

**IN THE SENATE OF THE UNITED STATES.**

**December 20th, 1886.**

**Mr. Stanford introduced the Following Bill; which was Read Twice and Ordered to Lie on the Table.**

**A BILL**

To encourage co-operation and to provide for the formation of associations in the District of Columbia for the purpose of conducting any lawful business and dividing the profits among the members thereof.

*Whereas* the right of association for any lawful purpose is a natural right; and

*Whereas* the exercise of this right enables persons of small means or whose only capital is labor to combine such means or labor in a common enterprise and bring to it the strength of the whole, and the intelligence of all; and

*Whereas* the passage of liberal laws relating to the mode and manner by which co-operative associations may be formed, and defining the rights and duties of the members thereof will encourage the formation of such associations, and give the incentive to industry which comes from a knowledge that its fruits will be secured to the worker: Therefore,

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any two or more persons may associate themselves together in the manner prescribed by this act for the purpose of conducting any lawful business, trade, or occupation, or for any purpose for which individuals may lawfully associate themselves.

SEC. 2. That any two or more persons desiring to associate themselves together for the purpose aforesaid shall prepare articles of association, which articles shall set forth—

First. The name of the association.

Second. The purpose for which it is formed.

Third. The place where its principle business is to be transacted.

Fourth. The term for which it is to exist, not exceeding ninety-nine years.

Fifth. The number of the managers thereof, and the names and residences of those who are appointed for the first year.

Sixth. The amount of moneyed capital, if any, and the number of shares into which that capital is divided.

Seventh. If there is no moneyed capital, then the amount and kind of property which the association devote to the enterprise, and the interest of each therein.

Eighth. If there is neither a moneyed capital nor other property devoted, but the labor alone of the associates is in the first instance combined, then the amount of labor to be performed by each, the terms upon which it will be performed, and what percentage of the net proceeds of such labor shall be reserved to the association as capital for future operations.

Ninth. If moneyed capital and other property is combined, then the amount thereof and the kind of property, and the share or interest of each therein.

Tenth. If labor is combined with either moneyed capital or other property, or both, then the share or interest of each therein, the amount of labor to be performed by each, the terms upon which it will be performed, and what percentage of the net proceeds of such labor shall be reserved to the association as capital for future operations.

SEC. 3. That the articles of association hereinbefore provided for must be subscribed by the original associates and acknowledged by each before any officer of or in any State or Territory of the United States having a seal and authorized by the laws of such State or Territory to take and certify acknowledgments of conveyances of real property.

SEC. 4. That the articles of association so subscribed and acknowledged must be filed for record and recorded in the office of the recorder of deeds for the District of

Columbia, which officer must, upon the filing, make and deliver to the associates, or their agents, a certified copy thereof noting on the same the day and hour of its issuance, from which time the association shall be complete and it shall have and exercise all the power for which it was formed.

SEC. 5. That a copy of any articles of association filed in pursuance of this act and certified by said recorder of deeds shall be received in all courts and other places as prima facie evidence of the facts therein stated.

SEC. 6. That every association formed under this act must, within ninety days after filing the articles of association, adopt a code of by-laws for the government of the association, not inconsistent with the Constitution and laws of the United States. The ascent of members representing a majority of the capital stock or property subscribed, if there be a capital stock or property subscribed, or a majority of the associates, if there be no capital stock or property subscribed, shall be necessary to adopt by-laws.

SEC. 7. That any such association may, by its code of by-laws provide for—

First. The time, place, and manner of calling and conducting its meetings.

Second. The number of members of the association which shall constitute a quorum.

Third. Voting by proxy if it is so desired, and the mode and manner thereof.

Fourth. The number of managers, the time of their election, their term of office, the mode and manner of their removal, and the power and authority thereof.

Fifth. The compensation, if any, of the managers.

Sixth. The number of officers, if any other than the managers and their tenure of office.

Seventh. The mode and manner of the transfer of shares, and the succession in membership.

Eighth. The restriction, if any, upon the transfer of shares, membership, and rights in the association, and the limitations as to

the amount of interest to be held by any one or more of the associates.

Ninth. The mode and manner of conducting business.

Tenth. The mode and manner of conducting elections.

Eleventh. For assessments upon the moneyed capital subscribed, if any, or for the installments to be paid at stated periods, or for work to be done; the mode and manner of enforcing the payment of such assessments or installments, or doing work, or for forfeiting or selling the shares or interest of any member of the association delinquent for such assessments, or installments, or work.

