

CHAPTER 309

SOCIAL AND CHARITABLE CORPORATIONS

309.01 POWERS.

HISTORY. 1853 c. 22 s. 1; P.S. 1858 c. 17 s. 56; 1863 c. 58 s. 1; G.S. 1866 c. 34 s. 54; 1870 c. 28 s. 1; 1872 c. 52 s. 1; G.S. 1878 c. 34 s. 166; 1879 c. 30 s. 1; 1881 c. 75 s. 1; 1885 c. 8; 1891 c. 70 s. 1; G.S. 1894 s. 2913; R.L. 1905 s. 3102; 1907 c. 94; 1909 c. 483; 1913 c. 285 s. 1; G.S. 1913 s. 6522; 1915 c. 185 s. 1; 1917 c. 274; G.S. 1923 s. 7892; M.S. 1927 s. 7892.

A savings association formed for the pecuniary profit of its members is not a benevolent or charitable society within the meaning of this section. *Sheren v Mendenhall*, 23 M 92; *Foster v Moulton*, 35 M 458, 29 NW 155; *Brown v Maplewood*, 85 M 498, 89 NW 872.

A corporation termed "mutual benefit association", apparently intended as a mutual insurance company, duly recorded its articles with the register of deeds and the secretary of state. The association did not become a corporation de jure, not having complied with the statute relating to insurance corporations, and it was not a "benevolent society" because it did not comply with this section. Plaintiff, a member, being injured, brought suit against the individual persons composing the association; but although this was not a corporation de jure, the association is as between its members a de facto corporation, and therefore an action against the defendants as individual persons will not lie. *Foster v Moulton*, 35 M 458, 29 NW 155.

An association whose purpose is to endow the wife of each member with a sum of money equal to as many dollars as there are members of the association, to be raised by assessment on them, is not a "benevolent society". *State v Critchett*, 37 M 13, 32 NW 787.

Where articles of incorporation filed are void, they cannot be made good by amendment, though the amended articles are properly filed. *State v Critchett*, 37 M 13, 32 NW 787.

There being nothing in the statute, or in the articles, or by-laws, of the "Odd Fellows Mutual Benefit Society" limiting the beneficiaries to any particular classes of persons, a designation as beneficiary of a person not a member of the family of the member, is valid. *Walter v Hensel*, 42 M 204, 44 NW 57.

Five persons organized "The Norwegian-Danish Evangelical Lutheran Augsburg Seminary." The articles were defective in that they contained no provisions for the admission of new members, and no provision as to how trustees should be elected. The power to amend the articles and admit new members and elect trustees was vested in the five incorporators. *State v Oftedal*, 72 M 498, 75 NW 692.

For nearly 20 years thereafter, trustees of the corporation were elected by an unincorporated voluntary association called "The Conference of Norwegian-Danish Evangelical Lutheran Church of America", and the trustees thus elected performed all the duties of the office with the consent of the incorporators. The usage or custom of the conference to elect the trustees of the corporation, although acquiesced in by the original incorporators for 20 years, did not have the effect of admitting to membership either the members of the conference or all the members of the congregations belonging to the conference. *State v Oftedal*, 72 M 498, 75 NW 692.

Brown made and delivered to the Albert Lea College, an incorporated charitable, educational institution, his promissory note in the amount of \$2,500 to form by itself or with other like contributions, a permanent endowment fund for the college. Before the note came due, Brown died. In an action on the note, it is held that the promise was sufficiently supported by a consideration and was not revoked by the death of Brown, and is valid and enforceable against his estate. *Albert Lea v Brown*, 88 M 524, 93 NW 672.

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Articles and by-laws of the Minneapolis fire department relief association do not authorize the employment by one of its officers of a physician, not a regular surgeon of the association, to render medical services for a member injured at a fire, for an indefinite length of time, without the authority of the board of trustees. *Legault v Mpls. Fire Dep't*, 93 M 72, 100 NW 666.

The duty imposed upon all persons and corporations operating dangerous machinery to cover or guard dangerous parts thereof, applies to charitable associations as well as others. *McInerny v St. Luke's*, 122 M 10, 141 NW 831.

A by-law, though not expressly authorized by statute or the articles of incorporation, may operate as a contract between the corporation and its members so as to be binding on both. By surrendering his original certificate of membership and accepting one making his membership subject to the limitations contained in the by-laws, plaintiff made them party to his contract with defendant. *Strong v Mpls. Automobile Trade*, 151 M 406, 186 NW 800.

An association cannot expel a member without an opportunity to be heard, particularly when his property rights will be affected by his expulsion. The rule holds good where cause for expulsion is conceded but expulsion is discretionary. *Strong v Mpls. Automobile Trade*, 151 M 406, 186 NW 800.

The statute does not authorize this corporation to assess its stock or membership; and in the absence of such a provision in its articles, or a contract to that effect with its stockholders, it is without authority to assess. *Jackson v Minnetonka Country Club*, 166 M 323, 207 NW 632.

The employment as property man in a circus performing for a week, under the auspices of relator, was casual and not in the usual course of the trade, business, profession or occupation of relator, a fraternal organization. *Houser v Osman Temple*, 189 M 239, 248 NW 827.

A widow of a member of defendant association, the recipient of a pension under its constitution and by-laws, terminated her right to such pension by a remarriage and is not entitled to reinstatement as a pensioner upon the annulment of the marriage. *Northrup v St. Paul Fire Dep't*, 193 M 623, 259 NW 185.

The provisions of plaintiff's articles of incorporation, and by-laws, that a membership in the club may by action of its board of governors, be forfeited and sold for non-payment of dues, did not constitute the sole remedy for such non-payment. The plaintiff may recover from the defendant the amount of his unpaid dues for the years 1932, 1933. *Lafayette Club v Roberts*, 196 M 605, 265 NW 802.

The defendant, organized to operate a hospital on a non-profit basis, is tax exempt, though it charges for its services. *State ex rel v Taylor Foundation*, 198 M 263, 269 NW 469.

An incorporated benevolent society is authorized to divide its membership into units and, if permitted by its by-laws, a member of one unit may be a member of another. *Olson v Gopher State Benevolent*, 203 M 267, 281 NW 43.

A bar association organized as a social and charitable association, is doing business in the state within the meaning of the corrupt practices act, which provides that no corporation doing business in the state shall pay or contribute any money, property or services, directly or indirectly, to any political party, organization, committee, or individual for political purposes. *LaBelle v Hennepin County Bar Ass'n*, 206 M 290, 288 NW 788.

The Minneapolis college of law is a charitable organization. OAG Sept. 1, 1939 (102).

A corporation may not be created and designated "The Democratic Party". OAG April 4, 1944 (92b-15).

309.02 CERTIFICATE; ANNUAL MEETINGS.

HISTORY. 1853 c. 22 s. 1; P.S. 1858 c. 17 s. 56; G.S. 1866 c. 34 s. 55; G.S. 1878 c. 34 s. 167; 1881 c. 75 s. 2; 1883 c. 111 ss. 1, 2; G.S. 1878 Vol. 2 (1888 Supp.) c. 34 ss. 168a, 168b; G.S. 1894 ss. 2914, 2917, 2918; 1895 c. 333; R.L. 1905 s. 3103; G.S. 1913 s. 6523; 1921 c. 519 s. 1; G.S. 1923 s. 7893; 1925 c. 241; M.S. 1927 s. 7893.

See annotations under section 309.01.

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Red Wing seminary alumni association is a religious corporation within the meaning of section 309.02. 1934 OAG 188, Dec. 11, 1934 (92b-15).

Social and charitable corporations may not engage in the insurance business; and the carrying on of the business of providing death and disability benefits upon the assessment plan is engaging in the insurance business and is illegal unless authorized by statute. 1936 OAG 91, May 11, 1935 (92a-1).

Where a corporation when formed designates its headquarter's location as in some state institution, the secretary of state may assume it has named a bona fide location and had full permission. OAG June 30, 1944 (11a-5).

309.023 PROVIDE FOR PERPETUAL SUCCESSION.

HISTORY. 1945 c. 435.

309.03 POWERS; COLLECTION OF ASSESSMENTS.

HISTORY. 1853 c. 22 s. 2; P.S. 1858 c. 17 s. 57; G.S. 1866 c. 34 s. 56; 1876 c. 31 s. 1; G.S. 1878 c. 34 s. 168; G.S. 1894 s. 2916; R.L. 1905 s. 3104; G.S. 1913 s. 6524; G.S. 1923 s. 7894; M.S. 1927 s. 7894.

The statute does not authorize a corporation organized under this chapter to assess its stock or membership; and in the absence of such a provision in its articles, or contract to that effect, it is without authority to assess. *Jackson v Minnetonka*, 166 M 323, 207 NW 632.

The right of the board to forfeit and sell defendant's membership for non-payment of dues did not prevent the plaintiff from bringing action for and recovering dues for the years 1932-1933. *Lafayette v Roberts*, 196 M 605, 265 NW 802.

The attempt of the plaintiff corporation to levy an assessment on its members as a condition precedent to their resignation was abortive because of failure to comply with applicable charter provisions. *Lafayette v Wright*, 199 M 356, 271 NW 702.

Prior to the passage of Laws 1933, Chapter 241, which became effective June 12, 1933, this defendant had power to determine the terms of admission to membership and the amount of contributions required of its members, and to establish by-laws and regulations for the management of its affairs. *Olson v Gopher State*, 203 M 267, 281 NW 43.

309.04 ELECTION OF OFFICERS.

HISTORY. 1893 c. 47 s. 1; G.S. 1894 s. 2919; 1897 c. 2 s. 1; R.L. 1905 s. 3105; G.S. 1913 s. 6525; G.S. 1923 s. 7895; M.S. 1927 s. 7895; 1929 c. 58.

309.05 NO DIVIDEND UNTIL DISSOLUTION.

HISTORY. 1893 c. 47 s. 1; G.S. 1894 s. 2919; 1897 c. 2 s. 1; R.L. 1905 s. 3105; M.S. 1927 s. 7896.

Under an expressed prohibition, no gain or profit may accrue to members or directors of the defendant association. *Brown v Maplewood*, 85 M 508, 89 NW 872.

While the law does not permit a personal distribution of the property of a corporation prior to its dissolution, the corporation may repay the membership fee to one whose membership in a corporation has been terminated. *Strong v Mpls. Automobile Trade*, 151 M 406, 186 NW 800.

There is no exemption under the securities act where a hospital association has two classes of capital stock; on one cash dividends are paid, and on the other certain service patronage allowed. OAG Nov. 6, 1944 (616b-4).

309.06 RIGHT TO RECEIVE, INVEST, AND DISPOSE OF GIFTS.

HISTORY. 1853 c. 22 s. 1; P.S. 1958 c. 17 s. 56; G.S. 1866 c. 34 s. 58; 1869 c. 76 s. 2; G.S. 1878 c. 34 s. 174; G.S. 1894 s. 2922; 1899 c. 294; R.L. 1905 s. 3107; G.S. 1913 s. 6527; 1917 c. 274 s. 2; G.S. 1923 s. 7897; M.S. 1927 s. 7897.

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When a corporation declines to carry out the purposes or objects of a gift of money, declines to use the money for which it was donated and voluntarily dissolves and terminates its corporate existence, the amount of the gift reverts to the donor. Neither the corporation itself, nor a receiver of the corporation, has power to distribute the money among members of the corporation. *Cone v Wold*, 85 M 302, 88 NW 977.

Charitable dispositions in Minnesota; gifts. 1 MLR 225.

309.07 EDUCATIONAL INSTITUTIONS; POWER AS TO PROPERTY.

HISTORY. 1905 c. 75 s. 1; G.S. 1913 s. 6528; G.S. 1923 s. 7898; M.S. 1927 s. 7898.

The exercise of corporate powers in excess of those granted by law constitutes, where no other penalty is prescribed, a ground for the forfeiture of its charter at the suit of the state. *State v Harris Realty Co.* 148 M 20, 180 NW 776.

Relating to acceptance of gifts by educational institutions not state departments. OAG March 8, 1944 (454f).

309.08 CORPORATIONS TO ADMINISTER CHARITIES; FORMATION; REQUISITES.

HISTORY. 1895 c. 158 ss. 1, 2; R.L. 1905 ss. 3110; G.S. 1913 s. 6534; G.S. 1923 s. 7901; M.S. 1927 s. 7901.

Union city mission, as part of its charitable work in Minneapolis, operates the St. James Hotel where it furnishes lodgings and meal tickets to indigent persons either free or in return for a certain amount of work. Such arrangement does not amount to a contract for hire, and does not subject defendant to the workmen's compensation act. *Hanson v St. James Hotel*, 191 M 315, 254 NW 4.

The expenditure by a bar association of money to defray the expense of a bar plebiscite, and giving the result of the plebiscite to the public, does not constitute a payment or contribution of money, property, or services to a political party, committee, or individual for political purposes. *La Belle v Hennepin County Bar Ass'n*, 206 M 290, 288 NW 788.

309.09 POWERS OF CORPORATION; VISITORIAL RIGHT; CONSOLIDATION.

HISTORY. 1895 c. 158 ss. 3, 4; R.L. 1905 s. 3111; 1909 c. 222 s. 1; G.S. 1913 s. 6535; G.S. 1923 s. 7902; M.S. 1927 s. 7902.

A gift by deed, devise or bequest to an existing corporation, or to one to be thereafter organized, with directions or conditions as to the use or management of the gift, which are reasonably consistent with the corporate purposes of the donee, is not a gift in trust but an absolute one to the corporation within the meaning of our statutes of trust. *Watkins v Bigelow*, 93 M 210, 100 NW 1104.

Legal effect of gift to charitable corporations. 23 MLR 670.

309.10 NON-PROFIT HOSPITAL SERVICE PLAN CORPORATIONS.

HISTORY. 1941 c. 53 s. 1.

309.11 MAY PROVIDE SERVICE IN NON-MEMBER HOSPITALS.

HISTORY. 1941 c. 53 s. 2.

309.12 CERTIFICATE OF INCORPORATION, WHERE FILED.

HISTORY. 1941 c. 53 s. 3.

309.13 MEMBERSHIP OF GOVERNING BODY.

HISTORY. 1941 c. 53 s. 4.

309.14 ANNUAL REPORT.

HISTORY. 1941 c. 53 s. 5.

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309.15 COMMISSIONER OF INSURANCE TO HAVE ACCESS TO BOOKS.

HISTORY. 1941 c. 53 s. 6.

309.16 INVESTMENT OF FUNDS.

HISTORY. 1941 c. 53 s. 7.

309.17 NOT TO ENGAGE IN MEDICAL PRACTICE.

HISTORY. 1941 c. 53 s. 8.