

§1402. Dissolution by board of directors and shareholders

1. Dissolution proposal. A corporation's board of directors may propose dissolution for submission to the shareholders.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

2. Adoption of proposal of dissolution. For a proposal to dissolve to be adopted:

A. A corporation's board of directors must recommend dissolution to the shareholders unless:

(1) The board of directors determines that because of conflict of interest or other special circumstances the board of directors should make no recommendation; or

(2) Section 827 applies.

If subparagraph (1) or (2) applies, the board of directors must transmit to the shareholders the basis for so proceeding; and [PL 2011, c. 274, §72 (RPR).]

B. The shareholders entitled to vote must approve the proposal to dissolve as provided in subsection 5. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

[PL 2011, c. 274, §72 (AMD).]

3. Condition submission of proposal. A corporation's board of directors may condition the board of directors' submission of the proposal for dissolution on any basis.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

4. Notice of meeting to dissolve. A corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting. The notice must also state that the purpose or one of the purposes of the meeting is to consider dissolving the corporation.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

5. Adoption of dissolution by majority. Unless the corporation's articles of incorporation or the corporation's board of directors acting pursuant to subsection 3 requires a greater vote, approval of the proposal to dissolve requires the approval of the shareholders by a majority of all the votes entitled to be cast on the proposal by that voting group and, if any class or series is entitled to vote as a separate voting group on the proposal, the approval of each separate voting group by a majority of all the votes entitled to be cast on the proposal by that voting group. The corporation's articles of incorporation may provide that a proposal to dissolve may be approved by a lesser vote of each voting group entitled to vote on the proposal, but in no case by less than a majority of the votes cast by that voting group at a meeting at which there exists for each such voting group a quorum consisting of at least a majority of the votes entitled to be cast on the proposal by each voting group entitled to vote on the proposal.

[PL 2003, c. 344, Pt. B, §110 (RPR).]

SECTION HISTORY

PL 2001, c. 640, §A2 (NEW). PL 2001, c. 640, §B7 (AFF). PL 2003, c. 344, §B110 (AMD). PL 2011, c. 274, §72 (AMD).

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