



California Corporate & Securities Law

Thinking About Joining A Club? You May Want To Consider These Corporations Code Provisions First

By Keith Paul Bishop on September 27, 2011

In *Democracy in America*, Alexis de Tocqueville devoted an entire chapter to the propensity of Americans to form associations. In particular, he observed:

The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; in this manner they found hospitals, prisons, and schools. If it is proposed to inculcate some truth or to foster some feeling by the encouragement of a great example, they form a society. Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.

Henry Reeve translation, revised and corrected, 1899.

Today, many of the activities mentioned by Alexis de Tocqueville are undertaken in the form of nonprofit corporations. However, people still form unincorporated clubs or otherwise informally associate for social, religious, charitable or other purposes. I expect that few give any thought to such basic questions as:

- What is the nature of a member's interest in the club?
- Can members be held liable for the club's debts, obligations or other liabilities?
- Can members maintain a derivative action on behalf of the club?
- How can membership in the club be terminated?
- What is the legal effect of the club's bylaws (if any)?

Many of these questions are addressed in Title 3 of the California Corporation Code. This title is not as comprehensive as the General Corporation Law or the Nonprofit Corporation Law. Moreover, these provisions are generally provide default rules that will apply when an association's own rules are silent on the subject. California's unincorporated association law is largely the product of recommendations by the [California Law Revision Commission](#) as reflected its [2003](#) and [2004](#) reports. (Nevada, on the other hand, is one of three states so far that has enacted the Revised Uniform Unincorporated Nonprofit Association Act, NRS 81.700 *et seq.*)

Please contact **Keith Paul Bishop** at Allen Matkins for more information kbishop@allenmatkins.com

<http://www.calcorporatelaw.com/>

As Alexis de Tocqueville observed over a century ago: “Nothing, in my opinion, is more deserving of our attention than the intellectual and moral associations of America.” A few years back, I had occasion to read *Bowling Alone and Making Democracy Work* by Harvard University professor [Robert D. Putnam](#). In that widely cited book, he argues that America’s social capital is diminishing because we are becoming less connected by clubs and other social organizations.

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