective except for the absence of a quorum shall be deemed effective in all respects if there were present at such meeting a quorum of members as provided in the bylaws of that cooperative which were in effect at the time of that meeting. [1957 c.716 §22]

62.280 Board of Directors. (1) The business and affairs of a cooperative shall be managed by a board of directors. Each director shall at all times during his term of office be a member or a representative of a member which is other than a natural person. Unless the bylaws otherwise provide, directors need not be residents of this state. The bylaws may prescribe any other qualifications for directors and may provide that directors be from specified territorial districts.

(2) The number of directors of a cooperative shall be not less than three. Subject to such limitation, the number of directors shall be fixed or determined by the bylaws, except as to the number constituting the initial board, which number shall be fixed by the articles.

(3) Directors constituting the initial board, named in the articles, shall hold office until the first annual meeting of the mem-

bers and until their successors are elected and take office. At that meeting and thereafter, directors shall be elected by the members in the manner and for the term of office, not to exceed three years, provided in the bylaws. Each director shall enter immediately upon the discharge of his duties and, subject to his resignation or removal, shall hold office for the term for which elected and until his successor takes office.

(4) A director may be removed upon a majority vote of all members voting in person thereon at a duly called member meeting if prior to the vote written reasons for removal of the director are presented at a meeting of members and the director whose removal is sought has had an opportunity to answer such reasons at that meeting. The written statement of reasons for removal shall be filed with the minutes of the meeting. The bylaws may contain such other provisions for the removal of a director as may be consistent with the provisions of this subsection.

(5) Unless the bylaws provide otherwise, any vacancy occurring in the board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board. The director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. [1957 c.716 §23]

62.285 Meetings of board of directors. (1) Regular or special meetings of the board may be held either within or without this state.

(2) Regular meetings of the board may be held with or without notice as prescribed in the bylaws. Special meetings of the board shall be held upon such notice as is prescribed in the bylaws. Attendance of a director at a meeting shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(3) Unless the bylaws provide otherwise, the purposes of any meeting of the board need not be specified in the notice or waiver of notice of the meeting.

(4) Unless a greater number is required in the bylaws, a majority of the number of directors fixed by or determined pursuant to the bylaws, or in the absence of a bylaw fixing the number of directors, then of the number stated in the articles, shall constitute a quorum for the transaction of business. Unless a greater number is required in the bylaws, an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board. [1957 c.716 §24]

62.290 Executive committee. (1) If the bylaws so provide, the board may elect an executive committee to consist of three or more directors, which committee to the extent provided in the bylaws of the cooperative shall have and may exercise all the authority of the board in the management of the cooperative, except in respect to:

(a) Apportionment or distribution of net proceeds, savings or losses.

(b) Selection of officers.

(c) Filling of vacancies in the board or the executive committee.

(2) The board may elect other directors as alternates for members of the executive committee.

(3) Designation of an executive committee and the delegation thereto of authority shall not operate to relieve the board or any member thereof of any responsibility imposed upon it or him by law. [1957 c.716 §25]

62.295 Officers. (1) The principal officers of a cooperative are a president, one or more vice presidents as prescribed in the bylaws, a secretary and a treasurer, which officers shall be elected annually by the board at such time and in such manner as the bylaws provide. The offices of secretary and treasurer may be combined in one person. Each principal officer except the secretary and the treasurer, and one of the vice presidents if the bylaws provide for more than one, must be a director of the cooperative. The manager of a cooperative may hold the office of vice president if more than one vice president is provided for in the bylaws.

(2) Any other officer may be chosen by the board.

(3) All officers shall have such authority and perform such duties as the bylaws provide, or as the board may determine, not inconsistent with the bylaws. Any officer may be removed by the board whenever in its judgment the best interests of the cooperative will be served thereby. Election or appointment shall not of itself create contract rights. [1957 c. 716 §26]

62.300 Compensation and benefits to directors, officers and employes. (1) Unless the bylaws provide otherwise, only the members of the cooperative may establish compensation or other benefits for a director, not available generally to officers and employes, for services as a director.

(2) Unless the bylaws provide otherwise, no director shall hold during his term as director any position in the cooperative on regular salary.

(3) Unless the bylaws provide otherwise, the board may provide, for prior or future services of any officer or employe, reasonable compensation, pension or other benefits to such officer or employe and pension or other benefits to a member of his family or his beneficiaries. No officer or employe who is a director may take part in any vote on his compensation for services rendered or to be rendered the cooperative. [1957 c.716 §27]

62.305 Taking action without meeting. Any action required by this chapter to be taken at a meeting of the members or directors of a cooperative, or any other action which may be taken at a meeting of the members, directors or members of the executive committee, may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members, directors, or executive committee members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote at a meeting. [1957 c.716 §28]

62.310 [Repealed by 1957 c.716 §76]

62.315 Waiver of notice. Whenever any notice is required to be given to any member or director of a cooperative under the provisions of this chapter or under the provisions of the articles or bylaws of a cooperative, a waiver thereof in writing signed by the person or persons entitled to the notice, whether before or after the time stated therein, is equivalent to the giving of the notice. [1957 c.716 §29]

62.320 [Repealed by 1957 c.716 §76]

62.325 Voting requirements of articles. Whenever the articles require the vote of a greater proportion of the members or shareholders than required by this chapter, the articles shall control. [1957 c.716 §30]

62.330 [Repealed by 1957 c.716 §76]

62.335 Action brought in right of cooperative by member or shareholder. (1) No action may be instituted or maintained in the right of any cooperative by a member or shareholder unless he:

(a) Alleges in his complaint that he was a member or shareholder of record when any part of the transaction of which he complains took place, or that his membership or stock thereafter devolved upon him by operation of law from a member or shareholder at such time.

(b) Alleges in his complaint with particularity his efforts to secure from the board such action as he desires. He shall further allege that he has either informed the cooperative or board in writing of the ultimate facts of each cause of action against each director or that he has delivered to the cooperative or board a copy of the complaint which he proposes to file. He shall state the reasons for his failure to obtain such action or the reasons for not making such effort.

(c) Files a complaint in such action within 20 days after notification given to the cooperative or board as provided by paragraph (b) of this subsection.

(2) The action shall not be dismissed or compromised without the approval of the court.

(3) If anything is recovered or obtained as the result of the action, whether by means of a compromise and settlement or by a judgment, the court may, out of the proceeds of the action, award the plaintiff the reasonable expenses of maintaining the action, including reasonable attorneys' fees, and may direct the plaintiff to account to the cooperative for the remainder of the proceeds.

(4) In an action brought in the right of a cooperative by fewer than three percent of the members or by holders of less than three percent of any class of stock outstanding, the defendants may require the plaintiff to give security for the reasonable expenses of defending the action, including attorneys' fees. The amount of the security may thereafter be increased or decreased in the discretion of the court upon showing that the security provided is or may be inadequate or is excessive. [1957 c.716 §69]

62.340 to 62.350 [Reserved for expansion]

62.355 Cooperative contracts. (1) Contracts for any of the following purposes, whether contained in the bylaws or separately written, are valid when made between a cooperative and any member in which such member agrees to:

(a) Sell, market or deliver to or through the cooperative or any facilities furnished by it, all or any specified part of products produced or to be produced either by him or under his control.

(b) Authorize the cooperative or any facilities furnished by it to act for him in any manner with respect to all or any specified part of such products.

(c) Buy or procure from or through the cooperative or any facilities furnished by it, all or any specified part of goods or services to be bought or procured by him.

(d) Authorize the cooperative or any facilities furnished by it to act for him in any manner in the procurement of goods or the procurement or performance of services.

(2) The contract referred to in subsection (1) of this section may fix and require liquidated damages to be paid by the member to the cooperative in the event of his breach of the contract. Liquidated damages may be a percentage of the value or a specific amount per unit of the products, goods or services involved by the breach, or a specific sum.

(3) Two or more cooperatives may contract and act in association, corporate or otherwise, to perform collectively any of their powers or purposes authorized by this chapter. [1957 c.716 §32]

62.360 Filing cooperative contracts. (1) A cooperative may file any contract authorized by ORS 62.355 in the office of the county clerk of the county in which the member resides or in which products covered by that contract have been or are to be produced. If the cooperative has substantially uniform contracts with more than one member residing or producing such products in any county, it may, in lieu of filing the original contracts, file:

(a) A true copy of the uniform contract; and

(b) A sworn list or sworn lists of the names of members who have executed such contract and who reside or produce such products in that county, and the effective date of the contract as to each such member.

(2) The county clerk shall number consecutively and file each such contract, and shall record alphabetically in a book to be kept for that purpose and available for public inspection the name of each party to that contract and enter opposite that name the file number of the contract and its effective date as to that party. For filing such contract the fee is the same as for filing a chattel mortgage, and for recording names of parties to such contract the fee is two cents for each name.

(3) Filing and recording pursuant to this section shall operate as constructive notice to all persons of the existence and contents of the contract. Any right, title, interest or lien created as to the products covered by the contract subsequent to such filing and recording is subject to the cooperative's right, title or interest under that contract. If the member creates any mortgage upon any such products subsequent to such contract filing and recording, and if the member and the mortgagee jointly notify the cooperative in writing of the existence and amount of the mortgage, all payments which after such notice become due from the cooperative to that member by reason of the cooperative's sale or other handling of those products shall be paid by the cooperative to the mortgagee until the amount of the mortgage has been paid, and the balance thereafter shall be paid to the member.

(4) When a contract filed under this section has been terminated in any manner, the cooperative shall give, upon demand, a statement of termination to the member party to the contract, who may file the statement in the office of the county clerk where the contract was originally filed. The county clerk shall stamp "Expired" after the name of the member in the alphabetical record. The fee for the filing and stamping is 25 cents. A cooperative may file at any time in the office of the county clerk where the contract was originally filed, a sworn list of the names of all persons whose contracts have been terminated in any manner other than by expiration of their term, and the county clerk shall stamp "Expired" after the name of each of those persons in the alphabetical record. For such filing and stamping the county clerk shall receive a fee of two cents for each such name. [1957 c.716 §33]

62.365 Relief against breach or threatened breach of contract; penalty for interference. (1) In the event of a breach or threatened breach of a cooperative contract

authorized by ORS 62.355, the cooperative is entitled to an injunction to prevent the breach or any further breach thereof, and to a decree of specific performance thereof. Upon filing of a verified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the cooperative is entitled to a temporary restraining order.

(2) Any person who, with knowledge that a contract exists, induces or attempts to induce any member to breach the contract with the cooperative, or who in any manner aids a breach of the contract, is liable to the cooperative for damages caused by such interference. The cooperative is also entitled to an injunction to prevent any interference or further interference with the contract. [1957 c.716 §34]

62.370 Action for civil penalty for inducing breach of contract with cooperative or spreading false reports about cooperative. In addition to the remedies provided in subsection (2) of ORS 62.365, any person who knowingly and maliciously induces or attempts to induce any member of a cooperative to breach his contract with the cooperative authorized by ORS 62.355, or who knowingly and maliciously spreads any false report about the finances or management of a cooperative is liable, in a civil action, to the cooperative aggrieved, in the penal sum of $500 for each offense. [1957 c.716 §72]

62.375 to 62.405 [Reserved for expansion]

62.410 [Repealed by 1957 c.716 §76]

62.415 Apportionment and distribution of net proceeds or savings or net losses. (1) The net proceeds or savings of a cooperative shall be apportioned, distributed and paid periodically to those persons entitled to receive them, at such times and in such reasonable manner as the bylaws shall provide; except that net proceeds or savings on patronage of the cooperative by its members shall be apportioned and distributed among those members in accordance with the ratio which each member's patronage during the period involved bears to total patronage by all members during that period. The bylaws may contain any reasonable provisions for the apportionment and charging of net losses. For the purposes of this section work performed as a member of a workers' cooperative shall be deemed to be patronage of that cooperative.

