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Judiciary

BY THE RULES COMMITTEE BY  
REQUEST OF THE LEGISLATIVE  
COUNCIL (for the Code  
Revision Commission)

1 IN THE SENATE

2

SENATE BILL NO. 246

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act revising the corporations code; and providing  
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 10 is amended by adding a new chapter to read:

10 CHAPTER 06. ALASKA CORPORATIONS CODE.

11 ARTICLE 1. CORPORATE PURPOSES AND POWERS.

12 Sec. 10.06.005. PURPOSES. A corporation may be organized under  
13 this chapter for any lawful purpose except for the purposes of banking  
14 and insurance.

15 Sec. 10.06.010. GENERAL POWERS. Subject to the limitations in  
16 its articles of incorporation, the provisions of this chapter and  
17 other applicable law, a corporation has all the powers of a natural  
18 person in carrying out its business activities, including, without  
19 limitation, the power to

20 (1) have perpetual succession by its corporate name;

21 (2) sue and be sued in its corporate name;

22 (3) adopt a corporate seal and alter it, and use it by  
23 having it or a facsimile of it impressed, affixed or reproduced;

24 (4) buy, take, receive, lease, or otherwise acquire, own,  
25 hold, improve, use, and otherwise deal in, real or personal property  
26 or an interest in the property, wherever situated;

27 (5) sell, convey, mortgage, pledge, lease, exchange, trans-  
28 fer, and otherwise dispose of all or a part of its property and  
29 assets;

1           (6) lend money to its employees and, if properly approved,  
2 to its officers and directors, and otherwise assist its employees,  
3 officers, and directors;

4           (7) buy, take, receive, subscribe for, or otherwise ac-  
5 quire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or  
6 otherwise dispose of, and otherwise use and deal in shares or other  
7 interests in, or obligations of, other domestic or foreign corpora-  
8 tions, associations, partnerships or individuals, or direct or in-  
9 direct obligations of the United States or of any other government,  
10 state, territory, governmental district or municipality or an instru-  
11 mentality of these;

12           (8) make contracts and incur liabilities, borrow money at  
13 the rates of interest the corporation determines, issue notes, bonds,  
14 and other obligations, and secure its obligations by mortgage or  
15 pledge of all or any of its property, franchise and income;

16           (9) lend money for its corporate purposes, invest and re-  
17 invest its money, and take and hold real and personal property as  
18 security for the payment of money loaned or invested;

19           (10) conduct business, carry on operations, and have offices  
20 and exercise the powers granted by this chapter in a state, territory,  
21 district, or possession of the United States, or in a foreign country;

22           (11) elect or appoint officers and agents of the corporation  
23 and define their duties and fix their compensation;

24           (12) make and alter bylaws not inconsistent with its  
25 articles of incorporation or with state law, for the administration  
26 and regulation of the affairs of the corporation;

27           (13) donate for the public welfare or for charitable, scien-  
28 tific or educational purposes, and in time of war donate in aid of war  
29 activities;

1 (14) transact lawful business in time of war in aid of the  
2 United States in the prosecution of the war;

3 (15) pay pensions and establish pension plans, pension  
4 trusts, profit-sharing plans, stock bonus plans, stock option plans  
5 and other incentive plans for its directors, officers, and employees;

6 (16) cease its corporate activities and surrender its cor-  
7 porate franchise;

8 (17) have and exercise the powers of a limited or general  
9 partnership or a joint adventurer in association with one or more  
10 persons, corporations, partnerships, or associations;

11 (18) have and exercise all powers necessary or convenient to  
12 carry out the purposes for which the corporation is organized.

13 Sec. 10.06.015. DEFENSE OF ULTRA VIRES. (a) An act of a corpo-  
14 ration or a transfer of real or personal property to or by a corpo-  
15 ration, otherwise lawful, is not invalid because the corporation was  
16 without capacity or power to do the act or to make or receive the  
17 transfer, but the lack of capacity or power may be asserted

18 (1) in an action by a shareholder against the corporation  
19 to enjoin the doing of an act or the transfer of real or personal  
20 property by or to the corporation; if the unauthorized act or transfer  
21 sought to be enjoined is being, or is to be, performed or made under a  
22 contract to which the corporation is a party, the court may, if all of  
23 the parties to the contract are parties to the action, set aside and  
24 enjoin the performance of the contract, and in so doing may allow to  
25 the corporation or to the other parties to the contract, compensation  
26 as may be equitable for the loss or damage sustained by any of them  
27 from the action of the court in setting aside and enjoining the per-  
28 formance of the contract; however, anticipated profits to be derived  
29 from the contract may not be awarded by the court as a loss or damage

1 sustained;

2 (2) in an action by or in the right of the corporation to  
3 obtain a judgment in its favor against an incumbent or former officer,  
4 director, or incorporator of the corporation for loss or damage due to  
5 that individual's unauthorized act;

6 (3) in an action or special proceeding by the commissioner  
7 to annul or dissolve the corporation or to enjoin it from the doing of  
8 unauthorized business.

9 (b) This section applies to contracts and conveyances made by  
10 foreign corporations in this state and to conveyances by foreign  
11 corporations of real property situated in this state.

12 Sec. 10.06.020. LIMITATIONS ON AUTHORITY OF CORPORATE AGENTS. A  
13 limitation upon the powers of the shareholders, officers, or direc-  
14 tors, or the manner or exercise of their powers, contained in or  
15 implied by the articles of incorporation, bylaws, or action of the  
16 board, or by AS 10.06.605 - 10.06.678 or 10.06.705 - 10.06.788 or by a  
17 shareholders' agreement may not be asserted as between the corporation  
18 or a shareholder and a third person, except in a proceeding

19 (1) by a shareholder or the state to enjoin the doing or  
20 continuance of unauthorized business by the corporation or its offi-  
21 cers, or both, in a case where a third party has not acquired rights  
22 under AS 10.06.025(a);

23 (2) to dissolve the corporation; or

24 (3) by the corporation or by a shareholder suing in a rep-  
25 resentative suit against the officers or directors of the corporation  
26 for violation of their duty.

27 Sec. 10.06.025. CONTRACTS OR CONVEYANCES BINDING DOMESTIC AND  
28 FOREIGN CORPORATIONS. (a) A contract or conveyance made in the name  
29 of the corporation that is authorized or ratified by the board, or is

1 done within the scope of the authority, actual or apparent, conferred  
2 by the board or within the agency power of the officers executing it,  
3 except as the board's authority is limited by law other than this  
4 chapter, binds the corporation, and the corporation acquires rights  
5 under the contract, whether the contract is executed or is wholly or  
6 in part executory.

7 (b) This section applies to contracts and conveyances made by  
8 foreign corporations in this state and to conveyances by foreign  
9 corporations of real property situated in this state.

10 ARTICLE 2. NAME AND SERVICE OF PROCESS.

11 Sec. 10.06.105. CORPORATE NAME. (a) A corporate name shall  
12 contain the word "corporation", "company", "incorporated", or  
13 "limited", or an abbreviation of one of these words. The corporate  
14 name may not contain a word or phrase that indicates or implies that  
15 the corporation is organized for a purpose other than the purpose  
16 contained in its articles of incorporation. The corporate name may  
17 not be the same as, or deceptively similar to, the name of a domestic  
18 corporation existing under the laws of this state or a foreign corpo-  
19 ration authorized to transact business in this state, or a name that  
20 has been reserved or registered as provided in this title.

21 (b) The corporate name may not contain the word "city",  
22 "borough", or "village" or otherwise imply that the corporation is a  
23 municipality. The name of a city, borough, or village may be used in  
24 the corporate name.

25 (c) A person may not adopt a name that contains the word "cor-  
26 poration", "incorporated", or "limited", or an abbreviation of one of  
27 these words, unless the person has been issued a certificate of incor-  
28 poration, or, in the case of a foreign corporation, a certificate of  
29 authority, by the commissioner.

1           Sec. 10.06.110. RESERVATION OF CORPORATE NAME.     The exclusive  
2 right to the use of a corporate name may be reserved by

3                   (1) a person intending to organize a corporation under this  
4 chapter;

5                   (2) a domestic corporation intending to change its name;

6                   (3) a foreign corporation intending to apply for a certifi-  
7 cate of authority to transact business in this state;

8                   (4) a foreign corporation authorized to transact business  
9 in this state and intending to change its name; or

10                  (5) a person intending to organize a foreign corporation  
11 and to have it apply for a certificate of authority to transact  
12 business in this state.

13           Sec. 10.06.115. APPLICATION TO RESERVE CORPORATE NAME. Reserva-  
14 tion of a corporate name is made by filing an application with the  
15 commissioner. If the commissioner finds that the name is available  
16 for corporate use, and not a reserved or registered business name as  
17 set out in AS 10.35, the commissioner shall reserve it for the exclu-  
18 sive use of the applicant for a period of 120 days.

19           Sec. 10.06.120. TRANSFER OF RESERVED NAME.     The holder of a  
20 reserved corporate name may transfer the right to the exclusive use of  
21 the corporate name to another person by filing a notice of transfer  
22 with the commissioner, signed by the holder of the name, and specify-  
23 ing the name and address of the transferee.

24           Sec. 10.06.125. REGISTRATION OF CORPORATE NAME.     A corporation  
25 organized and existing under the laws of any state or territory of the  
26 United States may register its corporate name if the name is not the  
27 same as, or deceptively similar to, the name of a domestic corpo-  
28 ration, the name of a foreign corporation authorized to transact  
29 business in this state, or a corporate name reserved or registered

1 under this chapter or a business name reserved or registered under  
2 AS 10.35.

3 Sec. 10.06.130. USE OF SAME OR DECEPTIVELY SIMILAR NAME. Regis-  
4 tration of a corporate name gives the exclusive right to the use of  
5 the name. The person who has registered the corporate name may enjoin  
6 the use of the same or deceptively similar name and has a cause of  
7 action for damages against a person who uses the same or deceptively  
8 similar name.

9 Sec. 10.06.135. PROCEDURE FOR REGISTRATION OF CORPORATE NAME.  
10 Registration of a corporate name is made by filing with the commis-  
11 sioner

12 (1) an application for registration executed by an officer  
13 of the corporation setting out the name of the corporation, the state  
14 or territory under the laws of which it is incorporated, the date of  
15 incorporation, a statement that it is doing business, and a brief  
16 statement of its business; and

17 (2) a certificate from an official of the state or terri-  
18 tory where the corporation is organized who has custody of the records  
19 pertaining to corporations stating that the corporation is in good  
20 standing under the laws of that state or territory.

21 Sec. 10.06.140. FEE FOR AND DURATION OF REGISTERED NAME. (a)  
22 The fee for registration of a corporate name shall be established by  
23 the department by regulation subject to AS 10.06.860.

24 (b) The registration is effective until the close of the cal-  
25 endar year in which the application for registration is filed unless  
26 terminated earlier by involuntary dissolution in accordance with  
27 AS 10.06.633.

28 Sec. 10.06.145. RENEWAL OF REGISTERED NAME. A corporation that  
29 has registered its corporate name may renew the registration each year

1 by (1) filing an application for renewal each year setting out the  
2 facts required in an original application for registration; (2) filing  
3 a certificate of good standing required for an original registration;  
4 and (3) paying a fee established by the department by regulation  
5 subject to AS 10.06.860. An application for renewal shall be filed  
6 between October 1 and December 31 in each year. The renewal extends  
7 the registration for the following calendar year.

8 Sec. 10.06.150. REGISTERED OFFICE AND REGISTERED AGENT. A cor-  
9 poration shall continuously maintain in this state a registered agent  
10 and a registered office. The registered office may be the same as the  
11 place of business of the corporation. The registered agent may be  
12 either an individual resident of this state whose business office is  
13 the same as the registered office, or a domestic or foreign corpora-  
14 tion authorized to transact business in this state whose business  
15 office is the same as the registered office.

16 Sec. 10.06.155. REGISTRATION OF AGENT BY NONRESIDENT WITH CON-  
17 TROLLING INTEREST. (a) If a person who is not a resident of this  
18 state or a foreign corporation not authorized to do business in this  
19 state possesses a controlling interest in a corporation subject to the  
20 reporting requirements of this chapter, the person or corporation  
21 shall designate in writing an agent in this state upon whom service of  
22 notices and process and orders, decisions, and requirements of the  
23 department or the commissioner may be made for or on behalf of that  
24 person or corporation. The designation shall be filed in the office  
25 of the commissioner and may be amended by filing written notice in the  
26 office of the commissioner. Service of notices, process, orders,  
27 decisions, and requirements of the department or the commissioner may  
28 be made upon the person or corporation who designates an agent under  
29 this section by service upon the designated agent at the agent's

1 office or usual place of residence. Service upon a designated agent  
2 has the same effect as service made personally upon the person or  
3 corporation who designates the agent.

4 (b) A person or foreign corporation required to designate an  
5 agent under (a) of this section and the corporation subject to that  
6 controlling interest may not initiate an action in the courts of this  
7 state until the person or corporation complies with the provisions of  
8 (a) of this section. If a person or foreign corporation or corpora-  
9 tion subject to that controlling interest initiates an action in the  
10 courts of this state and the court finds that there has been noncom-  
11 pliance with (a) of this section, the court shall dismiss the action  
12 without prejudice.

