
G H For purposes of Subsections A through D and G(1) of this Section, "shareholder" means a record shareholder, a beneficial shareholder, and an unrestricted voting trust beneficial owner.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 225 Original

2015 Regular Session

Lorusso

Abstract: Authorizes a right of first refusal and right to inspect corporate records for minority shareholders.

Proposed law authorizes a right of first refusal for the sale, lease, exchange, or other disposition of assets of a closely held corporation with five or fewer shareholders. The right of first refusal applies to a minority shareholder owning at least 33% of the total corporate stock for the past six months.

The right of first refusal authorized in proposed law becomes effective when the corporation approves a sale, lease, exchange, or other disposition of assets, but prior to the corporation entering into a binding contract; however, if the corporation does enter into a binding contract, that contract is subject to the right of first refusal.

Proposed law requires the corporation to provide a shareholder with written notice and disclosed terms of the proposed transaction pertaining to a right of first refusal. Proposed law requires the shareholder to accept or reject the proposed transaction within 15 business days from the date the shareholder receives written notice. Further requires a purchase contract to be signed by the corporation and minority shareholder within 30 days from the date of the shareholder's receipt of written notice.

Proposed law requires the transaction closing to be at the price and terms of the corporate approved transaction.

Proposed law authorizes the corporation to proceed otherwise with a proposed transaction if the minority shareholder does not timely accept the right or sign the required contract.

Proposed law authorizes rights to inspect various corporate documents of closely held corporations with five or fewer shareholders. The rights authorized in proposed law apply to a minority shareholder owning at least 33% of the total corporate stock for the past six months.

Proposed law authorizes the shareholder to inspect and copy the following: (1) any and all non-privileged corporate records; (2) true and complete information regarding the business and financial condition of the corporation; (3) drafts of federal and state income tax returns; (4) actual federal and state income tax returns; (5) monthly statements of profit and loss; (6) a formal accounting of

corporate affairs whenever just and reasonable; (7) other corporate information deemed just and reasonable. Proposed law further requires a shareholder to provide a written request to inspect corporate records five days prior to inspection, and requires shareholders to pay reasonable costs associated with written requests for inspections.

Proposed law requires the corporation to give shareholders written notice of at least 15 business days before entering into property leases of more than three years, whether or not the property is owned by the corporation, and before buying or selling corporate property valued at \$100,000, or more.

Present law defines "shareholder" as a record shareholder, a beneficial shareholder, and an unrestricted voting trust beneficial owner. Proposed law retains present law and specifies certain provisions for which the term "shareholder" does not mean a minority shareholder.

(Amends R.S. 12:1-1602(E) - (G); Adds R.S. 12:1-1203 and 1-1602(H))