STATE OF NEW YORK

7039

2017-2018 Regular Sessions

IN ASSEMBLY

March 29, 2017

Introduced by M. of A. TITONE -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the not-for-profit corporation law, in relation to requiring certificates of incorporation of not-for-profit corporations to include certifications that the initial directors of the corporation shall commit to the inclusion in the corporation bylaws of a conflict of interest policy and shall include in the corporate bylaws a requirement that the directors and officers of the corporation shall comply with education requirements regarding their fiduciary obligations to the corporation

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Paragraph (a) of section 402 of the not-for-profit corporation law is amended by adding two new subparagraphs 9 and 10 to read as follows:

(9) A certification that the initial directors of the corporation have included in the corporate bylaws, and will abide by, a conflict of interest policy which: (i) prohibits the directors and executive officers of the corporation from being involved in decisions relating to business between the corporation and any other not-for-profit corporation of which the officer or director, his or her spouse or any other disqualified person is a director or officer; and (ii) requires each director and executive officer of the corporation to certify to the corporation that he or she is not affiliated with another not-for-profit corporation which may do business with the corporation or, if he or she is or becomes so affiliated, to promptly disclose to the corporation the existence of such affiliation. As used herein "disqualified person" means the family of a director or executive officer, including such person's spouse, parent, sibling, child, grandchild, great-grandchild, and the spouse of any sibling, child, grandchild or great-grandchild.

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

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(10) A certification that the executive officers of the corporation have included in the corporate bylaws, and will abide by, a requirement that: (i) the executive officers of the corporation shall, within six months of the date of incorporation and every two years thereafter, attend and complete a course, at least three hours in length, conducted by an attorney or certified public accountant, which course shall instruct such officers in their fiduciary responsibilities as officers of the corporation; and (ii) that the corporation shall maintain, as part of the corporate books and records, a record of the date, location and length of the courses attended by the executive officers, including the names of the attendees, the course presenter and the sponsoring education provider entity, and the signatures of the officers who attended the program.

§ 2. This act shall take effect January 1, 2018.