

TITLE 22  
AGRICULTURE AND HORTICULTURE

CHAPTER 26  
COOPERATIVE MARKETING ASSOCIATIONS

22-2601. DECLARATION OF POLICY. In order to promote, foster and encourage the intelligent and orderly marketing of agricultural products through cooperation and to eliminate speculation and waste, and to make the distribution of agricultural products as direct as can be efficiently done between producer and consumer, and to stabilize the marketing problems of agricultural products, this chapter is passed.

[(22-2601) 1921, ch. 124, sec. 1, p. 298; I.C.A., sec. 22-2001.]

22-2602. DEFINITIONS -- SHORT TITLE. As used in this chapter:

- a. The term "agricultural products" shall include horticultural, viticultural, forestry, dairy, livestock, poultry, bee and any farm products;
- b. The term "member" shall include actual members of associations without capital stock and holders of common stock in associations organized with capital stock;
- c. The term "association" means any corporation organized under this chapter; and
- d. The term "person" shall include individuals, firms, partnerships, corporations and associations.

Associations organized hereunder shall be deemed nonprofit, inasmuch as they are not organized to make profits for themselves, as such, or for their members, as such, but only for their members as producers.

Any instrument, or interest, which (a) qualifies its holder to be a member or patron of an association, or; (b) represents a patronage refund or other patronage allocation, which is part of a class issuable only to persons who deal in agricultural products or commodities with or obtain services from the association; or (c) represents the terms or conditions by which members or patrons purchase or sell agricultural products or commodities from, to, or through the association, (including any property right or interest in any arrangement to purchase or sell agricultural products, commodities or supplies between the association and its members or patrons) shall not be considered to be a security as used in [title 30](#), chapter 14, Idaho Code, and shall not be subject to the provisions of said chapter.

The foregoing shall apply to any association operating as an agricultural cooperative, which is qualified to do business in the state of Idaho as an agricultural marketing association, and which possesses no greater powers than those provided such an association under this chapter.

This chapter shall be referred to as the "Cooperative Marketing Act."

[(22-2602) 1921, ch. 124, sec. 2, p. 298; I.C.A., sec. 22-2002; am. 1976, ch. 41, sec. 1, p. 89.]

22-2603. ASSOCIATIONS -- WHO MAY ORGANIZE. Five (5) or more persons engaged in the production of agricultural products may form a nonprofit, cooperative association, with or without capital stock, under the provisions of this chapter.

[(22-2603) 1921, ch. 124, sec. 3, p. 298; I.C.A., sec. 22-2003.]

22-2604. PURPOSES. An association may be organized to engage in any activity in connection with the production, marketing or selling of the agricultural products of its members, or with the harvesting, preserving, drying, processing, canning, packing, storing, handling, shipping or utilization thereof, or the manufacturing or marketing of the by-products thereof; or in connection with the purchasing, manufacturing, selling or supplying to its members of machinery, equipment or supplies; or in the financing of the above enumerated activities; or in any one or more of the activities specified herein.

[(22-2604) 1921, ch. 124, sec. 4, p. 298; I.C.A., sec. 22-2004; am. 1933, ch. 212, sec. 1, p. 445.]

22-2605. PRELIMINARY INVESTIGATION. Every group of persons contemplating the organization of an association under this chapter, is urged to communicate with the department of agriculture, who will inform it whatever a survey of the marketing conditions affecting the commodities to be handled by the proposed association indicates regarding probable success.

[(22-2605) 1921, ch. 124, sec. 5, p. 298; I.C.A., sec. 22-2005.]

22-2606. POWERS. Each association incorporated under this chapter shall have the following powers:

a. To engage in any activity in connection with the production, marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling or utilization of any agricultural products produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or in connection with the purchasing, hiring, manufacturing, selling, or use to, by, or for its members of supplies, machinery or equipment; or in the financing of any such activities; or in any one or more of the activities specified in this section. An association may do business with nonmembers in an amount not to exceed that done with members.

b. To borrow money and to make advances to members.

c. To act as the agent or representative of any member or members in any of the above-mentioned activities.

d. To purchase or otherwise acquire, and to hold, own and exercise all rights of ownership in, and to sell, transfer, or pledge shares of the capital stock or bonds of any corporation or association engaged in any related activity or in the handling or marketing of any of the products handled by the association.

e. To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the bylaws.

f. To buy, hold and exercise all rights of ownership, over such real or personal property as may be necessary or convenient for the conducting and operation of any of the business of the association or incidental thereto.

g. To do each and every thing necessary, suitable or proper for the accomplishment of any one of the purposes or the attainment of any one or more of the objects herein enumerated; or conducive to or expedient for the interest or benefit of the association; and to contract accordingly; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes, for which the association is organized or to the activities in which it is engaged; and in addition, any other rights, powers and privileges granted by the laws of this state to ordinary corporations,

except such as are inconsistent with the express provisions of this chapter; and to do any such thing anywhere.

