

2015 Regular Session

HOUSE RESOLUTION NO. 136

BY REPRESENTATIVE LORUSSO

A RESOLUTION

To urge and request the Louisiana State Law Institute to study and make recommendations with respect to laws to be made applicable to minority shareholders in closely held corporations.

WHEREAS, Louisiana state laws are minimal with respect to minority shareholders in closely held corporations; and

WHEREAS, in a typical corporation, governing authority is found within an elected board of directors; and

WHEREAS, majority shareholders may have voting power to control the board which may adversely affect the rights of minority shareholders, including the rights of such shareholders to be elected to the board, their receipt of dividend payments, employment contracts within the corporation, and other actions that may affect participation or financial rights; and

WHEREAS, in a closely held corporation, these actions may be particularly adverse to minority shareholders because their investment in the corporation may be almost exclusively affected by majority shareholders; and

WHEREAS, in an effort to increase fairness to minority shareholders in closely held corporations, it is necessary to implement additional laws in this state relative to minority shareholders, particularly including such shareholders' right of first refusal to purchase property owned by a closely held corporation, the right to inspect the corporate records of a closely held corporation, and the right to receive written notice from a closely held corporation as it pertains to the purchase, sale, or lease of corporate property.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the Louisiana State Law Institute to study and make recommendations with respect to laws to be made applicable to minority shareholders in closely held corporations and to report its findings and recommendations to the legislature.

BE IT FURTHER RESOLVED that the Louisiana State Law Institute may evaluate laws and procedures of other states relative to minority shareholders' rights of first refusal to purchase property owned by the closely held corporation, rights and processes with respect to the inspection of corporate records of a closely held corporation, and the right to receive written notice from the closely held corporation as it pertains to the purchase, sale, or lease of corporate property.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the Louisiana State Law Institute.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES