

5315--B

Cal. No. 605

2013-2014 Regular Sessions

I N S E N A T E

May 16, 2013

Introduced by Sen. MARCELLINO -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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:

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

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

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1 (J) NO PERSON WHO IS RELATED TO THE CHIEF EXECUTIVE OR ANY MEMBER OF A
2 GOVERNING BODY BY BLOOD OR MARRIAGE SHALL BE EMPLOYED BY SUCH ORGANIZA-
3 TION, EXCEPT WITH THE APPROVAL OF TWO-THIRDS OF THE MEMBERS OF THE
4 GOVERNING BODY.

5 (K) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, THE PROVISIONS OF
6 PARAGRAPHS (G), (I) AND (J) OF THIS SECTION SHALL NOT APPLY TO CEMETERY
7 CORPORATIONS THAT MUST COMPLY WITH ARTICLE FIFTEEN OF THIS CHAPTER.

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