

New Zealand.



ANALYSIS.

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| <p>Title.</p> <p>1. Short Title.</p> <p>2. Validation of certain allotments of shares in co-operative dairy companies. Validation</p> | <p>of certain articles of association of co-operative dairy companies as to supply of dairy-produce by shareholders.</p> |
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1924, No. 42.

AN ACT to amend the Dairy Industry Act, 1908.

Title.

[6th November, 1924.]

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Dairy Industry Amendment Act, 1924, and shall be read together with and deemed part of the Dairy Industry Act, 1908 (hereinafter referred to as the principal Act).

Short Title.

2. (1.) Every allotment of additional shares to any shareholder of a co-operative dairy company heretofore made by the directors of the company shall, if made in conformity with the terms of the articles of association or of any amendment of such articles, and notwithstanding that such articles or amendment thereof may be *ultra vires* of the company, be deemed to have been validly made, and the shares so allotted shall be deemed to have been accepted by the shareholders to whom they were respectively allotted in accordance with the terms of the allotment, save that nothing herein shall apply with respect to the allotment of shares being the subject-matter of the judicial determination of the Supreme Court in the case of *Macdonald versus The Normanby Co-operative Dairy Factory Company, Limited* (reported in the *New Zealand Law Reports*, 1923, pages 123 to 148); or with respect to the allotment of shares to any shareholder who, within six months after receiving notice of such allotment, heretofore gave to the company notice in writing of his objection to receive such shares, and within the said period of six months permanently ceased to be a supplier of milk, cream, or other dairy-produce to the company. Nothing in this subsection shall be construed to authorize the allotment

Validation of certain allotments of shares in co-operative dairy companies.

of any shares after the passing of this Act, or to validate any allotment made after that date, if such allotment would be invalid if this Act had not been passed.

(2.) Every person to whom the directors of any co-operative dairy company have heretofore purported to allot shares in the company, but who was not a shareholder prior to such allotment, shall be estopped from denying the validity of the allotment if, being at the date of the allotment a supplier of milk, cream, or other dairy-produce to the company, he did not within six months after receiving notice of such allotment give to the company notice in writing of his objection to receive such shares, and within the said period of six months permanently cease to be a supplier of milk, cream, or other dairy-produce to the company.

Validation of certain articles of association of co-operative dairy-companies as to supply of dairy produce by shareholders.

(3.) The provisions in the existing articles of association of any co-operative dairy company, purporting to oblige the shareholders of that company to supply milk, or cream, or other dairy-produce to the company, shall be deemed to be and at all times since the making thereof to have been valid and effective, and to have imposed on the shareholders, according to the tenor of those articles, an obligation to supply such milk, cream, or other dairy-produce to the company; and any penalty prescribed by such articles for failure so to supply such milk, cream, or other dairy-produce shall be deemed to be and to have been lawfully fixed, and every shareholder who hereafter makes default in complying with the terms of the articles shall be liable accordingly:

Provided that nothing in this subsection shall apply with respect to the articles of association of the Cheddar Valley Co-operative Dairy Company, Limited, in their application, before the passing of this Act, to the appellant in the case of *Shalfoon versus The Cheddar Valley Co-operative Dairy Company, Limited* (reported in the *New Zealand Law Reports*, 1924, pages 561 to 596):

Provided also that nothing in this subsection shall be construed to authorize the inclusion, after the passing of this Act, of provisions in any articles of association purporting to oblige the shareholders of any company to supply milk, cream, or other dairy-produce to the company; and all articles of association to which this subsection applies (being articles made before the passing of this Act) shall, on the expiration of six months after the passing of this Act, cease to have any force or effect, save so far as they may be valid and effective irrespective of the provisions of this subsection.