13 Sec. 10.06.160. FILING LIST OF REGISTERED CORPORATIONS WITH  
14 SUPERIOR COURT; UPDATING AND PUBLISHING. The commissioner shall file  
15 a list of the names of each domestic and authorized foreign corpora-  
16 tion, and the name and address of the registered agent of the corpo-  
17 rations with the superior court of each judicial district. The com-  
18 missioner shall provide a weekly update of the list indicating addi-  
19 tions, deletions, and changes by mechanical or electronic means that  
20 can be reduced to legible written copy. Upon request, the commis-  
21 sioner shall make available a copy of the list and weekly updates for  
22 a fee established by the department by regulation. The commissioner  
23 shall publish an updated compilation of the entire list at least once  
24 each year.

25 Sec. 10.06.165. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A  
26 corporation may change its registered office, agent, or both, by  
27 filing with the department a verified statement signed by the presi-  
28 dent or vice-president including

29 (1) the name of the corporation;

- 1                   (2) the address of its registered office;  
2                   (3) the address of its new registered office if the regis-  
3                   tered office is to be changed;  
4                   (4) the name of its registered agent;  
5                   (5) the name of its new registered agent, if the registered  
6                   agent is to be changed; and  
7                   (6) a statement that the change is authorized by resolution  
8                   of its board of directors.

9                   (b) If the commissioner finds that the verified statement com-  
10                   plies with this chapter, the commissioner shall file it in the commis-  
11                   sioner's office. The change becomes effective when the statement is  
12                   filed.

13                   Sec. 10.06.170. CHANGE OR RESIGNATION OF REGISTERED AGENT. (a)  
14                   A registered agent of a domestic or foreign corporation may change the  
15                   location of the agent's office from one address to another in this  
16                   state. The agent may change the registered office for each corpo-  
17                   ration for which the person is acting as registered agent by filing in  
18                   the office of the commissioner a statement setting out (1) the name of  
19                   the agent; (2) the address of the agent's office before change; (3)  
20                   the address to which the office is changed; and (4) a list of corpo-  
21                   rations for which the person is the registered agent. The statement  
22                   shall be executed by the registered agent in the individual name of  
23                   the agent or, if the agent is a corporation, it shall be executed and  
24                   verified by its president or a vice-president. The statement shall be  
25                   delivered to the commissioner and if the commissioner finds that the  
26                   statement complies with this chapter, the commissioner shall file it  
27                   in the commissioner's office. The change becomes effective when the  
28                   statement is filed.

29                   (b) A registered agent may resign by filing a written notice,

1 executed in duplicate, with the commissioner. The written notice of  
2 resignation shall set out the latest address of the principal office  
3 of the corporation and the names, addresses, and titles of the most  
4 recent officers of the corporation known by the agent. The commis-  
5 sioner shall immediately mail a copy of the notice to the corporation  
6 at its principal office. The resignation becomes effective 30 days  
7 after the filing of the written notice, unless the corporation sooner  
8 appoints a successor registered agent, as provided in AS 10.06.165.

9 Sec. 10.06.175. SERVICE OF PROCESS ON CORPORATION. (a) The  
10 registered agent of a corporation is an agent upon whom process,  
11 notice, or demand required or permitted by law to be served upon the  
12 corporation may be served.

13 (b) If a corporation fails to appoint or maintain a registered  
14 agent in this state, or if its registered agent cannot, with reason-  
15 able diligence, be found at the registered office, the commissioner is  
16 an agent of the corporation upon whom the process, notice, or demand  
17 may be served. A person may serve the commissioner under this sub-  
18 section by

19 (1) serving on the commissioner or the designee of the  
20 commissioner a copy of the process, notice, or demand, with any papers  
21 required by law to be delivered in connection with the service, and a  
22 fee established by the department by regulation subject to AS 10.06.-  
23 860;

24 (2) sending to the corporation being served by certified  
25 mail a notice that service has been made on the commissioner under  
26 this subsection and a copy of the process, notice, or demand and  
27 accompanying papers; notice to the corporation shall be sent to

28 (A) the address of the last registered office of the  
29 corporation as shown by the records on file in the office of the

1 commissioner; and

2 (B) the address, the use of which the person initiat-  
3 ing the proceedings knows or, on the basis of reasonable inquiry,  
4 has reason to believe is most likely to result in actual notice;  
5 and

6 (3) filing with the appropriate court or other body, as  
7 part of the return of service, the return receipt of mailing and an  
8 affidavit of the person initiating the proceedings that this section  
9 has been complied with.

10 (c) The commissioner shall keep a record of processes, notices,  
11 and demands served upon the commissioner under this section.

12 (d) This section does not affect the right to serve process,  
13 notice, or demand required or permitted by law to be served upon a  
14 corporation in any other manner permitted.

15 ARTICLE 3. FORMATION OF CORPORATIONS.

16 Sec. 10.06.205. INCORPORATORS. One or more natural persons at  
17 least 18 years of age may act as incorporators of a corporation by  
18 signing, verifying, and delivering in duplicate to the commissioner  
19 articles of incorporation for the corporation.

20 Sec. 10.06.208. ARTICLES OF INCORPORATION. The articles of  
21 incorporation shall set out

22 (1) the name of the corporation;

23 (2) the purpose or purposes for which the corporation is  
24 organized that may be stated to be, or to include, the transaction of  
25 any or all lawful business for which corporations may be incorporated  
26 under this chapter;

27 (3) the address of its initial registered office if incor-  
28 poration is after March 29, 1957, and the name of its initial regis-  
29 tered agent at that address;

1 (4) the name and address of each alien affiliate or a  
2 statement that there are no alien affiliates;

3 (5) if the corporation is authorized to issue only one  
4 class of shares, the total number of shares that the corporation is  
5 authorized to issue;

6 (6) if the corporation is authorized to issue more than one  
7 class of shares, or if a class of shares is to have two or more  
8 series,

9 (A) the total number of shares of each class the  
10 corporation is authorized to issue, and the total number of  
11 shares of each series that the corporation is authorized to issue  
12 or of which the board is authorized to fix the number of shares;

13 (B) the designation of each class, and the designation  
14 of each series or that the board may determine the designation of  
15 any series;

16 (C) the rights, preferences, privileges, and restric-  
17 tions granted to or imposed on the respective classes or series  
18 of shares or the holders of the shares, or that the board, within  
19 any limits and restrictions stated, may determine or alter the  
20 rights, preferences, privileges, and restrictions granted to or  
21 imposed on a wholly unissued class of shares or a wholly unissued  
22 series of any class of shares; and

23 (D) if the number of shares of a series is authorized  
24 to be fixed by the board, the articles of incorporation may also  
25 authorize the board, within the limits and restrictions stated in  
26 the articles or stated in a resolution of the board originally  
27 fixing the number of shares constituting a series, to increase or  
28 decrease, but not below the number of shares of the series then  
29 outstanding, the number of shares of a series after the issue of

1 shares of that series; if the number of shares of a series are  
2 decreased, the shares constituting the decrease shall resume the  
3 status they had before the adoption of the resolution originally  
4 fixing the number of shares of the series.

5 Sec. 10.06.210. ARTICLES OF INCORPORATION: OPTIONAL PROVISIONS.

6 The articles of incorporation may set out

7 (1) any of the following provisions, that are not effective  
8 unless expressly provided in the articles:

9 (A) a provision granting, with or without limitations,  
10 the power to levy assessments upon the shares or class of shares;

11 (B) a provision removing from shareholders preemptive  
12 rights to subscribe to any or all issues of shares or securities;

13 (C) special qualifications of persons who may be  
14 shareholders;

15 (D) a provision limiting the duration of the corpora-  
16 tion's existence to a specified date;

17 (E) a provision restricting or eliminating the power  
18 of the board or of the outstanding shares to adopt, amend, or  
19 repeal provisions of the bylaws as provided in AS 10.06.228;

20 (F) a provision requiring, for any corporate action  
21 except as provided in AS 10.06.460 and AS 10.06.605, the vote of  
22 a larger proportion or of all of the shares of a class or series,  
23 or the vote or quorum for taking action of a larger proportion or  
24 of all of the directors, than is otherwise required by this  
25 chapter;

26 (G) a provision limiting or restricting the business  
27 in which the corporation may engage or the powers that the cor-  
28 poration may exercise or both;

29 (H) a provision conferring upon the holder of an

1 evidence of indebtedness, issued or to be issued by the corpo-  
2 ration, the right to vote in the election of directors and on any  
3 other matters on which shareholders may vote;

4 (I) a provision conferring on shareholders the right  
5 to determine the consideration for which shares shall be issued;

6 (J) a provision requiring the approval of the share-  
7 holders or the approval of the outstanding shares for a corporate  
8 action, even though not otherwise required by this chapter;

9 (K) a provision that one or more classes or series of  
10 shares are redeemable as provided in AS 10.06.325;

11 (L) a provision, in the case of a corporation with  
12 less than 100 holders of record of its shares as determined in  
13 AS 10.06.408, waiving the requirements of AS 10.06.433(a);

14 (M) a provision that confers or imposes the powers,  
15 duties, privileges, and liabilities of directors upon delegates  
16 under AS 10.06.450;

17 (2) reasonable restrictions upon the right to transfer or  
18 hypothecate shares of a class or series, but a restriction is not  
19 binding on shares issued before the adoption of the restriction unless  
20 the holders of those shares voted in favor of the restriction;

21 (3) the names and addresses of the persons appointed to act  
22 as initial directors;

23 (4) any other provision not in conflict with this chapter  
24 for the management of the business and for the conduct of the affairs  
25 of the corporation, including any provision that is required or per-  
26 mitted by this chapter to be stated in the bylaws.

27 Sec. 10.06.213. FILING OF ARTICLES OF INCORPORATION. Duplicate  
28 originals of the articles of incorporation shall be delivered to the  
29 commissioner for processing in accordance with AS 10.06.910 and for

1 issuance of a certificate of incorporation.

2 Sec. 10.06.215. DISCLOSURE OF CORPORATE PURPOSES. An incorpo-  
3 rator presenting articles of incorporation under AS 10.06.213 shall  
4 deliver, with the articles, a separate statement of the codes, from  
5 the identification codes established under AS 10.06.873, which most  
6 closely describe the activities in which the corporation will ini-  
7 tially engage.

8 Sec. 10.06.218. EFFECT OF ISSUANCE OF CERTIFICATE OF INCORPORA-  
9 TION. The corporate existence begins on the issuance of the certifi-  
10 cate of incorporation. That certificate is conclusive evidence that  
11 all precedent conditions required to be performed by the incorporators  
12 have been satisfied and that the corporation has been incorporated.  
13 Issuance does not affect the right of the state to bring a proceeding  
14 to cancel or revoke the certificate or for involuntary dissolution of  
15 the corporation. The doctrines of de jure compliance, de facto corpo-  
16 rations, and corporations by estoppel are abolished.

17 Sec. 10.06.220. ASSUMPTION OF PURPORTED POWERS OF NONEXISTENT  
18 CORPORATION: LIABILITY. (a) Except as provided in (b) of this sec-  
19 tion persons who assume to act as a corporation for which there has  
20 been no issuance of a certificate of incorporation (AS 10.06.218) are  
21 jointly and severally liable for debts and liabilities incurred or  
22 arising as a result of that action.

23 (b) The terms of a written contract between a third party and  
24 persons acting on behalf of a corporation for which there has been no  
25 issuance of a certificate of incorporation may modify or preclude the  
26 liability created by this section.

27 (c) An oral promise, agreement or understanding is not effective  
28 to modify or preclude the liability created in (a) of this section.

29 Sec. 10.06.223. ORGANIZATION MEETING. After the commencement of

1 corporate existence by the issuance of a certificate of incorporation,  
2 an organization meeting of either the incorporators or the board of  
3 directors named in the articles of incorporation shall be held, either  
4 inside or outside the state, at the call of a majority of the incorpo-  
5 rators or directors named in the articles of incorporation, for the  
6 purpose of adopting bylaws, electing directors if none have been named  
7 in the articles, electing officers, and transacting such other busi-  
8 ness as may come before the meeting. Those calling the meeting shall  
9 give at least 20 days notice of the meeting by mail to each incorpora-  
10 tor or director named. The notice shall state the time and place of  
11 the meeting.

12 Sec. 10.06.225. POWER OF INCORPORATORS BEFORE DIRECTORS' ELEC-  
13 TION. If initial directors have not been named in the articles of  
14 incorporation, the incorporator or incorporators may do whatever is  
15 necessary and proper to perfect the organization of the corporation  
16 until the directors are elected, including the adoption and amendment  
17 of bylaws of the corporation and the election of directors.

18 Sec. 10.06.228. BYLAWS: ADOPTION, AMENDMENT OR REPEAL. Bylaws  
19 may be adopted, amended, or repealed either by approval of the out-  
20 standing shares or by approval of the board, except as provided in  
21 AS 10.06.230. The articles of incorporation may restrict or eliminate  
22 the power of either the board or the outstanding shares to adopt,  
23 amend, or repeal bylaws.

24 Sec. 10.06.230. BYLAWS: NUMBER OF DIRECTORS AND OTHER CONTENT.  
25 (a) Unless a provision is contained in the articles, the bylaws shall  
26 state the number of directors of the corporation or state that the  
27 number of directors may not be less than a stated number or more than  
28 a stated number, with the exact number of the directors to be fixed,  
29 within the limits specified, by approval of the board or the

1 shareholders in the manner provided in the bylaws. The stated maximum  
2 number of directors may not be greater than two times the stated  
3 minimum number minus one and the number of minimum number of directors  
4 may not be less than three. If the articles provide for the number of  
5 directors, the number of directors may only be changed by an amendment  
6 to the articles.