[(22-2606) 1921, ch. 124, sec. 6, p. 298; am. 1923, ch. 179, sec. 1, p. 279; I.C.A., sec. 22-2006; am. 1933, ch. 212, sec. 2, p. 445.]

22-2607. MEMBERS. a. Under the terms and conditions prescribed in its bylaws, an association may admit as members, or issue common stock, only to persons engaged in the production of agricultural products to be handled by or through the association, or to agricultural producers using supplies handled by or through the association organized for that purpose, including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent part of the crop raised on the leased premises.

b. If a member of a nonstock association be other than a natural person, such member may be represented by any individual, associate, officer or member thereof, duly authorized in writing.

c. One association organized hereunder may become a member or stockholder of any other association or associations, organized hereunder.

[(22-2607) 1921, ch. 124, sec. 7, p. 298; I.C.A., sec. 22-2007; am. 1933, ch. 212, sec. 3, p. 445.]

22-2608. ARTICLES OF INCORPORATION -- CONTENTS -- SUBSCRIBING AND FILING. Each association formed under this chapter must prepare and file articles of incorporation, setting forth:

- (1) The name of the association.
- (2) The purpose for which it is formed.
- (3) The address of its initial registered office and the name of its initial registered agent at such address.
- (4) The term for which it is to exist, which may be perpetual.
- (5) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; and if unequal, the articles shall set forth the general rule or rules applicable to all members by which the property rights and interests, respectively, of each member may and shall be determined and fixed; and the association shall have the power to admit new members who shall be entitled to share in the property of the association with the old members, in accordance with such general rule or rules. This provision of the articles of incorporation shall not be altered, amended or repealed except by the written consent or the vote of a majority of the members.
- (6) If organized with capital stock, the amount of such stock and the number of shares into which it is divided and the par value thereof. The capital stock may be divided into preferred and common stock. If so divided, the articles of incorporation must contain a statement of the number of shares of stock to which preference is granted and the number of shares of stock to which no preference is granted and the nature and extent of the preference and the privileges granted to each.
- (7) The names and addresses of the persons who are to serve as directors until the first annual meeting of the members or stockholders or until their successors be elected and qualify.

The articles must be subscribed by the incorporators and shall be filed in accordance with the provisions of the general corporation law of the state; and when so filed the said articles of incorporation, or certified

copies thereof, shall be received in all the courts of this state, and other places, as prima facie evidence of the facts contained therein, and of the due incorporation of such association.

[(22-2608) 1921, ch. 124, sec. 8, p. 298; am. 1929, ch. 246, sec. 1, p. 501; I.C.A., sec. 22-2008; am. 1980, ch. 76, sec. 1, p. 158; am. 2004, ch. 106, sec. 1, p. 381.]

22-2609. ARTICLES OF INCORPORATION -- AMENDMENT. The articles of incorporation may be altered or amended in any respect, including increases or decreases in capital stock, at any regular meeting or at any special meeting called for that purpose. An amendment must first be approved by two-thirds (2/3) of the directors and then adopted by the affirmative vote of two-thirds (2/3) of the members or stockholders of the association present at such meeting, except as otherwise provided in section [22-2608](#), and provided that a quorum as specified in the by-laws of the association be present. Amendments of the articles of incorporation, when so adopted shall be filed in accordance with the provisions of the general corporation law of this state.

[(22-2609) 1921, ch. 124, sec. 9, p. 298; am. 1929, ch. 246, sec. 2, p. 501; I.C.A., sec. 22-2009.]

