

SENATE, No. 1905

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Concerns workers' cooperative societies.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning workers' cooperative societies, and amending
2 and supplementing Title 34 of the Revised Statutes.

3
4 BE IT ENACTED by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. R.S.34:17-1 is amended to read as follows:

8 34:17-1. Any seven or more persons, residents in this **[state]**
9 State, may associate themselves into a society for the purpose of
10 carrying on any lawful mechanical, mining, manufacturing, service
11 or trading business, or of trading and dealing in goods, wares and
12 merchandise or chattels, or of buying, selling, mortgaging, settling,
13 owning, leasing and improving real estate and erecting buildings
14 thereon, within this **[state]** State, upon making and filing a
15 certificate of association in writing, in the manner hereinafter
16 provided.
17 (cf: R.S.34:17-1)

18
19 2. R.S.34:17-3 is amended to read as follows:

20 34:17-3. Such certificate shall be signed by the persons
21 originally associating themselves together, shall be proved or
22 acknowledged by at least seven of them before an officer qualified
23 to take acknowledgments of deeds of real estate, and after being
24 approved by the **[commissioner of labor]** Commissioner of Labor
25 and Workforce Development, shall be recorded in the office of the
26 clerk of the county where the principal office or place of business of
27 the society shall be located and a copy thereof shall be filed in the
28 office of the commissioner **[of labor]**. Thereupon the persons so
29 associating shall be deemed to be a body corporate with all the
30 powers incident thereto.
31 (cf: R.S.34:17-3)

32
33 3. R.S.34:17-4 is amended to read as follows:

34 34:17-4. The first meeting of such society shall be called by a
35 notice signed by a majority of the persons named in the certificate
36 of association, designating the time, place and purpose of the
37 meeting, and shall be personally served on all persons signing the
38 certificate, or by **[advertisement in a newspaper published in the**
39 **county where the society shall have been incorporated, if such**
40 **personal service cannot be made]** certified or registered mail with
41 proof of delivery.

42 At such meeting or at any adjourned meeting thereof, a majority
43 of the persons so signing shall constitute a quorum for the
44 transaction of business and may elect the directors and other

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 officers as hereafter provided, and may adopt by-laws, rules and
2 regulations for the government of the society.

3 (cf: R.S.34:17-4)

4

5 4. R.S.34:17-8 is amended to read as follows:

6 34:17-8. Every such society shall have a registered office to
7 which all communications and notices may be addressed. Notices
8 in writing of the location of such office, and of any change therein,
9 shall be filed with the **【commissioner of labor】** Commissioner of
10 Labor and Workforce Development, and in the office of the clerk of
11 the county where the office of the society is located.

12 (cf: R.S.34:17-8)

13

14 5. R.S.34:17-9 is amended to read as follows:

15 34:17-9. The capital stock of such society shall be divided into
16 shares **【the par value of which shall not be more than fifty dollars,】**
17 and no share shall be issued for less than its par value. No
18 certificate of shares shall be issued to any member until his shares
19 are fully paid up.

20 (cf: R.S.34:17-9)

21

22 6. R.S.34:17-12 is amended to read as follows:

23 34:17-12. The board of directors of every society incorporated
24 under this chapter shall annually make a statement in writing of the
25 condition of such society, setting forth:

26 a. The amount of capital stock and the number and par value of
27 shares issued;

28 b. The number of stockholders and the number of shares held
29 by each; and

30 c. The amount and character of the property of the society and
31 of its debts and liabilities.

32 Such statement shall be signed and sworn to by a majority of
33 directors, including the treasurer, and filed in the office of the clerk
34 of the county where the principal office of the society is located,
35 and immediately thereafter a copy of such statement shall be
36 forwarded to the **【commissioner of labor】** Commissioner of Labor
37 and Workforce Development. If the commissioner **【of labor】** shall
38 have reason to doubt the correctness of the statement, or upon the
39 written request of five members of the society, **【he】** the
40 commissioner shall cause an examination of the books and affairs of
41 the society to be made and shall render a correct statement to the
42 members thereof. Every member or creditor thereof shall be
43 entitled to receive from the secretary of the society a copy of the
44 annual statement, and every director or other officer refusing to
45 comply with the requirements of this section, or making and signing
46 a false annual statement of the condition of the society, shall
47 **【forfeit for each offense the sum of one hundred dollars, to be**

1 recovered in an action at law in any court of competent jurisdiction
2 in this state by】 , in addition to any other civil or criminal sanctions
3 or penalties established by law for falsification of business records,
4 be subject to removal by either the board of directors, or by the
5 members of the society, at a regular or special meeting, and shall be
6 liable to the society and to any member or creditor of the society
7 【who shall sue for the same】 for any loss or damage arising from
8 such refusal to comply or making or signing of a false statement of
9 the condition of the society.