7 (b) Notwithstanding (a) of this section the number of directors  
8 may be

9 (1) one or two before shares are issued or so long as the  
10 corporation has only one shareholder; and

11 (2) two so long as the corporation has only two share-  
12 holders.

13 (c) After the issuance of shares, a bylaw specifying or changing  
14 a fixed number of directors, or the maximum or minimum number of  
15 directors or changing from a fixed to a variable board or vice versa,  
16 shall be adopted by approval of the outstanding shares.

17 (d) Notwithstanding (c) of this section, a bylaw or amendment of  
18 the articles of incorporation reducing the fixed or minimum number of  
19 directors to a number less than five may not be adopted if the number  
20 of votes cast against its adoption at a meeting are more than 16-2/3  
21 percent of the outstanding shares entitled to vote.

22 (e) The bylaws may contain any provision, not in conflict with  
23 law or the articles or incorporation, for the management of the busi-  
24 ness of the corporation and for the conduct of the affairs of the  
25 corporation, including but not limited to,

26 (1) a provision referred to in AS 10.06.210(2), (3), or  
27 (4);

28 (2) the time, place, and manner of calling, conducting and  
29 giving notice of meetings of shareholders, directors, and committees;

1 (3) the manner of execution, revocation, and use of  
2 proxies;

3 (4) the qualifications, duties, and compensation of direc-  
4 tors; the time of their annual election; and the requirements of a  
5 quorum for directors' and committee meetings;

6 (5) the appointment and authority of committees of the  
7 board;

8 (6) the appointment, duties, compensation, and tenure of  
9 officers;

10 (7) the mode of determination of holders of record of the  
11 shares of the corporation;

12 (8) the making of annual reports and financial statements  
13 to the shareholders.

14 Sec. 10.06.233. BYLAWS TO BE KEPT AT OFFICE; INSPECTION BY  
15 SHAREHOLDERS. Each corporation shall keep at its principal executive  
16 office in this state or, if its principal executive office is not in  
17 this state, at its principal business office in this state, the ori-  
18 ginal or a copy of its bylaws with amendments to date, that shall be  
19 open to inspection by the shareholders at all reasonable times during  
20 office hours. If the principal executive office of the corporation is  
21 outside this state and the corporation has no principal business  
22 office in this state, it shall upon the written request of a share-  
23 holder furnish to a shareholder a copy of the bylaws with amendments  
24 to date.

25 ARTICLE 4. CORPORATE FINANCE.

26 Sec. 10.06.305. CREATION, CLASSES, AND ISSUANCE OF SHARES. (a)  
27 Subject to the provisions of this chapter, a corporation may issue one  
28 or more classes or series of shares or both, with full, limited, or no  
29 voting rights and with other rights, preferences, privileges, and

1 restrictions as are stated or authorized in its articles of incorpora-  
2 tion. A denial or limitation of voting rights is not effective unless  
3 at the time one or more classes or series of outstanding shares or  
4 debt securities, singly or in the aggregate, are entitled to full  
5 voting rights. A denial or limitation of dividend or liquidation  
6 rights is not effective unless at the time one or more classes or  
7 series of outstanding shares, singly or in the aggregate, are entitled  
8 to unlimited dividend or liquidation rights.

9 (b) All shares of a class shall have the same voting, conver-  
10 sion, and redemption rights and other rights, preferences, privileges,  
11 and restrictions, unless the class is divided into series. If a class  
12 is divided into series, all the shares of a series shall have the same  
13 voting, conversion, and redemption rights and other rights, prefer-  
14 ences, privileges, and restrictions.

15 Sec. 10.06.308. ISSUANCE OF PREFERRED OR SPECIAL CLASSES OF  
16 SHARES. If authorized by the articles of incorporation, a corporation  
17 may issue preferred or special classes of shares

18 (1) subject to the right of the corporation to redeem any  
19 of the shares at the price fixed by the articles for redemption;

20 (2) entitling the holders to cumulative, noncumulative, or  
21 partially cumulative dividends;

22 (3) having preferences over another class or classes of  
23 shares for the payment of dividends;

24 (4) having preference in the assets of the corporation over  
25 another class of shares upon the voluntary or involuntary liquidation  
26 of the corporation;

27 (5) convertible into shares of another class or into shares  
28 of a series of the same or another class, except a class having prior  
29 or superior rights and preferences as to dividends or distribution of

1 assets upon liquidation.

2 Sec. 10.06.310. ISSUANCE OF SHARES IN SERIES. If authorized by  
3 the articles of incorporation, the shares of a preferred or special  
4 class may be divided into and issued in series. Each series shall be  
5 designated to distinguish the shares of the series from the shares of  
6 other series and classes.

7 Sec. 10.06.313. VARIATION IN RIGHTS AND PREFERENCES OF SHARES.

8 Any or all of the rights and preferences of a series of a preferred or  
9 special class of shares and the variations in the relative rights and  
10 preferences between different series may be fixed and determined by  
11 the articles of incorporation, but shares of the same class shall be  
12 identical except for the following relative rights and preferences as  
13 to which there may be variations between series:

14 (1) the rate of dividend;

15 (2) the price and the terms and conditions on which shares  
16 may be redeemed;

17 (3) the amount payable upon shares in the event of involun-  
18 tary liquidation;

19 (4) the amount payable upon shares in the event of volun-  
20 tary liquidation;

21 (5) sinking fund provisions for the redemption or purchase  
22 of shares;

23 (6) the terms and conditions on which shares may be con-  
24 verted, if the shares of a series are issued with the privilege of  
25 conversion;

26 (7) voting rights, if any.

27 Sec. 10.06.315. SERIES RIGHTS AND PREFERENCES ESTABLISHED BY  
28 BOARD. If the articles of incorporation expressly vest authority in  
29 the board, then, to the extent that the articles have not established

1 series and fixed and determined the variations in the relative rights  
2 and preferences between series, the board may divide a class into  
3 series and, within the limitations set out in AS 10.06.305 - 10.06.323  
4 and in the articles, fix and determine the relative rights and pref-  
5 erences of the shares of a series.

6 Sec. 10.06.318. MANNER OF ESTABLISHING SERIES. If the authority  
7 to establish a series is contained in the articles of incorporation,  
8 the board shall adopt a resolution setting out the designation of the  
9 series and fixing and determining the relative rights and preferences  
10 of the series to the extent not fixed and determined by the articles.

11 Sec. 10.06.320. FILING OF STATEMENT BEFORE ISSUANCE OF SERIES.

12 (a) Before the issuance of shares of a class the rights, preferences,  
13 privileges, and restrictions of which have been fixed by resolution of  
14 the board, or before the issuance of shares of a series established by  
15 resolution of the board, the corporation shall file with the commis-  
16 sioner a statement in duplicate signed by the president or vice-presi-  
17 dent and the secretary or assistant secretary, verified by one of the  
18 officers signing the statement, and setting out:

19 (1) the name of the corporation;

20 (2) a copy of the resolution determining the rights, pref-  
21 erences, privileges, and restrictions of the wholly unissued class, or  
22 of the resolution establishing and designating a series, and fixing  
23 and determining the relative rights and preferences of the series;

24 (3) the date of the adoption of the resolution;

25 (4) that the resolution was adopted by the board.

26 (b) The commissioner shall process the statement in accordance  
27 with AS 10.06.910.

28 Sec. 10.06.323. EFFECT OF FILING STATEMENT. When the commis-  
29 sioner has filed the statement under AS 10.06.320, the resolution

1 fixing the rights, preferences, privileges, and restrictions of a  
2 wholly unissued class of shares or the resolution establishing and  
3 designating a series of shares and fixing and determining the relative  
4 rights and preferences of the series becomes effective and constitutes  
5 an amendment of the articles of incorporation.

6 Sec. 10.06.325. REDEMPTION OF SHARES; CREATION OF SINKING FUND;  
7 REPURCHASE AGREEMENTS. (a) Except as provided in (b) of this sec-  
8 tion, a corporation may provide in its articles of incorporation for  
9 one or more classes or series of shares which are redeemable, in whole  
10 or in part, at the option of the corporation, at the price or prices,  
11 within the time or upon the happening of one or more specified events  
12 and upon the terms and conditions as are stated in its articles.

13 (b) A corporation may not issue redeemable or other shares that  
14 purport by their terms to grant to a holder of the shares the right to  
15 compel the corporation to redeem the shares, except that an open-end  
16 investment company registered under the United States Investment  
17 Company Act of 1940 may, if its articles of incorporation so provide,  
18 issue shares that are redeemable at the option of the holder at a  
19 price approximately equal to the shares' proportionate interest in the  
20 net assets of the corporation and a shareholder may compel redemption  
21 of the shares in accordance with their terms.

22 (c) Nothing in this section prevents a corporation from creating  
23 a sinking fund or similar provision or entering into an agreement for  
24 the redemption or purchase of its shares to the extent permitted by  
25 this chapter.

26 Sec. 10.06.328. IRREVOCABILITY OF SUBSCRIPTIONS FOR SHARES. A  
27 subscription for shares of a corporation to be organized is irre-  
28 vocable for a period of six months, unless the subscription agreement  
29 provides otherwise or unless all of the subscribers consent to the

1 revocation of the subscription.

2 Sec. 10.06.330. PAYMENT OF SUBSCRIPTION FOR SHARES. Unless  
3 otherwise provided in the subscription agreement, subscriptions for  
4 shares, whether made before or after the organization of a corpora-  
5 tion, shall be paid in full at the time or in installments as deter-  
6 mined by the board. A call made by the board for payment on sub-  
7 scriptions shall be uniform for shares of the same class or shares of  
8 the same series.

9 Sec. 10.06.333. FORFEITURE OF SHARES FOR DEFAULT IN PAYMENT. In  
10 case of default in the payment of an installment or call when payment  
11 is due, the corporation may proceed to collect the amount due as any  
12 debt due the corporation. The bylaws may prescribe other remedies for  
13 failure to pay installments or calls that become due. No remedy  
14 working a forfeiture of a subscription, or of the amounts paid on a  
15 subscription, may be declared against a subscriber unless the amount  
16 due remains unpaid for a period of 20 days after written demand has  
17 been made. If mailed, written demand is considered to be made when it  
18 is deposited in the United States mail in a sealed envelope addressed  
19 to the subscriber at the last post office address known to the corpo-  
20 ration, with postage prepaid. On a sale of shares by reason of for-  
21 feiture, the excess of proceeds realized over the amount due and  
22 unpaid on the shares shall be paid to the delinquent subscriber or to  
23 the legal representative of the subscriber.

24 Sec. 10.06.335. CONSIDERATION FOR SHARES. Shares may be issued  
25 for consideration expressed in dollars fixed by the board unless the  
26 articles of incorporation reserve to the shareholders the right to fix  
27 the consideration. If this right is reserved as to any shares, the  
28 shareholders shall, before the issuance of the shares, fix the con-  
29 sideration to be received for the shares by approval of the

1 outstanding shares.

2           Sec. 10.06.338. PAYMENT FOR SHARES. (a) Consideration for the  
3 issuance of shares may be paid, in whole or in part, in money, in  
4 other property, tangible or intangible, or in labor or services  
5 actually performed for the corporation. Unless otherwise provided in  
6 the articles of incorporation, when payment of the consideration for  
7 shares is received by the corporation, the shares are considered fully  
8 paid and nonassessable.

9           (b) A promissory note or future service does not constitute  
10 payment or part payment for shares of a corporation.

11           Sec. 10.06.340. JUDGMENT OF BOARD OR SHAREHOLDERS AS TO VALUE OF  
12 CONSIDERATION CONCLUSIVE. In the absence of fraud in the transaction,  
13 the judgment of the board or the shareholders as to the value of the  
14 consideration received for shares is conclusive.

15           Sec. 10.06.343. STOCK RIGHTS AND OPTIONS. Subject to a provi-  
16 sion in its articles, a corporation may create and issue, whether or  
17 not in connection with the issuance and sale of any of its shares or  
18 other securities, rights or options entitling the holders of the  
19 shares to purchase from the corporation shares of any class or  
20 classes. These rights or options shall be evidenced in the manner the  
21 board approves and, subject to the provisions of the articles, shall  
22 set out the terms upon which, the time within which, and the price at  
23 which the shares may be purchased from the corporation upon the exer-  
24 cise of the right or option. If the rights or options are to be  
25 issued to directors, officers, or employees of the corporation or of a  
26 subsidiary of the corporation and not to the shareholders generally,  
27 their issuance shall be authorized by the approval of the outstanding  
28 shares or shall be consistent with a plan so approved or ratified. In  
29 the absence of fraud in the transaction, the judgment of the board as

1 to the adequacy of the consideration received for the rights or  
2 options is conclusive.

3 Sec. 10.06.345. EXPENSES OF ORGANIZATION, REORGANIZATION, AND  
4 FINANCING. The reasonable charges and expenses of organization or  
5 reorganization of a corporation, and the reasonable expenses of and  
6 compensation for the sale or underwriting of its shares, may be paid  
7 or allowed by the corporation out of the consideration received by the  
8 corporation in payment for its shares without rendering the shares not  
9 fully paid or assessable.