(2) The apportionment, distribution and payment of net proceeds or savings required by subsection (1) of this section may be in cash, credits, capital stock, certificates of interest, revolving fund certificates, letters of advice or other securities or certificates issued by the cooperative or by any affiliated domestic or foreign cooperative association whether or not incorporated under this chapter.

(3) Apportionment and distribution of its net proceeds or savings or net losses may be separately determined for, and be based upon patronage of, single or multiple pools, particular departments of the cooperative, or as to particular commodities, supplies or services, or such apportionment and distribution may be based upon classification of patronage according to the type thereof.

(4) A cooperative may provide in its bylaws the minimum amount of any single patronage transaction which shall be taken into account for the purpose of participation in allocation and distribution of net proceeds or savings or net losses under this section.

(5) For the purposes of this section net proceeds or savings or net losses shall be computed in accordance with generally accepted accounting principles applicable to cooperative corporations, and after deducting from gross proceeds or savings any dividends paid upon capital stock. [1957 c.716 §36]

62.420 [Repealed by 1957 c.716 §76]

62.425 Unclaimed distribution, redemptions or payments. (1) Any distribution of net margins by a cooperative or any redemption of or payment based upon any security, which remains unclaimed six years after the date authorized for payment, redemption or retirement may be forfeited by the board. Any amount forfeited may revert to the cooperative, if, at least six months prior to the declared date of forfeiture, notice that the payment is available has been mailed to the last known address of the person shown by the cooperative's records to be entitled thereto or, if the address is unknown, is published as provided by ORS 62.245.

(2) This section applies to payments authorized before or after January 1, 1958, except that this section does not authorize the forfeiture prior to January 1, 1959, of any right to any such amount which would not otherwise have been barred prior to January 1, 1959. [1957 c.716 §37]

62.430 [Reserved for expansion]

62.435 Sale or other disposition of entire assets. (1) The sale, lease, exchange or other disposition of all, or substantially all, the property and assets of a cooperative, when made in the usual and regular course of the business of the cooperative, may be made on such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any other cooperative, corporation or association, domestic or foreign, as shall be authorized by its board; and in such case no authorization or consent of members or shareholders is required.

(2) A sale, lease, exchange or other disposition of all, or substantially all, the property and assets, with or without the good will, of a cooperative, if not made in the usual and regular course of its business, may be made upon such terms and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any other cooperative, corporation or association, as may be authorized in the following manner:

(a) The board shall adopt a resolution recommending the sale, lease, exchange or other disposition and directing the submission thereof to a vote at a meeting of members, which may be either an annual or a special meeting, or if there are shareholders the submission shall be to a joint meeting of members and shareholders.

(b) Written or printed notice shall be given to each member and to each shareholder within the time and in the manner provided in ORS 62.255 for the giving of notice of meetings of members, and shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed sale, lease, exchange or other disposition.

(c) At the meeting, the members, by affirmative vote of a majority of the member votes cast thereon, and the shareholders, by affirmative vote of a majority of the shareholder votes entitled to be voted thereon, or in the case of an electric or a telephone cooperative by affirmative vote of two-thirds of all the members and affirmative vote of two-thirds of the shareholder votes entitled to be voted thereon, may approve the sale, lease, exchange or other disposition, and may fix, or may authorize the board to fix, any or all of the terms and conditions thereof and the consideration to be received by the cooperative therefor.

(3) After authorization by votes of members and shareholders, the board nevertheless, in its discretion, may abandon the sale, lease, exchange or other disposition of assets subject to the rights of third parties under any contracts relating thereto, without further action or approval by members or shareholders. [1957 c.716 §48]

62.440 Books and records. (1) A cooperative shall keep correct and complete books and records of account, and shall keep minutes of the proceedings of its members, board and executive committee. It shall keep at its principal office records of the names and addresses of all members and shareholders. At any reasonable time, any member or shareholder, or his agent or attorney, upon written notice stating the purposes thereof, may examine for any proper purpose any books or records pertinent to the purpose specified in the notice and may make extracts therefrom.

(2) In any action or proceeding to enforce the rights of members or shareholders provided in this section, if the member or shareholder prevails in the action or proceeding, there shall be taxed and allowed to such member or shareholder, as a part of the costs thereof, a reasonable amount to be fixed by the court as attorney's fees for the prosecution of the action or proceeding. [1957 c.716 §31]

62.455 Annual report. (1) Each cooperative shall file with the Corporation Commissioner on or before August 15 of each year an annual report signed by a principal officer or the general manager setting forth:

(a) Its name and the complete address of its principal place of business in this state.

(b) The name of its registered agent and address of its registered office.

(c) The names and addresses of its principal officers and its general manager, if any.

(d) A statement of the aggregate number of shares which the cooperative has authority to issue, itemized by classes, par value of shares, shares without par value.

(e) A statement of the aggregate number of shares subscribed, but not paid up, itemized by classes, par value of shares, shares without par value.

(f) A statement of the aggregate number of paid-up shares, itemized by classes, par value of shares, shares without par value.

(g) For cooperatives established without capital stock the annual report shall contain a statement as to the amount of the membership fee and a statement as to the number of memberships which are issued.

(h) A brief statement of the character of the business in which the cooperative is actually engaged in this state.

(2) The annual report shall be made on forms furnished by the Corporation Commissioner, and the information therein contained shall be given as of June 30 of the preceding year.

