

5310

2015-2016 Regular Sessions

I N   S E N A T E

May 13, 2015

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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.