I Mina'trentai Siette Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
365-37 (COR) As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Research, Statistics, and Planning; substituted; and further amended on the Floor	Sabina Flores Perez Therese M. Terlaje Chris Barnett	AN ACT TO *ADD* A NEW CHAPTER 17 TO PART 2, DIVISION 1, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING *THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT*.	10/21/24 10:05 a.m.	10/21/24	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 10/21/24 11/4/24	11/8/24 1:00 p.m.	11/19/24 4:17 p.m. As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	

SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES
12/5/24	AN ACT TO *ADD* A NEW CHAPTER 17 TO PART 2 OF DIVISION 1, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT.	12/16/24	12/17/24	12/28/24	37-147	12/28/24	Received: 12/28/24 Messages and Communications Doc. No. 37GL-24-3169

LOURDES A. LEON GUERRERO
GOVERNOR

JOSHUA F. TENORIO
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN
OFFICE OF THE GOVERNOR OF GUAM

Transmitted via Email to: speaker@guamlegislature.org

37GL-24-3169
OFFICE OF THE SPEAKER
THERESE M. TERLAJE
DEC 2 8 2024
Time: 6:01 pm
Received:

December 28, 2024

THE HON. THERESE M. TERLAJE, *Speaker*
I Mina'trentai Siette Na Liheslaturan Guåhan
37th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

RE: Substitute Bill No. 365-37 (COR), "AN ACT TO *ADD* A NEW CHAPTER 17 TO PART 2 OF DIVISION 1, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT"

Håfa Adai Madam Speaker,

Bill No. 365-37 (COR) establishes the Limited Cooperative Association (LCA) under Guam law. The LCA unites individuals pursuing mutual interests through a jointly owned business enterprise while allowing the cooperative associations to now have investor members, who do not participate in the work of the cooperative association but can provide capital investments needed to help the cooperative associations remain competitive moving into the future. The LCA provides protections for the participating members of the cooperative by limiting the control investor members can exercise in the management of the cooperative.

The cooperative business model establish in Bill No. 365 will help foster a sustainable economy in Guam. For these reasons, I sign Bill No. 365-37 (COR) into law as ***Public Law No. 37-147.***

Senseramente,

Lou Leon Guerrero

LOURDES A. LEON GUERRERO
I Maga'hågan Guåhan
Governor of Guam

RECEIVED
11/27/24 10:27 a.m.

Enclosure(s): Substitute Bill No. 365-37 (COR) nka P.L. 37-147
cc via email: *Honorable* Joshua F. Tenorio, *Sigundo Maga'låhen Guåhan*, Lt. Governor of Guam
Compiler of Laws

I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN
2024 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÅGAN GUÅHAN*

This is to certify that **Substitute Bill No. 365-37 (COR), "AN ACT TO *ADD* A NEW CHAPTER 17 TO PART 2 OF DIVISION 1, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT,"** was on the 16th day of December 2024, duly and regularly passed.

Therese M. Terlaje

Therese M. Terlaje
Speaker

Attested:

Chris Barnett
Acting Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 17th day of December, 2024, at 3:52 o'clock P.M.

Jessica C. Dydasco

Assistant Staff Officer
Maga'håga's Office

APPROVED:

Lourdes A. Leon Guerrero

Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 12/28/2024

Public Law No. 37-147

2024-22897

OFFICE OF THE GOVERNOR
CENTRAL FILES OFFICE
Rec'd By: Jessica Dydasco
Date: 12/17/24 Time: 3:52pm

I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN
2024 (SECOND) Regular Session

Bill No. 365-37 (COR)
As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Research, Statistics, and Planning; substituted; and further amended on the Floor.

Introduced by: Sabina Flores Perez
Therese M. Terlaje
Chris Barnett
Frank Blas, Jr.
Joanne M. Brown
Christopher M. Dueñas
Thomas J. Fisher
Jesse A. Lujan
Tina Rose Muña Barnes
William A. Parkinson
Roy A. B. Quinata
Joe S. San Agustin
Dwayne T.D. San Nicolas
Amanda L. Shelton
Telo T. Taitague

AN ACT TO *ADD* A NEW CHAPTER 17 TO PART 2 OF DIVISION 1, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that Guam's law for cooperative organizations applies exclusively to nonprofit organizations and not for profit making organizations. All states in the United States allow for profit investors to create for profit cooperatives as a means to allow small

businesses to use the resources and influence to more effectively compete with larger corporations.

I Liheslaturan Guåhan further finds that the *Uniform Law Commission* has created model legislation for states to modernize their cooperative association laws to best suit the needs of small businesses, their owners and investors, and their customers. States like Colorado, Utah and Washington have already adopted the model legislation for the *Limited Cooperative Association Act* which modernizes existing cooperative association laws for the benefit of small businesses.

Therefore, it is the intent of *I Liheslaturan Guåhan* to adopt the *Limited Cooperative Association Act* for the benefit of Guam's small businesses.

It is not the intent of *I Liheslaturan Guåhan* to enact any laws that affect nonprofit cooperatives (as defined in Chapter 13, 18 GCA).

Section 2. A new Chapter 17 is hereby *added* to Part 2 of Title 18, Guam Code Annotated, to read:

"CHAPTER 17

THE GUAM UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT

Article 1. General Provisions.
Article 2. Filing and Other Reports.
Article 3. Organization of Limited Cooperative Association.
Article 4. Amendment of Articles of Organization or Bylaws of Limited Cooperative Association.
Article 5. Members.
Article 6. Member's Interest in Limited Cooperative Association.
Article 7. Marketing Contracts.
Article 8. Directors and Officers.
Article 9. Indemnification.
Article 10. Contribution, Allocations, and Distributions.

Article 11. Dissociation.
Article 12. Dissolution.
Article 13. Actions By Members.
Article 14. Disposition of Assets.
Article 15. Foreign Cooperatives.
Article 16. Merger, Interest Exchange, Conversion, and Domestication. [Reserved]
Article 17. Limited Cooperative Association Board. [Reserved]
Article 18. Miscellaneous Provisions.

ARTICLE 1

GENERAL PROVISIONS

§17101. Title.
§17102. Definitions
§17103. Nature of Limited Cooperative Association.
§17104. Purpose and Duration of Limited Cooperative Association.
§17105. Powers.
§17106. Governing Law.
§17107. Requirements of Other Laws.
§17108. Relation to No Restraint of Trade and Antitrust Law.
§17109. Effect of Organic Rules.
§17110. Required Information.
§17111. Business Transactions of Member with Limited Cooperative Association.
§17112. Dual Capacity Prohibited.
§17113. Permitted Names.
§17114. Reservation of Power to Amend or Repeal.
§17115. Supplemental Principles of Law.

§17116. Reservation of Name.

§17117. Registration of Name.

§17118. Registered Agent.

§17119. Change of Registered Agent or Address for Registered Agent by Limited Cooperative Association.

§17120. Resignation of Registered Agent.

§17121. Change of Name or Address by Registered Agent.

§17122. Service of Process, Notice, or Demand.

§ 17101. Title.

This Chapter shall be known as the *'Guam Uniform Limited Cooperative Association Act.'*

§ 17102. Definitions.

Unless the context otherwise requires, the definitions set forth herein shall govern the construction and interpretation of this Chapter.

(a) *Articles of Organization* means the articles of organization of a limited cooperative association required by Section 17301 of this Act. The term includes the articles as amended or restated.

(b) *Board of Directors* means the board of directors of a limited cooperative association.

(c) *Bylaws* means the bylaws of a limited cooperative association. The term includes the bylaws as amended or restated.

(d) *Contribution*, except as used in Section 171008(c), means a benefit that a person provides to a limited cooperative association to become or remain a member or in the person's capacity as a member.

(e) *Cooperative* means a limited cooperative association or an entity organized under Guam law.

(f) *Department* means the Guam Department of Revenue and Taxation.

(g) *Director* means a director of a limited cooperative association, except when used in reference to the 'Director' of the Guam Department of Revenue and Taxation.

(h) *Distribution*, except as used in Section 171007(a), means a transfer of money or other property from a limited cooperative association to a member because of the member's financial rights or to a transferee of a member's financial rights.

(i) *Entity* means a person other than an individual.

(j) *Financial Rights* means the right to participate in allocations and distributions as provided in Articles 10 and 12 of this Act but does not include rights or obligations under a marketing contract governed by Article 7 of this Act.

(k) *Foreign cooperative* means an entity organized in a state other than Guam under a limited cooperative association law similar to this Act.

(l) *Governance rights* means the right to participate in governance of a limited cooperative association.

(1) Investor members are restricted from exercising governance rights except as explicitly provided in the organic rules which shall ensure that the total voting power of investor members does not exceed twenty percent (20%) of the total voting power of the limited cooperative association.

(m) *Investor Member* means a member that has made a contribution to a limited cooperative association and:

(1) is not required by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest; or

(2) is not permitted by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest.

(n) *Jurisdiction* means to refer to a political entity of the United States or a state.

(o) *Jurisdiction of Formation* means the jurisdiction whose law governs the internal affairs of an entity.

(p) *Limited cooperative association* means an association formed under this Act or that becomes subject to this Act under Article 16.

(q) *Member* means a person that is admitted as a patron member or investor member in a limited cooperative association. The term does not include a person that has dissociated as a member.

(r) *Member's Interest* means the interest of a patron member or investor member under Section 17601.

(s) *Members Meeting* means an annual member meeting or special meetings of members.

(t) *Organic Law* means the statute providing for the creation of an entity or principally governing its internal affairs. For purposes of this Act, the term shall not be interpreted as a reference to the Organic Act of Guam, 48 U.S.C.A. §§ 1421-1428e.

(u) *Organic Rules* means the articles of organization and bylaws of a limited cooperative association. For purposes of this Act,

the term shall not be interpreted as a reference to the Organic Act of Guam, 48 U.S.C.A. §§ 1421-1428e.

(v) *Organizer* means an individual who signs the initial articles of organization.

(w) *Patron member* means a member that has made a contribution to a limited cooperative association and:

(1) is required by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest; or

(2) is permitted by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest.

(x) *Patronage* means business transactions between a limited cooperative association and a person which entitle the person to receive financial rights based on the value or quantity of business done between the association and the person.

(y) *Person* means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(z) *Principal Office* means the principal executive office of a limited cooperative association or foreign cooperative, whether or not the office is located in this state.

(aa) *Property* means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.

(bb) *Public benefit* means one or more positive effects or reduction of negative effects on one or more categories of persons, entities, communities, or interests other than members in their capacities as members, including effects of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, scientific, or technological nature.

(cc) *Record*, used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(dd) *Registered Agent* means an agent of an entity which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the entity.

(ee) *Required Information* means the information a limited cooperative association is required to maintain under Section 17110.

(ff) *Registered Foreign Cooperative* means a foreign cooperative that is registered to do business in Guam pursuant to a statement of registration filed by the Director of the Guam Department of Revenue and Taxation.

(gg) *Sign* means, with present intent to authenticate or adopt a record:

(1) to execute or adopt a tangible symbol; or

(2) to attach to or logically associate with the record an electronic symbol, sound, or process.

(hh) *State* means a state of the United States, the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, or any

territory or insular possession subject to the jurisdiction of the United States.

(ii) *Transfer* includes:

(1) an assignment;

(2) a conveyance;

(3) a sale;

(4) a lease;

(5) an encumbrance, including a mortgage or security interest;

(6) a gift; and

(7) a transfer by operation of law.

(jj) *Voting Group* means any combination of one (1) or more voting members in one (1) or more districts or classes that under the organic rules or this Act, are entitled to vote and can be counted together collectively on a matter at a members meeting.

(kk) *Voting Member* means a member that, under the organic law or organic rules, has a right to vote on matters subject to vote by members under the organic law or organic rules.

(ll) *Voting Power* means the total current power of members to vote on a particular matter for which a vote may or is to be taken.

§ 17103. Nature of Limited Cooperative Association.

(a) A limited cooperative association organized under this Act is an autonomous, unincorporated association of persons united to meet their mutual interests through a jointly owned enterprise primarily controlled by those persons, which permits combining:

(1) ownership, financing, and receipt of benefits by the members for whose interests the association is formed; and

(2) separate investments in the association by members who may receive returns on their investments and a share of control.

(b) The fact that a limited cooperative association does not have one (1) or more of the characteristics described in Subsection (a) of this Section does not alone prevent the association from being formed under and governed by this Act nor does it alone provide a basis for an action against the association.

§ 17104. Purpose and Duration of Limited Cooperative Association.

(a) A limited cooperative association is an entity distinct from its members.

(b) A limited cooperative association may be organized for any lawful purpose and for a public benefit, regardless of whether for profit, except designated prohibited purposes under Guam law.

(c) Unless the articles of organization state a term for a limited cooperative association's existence, the association has perpetual duration.

§ 17105. Powers.

A limited cooperative association has the capacity to sue and be sued in its own name and has the power to do all things necessary or convenient to carry on its activities and affairs. An association may maintain an action against a member for harm caused to the association by the member's violation of a duty to the association or of the organic law or organic rules.

§ 17106. Governing Law.

Guam law governs:

(a) the internal affairs of a limited cooperative association; and

(b) the liability of a member as member and a director as director for the debts, obligations, or other liabilities of a limited cooperative association.

§ 17107. Requirements of Other Laws.

(a) This Act does not alter or amend any law that governs the licensing and regulation of an individual or entity in carrying on a specific business or profession even if that law permits the business or profession to be conducted by a limited cooperative association, a foreign cooperative, or its members.

(b) A limited cooperative association may not conduct an activity that, under Guam law other than this Act, may be conducted only by an entity that meets specific requirements for the internal affairs of that entity unless the organic rules of the association conform to those requirements.

(c) This Chapter shall not apply to nonprofit cooperative associations as chartered, established, governed, or regulated pursuant to Chapter 13, Title 18, Guam Code Annotated.

§ 17108. Relation to No Restraint of Trade and Antitrust Law.

A limited cooperative association shall not be exempt from federal or local trade or antitrust laws.

§ 17109. Effect of Organic Rules.

(a) The relations between a limited cooperative association and its members are consensual. Unless required, limited, or prohibited by this Act, the organic rules may provide for any matter concerning the relations among the members of the association and between the members and the association, the activities of the association, and the conduct of its activities.

(b) The matters referred to in Paragraphs (1) through (9) or (11) of this Subsection shall be varied only in the articles of organization. The articles shall:

(1) state a term of existence for the association under Section 17104(c);

(2) limit or eliminate the acceptance of new or additional members by the initial board of directors under Section 17302(b);

(3) specify the limitations on the obligations and liability of members for association obligations under Section 17504;

(4) require a notice of an annual members meeting to state a purpose of the meeting under Section 17508(b);

(5) specify the board of directors meeting quorum under Section 17815(a);

(6) specify the matters the board of directors may consider in making a decision under Section 17820;

(7) specify causes of dissolution under Section 171202(1);

(8) delegate amendment of the bylaws to the board of directors pursuant to Section 17405(f);

(9) provide for member approval of asset dispositions under Section 171401;

(10) subject to Section 17820, provide for the elimination or limitation of liability of a director to the association or its members for money damages consistent with Section 17818;

(11) provide for permitting or making obligatory indemnification under Section 17901(a); and

(12) provide for any matters that may be contained in the organic rules, including those under Subsection (c) of this Section.