(3) If the Corporation Commissioner finds that such annual report conforms to the requirements of this chapter, he shall file the same. If he finds that it does not so conform, he shall return the same to the cooperative for any necessary corrections, in which event the penalties hereinafter prescribed for failure to file such statement within the time hereinabove provided shall not apply, if such statement is corrected to conform to the requirements of this chapter and returned to the Corporation Commissioner within 60 days after such report has been returned by the Corporation Commissioner. [1957 c.716 §63]

62.450 to 62.500 [Reserved for expansion]

FORMATION OF COOPERATIVES

62.505 Procedure for incorporation. (1) Three or more natural persons of the age of 21 years or more, may act as incorporators of a cooperative by signing, verifying and delivering in duplicate to the Corporation Commissioner articles for such cooperative.

(2) If the Corporation Commissioner finds that the articles conform to law, he shall, when all fees have been paid as in this chapter prescribed:

(a) Stamp on each of the duplicate originals the word "Filed" and the date of the filing thereof.

(b) File one of the duplicate originals in his office.

(c) Issue a certificate of incorporation to which he shall affix the other duplicate original.

(3) The certificate of incorporation, together with the duplicate original affixed thereto by the Corporation Commissioner shall be returned to the incorporators or their representative.

(4) Upon the issuance of the certificate of incorporation, the corporate existence shall begin, and the certificate of incorporation is conclusive evidence that all conditions precedent required to be performed by the incorporators have been complied with and that the cooperative has been incorporated under this chapter, except as against this state in a proceeding to cancel or revoke the certificate of incorporation or for involuntary dissolution of the cooperative. [1957 c.716 §5]

62.510 Articles of incorporation. (1) The articles of incorporation shall set forth:

(a) The name of the cooperative and that it is a cooperative.

(b) The period of duration, which may be perpetual.

(c) The purposes for which the cooperative is organized.

(d) Whether the cooperative is organized with or without membership stock, and if organized without membership stock the amount of the membership fee, and the limitations, if any, on transfer of a membership.

(e) The number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class.

(f) Which classes of stock, if any, are membership stock, and the limitations upon transfer, if any, applicable to such stock.

(g) Any limitation of the right to acquire or recall any stock.

(h) The basis of distribution of assets in the event of dissolution or liquidation.

(i) The address of its initial registered office, including street and number, if any, and the name of its initial registered agent at such address.

(j) The number of directors, not less than three, constituting the initial board of directors and the names and addresses, including street and number, if any, of the persons who are to serve as directors until the first annual meeting of the members or until their successors be elected and take office.

(k) The name and address, including street and number, if any, of each incorporator.

(2) It is not necessary to set forth in the articles any of the corporate powers enumerated in this chapter. The articles may include additional provisions, not inconsistent with law, for the regulation of the internal

affairs of the cooperative, including any provision which under this chapter is required or permitted to be set forth in the bylaws. Any provision required or permitted in the bylaws has equal force and effect if stated in the articles. Whenever a provision of the articles is inconsistent with a bylaw, the articles control. [1957 c.716 §6]

62.515 Organization meeting of directors. After the issuance of the certificate of incorporation an organization meeting of the board of directors named in the articles shall be held, either within or without this state, at the call of a majority of the incorporators, for the purpose of adopting bylaws, electing officers and the transaction of such other business as may come before the meeting. [1957 c.716 §7]

62.520 to 62.550 [Reserved for expansion]

AMENDMENT OF ARTICLES

62.555 Amendment of articles. (1) A cooperative may amend its articles from time to time in any and as many respects as may be desired, so long as its articles as amended contain only such provisions as might be lawfully contained in original articles at the time of making the amendment, and, if a change in shares or the rights of shareholders or members, or an exchange, reclassification or cancelation of shares or rights of shareholders or members is to be made, such provisions as may be necessary to effect the change, exchange, reclassification or cancelation.

(2) Amendments to the articles shall be made in the following manner:

(a) The board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the members of the cooperative, which may be either an annual or a special meeting.

(b) Written or printed notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member of record within the time and in the manner provided in ORS 62.255 for the giving of notice of meetings of members. If the meeting is an annual meeting, the proposed amendment or the summary may be included in the notice of the annual meeting.

(c) At the meeting a vote of the members shall be taken on the proposed amendment. The proposed amendment is adopted upon receiving the affirmative vote of a majority of the member votes cast thereon, unless shareholders are entitled by ORS 62.560 to vote on the proposed amendment, in which event the proposed amendment is adopted upon receiving the approval of shareholders as specified in ORS 62.560, as well as the affirmative vote of a majority of member votes cast thereon. Any number of amendments may be submitted to the members and voted upon by them at one meeting. [1957 c.716 §38]

62.560 Shareholder voting on amendments to articles. (1) If a proposed amendment to articles would affect a shareholder, such shareholder, whether or not permitted to vote by the articles, is entitled to cast one vote on the amendment regardless of the dollar amount of stock or number of affected classes of stock held by him; except that the articles may permit such affected shareholder to cast one vote for each share of stock he holds other than membership stock. A member holding stock affected by a proposed amendment may vote both as a member and as an affected shareholder.

(2) If any shareholder is entitled to vote on a proposed amendment, the meeting at which that proposed amendment is to be voted upon shall be a joint meeting of members and affected shareholders, and notice of that meeting together with a copy of the proposed amendment or a summary of the changes to be effected thereby shall be given to each such shareholder of record entitled to vote thereon within the time and in the manner provided in ORS 62.255 for the giving of notice of meetings of members. The proposed amendment is adopted only if it receives the affirmative vote of a majority of the votes of the affected shareholders entitled to vote thereon.

(3) For the purpose of this section, a shareholder is affected as to any class of stock owned by him only if an amendment would expressly:

(a) Decrease the dividends to which that class may be entitled or change the method by which the dividend rate on that class is fixed.

(b) Restrict rights to transfer that class.

(c) Give to another existing or any new class of stock or equity interest not previously entitled thereto any preference as to dividends or upon dissolution which is the same or higher than preferences of that class.

(d) Change the par value of shares of that class or of any other class having the same or higher preferences as to dividends or upon dissolution.

