

§1106. Procedure in liquidation of corporation by court

1. Court's power. In proceedings to liquidate the assets and activities of a corporation, the court shall have the power to issue injunctions, to appoint a receiver or receivers pendente lite, with such powers and duties as the court, from time to time, may direct, and to take such other proceedings as may be requisite to preserve the corporate assets wherever situated, and carry on the activities of the corporation until a full hearing can be had.

[PL 1977, c. 525, §13 (NEW).]

2. Court to appoint liquidating receiver. After a hearing and upon such notice as the court may direct to be given to all parties to the proceedings and to any other parties in interest designated by the court, the court may appoint a liquidating receiver or receivers with authority to collect the assets of the corporation. Such liquidating receiver or receivers shall have authority, subject to the order of the court, to sell, convey and dispose of all or any part of the assets of the corporation wherever situated, either at public or private sale. The order appointing such liquidating receiver or receivers shall state their powers and duties. Such powers and duties may be increased or diminished at any time during the proceedings.

[PL 1977, c. 525, §13 (NEW).]

3. Assets of corporation. The assets of the corporation or the proceeds resulting from a sale, conveyance or other disposition thereof shall be applied and distributed as the court may order, after taking into account the following standards.

A. All cost and expenses of the court proceedings and all liabilities and obligations of the corporation shall, to the extent that unencumbered assets are available therefor, be paid first toward the payment of costs and expenses of court proceeding, and then toward other liabilities and obligations of the corporation. [PL 1979, c. 127, §102 (AMD).]

B. Assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution or liquidation, shall be returned, transferred or conveyed in accordance with such requirements. [PL 1977, c. 525, §13 (NEW).]

C. Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational or similar purposes, but not held upon a condition requiring return, transfer or conveyance by reason of the dissolution or liquidation, shall be transferred or conveyed to one or more domestic or foreign corporations, societies or organizations engaged in activities substantially similar to those of the dissolving or liquidating corporation as the court may direct. [PL 1977, c. 525, §13 (NEW).]

D. Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive right of members, or any class or classes of members, or provide for distribution to others. [PL 1977, c. 525, §13 (NEW).]

E. Any remaining assets may be distributed to such persons, societies, organizations or domestic or foreign corporations, whether for profit or not for profit, specified in the plan of distribution adopted as provided in this Act, or where no plan of distribution has been adopted, as the court may direct. [PL 1977, c. 525, §13 (NEW).]

[PL 1979, c. 127, §102 (AMD).]

4. Court to direct payments. The court shall have power to allow, from time to time, as expenses of the liquidation, compensation to the receiver or receivers and to attorneys in the proceeding, and to direct the payment thereof out of the assets of the corporation or the proceeds of any sale or disposition of such assets.

[PL 1977, c. 525, §13 (NEW).]

5. Receiver to have power to sue and defend. A receiver of a corporation appointed under the provisions of this section shall have authority to sue and defend in all courts in his own name as receiver of such corporation. The court appointing such receiver shall have exclusive jurisdiction of the corporation and its property, wherever situated.

[PL 1977, c. 525, §13 (NEW).]

6. Receiver to be a citizen of the United States. A receiver shall in all cases be a citizen of the United States and shall in all cases give such bond as the court may direct with such sureties as the court may require.

[PL 1977, c. 525, §13 (NEW).]

SECTION HISTORY

PL 1977, c. 525, §13 (NEW). PL 1979, c. 127, §102 (AMD).

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