(c) The matters referred to in Paragraphs (1) through (25) of this Subsection may be varied only in the organic rules. The organic rules may:

(1) require more information to be maintained under Section 17110 or provided to members under Section 17505(j);

(2) provide restrictions on transactions between a member and an association under Section 17111;

(3) provide for the percentage and manner of voting on amendments to the organic rules by district, class, or voting group under Section 17404(a);

(4) provide for the percentage vote required to amend the bylaws concerning the admission of new members under Section 17405(e)(5);

(5) provide for terms and conditions to become a member under Section 17502;

(6) restrict the manner of conducting members meetings under Sections 17506(c) and 17507(e);

(7) designate the presiding officer of members meetings under Sections 17506(e) and 17507(g);

(8) require a statement of purposes in the annual meeting notice under Section 17508(b);

(9) increase quorum requirements for members' meetings under Section 17510 and board of directors' meetings under Section 17815;

(10) allocate voting power among members, including patron members and investor members, and provide for the manner of member voting and action as permitted by Sections 17511 through 17517;

(11) authorize investor members and expand or restrict the transferability of members' interests to the extent provided in Sections 17602 through 17604;

(12) provide for enforcement of a marketing contract under Section 17704(a);

(13) provide for qualification, election, terms, removal, filling vacancies, and member approval for compensation of directors in accordance with Sections 17803 through 17805, 17807, 17809, and 17810;

(14) restrict the manner of conducting board meetings and taking action without a meeting under Sections 17811 and 17812;

(15) provide for frequency, location, notice and waivers of notice for board meetings under Sections 17813 and 17814;

(16) increase the percentage of votes necessary for board action under Section 17816(b);

(17) provide for the creation of committees of the board of directors and matters related to the committees in accordance with Section 17817;

(18) provide for officers and their appointment, designation, and authority under Section 17822;

(19) provide for forms and values of contributions under Section 171002;

(20) provide for remedies for failure to make a contribution under Section 171003(b);

(21) provide for the allocation of profits and losses of the association, distributions, and the redemption or repurchase of

distributed property other than money in accordance with Sections 171004 through 171007;

(22) specify when a member's dissociation is wrongful and the liability incurred by the dissociating member for damage to the association under Section 171101(b) and (c);

(23) provide the personal representative, or other legal representative of, a deceased member or a member adjudged incompetent with additional rights under Section 171103;

(24) increase the percentage of votes required for board of director approval of:

(A) a resolution to dissolve under Section 171205(a)(1);

(B) a proposed amendment to the organic rules under Section 17402(a)(1);

(C) a proposed disposition of assets under Section 171403(1); and

(25) vary the percentage of votes required for members approval of:

(A) a resolution to dissolve under Section 171205;

(B) an amendment to the organic rules under Section 17405;

(C) a disposition of assets under Section 171404.

(d) The organic rules must address members' contributions pursuant to Section 171001.

(e) The organic rules shall provide that investor members shall not hold more than twenty percent (20%) of the total governance rights, regardless of capital contributions, and that no investor member, individually or

collectively, may take control or exert significant influence over the decision-making process of the association.

§ 17110. Required Information.

(a) Subject to Subsection (b) of this Section, a limited cooperative association shall maintain in a record available at its principal office:

(1) a list containing the name, last known street address and, if different, mailing address, and term of office of each director and officer;

(2) the initial articles of organization and all amendments to and restatements of the articles, together with a signed copy of any power of attorney under which any article, amendment, or restatement has been signed;

(3) the initial bylaws and all amendments to and restatements of the bylaws;

(4) all filed articles of merger, interest exchange, conversion, and domestication;

(5) all financial statements of the association for the six (6) most recent years;

(6) the six (6) most recent annual reports delivered by the association to the Director of Revenue and Taxation;

(7) the minutes of members meetings for the six (6) most recent years;

(8) evidence of all actions taken by members after meetings for the six (6) most recent years;

(9) a list containing:

(A) the name, in alphabetical order, and last known street address and, if different, mailing address of each patron member and each investor member; and

(B) if the association has districts or classes of members, information from which each current member in a district or class may be identified;

(10) the federal income tax returns, any state and local income tax returns, and any tax reports of the association for the six (6) most recent years;

(11) accounting records maintained by the association in the ordinary course of its operations for the six (6) most recent years;

(12) the minutes of directors meetings for the six (6) most recent years;

(13) evidence of all actions taken by directors after meetings for the six (6) most recent years;

(14) the amount of money contributed and agreed to be contributed by each member;

(15) a description and statement of the agreed value of contributions or benefits other than money made or provided and agreed to be made or provided by each member;

(16) the times at which, or events on the happening of which, any additional contribution is to be made by each member;

(17) for each member, a description and statement of the member's interest or information from which the description and statement can be derived; and

(18) all communications concerning the association made in a record to all members, or to all members in a district or class, for the six (6) most recent years.

(b) If a limited cooperative association has existed for less than the period for which records must be maintained under Subsection (a) of this Section, the period records must be kept is the period of the association's existence.

(c) The organic rules may require that more information be maintained.

§ 17111. Business Transactions of Member With Limited Cooperative Association.

Subject to Sections 17818 and 17819 and except as otherwise provided in organic rules or a specific contract relating to a transaction, a member may lend money to and transact other business with a limited cooperative association in the same manner as a person that is not a member.

§ 17112. Dual Capacity Prohibited.

A person shall not have a patron member's interest and an investor member's interest. When such person acts as a patron member, the person is subject to this Act and the organic rules governing patron members. When such person acts as an investor member, the person is subject to this Act and organic rules governing investor members.

§ 17113. Permitted Names.

(a) Use of the term 'cooperative' or its abbreviation under this Act is not a violation of the provisions restricting the use of the term under 18 GCA § 13122 or any other law or rule or regulation of Guam.

(b) The name of a limited cooperative association must contain the phrase 'limited cooperative association' or 'limited cooperative' or the

abbreviation 'L.C.A.' or 'LCA.' 'Limited' may be abbreviated as 'Ltd.'. 'Cooperative' may be abbreviated as 'Co-op' or 'Coop'. 'Association' may be abbreviated as 'Assoc.' or 'Assn.' A limited cooperative association or a member may enforce the restrictions on the use of the term 'cooperative' under this Act.

(c) Except as otherwise provided in Subsection (d) of this Section, the name of a limited cooperative association, and the name under which a foreign cooperative may register to do business in Guam, must be distinguishable on the records of the Director of Revenue and Taxation from any:

(1) name of an existing person whose formation required the filing of a record by the Director and which is not at the time administratively dissolved;

(2) name of a limited liability partnership whose statement of qualification is in effect;

(3) name under which a person is registered to do business in Guam by the filing of a record by the Director;

(4) name reserved under Section 17116 or other law of Guam or rule or regulation providing for the reservation of a name by the filing of a record by the Director;

(5) name registered under Section 17117 or other law of this state providing for the registration of a name by the filing of a record by the Director; and

(6) name registered under 18 GCA § 7107 and 18 GCA Chapter 26.

(d) If a person consents in a record to the use of its name and submits an undertaking in a form satisfactory to the Director of Revenue and Taxation

to change its name to a name that is distinguishable on the records of the Director from any name in any category of names in Subsection (c) of this Section, the name of the consenting person may be used by the person to which the consent was given.

(e) Except as otherwise provided in Subsection (f) of this Section, in determining whether a name is the same as or not distinguishable on the records of the Director from the name of another person, words, phrases, or abbreviations indicating a type of entity, such as 'corporation', 'corp.', 'incorporated', 'Inc.', 'professional corporation', 'P.C.', 'PC', 'professional association', 'P.A.', 'PA', 'Limited', 'Ltd.', 'limited partnership', 'L.P.', 'LP', 'limited liability partnership', 'L.L.P.', 'LLP', 'registered limited liability partnership', 'R.L.L.P.', 'RLLP', 'limited liability limited partnership', 'L.L.L.P.', 'LLLP', 'registered limited liability limited partnership', 'R.L.L.L.P.' 'RLLLP', 'limited liability company', 'L.L.C.', or 'LLC', 'limited cooperative association', 'limited cooperative', 'L.C.A.', or 'LCA' may not be taken into account.

(f) A person may consent in a record to the use of a name that is not distinguishable on the records of the Director of Revenue and Taxation from its name except for the addition of a word, phrase, or abbreviation indicating the type of entity as provided in Subsection (e) of this Section. In such a case, the person need not change his name pursuant to Subsection (c).

(g) A limited cooperative association or foreign cooperative may use a name that is not distinguishable from a name described in Subsection (c)(1) through (6) of this Section if the association or foreign cooperative delivers to the Director of Revenue and Taxation a certified copy of a final judgment of a court of competent jurisdiction establishing the right of the association or foreign cooperative to use the name in Guam.

§ 17114. Reservation of Power to Amend or Repeal.

I Liheslaturan Guåhan has the power to amend or repeal all or part of this Act at any time, and all limited cooperative associations and foreign cooperatives subject to this Act are governed by the amendment or repeal of this Act.

§ 17115. Supplemental Principles of Law.

Unless displaced by particular provisions of this Act, the principles of law and equity supplement this Act.

§ 17116. Reservation of Name.

(a) A person may reserve the exclusive use of a name that complies with Section 17113 of this Act by delivering an application to the Director of Revenue and Taxation for filing. The application must set forth the name and address of the applicant and the name to be reserved. If the Director finds that the name is available, the Director shall reserve the name for the applicant's exclusive use for a period of one hundred twenty (120) calendar days.

(b) The owner of a reserved name may transfer the reservation to another person by delivering to the Director of Revenue and Taxation a signed notice in a record of the transfer which states the name and address of the person to which the reservation is being transferred.

§ 17117. Registration of Name.

(a) A foreign cooperative not registered to do business in Guam under Article 15 of this Act may register its name, or an alternate name adopted pursuant to Section 171506, if the name is distinguishable upon on the records of the Director of Revenue and Taxation from the names that are not available under Section 17113.

(b) To register its name or an alternate name adopted pursuant to Section 171506, a foreign cooperative must deliver to the Director for filing

an application stating the cooperative's name, the jurisdiction and date of its formation, and any alternate name adopted pursuant to Section 171506. If the Director finds that the name applied for is available, the Director shall register the name for the applicant's exclusive use.

(c) The registration of a name under this Section is effective for one (1) year after the date of registration.

(d) A foreign cooperative whose name registration is effective may renew the registration for successive one (1) year periods by delivering, not earlier than three (3) months before the expiration of the registration, to the Director for filing a renewal application that complies with this Section. When filed, the renewal application renews the registration for a succeeding one (1) year period.

(e) A foreign cooperative whose name registration is effective may register as a foreign cooperative under the registered name or consent in a signed record to the use of that name by another person that is not an individual.

§ 17118. Registered Agent.

(a) Each limited cooperative association and each registered foreign cooperative shall designate and maintain a registered agent in Guam. The designation of a registered agent is an affirmation of fact by the association or foreign cooperative that the agent has consented to serve.

(b) A registered agent for a limited cooperative association or registered foreign cooperative must have a place of business in Guam.

(c) The only duties under this Act of a registered agent that has complied with this Act are:

(1) to forward to the limited cooperative association or registered foreign cooperative at the address most recently supplied to

the agent by the association or foreign cooperative any process, notice, or demand pertaining to the association or foreign cooperative which is served on or received by the agent;

(2) if the registered agent resigns, to provide the notice required by Section 17120(c) of this Act to the limited cooperative association or foreign cooperative at the address most recently supplied to the agent by the association or foreign cooperative; and

(3) to keep current the information with respect to the agent in the articles of organization or foreign registration statement.

§ 17119. Change of Registered Agent or Address for Registered Agent by Limited Cooperative Association.

(a) A limited cooperative association or registered foreign cooperative may change its registered agent or the address of its registered agent by delivering to the Director of Revenue and Taxation for filing a statement of change that states:

(1) the name of the association or foreign cooperative; and

(2) the information that is to be in effect as a result of the filing of the statement of change.

(b) The members or directors of a limited cooperative association need not approve the filing of:

(1) a statement of change under this Section; or

(2) a similar filing changing the registered agent or registered office, if any, of the association in any other jurisdiction.

(c) A statement of change under this Section designating a new registered agent is an affirmation of fact by the limited cooperative association or registered foreign cooperative that the agent has consented to serve.

(d) As an alternative to using the procedure in this Section, a limited cooperative association may amend its articles of organization.

§ 17120. Resignation of Registered Agent.

(a) A registered agent may resign as agent for a limited cooperative association or registered foreign cooperative by delivering to the Director of Revenue and Taxation for filing a statement of resignation that states:

(1) the name of the association or foreign cooperative;

(2) the name of the agent;

(3) that the agent resigns from serving as registered agent for the association or foreign cooperative; and

(4) the address of the association or foreign cooperative to which the agent will send the notice required by Subsection (c) of this Section.

(b) A statement of resignation takes effect on the earlier of:

(1) the thirty-first (31st) working day after the day on which it is filed by the Director; or

(2) the designation of a new registered agent for the limited cooperative association or registered foreign cooperative.

(c) A registered agent shall promptly furnish to the limited cooperative association or registered foreign cooperative notice in a record of the date on which a statement of resignation was filed.

(d) When a statement of resignation takes effect, the registered agent ceases to have responsibility under this Act for any matter thereafter tendered to it as agent for the limited cooperative association or registered foreign cooperative. The resignation does not affect any contractual rights the association or foreign cooperative has against the agent or that the agent has against the association or foreign cooperative.

(e) A registered agent may resign with respect to a limited cooperative association or registered foreign cooperative whether or not the association or foreign cooperative is in good standing.

§ 17121. Change of Name or Address by Registered Agent.

(a) If a registered agent changes its name or address, the agent may deliver to the Director of Revenue and Taxation for filing a statement of change that states:

(1) the name of the limited cooperative association or registered foreign cooperative represented by the registered agent;

(2) the name of the agent as currently shown in the records of the Director for the association or foreign cooperative;

(3) if the name of the agent has changed, its new name; and

(4) if the address of the agent has changed, its new address.

(b) A registered agent shall promptly furnish notice to the represented limited cooperative association or registered foreign cooperative of the filing by the Director of the statement of change and the changes made by the statement.

§ 17122. Service of Process, Notice, or Demand.

(a) A limited cooperative association or registered foreign cooperative may be served with any process, notice, or demand required or permitted by law by serving its registered agent.

(b) If a limited cooperative association or registered foreign cooperative ceases to have a registered agent, or if its registered agent cannot with reasonable diligence be served, the association or foreign cooperative may be served by registered or certified mail, return receipt requested, or by similar commercial delivery service, addressed to the association or foreign cooperative at its principal office. The address of the principal office must be

as shown on the association's or cooperative's most recent annual report filed by the Director of Revenue and Taxation. Service is effected under this Subsection on the earliest of:

(1) the date the association or foreign cooperative receives the mail or delivery by the commercial delivery service;

(2) the date shown on the return receipt, if signed by the association or foreign cooperative; or

(3) five (5) calendar days after its deposit with the United States Postal Service or with the commercial delivery service, if correctly addressed and with sufficient postage or payment.