(e) Increase the number of authorized shares of any class having a higher preference as to dividends or upon dissolution.

(f) Require or permit an exchange of shares of any class with lower preferences as to dividends or upon dissolution for shares of that class or any other class with the same or higher preferences. [1957 c.716 §39]

62.565 Articles of amendment; execution and filing; effect of amendment. (1) Following adoption of an amendment or amendments to articles as provided in this chapter, articles of amendment shall be executed in duplicate by the cooperative by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such articles, and shall set forth:

(a) The name of the cooperative.

(b) If an amendment changes any provision of the original or amended articles, an identification by reference or description of the affected provision and a statement of its text as it is amended to read. If an amendment strikes or deletes any provision of the original or amended articles, an identification by reference or description of the provision so stricken or deleted and a statement that it is stricken or deleted. If the amendment is an addition to the original or amended articles, a statement of that fact and the full text of each provision added.

(c) The date of the adoption of the amendment by the members.

(d) The numbers of members voting for and against the amendment.

(e) If affected shareholders had the right to vote under ORS 62.560, the number of affected shareholders, the number of shareholder votes entitled to be voted thereon, and the numbers of such votes cast for and against the amendment.

(2) Duplicate originals of the articles of amendment shall be filed, and a certificate of amendment shall be issued and delivered by the Corporation Commissioner, in the same manner as is provided by ORS 57.375 and shall have the same effect as is provided as to business corporations by ORS 57.380.

(3) No amendment shall affect any existing cause of action in favor of or against the cooperative, or any pending suit to which the cooperative is a party, or the existing rights of persons other than members or affected shareholders; and, if the cooperative's name is changed by amendment, no suit brought by or against the cooperative under its former name shall abate for that reason. [1957 c.716 §40]

62.570 Restated articles. ORS 57.385 relating to restated articles of incorporation of business corporations is applicable to cooperatives, except that the restated articles of a cooperative need not set forth the amount of stated capital. [1957 c.716 §41]

62.575 to 62.600 [Reserved for expansion]

MERGER AND CONSOLIDATION; CONVERSION OF CORPORATION INTO COOPERATIVE

62.605 Definitions. As used in ORS 62.610 to 62.635:

(1) "New cooperative" means the new cooperative provided for in the plan of consolidation.

(2) "Surviving cooperative" means the cooperative designated in the plan of merger as the surviving cooperative. [1957 c.716 §42]

62.610 Merger and consolidation. (1) Any two or more cooperatives may merge or consolidate pursuant to a plan of merger or consolidation adopted in the manner provided in this section.

(2) The board of each cooperative shall, by resolution adopted by each such board, approve a plan of merger or consolidation setting forth:

(a) The names of the cooperatives proposing to merge or consolidate, and the name of the cooperative into which they propose to merge or the name of the new cooperative into which they propose to consolidate.

(b) The terms and conditions of the proposed merger or consolidation.

(c) The effect of the proposed merger or consolidation on all members and shareholders of each of the cooperatives.

(d) In the case of a plan for consolidation, the articles of the new cooperative, which shall include all of the statements required to be set forth in articles for cooperatives organized under this chapter.

(e) Such other provisions with respect to the proposed merger or consolidation as are considered necessary or desirable.

(3) The board of each cooperative, upon

approving the plan of merger or plan of consolidation, shall by resolution direct that the plan be submitted to a vote at a meeting of members and shareholders, or if there are no shareholders then an annual or a special meeting of members. Written or printed notice shall be given to each member and each shareholder in the manner provided in this chapter for meetings of members, and adoption of the plan shall be by affirmative vote of a majority of the member votes cast thereon and affirmative vote of a majority of shareholder votes entitled to be cast thereon.

(4) After adoption of the plan, and at any time prior to the filing of the articles of merger or consolidation, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the plan of merger or consolidation. [1957 c.716 §43]

62.615 Articles of merger or consolidation. (1) Upon adoption of the plan of merger or consolidation, articles of merger or articles of consolidation, as the case may be, shall be executed in duplicate by each cooperative by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers of each cooperative signing such articles, and shall set forth:

(a) The plan of merger or plan of consolidation.

(b) The date of adoption of the plan.

(c) As to each cooperative, the numbers of member votes cast for and against the plan.

(d) As to each cooperative, the number, if any, of shareholders, the number of shareholder votes entitled to be voted on the plan, and the numbers of such shareholder votes cast for and against the plan.

(2) Duplicate originals of the articles of merger or articles of consolidation shall be delivered to the Corporation Commissioner who, if he finds the articles to conform to law, shall, when all fees and charges have been paid as in this chapter prescribed:

(a) Indorse on each of the duplicate originals the word "Filed," and the date of the filing thereof.

(b) File one of the duplicate originals in his office.

(c) Issue and deliver to the surviving or new cooperative, as the case may be, or to its representative, a certificate of merger or a certificate of consolidation to which he shall affix the other duplicate original. The merger or consolidation shall be effected upon the issuance of such certificate. [1957 c.716 §44]

62.620 Effect of merger or consolidation. When the merger or consolidation has been effected:

(1) The several cooperative parties to the plan of merger or consolidation shall be a single cooperative, which, in the case of a merger, shall be that cooperative designated in the plan of merger as the surviving cooperative, and, in the case of a consolidation, shall be the new cooperative provided for in the plan of consolidation

(2) The separate existence of all cooperatives parties to the plan of merger or consolidation, except the surviving or new cooperative, shall cease.

(3) The surviving or new cooperative shall thereupon and thereafter possess all the rights, privileges, immunities and franchises, as well of a public as of a private nature, of each of the merging or consolidating cooperatives; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to each of the cooperatives so merged or consolidated, shall be deemed to be transferred to and vested in such single cooperative without further act or deed; and the title to any real estate, or any interest therein, vested in any of such cooperatives shall not revert or be in any way impaired by reason of the merger or consolidation.

