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PROPOSED CONSUMER COOPERATIVE

It has been recommended by the Project Director, Mr. C. E. Rachford, that the residents of this project take immediate steps to organize a permanent consumer cooperative association to take over the community enterprises of the Heart Mountain Relocation Project now being operated on a temporary basis under his general supervision.

Toward this end, a special block meeting was held on the evening of October 15, 1942, at which time three delegates were elected to serve on a temporary committee representing the residents of the block to determine the matter of procedure and also to formulate a broad plan setting forth the general principles of the proposed cooperative, said plan to be submitted to the Project Director for approval. This committee met the following evening, October 16, 1942, at Block 12-28 under the chairmanship of Mr. Hay. Messrs. Todd and Taggart were present. Many questions were asked of the delegates present to which Mr. Todd responded. The question of business operation rather than procedure to be followed was referred by the body to have an opportunity to review the financial statement in process of completion by the accounting department. To carry out the study of the cooperative movement, a meeting was called the following afternoon at Block 25-25 of the chief delegates only from the temporary committee met as scheduled at which meeting a smaller committee was chosen to work intensively on a proposed plan of operation. This plan to be reported back to the temporary committee of the block for consideration prior to submission of same to the Project Director.

The committee of 9 met on numerous occasions to study the line of procedure and setup of the proposed cooperative. A study group on cooperatives under Miss Clarice Chase was formed at these meetings who were very helpful in the preparation of the plan.

It was the concensus of the committee that their primary concern was standing among the residents as to:

1. W.R.A. regulations pertaining to community enterprises;
2. Present status of community enterprises;
3. Cooperative organization and principles.

It was proposed that an educational program to be conducted by a temporary committee composed of 3 Issai and 3 Nisei to study and direct the educational activities. A few of the activities are:

1. Making a file available to all residents of present and past information in both Japanese and English.
  2. Issuance of a bulletin or pamphlet in both Japanese and English languages setting forth pertinent points (possibly questions and answers form).
  3. Publishing of financial status of present and past for the benefit of the residents, with the assistance of the Project Director.
  4. Advertising work, posters, etc.
  5. Moving pictures on cooperatives.
- Etc.

Subsequently, it was announced that a representative of the administration, another from the block chairman committee shall coordinate these activities.

It was decided that the cooperative should follow Instructions No. 26 be followed:

1. Cooperation on democratic basis for all residents.
2. Only one vote for each member. Profits to be shared.
3. Limited interest rates, and restrictions on loans.
4. Policy of patronage dividends insofar as possible.

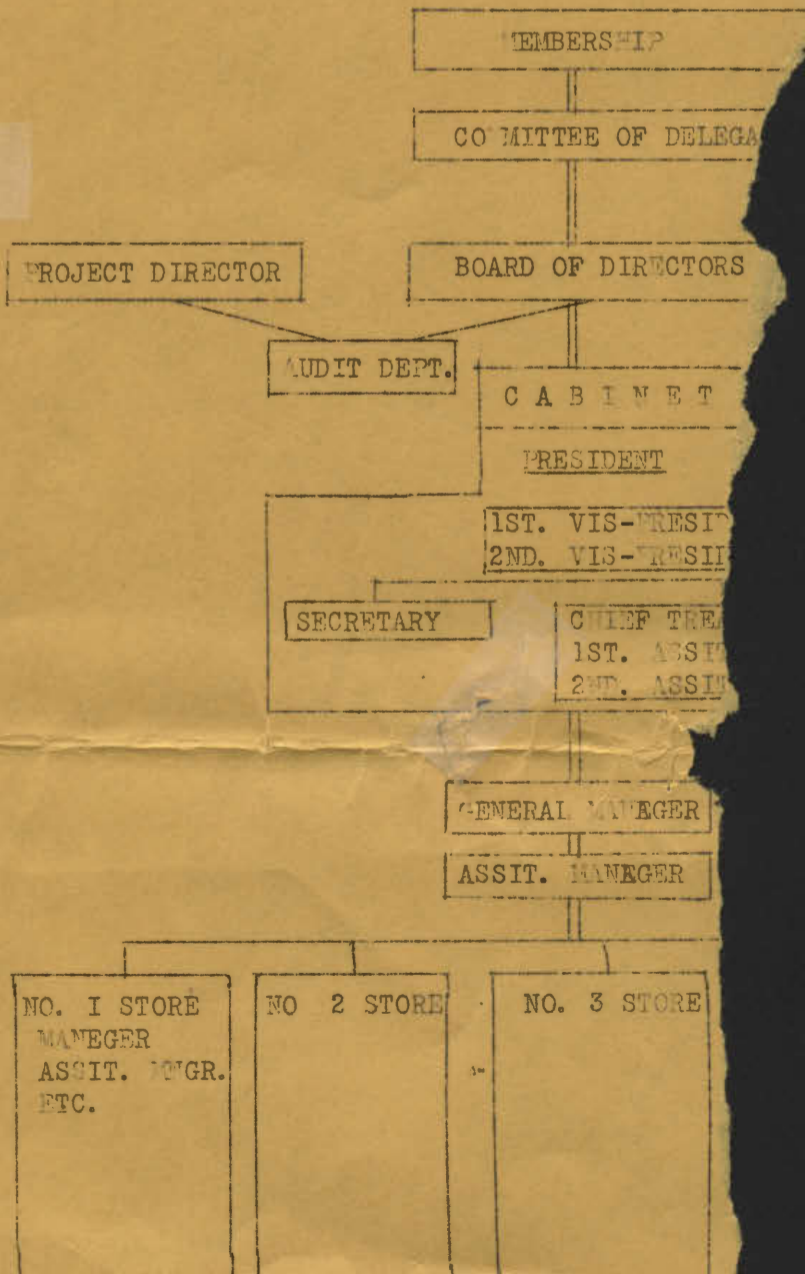
The following are the basic points proposed for consideration to the acceptance by the temporary committee of the plan for approval by the Project Director:

