

§720. General standards for officers

1. Discretionary authority. An officer of a corporation with discretionary authority shall discharge that officer's duties under that authority:

A. In good faith; [PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

B. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and [PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

C. In a manner the officer reasonably believes to be in the best interests of the corporation and its members. [PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

[PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

2. Rely on information. In discharging the officer's duties, an officer of a corporation is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

A. One or more officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or [PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

B. Legal counsel or a public accountant or other person as to matters the officer reasonably believes are within the person's professional or expert competence. [PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

An officer is not acting in good faith if the officer relies on information, opinions, reports or statements that the officer knows or has reason to believe are unwarranted.

[PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

3. Compliance. An officer of a corporation is not liable to a corporation, any member or other person for any action taken or not taken as an officer if the officer acted in compliance with this section and, if a conflict-of-interest transaction is involved, the transaction was fair to the corporation or was approved pursuant to section 718.

[PL 2001, c. 550, Pt. C, §18 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

SECTION HISTORY

PL 2001, c. 550, §C18 (NEW). PL 2001, c. 550, §C29 (AFF).

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