

§874. Shareholders' action

1. Shareholders' action. Shareholders' action regarding a director's conflicting-interest transaction is effective for purposes of section 872, subsection 2, paragraph B if a majority of the votes cast by the holders of all qualified shares are in favor of the transaction after:

- A. Notice to shareholders describing the action to be taken regarding the transaction; [PL 2007, c. 289, §30 (AMD).]
- B. Provision to the corporation of the information referred to in subsection 4; and [PL 2007, c. 289, §30 (AMD).]
- C. Communication to the shareholders entitled to vote on the transaction of the information that is the subject of required disclosure, to the extent the information is not known by them. [PL 2007, c. 289, §30 (AMD).]

In the case of shareholders' action at a meeting, the shareholders entitled to vote are determined as of the record date for notice of the meeting.
[PL 2011, c. 274, §36 (AMD).]

2. Qualified shares.
[PL 2007, c. 289, §30 (RP).]

3. Quorum. A majority of the votes entitled to be cast by the holders of all qualified shares constitutes a quorum for purposes of compliance with this section. Subject to subsection 5, shareholders' action that otherwise complies with this section is not affected by the presence of holders of shares that are not qualified shares, or the voting of shares that are not qualified shares.
[PL 2007, c. 289, §30 (AMD).]

4. Identification of holdings. A director who has a conflicting interest regarding the transaction shall, before the shareholders' vote, inform the clerk or other officer or agent of the corporation authorized to tabulate votes, in writing, of the number of shares that the director knows are not qualified shares under subsection 3 and the identity of the holders of those shares.
[PL 2007, c. 289, §30 (AMD).]

5. Failure to comply. If a shareholders' vote does not comply with subsection 1 solely because of a director's failure to comply with subsection 4 and if the director establishes that the failure was not intended to influence and did not in fact determine the outcome of the vote, the court may take such action regarding the transaction and the director and may give such effect, if any, to the shareholders' vote as the court considers appropriate in the circumstances.
[PL 2007, c. 289, §30 (AMD).]

6. Authorization when qualified shareholder action not taken. When shareholders' action under this section does not satisfy a quorum or voting requirement applicable to the authorization of the transaction by reason of the articles of incorporation, the bylaws or a provision of law, independent action to satisfy those authorization requirements must be taken by the shareholders, in which action shareholders that are not qualified shareholders may participate.
[PL 2007, c. 289, §30 (NEW).]

7. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. [PL 2015, c. 259, §15 (RP).]
- B. "Qualified shares" means all shares entitled to be voted with respect to the transaction except for shares that the secretary or other officer or agent of the corporation authorized to count votes either knows, or under subsection 4 is notified, are held by:
 - (1) A director who has a conflicting interest regarding the transaction; or

(2) A related person of the director, excluding a person described in section 871, subsection 3, paragraph G. [PL 2015, c. 259, §15 (AMD).]
[PL 2015, c. 259, §15 (AMD).]

SECTION HISTORY

PL 2001, c. 640, §A2 (NEW). PL 2001, c. 640, §B7 (AFF). PL 2003, c. 344, §§B72,73 (AMD).
PL 2007, c. 289, §30 (AMD). PL 2011, c. 274, §36 (AMD). PL 2015, c. 259, §15 (AMD).

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