

5310

2015-2016 Regular Sessions

I N S E N A T E

May 13, 2015

Introduced by Sen. MARCELLINO -- read twice and ordered printed, and
when printed to be committed to the Committee on Corporations, Author-
ities and Commissions

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

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

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1 (K) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, THE PROVISIONS OF
2 PARAGRAPHS (G), (I) AND (J) OF THIS SECTION SHALL NOT APPLY TO CEMETERY
3 CORPORATIONS THAT MUST COMPLY WITH ARTICLE FIFTEEN OF THIS CHAPTER.
4 S 2. This act shall take effect one year after it shall have become a
5 law.