(c) If process, notice, or demand cannot be served on a limited cooperative association or registered foreign cooperative pursuant to Subsection (a) or (b), service may be made by handing a copy to the individual in charge of any regular place of business or activity of the association or foreign cooperative if the individual served is not a plaintiff in the action.

(d) Service of process, notice, or demand on a registered agent must be in a written record.

(e) Service of process, notice, or demand may be made by other means under law other than this Act.

ARTICLE 2

FILING AND OTHER REPORTS

§17201. Signing of Records to Be Delivered for Filing to the Director of Revenue and Taxation.

§17202. Signing and Filing Pursuant to Judicial Order.

§17203. Liability for Inaccurate Information in Filed Record.

§17204. Filing Requirements.

§17205. Effective Date and Time.

§17206. Withdrawal of Filed Record before Effectiveness.

§17207. Correcting Filing Record.

§17208. Duty of the Director to File; Review of Refusal to File; Delivery of Record by Director.

§17209. Certificate of Good Standing or Registration.

§17210. Annual Report for the Director.

§17211. Filing Fees.

§ 17201. Signing of Records to be Delivered for Filing to Director of Revenue and Taxation.

(a) A record delivered to the Director of Revenue and Taxation for filing pursuant to this Act must be signed as follows:

(1) A limited cooperative association's initial articles of organization must be signed by at least one (1) person acting as an organizer.

(2) A statement of withdrawal under Section 17206 must be signed as provided in that Section.

(3) Except as otherwise provided in Paragraph (4) of this Subsection, a record signed by an existing association must be signed by an officer.

(4) A record filed on behalf of a dissolved association must be signed by a person winding up activities under Section 171206(b) or a person appointed under Section 171206(c) to wind up those activities.

(5) Any other record delivered on behalf of a person to the Director for filing must be signed by that person.

(b) A record delivered for filing under this Act may be signed by an agent. Whenever this Act requires a particular individual to sign a record and

the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.

(c) A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

§ 17202. Signing and Filing Pursuant to Judicial Order.

(a) If a person required by this Act to sign or deliver a record to the Director of Revenue and Taxation for filing under this Act does not do so, any other person that is aggrieved may petition the Superior Court of Guam to order:

(1) the person to sign the record;

(2) the person to deliver the record to the Director for filing; or

(3) the Director to file the record signed.

(b) If the petitioner under Subsection (a) of this Section is not the limited cooperative association or foreign cooperative to which the record pertains, the petitioner shall make the association or foreign cooperative a party to the action.

(c) A record filed under Subsection (a)(3) of this Section is not effective without being signed.

§ 17203. Liability for Inaccurate Information in Filed Record.

(a) If a record delivered to the Director for filing under this Act and filed by the Director contains inaccurate information, a person that suffers a loss by reliance on the information may recover damages for the loss from a person that signed the record or caused another to sign it on the person's behalf and knew at the time the record was signed that the information was inaccurate.

(b) An individual who signs a record authorized or required to be filed under this Act affirms under penalty of perjury that the information stated in the record is accurate.

§ 17204. Filing Requirements.

(a) To be filed by the Director of Revenue and Taxation pursuant to this Act, a record must be received by the Director, comply with this Act, and satisfy the following:

(1) The filing of the record must be required or permitted by this Act.

(2) The record must be physically delivered in written form unless and to the extent the Director permits electronic delivery of records.

(3) The words in the record must be in English, and numbers must be in Arabic or Roman numerals, but the name of an entity need not be in English if written in English letters or Arabic or Roman numerals.

(4) The record must be signed by a person authorized or required under this Act to sign the record.

(5) The record must state the name and capacity, if any, of each individual who signed it, either on behalf of the individual or the person authorized or required to sign the record, but need not contain a seal, attestation, acknowledgment, or verification.

(b) If any law other than this Act prohibits the disclosure by the Director of information contained in a record delivered to the Director for filing, the Director shall file the record if the record otherwise complies with this Act but may redact the information.

(c) When a record is delivered to the Director for filing, any fee required under this Act and any fee, tax, interest, or penalty required to be paid under this Act or law other than this Act must be paid in a manner permitted by the Director or by that law.

(d) The Director may require that a record delivered in written form be accompanied by an identical or confirmed copy.

(e) The Director may provide forms for entity filings required or permitted to be made by this Act, but, except as otherwise provided in Subsection (f) of this Section, their use is not required.

(f) The Director may require that a cover sheet for a filing be on a form prescribed by the Director.

§ 17205. Effective Date and Time.

Except as otherwise provided in Section 17206 and subject to Section 17207(d), a record filed under this Act is effective:

(a) on the date and at the time of its filing by the Director, as provided in Section 17208;

(b) on the date of filing and at the time specified in the record as its effective time, if later than the time under Subsection (a);

(c) at a specified delayed effective time and date, which may not be more than ninety (90) calendar days after the date of filing; or

(d) if a delayed effective date is specified, but no time is specified, at 12:01 a.m. on the date specified, which may not be more than ninety (90) calendar days after the date of filing.

§ 17206. Withdrawal of Filed Record Before Effectiveness.

(a) A record delivered to the Director of Revenue and Taxation for filing may be withdrawn before it takes effect by delivering to the Director for filing a statement of withdrawal.

(b) A statement of withdrawal must:

(1) be signed by each person that signed the record being withdrawn, except as otherwise agreed by those persons;

(2) identify the record to be withdrawn; and

(3) if signed by fewer than all the persons that signed the record being withdrawn, state that the record is withdrawn in accordance with the agreement of all the persons that signed the record.

(c) On filing by the Director of a statement of withdrawal, the action or transaction evidenced by the original record does not take effect.

§ 17207. Correcting Filed Record.

(a) A person on whose behalf a filed record was delivered to the Director of Revenue and Taxation for filing may correct the record if:

(1) the record at the time of filing was inaccurate;

(2) the record was defectively signed; or

(3) the electronic transmission of the record to the Director was defective.

(b) To correct a filed record, a person on whose behalf the record was delivered to the Director must deliver to the Director for filing a statement of correction.

(c) A statement of correction:

(1) may not state a delayed effective date;

(2) must be signed by the person correcting the filed record;

(3) must identify the filed record to be corrected;

(4) must specify the inaccuracy or defect to be corrected; and

(5) must correct the inaccuracy or defect.

(d) A statement of correction is effective as of the effective date of the filed record that it corrects except as to persons relying on the uncorrected

filed record and adversely affected by the correction. For those purposes and as to those persons, the statement of correction is effective when filed.

§ 17208. Duty of Director to File; Review of Refusal to File; Delivery of Record by Director.

(a) The Director of Revenue and Taxation shall file a record delivered to the Director for filing which satisfies this Act. The duty of the Director under this Section is ministerial.

(b) When the Director files a record, the Director shall record it as filed on the date and at the time of its delivery. After filing a record, the Director shall deliver to the person that submitted the record a copy of the record with an acknowledgment of the date and time of filing and, in the case of a statement of denial, also to the limited cooperative association to which the statement pertains.

(c) If the Director refuses to file a record, the Director shall, not later than fifteen (15) working days after the record is delivered:

(1) return the record or notify the person that submitted the record of the refusal; and

(2) provide a brief explanation in a record of the reason for the refusal.

(d) If the Director refuses to file a record, the person that submitted the record may petition the Superior Court of Guam to compel filing of the record. The record and the explanation of the Director of the refusal to file must be attached to the petition. The court may decide the matter in a summary proceeding.

(e) The filing of or refusal to file a record does not:

(1) affect the validity or invalidity of the record in whole or in part; or

(2) create a presumption that the information contained in the record is correct or incorrect.

(f) Except as provided by Section 17122 or by law other than this Act, the Director may deliver any record to a person by delivering it:

(1) in person to the person that submitted it;

(2) to the address of the person's registered agent;

(3) to the principal office of the person; or

(4) to another address the person provides to the Director for delivery.

§ 17209. Certificate of Good Standing or Registration.

(a) On request of any person, the Director of Revenue and Taxation shall issue a certificate of good standing for a limited cooperative association or a certificate of registration for a registered foreign cooperative.

(b) A certificate under Subsection (a) of this Section must state:

(1) the limited cooperative association's name or the registered foreign cooperative's name used in Guam;

(2) in the case of a limited cooperative association:

(A) that articles of organization have been filed and have taken effect;

(B) the date the articles became effective;

(C) the period of the association's duration if the records of the Director reflect that its period of duration is less than perpetual; and

(D) that:

(i) no statement of dissolution, statement of administrative dissolution, or statement of termination has been filed;

(ii) the records of the Director do not otherwise reflect that the

association has been dissolved or terminated; and

(iii) a proceeding is not pending under Section 171214;

(3) in the case of a registered foreign cooperative, that it is registered to do business in Guam;

(4) that all fees, taxes, interest, and penalties owed to Guam by the limited cooperative association or foreign cooperative and collected through the Director have been paid, if:

(A) payment is reflected in the records of Director; and

(B) nonpayment affects the good standing or registration of the association or foreign cooperative;

(5) that the most recent annual report required by Section 17210 has been delivered to the Director for filing; and

(6) other facts reflected in the records of the Director pertaining to the limited cooperative association or foreign cooperative which the person requesting the certificate reasonably requests.

(c) Subject to any qualification stated in the certificate, a certificate issued by the Director may be relied on as conclusive evidence of the facts stated in the certificate.

§ 17210. Annual Report for the Director.

(a) A limited cooperative association or registered foreign cooperative shall deliver to the Director for filing an annual report that states:

(1) the name of the association or foreign cooperative;

(2) the name and street and mailing addresses of its registered agent in Guam;

(3) the street and mailing addresses of its principal office;

(4) the name of at least one (1) director; and

(5) in the case of a foreign cooperative, its jurisdiction of formation and any alternative name adopted under Section 17506.

(b) Information about the annual report must be current as of the date the report is signed by the limited cooperative association or registered foreign cooperative.

(c) The first annual report must be delivered to the Director for filing after January 1 and before April 1 of the year following the calendar year in which the limited cooperative association's articles of organization became effective, or the registered foreign cooperative registered to do business in Guam. Subsequent annual reports must be delivered to the Director for filing after January 1 and before April 1 of each second calendar year thereafter.

(d) If an annual report does not contain the information required by this Section, the Director shall promptly notify the reporting limited cooperative association or registered foreign cooperative in a record and return the report for correction.

(e) If an annual report under this Section contains the name or address of a registered agent which differs from the information shown in the records of the Director immediately before the report becomes effective, the differing information is considered a statement of change under Section 17119.

§ 17211. Filing Fees.

The filing fee for records filed under this Article shall be determined by the Director of Revenue and Taxation in accordance with the provisions of Chapter 9, 5 GCA.

ARTICLE 3

ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION

§ 17301. Formation of Limited Cooperative Association; Articles of Organization.

§ 17302. Organization of Limited Cooperative Association.

§ 17303. Bylaws.

§ 17301. Formation of Limited Cooperative Association; Articles of Organization.

(a) One (1) or more persons may act as organizers to form a limited cooperative association by delivering to the Director of Revenue and Taxation for filing articles of organization.

(b) The articles of organization must state:

(1) the name of the limited cooperative association, which must comply with Section 17113;

(2) the purposes for which the association is formed;

(3) the street and mailing addresses in this state of the initial registered agent;

(4) the street and mailing addresses of the initial principal office;

(5) the name and street and mailing addresses of each organizer; and

(6) the term for which the association is to exist if other than perpetual.

(c) The articles of organization may contain any other provisions in addition to those required by Subsection (b) of this Section and Section 17109.

(d) A limited cooperative association is formed after articles of organization that comply with Subsection (b) and Subsection (c) of this Section are delivered to the Director, are filed, and become effective under Section 17205.

§ 17302. Organization of Limited Cooperative Association.

(a) After a limited cooperative association is formed:

(1) if initial directors are named in the articles of organization, the initial directors shall hold an organizational meeting to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association; or

(2) if initial directors are not named in the articles of organization, the organizers shall designate the initial directors and call a meeting of the initial directors to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association.

(b) Unless the articles of organization otherwise provide, the initial directors may cause the limited cooperative association to accept members, including those necessary for the association to begin business.

(c) Initial directors need not be members.

(d) An initial director serves until a successor is elected and qualified at a members meeting or the director is removed, resigns, is adjudged incompetent, or dies.

§ 17303. Bylaws.

(a) Bylaws must be in a record and, if not stated in the articles of organization, must include:

(1) a statement of the capital structure of the limited cooperative association, including:

(A) the classes or other types of members' interests and relative rights, preferences, and restrictions granted to or imposed upon each class or other type of member's interest; and

(B) the rights to share in profits or distributions of the association;

(2) a statement of the method for admission of members;

(3) a statement designating voting and other governance rights, including which members have voting power and any restriction on voting power;

(4) a statement that a member's interest is transferable, if it is to be transferable, and a statement of the conditions upon which it may be transferred;

(5) a statement concerning the manner in which profits and losses are allocated and distributions are made among patron members and, if investor members are authorized, the manner in which profits and losses are allocated and how distributions are made among investor members and between patron members and investor members;

(6) a statement concerning:

(A) whether persons that are not members but conduct business with the association may be permitted to share in allocations of profits and losses and receive distributions; and

(B) the manner in which profits and losses are allocated and distributions are made with respect to those persons; and

(7) a statement of the number and terms of directors or the method by which the number and terms are determined.

(b) Subject to Section 17109(c) and the articles of organization, bylaws may contain any other provision for managing and regulating the affairs of the association.

(c) In addition to amendments permitted under Article 4, the initial board of directors may amend the bylaws by a majority vote of the directors at any time before the admission of members.

ARTICLE 4

AMENDMENT OF ARTICLES OF ORGANIZATION OR BYLAWS OF LIMITED COOPERATIVE ASSOCIATION

§17401. Authority to Amend the Organic Rules.
§17402. Notice and Action on Amendment of the Organic Rules.
§17403. Method of Voting on Amendment of Organic Rules.
§17404. Voting by District, Class, or Voting Group.
§17405. Approval of Amendment.
§17406. Restated Articles of Organization.
§17407. Amendment of Restatement of Articles of Organization; Filing.

§ 17401. Authority to Amend Organic Rules.

(a) A limited cooperative association may amend organic rules under this Article for any lawful purpose. In addition, the initial board of directors may amend the bylaws of an association under Section 17303.

(b) Unless the organic rules otherwise provide, a member does not have a vested property right resulting from any provision in the organic rules, including a provision relating to the management, control, capital structure, distribution, entitlement, purpose, or duration of the limited cooperative association.

§ 17402. Notice and Action on Amendment of Organic Rules.

(a) Except as provided in Sections 17401(a), the organic rules of a limited cooperative association may be amended only at a members meeting. An amendment may be proposed by either:

(1) a majority of the board of directors, or a greater percentage if required by the organic rules; or

(2) one (1) or more petitions signed by at least ten percent (10%) of the patron members or at least ten percent (10%) of the investor members.

(b) The board of directors shall call a members meeting to consider an amendment proposed pursuant to Subsection (a) of this Section. The meeting must be held no later than ninety (90) calendar days following the proposal of the amendment by the board or receipt of a petition. The board must mail or otherwise transmit or deliver in a record to each member:

(1) the proposed amendment, or a summary of the proposed amendment and a statement of the manner in which a copy of the amendment in a record may be reasonably obtained by a member;

(2) a recommendation that the members approve the amendment, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

(3) a statement of any condition of the board's submission of the amendment to the members; and

(4) notice of the meeting at which the proposed amendment will be considered, which must be given in the same manner as notice for a special meeting of members.

