



STATE OF NEW YORK

OFFICE OF THE ATTORNEY GENERAL

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**ATTORNEY GENERAL'S APPROVALS OF
NOT-FOR-PROFIT AND RELIGIOUS CORPORATIONS' TRANSACTIONS**

**SEARCHABLE DATABASE OF ATTORNEY GENERAL'S ADMINISTRATIVE
TRANSACTIONS APPROVALS**

Under the New York Not-For-Profit Corporation Law (N-PCL), the “sale, lease, exchange, or other disposition” of “substantially all” of the assets of a not-for-profit corporation must be approved by either the Attorney General or by the New York Supreme Court, upon notice to the Attorney General. To be granted such approval, the not-for-profit corporation must demonstrate that the transfer promotes the mission of the entity, and that the terms of the transaction are fair and reasonable to the selling entity.

Under the New York Religious Corporations Law (RCL), the sale of any property or a lease exceeding five years of any property of most religious corporations must be approved by either the Attorney General or by the New York Supreme Court, upon notice to the Attorney General. To be granted such approval, the religious corporation must demonstrate that the transfer promotes the mission of the religious entity, and that the terms of the transaction are fair and reasonable to the religious entity.

One of the goals of the Nonprofit Revitalization Act of 2013 (“NPRA”) amendments to the N-PCL was to reduce burdens on not-for-profit corporations that are seeking to sell their assets, merge with other corporations or dissolve.

To accomplish this goal, both the N-PCL and the RCL were amended to permit the approval of transactions by **either** the Attorney General or the New York Supreme Court. This change applies to transactions that occur pursuant to Article 5 (sales and transfers of assets), Article 9 (mergers and consolidations), Article 10 (dissolutions) and Article 12 of the RCL (sale/transfers of religious organizations' assets). For not-for-profit corporations, the changes took effect for transactions closing after July 1, 2014. For religious corporations, the changes took effect for transactions closing after December 11, 2015.

This expanded role for the Attorney General's office provides expedited review by eliminating, in most cases, court review. The amendments also result in cost savings by eliminating the second review and the related legal and court fees.

In light of the amendments, the Charities Bureau's online guidance has been revised to incorporate the new procedures. Also, model documents have been revised to assist attorneys in preparation of petitions to either the Court or the Attorney General. That guidance is posted at https://www.charitiesnys.com/nonprofit_rev_act_guidance.html.

While a petitioning organization may apply to either the Attorney General or the Court, the N-PCL authorizes referral of a transaction to the court if the Attorney General determines that court review is appropriate. Some examples of circumstances in which referral may be made are: if the organization is insolvent and must give notice to creditors; if the Attorney General has received complaints about the transaction from members, creditors, or other interested persons; or the Attorney General has raised objections to the transaction and those objections have not been resolved.

To keep the public informed of approvals by the Attorney General, a searchable database of approvals granted pursuant to Article 5 of the N-NPCL and approvals of Plans of Dissolution pursuant to Article 10 of the NPCL are on the Charities Bureau's website at <https://www.charitiesnys.com/Transactions/jsp+/home.jsp>. Court orders approving transactions are available from the clerk of the court that issued the orders and approved certificates are available from the Secretary of State's office.