22-2610. BYLAWS -- ADOPTION -- CONTENTS -- AMENDMENT. Each association incorporated under this chapter must, within thirty (30) days after its incorporation, adopt for its government and management, a code of bylaws, not inconsistent with the powers granted by this chapter. A majority vote of the members or stockholders, or their written assent, is necessary to adopt such bylaws. Each association under its bylaws may, also, provide for any or all of the following matters:

- a. The time, place and manner of calling and conducting its meetings.
- b. The number of stockholders or members constituting a quorum.
- c. The right of members or stockholders to vote by proxy or by mail or by both, and the conditions, manner, form, and effects of such votes.
- d. The number of directors thereof, which must not be less than five (5) and may be any number in excess thereof, the term of office of such directors and the number of directors constituting a quorum.
- e. The qualifications, compensation and duties and term of office of directors and officers; time of their election and the mode and manner of giving notice thereof.
- f. Penalties for violations of the bylaws.
- g. The amount of entrance, organization and membership fees, if any; the manner and method of collection of the same, and the purposes for which they may be used.
- h. The amount which each member or stockholder shall be required to pay annually or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member or stockholder for services rendered by the association to him and the time of payment and the manner of collection; and the marketing contract between the association and its members or stockholders which every member or stockholder may be required to sign.
- i. The number and qualification of members or stockholders of the association and the conditions precedent to membership or ownership of common stock; the method, time and manner of permitting members to withdraw or the holders of common stock to transfer their stock; the manner of assignment and

transfer of the interest of members, and of the shares of common stock; the conditions upon which, and time when membership of any member shall cease. The automatic suspension of the rights of a member when he ceases to be eligible to membership in the association, and mode, manner and effect of the expulsion of the member; manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member or stockholder, or upon the expulsion of a member of forfeiture of his membership, or, at the option of the association, by conclusive appraisal by the board of directors. In case of the withdrawal or expulsion of a member the board of directors shall make certain that the capital furnished by such terminated member is correctly recorded on the books of the corporation in direct relationship to his patronage and such terminated member shall be notified of such interest by payment in money or issuance of stock in the association or issuance of such other evidence of the capital interest as the bylaws of the association may permit or any combination of the foregoing; within one (1) year after such expulsion or withdrawal.

This act is intended to permit the association to establish and accumulate reasonable reserves and surplus funds and to abolish the same; also to create, maintain, and terminate revolving funds or other similar funds; to utilize a revolving fund method of financing, or such other methods as may be prudent and compatible with agricultural cooperative organizations; in the manner as provided for in the bylaws of the association.

The interest of an existing or former member in the association's capital reserve or equity accounts is an equity interest and not a debt, and is revolvable in the manner defined in the bylaws and subject to the restrictions defined therein. The issuance of notices of allocation and/or of equity reserve balances, or any other form sufficient to place the existing or former member on notice of his equity interest in the association shall satisfy the recording, appraisal, notification and/or payment requirement hereinabove set forth or as set forth in the bylaws. Revolving of capital reserve or equity accounts shall be at the discretion of the board of directors and the bylaws may specifically so provide.

Non-equity obligations will be paid according to their terms.

Obligations such as checks or drafts issued by the association to the patron, credits in a capital reserve or equity account called for revolving by the board of directors of the association, remaining uncashed or unclaimed at the expiration of the period of five (5) years after the issuance, call for payment, or stated maturity date thereof, shall be deemed, if authorized by the bylaws and at the direction of the board of directors, transferred, as a contribution, to the capital fund of the association, this being an exception to [chapter 5, title 14](#), Idaho Code.

The bylaws of any association incorporated under this chapter may be altered or amended at any regular meeting or at any special meeting of the members or stockholders thereof called for that purpose by the affirmative vote of two-thirds (2/3) of the members or stockholders present at such meeting: provided, that a quorum as specified in the bylaws of the association be present: and, provided further, that where the bylaws of said association authorize voting by mail and a mail vote pursuant to such bylaws is taken on the question of altering or amending such bylaws, the affirmative vote of a majority of all members or stockholders voting on such question shall be required.

[(22-2610) 1921, ch. 124, sec. 10, p. 298; am. 1929, ch. 246, sec. 3, p. 501; I.C.A., sec. 22-2010; am. 1986, ch. 4, sec. 1, p. 42; am. 1991, ch. 163, sec. 1, p. 391.]

22-2611. GENERAL AND SPECIAL MEETINGS -- HOW CALLED. In its bylaws each association shall provide for one or more regular meetings annually. The board of directors shall have the right to call a special meeting at any time, and ten per cent (10%) of the members or stockholders may file a petition stating the specific business to be brought before the association and demand a special meeting at any time. Such meeting must thereupon be called by the directors. Notice of all meetings, together with a statement of the purposes thereof, shall be mailed to each member at least ten (10) days prior to the meeting: provided, however, that the bylaws may require instead that such notice may be given by publication in a newspaper of general circulation, published at the principal place of business of the association.