§ 17403. Method of Voting on Amendment of Organic Rules.

(a) A substantive change to a proposed amendment of the organic rules may not be made at the members meeting at which a vote on the amendment occurs.

(b) A non-substantive change to a proposed amendment of the organic rules may be made at the members meeting at which the vote on the amendment occurs and need not be separately voted upon by the board of directors.

(c) A vote to adopt a non-substantive change to a proposed amendment to the organic rules must be by the same percentage of votes required to pass a proposed amendment.

§ 17404. Voting by District, Class, or Voting Group.

(a) This Section applies if the articles of organization or bylaws provide for voting by district or class, or if there is one (1) or more identifiable voting groups that a proposed amendment to the articles of organization or bylaws would affect differently from other members with respect to matters identified in Section 17405(e)(1) through (5). Approval of the amendment requires the same percentage of votes of the members of that district, class, or voting group required in Sections 17405 and 17514.

(b) If a proposed amendment to the organic rules would affect members in two (2) or more districts or classes entitled to vote separately under Subsection (a) of this Section in the same or a substantially similar way, the districts or classes affected must vote as a single voting group unless the organic rules otherwise provide for separate voting.

§ 17405. Approval of Amendment.

(a) Subject to Section 17404 and Subsections (c) and (d) of this Section, an amendment to the articles of organization must be approved by:

(1) at least two-thirds of the voting power of patron members present at a members meeting called under Section 17402; and

(2) if the limited cooperative association has investor members, the approval of investor members shall be limited to no more

than twenty percent (20%) of the total voting power, with the remainder controlled by patron members, ensuring that patron members retain at least eighty percent (80%) of the total voting power, unless the organic rules require a greater percentage vote by patron members.

(b) Subject to Section 17404 and Subsections (c), (d), (e) and (f) of this Section, an amendment to the bylaws must be approved by:

(1) at least a majority vote of the voting power of patron members present at a members meeting called under Section 17402, unless the organic rules require a greater percentage; and

(2) if a limited cooperative association has investor members, the approval of investor members shall not exceed twenty percent (20%) of the total voting power, with the remaining voting power held by patron members. The approval of amendments shall require a majority of votes cast by patron members, unless the organic rules require a larger affirmative vote by patron members, unless the organic rules require a larger affirmative vote by patron members.

(c) The organic rules may require that the percentage of votes under Subsection (a)(1) or (b)(1) of the same be:

(1) a different percentage that is not less than a majority of patron members voting at the meeting;

(2) measured against the voting power of patron members, excluding investor members; or

(3) a combination of Paragraphs (1) and (2).

(d) Consent in a record by a member must be delivered to a limited cooperative association before delivery of an amendment to the articles of organization or restated articles of organization for filing pursuant to Section 17407, if as a result of the amendment the member will have:

(1) personal liability for an obligation of the association; or

(2) an obligation or liability for an additional contribution.

(e) The vote required to amend bylaws must satisfy the requirements of Subsection (a) of this Section if the proposed amendment modifies:

(1) the equity capital structure of the limited cooperative association, including the rights of the association's members to share in profits or distributions, or the relative rights, preferences, and restrictions granted to or imposed upon one or more districts, classes, or voting groups of similarly situated members;

(2) the transferability of a member's interest;

(3) the manner or method of allocation of profits or losses among members;

(4) the quorum for a meeting and the rights of voting and governance; or

(5) unless otherwise provided in the articles of organization or bylaws, the terms for admission of new members.

(f) The amendments to the articles of organization or by-laws shall not be delegated in whole or in part to the board of directors. Operational agreements may be delegated to the board of directors with approval by members.

§ 17406. Restated Articles of Organization.

A limited cooperative association, by the affirmative vote of a majority of the board of directors taken at a meeting for which the purpose is stated in the notice of the meeting, may adopt restated articles of organization that contain the original articles as previously amended. Restated articles may contain amendments if the restated articles are adopted in the same manner and with the same vote as required for amendments to the articles under

Section 17405(a). Upon filing, restated articles supersede the existing articles and all amendments.

§ 17407. Amendment of Restatement of Articles of Organization; Filing.

(a) To amend its articles of organization, a limited cooperative association must deliver to the Director for filing an amendment of the articles, or restated articles of organization or articles of merger, interest exchange, conversion, or domestication pursuant to Article 16, which contain one (1) or more amendments of the articles of organization, stating:

(1) the name of the association;

(2) the date of filing of the association's initial articles; and

(3) the text of the amendment.

(b) Before the beginning of the initial meeting of the board of directors, an organizer who knows that information in the filed articles of organization was inaccurate when the articles were filed or has become inaccurate due to changed circumstances shall promptly:

(1) cause the articles to be amended; or

(2) if appropriate, deliver an amendment to the Director for filing pursuant to Section 17204.

(c) To restate its articles of organization, a limited cooperative association must deliver to the Director for filing a restatement designated as such in its heading.

(d) Upon filing, an amendment of the articles of organization or other record containing an amendment of the articles which has been properly adopted by the members is effective as provided in Section 17205.

ARTICLE 5

MEMBERS

§ 17501. Members.
§ 17502. Becoming a Member.
§ 17503. No Agency Power of Member as Member.
§ 17504. Liability of Members and Directors.
§ 17505. Right of Members and Dissociated Members to Information.
§ 17506. Annual Meeting of Members.
§ 17507. Special Meeting of Members.
§ 17508. Notice of Members Meetings.
§ 17509. Waiver of Members Meeting Notice.
§ 17510. Quorum of Members.
§ 17511. Voting by Patron Members.
§ 17512. Allocation of Voting Power of Patron Member.
§ 17513. Voting by Investor Members.
§ 17514. Voting Requirements for Members.
§ 17515. Manner of Voting.
§ 17516. Action Without a Meeting Prohibited.
§ 17517. Districts and Delegates; Classes of Members.
§ 17518. Approval of Transaction Under Article 16. [Reserved]

§ 17501. Members.

To begin business, a limited cooperative association must have at least two (2) patron members.

§ 17502. Becoming a Member.

(a) For a limited cooperative association with more than one (1) member upon formation, those persons become members as agreed by the persons before the formation of the association. The organizer acts on behalf of the persons in forming the association and may be, but need not be, one (1) of the persons.

(b) After formation of a limited cooperative association, a person becomes a member:

(1) as provided in the organic rules;

(2) as the result of a transaction effective under Article 16;

(3) with the affirmative vote or consent of all the members; or

(4) as provided in Section 171202(a)(3).

§ 17503. No Agency Power of Member as Member.

(a) A member is not an agent of a limited cooperative association solely by reason of being a member.

(b) A person's status as a member does not prevent or restrict law other than this Act from imposing liability on a limited cooperative association because of the person's conduct.

§ 17504. Liability of Members and Directors.

(a) A debt, obligation, or other liability of a limited cooperative association is solely the debt, obligation, or other liability of the association. A member or director is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the association solely by reason of being or acting as a member or director of the association. This Subsection applies regardless of the dissolution of the association.

(b) The failure of a limited cooperative association to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on any member or director for a debt, obligation, or other liability of the association.

§ 17505. Right of Members and Dissociated Members to Information.

(a) On reasonable notice, a member may inspect and copy during regular business hours, at the principal office or at a reasonable location

specified by the limited cooperative association, required information listed in Sections 17110(a)(1) through (8). A member need not have any particular purpose for seeking the information. The association is not required to provide the same information listed in Section 17110(a)(1) through (8) to the same member more than once during a six (6)-month period.

(b) On reasonable notice, a member may inspect and copy during regular business hours, at the principal office or a reasonable location specified by the limited cooperative association, required information listed in Section 17110(a)(9), (10), (12), (13), (16), and (18), if:

(1) the member seeks the information in good faith and for a proper purpose reasonably related to the member's interest;

(2) the demand includes a description with reasonable particularity of the information sought and the purpose for seeking the information;

(3) the information sought is directly connected to the member's purpose; and

(4) the demand is reasonable.

(c) Not later than ten (10) working days after receipt of a demand pursuant to Subsection (b) of this Section, a limited cooperative association shall provide, in a record, the following information to the member that made the demand:

(1) if the association agrees to provide the demanded information:

(A) what information the association will provide in response to the demand; and

(B) a reasonable time and place at which the association will provide the information; or

(2) if the association declines to provide some or all of the demanded information, the association's reasons for declining.

(d) On ten (10) working days' demand made in a record received by a limited cooperative association, a dissociated member may have access to information to which the person was entitled while a member if the information pertains to the period during which the person was a member, the person seeks the information in good faith, and the person satisfies the requirements imposed on a member by Subsection (b)(2) of this Section. The association shall respond to a demand made pursuant to this subsection in the manner provided in Subsection (c) of this Section.

(e) Not later than ten (10) working days after receipt by a limited cooperative association of a demand made by a member in a record, but not more often than once in a six (6)-month period calculated by calendar days, the association shall deliver to the member a record stating the information with respect to the member required by Section 17110(a)(17).

(f) In addition to any restriction or condition stated in its organic rules, a limited cooperative association, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this Section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this Subsection, the association has the burden of proving reasonableness.

(g) A limited cooperative association may charge a person that makes a demand under this Section reasonable costs of copying, limited to the costs of labor and material.

(h) A member or dissociated member may exercise rights under this Section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the organic rules or under Subsection (g) of this Section applies both to the agent or legal representative and the member or dissociated member.

(i) The rights stated in this Section do not extend to a person as transferee.

(j) The organic rules may require a limited cooperative association to provide more information than required by this section and may establish conditions and procedures for providing the information.

§ 17506. Annual Meeting of Members.

(a) Members shall meet annually at a time provided in the organic rules or set by the board of directors not inconsistent with organic rules.

(b) An annual members meeting may be held inside or outside Guam at the place stated in the organic rules or selected by the board of directors not inconsistent with organic rules.

(c) Unless organic rules otherwise provide, members may attend or conduct an annual members meeting through any means of communication if all members attending the meeting can communicate with each other during the meeting.

(d) The board of directors shall report, or cause to be reported, at the association's annual members meeting the association's business and financial condition as of the close of the most recent fiscal year.

(e) Unless the organic rules otherwise provide, the board of directors shall designate the presiding officer of the association's annual members meeting.

(f) Failure to hold an annual members meeting does not affect the validity of any action by the limited cooperative association.

§ 17507. Special Meeting of Members.

(a) A special meeting of members may be called only:

(1) as provided in the organic rules;

(2) by a majority vote of the board of directors on a proposal stating the purpose of the meeting;

(3) by demand in a record signed by members holding at least twenty (20) percent of the voting power of the persons in any district or class entitled to vote on the matter that is the purpose of the meeting stated in the demand; or

(4) by demand in a record signed by members holding at least ten (10) percent of the total voting power of all the persons entitled to vote on the matter that is the purpose of the meeting stated in the demand.

(b) A demand under Subsection (a)(3) or (4) of this Section must be submitted to the officer of the limited cooperative association charged with keeping its records.

(c) Any voting member may withdraw its demand under Subsection (a)(3) or (4) of this Section before receipt by the limited cooperative association of demands sufficient to require a special meeting of members.

(d) A special meeting of members may be held inside or outside Guam at the place stated in the organic rules or selected by the board of directors not inconsistent with the organic rules.

(e) Unless the organic rules otherwise provide, members may attend or conduct a special meeting of members through the use of any means of

communication if all members attending the meeting can communicate with each other during the meeting.

(f) Only business within the purpose or purposes stated in the notice of a special meeting of members may be conducted at the meeting.

(g) Unless the organic rules otherwise provide, the presiding officer of a special meeting of members shall be designated by the board of directors.

§ 17508. Notice of Members Meeting.

(a) A limited cooperative association shall notify each member of the time, date, and place of a members meeting at least fifteen (15) calendar days and not more than sixty (60) calendar days before the meeting.

(b) Unless the organic rules otherwise provide, the notice of an annual members meeting shall include the purpose of the meeting.

(c) Notice of a special meeting of members must include each purpose of the meeting as contained in the demand under Section 17507(a)(3) or (4) or as voted upon by the board of directors under Section 17507(a)(2).

(d) Notice of a members meeting must be given in a record unless oral notice is reasonable under the circumstances.

§ 17509. Waiver of Members Meeting Notice.

(a) A member may waive notice of a members meeting by providing a written or electronic waiver either before, during, or after the meeting. Such waiver must be delivered to the limited cooperative association in written or electronic form. The waiver shall be effective regardless of whether it is executed before or after the time set for the meeting.

(b) A member's attendance or participation in a members meeting is a waiver of notice of that meeting unless the member objects to the meeting at the beginning of the meeting or promptly upon the member's arrival at the

meeting and does not thereafter vote for or assent to action taken at the meeting.

(c) An objection must be explicitly stated on the record at the meeting for it to be recognized as valid under this Section.

§ 17510. Quorum of Members.

Organic rules shall require the following in meeting a quorum:

(a) majority of members present at a meeting are patron members; and

(b) minimum percentage of patron members present at a members meeting to constitute a quorum.

§ 17511. Voting by Patron Members.

Each patron member has one (1) vote. The organic rules may allocate voting power among patron members as provided in Section 17512.

§ 17512. Allocation of Voting Power of Patron Member.

(a) The organic rules may allocate voting power among patron members on the basis of one (1) member, one (1) vote.

(b) The organic rules may provide for the allocation of patron member voting power by districts or class, or any combination thereof.

§ 17513. Voting by Investor Members.

If the organic rules provide for investor members, each investor member has one (1) vote, unless the organic rules otherwise provide. The organic rules may provide for the allocation of investor member voting power by class, classes, or any combination of classes. In no event shall the aggregate voting power of all investor members exceed twenty percent (20%) of the total voting power of the association.

§ 17514. Voting Requirements for Members.

If a limited cooperative association has both patron and investor members, the following rules apply:

(a) the total voting power of all patron members may not be less than eighty percent (80%) of a majority of the entire voting power entitled to vote.

(b) action on any matter is approved only upon the affirmative vote of at least a majority of:

(1) all members voting at the meeting unless more than a majority is required by Articles 4, 12, 14, or 16, or pursuant to the organic rules; and

(2) votes cast by patron members unless the articles of organization or bylaws require a larger affirmative vote by patron members.

(c) The organic rules may provide for the percentage of the affirmative votes that must be cast by investor members to approve the matter.

§ 17515. Manner of Voting.

(a) Unless the organic rules otherwise provide, voting by a proxy at a members meeting is prohibited. This Subsection does not prohibit delegate voting based on district or class.

(b) If voting by a proxy is permitted, a patron member may appoint only another patron member as a proxy and, if investor members are permitted, an investor member may appoint only another investor member as a proxy.

(c) The organic rules may provide for the manner of and provisions governing the appointment of a proxy.

(d) The organic rules may provide for voting on any question by ballot delivered by mail or voting by other means on questions that are subject to vote by members.

§ 17516. Action Without a Meeting Prohibited.

Any action by the members shall not be taken without a meeting.

§ 17517. Districts and Delegates; Classes of Members.