10 Sec. 10.06.348. CERTIFICATES REPRESENTING SHARES. The shares of  
11 a corporation shall be represented by certificates signed by the  
12 president or vice-president and the secretary or an assistant secre-  
13 tary of the corporation, and may be sealed with the seal of the corpo-  
14 ration or a facsimile of the seal. The signatures of the president or  
15 vice-president and the secretary or assistant secretary upon a certif-  
16 icate may be facsimiles if the certificate is countersigned by a  
17 transfer agent or registered by a registrar, other than the corpora-  
18 tion itself or an employee of the corporation. If an officer who has  
19 signed or whose facsimile signature has been placed on the certificate  
20 ceases to be an officer before the certificate is issued, the certifi-  
21 cate may be issued by the corporation with the same effect as if the  
22 officer were an officer at the date of its issue.

23 Sec. 10.06.350. INFORMATION REQUIRED TO BE STATED ON CERTIFI-  
24 CATE. (a) Each certificate representing shares issued by a corpo-  
25 ration authorized to issue shares of more than one class shall set out  
26 on the face or back of the certificate, or state that the corporation  
27 will furnish to a shareholder upon request and without charge, a full  
28 or summary statement of the designations, preferences, limitations,  
29 and relative rights of the shares of each class authorized to be

1 issued and, if the corporation is authorized to issue preferred or  
2 special class in series, the variations in the relative rights and  
3 preferences between the shares of each series so far as they have been  
4 fixed and determined and the authority of the board to fix and deter-  
5 mine the relative rights and preferences of subsequent series.

6 (b) Each certificate representing shares shall state upon its  
7 face

8 (1) that the corporation is organized under the laws of the  
9 state;

10 (2) the name of the person to whom issued;

11 (3) the number and class of shares, and the designation of  
12 the series, if any, that the certificate represents.

13 Sec. 10.06.353. FULL PAYMENT REQUIRED FOR CERTIFICATE. A cer-  
14 tificate may not be issued for a share until the share is fully paid.

15 Sec. 10.06.355. ISSUANCE OF FRACTIONAL SHARES OR SCRIP. (a) A  
16 corporation may issue a certificate for a fractional share, and, by  
17 action of its board, may issue, instead of a fractional certificate,  
18 scrip in registered or bearer form that entitles the holder to receive  
19 a certificate for a full share upon the surrender of the scrip aggre-  
20 gating a full share.

21 (b) A certificate for a fractional share entitles the holder to  
22 exercise voting rights, to receive dividends, and to participate in  
23 the assets of the corporation in the event of liquidation. Unless  
24 otherwise provided in the scrip, scrip does not entitle the holder to  
25 exercise voting rights, to receive dividends, or to participate in the  
26 assets of the corporation in the event of liquidation.

27 (c) The board may issue scrip subject to the condition that it  
28 is void if not exchanged for certificates representing full shares  
29 before a specified date, or subject to the condition that the shares

1 for which the scrip is exchangeable may be sold by the corporation and  
2 the proceeds distributed to the holders of that scrip, or subject to  
3 other conditions which the board considers advisable.

4 Sec. 10.06.358. DISTRIBUTIONS; CONDITIONS. (a) A corporation  
5 or a subsidiary of the corporation may not make a distribution to the  
6 corporation's shareholders, AS 10.06.990(17), unless

7 (1) the amount of the retained earnings of the corporation  
8 immediately before the distribution equals or exceeds the amount of  
9 the proposed distribution; or

10 (2) immediately after giving effect to the distribution

11 (A) the sum of the assets of the corporation, exclu-  
12 sive of goodwill, capitalized research and development expenses,  
13 evidences of debts owing from directors or officers or secured by  
14 the corporation's own shares, and deferred charges, would be at  
15 least equal to one and one-fourth times its liabilities, not  
16 including deferred taxes, deferred income, and other deferred  
17 credits; and

18 (B) the current assets of the corporation would be at  
19 least equal to its current liabilities or, if the average of the  
20 earnings of the corporation before taxes on income and before  
21 interest expense for the two preceding fiscal years was less than  
22 the average of the interest expense of the corporation for those  
23 fiscal years, at least equal to one and one-fourth its current  
24 liabilities.

25 (b) For purposes of this section,

26 (1) in determining the amount of the assets of the corpora-  
27 tion, profits derived from an exchange of assets may not be included  
28 unless the assets received are currently realizable in cash;

29 (2) "current assets" may include net amounts that the board

1 has determined in good faith may reasonably be expected to be received  
2 from customers during the 12-month period used in calculating current  
3 liabilities under existing contractual relationships obligating the  
4 customers to make fixed or periodic payments during the term of the  
5 contracts after in each case giving effect to future costs not then  
6 included in current liabilities but reasonably expected to be incurred  
7 by the corporation in performing the contracts.

8 (c) For the purposes of this chapter, the amount of a distribu-  
9 tion payable in property shall be determined on the basis of the value  
10 at which the property is carried on the corporation's financial state-  
11 ments in accordance with generally accepted accounting principles.

12 (d) Subparagraph (a)(2)(B) of this section only applies to a  
13 corporation that classifies its assets as current assets and fixed  
14 assets under generally accepted accounting principles.

15 Sec. 10.06.360. PROHIBITED DISTRIBUTION; INABILITY TO MEET  
16 MATURING DEBTS AND LIABILITIES. A corporation or subsidiary of a  
17 corporation may not make a distribution to the corporation's share-  
18 holders if the corporation or the subsidiary making the distribution  
19 is, or as a result of the distribution would be, likely to be unable  
20 to meet its liabilities as they mature.

21 Sec. 10.06.363. PROHIBITED DISTRIBUTION OF JUNIOR SHARES;  
22 LIQUIDATION PREFERENCE. A corporation or subsidiary of a corporation  
23 may not make a distribution to the corporation's shareholders on any  
24 shares of its stock of a class or series that are junior to outstand-  
25 ing shares of another class or series with respect to distribution of  
26 assets on liquidation if, after giving effect to the distribution, the  
27 excess of its assets, exclusive of goodwill, capitalized research and  
28 development expenses, evidences of debts owing from directors or  
29 officers or secured by the corporation's own shares, and deferred

1 charges, over its liabilities, not including deferred taxes, deferred  
2 income and other deferred credits, would be less than the liquidation  
3 preference of all shares having a preference on liquidation over the  
4 class or series to which the distribution is made.

5 Sec. 10.06.365. PROHIBITED DISTRIBUTION TO JUNIOR SHARES; RATIO  
6 OF RETAINED EARNINGS. A corporation or a subsidiary of a corporation  
7 may not make a distribution to the corporation's shareholders on any  
8 shares of its stock of a class or series that are junior to outstand-  
9 ing shares of another class or series with respect to payment of  
10 dividends unless the amount of the retained earnings of the corpora-  
11 tion immediately before the distribution equals or exceeds the amount  
12 of the proposed distribution plus the aggregate amount of the cumula-  
13 tive dividends in arrears on all shares having a preference with  
14 respect to payment of dividends over the class or series to which the  
15 distribution is made.

16 Sec. 10.06.368. EXCEPTION FOR PURCHASE OR REDEMPTION OF SHARES  
17 OF DECEASED SHAREHOLDER. The provisions of AS 10.06.358, 10.06.360,  
18 10.06.363, and 10.06.365 do not apply to a purchase or redemption of  
19 shares of a deceased shareholder from the proceeds of insurance on the  
20 life of the shareholder in excess of the total amount of all premiums  
21 paid by the corporation for the insurance, in order to carry out the  
22 provisions of an agreement between the corporation and the shareholder  
23 to purchase or redeem the shares upon the death of the shareholder.

24 Sec. 10.06.370. INAPPLICABILITY TO REGULATED INVESTMENT COMPANY.  
25 The provisions of AS 10.06.358 do not apply to a dividend declared by  
26 a regulated investment company, as defined in the United States  
27 Internal Revenue Code, to the extent that the dividend is necessary to  
28 maintain the status of the corporation as a regulated investment  
29 company under the provisions of that code. The provisions of this

1 chapter do not apply to a purchase or redemption of shares redeemable  
2 at the option of the holder by a registered open-end investment com-  
3 pany under the United States Investment Company Act of 1940, so long  
4 as the right of redemption remains unsuspended under the provisions of  
5 that statute and the articles and bylaws of the corporation.

6 Sec. 10.06.373. SHARE DIVIDENDS: RESTRICTIONS. A dividend  
7 payable in shares of a class may not be paid to the holders of shares  
8 of another class unless authorized by the articles of incorporation or  
9 unless payment is authorized by the affirmative vote or the written  
10 consent of the holders of at least a majority of the outstanding  
11 shares of the class in which the payment is to be made.

12 Sec. 10.06.375. ADDITIONAL RESTRICTIONS IN ARTICLES, BYLAWS,  
13 INDENTURES OR AGREEMENTS. Nothing in this chapter prohibits addi-  
14 tional restrictions upon the declaration of dividends or the purchase  
15 or redemption of a corporation's own shares by provision in the arti-  
16 cles or bylaws of the corporation or in any indenture or other agree-  
17 ment entered into by the corporation.

18 Sec. 10.06.378. LIABILITY OF SHAREHOLDERS RECEIVING PROHIBITED  
19 DISTRIBUTIONS; SUIT AGAINST SHAREHOLDERS. (a) A shareholder who  
20 receives a distribution prohibited by this chapter with knowledge of  
21 facts indicating the impropriety of the distribution is liable to the  
22 corporation for the benefit of all of the creditors or shareholders  
23 entitled to institute an action under (b) of this section for the  
24 amount received by the shareholder with interest at the legal rate on  
25 judgments until paid. The liability of the shareholder under this  
26 subsection may not exceed the liabilities of the corporation owed to  
27 nonconsenting creditors at the time of the violation and the injury  
28 suffered by nonconsenting shareholders.

29 (b) Suit may be brought in the name of the corporation to

1 enforce the liability

2 (1) to creditors arising under (a) of this section for a  
3 violation of AS 10.06.358 or AS 10.06.360 against any or all share-  
4 holders liable by any one or more creditors of the corporation whose  
5 debts or claims arose before the time of the distribution to share-  
6 holders and who have not consented to the distribution, whether or not  
7 they have reduced their claims to judgment; or

8 (2) to shareholders arising under (a) of this section for a  
9 violation of AS 10.06.363 or AS 10.06.365 against any or all share-  
10 holders liable by any one or more holders of preferred shares out-  
11 standing at the time of the distribution who have not consented to the  
12 distribution, without regard to the provisions of AS 10.06.435.

13 (c) A shareholder sued under this section may implead all other  
14 shareholders liable under this section and may compel contribution,  
15 either in that action or in an independent action against shareholders  
16 not joined in that action.

17 (d) This section does not affect the liability that a share-  
18 holder may have under other applicable law.

19 Sec. 10.06.380. IDENTIFICATION OF DISTRIBUTION IN NOTICE TO  
20 SHAREHOLDERS. A distribution other than one chargeable to retained  
21 earnings shall be identified in a notice to shareholders as being made  
22 from a source other than retained earnings, and shall include a state-  
23 ment of the accounting treatment of the distribution. The notice  
24 shall accompany the distribution or shall be given within three months  
25 after the end of the fiscal year in which the distribution is paid.

26 Sec. 10.06.383. INAPPLICABILITY TO WINDING UP AND INVOLUNTARY OR  
27 VOLUNTARY DISSOLUTION. AS 10.06.305 - 10.06.390 do not apply in a  
28 proceeding for winding up and dissolution under AS 10.06.605 - 10.06.-  
29 678.

1           Sec. 10.06.385. REDEMPTION OF SHARES AT THE OPTION OF CORPORA-  
2           TION; MANNER. (a) A corporation may redeem any or all shares that  
3           are redeemable at its option by

4                     (1) giving notice of redemption; and

5                     (2) payment or deposit of the redemption price of the  
6           shares as provided in its articles of incorporation or deposit of the  
7           redemption price in accordance with (d) of this section.

8           (b) Subject to any provisions in its articles of incorporation  
9           with respect to the notice required for redemption of shares, the  
10          corporation may give notice of the redemption of any or all shares  
11          subject to redemption by publishing a notice of redemption in a news-  
12          paper of general circulation in the judicial district in which the  
13          principal executive office of the corporation is located at least once  
14          a week for two successive weeks, beginning not earlier than 60 nor  
15          later than 20 days before the date fixed for redemption. The notice  
16          of redemption shall set out the following:

17                    (1) the class or series of shares or part of any class or  
18                    series of shares to be redeemed;

19                    (2) the date fixed for redemption;

20                    (3) the redemption price; and

21                    (4) the place at which the shareholders may obtain payment  
22                    of the redemption price upon surrender of their share certificates.

23           (c) If the corporation gives notice of redemption under (b) of  
24           this section, it shall also mail a copy of the notice of redemption to  
25           each holder of record of shares to be redeemed as of the date of  
26           mailing or record date fixed in accordance with AS 10.06.408, ad-  
27           dressed to the holder at the address of the holder appearing on the  
28           books of the corporation or given by the holder to the corporation for  
29           the purpose of notice not earlier than 60 nor later than 20 days

1 before the date fixed for redemption. Failure to comply with this  
2 subsection does not invalidate the redemption of the shares.

