

**ASSEMBLY BILL**

**No. 1934**

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**Introduced by Assembly Member Alejo**

February 19, 2014

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An act to amend Sections 10003, 10005, 10010, 10013, 10014, and 10015 of, and to repeal Section 10009 of, the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1934, as introduced, Alejo. Nonprofit corporations: corporation sole.

(1) The Nonprofit Corporation Law authorizes a presiding officer of a religious denomination, society, or church to form a corporation sole for the purpose of administering and managing its affairs. The law requires the Secretary of State to file articles of incorporation of a corporation sole, if the articles of incorporation conform to law.

This bill would require the Secretary of State, if he or she determines the articles of incorporation to form a corporation sole did not conform to law, to nonetheless file it if the articles of incorporation are resubmitted with an accompanying written opinion of a member of the State Bar of California that the specific provision of the articles of incorporation objected to by the Secretary of State conform to law and a supporting points and authorities upon which the written opinion is based.

(2) The Nonprofit Corporation Law authorizes a judge of the superior court in the county in which a corporation sole has its principal office to, at all times, have access to the books of the corporation sole.

This bill would repeal that authorization.

(3) The Nonprofit Corporation Law authorizes a chief officer of a corporation sole to amend the articles of incorporation if the amendment is filed with the Secretary of State and includes a signed and verified statement setting forth the provisions of the amendment and stating that the amendment has been duly authorized by the religious organization governed by the corporation sole.

This bill would expand this provision to also allow an amendment filed with the Secretary of State to state it has been duly approved by the hierarchical religious organization or entity responsible for forming the corporation sole, or by the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church as to which the corporation sole is affiliated.

(4) The Nonprofit Corporation Law requires a declaration of dissolution of a corporation sole to include, among other things, a statement that the dissolution of the corporation sole has been duly authorized by the religious organization governed by the corporation sole.

This bill would expand that provision to also allow the statement that the dissolution of the corporation sole has been duly authorized by the hierarchical religious organization or entity responsible for forming the corporation sole, or by the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church as to which the corporation sole is affiliated.

(5) The Nonprofit Corporation Law requires any assets of a dissolved corporation sole remaining after satisfying its debts and obligations to be transferred to the religious organization governed by the corporation sole, or to trustees in its behalf, or disposed of as may be decreed by the superior court of the county in which the dissolved corporation sole had its principal office.

This bill would expand this provision to authorize the assets to also be transferred to the hierarchical religious organization or entity responsible for forming the corporation sole, or the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church to which the corporation sole is affiliated.

(6) This bill would also make technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10003 of the Corporations Code is  
2 amended to read:  
3 10003. The articles of incorporation shall state:  
4 (a) The name of the corporation.  
5 (b) That the officer forming the corporation is duly authorized  
6 by the *canons*, rules, regulations, or discipline of the religious  
7 denomination, society, or church to take such action.  
8 (c) The county ~~in this State~~ where the principal office for the  
9 transaction of the business of the corporation is located.  
10 (d) The manner in which any vacancy occurring in the office  
11 of the bishop, chief priest, presiding elder, or other presiding officer  
12 is required to be filled by the *canons*, rules, regulations, or  
13 constitution of the denomination, society, or church.  
14 SEC. 2. Section 10005 of the Corporations Code is amended  
15 to read:  
16 10005. (a) The articles of incorporation shall be signed and  
17 verified by the bishop, chief priest, presiding elder, or other  
18 presiding officer forming the corporation and shall be submitted  
19 to the Secretary of State for filing in his *or her* office. If they  
20 conform to law ~~he~~, the *Secretary of State* shall file them and  
21 endorse the date of filing thereon. Upon the filing of the articles  
22 of incorporation with the Secretary of State, the corporation sole  
23 is formed.  
24 (b) *If the Secretary of State determines that articles of*  
25 *incorporation submitted for filing pursuant to this section do not*  
26 *conform to law and returns it to the person submitting it, the*  
27 *articles of incorporation may be resubmitted accompanied by a*  
28 *written opinion of the member of the State Bar of California*  
29 *submitting the articles, or representing the person submitting it,*  
30 *to the effect that the specific provision of the articles of*  
31 *incorporation objected to by the Secretary of State does conform*  
32 *to law and stating the points and authorities upon which the written*  
33 *opinion is based. The Secretary of State shall rely, with respect to*  
34 *any disputed point of law, upon that written opinion in determining*  
35 *whether the articles conform to law. The date of filing in that case*