1. Proposed name. - Heart Mountain Cooperative Association
2. Place of business. - Heart Mountain Relocation Project
3. Purposes:
  - (1) To aid residents in obtaining goods and services provided by the War Relocation Authority.
  - (2) To enable to procure goods and services of better quality at as low a cost as possible.
  - (3) To provide a means by which individual needs and tastes may be expressed and satisfied.

Procedure to be followed:

1. Submit a general plan to the temporary committee of 57 delegates for acceptance.
2. Submit a proposed plan of procedure to Mr. Rachford for approval.
3. After thorough advertising for a special cooperative meeting and due notice given to the residents, each block shall elect three permanent delegates to serve in the Committee of Delegates.
4. Meeting of Committee of Delegates and dividing into work committees, and preparation of proposed constitution and by-laws, with the assistance of legal consultant.
5. Submission to Mr. Rachford of proposed constitution and by-laws.
6. Election of Board of Directors, president, vice-president, secret manager, and other officers to serve the proposed cooperative.
7. Secure a charter from District of Columbia.
8. Transfer of businesses temporarily set up by community to the cooperative, and the assumption by the cooperative of assets and liabilities.
9. Actual incorporation deferred until after the permanent organization has been formed.

G R A P H I C A L   C H A R T



- (c) To appoint such committees for special purposes as may be deemed necessary to keep the Congress of Delegates properly informed.
- (d) To hear reports from the Board of Directors and/or officers and management pertaining to finance, accounting, management, personnel, merchandising, cooperative education, and such other matters deemed necessary for the information of the cooperative members.
- (e) To approve, amend, or veto the recommendation of the Board of Directors pertaining to the allocation of, and amount of refunds distributable among member patrons.
- (f) To act as final arbiter in any dispute or disagreements which might arise between the Board of Directors and any committee or individual members.
- (g) To exercise its final authority in any and all matters vitally affecting the association as a cooperative.

18. Board of Directors and Officers.

The management of the association shall be vested in a Board of Directors consisting of 20 members. Election of the directors shall take place at regular annual meetings of the committee of delegates by secret ballot and they shall serve for a term of 12 months. The Board shall elect its own officers and they shall be a President, 1st Vice-President, 2nd Vice-President, Secretary, Treasurer, 1st Assistant Treasurer, 2nd Assistant Treasurer, Auditor, and Assistant Auditor. Other assistant officers may be appointed as may be deemed necessary to assist the Board. The Board of Directors shall meet regularly once a month. Special meetings may be called by the President.

The duties and functions of the Board of Directors.

- (a) To engage the necessary staff to undertake the work of a cooperative. The board shall select a General Manager, Assistant Manager, and determine the duties of each and provide for the bonding of all those handling money.
- (b) To provide suitable premises, machinery, equipment, and plant to conduct the association's business.
- (c) To insure that the business shall be carried on in accordance with the by-laws.
- (d) To control all investments, etc.
- (e) To consider and pay the expenses such as wages, rent, repairs, utilities, insurance, taxes, etc. or to see that the manager takes care of these items.
- (f) To administer the distribution of the earnings.
- (g) To provide fair treatment and good working conditions for all employees.
- (h) To convene the regular meetings of the Congress of Delegates, call special meetings, and render full reports.
- (i) To maintain a direct contact with other cooperative organization to the end that this association may benefit from their experiences.
- (j) To foster the cooperative spirit among the employees and membership.

