

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 5-529(d) of Article - Corporations and Associations, of the Annotated Code of Maryland (1975 Volume and 1976 Supplement) be and it is hereby repealed and reenacted, with amendments, to read as follows:

Article - Corporations and Associations

5-529.

(d) If raw agricultural products are delivered by members to a cooperative association under marketing contracts which entitle the members to net proceeds from the sale of the products in their raw or processed state and subject the members to assessments in the event of an operating loss, the financial statements included in the annual report referred to in (a) above for associations engaged in handling raw agricultural products shall be audited by the association's independent certified public accountant. The audit shall be made in accordance with generally accepted auditing standards. Copies of an annual report together with the independent certified public accountant's report on his examination of the association's financial statements shall be furnished to each member or stockholder of the association and the Maryland Secretary of Agriculture. An independent certified public accountant and legal counsel shall be appointed by the association's board of directors. The certified public accountant shall explain his report orally to the board of directors AND SHALL ALSO CERTIFY TO THE SECRETARY OF AGRICULTURE THAT THE AUDIT HAS BEEN MADE IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS.

[If the Secretary of Agriculture finds any financial misrepresentation in the information contained in the annual report, he shall so notify each director of the association as shown on the records of the Department within 180 days following the end of its fiscal year. The Secretary of Agriculture may engage independent or State employed auditors to determine if there is any misrepresentation.]

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1977.

Approved May 26, 1977.

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CHAPTER 737

(Senate Bill 1006)

AN ACT concerning