(a) The organic rules may provide for the formation of geographic districts of patron members and:

(1) for the conduct of patron member meetings by districts and the election of directors at the meetings; or

(2) that districts may elect district delegates to represent and vote for the district at members meetings.

(b) A delegate elected under Subsection (a)(2) of this Section has one (1) vote unless voting power is otherwise allocated by the organic rules.

(c) The organic rules may provide for the establishment of classes of members, for the preferences, rights, and limitations of the classes, and:

(1) for the conduct of members meetings by classes and the election of directors at the meetings; or

(2) that classes may elect class delegates to represent and vote for the class in members meetings.

(d) A delegate elected under Subsection (c)(2) of this Section has one (1) vote unless voting power is otherwise allocated by the organic rules.

§ 17518. Approval of Transaction Under Article 16. [Reserved]

ARTICLE 6

MEMBER'S INTEREST IN LIMITED COOPERATIVE ASSOCIATION

§17601. Member's Interest.

§17602. Patron and Investor Members' Interests.

§17603. Transferability of Member's Interest.

§17604. Security Interest and Set-Off.

§17605. Charging Order.

§ 17601. Member's Interest.

A member's interest:

(a) is personal property;

(b) consists of:

(1) governance rights;

(2) financial rights; and

(3) the right or obligation, if any, to do business with the limited cooperative association; and

(c) may be in certificated or uncertificated form.

§ 17602. Patron and Investor Members' Interests.

(a) Unless the organic rules establish investor members' interests, a member's interest is a patron member's interest.

(b) If a limited cooperative association has investor members, while a person is a member of the association, the person:

(1) if admitted as a patron member, remains a patron member; and

(2) if admitted as an investor member, remains an investor member.

§ 17603. Transferability of Member's Interest.

(a) The provisions of this Act relating to the transferability of a member's interest are subject to the *Uniform Commercial Code of Guam*, 13 GCA §§ 1101 through 10104.

(b) Unless the organic rules otherwise provide, a member's interest other than financial rights is not transferable.

(c) Unless a transfer is restricted or prohibited by the organic rules, a member may transfer its financial rights in the limited cooperative association.

(d) The terms of any restriction on transferability of financial rights must be:

(1) set forth in the organic rules and the member records of the association; and

(2) conspicuously noted on any certificates evidencing a member's interest.

(e) A transferee of a member's financial rights, to the extent the rights are transferred, has the right to share in the allocation of profits or losses and to receive the distributions to the member transferring the interest to the same extent as the transferring member.

(f) A transferee of a member's financial rights does not become a member upon transfer of the rights unless the transferee is admitted as a member by the limited cooperative association.

(g) A limited cooperative association need not give effect to a transfer under this Section until the association has notice of the transfer.

(h) A transfer of a member's financial rights in violation of a restriction on transfer contained in the organic rules is ineffective if the intended transferee has notice of the restriction at the time of transfer.

§ 17604. Security Interest and Set-Off.

(a) A member or transferee may create an enforceable security interest in its financial rights in a limited cooperative association.

(b) Unless the organic rules otherwise provide, a member may not create an enforceable security interest in the member's governance rights in a limited cooperative association.

(c) The organic rules may provide that a limited cooperative association has a security interest in the financial rights of a member to secure payment of any indebtedness or other obligation of the member to the association. A security interest provided for in the organic rules is enforceable under, and governed by, 13 GCA Division 9 of the *Uniform Commercial Code of Guam*.

(d) Unless the organic rules otherwise provide, a member may not compel the limited cooperative association to offset financial rights against any indebtedness or obligation owed to the association.

§ 17605. Charging Order.

(a) On application by a judgment creditor of a member or transferee, The Superior Court of Guam may enter a charging order against the financial rights of the judgment debtor for the unsatisfied amount of the judgment. Except as otherwise provided in Subsection (f) of this Section, a charging order constitutes a lien on the judgment debtor's financial rights and requires the limited cooperative association to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order under Subsection (a) of this Section, the court may:

(1) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and

(2) make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the financial rights. Except as otherwise provided in Subsection (f) of this Section, the purchaser at the foreclosure sale obtains only the financial rights that are subject to the charging order, does not thereby become a member, and is subject to Section 17603.

(d) At any time before foreclosure under Subsection (c) of this Section, the member or transferee whose financial rights are subject to a charging order under Subsection (a) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under Subsection (c) of this Section, the limited cooperative association or one (1) or more members whose financial rights are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order. Unless the organic rules otherwise provide, the association may act under this Subsection only with the consent of all members whose financial rights are not subject to the charging order.

(f) If a court forecloses a charging order lien against the sole member of a limited cooperative association:

(1) the court shall confirm the sale;

(2) the purchaser at the sale obtains the member's entire interest, not only the member's financial rights;

(3) the purchaser thereby becomes a member; and

(4) the person whose interest was subject to the foreclosed charging order is dissociated as a member.

(5) This Act does not deprive any member or transferee of the benefit of any exemption law applicable to the member's or transferee's financial rights.

(g) This Section provides the exclusive remedy by which a person seeking in the capacity of judgment creditor to enforce a judgment against a member or transferee may satisfy the judgment from the judgment debtor's financial rights.

ARTICLE 7

MARKETING CONTRACTS

§17701. Authority.
§17702. Marketing Contracts.
§17703. Duration of Marketing Contract.
§17704. Remedies for Breach of Contract.

§ 17701. Authority.

(a) In this Article, *marketing contract* means a contract between a limited cooperative association and another person that need not be a patron member:

(1) requiring the other person to sell, or deliver for sale or marketing on the person's behalf, a specified part of the person's products, commodities, or goods exclusively to or through the association or any facilities furnished by the association; or

(2) authorizing the association to act for the person in any manner with respect to the products, commodities, or goods.

§ 17702. Marketing Contracts.

(a) If a marketing contract provides for the sale of products, commodities, or goods to a limited cooperative association, the sale transfers

title to the association upon delivery or at any other specific time expressly provided by the contract.

(b) A marketing contract may:

(1) authorize a limited cooperative association to create an enforceable security interest in the products, commodities, or goods delivered; and

(2) allow the association to sell the products, commodities, or goods delivered and pay the sales price on a pooled or other basis after deducting selling costs, processing costs, overhead, expenses, and other charges.

(c) Some or all of the provisions of a marketing contract between a patron member and a limited cooperative association may be contained in the organic rules.

§ 17703. Duration of Marketing Contract.

The initial duration of a marketing contract may not exceed ten (10) years, but the contract may be self-renewing for additional periods not exceeding five (5) years each. Unless the contract provides for another manner or time for termination, either party may terminate the contract by giving notice in a record at least ninety (90) calendar days before the end of the current term.

§ 17704. Remedies for Breach of Contract.

(a) Damages to be paid to a limited cooperative association for breach or anticipatory repudiation of a marketing contract may be liquidated, but only at an amount or under a formula that is reasonable in light of the actual or anticipated harm caused by the breach or repudiation. A provision that so provides is not a penalty.

(b) Upon a breach of a marketing contract, whether by anticipatory repudiation or otherwise, a limited cooperative association may seek:

(1) an injunction to prevent further breach; and

(2) specific performance.

(c) The remedies in this Section are in addition to any other remedies available to an association under law other than this Act.

ARTICLE 8

DIRECTORS AND OFFICERS

§17801. Board of Directors.

§17802. No Liability as Director for Limited Cooperative Association's Obligations.

§17803. Qualifications of Directors.

§17804. Election of Directors and Composition of Board.

§17805. Term of Director.

§17806. Resignation of Director.

§17807. Removal of Director.

§17808. Suspension of Director by Board.

§17809. Vacancy on Board.

§17810. Remuneration of Directors.

§17811. Meetings.

§17812. Action Without Meeting Prohibited.

§17813. Meetings and Notice.

§17814. Waiver of Notice of Meeting.

§17815. Quorum.

§17816. Voting.

§17817. Committees.

§17818. Standards of Conduct and Liability.

§17819. Conflict of Interest.

§17820. Other Considerations of Directors.

§17821. Right of Director or Committee Member to Information.

§17822. Appointment and Authority of Officers.

§17823. Resignation and Removal of Officers.

§ 17801. Board of Directors.

(a) A limited cooperative association must have a board of directors of at least three (3) individuals unless the association has fewer than three (3) members. If the association has fewer than three (3) members, the number of directors may not be fewer than the number of members.

(b) The affairs of a limited cooperative association must be managed by, or under the direction of, the board of directors. The board may adopt policies and procedures that do not conflict with the organic rules or this Act.

(c) An individual is not an agent for a limited cooperative association solely by being a director.

§ 17802. No Liability as Director for Limited Cooperative Association's Obligations.

A debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not a debt, obligation, or liability of a director solely by reason of being a director. An individual is not personally liable, directly or indirectly, for an obligation of an association solely by reason of being a director.

§ 17803. Qualifications of Directors.

(a) Unless the organic rules otherwise provide, and subject to Subsection (c) of this Section, each director of a limited cooperative association must be an individual who is a member of the association or an individual who is designated by a member that is not an individual for

purposes of qualifying and serving as a director. Initial directors need not be members.

(b) Unless the organic rules otherwise provide, a director may be an officer or employee of the limited cooperative association.

(c) Except for initial directors, nonmember directors are prohibited.

(d) The organic rules may provide qualifications for directors in addition to those in this Section.

§ 17804. Election of Directors and Composition of Board.

(a) Unless the organic rules require a greater number:

(1) the number of directors that must be patron members may not be fewer than:

(A) two (2), if there are two (2) or three (3) directors;

(B) four (4), if there are four (4) or five (5) directors;

(C) six (6), if there are six (6) through eight (8) directors; or

(D) four-fifths of the directors if there are at least nine (9) directors;

(2) the board of directors who are patron members shall be elected exclusively by patron members; and

(3) If organic rules provide that investor members may serve on the board of directors, the board of directors who are investor members shall be elected by all members. Investor member shall not serve as chairperson of the board of directors or any executive office of the board.

(b) Unless the organic rules otherwise provide, if a limited cooperative association has investor members, the directors who are not elected exclusively by patron members are elected by the investor members.

(c) Subject to Subsection (a) of this Section, the organic rules may provide for the election of all or a specified number of directors by one (1) or more districts or classes of members.

(d) Subject to Subsection (a) of this Section, the organic rules may provide for the nomination or election of directors by districts or classes, directly or by district delegates.

(e) If a class of members consists of a single member, the organic rules may provide for the member to appoint a director or directors.

(f) Unless the organic rules otherwise provide, cumulative voting for directors is prohibited.

(g) Except as otherwise provided by the organic rules, Subsection (e) of this Section, or Sections 17302, 17516, 17517, and 17809, member directors must be elected at an annual members meeting.

§ 17805. Term of Director.

(a) Unless the organic rules otherwise provide, and subject to Subsections (c) and (d) of this Section and Section 17302(d), the term of a director expires at the annual members meeting following the director's election or appointment. The term of a director may not exceed three (3) years.

(b) Unless the organic rules otherwise provide, a director may be reelected.

(c) Except as otherwise provided in Subsection (d) of this Section, a director continues to serve until a successor director is elected or appointed and qualifies or the director is removed, resigns, is adjudged incompetent, or dies.

(d) Unless the organic rules otherwise provide, a director does not serve the remainder of the director's term if the director ceases to qualify to be a director.

§ 17806. Resignation of Director.

A director may resign at any time by giving notice in a record to the limited cooperative association. Unless the notice states a later effective date, a resignation is effective when the notice is received by the association.

§ 17807. Removal of Director.

(a) Unless organic rules otherwise provide, the following rules apply:

(1) Members may remove a director with or without cause.

(2) A member or members holding at least ten (10) percent of the total voting power entitled to be voted in the election of a director may demand removal of the director by one (1) or more signed petitions submitted to the officer of the limited cooperative association charged with keeping its records.

(3) Upon receipt of a petition for removal of a director, an officer of the association or the board of directors shall:

(A) call a special meeting of members to be held no later than ninety (90) calendar days after receipt of the petition by the association; and

(B) mail or otherwise transmit or deliver in a record to the members entitled to vote on the removal, and to the director to be removed, notice of the meeting which complies with Section 17508.

(4) A director is removed if the votes in favor of removal are equal to or greater than the votes required to elect the director.

§ 17808. Suspension of Director by Board.

(a) A board of directors may suspend a director if, considering the director's course of conduct and the inadequacy of other available remedies,

immediate suspension is necessary for the best interests of the association and the director is engaging, or has engaged, in:

(1) fraudulent conduct with respect to the association or its members;

(2) gross abuse of the position of director;

(3) intentional or reckless infliction of harm on the association; or

(4) any other behavior, act, or omission as provided by the organic rules.

(b) A suspension under Subsection (a) of this Section is effective for thirty (30) calendar days unless the board of directors calls and gives notice of a special meeting of members for removal of the director before the end of the thirty (30)-day period in which case the suspension is effective until adjournment of the meeting or the director is removed.

§ 17809. Vacancy on Board.

(a) Unless the organic rules otherwise provide, a vacancy on the board of directors must be filled:

(1) within a reasonable time by majority vote of the remaining directors until the next annual members meeting or a special meeting of members called to fill the vacancy; and

(2) for the unexpired term by members at the next annual members meeting or a special meeting of members called to fill the vacancy.

(b) Unless the organic rules or bylaws otherwise provide, if a vacating director was elected or appointed by a class of members or a district:

(1) the new director must be of that class or district; and

(2) the selection of the director for the unexpired term must be conducted in the same manner as would the selection for that position without a vacancy.

(c) If a member appointed a vacating director, the organic rules may provide for that member to appoint a director to fill the vacancy.

§ 17810. Remuneration of Directors.

Unless the organic rules otherwise provide, the board of directors may set the remuneration of directors and of nondirector committee members appointed under Section 17817(a).

§ 17811. Meetings.

(a) A board of directors shall meet at least annually and shall hold meetings on Guam.

(b) Unless the organic rules otherwise provide, a board of directors may permit directors to attend or conduct board meetings through the use of any means of communication, if all directors attending the meeting can communicate with each other during the meeting.

§ 17812. Action without Meeting Prohibited.

(a) Any action by a board of directors shall not be taken without a meeting.

§ 17813. Meetings and Notice.

(a) The board of directors shall establish a time, date, and place for regular board meetings, and notice of the time, date, place, and purpose of those meetings is required.

(b) The notice of the time, date, and place of a special meeting of a board of directors must be given to all directors at least three (3) days before the meeting, the notice must contain a statement of the purpose of the meeting, and the meeting is limited to the matters contained in the statement.

§ 17814. Waiver of Notice of Meeting.

(a) Unless the organic rules otherwise provide, a director may waive any required notice of a meeting of the board of directors in a record before, during, or after the meeting.

(b) Unless the organic rules otherwise provide, a director's participation in a meeting is a waiver of notice of that meeting unless:

(1) the director objects to the meeting at the beginning of the meeting or promptly upon the director's arrival at the meeting and does not thereafter vote in favor of or otherwise assent to the action taken at the meeting; or

(2) the director promptly objects upon the introduction of any matter for which notice under Section 17813 has not been given and does not thereafter vote in favor of or otherwise assent to the action taken on the matter.

§ 17815. Quorum.

(a) Unless the articles of organization provide for a greater number, a majority of the total number of directors specified by the organic rules constitutes a quorum for a meeting of the directors.