3 (d) On or before the date fixed for redemption of redeemable  
4 shares, a corporation may deposit with a bank or trust company in this  
5 state as a trust fund a sum sufficient to redeem the shares called on  
6 the date fixed for redemption, with irrevocable instructions to the  
7 bank or trust company to publish a notice of redemption, or to com-  
8 plete the publication if begun, and to pay, on and after or before the  
9 date fixed for redemption, the redemption price of the shares to  
10 holders of the shares upon the surrender of their share certificates.  
11 From and after the date of the deposit with the bank or trust company,  
12 although before the date fixed for redemption, the shares called for  
13 redemption are redeemed and dividends on those shares cease to accrue  
14 after the date fixed for redemption. The deposit constitutes full  
15 payment of the shares to their holders and from and after the date of  
16 the deposit the shares are no longer outstanding and the holders of  
17 the shares cease to be shareholders with respect to the shares and  
18 have no rights with respect to the shares except the right to receive  
19 from the bank or trust company payment of the redemption price of the  
20 shares without interest, upon surrender of the certificates for the  
21 shares, and any right to convert the shares that may exist and con-  
22 tinue for a period fixed by the terms of the shares.

23 Sec. 10.06.388. ACQUISITION OF CORPORATION'S OWN SHARES; REISSU-  
24 ANCE OR RETIREMENT. (a) When a corporation purchases or redeems or  
25 otherwise acquires its own shares, the shares are restored to the  
26 status of authorized but unissued shares unless the articles prohibit  
27 their reissuance.

28 (b) If the articles prohibit the reissuance of shares upon their  
29 acquisition by the corporation, then upon the acquisition of those

1 shares the authorized number of shares of the class and series, if  
2 any, to which the shares belonged is reduced by the number of shares  
3 acquired and the articles shall be amended to reflect the reduction in  
4 authorized shares. If all of the authorized shares of a class or  
5 series are acquired and their reissue is prohibited by the articles of  
6 incorporation, then the articles shall also be amended to eliminate  
7 any statement of rights, preferences, privileges, and restrictions  
8 relating solely to that class or series. Articles of amendment shall  
9 be filed within 60 days of the acquisition of the shares in accordance  
10 with the requirements of AS 10.06.512 - 10.06.514. Approval by the  
11 outstanding shares is not required to adopt such articles of amend-  
12 ment.

13 Sec. 10.06.390. CAPITALIZATION OF RETAINED EARNINGS. The paid-  
14 in capital of a corporation may be increased by resolution of the  
15 board directing that all or a part of the retained earnings of the  
16 corporation be transferred to the paid-in capital account.

17 ARTICLE 5. SHAREHOLDERS.

18 Sec. 10.06.405. MEETINGS OF SHAREHOLDERS. (a) Meetings of  
19 shareholders shall be held at a place inside or outside this state as  
20 provided in the bylaws. In the absence of a provision in the bylaws,  
21 meetings shall be held at the registered office of the corporation.

22 (b) An annual meeting of the shareholders shall be held at the  
23 time as provided in the bylaws. If the annual meeting is not held  
24 within any 13-month period, the superior court may on the application  
25 of a shareholder summarily order a meeting to be held.

26 (c) Special meetings of the shareholders may be called by the  
27 board, the chairman of the board, the president, the holders of not  
28 less than one-tenth of all the shares entitled to vote at the meeting,  
29 or other persons as may be authorized in the articles of incorporation

1 or the bylaws.

2 Sec. 10.06.408. CLOSING OF TRANSFER BOOKS AND FIXING RECORD  
3 DATE. (a) To determine the shareholders entitled to notice of or to  
4 vote at a meeting of shareholders or an adjournment of a meeting, or  
5 to determine the shareholders entitled to receive payment of a divi-  
6 dend, or to determine the shareholders for any other proper purpose,  
7 the board of a corporation may provide that the stock transfer books  
8 shall be closed for a stated period not exceeding 60 days. If the  
9 stock transfer books are closed to determine shareholders entitled to  
10 notice of or to vote at a meeting of shareholders, they shall be  
11 closed for at least 20 days immediately preceding the meeting.

12 (b) Instead of closing the stock transfer books, the bylaws or,  
13 in the absence of an applicable bylaw, the board may fix a date as the  
14 record date for the determination of shareholders. This record date  
15 may not be more than 50 days and, in case of a meeting of share-  
16 holders, not less than 20 days before the date on which the particular  
17 action requiring the determination of shareholders is to be taken. If  
18 the stock transfer books are not closed and a record date is not fixed  
19 for the determination of shareholders entitled to notice of or to vote  
20 at a meeting of shareholders or for the determination shareholders  
21 entitled to receive payment of a dividend, the date on which notice of  
22 the meeting is mailed or the date on which the resolution of the board  
23 declaring the dividend is adopted, is the record date for the deter-  
24 mination of shareholders. When a determination of shareholders enti-  
25 tled to vote at a meeting of shareholders has been made as provided in  
26 this section, the determination applies to an adjournment of the  
27 meeting of shareholders.

28 Sec. 10.06.410. NOTICE OF SHAREHOLDERS' MEETINGS. Written or  
29 printed notice stating the place, day and hour of the meeting and, in

1 case of a special meeting, the purpose for which the meeting is  
2 called, shall be delivered not less than 20 or more than 50 days  
3 before the date of the meeting, either personally or by mail, by or at  
4 the direction of the president, the secretary, the officer, or persons  
5 calling the meeting, to each shareholder of record entitled to vote at  
6 the meeting. If mailed, the notice is considered delivered when  
7 deposited with postage prepaid in the United States mail addressed to  
8 the shareholder at the address of the shareholder as it appears on the  
9 stock transfer books of the corporation.

10 Sec. 10.06.413. VOTING LIST; LIABILITY. (a) At least 20 days  
11 before each meeting of shareholders, the officer or agent having  
12 charge of the stock transfer books for shares of a corporation shall  
13 make a list of the shareholders entitled to vote at the meeting or an  
14 adjournment of the meeting arranged in alphabetical order, with the  
15 address of and the number of shares held by each shareholder. The  
16 list shall be kept on file at the registered office of the corporation  
17 and is subject to inspection by a shareholder or the agent or attorney  
18 of a shareholder at any time during usual business hours for a period  
19 of 20 days before the meeting. The list shall also be produced and  
20 kept open at the time and place of the meeting and shall be subject to  
21 the inspection of a shareholder during the meeting. The original  
22 stock transfer books are prima facie evidence as to the shareholders  
23 who are entitled to examine the list or transfer books or to vote at a  
24 meeting of shareholders.

25 (b) Failure to comply with the requirements of this section does  
26 not affect the validity of the action taken at the meeting.

27 (c) An officer or agent having charge of the stock transfer  
28 books who fails to prepare the list of shareholders, keep it on file  
29 for a period of 20 days, or produce and keep it open for inspection at

1 the meeting, as provided in this section, is liable to a shareholder  
2 suffering damage because of the failure to the extent of the damage.

3 Sec. 10.06.415. QUORUM OF SHAREHOLDERS. (a) Unless otherwise  
4 provided in the articles of incorporation, a majority of the shares  
5 entitled to vote, represented in person or by proxy, constitutes a  
6 quorum at a meeting of shareholders, but in no event may a quorum  
7 consist of less than one-third of the shares entitled to vote at the  
8 meeting. If a quorum is present, the affirmative vote of the majority  
9 of shares represented at the meeting and entitled to vote on the  
10 subject matter is the act of the shareholders, unless the vote of a  
11 greater number or voting by classes is required by this chapter, the  
12 articles of incorporation, or the bylaws.

13 (b) Shareholders present at a meeting at which a quorum is  
14 present may continue to transact business until adjournment, notwith-  
15 standing the withdrawal of enough shareholders to leave less than a  
16 quorum, if any action taken other than adjournment is approved by at  
17 least a majority of shares required to constitute a quorum.

18 Sec. 10.06.418. PROXIES. (a) Each person entitled to vote  
19 shares may authorize another person or persons to act by proxy with  
20 respect to the shares. A proxy purporting to be executed in accor-  
21 dance with the provisions of this chapter is presumed valid.

22 (b) A proxy is not valid after the expiration of 11 months from  
23 the date of the proxy unless it qualifies as an irrevocable proxy  
24 under (e) of this section. A proxy continues in full force and effect  
25 until revoked by the person executing it, except as provided in this  
26 section. A person may revoke a proxy by a writing delivered to the  
27 corporation stating that the proxy is revoked, by a subsequent proxy  
28 executed by the person executing the prior proxy and presented to the  
29 meeting, or by attendance at the meeting and voting in person by the

1 person executing the proxy. The dates contained on the forms of proxy  
2 presumptively determine the order of execution, regardless of the  
3 postmark dates on the envelopes in which the proxies are mailed.

4 (c) A proxy is not revoked by the death or incapacity of the  
5 maker unless, before the vote is counted, written notice of the death  
6 or incapacity is received by the corporation.

7 (d) Except as provided otherwise by written agreement of the  
8 parties, the record holder of shares held by a person as pledgee or  
9 otherwise as security or that belong to another shall, upon demand and  
10 payment of necessary expenses, issue a proxy to vote to the pledgor or  
11 to the owner of the shares.

12 (e) Notwithstanding (c) of this section, a proxy that states  
13 that it is irrevocable is irrevocable for the period specified in the  
14 proxy when it is held by the following or a nominee of the following:

15 (1) a pledgee;

16 (2) a person who has purchased, agreed to purchase, or  
17 holds an option to purchase the shares or a person who has sold a  
18 portion of the shares of the person in the corporation to the maker of  
19 the proxy;

20 (3) a person who has contracted to perform services as an  
21 employee of the corporation, if a proxy is required by the contract of  
22 employment and if the proxy states that it was given in consideration  
23 of the contract of employment, the name of the employee, and the  
24 period of employment contracted for;

25 (4) a person designated by or under an agreement under  
26 AS 10.06.425(b); or

27 (5) a beneficiary of a trust with respect to shares held by  
28 the trust.

29 (f) Notwithstanding the period of irrevocability specified in a

1 proxy, the proxy becomes revocable when the pledge is redeemed, the  
2 option or agreement to purchase is terminated or the seller no longer  
3 owns any shares of the corporation or dies, the period of employment  
4 provided for in the contract of employment has terminated, the agree-  
5 ment under AS 10.06.425(b) has terminated, or the person ceases to be  
6 a beneficiary of the trust. In addition, a proxy may be made irrevoc-  
7 able if it is given to secure the performance of a duty or to protect  
8 a title, either legal or equitable, until the happening of events  
9 that, by its terms, discharge the obligations secured by it.

10 (g) Notwithstanding a provision making a proxy irrevocable, a  
11 proxy may be revoked by a transferee of shares without knowledge of  
12 the existence of the provision unless the existence of the proxy and  
13 its irrevocability appears on the certificate representing the shares.

14 Sec. 10.06.420. VOTING OF SHARES. (a) An outstanding share,  
15 regardless of class, is entitled to one vote on each matter submitted  
16 to a vote at a meeting of shareholders, except as may be otherwise  
17 provided in the articles of incorporation. If the articles provide  
18 for more or less than one vote for any share, on any matter, every  
19 reference in this chapter to a majority or other proportion of shares  
20 shall refer to a majority or other proportion of the votes entitled to  
21 be cast.

22 (b) Shares held by the corporation, or shares held by another  
23 corporation if a majority of the shares entitled to vote for the elec-  
24 tion of directors of the other corporation is held by the corporation,  
25 may not be voted at a meeting or counted in determining the total  
26 number of outstanding shares at a given time.

27 (c) A shareholder may vote either in person or by proxy executed  
28 in writing by the shareholder or by the authorized attorney-in-fact of  
29 the shareholder.

1 (d) Unless the articles of incorporation provide otherwise, at  
2 an election for directors each shareholder entitled to vote at the  
3 election may vote, in person or by proxy, the number of shares owned  
4 by the shareholder for as many persons as there are directors to be  
5 elected and for whose election the shareholder has a right to vote, or  
6 to cumulate votes by giving one candidate votes equal to the number of  
7 directors multiplied by the number of shares of the shareholder, or by  
8 distributing votes on the same principle among any number of candi-  
9 dates. The rights created by this subsection may not be limited by  
10 amendment to the articles when the votes cast against the amendment  
11 would be sufficient to elect one director if voted cumulatively at an  
12 election of the entire board.

13 (e) Shares standing in the name of another corporation, other  
14 than a subsidiary as defined in AS 10.06.990(39)(B), may be voted by  
15 the officer, agent, or proxy as the bylaws of the other corporation  
16 may prescribe, or, in the absence of a provision, as the board of the  
17 other corporation may determine.

18 (f) Shares held by an administrator, executor, guardian, or  
19 conservator may be voted by that person, either in person or by proxy,  
20 without a transfer of the shares into the name of that person. Shares  
21 standing in the name of a trustee may be voted by the trustee, either  
22 in person or by proxy, but a trustee is not entitled to vote shares  
23 held by the trustee without a transfer of the shares into the name of  
24 the trustee.

25 (g) Shares standing in the name of a receiver may be voted by  
26 the receiver, and shares held by or under the control of a receiver  
27 may be voted by the receiver without a transfer of the shares into the  
28 name of the receiver if authority to transfer the shares is contained  
29 in an appropriate court order by which the receiver was appointed.

1 (h) A shareholder whose shares are pledged is entitled to vote  
2 the shares until the shares have been transferred into the name of the  
3 pledgee, and thereafter the pledgee is entitled to vote the shares so  
4 transferred.

5 (i) Beginning on the date on which written notice of redemption  
6 of redeemable shares has been mailed to the holders of the shares and  
7 a sum sufficient to redeem the shares has been deposited with a bank  
8 or trust company with irrevocable instruction and authority to pay the  
9 redemption price to the holders of the shares upon surrender of the  
10 certificates for the shares, the shares may not vote on any matter and  
11 are not considered to be outstanding shares.

