

# ASSEMBLY, No. 2883

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED JUNE 5, 2008

**Sponsored by:**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**SYNOPSIS**

Provides that corporate by-laws may allow corporation to eliminate plurality voting for corporate directors.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the election of corporate directors and  
2 amending N.J.S.14A:5-24.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. N.J.S.14A:5-24 is amended to read as follows:

8 14A:5-24. Elections of directors; cumulative voting.

9 (1) Elections of directors need not be by ballot unless a  
10 shareholder demands election by ballot at the election and before  
11 the voting begins. If the by-laws require election by ballot at any  
12 shareholders' meeting, such requirement is waived unless  
13 compliance therewith is requested by a shareholder entitled to vote  
14 at such meeting.

15 (2) At each election of directors every shareholder entitled to  
16 vote at such election shall have the right to vote the number of  
17 shares owned by him for as many persons as there are directors to  
18 be elected and for whose election he has a right to vote, or, if the  
19 certificate of incorporation so provides, to cumulate his votes by  
20 giving one candidate as many votes as the number of such directors  
21 multiplied by the aggregate number of his votes shall equal, or by  
22 distributing such votes on the same principle among any number of  
23 such candidates.

24 (3) Except as otherwise provided by the certificate of  
25 incorporation or by-laws, directors shall be elected by a plurality of  
26 the votes cast at an election.

27 (cf: P.L.1973, c.366, s.17)

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29 2. This act shall take effect immediately.

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#### STATEMENT

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34 This bill allows a corporation to eliminate plurality voting for  
35 director elections in the by-laws of the corporation. Under current  
36 law, a corporation can only eliminate plurality voting for director  
37 elections if that practice is allowed under its certificate of  
38 incorporation.

39 This bill proposes recommendations made by the New Jersey  
40 Corporate and Business Law Study Commission. It is the intent of  
41 the Commission to allow a corporation to eliminate plurality voting  
42 for the board if stated in its by-laws or amended by-laws, and  
43 without shareholder approval. This bill would give New Jersey  
44 corporations greater flexibility in adopting majority voting

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

**A2883 DIEGNAN**

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1 provisions, or other voting schemes, regarding the election of  
2 directors.