1 *shall be the date the Secretary of State receives the articles of*  
2 *incorporation on resubmission.*

3 SEC. 3. Section 10009 of the Corporations Code is repealed.

4 ~~10009. Any judge of the superior court in the county in which~~  
5 ~~a corporation sole has its principal office shall at all times have~~  
6 ~~access to the books of the corporation.~~

7 SEC. 4. Section 10010 of the Corporations Code is amended  
8 to read:

9 10010. The chief officer of a corporation sole may at any time  
10 amend the articles of incorporation of the corporation *sole* changing  
11 its name, the term of its existence, its territorial jurisdiction, or the  
12 manner of filling any vacancy in the office thereof, and may by  
13 amended articles of incorporation make provision for any act or  
14 thing for which provision is authorized in original articles of  
15 incorporation of ~~corporations~~ *corporation sole*.

16 The chief officer of the corporation *sole* shall sign and verify a  
17 statement setting forth the provisions of the amendment and stating  
18 that it has been duly authorized by the religious organization  
19 governed by the ~~corporation~~ *corporation sole, the hierarchical*  
20 *religious organization or entity responsible for forming the*  
21 *corporation sole, or by the hierarchical religious organization or*  
22 *entity responsible for overseeing the corporation sole according*  
23 *to the rules, canons, regulations, or discipline of the religious*  
24 *denomination, society, or church as to which the corporation sole*  
25 *is affiliated.*

26 The amendment shall be submitted to the Secretary of State for  
27 filing ~~in his office~~. If it conforms to law ~~he~~, *the Secretary of State*  
28 shall file it and endorse the date of filing thereon. Thereupon the  
29 articles are amended in the manner set forth in the statement.

30 SEC. 5. Section 10013 of the Corporations Code is amended  
31 to read:

32 10013. The declaration of dissolution shall set forth all of the  
33 following:

- 34 (a) The name of the ~~corporation~~ *corporation sole*.
- 35 (b) The reason for its dissolution or winding up.
- 36 (c) That dissolution of the corporation *sole* has been duly  
37 authorized by the religious organization governed by the  
38 ~~corporation sole~~ *sole, by the hierarchical religious organization*  
39 *or entity responsible for forming the corporation sole, or by the*  
40 *hierarchical religious organization or entity responsible for*

1 *overseeing the corporation sole according to the rules, canons,*  
2 *regulations, or discipline of the religious denomination, society,*  
3 *or church as to which the corporation sole is affiliated.*

4 (d) The names and addresses of the persons who are to supervise  
5 the winding up of the affairs of the ~~corporation~~ *sole*.

6 SEC. 6. Section 10014 of the Corporations Code is amended  
7 to read:

8 10014. The declaration of *dissolution* shall be submitted to the  
9 Secretary of State for filing ~~in his office~~. If it conforms to law ~~he,~~  
10 *the Secretary of State* shall file it and endorse the date of filing  
11 thereon. Thereupon, the corporation *sole* shall cease to carry on  
12 business, except for the purpose of adjusting and winding up its  
13 affairs.

14 SEC. 7. Section 10015 of the Corporations Code is amended  
15 to read:

16 10015. After the debts and obligations of the corporation *sole*  
17 are paid or adequately provided for, any assets remaining shall be  
18 transferred to the religious organization governed by the  
19 corporation sole, ~~or to the trustees in its behalf,~~ *on behalf of the*  
20 *corporation sole, the hierarchical religious organization or entity*  
21 *responsible for forming the corporation sole, or the hierarchical*  
22 *religious organization or entity responsible for overseeing the*  
23 *corporation sole according to the rules, canons, regulations, or*  
24 *discipline of the religious denomination, society, or church to*  
25 *which the corporation sole is affiliated, or otherwise disposed of*  
26 as may be decreed by the superior court of the county in which  
27 the dissolved corporation *sole* had its principal office upon petition  
28 therefor by the Attorney General or any person ~~connected~~  
29 *connected* with the organization.