Duties and functions of Officers and Management, appointment of Standing Committees and their functions have been thoroughly considered by the preliminary committee, same to be included in the By-laws insofar as possible at the time of actual drafting of the proposed constitution and by-laws.

Relation of W.R.A. to Consumer Cooperative.

- (1) W.R.A. will render advisory and instructional assistance to be cooperative association. The control of the association shall be vested in the members. The W.R.A. assistance will be a training process in business and cooperative methods and shall include advice and suggestions to the members and directors relative to management operation in order to assist the members in more effectively exercising their control of the enterprise established by the association.
- (2) W.R.A. will provide for examination of the accounts and records of the association. Such examinations shall be made under the supervision of the Project Director at least annually and at such other times as he may deem necessary. The examination may include complete audits. The accounting system used by the association shall be submitted to the Project Director for review, and revised in accordance with his requirements.
- (3) W.R.A. has provided for necessary financing. The association may make application for a loan from the W.R.A. Loans shall bear interest at 3% per annum and shall be payable within a period of 2 years, or at the discontinuance of the project, whichever occurs first.
- (4) In order to prevent inequalities and discriminations between employees of cooperative and other project residents, all cooperative employees will be assigned to the cooperative association by the Division of Housing and Employment, after the association's Board of Directors or management has had the opportunity to interview several candidates for the position under consideration. Such employees will be paid cash advances and clothing allowances by the association in accordance with the work classification assigned them.

4. Powers;

In general terms, the association shall be empowered to engage in any activity involving the manufacture, purchase or sale of commodities or services for the mutual benefit of the members; to perform any of the acts necessary to the proper conduct of its business; and to exercise all powers, rights and privileges conferred on corporations by the law, and all powers and rights necessary, incidental or conducive to carrying out the objects and purposes for which this association is to be formed.

5. Incorporate under District of Columbia Cooperative Laws.

6. Basic Practices. - Sell for cash only usually at prevailing market prices; neutral in race, religion, and politics; educate constantly; expand continuously

7. Membership. - One man, one vote, no proxy voting.

8. Eligibility of members. - Residents of this project who are 18 years of age or more shall be regarded as eligible members.

Every member shall agree to obey the rules of the association to be set forth in the articles of incorporation and by-laws, and the decisions or resolutions of the Committee of Delegates and the Board of Directors. He shall agree to help promote the aims and purposes of the association, success of its business management, and welfare of the members.

Any member who fails to cooperate in the purposes and objects of this association may be expelled by the members upon the recommendation of the Board of Directors.

9. Membership fee shall be \$            per person.

10. Reserve Fund:

A reserve fund of at least 30% of the total capital assets of the association shall be established. This fund shall be accumulated by the setting aside of at least 10% of the net surplus-savings or earnings, if any, until such fund is set up. Thereafter, the association may continue to set aside 10% of the net surplus-savings or earnings as an additional reserve fund, unless the applicable law requires a larger reserve.

11. Distribution of Patronage Dividends.

The directors shall have the exclusive right and responsibility to distribute the surplus savings among the members on the basis of patronage. The membership meetings may give recommendation or advice the director on such matters.

The directors shall cause to be made a quarterly audit by an outside certified public accountant. Dividends shall be declared on a quarterly basis.

12. Fiscal year shall be July 1 to June 30.

13. Term of the association shall be perpetual.

14. Dissolution:

Upon a majority vote of the Committee of Delegates the Board of Directors shall appoint a Dissolution Committee to make a dissolution report to the Committee of Delegates. By a vote of three-fourth majority of the total number of delegates to the Congress, the association may be formally dissolved.

Except as otherwise provided by law, the dissolution of the corporation shall provide the following settlements:

- (a) Claims of Federal, State, and County governments.
- (b) Claims of other creditors (accounts payable).
- (c) Claims members may have in the form of loan capital certificates.
- (d) Paid-in membership of corporate members.
- (e) The remaining assets to be returned to patrons as patronage dividends unless otherwise determined by a membership meeting.

15. Membership Control.

The supreme authority and control of the cooperative shall be vested in the members acting through their committee of delegates, or General Meeting. The cooperative members shall elect 3 delegates from each block. Delegates shall serve for a term of 12 months in a Congress.

16. Committee of Delegates. - Meetings.

The regular meetings of the Committee of Delegates shall be held annually.

Special meetings may be called by the President when:

- (1) Requested by one-third of the Board of Directors, that is 7 members;
- (2) Requested by at least 20% of the Delegates to the Congress.

The meetings shall be open to all members of the Cooperative.

17. Congress of Delegates. - Duties.

- (a) To elect a Board of Directors of 20 members from among the membership.
- (b) To remove by majority vote any director who becomes derelict in his duties.