12 Sec. 10.06.423. ACTIONS TAKEN WITHOUT MEETING: WRITTEN CONSENT;  
13 REVOCATION OF CONSENT. (a) Unless prohibited by the articles or the  
14 bylaws, whenever under this chapter shareholders are required or per-  
15 mitted to take action by vote, the action may be taken without a  
16 meeting by written consents, identical in content, setting out the  
17 action taken, signed by the holders of all outstanding shares entitled  
18 to vote on the action.

19 (b) A shareholder giving a written consent, or the shareholder's  
20 proxy holder, or a transferee of the shares or a personal representa-  
21 tive or proxy holder of the shareholder, may only revoke the consent  
22 by a writing received by the corporation before the time that written  
23 consents of the shares required to authorize the proposed action have  
24 been filed with the secretary of the corporation. The revocation is  
25 effective upon receipt by the secretary of the corporation.

26 Sec. 10.06.425. VOTING TRUSTS AND AGREEMENTS AMONG SHAREHOLDERS.

27 (a) Any number of shareholders of a corporation may create a voting  
28 trust for the purpose of conferring upon a trustee or trustees the  
29 right to vote or otherwise represent their shares, for a period not to

1 exceed 10 years, by entering into a written voting trust agreement  
2 specifying the terms and conditions of the voting trust, by depositing  
3 a copy of the agreement with the corporation at its registered office,  
4 and by transferring their shares to the trustee or trustees for the  
5 purpose of the agreement. The trustee or trustees shall keep a record  
6 of the holders of voting trust certificates evidencing a beneficial  
7 interest in the voting trust, giving the names and addresses of all  
8 the holders and the number and class of the shares for which the  
9 voting trust certificates are issued, and shall deposit a copy of the  
10 record with the corporation at its registered office. The copies of  
11 the voting trust agreement and the record deposited with the corpo-  
12 ration are subject to the same right of examination by a shareholder  
13 of the corporation, in person or by agent or attorney, as are the  
14 books and records of the corporation under AS 10.06.430, and the  
15 copies of the agreement and the record are subject to examination by a  
16 holder of record of voting trust certificates, either in person or by  
17 agent or attorney, at a reasonable time for a proper purpose.

18 (b) This section does not invalidate a voting or other agreement  
19 among shareholders or an irrevocable proxy complying with AS 10.06.-  
20 418(e) not otherwise illegal.

21 Sec. 10.06.428. SHAREHOLDERS' PREEMPTIVE RIGHTS. (a) Except to  
22 the extent limited or denied by this section or by the articles of  
23 incorporation, shareholders have a preemptive right to acquire un-  
24 issued or treasury shares or securities convertible into such shares  
25 or carrying a right to subscribe to or acquire shares.

26 (b) Unless otherwise provided in the articles of incorporation,

27 (1) there is no preemptive right

28 (A) to acquire any shares issued to directors, offi-  
29 cers, or employees if approved by the outstanding shares or if

1 authorized by and consistent with a plan previously approved by  
2 the outstanding shares; or

3 (B) to acquire shares sold for consideration other  
4 than for cash;

5 (2) holders of shares of a class that is preferred or  
6 limited as to dividends or assets are not entitled to a preemptive  
7 right;

8 (3) holders of shares of common stock are not entitled to a  
9 preemptive right to shares of a class that is preferred or limited as  
10 to dividends or assets or to any obligations, unless convertible into  
11 shares of common stock or carrying a right to subscribe to or acquire  
12 shares of common stock;

13 (4) holders of common stock without voting power are not  
14 entitled to a preemptive right to shares of common stock with voting  
15 power;

16 (5) a preemptive right is only an opportunity to acquire  
17 shares or other securities under the terms and conditions as the board  
18 may fix for the purpose of providing a fair and reasonable opportunity  
19 for the exercise of the preemptive right.

20 Sec. 10.06.430. BOOKS AND RECORDS. (a) A corporation organized  
21 under this chapter shall keep correct and complete books and records  
22 of account, minutes of proceedings of its shareholders, board, and  
23 committees of the board, and a record of its shareholders, containing  
24 the names and addresses of all shareholders and the number and class  
25 of the shares held by each. The books, records, and minutes may be in  
26 written form or in any other form capable of being converted into  
27 written form within a reasonable time.

28 (b) A corporation organized under this chapter shall make its  
29 books and records, or certified copies of them, reasonably available

1 for inspection and copying at the registered office or principal place  
2 of business in the state by the department or by a shareholder of the  
3 corporation. Shareholder inspection shall be upon written demand  
4 stating the purpose of the inspection. The inspection may be in  
5 person or by agent or attorney, at a reasonable time and for a proper  
6 purpose. Only books and records of account, minutes, and the record  
7 of shareholders relevant to the stated purpose of the inspection may  
8 be inspected or copied.

9 (c) An officer or agent who, or a corporation that, refuses to  
10 allow a shareholder, or the agent or attorney of the shareholder, to  
11 examine and make copies from its books and record of account, minutes,  
12 and record of shareholders, for a proper purpose, is liable to the  
13 shareholder for a penalty in the amount of 10 percent of the value of  
14 the shares owned by the shareholder or \$5,000, whichever is greater,  
15 in addition to other damages or remedy given the shareholder by law.  
16 It is a defense to an action for penalties under this section that the  
17 person suing has within two years sold or offered for sale a list of  
18 shareholders of the corporation or any other corporation or has aided  
19 or abetted a person in procuring a list of shareholders for this  
20 purpose, or has improperly used information secured through a prior  
21 examination of the books and records of account, or minutes, or record  
22 of shareholders of the corporation or any other corporation, or was  
23 not acting in good faith or for a proper purpose in making the per-  
24 son's demand.

25 (d) Nothing in this chapter impairs the power of a court, upon  
26 proof by a shareholder of a demand properly made and for a proper  
27 purpose, to compel the production for examination by the shareholder  
28 of the books and records of account, minutes, and record of share-  
29 holders of a corporation.

1           Sec. 10.06.433. ANNUAL REPORT TO SHAREHOLDERS: CONTENT; FINAN-  
2           CIAL STATEMENT ON REQUEST. (a) The board shall send an annual report  
3           to the shareholders not later than 180 days after the close of the  
4           fiscal year or the date on which notice of the annual meeting in the  
5           next fiscal year is sent under AS 10.06.410, whichever is first,  
6           unless in the case of a corporation with less than 100 holders of  
7           record of its shares, as determined under AS 10.06.408, this require-  
8           ment is expressly waived in the articles of incorporation. The annual  
9           report shall contain a balance sheet as of the end of the fiscal year  
10          and an income statement and statement of changes in financial position  
11          for the fiscal year, accompanied by a report on the fiscal year by  
12          independent accountants or, if there is no such report, the certifi-  
13          cate of an authorized officer of the corporation that the statements  
14          were prepared without audit from the books and records of the corpo-  
15          ration.

16                 (b) In addition to the financial statement required by (a) of  
17          this section, unless a corporation has a nonexempt class of securities  
18          registered under Section 12 of the Securities and Exchange Act of 1934  
19          or files reports under Sections 7(c), 8(c), and 28 of the Alaska  
20          Native Claims Settlement Act, the annual report of a corporation  
21          having 100 or more holders of record of its shares shall also briefly  
22          describe

23                         (1) all transactions, excluding compensation of officers  
24          and directors, during the previous fiscal year involving an amount in  
25          excess of \$40,000, other than contracts let at competitive bid or  
26          services rendered at prices regulated by law, to which the corporation  
27          or its parent or subsidiary was a party, and in which a director or  
28          officer of the corporation or of a subsidiary or, if known to the  
29          corporation, its parent, or subsidiary, a holder of more than 10

1 percent of the outstanding voting shares of the corporation had a  
2 direct or indirect material interest; the report shall include the  
3 name of the person, the person's relationship to the corporation, the  
4 nature of the person's interest in the transaction and, if prac-  
5 ticable, the amount of the interest; in the case of a transaction with  
6 a partnership of which the person is a partner, only the interest of  
7 the partnership need be stated; a report is not required in the case  
8 of transactions approved by the shareholders under AS 10.06.478;

9 (2) the amount and circumstances of indemnifications or  
10 advances aggregating more than \$10,000 paid during the fiscal year to  
11 an officer or director of the corporation under AS 10.06.490; a report  
12 is not required in the case of indemnification approved by the share-  
13 holders under AS 10.06.490(d)(3).

14 (c) A shareholder or shareholders holding at least five percent  
15 of the outstanding shares of a class of a corporation may make a  
16 written request to the corporation for an income statement of the  
17 corporation for the three-month, six-month, or nine-month period of  
18 the current fiscal year ended more than 30 days before the date of the  
19 request and a balance sheet of the corporation as of the end of the  
20 period and, in addition, if an annual report for the last fiscal year  
21 has not been sent to shareholders, the statements required by (a) of  
22 this section for the last fiscal year. The statement shall be de-  
23 livered or mailed to the person making the request within 30 days of  
24 the request. A copy of the statements shall be kept on file in the  
25 principal office of the corporation for 12 months and they shall be  
26 exhibited at all reasonable times to a shareholder demanding an exam-  
27 ination of the statements or a copy of the statements shall be mailed  
28 to that shareholder.

29 (d) A corporation shall, upon the written request of a

1 shareholder, mail to the shareholder a copy of the last annual, semi-  
2 annual or quarterly income statement that it has prepared and a bal-  
3 ance sheet as of the end of the period.

4 (e) The quarterly income statements and balance sheets referred  
5 to in this section shall be accompanied by any report on those state-  
6 ments by independent accountants engaged by the corporation or the  
7 certificate of an authorized officer of the corporation that the  
8 financial statements were prepared without audit from the books and  
9 records of the corporation.

10 (f) A corporation that neglects, fails, or refuses to prepare or  
11 submit the financial statements required by this section is subject to  
12 a penalty of \$25 for each day that the failure or refusal continues,  
13 beginning 30 days after receipt of written request that the duty be  
14 performed from one entitled to make the request, up to a maximum of  
15 \$1,500. The penalty shall be paid to the shareholder or shareholders  
16 jointly making the request for performance of the duty or duties  
17 imposed by this section. In addition to this penalty, the court may  
18 enforce the duty of making and mailing or delivering the information  
19 and financial statements required by this section and, for good cause  
20 shown, may extend the time limits under this section.

21 (g) This section applies to a domestic corporation and a foreign  
22 corporation having its principal executive office in this state or  
23 customarily holding meetings of its board in this state.

24 Sec. 10.06.435. SHAREHOLDERS' DERIVATIVE ACTION. (a) An action  
25 may be brought in the right of a domestic or foreign corporation to  
26 procure a judgment in its favor by a holder of shares of the corpo-  
27 ration of voting trust certificates of the corporation, or of a bene-  
28 ficial interest in shares or certificates of the corporation.

29 (b) In a derivative action, the complaint shall be verified and

1 shall allege that plaintiff was a shareholder, of record or benefi-  
2 cially, or the holder of voting trust certificates at the time or  
3 during any part of the transaction of which the plaintiff complains or  
4 that the plaintiff's shares or voting trust certificates devolved upon  
5 the plaintiff by operation of law from a holder who was a holder at  
6 the time or during any part of the transaction complained of. A  
7 shareholder who does not meet the requirements of this section may be  
8 allowed in the discretion of the court to maintain the action on a  
9 preliminary showing to and determination by the court, by motion and  
10 after a hearing at which the court considers evidence, by affidavit or  
11 testimony, as it considers material, that

12 (1) there is a strong prima facie case in favor of the  
13 claim asserted on behalf of the corporation;

14 (2) no other similar action has been or is likely to be  
15 instituted;

16 (3) the plaintiff acquired the shares before there was  
17 disclosure to the public or to the plaintiff of the wrongdoing of  
18 which the plaintiff complains;

19 (4) unless the action can be maintained the defendant may  
20 retain a gain derived from the defendant's wilful breach of a fiduc-  
21 iary duty; and

22 (5) the requested relief will not result in unjust enrich-  
23 ment of the corporation or a shareholder of the corporation.

24 (c) Unless excused on grounds that a majority of the directors  
25 is implicated in or under the direct or indirect control of a person  
26 who is implicated in the injury to the corporation, before an action  
27 in the right of a domestic or foreign corporation is instituted a  
28 plaintiff who has standing under (b) of this section shall make a  
29 formal demand upon the board to secure the action the plaintiff

1 desires.

2 (d) If a shareholder fails to make a formal demand under (c) of  
3 this section the complaint shall state with particularity the facts  
4 establishing excuse under (c) of this section. In a motion to dismiss  
5 for failure to make demand on the board the shareholder shall have the  
6 burden to establish excuse.

7 (e) In a case in which demand on the board is made under (c) of  
8 this section, a decision by the board that, in its business judgment,  
9 the litigation would not be in the best interest of the corporation  
10 terminates the right created by (a) of this section.