(b) If a quorum of the board of directors is present at the beginning of a meeting, any action taken by the directors present is valid even if withdrawal of directors originally present results in the number of directors being fewer than the number required for a quorum.

(c) A director present at a meeting but objecting to notice under Section 17814(b)(1) or (2) does not count toward a quorum.

§ 17816. Voting.

(a) Each director shall have one (1) vote for purposes of decisions made by the board of directors.

(b) Unless the organic rules otherwise provide, the affirmative vote of a majority of directors present at a meeting is required for action by the board of directors.

§ 17817. Committees.

(a) Unless the organic rules otherwise provide, a board of directors may create one (1) or more committees and appoint one (1) or more individuals to serve on a committee.

(b) Unless the organic rules otherwise provide, an individual appointed to serve on a committee of a limited cooperative association need not be a director but shall be a member.

(c) An individual who is not a director and is serving on a committee has the same rights, duties, and obligations as a director serving on the committee.

(d) Each committee of a limited cooperative association may exercise the powers delegated to it by the board of directors, but a committee may not:

(1) approve allocations or distributions except according to a formula or method prescribed by the board of directors;

(2) approve or propose to members action requiring approval of members; or

(3) fill vacancies on the board of directors or any of its committees.

§ 17818. Standards of Conduct and Liability.

Except as otherwise provided in Section 17820 of this Act:

(a) the discharge of the duties of a director or member of a committee of the board of directors is governed by the law applicable

to directors of entities organized under the *Guam Business Corporation Act*, 18 GCA Chapter 28, and

(b) the liability of a director or member of a committee of the board of directors is governed by the law applicable to directors of entities organized under the *Guam Business Corporation Act*, 18 GCA Chapter 28.

§ 17819. Conflict of Interest.

(a) The law applicable to conflicts of interest between a director of an entity organized under the *Guam Business Corporation Act*, 18 GCA Chapter 28, governs conflicts of interest between a limited cooperative association and a director or member of a committee of the board of directors.

(b) A director does not have a conflict of interest under this Act or the organic rules solely because the director's conduct relating to the duties of the director may further the director's own interest.

§ 17820. Other Considerations of Directors.

(a) Unless the articles of organization otherwise provide, in considering the best interests of a limited cooperative association, a director of the association in discharging the duties of director, in conjunction with considering the long and short term interest of the association and its patron members, shall consider:

(1) the interest of employees, customers, and suppliers of the association;

(2) the interest of the community in which the association operates; and

(3) other cooperative principles and values that may be applied in the context of the decision.

§ 17821. Right of Director or Committee Member to Information.

A director or a member of a committee appointed under Section 17817 may obtain, inspect, and copy all information regarding the state of activities and financial condition of the limited cooperative association and other information regarding the activities of the association if the information is reasonably related to the performance of the director's duties as director or the committee member's duties as a member of the committee. Information obtained in accordance with this Section may not be used in any manner that would violate any duty of or to the association.

§ 17822. Appointment and Authority of Officers.

(a) A limited cooperative association has the officers:

(1) provided in organic rules; or

(2) established by the board of directors in a manner not inconsistent with the organic rules.

(b) organic rules may designate or, if either do not designate, the board of directors shall designate, one of the association's officers for preparing all records required by Section 17110 and for the authentication of records.

(c) Unless the organic rules otherwise provide, the board of directors shall appoint the officers of the limited cooperative association.

(d) Officers of a limited cooperative association shall perform the duties the organic rules prescribe or as authorized by the board of directors not in a manner inconsistent with the organic rules.

(e) The election or appointment of an officer of a limited cooperative association does not of itself create a contract between the association and the officer.

(f) Unless the organic rules otherwise provide, an individual may simultaneously hold more than one (1) office in a limited cooperative association.

§ 17823. Resignation and Removal of Officers.

(a) The board of directors may remove an officer at any time with or without cause.

(b) An officer of a limited cooperative association may resign at any time by giving notice in a record to the association. Unless the notice specifies a later time, the resignation is effective when the notice is given.

ARTICLE 9

INDEMNIFICATION

§17901. Indemnification and Advancement of Expenses; Insurance.

§ 17901. Indemnification and Advancement of Expenses; Insurance.

(a) Indemnification and advancement of expenses of an individual who has incurred liability or is a party, or is threatened to be made a party, to litigation because of the performance of a duty to, or activity on behalf of, a limited cooperative association is governed by 18 GCA § 28822 of the *Guam Business Corporation Act.*

(b) A limited cooperative association may purchase and maintain insurance on behalf of any individual against liability asserted against or incurred by the individual to the same extent and subject to the same conditions as provided by 18 GCA § 28822 of the *Guam Business Corporation Act.*

ARTICLE 10

CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

§171001. Member's Contributions.

§171002. Contribution and Valuation.

§171003. Contribution Agreements.
§171004. Allocations of Profits and Losses.
§171005. Distributions.
§171006. Redemption or Repurchase.
§171007. Limitations on Distributions.
§171008. Liability for Improper Distributions; Limitation of Action.
§171009. Relation to Guam Securities Law (Reserved).
§171010. Alternative Distribution of Unclaimed Property (Reserved).

§ 171001. Members' Contributions.

The organic rules must establish the amount, manner, or method of determining any contribution requirements for members or must authorize the board of directors to establish the amount, manner, or other method of determining any contribution requirements for members.

§ 171002. Contribution and Valuation.

(a) Unless the organic rules otherwise provide, the contributions of a member to a limited cooperative association may consist of property transferred to, services performed for, or another benefit provided to the association or an agreement to transfer property to, perform services for, or provide another benefit to the association.

(b) The receipt and acceptance of contributions and the valuation of contributions must be reflected in a limited cooperative association's records.

(c) Unless the organic rules otherwise provide, the board of directors shall determine the value of a member's contributions received or to be received and the determination by the board of directors of valuation is conclusive for purposes of determining whether the member's contribution obligation has been met.

§ 171003. Contribution Agreements.

(a) Except as otherwise provided in the agreement, the following rules apply to an agreement made by a person before formation of a limited cooperative association to make a contribution to the association:

(1) The agreement is irrevocable for six (6) months after the agreement is signed by the person unless all parties to the agreement consent to the revocation.

(2) If a person does not make a required contribution:

(A) the person is obligated, at the option of the association, once formed, to contribute money equal to the value of that part of the contribution that has not been made, and the obligation may be enforced as a debt to the association; or

(B) the association, once formed, may rescind the agreement if the debt remains unpaid more than twenty (20) calendar days after the association demands payment from the person, and upon rescission the person has no further rights or obligations with respect to the association.

(C) Unless the organic rules or an agreement to make a contribution other than money to a limited cooperative association otherwise provide, if a person does not make a required contribution to an association, the person or the person's estate is obligated, at the option of the association, to contribute money equal to the value of the part of the contribution which has not been made.

§ 171004. Allocations of Profits and Losses.

(a) The organic rules may provide for allocating profits of a limited cooperative association among members, to an unallocated account, or to any

combination thereof. Unless the organic rules otherwise provide, losses of the association must be allocated in the same proportion as profits.

(b) Unless the organic rules otherwise provide, all profits and losses of a limited cooperative association must be allocated to patron members.

(c) If a limited cooperative association has investor members, the organic rules may not reduce the allocation to patron members to less than fifty percent (50%) of profits. For purposes of this Subsection, the following rules apply:

(1) Amounts paid or due on contracts for the delivery to the association by patron members of products, goods, or services are not considered amounts allocated to patron members.

(2) Amounts paid, due, or allocated to investor members as a stated fixed return on equity are not considered amounts allocated to investor members.

(d) Unless prohibited by the organic rules, in determining the profits for allocation under Subsections (a), (b), and (c) of this Section, the board of directors may first deduct and set aside a part of the profits to create or accumulate:

(1) an unallocated capital reserve; and

(2) reasonable unallocated reserves for specific purposes, including expansion and replacement of capital assets, education, training, cooperative development, creation and distribution of information concerning principles of cooperation, and community responsibility.

(e) Subject to Subsections (b) and (f) of this Section and the organic rules, the board of directors shall allocate the amount remaining after any

deduction or setting aside of profits for unallocated reserves under Subsection (d):

(1) to patron members in the ratio of each member's patronage to the total patronage of all patron members during the period for which allocations are to be made; and

(2) to investor members, if any, in the ratio of each investor member's contributions to the total contributions of all investor members.

(f) For the purposes of allocation of profits and losses or specific items of profits or losses of a limited cooperative association to members, the organic rules may establish allocation units or methods based on separate classes of members or, for patron members, on class, function, division, district, department, allocation units, pooling arrangements, members' contributions, or other equitable methods.

§ 171005. Distributions.

(a) Unless the organic rules otherwise provide and subject to Section 171007, the board of directors may authorize, and the limited cooperative association may make, distributions to members.

(b) Unless the organic rules otherwise provide, distributions to members may be made in any form, including money, capital credits, allocated patronage equities, revolving fund certificates, and the limited cooperative association's own or other securities.

§ 171006. Redemption or Repurchase.

Property distributed to a member by a limited cooperative association, other than money, may be redeemed or repurchased as provided in the organic rules but a redemption or repurchase may not be made without authorization by the board of directors. The board may withhold authorization for any

reason in its sole discretion. A redemption or repurchase is treated as a distribution for purposes of Section 171007.

§ 171007. Limitations on Distributions.

(a) In this Section, 'distribution' does not include reasonable compensation for present or past services or other payments made in the ordinary course of business for commodities or goods or under a bona fide retirement or other bona fide benefits program.

(b) A limited cooperative association may not make a distribution, including a distribution under Section 171208, if after the distribution:

(1) the association would not be able to pay its debts as they become due in the ordinary course of the association's activities and affairs; or

(2) the association's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the association were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of members whose preferential rights are superior to the rights of persons receiving the distribution.

(c) A limited cooperative association may base a determination that a distribution is not prohibited under Subsection (b) of this Section on:

(1) financial statements prepared on the basis of accounting practices and principles that are reasonable under the circumstances; or

(2) a fair valuation or other method that is reasonable under the circumstances.

(d) Except as otherwise provided in Subsection (e) of this Section, the effect of a distribution allowed under Subsection (b) of this Section is measured:

(1) in the case of a distribution by purchase, redemption, or other acquisition of financial rights in the limited cooperative association, as of the earlier of:

(A) the date money or other property is transferred, or debt is incurred by the association; or

(B) the date the person entitled to the distribution ceases to own the financial rights being acquired by the association in return for the distribution;

(2) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(3) in all other cases, as of the date:

(A) distribution is authorized, if the payment occurs not later than one hundred twenty (120) calendar days after that date; or

(B) the payment is made, if the payment occurs more than one hundred twenty (120) calendar days after the distribution is authorized.

(e) A limited cooperative association's indebtedness incurred by reason of a distribution made in accordance with this Section is at parity with the association's indebtedness to its general, unsecured creditors except to the extent subordinated by agreement.

(f) A limited cooperative association's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of Subsection (b) of this Section if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this Section. If the indebtedness is issued as a distribution, each payment of principal or interest

is treated as a distribution, the effect of which is measured on the date the payment is made.

(g) In measuring the effect of a distribution under Section 171208, the liabilities of a dissolved limited cooperative association do not include any claim that has been disposed of under Section 171209, 171210, or 171211.

§ 171008. Liability for Improper Distributions; Limitation of Action.

(a) If a director of a limited cooperative association consents to a distribution made in violation of Section 171007 and in consenting to the distribution fails to comply with Section 17818, the director is personally liable to the association for the amount of the distribution that exceeds the amount that could have been distributed without the violation of Section 171007.

(b) A person that receives a distribution knowing that the distribution violated Section 171007 is personally liable to the limited cooperative association but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under Section 171007.

(c) A director against whom an action is commenced because the director is liable under Subsection (a) of this Section may:

(1) implead any other director that is liable under Subsection (a) of this Section and seek to enforce a right of contribution from the director; and

(2) implead any person that received a distribution in violation of Subsection (b) of this Section and seek to enforce a right of contribution from the person in the amount the person received in violation of Subsection (b) of this Section.

(d) An action under this Section is barred unless commenced not later than two (2) years after the distribution.

§171009. Relation to Guam Securities Law (Reserved).

§171010. Alternative Distribution of Unclaimed Property (Reserved).

ARTICLE 11

DISSOCIATION

§171101. Member's Dissociation.

§171102. Effect of Dissociation.

§171103. Power of Legal Representative of Deceased Member.

§ 171101. Member's Dissociation.

(a) A person has the power to dissociate as a member at any time.

(b) Unless the organic rules otherwise provide, a member's dissociation from a limited cooperative association is wrongful only if:

(1) it is in breach of an express provision of the organic rules; or

(2) it occurs before the termination of the limited cooperative association and:

(A) the person is expelled as a member under Subsection (d)(3) or (4) of this Section; or

(B) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a member because it dissolved or terminated in bad faith.

(c) A person that wrongfully dissociates as a member is liable to the limited cooperative association and to the other members for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or liability of the person to the association.

(d) A member is dissociated as a member when:

(1) the limited cooperative association receives notice in a record of the member's express will to dissociate as a member, or if the member specifies in the notice an effective date later than the date the association received notice, on that later date;

(2) an event stated in the organic rules as causing the person's dissociation occurs;

(3) the person's entire interest is transferred in a foreclosure sale under Section 17605(f);

(4) the person is expelled as a member under the organic rules;

(5) the person is expelled as a member by the board of directors if:

(A) it is unlawful to carry on the limited cooperative association's activities and affairs with the person as a member;

(B) there has been a transfer of all the member's financial rights in the association, other than:

(i) a transfer for security purposes; or

(ii) a charging order in effect under Section 17605 which has not been foreclosed;

(C) person is an unincorporated entity that has been dissolved and its activities and affairs are being wound up; or

(D) the person is a corporation or cooperative and:

(i) the person filed a certificate of dissolution or the equivalent, or the jurisdiction of formation revoked the person's charter or right to conduct business;

(ii) the association sends a notice to the person that it will be expelled as a member for a reason described in Subsection (d)(5)(D)(i) of this Section; and

(iii) not later than ninety (90) calendar days after the notice was sent under Subsection (d)(5)(D)(ii) of this Section, the person did not revoke its certificate of dissolution or the equivalent, or the jurisdiction of formation did not reinstate the person's charter or right to conduct business; or

(E) the member is an individual and is adjudged incompetent;

(6) in the case of an individual, the individual dies;

(7) in the case of a member that is a testamentary or inter vivos trust or is acting as a member by virtue of being a trustee of a trust, the trust's entire financial rights in the limited cooperative association are distributed;

(8) in the case of a person that is an estate or is acting as a member by virtue of being a personal representative of an estate, the estate's entire financial interest in the association is distributed;

(9) in the case of a person that is not an individual, partnership, limited liability company, cooperative, corporation, trust, or estate, the existence of the person terminates; or

(10) the association's participation in a transaction under Article 16 that causes the person to cease to be a member.

§ 171102. Effect of Dissociation.

(a) When a person is dissociated as a member:

(1) the person's right to participate as a member in the management and conduct of the limited cooperative association's activities and affairs terminates; and

(2) subject to Section 171103 and Article 16, any financial rights owned by the person in the person's capacity as a member immediately before dissociation are owned by the person as a transferee.