[(22-2611) 1921, ch. 124, sec. 11, p. 298; I.C.A., sec. 22-2011.]

22-2612. DIRECTORS -- ELECTION -- APPOINTMENT -- REMUNERATION -- PROHIBITED CONTRACTS -- VACANCIES. The affairs of the association shall be managed by a board of not less than five (5) directors, elected by the members or stockholders from their own number. The bylaws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such a case the bylaws shall specify the number of directors to be elected by each district, the manner and method of reapportioning the directors and of redistricting the territory covered by the association. The bylaws may provide that primary elections should be held in each district to elect the directors apportioned to such districts and the result of all such primary elections must be ratified by the next regular meeting of the association.

The bylaws may provide that one or more directors may be appointed by the department of agriculture or any other public official or commission. The director or directors so appointed need not be members or stockholders of the association, but shall have the same powers and rights as other directors.

An association may provide a fair remuneration for the time actually spent by its officers and directors in its service. No director, during the term of his office, shall be a party to a contract for a profit with the association differing in any way from the business relations accorded regular members or holders of common stock of the association, or to any other kind of contract differing from terms generally current in that district.

When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board, by a majority vote, shall fill the vacancy, unless the bylaws provide for an election of directors by district. [In] such a case the board of directors shall immediately call a special meeting of the members or stockholders in that district to fill the vacancy.

[(22-2612) 1921, ch. 124, sec. 12, p. 298; I.C.A., sec. 22-2012.]

22-2613. ELECTION OF OFFICERS. The directors shall elect from their number a president and one (1) vice-president. They shall, also, elect a secretary and treasurer, who need not be directors, and they may combine the two (2) latter offices and designate the combined office as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be

considered as an officer but as a function of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, excepting that the funds shall be deposited only as authorized by the board of directors. They shall also elect such additional vice-presidents and other officers as may be provided for in the bylaws of the association, and such additional vice-presidents or other officers need not be directors or members of the association.

[(22-2613) 1921, ch. 124, sec. 13, p. 298; am. 1929, ch. 246, sec. 4, p. 501; I.C.A., sec. 22-2013.]

22-2614. STOCK -- MEMBERSHIP CERTIFICATES -- WHEN ISSUED -- VOTING -- LIABILITY -- LIMITATIONS ON TRANSFER AND OWNERSHIP. (1) When a member of an association established without capital stock, has paid his membership fee in full, he shall receive a certificate of membership.

(2) No association shall issue stock to a member until it has been fully paid for. The promissory notes of the members may be accepted by the association as full or partial payment. The association shall hold the stock as security for the payment of the note, but such retention as security shall not affect the members' right to vote.

(3) Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance on any promissory notes given in payment thereof.

(4) No stockholder of a cooperative association shall own more than one-twentieth (1/20) of the issued common stock of the association; and an association, in its bylaws, may limit the amount of common stock which one (1) member may own to any amount less than one-twentieth (1/20) of the issued common stock.

(5) Any association organized with stock under this act may issue preferred stock, with or without the right to vote. Such stock may be redeemable or retirable by the association on such terms and conditions as may be provided for by the articles of incorporation and printed on the face of the certificate.

(6) The bylaws shall prohibit the transfer of the common stock of the association to persons not engaged in the production of the agricultural products handled by the association, and such restrictions must be printed upon every certificate of stock subject thereto.

(7) The bylaws shall require that any association organized under this act satisfies the following requirements:

(a) Operate for the mutual benefit of the members thereof, as producers;

(b) Not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members; and

(c) Conform to one (1) or both of the following:

(i) That no member of the association is allowed more than one (1) vote because of the amount of stock or membership capital he may own therein; or

(ii) That the association does not pay dividends on stock or membership capital in excess of eight percent (8%) per annum.

(8) The association may, at any time, except when the debts of the association exceed fifty per cent (50%) of the assets thereof, buy in or pur-

chase its common stock at book value thereof as conclusively determined by the board of directors and pay for it in cash within one (1) year thereafter.

[(22-2614) 1921, ch. 124, sec. 14, p. 298; I.C.A., sec. 22-2014; am. 2019, ch. 49, sec. 1, p. 134.]