11 (f) In a case in which demand on the board is excused under (c)  
12 of this section or the decision of the board under (e) of this section  
13 is rejected by the court as inconsistent with the directors' duties of  
14 care and loyalty to the corporation, a plaintiff who has standing  
15 under (b) of this section shall have the right to commence or continue  
16 the action created by (a) of this section. Notwithstanding (c) or (e)  
17 of this section, disinterested, noninvolved directors acting as the  
18 board or a duly charged board committee may petition the court to  
19 dismiss the plaintiff's action on grounds that in their independent,  
20 informed business judgment the action is not in the best interests of  
21 the corporation. The petitioners shall have the burden of establish-  
22 ing to the satisfaction of the court their disinterest, independence  
23 from any direct or indirect control of defendants in the action, and  
24 the informed basis on which they have exercised their asserted busi-  
25 ness judgment. If the court is satisfied that the petitions are  
26 disinterested, independent, and informed it shall then exercise an  
27 independent appraisal of the plaintiff's action to determine whether,  
28 considering the welfare of the corporation and relevant issues of  
29 public policy, it should dismiss the action.

1 (g) A shareholder action otherwise in conformity with this  
2 section shall not be dismissed because the alleged injury or wrong to  
3 the corporation has been ratified by the outstanding shares. A court  
4 may consider the fact of ratification in framing any order for relief  
5 to which it considers the corporation entitled.

6 (h) In an action instituted or maintained in the right of a  
7 corporation by the holder or holders of record of less than five  
8 percent of the outstanding shares of any class of the corporation or  
9 of voting trust certificates for these shares, the corporation in  
10 whose right the action is brought or the defendants may at any time  
11 before final judgment move the court to require the plaintiff to give  
12 security for the reasonable expense, including attorney fees, that may  
13 be incurred by the moving party. The amount of the security may be  
14 increased or decreased from time to time in the discretion of the  
15 court upon a showing that the security has become inadequate or exces-  
16 sive. The corporation or other defendants may have recourse to the  
17 security in an amount as the court may determine upon the termination  
18 of the derivative action, whether or not the court finds the action  
19 was brought without reasonable cause.

20 (i) A derivative action may not be discontinued, abandoned, com-  
21 promised or settled without the approval of the court having juris-  
22 diction of the action. If the court determines that the interests of  
23 the shareholders or any class or classes of shareholders will be sub-  
24 stantially affected by a discontinuance, abandonment, compromise, or  
25 settlement, the court in its discretion may direct that notice, by  
26 publication or otherwise, shall be given to the shareholders or class  
27 or classes of shareholders whose interests will be affected. If the  
28 court directs notice to be given, it shall determine which of the  
29 parties to the action shall bear the expense of giving the notice in

1 an amount the court determines to be reasonable in the circumstances.  
2 The amount shall be awarded as special costs of the action.

3 (j) If the derivative action is successful, in whole or in part,  
4 or if anything is received as a result of the judgment, compromise, or  
5 settlement of that action, the court may award to the plaintiff or  
6 plaintiffs reasonable expenses, including reasonable attorney fees,  
7 and shall direct an accounting to the corporation for the remainder of  
8 the proceeds. This subsection does not apply to a judgment rendered  
9 only for the benefit of injured shareholders and limited to a recovery  
10 of the loss or damage sustained by them.

11 Sec. 10.06.438. LIABILITY OF SHAREHOLDERS AND SUBSCRIBERS. (a)  
12 A holder or subscriber to shares of a corporation is under no obliga-  
13 tion to the corporation or its creditors as holder or subscriber with  
14 respect to the shares other than the obligation to pay the corporation  
15 the full consideration for which the shares were issued or to be  
16 issued.

17 (b) An assignee or transferee of shares, or of a subscription  
18 for shares, in good faith and without knowledge or notice that the  
19 full consideration has not been paid, is not personally liable to the  
20 corporation or its creditors for any unpaid portion of the considera-  
21 tion.

22 (c) An executor, administrator, conservator, guardian, trustee,  
23 assignee for the benefit of creditors, or receiver is not personally  
24 liable to the corporation or its creditors for any unpaid portion of  
25 the consideration.

26 (d) A pledgee or other holder of shares as collateral security  
27 is not personally liable as a shareholder.

28 ARTICLE 6. DIRECTORS AND OFFICERS.

29 Sec. 10.06.450. BOARD OF DIRECTORS; DUTY OF CARE; RIGHT OF

1 INSPECTION; FAILURE TO DISSENT. (a) All corporate powers shall be  
2 exercised by or under the authority of, and the business and affairs  
3 of a corporation shall be managed under the direction of, a board of  
4 directors except as may be otherwise provided in this chapter or the  
5 articles of incorporation. If a provision is made in the articles,  
6 the powers, duties, privileges, and liabilities conferred or imposed  
7 upon the board by this chapter shall be exercised, performed, extended  
8 and assumed to the extent and by the person or persons as provided in  
9 the articles. Directors need not be residents of this state or share-  
10 holders of the corporation unless required by the articles or bylaws.  
11 The articles or bylaws may prescribe other qualifications for direc-  
12 tors. The board may fix the compensation of directors unless other-  
13 wise provided in the articles.

14 (b) A director shall perform the duties of a director, including  
15 duties as a member of a committee of the board on which the director  
16 may serve, in good faith, in a manner the director reasonably believes  
17 to be in the best interests of the corporation, and with the care,  
18 including reasonable inquiry, that an ordinarily prudent person in a  
19 like position would use under similar circumstances. Except as pro-  
20 vided in (c) of this section, a director is entitled to rely on infor-  
21 mation, opinions, reports or statements, including financial state-  
22 ments and other financial data, in each case prepared or presented by

23 (1) one or more officers or employees of the corporation  
24 whom the director reasonably believes to be reliable and competent in  
25 the matters presented;

26 (2) counsel, public accountants, or other persons as to  
27 matters that the director reasonably believes to be within the per-  
28 son's professional or expert competence; or

29 (3) a committee of the board upon which the director does

1 not serve, designated in accordance with a provision of the articles  
2 or the bylaws, as to matters within the authority of the committee if  
3 the director reasonably believes the committee to merit confidence.

4 (c) A director is not considered to be acting in good faith if  
5 the director knows, or as a reasonable person ought to know, that, as  
6 to the matter in question, reliance under (b) of this section is  
7 unwarranted.

8 (d) A director has the absolute right at a reasonable time to  
9 inspect and copy all books, records, and documents of every kind and  
10 to inspect the physical properties of the corporation or a domestic or  
11 foreign subsidiary of the corporation. Inspection by a director may  
12 be made in person or by agent or attorney and the right of inspection  
13 includes the right to copy and make contracts. This section applies  
14 to a director of a foreign corporation having its principal executive  
15 office in this state or customarily holding meetings of its board in  
16 this state.

17 (e) A director of a corporation who is present at a meeting of  
18 its board at which action on a corporate matter is taken is presumed  
19 to have assented to the action taken unless the director's dissent is  
20 entered in the minutes of the meeting or unless the director files a  
21 written dissent to the action with the secretary of the meeting before  
22 adjournment or forwards the dissent by certified mail to the secretary  
23 of the corporation immediately after adjournment. The right to dis-  
24 sent does not apply to a director who voted in favor of the action.

25 Sec. 10.06.453. NUMBER AND ELECTION OF DIRECTORS. (a) The  
26 number of directors constituting the entire board may not be less than  
27 three. If all of the shares of a corporation are owned beneficially  
28 and of record by less than three shareholders, the number of directors  
29 may be less than three but not less than the number of shareholders.

1 Subject to the limitation of this section, the number of directors may  
2 be fixed by the articles of incorporation, the bylaws of the corpora-  
3 tion, or by the action of the board or shareholders under the specific  
4 provisions of an article or a bylaw adopted by approval of the out-  
5 standing shares. If the number of directors is not otherwise set, the  
6 number of directors is three. As used in AS 10.06.450 - 10.06.490,  
7 "entire board" means the total number of directors that the corpora-  
8 tion has if there are no vacancies.

9 (b) The number of directors may be increased or decreased by  
10 amendment of the articles or the bylaws or by action of the board or  
11 the shareholders under the specific provisions of an article or a  
12 bylaw adopted by approval of the outstanding shares, subject to the  
13 following limitations:

14 (1) If the board is authorized by the articles or the  
15 bylaws to change the number of directors, whether by amending the  
16 bylaws or by taking action under the specific provision of an article  
17 or a bylaw adopted by approval of the outstanding shares, the amend-  
18 ment or action shall require the vote of a majority of the entire  
19 board.

20 (2) A decrease in the number of directors may not shorten  
21 the term of an incumbent director.

22 (c) The articles may provide for the election of one or more  
23 directors by the holders of the shares of a class or series voting as  
24 a class or series.

25 (d) The names and addresses of the members of the first board  
26 may be stated in the articles. The members of the first board hold  
27 office until the first annual meeting of shareholders, and until their  
28 successors have been elected and qualified.

29 (e) At the first annual meeting of shareholders and at each

1 subsequent annual meeting the shareholders shall elect directors to  
2 hold office until the next succeeding annual meeting, except in the  
3 case of the classification of directors as permitted by AS 10.06.455.  
4 A director, including a director elected to fill a vacancy, shall hold  
5 office until the expiration of the term for which elected and until a  
6 successor has been elected and qualified.

7 Sec. 10.06.455. CLASSIFICATION OF DIRECTORS. (a) If the board  
8 consists of nine or more members, the articles of incorporation may  
9 provide that instead of electing all the directors annually the direc-  
10 tors be divided into either two or three classes, each class to be as  
11 nearly equal in number as possible, with the term of office of direc-  
12 tors of the first class to expire at the first annual meeting of  
13 shareholders after their election, that of the second class to expire  
14 at the second annual meeting after their election, and that of the  
15 third class, if any, to expire at the third annual meeting after their  
16 election. At each annual meeting after the classification the number  
17 of directors equal to the number of the class whose term expires at  
18 the time of the meeting shall be elected to hold office until the  
19 second succeeding annual meeting if there are two classes, or until  
20 the third succeeding annual meeting if there are three classes. A  
21 classification of directors is not effective before the first annual  
22 meeting of shareholders.

23 (b) Unless cumulative voting rights have been eliminated by the  
24 articles of incorporation (AS 10.06.420(d)), an amendment of the  
25 articles that would establish or require classification of the board  
26 under (a) of this section may not be adopted if the votes cast against  
27 the amendment would be sufficient to elect a director if voted cumula-  
28 tively at an election of the entire board.

29 Sec. 10.06.458. VACANCIES ON THE BOARD. The board may declare

1 vacant the office of a director who has been declared of unsound mind  
2 by a court order or who has had civil rights suspended due to impris-  
3 onment as provided in AS 33.30.310.

4 Sec. 10.06.460. REMOVAL OF DIRECTOR WITHOUT CAUSE. (a) At a  
5 regular or special meeting for which notice is given under AS 10.06.-  
6 410 and this section, any or all of the directors may be removed  
7 without reason if the removal is approved by the outstanding shares,  
8 subject to the following:

9 (1) in the case of a corporation with 500 or more holders  
10 of record entitled to vote on the removal and election of directors,  
11 as determined under AS 10.06.408, written or printed notice of inten-  
12 tion to seek removal under this section shall be delivered either  
13 personally or by mail to each shareholder of record entitled to vote  
14 at the meeting and

15 (A) if notice of intention to seek removal under this  
16 section is delivered to the president or secretary of the corpo-  
17 ration at least 75 days before the date of the annual meeting it  
18 shall be included on the notice stating the place, day, and hour  
19 of the annual meeting without cost to the shareholder seeking  
20 removal or

21 (B) if notice of intention to seek removal under this  
22 section is not timely under (A) of this paragraph the shareholder  
23 seeking removal may, at the expense of that shareholder, deliver  
24 either personally or by mail the notice required by (1) of this  
25 subsection at any time up to 20 days before the date set for the  
26 annual meeting; if mailed, notice is considered delivered when  
27 deposited with postage prepaid in the United States mail ad-  
28 dressed to the shareholder at the address appearing on the stock  
29 transfer books of the corporation;

1 (2) unless cumulative voting rights have been eliminated by  
2 the articles of incorporation (AS 10.06.420(d)), a director may not be  
3 removed, unless the entire board is removed, if the votes cast against  
4 removal would be sufficient to elect a director if voted cumulatively  
5 at an election at which the same total number of votes were cast; and

6 (3) if by provision in the articles of incorporation the  
7 holders of the shares or any class or series, voting as a class or  
8 series, are entitled to elect one or more directors, a director  
9 elected in that manner may be removed only by the applicable vote of  
10 the holders of the shares of that class or series.

11 (b) Except as provided in this section and AS 10.06.458, 10.06.-  
12 463, and 10.06.465(c), a director may not be removed before the ex-  
13 piration of the term of office of the director.

14 Sec. 10.06.463. REMOVAL OF DIRECTOR BY SUPERIOR COURT. The  
15 superior court may, at the suit of the board or the shareholders  
16 holding at least 10 percent of the number of outstanding shares of any  
17 class, remove from office a director for fraudulent or dishonest acts,  
18 gross neglect of duty, or gross abuse of authority or discretion with  
19 reference to the corporation and may bar from reelection a director  
20 removed in that manner for a period prescribed by the court. The  
21 corporation shall be made a party to the suit.

22 Sec. 10.06.465. VACANCIES AND RESIGNATION; SPECIAL MEETING OF  
23 SHAREHOLDERS. (a) Unless otherwise provided in the articles or  
24 bylaws of the corporation and except for a vacancy created by the  
25 removal of a director, vacancies on the board may be filled by a  
26 majority of the directors then in office, whether or not less than a  
27 quorum, or by a sole remaining director. Unless the articles or a  
28 bylaw adopted with approval of the outstanding shares provide that the  
29 board may fill vacancies occurring in the board by reason of removal

1 of directors, the vacancies may be filled only by approval of the  
2 shareholders.

