

RÉSUMÉ DIGEST

ACT 57 (HB 310)

2017 Regular Session

Reynolds

Relative to corporations, existing law (R.S. 12:1-140(25B)) defines "votes entitled to be cast" with respect to the proportion of votes required to provide shareholder approval.

New law amends existing law to reference the proportion of votes required to provide a shareholder quorum. Otherwise retains existing law.

Prior law (R.S. 12:1-402(C)) provided for a terminated corporation's name to be reserved by operation of law for 3 years following the corporation's termination.

New law extends the time frame for which a terminated corporation's name is reserved from 3 years to 5 years.

Existing law (R.S. 12:1-727(A)) sets forth a minimum quorum requirement for shareholders of no lower than 25% of the shares entitled to vote on a matter.

New law amends existing law to clarify the minimum quorum requirement for shareholders as no lower than shares having 25% of the votes entitled to be cast on a matter. Otherwise retains existing law.

Existing law (R.S. 12:1-728(A)) provides that greater quorum or voting requirements for shareholders may be included in the articles of incorporation. New law retains existing law.

New law further provides that if a quorum is not present at a meeting for the election of directors, the meeting may be adjourned to the next day by a majority vote of the shareholders present at the meeting, and the shareholders present at the next day's meeting will constitute a quorum for the purposes of the election of directors.

New law (R.S. 12:1-742.2) provides for the exercise of personal jurisdiction over a nonresident who is or has been a director of a domestic corporation for actions relating to the nonresident's position as director.

New law (R.S. 12:1-742.3) requires the venue of a derivative proceeding to be the parish in which the corporation's registered office is located.

Existing law (R.S. 12:1-1435(I)) provides that a corporation's purchase of a withdrawing shareholder's shares is subject to the rules on a corporation's acquisition of its own shares and to the limitations on distribution. New law retains existing law.

New law further subjects the purchase of a withdrawing shareholder's shares to the new law and existing law provisions of R.S. 12:1-1436 and other provisions of state or federal law applicable to the corporation.

Prior law (R.S. 12:1-1436(E)) provided exceptions to the general rules on payment terms for a corporation's purchase of a withdrawing shareholder's shares in the event that the payment would violate statutory provisions concerning distributions of shareholders in existing law (R.S. 12:1-640) or cause undue harm to the corporation or its creditors.

New law replaces the reference to R.S. 12:1-640 with references to limitations or requirements as described in new law and existing law (R.S. 12:1-1435(I)).

New law deletes the court's requirement to render certain final judgments. Requires the court to provide relief as close in value and effect as feasible to that contemplated by the general rules on payment terms, but adjusted as necessary to avoid circumstances described in existing law (R.S. 12:1-1435(D)) or the additional limitations as described in new law and existing law (R.S. 12:1-1435(I)).

Prior law (R.S. 12:1-1444) authorized a terminated corporation to be reinstated if the corporation makes the request to the secretary of state no later than 3 years after termination. Requires the secretary of state to file articles of reinstatement only if the corporation delivers the articles to the secretary of state within 3 years after termination.

New law extends the time frame for which a terminated corporation may request reinstatement from 3 years to 5 years.

Effective August 1, 2017.

(Amends R.S. 12:1-140(25B), 1-402(C), 1-727(A), 1-728(A), 1-1435(I), 1-1436(E) and (F), and 1-1444(A)(2) and (F)(1); Adds R.S. 12:1-742.2 and 1-742.3)