22-2615. REMOVAL OF OFFICER OR DIRECTOR. Any member may bring charges against an officer or director by filing them in writing with the secretary of the association, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the association and, by a vote of a majority of the members, the association may remove the officer or director and fill the vacancy. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses; and the person or persons bringing the charges against him shall have the same opportunity.

In case the bylaws provide for election of directors by districts with primary elections in each district, then the petition for removal of a director must be signed by twenty percent (20%) of the members residing in the district from which he is elected. The board of directors must call a special meeting of the members residing in that district to consider the removal of the director. By a vote of the majority of the members of that district, the director in question shall be removed from office.

[(22-2615) 1921, ch. 124, sec. 15, p. 298; I.C.A., sec. 22-2015.]

22-2616. REFERENDUM. Upon demand of one-third (1/3) of the entire board of directors, any matter that has been approved or passed by the board must be referred to the entire membership or the stockholders for decision at the next special or regular meeting: provided, however, that a special meeting may be called for the purpose.

[(22-2616) 1921, ch. 124, sec. 16, p. 298; I.C.A., sec. 22-2016.]

22-2617. MARKETING CONTRACT. The association and its members may make and execute marketing contracts, requiring the members to sell, for any period of time, not over ten (10) years, all or any specified part of their agricultural products or specified commodities exclusively to or through the association or any facilities to be created by the association. The contract may provide that the association may sell or resell the products of its members, with or without taking title thereto; and pay over to its members the resale price, after deducting all necessary selling, overhead and other costs and expenses, and reserves for retiring the stock, if any; and other proper reserves; and interest upon common stock.

The bylaws and the marketing contract may fix, as liquidated damages, specific sums to be paid by the member or stockholder to the association upon the breach by him of any provision of the marketing contract regarding the sale or delivery or withholding of products; and may further provide that the member will pay all costs, premiums for bonds, expenses and fees in case any action is brought upon the contract by the association; and any such provisions shall be valid and enforceable in the courts of this state.

In the event of any such breach or threatened breach of such marketing contract by a member, the association shall be entitled to an injunction to prevent the further breach of the contract, and to a decree of specific performance thereof. Pending the adjudication of such an action and upon filing a verified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the association shall be entitled to a temporary restraining order and preliminary injunction against the member.

[(22-2617) 1921, ch. 124, sec. 17, p. 298; I.C.A., sec. 22-2017; am. 2019, ch. 49, sec. 2, p. 135.]

22-2618. PURCHASING BUSINESS OF OTHER ASSOCIATIONS, PERSONS, FIRMS OR CORPORATIONS -- PAYMENT -- STOCK ISSUED. Whenever an association organized hereunder with preferred capital stock, shall purchase the stock or any property, or any interest in any property of any person, firm, or corporation or association, it may discharge the obligations so incurred, wholly or in part, by exchanging for the acquired interest, shares of its preferred capital stock to an amount which at par value would equal a fair market value of the stock or interest so purchased, as determined by the board of directors. In that case the transfer to the association of the stock or interest purchased shall be equivalent to payment in cash for the shares of stock issued.

[(22-2618) 1921, ch. 124, sec. 18, p. 299; I.C.A., sec. 22-2018.]

22-2620. CONFLICTING LAWS NOT TO APPLY. Any provisions of law which are in conflict with this chapter shall not be construed as applying to the associations herein provided for.

[(22-2620) 1921, ch. 124, sec. 20, p. 298; I.C.A., sec. 22-2020.]

22-2621. INTEREST IN OTHER CORPORATIONS OR ASSOCIATIONS. An association may organize, form, operate, own, control, have an interest in, own stock of, or be a member of any other corporation or corporations, with or without capital stock, and engaged in preserving, drying, processing, canning, packing, storing, handling, shipping, utilizing, manufacturing, marketing, or selling of the agricultural products handled by the association, or the by-products thereof. If such corporations are warehousing corporations, they may issue legal warehouse receipts to the association or to any other person and such legal warehouse receipts shall be considered as adequate collateral to the extent of the current value of the commodity represented thereby. In case such warehouse is licensed and bonded under the laws of this state or the United States, its warehouse receipt shall not be challenged or discriminated against because of ownership or control, wholly or in part, by the association.

[(22-2621) 1921, ch. 124, sec. 21, p. 298; I.C.A., sec. 22-2021.]

