S T A T E O F N E W Y O R K

7726--A

2013-2014 Regular Sessions

I N A S S E M B L Y

May 31, 2013

Introduced by M. of A. PAULIN, GALEF, MAISEL, MOSLEY, ROBERTS, ROSA, HOOPER, SCHIMEL -- Multi-Sponsored by -- M. of A. GABRYSZAK, GIBSON, SCARBOROUGH, WEISENBERG -- read once and referred to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the not-for-profit corporation law, in relation to prohibiting certain employees of a not-for-profit corporation from serving on the corporation's governing board or from hiring family members

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

Section 1. Section 602 of the not-for-profit corporation law is amended by adding four new paragraphs (g), (h), (i) and (j) to read as follows:

(G) THE BY-LAWS OF A NOT-FOR-PROFIT CORPORATION SHALL CONTAIN A PROVISION ON:

(1) EMPLOYEES SERVING ON SUCH GOVERNING BODY AND THE PERCENTAGE OF THE MEMBERSHIP OF THE GOVERNING BODY THAT MUST BE INDEPENDENT OF THE ORGANIZATION;

(2) HIRING OF FAMILY MEMBERS OF EMPLOYEES AND GOVERNING BODY MEMBERS; AND

(3) CONFLICT OF INTEREST COVERING BUSINESS INTERESTS.

(H) ALL BY-LAWS REQUIRED IN THIS SECTION SHALL BE AVAILABLE FOR REVIEW BY THE ATTORNEY GENERAL UPON REQUEST.

(I) EMPLOYEES OF A NOT-FOR-PROFIT CORPORATION ARE PROHIBITED FROM SERVING AS THE CHAIR OF SUCH ORGANIZATION'S GOVERNING BODY AND FROM SERVING AS A VOTING MEMBER OF SUCH ORGANIZATION'S GOVERNING BODY.

(J) NO PERSON WHO IS RELATED TO THE CHIEF EXECUTIVE OR ANY MEMBER OF A GOVERNING BODY BY BLOOD OR MARRIAGE SHALL BE EMPLOYED BY SUCH ORGANIZA-

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

LBD10937-03-3

TION, EXCEPT WITH THE APPROVAL OF TWO-THIRDS OF THE MEMBERS OF THE GOVERNING BODY.

S 2. This act shall take effect one year after it shall have become a law.