(4) The surviving or new cooperative is thenceforth responsible and liable for all the liabilities and obligations of each of the cooperatives so merged or consolidated; and any claim existing or action or proceeding pending by or against any of such cooperatives may be prosecuted as if the merger or consolidation had not taken place, or the surviving or new cooperative may be substituted in its place. Neither the rights of creditors nor any liens upon the property of any such cooperative are impaired by the merger or consolidation.

(5) In the case of a merger, the articles of the surviving cooperative shall be deemed to be amended to the extent, if any, that changes in its articles are stated in the plan of merger; and, in case of a consolidation, the statements set forth in the articles of consolidation and which are required or permitted to be set forth in the articles of co-

operatives organized under this chapter shall be deemed to be the original articles of the new cooperative. [1957 c.716 §45]

62.625 Merger or consolidation of cooperatives and domestic and foreign corporations. (1) One or more cooperatives may merge or consolidate with or into, as the case may be, one or more of the following classes of business organizations:

(a) Domestic corporations which are subject to ORS chapter 57 if such corporations comply with the provisions of ORS chapter 57 relating to the merger or consolidation.

(b) Foreign cooperatives if such merger or consolidation is permitted by the laws of the state under which each such foreign cooperative is organized and each such foreign cooperative complies with the applicable provisions of such laws.

(c) Foreign business corporations if such merger or consolidation is permitted by the laws of the state under which each such foreign corporation is organized and each such foreign corporation complies with the applicable provisions of such laws.

(2) Each cooperative merging or consolidating pursuant to this section shall comply with the provisions of this chapter relating to merger or consolidation.

(3) If the surviving or new business corporation or cooperative, as the case may be, is to be governed by the laws of any state other than this state, it shall comply with the provisions of ORS chapter 57 with respect to foreign corporations if it is to transact business in this state.

(4) The effect of the merger or consolidation shall:

(a) If the surviving or new corporation is a cooperative, be the same as provided in this chapter for the merger or consolidation of cooperatives.

(b) If the surviving or new corporation is a domestic corporation, be the same as provided in ORS chapter 57 for the merger or consolidation of domestic corporations.

(c) If the surviving or new corporation or cooperative is to be governed by the laws of any state other than this state, be the same as in the case of the merger or consolidation of cooperatives or domestic corporations, as the case may be, except in so far as the laws of the other state provide otherwise. [1957 c.716 §46]

62.630 [Reserved for expansion]

62.635 Conversion of corporation into cooperative. A domestic corporation may convert itself into a cooperative by adopting an amendment to its articles by which it elects to become subject to this chapter, together with changes in its articles required by this chapter and other changes permitted by this chapter which it may determine desirable. The amendment shall be adopted, filed, and shall become effective, all as provided by the law then applicable to the domestic corporation. [1957 c.716 §47]

62.640 to 62.650 [Reserved for expansion]

DISSOLUTION

62.655 Voluntary dissolution by act of cooperative. A cooperative may be dissolved by the act of the cooperative, when authorized in the following manner:

(1) The board shall adopt a resolution directing that the question of dissolution be submitted to a vote at a meeting of members, which may be either an annual or a special meeting.

(2) Written or printed notice shall be given to each member in the manner provided in ORS 62.255 for the giving of notice of meetings of members, and whether the meeting be an annual or special meeting, shall state that the purpose, or one of the purposes, of the meeting is to consider the advisability of dissolving the cooperative.

(3) At the meeting a vote of members shall be taken on a resolution to dissolve the cooperative. Adoption of the resolution shall be by affirmative vote of two-thirds of the member votes cast on that resolution. The articles may permit shareholders to vote on such a resolution for dissolution, and may fix the proportion of authorized shareholder votes required for adoption thereof.

(4) Upon the adoption of the resolution, a statement of intent to dissolve shall be executed in duplicate by the cooperative by its president or a vice president and by its secretary or an assistant secretary, and verified by one of its officers signing the statement, which statement shall set forth:

(a) The name of the cooperative.

(b) The names and respective addresses of its officers.

(c) The names and addresses of its directors.

(d) A copy of the resolution adopted authorizing the dissolution of the cooperative.

(e) The date of the adoption of the resolution.

(f) The numbers of member votes for and against the resolution.

(g) If shareholders were authorized to vote on the resolution, the total number of authorized shareholder votes, the numbers of such votes cast for and against the resolution and the number of such votes required by the articles for adoption thereof. [1957 c.716 §49]

62.660 Filing statement of intent to dissolve; effect. (1) Duplicate originals of the statement of intent to dissolve shall be filed and handled by the Corporation Commissioner in the same manner as is provided by ORS 57.541 with respect to business corporations.

(2) The filing of a statement of intent to dissolve shall have the same effect as to the cooperative as is provided by ORS 57.546 for business corporations. [1957 c.716 §50]

62.665 Procedure after filing of statement of intent to dissolve. After the filing by the Corporation Commissioner of a statement of intent to dissolve:

(1) The cooperative shall proceed to collect its assets, convey and dispose of such of its properties as are not to be distributed in kind to its members or shareholders, pay, satisfy and discharge its liabilities and obligations and do all other acts required to liquidate its business and affairs, and, after paying or adequately providing for the payment of all its obligations, distribute the remainder of its assets either in cash or in kind, among the persons entitled to the same by law, the articles and the bylaws.

(2) The cooperative, at any time during the liquidation of its business and affairs, may make application to a court of competent jurisdiction within the state and judicial subdivision in which the registered office or principal place of business of the cooperative is situated, to have the liquidation continued under the supervision of the court as provided in this chapter. [1957 c.716 §51]

62.670 Revocation of voluntary dissolution proceedings by act of cooperative. (1) A cooperative, at any time prior to the issuance of a certificate of dissolution by the Corporation Commissioner, may revoke voluntary dissolution proceedings theretofore taken, by adoption of a resolution of revocation in the same manner and by the same required vote of members and shareholders as are required by this chapter for adoption of a resolution to dissolve.

