

5927

2009-2010 Regular Sessions

I N   A S S E M B L Y

February 23, 2009

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Introduced by M. of A. TITONE, TOBACCO -- read once and referred to the  
Committee on Corporations, Authorities and Commissions

AN ACT to amend the not-for-profit corporation law, in relation to  
requiring certificates of incorporation of not-for-profit corporations  
to include certifications that the initial directors of the corpo-  
ration shall commit to the inclusion in the corporation bylaws of a  
conflict of interest policy and shall include in the corporate bylaws  
a requirement that the directors and officers of the corporation shall  
comply with education requirements regarding their fiduciary obli-  
gations to the corporation

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1     Section 1. Subdivision (a) of section 402 of the not-for-profit corpo-  
2     ration law is amended by adding two new paragraphs 9 and 10 to read as  
3     follows:  
4     (9) A CERTIFICATION THAT THE INITIAL DIRECTORS OF THE CORPORATION HAVE  
5     INCLUDED IN THE CORPORATE BYLAWS, AND WILL ABIDE BY, A CONFLICT OF  
6     INTEREST POLICY WHICH: (I) PROHIBITS THE DIRECTORS AND EXECUTIVE OFFI-  
7     CERS OF THE CORPORATION FROM BEING INVOLVED IN DECISIONS RELATING TO  
8     BUSINESS BETWEEN THE CORPORATION AND ANY OTHER NOT-FOR-PROFIT CORPO-  
9     RATION OF WHICH THE OFFICER OR DIRECTOR, HIS OR HER SPOUSE OR ANY OTHER  
10    DISQUALIFIED PERSON IS A DIRECTOR OR OFFICER; AND (II) REQUIRES EACH  
11    DIRECTOR AND EXECUTIVE OFFICER OF THE CORPORATION TO CERTIFY TO THE  
12    CORPORATION THAT HE OR SHE IS NOT AFFILIATED WITH ANOTHER NOT-FOR-PROFIT  
13    CORPORATION WHICH MAY DO BUSINESS WITH THE CORPORATION OR, IF HE OR SHE  
14    IS OR BECOMES SO AFFILIATED, TO PROMPTLY DISCLOSE TO THE CORPORATION THE  
15    EXISTENCE OF SUCH AFFILIATION. AS USED HEREIN "DISQUALIFIED PERSON"  
16    MEANS THE FAMILY OF A DIRECTOR OR EXECUTIVE OFFICER, INCLUDING SUCH  
17    PERSON'S SPOUSE, PARENT, SIBLING, CHILD, GRANDCHILD, GREAT-GRANDCHILD,  
18    AND THE SPOUSE OF ANY SIBLING, CHILD, GRANDCHILD OR GREAT-GRANDCHILD.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 (10) A CERTIFICATION THAT THE EXECUTIVE OFFICERS OF THE CORPORATION  
2 HAVE INCLUDED IN THE CORPORATE BYLAWS, AND WILL ABIDE BY, A REQUIREMENT  
3 THAT: (I) THE EXECUTIVE OFFICERS OF THE CORPORATION SHALL, WITHIN SIX  
4 MONTHS OF THE DATE OF INCORPORATION AND EVERY TWO YEARS THEREAFTER,  
5 ATTEND AND COMPLETE A COURSE, AT LEAST THREE HOURS IN LENGTH, CONDUCTED  
6 BY AN ATTORNEY OR CERTIFIED PUBLIC ACCOUNTANT, WHICH COURSE SHALL  
7 INSTRUCT SUCH OFFICERS IN THEIR FIDUCIARY RESPONSIBILITIES AS OFFICERS  
8 OF THE CORPORATION; AND (II) THAT THE CORPORATION SHALL MAINTAIN, AS  
9 PART OF THE CORPORATE BOOKS AND RECORDS, A RECORD OF THE DATE, LOCATION  
10 AND LENGTH OF THE COURSES ATTENDED BY THE EXECUTIVE OFFICERS, INCLUDING  
11 THE NAMES OF THE ATTENDEES, THE COURSE PRESENTER AND THE SPONSORING  
12 EDUCATION PROVIDER ENTITY, AND THE SIGNATURES OF THE OFFICERS WHO  
13 ATTENDED THE PROGRAM.  
14 S 2. This act shall take effect January 1, 2010.