22-2622. CONTRACTS AND AGREEMENTS WITH OTHER ASSOCIATIONS. Any association may, upon resolution adopted by its board of directors, enter into all necessary and proper contracts and agreements and make all necessary and proper stipulations, agreements and contracts, and arrangements with any other cooperative corporation, association or associations, formed in this or in any other state, for the cooperative and more economical carrying on

of its business, or any part or parts thereof. Any two (2) or more associations may, by agreement between them, unite in employing and using or may separately employ and use the same methods, means and agencies for carrying on and conducting their respective businesses.

[(22-2622) 1921, ch. 124, sec. 22, p. 298; I.C.A., sec. 22-2022.]

22-2622A. CONSOLIDATION AND MERGER AGREEMENTS -- VOTING REQUIREMENTS. A consolidation or merger of associations organized hereunder shall be effective if the agreement therefor is approved by a two-thirds (2/3) vote of those present and voting at a regularly called meeting of members, providing notice of the substance of the proposed agreement is in the notice of meeting, and provided further, a quorum is present as provided by the bylaws of each organization voting upon such consolidation or merger. The members of the associations may vote by mail if permitted by the bylaws of said voters' associations, but not by proxy, and the votes by mail shall also be considered in determining the quorum. The failure of any member to vote or a negative vote on consolidation or merger as provided herein shall not entitle those failing to vote or voting in the negative to payment for his shares or other interests or have the value of his shares or other interests appraised, but said members [member's] shares or other interests shall be transferred to and invested in the surviving or new corporation without further act or deed.

[I.C., sec. 22-2622A, as added by 1963, ch. 42, sec. 1, p. 191.]

22-2623. ASSOCIATION HERETOFORE ORGANIZED MAY ADOPT PROVISIONS OF CHAPTER. Any corporation or association organized under previously existing statutes, may by a majority vote of its stockholders or members be brought under the provisions of this chapter by limiting its membership and adopting the other restrictions as provided herein. It shall make out in duplicate a statement signed and sworn to by its directors, upon forms supplied by the corporation commissioner, to the effect that the corporation or association has by a majority vote of its stockholders or members decided to accept the benefits and be bound by the provisions of this chapter. Articles of incorporation shall be filed as required in section [22-2608](#), except that they shall be signed by the members of the board of directors. The filing fee shall be the same as for filing an amendment to articles of incorporation.

[(22-2623) 1921, ch. 124, sec. 23, p. 298; I.C.A., sec. 22-2023.]

22-2624. INDUCING BREACH OF MARKETING CONTRACT -- SPREADING FALSE REPORTS ABOUT FINANCES OR MANAGEMENT -- PENALTIES. Any person or persons or any corporation whose officers or employees knowingly induces or attempts to induce any member or stockholder of an association organized hereunder to breach his marketing contract with the association, or who maliciously and knowingly spreads false reports about the finances or management thereof shall be guilty of a misdemeanor and subject to a fine of not less than \$100 and not more than \$500 for such offense and shall be liable to the association aggrieved in a civil suit in the penal sum of \$500 for each offense.

[(22-2624) 1921, ch. 124, sec. 24, p. 298; I.C.A., sec. 22-2024.]

22-2625. SEPARABILITY. If any section of this chapter shall be declared unconstitutional for any reason, the remainder of the chapter shall not be affected thereby.

[(22-2625) 1921, ch. 124, sec. 25, p. 298; I.C.A., sec. 22-2025.]

22-2626. APPLICATION OF GENERAL CORPORATION LAWS. The provisions of the general corporation laws of this state as they apply to nonprofit corporations, and all powers and rights thereunder, shall apply to the associations organized hereunder, except where such provisions are in conflict with or inconsistent with the express provisions of this chapter.

[(22-2626) 1921, ch. 124, sec. 26, p. 298; I.C.A., sec. 22-2026; am. 1978, ch. 308, sec. 1, p. 772.]

22-2627. CLASSIFICATION OF DIRECTORS. When the board of directors of an association shall consist of five (5) or more members, in lieu of electing the whole number of directors annually, the articles of incorporation or by laws may provide that the directors be divided into either two (2) or three (3) classes, each class to be as nearly equal in number as possible, the term of office of directors of the first class to expire at the first annual meeting of members after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the second succeeding annual meeting, if there be two (2) classes, or until the third succeeding annual meeting, if there be three (3) classes. No classification of directors shall be effective prior to the first annual meeting of members.

[22-2627, added 1980, ch. 127, sec. 1, p. 286.]