

Top Ten LBCA Changes to Consider

1. Vote for amending articles, mergers, etc., – changed from 2/3 of shares present to majority of shares entitled to vote on the issue.
2. Oppression Remedy – buyout of oppressed shareholder without discounts.
3. Greater freedom of contract: “unanimous governance agreements” among shareholders that meet the statutory definition are permitted to override statutory rules that would otherwise be mandatory, including the rule that requires the corporation to be managed by a board of directors – a UGA could allow direct management by one or more shareholders.
4. Grace Period for Annual Reports – 90 days, not 3 years.
5. Personal liability for dissolution by affidavit eliminated and 3-year retroactive reinstatement allowed for all forms of termination, not just charter revocations.
6. 5-day grace period for initial articles retained; otherwise, dropped.
7. Par value system & mandatory statutory equity accounts (i.e., stated capital, capital surplus & earned surplus) abolished – distributions allowed to full extent of positive net worth, provided corporation retains ability to pay debts as they become due in the usual course of business, and retains enough net worth to cover liquidation preferences of shares senior to the shares receiving the distribution.
8. Rule against issuance of shares for promissory notes or contracts for future services abolished; those forms of payment to be allowed.
9. Current “opt in” protection of directors and officers against monetary liability made “opt out” – the default rule that applies in the absence of provisions in articles to the contrary.
10. Rules provided for electronic records, notices, and communications.