10 (cf: R.S.34:17-12)

11
12 7. R.S.34:17-14 is amended to read as follows:

13 34:17-14. There shall be such distribution of the profits of such
14 society among the 【workmen】 workers, purchasers and members as
15 shall be prescribed in the certificate of association, at such times as
16 therein prescribed, as often at least as once in twelve months, but no
17 such distribution shall be made until a sum equal to five per cent of
18 the net profits shall have been appropriated for a contingent or
19 sinking fund and such appropriation shall continue to be made until
20 there shall be accumulated a sum equal to thirty per cent of the
21 capital stock of such society.

22 (cf: R.S.34:17-14)

23
24 8. R.S.34:17-15 is amended to read as follows:

25 34:17-15. Any member of such society, by a writing under his
26 hand, delivered at the office of the society, may nominate any
27 person 【, being the husband, wife, father, mother, child, brother,
28 sister, nephew or niece or other relative of such member,】 to whom
29 his shares of the capital stock of the society shall be transferred at
30 his decease, and from time to time may revoke or vary such
31 nomination by a writing similarly delivered.

32 The society shall keep a book, wherein the names of all persons
33 so nominated, and the number of shares to be transferred shall be
34 recorded, but in lieu of making such transfer, the society may
35 provide for the payment to all such nominees of the full value of
36 shares intended to be transferred.

37 If by the by-laws of the society the shares are transferable, this
38 section shall not be construed to forbid the transfer of such shares
39 by sale or will or otherwise, subject to the consent of the board of
40 directors.

41 (cf: R.S.34:17-15)

42
43 9. R.S.34:17-18 is amended to read as follows:

44 34:17-18. Any society formed pursuant to this chapter may be
45 dissolved in the manner provided by 【section 14:13-1 of the title
46 Corporations, General】 N.J.S.14A:12-1, except that any certificate
47 required by that section to be filed with the Secretary of State shall

1 instead be filed with the Commissioner of Labor and Workforce
2 Development.

3 (cf: R.S.34:17-18)

4
5 10. (New section) The New Jersey Economic Development
6 Authority, in consultation with the Department of Labor and
7 Workforce Development, shall provide financial and technical
8 assistance to cooperative societies formed under R.S.34:17-1 et seq.
9 in the same manner, and to the same extent, and subject to the same
10 standards and requirements, as it does for other small businesses.

11
12 11. (New section) The Department of Labor and Workforce
13 Development shall provide, on its Internet website and in
14 publications providing information to persons seeking employment,
15 information concerning cooperative societies established pursuant
16 to R.S.34:17-1 et seq., for persons who might be interested in
17 forming or joining such cooperative societies.

18
19 12. This act shall take effect on the 90th day following
20 enactment.

21

22

23 STATEMENT

24

25 This bill amends and supplements statutory law authorizing the
26 formation of workers' cooperative societies by adding services to
27 the list of permissible purposes of a workers' cooperative society,
28 and updating antiquated references. Additionally, the bill requires
29 the New Jersey Economic Development Authority (EDA) to
30 provide financial and technical assistance to workers' cooperative
31 societies as provided to other small businesses in the State.

32 Workers' cooperative societies are a low-cost way to form small
33 businesses for the mutual benefit of the employees. The New
34 Jersey statute authorizing the formation of workers' cooperative
35 societies was adopted in 1881. Although there are few
36 organizations of this kind in existence today, nationally, interest in
37 the formation of these organizations has grown in recent years.

38 This bill provides for the formation of a workers' cooperative
39 society for the purpose of carrying on a service-related business.
40 The bill also removes certain limitations on par value of shares and
41 persons to whom shares can be transferred, and increases the
42 penalty for malfeasance by members of the board of directors, or
43 other officers and agents.

44 In addition, this bill updates antiquated statutory references, and,
45 regarding the requirement that notice of the first society meeting be
46 sent to members, replaces the option to notify members by
47 publication, with an option to provide notice through certified or
48 registered mail. Dissolution documents will no longer be filed with

1 the Department of State; they will instead be filed with the
2 Department of Labor and Workforce Development (DOLWD). The
3 DOLWD shall also provide, on its website and in publications
4 designed for those seeking employment, information regarding
5 workers' cooperative societies which may be helpful to those
6 seeking to form or join such an organization. Finally, the bill
7 directs the EDA to provide the same technical and financial
8 assistance to workers' cooperative societies as would be provided to
9 any other small business in the State.