

ASSEMBLY BILL

No. 1380

Introduced by Assembly Member O'Donnell

February 27, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1380, as introduced, O'Donnell. 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 state the points and authorities upon which the written opinion is based.

(2) Subject to conformance with law and filing with the Secretary of State, the Nonprofit Corporation Law authorizes a chief officer of a corporation sole to amend the articles of incorporation if the amendment 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. The law also 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 those provisions to also allow those statements to be 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.

(3) 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 on 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 additionally authorize those assets to be transferred to the trustees on behalf of the corporation sole, 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.

(4) This bill would also make various conforming and 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.

(d) The manner in which any vacancy occurring in the office of the bishop, chief priest, presiding elder, or other presiding officer is required to be filled by the *canons*, rules, regulations, or constitution of the denomination, society, or church.

SEC. 2. Section 10005 of the Corporations Code is amended to read:

10005. (a) The articles of incorporation shall be signed and verified by the bishop, chief priest, presiding elder, or other presiding officer forming the corporation and shall be submitted to the Secretary of State for filing in his or her office. If they conform to law ~~he law~~, the Secretary of State shall file them and endorse the date of filing thereon. Upon the filing of the articles of incorporation with the Secretary of ~~State State~~, the corporation sole is formed.

(b) If the Secretary of State determines that the articles of incorporation submitted for filing pursuant to this section do not conform to law and returns it to the person submitting it, the articles of incorporation may be resubmitted accompanied by a written opinion of a member of the State Bar of California submitting the articles, or representing the person submitting it, to the effect that the specific provision of the articles of incorporation objected to by the Secretary of State conforms to law and states the points and authorities upon which the written opinion is based. The Secretary of State shall rely, with respect to any disputed point of law, upon that written opinion in determining whether the articles conform to law. The date of filing in that case shall be the date the Secretary of State receives the articles of incorporation on resubmission.

SEC. 3. Section 10010 of the Corporations Code is amended to read:

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

The chief officer of the corporation *sole* shall sign and verify a statement setting forth the provisions of the amendment and stating that it has been duly authorized by the religious organization

1 governed by the ~~corporation~~, *corporation sole, the hierarchical*
2 *religious organization or entity responsible for forming the*
3 *corporation sole, or by the hierarchical religious organization or*
4 *entity responsible for overseeing the corporation sole according*
5 *to the rules, canons, regulations, or discipline of the religious*
6 *denomination, society, or church as to which the corporation sole*
7 *is affiliated.*

8 The amendment shall be submitted to the Secretary of State for
9 ~~filing in his office~~, *filing*. If it conforms to ~~law~~ *the law*, the Secretary
10 of State shall file it and endorse the date of filing thereon.
11 Thereupon the articles are amended in the manner set forth in the
12 statement.

13 SEC. 4. Section 10013 of the Corporations Code is amended
14 to read:

15 10013. The declaration of dissolution shall set forth all of the
16 following:

17 (a) The name of the ~~corporation~~, *corporation sole*.

18 (b) The reason for its dissolution or winding up.

19 (c) That dissolution of the *corporation sole* has been duly
20 authorized by the religious organization governed by the
21 ~~corporation sole~~, *sole, by the hierarchical religious organization*
22 *or entity responsible for forming the corporation sole, or by the*
23 *hierarchical religious organization or entity responsible for*
24 *overseeing the corporation sole according to the rules, canons,*
25 *regulations, or discipline of the religious denomination, society,*
26 *or church as to which the corporation sole is affiliated.*

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

29 SEC. 5. Section 10014 of the Corporations Code is amended
30 to read:

31 10014. The declaration of dissolution shall be submitted to the
32 Secretary of State for ~~filing in his office~~, *filing*. If it conforms to
33 ~~law~~ *the law*, the Secretary of State shall file it and endorse the date
34 of filing thereon. ~~Thereupon~~ *Thereupon*, the *corporation sole* shall
35 cease to carry on business, except for the purpose of adjusting and
36 winding up its affairs.

37 SEC. 6. Section 10015 of the Corporations Code is amended
38 to read:

39 10015. After the debts and obligations of the *corporation sole*,
40 *including any civil judgments against the corporation sole*, are

1 paid or adequately provided for, any assets remaining shall be
2 transferred to the religious organization governed by the
3 corporation sole, *the trustees on behalf of the corporation sole,*
4 *the hierarchical religious organization or entity responsible for*
5 *forming the corporation sole, or the hierarchical religious*
6 *organization or entity responsible for overseeing the corporation*
7 *sole according to—trustees in its behalf, the rules, canons,*
8 *regulations, or discipline of the religious denomination, society,*
9 *or church to which the corporation sole is affiliated, or otherwise*
10 disposed of as may be decreed by the superior court of the county
11 in which the dissolved corporation *sole* had its principal office
12 upon petition therefor by the Attorney General or any person
13 connected with the organization.

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