(2) Upon the adoption of the resolution, a statement of revocation of voluntary dissolution proceedings shall be executed in duplicate by the cooperative by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing the statement, which statement shall set forth a copy of the adopted resolution and other pertinent information as required by ORS 62.655 to be set forth in a statement of intent to dissolve. [1957 c.716 §52]

62.675 Filing statement of revocation of voluntary dissolution proceedings; effect. (1) Duplicate originals of the statement of revocation of voluntary dissolution proceedings shall be handled by the Corporation Commissioner in the same manner as provided by this chapter for filing of a statement of intent to dissolve.

(2) Upon the filing by the Corporation Commissioner of the statement of revocation of voluntary dissolution proceedings, a revocation of the voluntary dissolution proceedings becomes effective and the cooperative may again carry on its business. [1957 c.716 §53]

62.680 Articles of dissolution. If voluntary dissolution proceedings have not been revoked, then when all debts, liabilities and obligations of the cooperative have been paid and discharged, or adequate provision has been made therefor, and all of the remaining property and assets of the cooperative have been distributed to the persons entitled thereto, articles of dissolution shall be executed in duplicate by the cooperative by its president or a vice president and its secretary or assistant secretary, and verified by one of the officers signing the articles, which articles shall set forth:

(1) The name of the cooperative.

(2) That the Corporation Commissioner has theretofore filed a statement of intent to dissolve the cooperative, and the date on which the statement was filed.

(3) That all the property and assets of the cooperative remaining after payment or discharge, or adequate provision therefor, of all debts, obligations and liabilities of the cooperative have been distributed to the persons entitled thereto in accordance with their respective rights and interests.

(4) That there are no suits pending

against the cooperative in any court, or that adequate provision has been made for the satisfaction of any judgment, order or decree which may be entered against it in any pending suit. [1957 c.716 §54]

62.685 Filing articles of dissolution; effect. (1) Duplicate originals of the articles of dissolution shall be filed and a certificate of dissolution shall be issued in the same manner as provided by ORS 57.580 for business corporations.

(2) The certificate of dissolution, together with the duplicate original of the articles of dissolution affixed thereto by the Corporation Commissioner, shall be returned to the representative of the dissolved cooperative. Upon the issuance of the certificate of dissolution the existence of the cooperative shall cease, except for the purpose of suits, other proceedings and appropriate corporate action by members, shareholders, directors and officers as provided in this chapter. [1957 c.716 §55]

62.690 Involuntary dissolution. The provisions of ORS 57.585 and 57.590 apply to cooperatives. [1957 c.716 §56]

62.695 Jurisdiction of court to liquidate assets and business of cooperative. (1) In addition to any other instances in which the law provides such power, a circuit court has full power to liquidate the assets and business of a cooperative:

(a) In an action by a member or shareholder when it is established that:

(A) The members are deadlocked in voting power, and have failed, for a period which includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired or would have expired upon the election of their successors; or

(B) The corporate assets are being misapplied or wasted.

(b) In an action by a creditor:

(A) When the claim of the creditor has been reduced to judgment and an execution thereon returned unsatified and it is established that the cooperative is insolvent; or

(B) When the cooperative has admitted in writing that the claim of the creditor is due and owing and it is established that the cooperative is insolvent.

(c) Upon application by a cooperative which has filed a statement of intent to dissolve as provided in this chapter, to have its liquidation continued under the supervision of the court.

(d) When an action has been filed by the Attorney General to dissolve a cooperative and it is established that liquidation of its business and affairs should precede the entry of a decree of dissolution.

(2) Proceedings under paragraph (a), (b) or (c) of subsection (1) of this section shall be brought in the county in which the registered office or the principal office of the cooperative is situated.

(3) It is not necessary to make members or shareholders parties to any action or proceeding under this section unless relief is sought against them personally. [1957 c.716 §57]

62.700 Procedure in liquidation of cooperative by court. ORS 57.600, 57.606, 57.611, 57.616 and 57.620 apply to proceedings to liquidate the assets and business of a cooperative, but as so applied to a cooperative the term "shareholders" used in those sections means "members or security holders," and the term "shares" used in those sections means "memberships or securities." [1957 c.716 §58]

62.705 Deposit with State Land Board of amount due persons who cannot be found. Upon the voluntary or involuntary dissolution of a cooperative, the portion of the assets distributable to a creditor, member, shareholder or patron or other person unknown or who cannot be found, or who is under disability and there is no person legally competent to receive such distributive portion, shall be reduced to cash, and within six months after the final dividend in the liquidation or winding up is payable, shall be deposited with the State Land Board. The receiver or other liquidating agent shall prepare in duplicate and under oath a statement containing the names and last known addresses of the persons entitled to the funds. One of the statements shall be filed with the State Land Board and the other with the Corporation Commissioner. The funds shall thereupon escheat to and become the property of the State of Oregon and shall become a part of the irreducible portion of the Common School Fund of the state. The owner, his heirs or personal representatives, may reclaim any funds so deposited in the manner provided for estates which have escheated to the state. [1957 c.716 §59]

62.710 Survival of remedy after dissolution. ORS 57.630 applies to cooperatives, except that the term "shareholders" used in that section when applied to a cooperative means "members or shareholders." [1957 c.716 §60]

62.715 to 62.750 [Reserved for expansion]

FOREIGN COOPERATIVES

62.755 Admission of foreign cooperatives. A foreign cooperative which has a member or members residing in this state, and which distributes its proceeds and savings according to either this chapter or the law of the state where incorporated, is entitled to all rights, exemptions and privileges of a cooperative organized under this chapter, if it is authorized to do business in this state under ORS chapter 57. A foreign cooperative may be authorized under ORS chapter 57 to transact business in this state whether or not formed for profit and whether or not formed with stock. [1957 c.716 §61]

62.760 Registration of name of foreign cooperative. Any foreign cooperative may register its corporate name in the manner and subject to the limitations and with the effect, provided in ORS 57.055, and may renew such registration in the manner provided by ORS 57.060. [1957 c.716 §70]

62.765 to 62.800 [Reserved for expansion]

FEES AND CHARGES

62.805 Annual license fee. (1) Each cooperative not organized and operated for educational, literary, scientific, religious, political or charitable purposes, shall pay to the Corporation Commissioner an annual license fee as stated in this section. Such fee shall be paid prior to August 15 in advance for the fiscal year beginning July 1 of each year. In case of new cooperatives formed during the fiscal year, the first year's fee shall be proportionate to such fraction of that fiscal year.