(b) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or other liability to the limited cooperative association or the other members which the person incurred while a member.

§ 171103. Power of Legal Representative of Deceased Member.

If a member dies, the deceased member's legal representative may exercise for the purposes of settling the estate, the rights the deceased member had under Section 17505.

ARTICLE 12

DISSOLUTION

§171201. Dissolution and Winding Up.

§171202. Nonjudicial Dissolution.

§171203. Judicial Dissolution.

§171204. Voluntary Dissolution before Commencement of Activity.

§171205. Voluntary Dissolution by the Board and Members.

§171206. Winding Up.

§171207. Rescinding Dissolution.

§171208. Distribution of Assets in Winding Up.

§171209. Known Claims Against Dissolved Limited Cooperative Association.

§171210. Other Claims Against Dissolved Limited Cooperative Association.
§171211. Court Proceedings.
§171212. Statement of Dissolution.
§171213. Statement of Termination.
§171214. Administrative Dissolution.
§171215. Reinstatement.
§171216. Judicial Review of Denial of Reinstatement.

§ 171201. Dissolution and Winding up.

A limited cooperative association is dissolved only as provided in this Article and upon dissolution winds up in accordance with this Article.

§ 171202. Nonjudicial Dissolution.

(a) Except as otherwise provided in Sections 171203 and 171215, a limited cooperative association is dissolved and its activities must be wound up:

(1) upon the occurrence of an event or at a time specified in the articles of organization;

(2) upon the action of the association's organizers, board of directors, or members under Section 171204 or 171205; or

(3) ninety (90) calendar days after the dissociation of a member, which results in the association having one (1) patron member and no other members, unless the association, no later than the end of the ninety (90)-day period, admits at least one (1) member in accordance with the organic rules and has at least two (2) members, at least one (1) of which is a patron member.

§ 171203. Judicial Dissolution.

(a) The Superior Court of Guam may dissolve a limited cooperative association or order any action that under the circumstances is appropriate and equitable:

(1) in a proceeding initiated by the Attorney General of Guam, if:

(A) the association obtained its articles of organization through fraud; or

(B) the association has continued to exceed or abuse the authority conferred upon it by law; or

(2) in a proceeding initiated by a member, if:

(A) the directors are deadlocked in the management of the association's affairs, the members are unable to break the deadlock, and irreparable injury to the association is occurring or is threatened because of the deadlock;

(B) the directors or those in control of the association have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;

(C) the members are deadlocked in voting power and have failed to elect successors to directors whose terms have expired for two (2) consecutive periods during which annual members meetings were held or were to be held; or

(D) the assets of the association are being misapplied or wasted.

§ 171204. Voluntary Dissolution before Commencement of Activity.

A majority of the organizers or initial directors of a limited cooperative association that has not yet begun business activity or the conduct of its affairs may dissolve the association.

§ 171205. Voluntary Dissolution by the Board and Members.

(a) Except as otherwise provided in Section 171204, for a limited cooperative association to voluntarily dissolve:

(1) a resolution to dissolve must be approved by a majority vote of the board of directors unless a greater percentage is required by the organic rules;

(2) the board of directors must call a members meeting to consider the resolution, to be held no later than ninety (90) calendar days after adoption of the resolution; and

(3) the board of directors must mail or otherwise transmit or deliver to each member in a record that complies with Section 17508:

(A) the resolution required by Subsection (a)(1) of this Section;

(B) a recommendation that the members vote in favor of the resolution or, if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis of that determination; and

(C) notice of the members meeting, which must be given in the same manner as notice of a special meeting of members.

(b) Subject to Subsection (c) of this Section, a resolution to dissolve must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under Subsection (a)(2) of this Section; and

(2) if the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage.

(c) The organic rules may require that the percentage of votes under Subsection (b)(1) of this Section is:

(1) a different percentage that is not less than a majority of members voting at the meeting; or

(2) measured against the voting power of all members; or

(3) a combination of Paragraphs (1) and (2) of this Subsection.

§ 171206. Winding Up.

(a) A dissolved limited cooperative association shall wind up its activities and affairs, and except as provided in Section 171207, the association continues after dissolution only for the purpose of winding up.

(b) In winding up its activities and affairs, the board of directors:

(1) shall discharge the association's debts, obligations, or other liabilities, settle and close the association's activities, and marshal and distribute the assets of the association; and

(2) may:

(A) deliver to the Director of Revenue and Taxation for filing a statement of dissolution stating the name of the association and that the association is dissolved;

(B) preserve the association's activities, affairs and property as a going concern for a reasonable time;

(C) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(D) transfer the association's property;

(E) settle disputes by mediation or arbitration;

(F) deliver to the Director of Revenue and Taxation for filing a statement of termination stating the name of the company and that the company is terminated; and

(G) perform other acts necessary or appropriate to the winding up.

(c) After dissolution and upon application of a limited cooperative association, a member, or a holder of financial rights, the Superior Court of Guam may order judicial supervision of the winding up of the association, including the appointment of a person to wind up the association's activities, if:

(1) after a reasonable time, the association has not wound up its activities; or

(2) the applicant establishes other good cause.

(d) If a person is appointed pursuant to Subsection (c) of this Section to wind up the activities of a limited cooperative association, the association shall promptly deliver to the Director of Revenue and Taxation for filing an amendment to the articles of organization to reflect the appointment.

§ 171207. Rescinding Dissolution.

(a) A limited cooperative association may rescind its dissolution, unless a statement of termination applicable to the association is effective, the Superior Court of Guam has entered an order under Section 171203 dissolving the association, or the Director of Revenue and Taxation has dissolved the association under Section 171214.

(b) Rescinding dissolution under this Section requires:

(1) the affirmative vote or consent of each member;

(2) if a statement of dissolution applicable to the limited cooperative association has been filed by the Director but has not

become effective, the delivery to the Director of Revenue and Taxation for filing of a statement of withdrawal applicable to the statement of dissolution; and

(3) if a statement of dissolution applicable to the limited cooperative association is effective, the delivery to the Director of Revenue and Taxation for filing of a statement of recission stating the name of the association and that dissolution has been rescinded under this Section.

(c) If a limited cooperative association rescinds its dissolution:

(1) the association resumes carrying on its activities and affairs as if dissolution had never occurred;

(2) subject to Paragraph (3) of this Subsection, and any liability incurred by the association after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

§171208. Distribution of Assets in Winding Up.

(a) In winding up its activities and affairs, the limited cooperative association shall apply its assets to discharge its obligations to creditors, including members that are creditors. The association shall apply any remaining assets to pay in money the net amount distributable to members in accordance with their right to distributions under Subsection (b) of this Section.

(b) Unless the organic rules otherwise provide, in this Subsection 'financial interests' means the amounts recorded in the names of members in

the records of a limited cooperative association at the time a distribution is made, including amounts paid to become a member, amounts allocated but not distributed to members, and amounts of distributions authorized but not yet paid to members. Unless the organic rules otherwise provide, each member is entitled to a distribution from the association of any remaining assets in the proportion of the member's financial interests to the total financial interests of the members after all other obligations are satisfied.

§ 171209. Known Claims against Dissolved Limited Cooperative Association.

(a) Except as otherwise provided in Subsection (d) of this Section, a dissolved limited cooperative association shall give notice of a known claim under Subsection (b) of this Section, which has the effect provided in Subsection (c) of this Section.

(b) A dissolved limited cooperative association in a record shall notify its known claimants of the dissolution. The notice must:

(1) specify the information required to be included in a claim;

(2) state that a claim must be in writing and provide a mailing address to which the claim is to be sent;

(3) state the deadline for receipt of a claim, which may not be less than one hundred twenty (120) calendar days after the date the notice is received by the claimant; and

(4) state that the claim will be barred if not received by the deadline.

(c) A claim against a dissolved limited cooperative association is barred if the requirements of Subsection (b) of this Section are met, and:

(1) the claim is not received by the specified deadline; or

(2) if the claim is timely received but rejected by the association:

(A) the association causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the association to enforce the claim no later than ninety (90) calendar days after the claimant receives the notice; and

(B) the claimant does not commence the required action no later than ninety (90) calendar days after the claimant receives the notice.

(d) This Section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

§ 171210. Other Claims Against Dissolved Limited Cooperative Association.

(a) A dissolved limited cooperative association shall publish notice of its dissolution and request persons having claims against the association to present them in accordance with the notice.

(b) A notice authorized under Subsection (a) of this Section must:

(1) be published at least once in a newspaper of general circulation in Guam or, if the principal office and registered agent are not located in Guam, in the county in which the office of the association's registered agent is or was last located;

(2) describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent; and

(3) state that a claim against the association is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice.

(c) If a dissolved limited cooperative association publishes a notice in accordance with Subsection (b) of this Section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the association not later than three (3) years after the publication date of the notice:

(1) a claimant that did not receive notice in a record under Section 171209;

(2) a claimant whose claim was timely sent to the company but not acted on; and

(3) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(d) A claim not barred under this section or Section 171209 may be enforced:

(1) against a dissolved limited cooperative association, to the extent of its undistributed assets; and

(2) except as provided in Section 171211, if the assets of the association have been distributed after dissolution, against a member or holder of financial rights to the extent of that person's proportionate share of the claim or the assets distributed to the person after dissolution, whichever is less, but a person's total liability for all claims under this Paragraph may not exceed the total amount of assets distributed to the person after dissolution.

§ 171211. Court Proceedings.

(a) A dissolved limited cooperative association that has published a notice under Section 171210 shall file an application with the Superior Court of Guam or, if the principal office or the registered agent are not located in Guam, where the office of its registered agent is or was last located, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the association and:

(1) at the time of the application:

(A) are contingent; or

(B) have not been made known to the association; or

(2) are based on an event occurring after the date of dissolution.

(b) Security is not required for a claim that is or is reasonably anticipated to be barred under Section 171210.

(c) No later than ten (10) calendar days after filing an application under Subsection (a) of this Section, the dissolved limited cooperative association shall give notice of the proceeding to each claimant holding a contingent claim known to the association.

(d) In a proceeding under this Section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited cooperative association.

(e) A dissolved limited cooperative association that provides security in the amount and form ordered by the court under Subsection (a) of this Section satisfies the association's obligations with respect to claims that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution. Such claims may not

be enforced against a member or holder of financial rights on account of assets received in liquidation.

§ 171212. Statement of Dissolution.

(a) A limited cooperative association that has dissolved or is about to dissolve shall deliver to the Director of Revenue and Taxation for filing a statement of dissolution that states:

(1) the name of the association;

(2) the date the association dissolved or will dissolve; and

(3) any other information the association considers relevant.

(b) A person has notice of a limited cooperative association's dissolution on the later of:

(1) ninety (90) calendar days after a statement of dissolution is filed; or

(2) the effective date stated in the statement of dissolution.

§ 171213. Statement of Termination.

(a) A dissolved limited cooperative association that has completed winding up shall deliver to the Director for filing a statement of termination that states:

(1) the name of the association;

(2) the date of filing of its initial articles of organization; and

(3) that the association is terminated.

(b) The filing of a statement of termination does not itself terminate the limited cooperative association.

§ 171214. Administrative Dissolution.

(a) The Director of Revenue and Taxation shall commence a proceeding under Subsection (b) of this Section to dissolve a limited cooperative association administratively if the association does not:

(1) pay any fee, tax, interest, or penalty required to be paid to the Director no later than six (6) months after it is due;

(2) deliver an annual report to the Director no later than six (6) months after it is due; or

(3) have a registered agent in Guam for sixty (60) consecutive calendar days.

(b) If the Director determines that one (1) or more grounds exist for administratively dissolving a limited cooperative association, the Director shall serve the association with notice in a record of such determination.

(c) If a limited cooperative association, no later than sixty (60) days after service of the notice under Subsection (b) of this Section, does not cure or demonstrate to the satisfaction of the Director the nonexistence of each ground determined by the Director, they shall administratively dissolve the association by signing a statement of administrative dissolution that recites the grounds for dissolution and the effective date of dissolution. The Director shall file the statement and serve a copy on the association pursuant to Section 17122.

(d) A limited cooperative association that is administratively dissolved continues in existence as an entity but may not carry on any activities except as necessary to wind up its activities and affairs and liquidate its assets under Sections 171206 and 171208 through 171213, or to apply for reinstatement under Section 171215.

(e) The administrative dissolution of a limited cooperative association does not terminate the authority of its registered agent.

§ 171215. Reinstatement.

(a) A limited cooperative association that is administratively dissolved under Section 171214 may apply to the Director of Revenue and

Taxation for reinstatement no later than two (2) years after the effective date of dissolution. The application must state:

(1) the name of the association at the time of its administrative dissolution and, if needed, a different name that satisfies Section 17115;

(2) the address of the principal office of the association and the name and street and mailing addresses of its registered agent;

(3) the effective date of the association's administrative dissolution; and

(4) that the grounds for dissolution did not exist or have been cured.

(b) To be reinstated, a limited cooperative association must pay all fees, taxes, interest, and penalties that were due to the Director at the time of the association's administrative dissolution and all fees, taxes, interest, and penalties that would have been due to the Director while the association was administratively dissolved.

(c) If the Director determines that an application under Subsection (a) of this Section contains the required information, is satisfied that the information is correct, and determines that all payments required to be made to the Director by Subsection (b) of this Section have been made, the Director shall:

(1) cancel the statement of administrative dissolution and prepare a statement of reinstatement that states the determination and the effective date of reinstatement; and

(2) file the statement of reinstatement and serve a copy on the limited cooperative association.

(d) When reinstatement under this Section is effective the following rules apply:

(1) The reinstatement relates back to and takes effect as of the effective date of the administrative dissolution.

(2) The limited cooperative association resumes carrying on its activities and affairs as if the administrative dissolution had not occurred.

(3) The rights of a person arising out of an act or omission in reliance on the dissolution before the person knew or had notice of the reinstatement are not affected.

§ 171216. Judicial Review of Denial of Reinstatement.

(a) If the Director of Revenue and Taxation denies a limited liability cooperative association's application for reinstatement following administrative dissolution, the Director shall serve the association with a notice in a record that explains the reasons for the denial.

(b) A limited cooperative association may seek judicial review of denial of reinstatement in the Superior Court of Guam not later than thirty (30) calendar days after service of the notice of denial.

ARTICLE 13

ACTIONS BY MEMBERS

§171301. Direct Action by Member.
§171302. Derivative Action.
§171303. Proper Plaintiff.
§171304. Pleading.
§171305. Approval for Discontinuance or Settlement.
§171306. Proceeds and Expenses.
§171307. Special Litigation Committee.

§ 171301. Direct Action by Member.

(a) Subject to Subsection (b) of this Section, a member may maintain a direct action against another member, director, or the limited cooperative association to enforce the member's rights and protect the member's interests, including rights and interests under the organic rules or this Act or arising independently of the membership relationship.

(b) A member maintaining a direct action under this Section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited cooperative association.

§ 171302. Derivative Action.

(a) A member may maintain a derivative action to enforce a right of a limited cooperative association if:

(1) the member first makes a demand on the directors requesting that they cause the association to bring an action to enforce the right and the directors do not bring the action within a reasonable time; or

(2) a demand under paragraph (1) of this Section would be futile.

§ 171303. Proper Plaintiff.