Twelfth. Such other things as may be proper to carry out the purpose for which the association was formed.

SEC. 8. That the by-laws adopted must be signed by majority of the associates and recorded in a book to be kept in the office of the association, and a copy of such record, duly authenticated by the seal of the association, if any, and signed by the keeper of such record, must be filed in the office of the recorder of deeds of said District. The by-laws may be repealed or new by-laws may be adopted, at any meeting of the associates, by a vote of members representing two-thirds of the capital stock, if any, or two-thirds of the property devoted to the enterprise, if any, or if labor alone is devoted to the enterprise, then by two-thirds of the persons composing such a-sociation; and the amendments, revisions, and new by-laws shall be recorded and filed in the manner provided for recording and filing the original.

SEC. 9. That every association formed under this act shall have power—

First. Of succession by its associate name for the period of ninety-nine years.

Second. To in such name sue and be sued in any court.

Third. To make and use a common seal and alter the same at pleasure.

Fourth. To purchase, hold, and convey real and personal property, as the purposes of the association may require.

Fifth. To appoint such subordinate

officers or agents as the business may require, and to allow them suitable compensation.

Sixth. To admit associates, and to sell or forfeit their interest in the association for the purpose of paying assessments on or in default of installments or of work or labor required.

Seventh. To enter into any obligations or contracts essential to the transaction of its affairs, or for the purpose for which it was formed; but such association shall not have power to issue bills, notes, or other evidences of debt, upon loans or otherwise for circulation as money.

Eighth. To do all other things proper to be done for the purpose of carrying into effect the objects for which the association is formed.

SEC. 10. That two or more associations formed and existing under the provisions of this act may be consolidated one with the other, upon such terms as may be agreed upon in writing by members representing two-thirds of the capital stock, if any, of each association, or two-thirds of the property, if any, of each association or if neither capital, stock nor property then two-thirds of the members of each association, in which case articles of consolidation shall be prepared and filed in the same manner and form as the original articles of association and with like effect; and from and after the filing of such articles the association comprising the component parts of the consolidated association shall cease to exist and the consolidated association shall succeed to all the rights, duties, and powers of the component associations, and be possessed of all the rights, duties, and powers prescribed in the articles of the consolidated association, and shall be subject to all the liabilities and obligations of the associations component parts thereof.

SEC. 11. That all associations formed and existing under this act are required to keep a record of all their business transactions, which records shall be subject to inspection by any of the members thereof, and a copy thereof shall be prima facie evidence of the facts therein stated in all

courts and other places when offered in evidence.

SEC. 12. That in addition to such records full books of account must be kept, showing the names of the members of the association, the amount of the capital stock, if any, the property, if any, belonging to the association, and all other things proper to show the condition in every respect of the affairs of the association.

SEC. 13. That no member of the association shall be individually or personally liable for any of its debts or liabilities except in case he has subscribed to the association moneyed capital, and in that event he shall be liable on such debts and liabilities for the amount of the unpaid portions, if any, of such subscriptions; and all the property of the association and all unpaid subscriptions, if any, shall, in case of the failure of such association to meet any of its obligations, be liable—

First. To the payment of all debts due to persons not members of the association.

Second. After the payment of all debts not due to the members of the association, then for any balance to the members of such association. And the property of such association may be taken in satisfaction of any judgment obtained against it in the same manner as the property of an individual. The interest of any member in such association may be levied upon and taken in satisfaction of any judgment against him in the same manner as the share of a partner in a partnership may be taken, and the purchaser at any sale made under such levy shall succeed to the interest of the associate against whom the process ran, subject, however, to such limitations as may by the by-laws of said association have been provided for in relation to succession.

SEC. 14. That the right of any association claiming to be organized under this act to do business may be inquired into by quo warranto, at the suit of the Attorney-General of the United States; but the right of an association claiming in good faith to be organized under this act, and doing business as such association, shall not be

inquired into in any collateral proceeding, nor shall its right and authority to do business as such be questioned except by the aforesaid proceedings, in the nature of quo warranto, at the suit of the Attorney-General of the United States.

SEC. 15. This act having been passed to promote the association of individuals, and to induce them to combine their capital or labor for their mutual welfare and

the public good, therefore the rule of the common law that statutes in derogation thereof shall be strictly construed shall have no application to this act, but its provisions must at all times be liberally construed, with a view to effect its object and to promote its purposes.

SEC. 16. That this act shall be in force and effect from and after its passage.