

Q&A: Submission of Proxies

BY STEPHEN M. LASSER, ESQ. 2010 DECEMBER

Q&A



Q What are the rules concerning how many proxies any one person can submit? Also, does a person submitting proxies have to be a unit owner or even live in the complex? We have a situation where a renter, not an owner, of a co-op collects many proxies, some from older residents, and is in a position to sway elections concerning board members. Are there any legalities against this sort of thing?

—*Vote Collector*

A "A proxy is an authorization given by a shareholder, which empowers another person, the proxy-holder, to vote on the shareholder's behalf at a meeting of shareholders," says attorney Steven Lasser, a shareholder attorney with the New York law offices of Stark & Stark. "The New York Law applicable to cooperative proxies does not limit the number of proxies that can be held or submitted by one person, nor does it require that proxy-holders be shareholders or residents of the cooperative corporation.

"To be legally sufficient, a proxy must be written, not oral, but no particular format is specified. In addition, the written proxy form must be signed and dated by the shareholder, and it must

authorize the proxy-holder to act on the shareholder's behalf. A facsimile of a signature is legally sufficient.

"Most cooperatives rely on their lawyers and managing agents to prepare their election materials, including proxy forms, so these materials usually meet the above mentioned legal requirements. On the other hand, it is not unusual for hand-written proxy forms submitted by dissident shareholders to fail to meet these basic legal requirements, and votes cast via such defective proxies do not have to be counted.

"In addition to helping to ensure their legal sufficiency, some incumbent boards utilize pre-printed proxy forms prepared by their attorneys or managing agents to give themselves a competitive advantage against their opposition. This is accomplished by distributing pre-printed proxy forms, which designate a proxy-holder of the board's choice. The pre-printed proxy forms are typically sent to shareholders with the notice of the annual meeting along with instructions advising the shareholders to return the proxy forms to the cooperative's management office prior to the annual meeting—if the shareholder cannot attend the meeting in person. Because the proxy-holder designated on the pre-printed proxy forms is someone chosen by the board (usually an existing board member), it can be assumed that such proxy holder will vote the proxies in a manner prescribed by the board. This will generally increase the number of votes by proxy in favor of candidates whose interests are aligned with those of the board."

2 COMMENTS



ANONYMOUS on TUESDAY, DECEMBER 4, 2012 11:04 PM

Hoping it's not too late to post on this thread. I am a board member and we have several home owners requesting proxies before the annual meeting. The date of the annual meeting has not yet been set. Now the management and other board members feel that if the date has not been set the home owners have the right to the proxies. I, being the newest board member, feel that the refusal of the proxies to home owners is unwarranted. Am I wrong or are there set rules for proxies being sent out?

Thanks in advance



ANONYMOUS on SATURDAY, APRIL 6, 2013 1:49 AM

Are pre-dated proxies automatically void?