(a) A derivative action to enforce a right of a limited cooperative association may be maintained only by a person that is a member at the time the action is commenced and:

(1) was a member when the conduct giving rise to the action occurred; or

(2) whose status as a member devolved on the person by operation of law or pursuant to the terms of the organic rules from a person that was a member at the time of the conduct.

§ 171304. Pleading.

(a) In a derivative action to enforce a right of a limited cooperative association, the complaint must state with particularity:

(1) the date and content of plaintiff's demand and the response to the demand by the directors; or

(2) why demand should be excused as futile.

§ 171305. Approval for Discontinuance or Settlement.

A derivative action on behalf of a limited cooperative association may not be voluntarily dismissed or settled without the court's approval.

§ 171306. Proceeds and Expenses.

(a) Except as otherwise provided in Subsection (b) of this Section:

(1) any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited cooperative association and not to the plaintiff; and

(2) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the association.

(b) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees and costs, from the recovery of the limited cooperative association.

§ 171307. Special Litigation Committee.

(a) If a limited cooperative association is named as or made a party in a derivative proceeding, the association may appoint a special litigation committee to investigate the claims asserted in the proceeding and determine whether pursuing the action is in the best interests of the company. If the association appoints a special litigation committee, on motion by the committee made in the name of the association, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the

committee to make its investigation. This Subsection does not prevent the court from:

(1) enforcing a person's right to information under Section 17505; or

(2) granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.

(b) A special litigation committee must be composed of one (1) or more disinterested and independent individuals, who may be members.

(c) A special litigation committee may be appointed:

(1) by a majority of the directors not named as parties in the proceeding; or

(2) if all directors are named as parties in the proceeding, by a majority of the directors named as defendants.

(d) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited cooperative association that the proceeding:

(1) continue under the control of the plaintiff;

(2) continue under the control of the committee;

(3) be settled on terms approved by the committee; or

(4) be dismissed.

(e) After making a determination under Subsection (d) of this Section, a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report. The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care,

with the committee having the burden of proof. If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee. Otherwise, the court shall dissolve the stay of discovery entered under Subsection (a) of this Section and allow the action to continue under the control of the plaintiff.

ARTICLE 14

DISPOSITION OF ASSETS

§171401. Disposition of Asset Not Requiring Member Approval.
§171402. Member Approval of Other Disposition of Assets.
§171403. Notice and Action by Board of Directors on Disposition of Assets Requiring Member Approval.
§171404. Member Action on Disposition of Assets.

§ 171401. Disposition of Assets not Requiring Member Approval.

(a) Unless the articles of organization otherwise provide and if the disposition does not leave the association without significant continuing business activity, member approval under Section 171402 is not required for a limited cooperative association to:

(1) sell, lease, exchange, license, or otherwise dispose of all or any part of the assets of the association in the usual and regular course of business; or

(2) mortgage, pledge, dedicate to the repayment of indebtedness, or encumber in any way all or any part of the assets of the association whether or not in the usual and regular course of business.

§ 171402. Member Approval of Other Disposition of Assets.

A sale, lease, exchange, license, or other disposition of assets of a limited cooperative association, other than a disposition described in Section 171401, requires approval of the association's members under Sections 171403 and 171404 if the disposition leaves the association without significant continuing business activity.

§ 171403. Notice and Action by Board of Directors on Disposition of Assets Requiring Member Approval.

(a) For a limited cooperative association to dispose of assets under Section 171402:

(1) a majority of the board of directors, or a greater percentage if required by the organic rules, must approve the proposed disposition; and

(2) the board of directors must call a members meeting to consider the proposed disposition, hold the meeting no later than ninety (90) calendar days after approval of the proposed disposition by the board, and mail or otherwise transmit or deliver in a record to each member:

(A) the terms of the proposed disposition;

(B) a recommendation that the members approve the disposition, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

(C) a statement of any condition of the board's submission of the proposed disposition to the members; and

(D) notice of the meeting at which the proposed disposition will be considered, which must be given in the same manner as notice of a special meeting of members.

§ 171404. Member Action on Disposition of Assets.

(a) Subject to Subsection (b) of this Section, a disposition of assets under Section 171402 must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under Section 171403(2); and

(2) if the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.

(b) The organic rules may require that the percentage of votes under Subsection (a)(1) of this Section is:

(1) a different percentage that is not less than a majority of members voting at the meeting;

(2) measured against the voting power of all members; or

(3) a combination of Paragraphs (1) and (2) of this Subsection.

(c) Subject to any contractual obligations, after a disposition of assets is approved and at any time before the consummation of the disposition, a limited cooperative association may approve an amendment to the contract for disposition or the resolution authorizing the disposition or approve abandonment of the disposition:

(1) as provided in the contract or the resolution; and

(2) except as prohibited by the resolution, with the same affirmative vote of the board of directors and of the members as was required to approve the disposition.

(d) The voting requirements for districts, classes, or voting groups under Section 17404 apply to approval of a disposition of assets under this Article.

ARTICLE 15

FOREIGN COOPERATIVES

§171501. Governing Law
§171502. Registration to do Business in Guam.
§171503. Foreign Registration Statement.
§171504. Amendment of Foreign Registration Statement.
§171505. Activities not Constituting Doing Business.
§171506. Noncomplying Name of Foreign Cooperative
§171507. Withdrawal of Registration of Registered Foreign Cooperative.
§171508. Withdrawal Deemed on Conversion to Domestic Filing Entity or Domestic Limited Liability Partnership.
§171509. Withdrawal on Dissolution or Conversion to Non-Filing Entity other than Limited Liability Partnership.
§171510. Transfer of Registration.
§171511. Termination of Registration.
§171512. Action by Attorney General.

§ 171501. Governing Law.

(a) The law of the jurisdiction of formation of a foreign cooperative governs:

(1) the internal affairs of the cooperative; and

(2) the liability that a person has as a member or director for a debt, obligation, or liability of the cooperative.

(b) A foreign cooperative is not precluded from registering to do business in Guam because of any difference between the laws of its jurisdiction of formation and the laws of Guam.

(c) Registration of a foreign cooperative to do business in Guam does not authorize the foreign cooperative to engage in any activities and

affairs or exercise any power that a limited cooperative association may not engage in or exercise in Guam.

§ 171502. Registration to do Business in Guam.

(a) A foreign cooperative may not do business in Guam until it registers with the Director of Department of Revenue and Taxation under this Article. A foreign cooperative shall not transact business in Guam until it obtains both a business license and a certificate of authority to do so from the Director.

(b) A foreign cooperative doing business in Guam may not maintain an action or proceeding in Guam unless it is registered to do business in Guam.

(c) The failure of a foreign cooperative to register to do business in Guam does not impair the validity of a contract or act of the foreign cooperative or preclude it from defending an action or proceeding in Guam.

(d) A limitation on the liability of a member or director of a foreign cooperative is not waived solely because the foreign cooperative does business in Guam without registering to do business in Guam.

(e) Subsections 171501(a) and (b) apply even if a foreign cooperative fails to register under this Article.

§ 171503. Foreign Registration Statement.

(a) To register to do business in Guam, a foreign cooperative must deliver a foreign registration statement to the Director of Revenue and Taxation for filing. The statement must state:

(1) the name of the cooperative and, if the name does not comply with Section 17115, an alternate name adopted pursuant to Section 171506;

(2) that the cooperative is a foreign cooperative;

(3) the cooperative's jurisdiction of formation;

(4) the street and mailing addresses of the cooperative's principal office and, if the law of the cooperative's jurisdiction of formation requires the cooperative to maintain an office in that jurisdiction, the street and mailing addresses of the required office; and

(5) the name and street and mailing addresses of the cooperative's registered agent in Guam.

§ 171504. Amendment of Foreign Registration Statement.

(a) A registered foreign cooperative shall deliver to the Director of Revenue and Taxation for filing an amendment to its foreign registration statement if there is a change in:

(1) the name of the cooperative;

(2) the cooperative's jurisdiction of formation;

(3) an address required by Section 171503(a)(4); or

(4) the information required by Section 171503(a)(5).

§ 171505. Activities Not Constituting Doing Business.

(a) Activities of a foreign cooperative which do not constitute doing business in Guam under this Article include:

(1) maintaining, defending, mediating, arbitrating, or settling an action or proceeding;

(2) carrying on any activity concerning its internal affairs, including holding meetings of its members or directors;

(3) maintaining accounts in financial institutions;

(4) conducting an isolated transaction that is not in the course of similar transactions;

(5) doing business in interstate commerce.

(b) A person does not do business in Guam solely by being a member or director of a foreign cooperative that does business in Guam.

(c) This Section does not apply in determining the contacts or activities that may subject a foreign cooperative to service of process, taxation, or regulation under laws of Guam other than this Act.

§ 171506. Noncomplying Name of Foreign Cooperative.

(a) A foreign cooperative whose name does not comply with Section 17113 may not register to do business in Guam until it adopts, for the purpose of doing business in Guam, an alternate name that complies with Section 17117. A cooperative that registers under an alternate name under this Subsection need not comply with 18 GCA § 26101. After registering to do business in Guam with an alternate name, a cooperative shall do business in Guam under:

(1) the alternate name;

(2) the cooperative's name, with the addition of its jurisdiction of formation; or

(3) a name the cooperative is authorized to use under 18 GCA § 26101.

(b) If a registered foreign cooperative changes its name to one that does not comply with Section 17113, it may not do business in Guam until it complies with Subsection (a) of this Section by amending its registration to adopt an alternate name that complies with Section 17117.

§ 171507. Withdrawal of Registration of Registered Foreign Cooperative.

(a) A registered foreign cooperative may withdraw its registration by delivering a statement of withdrawal to the Director of Department of Revenue and Taxation for filing. The statement of withdrawal must state:

(1) the name of the cooperative and its jurisdiction of formation;

(2) that the cooperative is not doing business in Guam and that it withdraws its registration to do business in Guam;

(3) that the cooperative revokes the authority of its registered agent to accept service on its behalf in Guam; and

(4) an address to which service of process may be made under Subsection (b).

(b) After the withdrawal of the registration of a foreign cooperative, service of process in any action or proceeding based on a cause of action arising during the time the cooperative was registered to do business in Guam may be made pursuant to Section 17122.

§ 171508. Withdrawal Deemed on Conversion to Domestic Filing Entity or Domestic Limited Liability Partnership.

A registered foreign cooperative that converts to a domestic limited liability partnership or to a domestic entity whose formation requires delivery of a record to the Director of Revenue and Taxation for filing is deemed to have withdrawn its registration on the effective date of the conversion.

§ 171509. Withdrawal on Dissolution or Conversion to Non-filing Entity other than Limited Liability Partnership.

(a) A registered foreign cooperative that has dissolved and completed winding up or has converted to a domestic or foreign entity whose formation does not require the public filing of a record, other than a limited liability partnership, shall deliver a statement of withdrawal to the Director for filing. The statement must be signed by the dissolved or converted foreign cooperative and state:

(1) in the case of a cooperative that has completed winding up:

(A) its name and jurisdiction of formation; and

(B) that the cooperative surrenders its registration to do business in Guam; and

(2) in the case of a cooperative that has converted:

(A) the name of the converting cooperative and its jurisdiction of formation;

(B) the type of entity to which the cooperative has converted and its jurisdiction of formation;

(C) that the converted entity surrenders the converting cooperative's registration to do business in Guam and revokes the authority of the converting cooperative's registered agent to act as registered agent in Guam on behalf of the cooperative or the converted entity; and

(D) a mailing address to which service of process may be made under Subsection (b).

(b) After a withdrawal under this Section is effective, service of process in any action or proceeding based on a cause of action arising during the time the foreign cooperative was registered to do business in Guam may be made pursuant to Section 17122.

§ 171510. Transfer of Registration.

(a) When a registered foreign cooperative has merged into a foreign entity that does not have a certificate of authority to transact business and is not licensed to do business in Guam, the foreign entity shall deliver to the Director of Revenue and Taxation for filing an application for transfer of registration. The application must state:

(1) the name of the registered foreign cooperative before the merger or conversion;

(2) that before the merger or conversion the registration pertained to a foreign cooperative;

(3) the name of the applicant foreign entity into which the foreign cooperative has merged or to which it has been converted and, if the name does not comply with Section 17117, an alternate name adopted pursuant to Section 171506;

(4) the type of entity of the applicant foreign entity and its jurisdiction of formation;

(5) the street and mailing addresses of the principal office of the applicant foreign entity and, if the law of the entity's jurisdiction of formation requires the entity to maintain an office in that jurisdiction, the street and mailing addresses of that office; and

(6) the name and street and mailing addresses of the foreign entity's registered agent in Guam.

(b) When an application for transfer of registration takes effect, the registration of the foreign cooperative to do business in Guam is transferred without interruption to the foreign entity into which the cooperative has merged or to which it has been converted.

§ 171511. Termination of Registration.

(a) The Director may terminate the registration of a registered foreign cooperative in the manner provided in Subsections (b) and (c) if the cooperative does not:

(1) pay, no later than thirty (30) calendar days after the due date, any fee, tax, interest, or penalty required to be paid to the Director under this Act or law other than this Act;

(2) deliver to the Director for filing, no later than thirty (30) calendar days after the due date, an annual report required under Section 17210;

(3) have a registered agent as required by Section 17118; or

(4) deliver to the Director for filing a statement of change under Section 17119 no later than thirty (30) calendar days after a change has occurred in the name or address of the registered agent.

(b) The Director may terminate the registration of a registered foreign cooperative by:

(1) filing a notice of termination or noting the termination in the records of the Department of Revenue and Taxation; and

(2) delivering a copy of the notice or the information in the notation to the cooperative's registered agent or, if the cooperative does not have a registered agent, to the foreign cooperative's principal office.

(c) The notice must state or the information in the notation must include:

(1) the effective date of the termination, which must be at least sixty (60) calendar days after the date the Director delivers the copy; and

(2) the grounds for termination under Subsection (a).

(d) The authority of a registered foreign cooperative to do business in Guam ceases on the effective date of the notice of termination or notation under Subsection (b), unless before that date the foreign cooperative cures each ground for termination stated in the notice or notation. If the foreign cooperative cures each ground, the Director shall file a record so stating.

§ 171512. Action by Attorney General.

The Attorney General of Guam may maintain an action to enjoin a foreign cooperative from doing business in Guam in violation of this Article.

ARTICLE 16
MERGER, INTEREST EXCHANGE, CONVERSION AND DOMESTICATION [RESERVED]

ARTICLE 17
LIMITED COOPERATIVE ASSOCIATION BOARD [RESERVED]

ARTICLE 18
MISCELLANEOUS PROVISIONS

§171801. Uniformity of Application and Construction.
§171802. Relation to Electronic Signatures in Global and National Commerce Act.
§171803. Savings Clause.
§171804. Severability Clause.
§171805. Effective Date.

§ 171801. Uniformity of Application and Construction.

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

§ 171802. Relation to Electronic Signatures in Global and National Commerce Act.

This Act modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 *et seq.*, but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c) or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

§ 171803. Savings Clause.

This Act does not affect an action commenced, or proceeding brought, or right accrued before the effective date of this Act."

Section 3. Severability Clause. If any provision of this Act or its application to any person or circumstance is found to be invalid or inorganic, such invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Section 4. Effective Date. This Act shall be effective sixty (60) days after enactment.