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2013-2014 Regular Sessions

I N   A S S E M B L Y

May 31, 2013
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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 ASSEM-
BLY, DO ENACT AS FOLLOWS:

1   Section 1. Section 602 of the not-for-profit corporation law is
2 amended by adding four new paragraphs (g), (h), (i) and (j) to read as
3 follows:
4   (G) THE BY-LAWS OF A NOT-FOR-PROFIT CORPORATION SHALL CONTAIN A
5 PROVISION ON:
6   (1) EMPLOYEES SERVING ON SUCH GOVERNING BODY AND THE PERCENTAGE OF THE
7 MEMBERSHIP OF THE GOVERNING BODY THAT MUST BE INDEPENDENT OF THE ORGAN-
8 IZATION;
9   (2) HIRING OF FAMILY MEMBERS OF EMPLOYEES AND GOVERNING BODY MEMBERS;
10 AND
11   (3) CONFLICT OF INTEREST COVERING BUSINESS INTERESTS.
12   (H) ALL BY-LAWS REQUIRED IN THIS SECTION SHALL BE AVAILABLE FOR REVIEW
13 BY THE ATTORNEY GENERAL UPON REQUEST.
14   (I) EMPLOYEES OF A NOT-FOR-PROFIT CORPORATION ARE PROHIBITED FROM
15 SERVING AS THE CHAIR OF SUCH ORGANIZATION'S GOVERNING BODY AND FROM
16 SERVING AS A VOTING MEMBER OF SUCH ORGANIZATION'S GOVERNING BODY.
17   (J) NO PERSON WHO IS RELATED TO THE CHIEF EXECUTIVE OR ANY MEMBER OF A
18 GOVERNING BODY BY BLOOD OR MARRIAGE SHALL BE EMPLOYED BY SUCH ORGANIZA-

1 TION, EXCEPT WITH THE APPROVAL OF TWO-THIRDS OF THE MEMBERS OF THE
2 GOVERNING BODY.
3   S 2. This act shall take effect one year after it shall have become a
4 law.