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JUDICIARY

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STATE OF MAINE
SENATE
127TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to S.P. 405, L.D. 1136, Bill, "An Act To Amend the Maine Business Corporation Act"

Amend the bill by striking out all of section 17 (page 11, lines 11 to 20 in L.D.) and inserting the following:

'Sec. 17. 13-C MRSA §1430, sub-§2, as amended by PL 2007, c. 289, §43, is further amended to read:

2. Shareholder. A shareholder if it is established that:

A. The directors are deadlocked in the management of the corporate affairs, the shareholders are unable to break the deadlock and, because of the deadlock, irreparable injury to the corporation is threatened or being suffered or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally;

B. The directors or those in control of the corporation have acted, are acting or will act in a manner that is illegal, oppressive or fraudulent;

C. The shareholders are so divided regarding the management of the business and affairs of the corporation that the corporation is suffering or will suffer irreparable injury or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally;

D. The shareholders are deadlocked in voting power and have failed, for a period that includes at least 2 consecutive annual meeting dates, to elect successors to directors whose terms have expired;

E. The corporate assets are being misapplied or wasted; or

F. A shareholder of the corporation has abandoned its business and has failed within a reasonable time to liquidate and distribute its assets and dissolve;

This subsection does not apply in the case of a corporation that, on the date of the filing of the proceeding, has shares that are a covered security under Section 18(b)(1)(A) or (B) of the federal Securities Act of 1933, as amended. This subsection also does not apply in

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1 the case of a corporation that, on the date of the filing of the proceeding, has shares that
2 are not a covered security under Section 18(b)(1)(A) or (B) of the federal Securities Act
3 of 1933, as amended, but are held of record by at least 500 shareholders and the shares
4 outstanding have a market value of at least \$20,000,000 exclusive of the value of such
5 shares held by the corporation's executive officers or directors or by any person or group
6 that beneficially owns more than 10% of the outstanding shares;'

7

SUMMARY

8 This amendment makes no substantive change to the bill but adjusts language in the
9 section of the bill relating to grounds for judicial dissolution of a corporation to fit that
10 language into the structure of the current law.