(2) The license fee of each such cooperative authorized by its articles to issue capital stock shall be graduated in accordance with the amount of capital stock authorized in its articles, as follows:

Amount of authorized capital stock		
Over	But not Over	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

For the purpose of determining the amount of such license fee payable by any cooperative having shares of stock without par value, but for no other purpose, such shares of stock shall be deemed equivalent to shares having a par value of $10 each.

(3) The license fee of each such cooperative having no authorized shares of capital stock is $5.

(4) If such fee is not paid prior to August 15, then interest at the rate of six percent per year shall be collected by the Corporation Commissioner. [1957 c.716 §62]

62.810 Miscellaneous fees and charges. (1) The Corporation Commissioner shall charge and collect from any cooperative for filing:

(a) Articles of incorporation or articles of consolidation for a new cooperative, $10, together with the proportionate part of the annual license fee, as prescribed by ORS 62.805, payable for the succeeding fraction of that fiscal year.

(b) Articles of amendment, restated articles, or articles of merger, $5. If such articles provide for an increase of the amount of authorized capital stock of the cooperative, the filing cooperative shall also pay the proportionate part of the annual license fee, as prescribed by ORS 62.805, for the succeeding fraction of that fiscal year, payable by a cooperative whose authorized shares equal the newly increased authorized shares of the filing cooperative, less the annual license fee already paid for that succeeding fraction of the fiscal year by the filing cooperative. Filing any such articles decreasing the authorized shares does not reduce the annual license fee of the filing cooperative until the beginning of the fiscal year next following that in which the articles were filed.

(c) Statement of intent to dissolve, $1.

(d) Statement of revocation of voluntary dissolution proceedings, $1.

(e) Articles of dissolution, $5.

(f) Any other statement, except an annual statement, $1.

(g) The provisions of ORS 57.766 are applicable to cooperatives organized under or subject to this chapter.

(2) The Corporation Commissioner shall not file any document relating to any cooperative organized under or subject to the provisions of this chapter, until all fees and charges provided to be paid in connection therewith have been paid to him or while the cooperative is in default in the payment of any fees, charges or penalties provided in this chapter to be paid by or assessed against it. [1957 c.716 §64]

62.815 to 62.820 [Reserved for expansion]

MISCELLANEOUS PROVISIONS

62.825 Powers of Corporation Commissioner. The Corporation Commissioner has the power and authority reasonably necessary to enable him to administer this chapter efficiently and to perform the duties imposed upon him by this chapter. [1957 c.716 §65]

62.830 Appeal from Corporation Commissioner. If the Corporation Commissioner fails to approve any articles of incorporation, amendment, merger, consolidation or dissolution, or any other document required by this chapter to be approved by the Corporation Commissioner before the document is filed in his office, the procedure and remedies shall be the same as specified as to business corporations by ORS 57.778. [1957 c.716 §66]

62.835 Sanctions and disabilities imposed on delinquent cooperatives. The provisions of ORS 57.779 apply to cooperatives. [1957 c.716 §67]

62.840 Certificates and certified copies to be received in evidence. The provisions of ORS 57.781 apply to cooperatives. [1957 c.716 §68]

62.845 Public policy; cooperatives are not in restraint of trade. It is the public policy of the State of Oregon to encourage the efficient production and distribution of agricultural and other products derived from natural resources or labor resources of this state. Accordingly, no cooperative which operates in compliance with the provisions of this chapter and which does not during its fiscal year market products for nonmember patrons in an amount greater in value than the products marketed for its members, shall be deemed to be a conspiracy or combination in restraint of trade, or an illegal monopoly; nor shall the contracts of such cooperative authorized by this chapter, whether or not required by the cooperative as a condition of membership or of doing business with the cooperative, be construed as an unlawful restraint of trade, or as part of a conspiracy or combination to accomplish an improper or illegal purpose or act. [1957 c.716 §35]

62.850 Use of term "cooperative." (1) No person other than a cooperative association incorporated under this chapter or a previous Act of this state shall use the term "cooperative," or any variation thereof, as part of its corporate or other business name or title.

(2) Any violation of this section may be enjoined upon suit by any cooperative, without a showing of any damage to itself. [1957 c.716 §71]

62.855 Application of chapter. The provisions of this chapter apply to the fullest extent permitted by the laws and Constitution of the United States and of the State of Oregon, to all existing cooperative associations incorporated under any previously existing Act of this state relating to incorporation of cooperative associations. [1957 c.716 §73]

62.860 Effect of amendment or repeal of Oregon Cooperative Corporation Act. The Oregon Cooperative Corporation Act may be amended, repealed or modified, but such amendment, repeal or modification shall not affect any vested rights or take away or impair any remedy for any liability which has been previously incurred. [1957 c.716 §74]

62.865 Effect of repeal of prior statutes. The repeal (by section 76, chapter 716, Oregon Laws 1957) of the sections compiled in the 1953 part for ORS chapter 62 does not affect any right accrued or established, or any liability or penalty incurred, under the provisions of those sections prior to their repeal. [1957 c.716 §75]

62.870 to 62.985 [Reserved for expansion]

62.990 [Repealed by 1957 c.716 §76]

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
on December 2, 1957.

Sam R. Haley
Legislative Counsel