3 (b) The shareholders may elect a director to fill a vacancy not  
4 filled by the directors. An election by written consent to fill a  
5 vacancy requires the consent of a majority of the outstanding shares  
6 entitled to vote.

7 (c) If, after the filling of a vacancy by the directors, the  
8 directors who have been elected by the shareholders constitute less  
9 than a majority of the directors, a holder or holders of an aggregate  
10 of 10 percent or more of the shares outstanding at the time may call a  
11 special meeting of shareholders (AS 10.06.405) to elect the entire  
12 board. The term of office of a director terminates upon the election  
13 and qualification of a successor.

14 (d) A director may resign effective upon giving written notice  
15 to the chairman of the board, the president, the secretary, or the  
16 board of directors of the corporation, unless the notice specifies a  
17 later time for the effectiveness of the resignation. Notwithstanding  
18 the effectiveness of the resignation, a director holds office until a  
19 successor has been elected and qualified (AS 10.06.453(d)). If the  
20 resignation is effective at a future time, a successor may be elected  
21 to take office when the resignation becomes effective.

22 Sec. 10.06.468. EXECUTIVE AND OTHER BOARD COMMITTEES. (a) If  
23 authorized by the articles or the bylaws of the corporation, the  
24 board, by resolution adopted by a majority of the entire board, may  
25 designate from among its members an executive committee and other  
26 committees of the board. Each committee, to the extent provided in  
27 the resolution or the articles or bylaws of the corporation, has the  
28 authority of the board, except that a committee may not

29 (1) declare dividends or distributions;

- 1                   (2) approve or recommend to shareholders actions or pro-  
2                   posals required by this chapter to be approved by shareholders;
- 3                   (3) designate candidates for the office of director, for  
4                   purposes of proxy solicitation or otherwise, or fill vacancies on the  
5                   board or any committee of the board;
- 6                   (4) amend the bylaws;
- 7                   (5) approve a plan or merger not requiring shareholder  
8                   approval;
- 9                   (6) capitalize retained earnings;
- 10                  (7) authorize or approve the reacquisition of shares unless  
11                  under a general formula or method specified by the board;
- 12                  (8) authorize or approve the issuance or sale of, or a  
13                  contract to issue or sell, shares or designate the terms of a series  
14                  of a class of shares, unless the board, having acted regarding general  
15                  authorization for the issuance or sale of shares, a contract to issue  
16                  or sell, or the designation of a series, authorizes a committee, under  
17                  a general formula or method specified by the board by resolution or by  
18                  adoption of a stock option or other plan, to fix the terms of a con-  
19                  tract for the sale of the shares and to fix the terms upon which the  
20                  shares may be issued or sold, including, without limitation, the  
21                  price, the dividend rate, provisions for redemption, sinking fund,  
22                  conversion, voting or preferential rights, and provisions for other  
23                  features of a class of shares, or a series of a class of shares, with  
24                  full power in the committee to adopt a final resolution setting out  
25                  all the terms of a series for filing with the commissioner under this  
26                  chapter; or
- 27                  (9) authorize, approve, or ratify contracts or other trans-  
28                  actions between the corporation and one or more of its directors, or  
29                  between the corporation and a corporation, firm, or association in

1 which one or more of its directors has a material financial interest  
2 (AS 10.06.478).

3 (b) The designation of a committee, the delegation to the com-  
4 mittee of authority, or action by the committee under that authority  
5 does not alone constitute compliance by a member of the board or the  
6 committee in question with the responsibility to act in good faith, in  
7 a manner the member reasonably believes to be in the best interests of  
8 the corporation, and with the care, including reasonable inquiry, as  
9 an ordinarily prudent person in a like position would use under simi-  
10 lar circumstances.

11 Sec. 10.06.470. MEETINGS: CALL, PLACE, NOTICE, AND WAIVER. (a)  
12 A regular or special meeting of the board or a committee of the board  
13 may be called by the chairman of the board, the president, a vice-  
14 president, the secretary, or two directors and may be held at any  
15 place inside or outside this state.

16 (b) A regular meeting of the board or a committee designated by  
17 the board may be held without notice if the time and place of the  
18 meeting is fixed by the bylaws or the board. A special meeting of the  
19 board or a committee designated by the board shall be held upon either  
20 notice in writing sent 20 days before the meeting or notice by elec-  
21 tronic means, personal messenger, or comparable person-to-person  
22 communication given at least 72 hours before the meeting. In the case  
23 of a special meeting the notice shall include disclosure of the busi-  
24 ness to be transacted and the purpose of the meeting.

25 (c) Notice of a meeting need not be given to a director who  
26 signs a waiver of notice, whether before or after the meeting, or who  
27 attends the meeting without protesting before the meeting or at its  
28 commencement the lack of notice.

29 Sec. 10.06.473. QUORUM OF DIRECTORS. (a) A majority of the

1 number of directors fixed by the articles or bylaws of a corporation  
2 constitutes a quorum for the transaction of business unless a greater  
3 number is required by the articles or bylaws. The act of the majority  
4 of the directors present at a meeting at which a quorum is present is  
5 the act of the board, unless the act of a greater number is required  
6 by the articles or the bylaws.

7 (b) The provisions of this section apply with equal force to  
8 committees of the board (AS 10.06.468) and action by committees.

9 Sec. 10.06.475. INFORMAL ACTION BY DIRECTORS. (a) Unless pro-  
10 hibited by the articles or bylaws of the corporation, the board of a  
11 corporation or a committee designated by the board can validly conduct  
12 a meeting by communicating simultaneously with each other by means of  
13 conference telephones or similar communications equipment.

14 (b) Unless prohibited by the articles or bylaws of the corpora-  
15 tion, action required or permitted to be taken by the board or a com-  
16 mittee designated by the board may be taken without a meeting on  
17 written consents, identical in content, setting out the action taken  
18 and signed by all the members of the board or the committee. The  
19 written consents shall be filed with the minutes. The consents have  
20 the same effect as a unanimous vote.

21 Sec. 10.06.478. DIRECTOR CONFLICTS OF INTEREST. (a) A contract  
22 or other transaction between a corporation and one or more of the  
23 directors of the corporation, or between a corporation and a corpora-  
24 tion, firm, or association in which one or more of the directors of  
25 the corporation has a material financial interest, is neither void nor  
26 voidable because the director or directors or the other corporation,  
27 firm, or association are parties or because the director or directors  
28 are present at the meeting of the board that authorizes, approves, or  
29 ratifies the contract or transaction, if

1 (1) the material facts as to the transaction and as to the  
2 director's interest are fully disclosed or known to the shareholders  
3 and the contract or transaction is approved by the shareholders in  
4 good faith, with the shares owned by the interested director or direc-  
5 tors not being entitled to vote; or

6 (2) the material facts as to the transaction and as to the  
7 director's interest are fully disclosed or known to the board, and the  
8 board authorizes, approves, or ratifies the contract or transaction in  
9 good faith by a sufficient vote without counting the vote of the  
10 interested director or directors, and the person asserting the valid-  
11 ity of the contract or transaction sustains the burden of proving that  
12 the contract or transaction was just and reasonable as to the corpo-  
13 ration at the time it was authorized, approved, or ratified.

14 (b) A common directorship does not alone constitute a material  
15 financial interest within the meaning of this section. A director is  
16 not interested within the meaning of this section in a resolution  
17 fixing the compensation of another director as a director, officer, or  
18 employee of the corporation, notwithstanding the fact that the first  
19 director is also receiving compensation from the corporation.

20 (c) A contract or other transaction between a corporation and a  
21 corporation or association of which one or more directors of the cor-  
22 poration are directors is neither void nor voidable because the  
23 director or directors are present at the meeting of the board that  
24 authorizes, approves, or ratifies the contract or transaction, if the  
25 material facts of the transaction and the director's other director-  
26 ship are fully disclosed or known to the board and the board autho-  
27 rizes, approves, or ratifies the contract or transaction in good faith  
28 by a sufficient vote without counting the vote of the common director  
29 or directors or the contract or transaction is approved by the

1 shareholders in good faith. This subsection does not apply to con-  
2 tracts or transactions covered by (a) of this section.

3 (d) Interested or common directors may be counted in determining  
4 the presence of a quorum at a meeting of the board that authorizes,  
5 approves, or ratifies a contract or transaction.

6 (e) Nothing in this section affects the prohibitions or re-  
7 straints imposed by AS 45.50 and AS 45.52.

8 Sec. 10.06.480. LIABILITY OF DIRECTORS. (a) In addition to  
9 other liabilities, a director is liable in the following circumstances  
10 unless the director complies with the standard provided in AS 10.06.-  
11 450(b) for the performance of the duties of directors:

12 (1) A director who votes for or assents to a distribution  
13 to the corporation's shareholders contrary to the provisions of  
14 AS 10.06.358, 10.06.360, 10.06.363, and 10.06.365 or contrary to a  
15 restriction in the articles of incorporation, is liable to the corpo-  
16 ration, jointly and severally with all other directors voting for or  
17 assenting to the distribution, for the amount of the distribution that  
18 is paid or the value of the assets that are distributed in excess of  
19 the amount of the distribution that could have been paid or dis-  
20 tributed without violation of AS 10.06.405 - 10.06.438 or the restric-  
21 tions of the articles of incorporation.

22 (2) A director who votes for or assents to a distribution  
23 to the corporation's shareholders during the liquidation of the corpo-  
24 ration without the payment and discharge of, or making adequate pro-  
25 vision for, all known debts, obligations, and liabilities of the  
26 corporation is liable to the corporation, jointly and severally with  
27 all other directors voting for or assenting to distribution, for the  
28 value of the assets that are distributed, to the extent that the  
29 debts, obligations, and liabilities of the corporation are not

1           thereafter paid and discharged.

2                   (3) A director who votes for or assents to a loan of assets  
3 of the corporation to an officer or employee or a loan secured by the  
4 corporation's shares contrary to the provisions of AS 10.06.485 or  
5 contrary to a restriction in the articles of incorporation, is liable  
6 to the corporation, jointly and severally with all other directors  
7 voting for or assenting to the loan, for the amount of the loan that  
8 is in excess of a loan that could have been extended without a viola-  
9 tion of AS 10.06.485 or the restriction in the articles of incorpora-  
10 tion.

11           (b) A director against whom a claim is asserted under this  
12 section for the distribution of assets of the corporation is entitled  
13 to contribution from shareholders who accepted or received the assets,  
14 knowing the distribution to have been made in violation of this chap-  
15 ter, in proportion to the amounts received by them. A director  
16 against whom a claim is asserted under this section for the extension  
17 of a loan is entitled to contribution from the person receiving the  
18 loan.

19           (c) A director against whom a claim is asserted under this  
20 section is entitled to contribution from other directors who voted for  
21 or assented to the action upon which the claim is asserted.

22           Sec. 10.06.483. OFFICERS: TENURE, RESIGNATION, AGENCY, DUTY OF  
23 CARE. (a) A corporation shall have a president, a secretary, a trea-  
24 surer and other officers with titles and duties as stated in the  
25 bylaws of the corporation or determined by the board and as may be  
26 necessary to enable the corporation to sign instruments and share  
27 certificates. Any two or more offices may be held by the same person,  
28 except the offices of president and secretary. When all of the issued  
29 and outstanding stock of the corporation is owned by one person, the

1 person may hold all or any combination of offices.

2 (b) Except as otherwise provided in the articles or bylaws of  
3 the corporation, officers shall be chosen by the board and serve at  
4 the pleasure of the board, subject to the rights, if any, of an offi-  
5 cer under a contract of employment. An officer may resign at any time  
6 upon written notice to the corporation without prejudice to the  
7 rights, if any, of the corporation under a contract to which the  
8 officer is a party.

9 (c) All officers as between themselves and the corporation have  
10 the authority and shall perform the duties in the management of the  
11 corporation as provided in the bylaws of the corporation or, to the  
12 extent not provided in the bylaws, as provided by the board.

13 (d) Subject to the provisions of AS 10.06.020(a), a note, mort-  
14 gage, evidence of indebtedness, contract, share certificate, convey-  
15 ance, or other instrument in writing, and an assignment or endorsement  
16 of these, executed or entered into between the corporation and another  
17 person, if signed by two individuals, one of whom is the chairman of  
18 the board, the president, or a vice-president and the other of whom is  
19 the secretary, an assistant secretary, the treasurer, or an assistant  
20 treasurer of the corporation, is not invalidated as to the corporation  
21 by a lack of authority of the signing officers in the absence of  
22 actual knowledge on the part of the other person that the signing  
23 officers had no authority to execute the instrument.

24 (e) An officer shall perform the duties of an officer in good  
25 faith and with that degree of care, including reasonable inquiry, that  
26 an ordinarily prudent person in a like position would use under simi-  
27 lar circumstances.

28 Sec. 10.06.485. LOANS TO DIRECTORS, OFFICERS, AND EMPLOYEES.

29 (a) A loan may not be extended to an officer or employee without

1 authorization by the board. A loan may not be extended to a director  
2 without the approval of two-thirds of the voting shares. An employee  
3 or officer who is also a director is considered a director for pur-  
4 poses of this section. A shareholder is not disqualified from voting  
5 on a loan to a shareholder as a director because of personal interest.

6 (b) A loan to a director, officer, or employee and a loan  
7 secured by the shares of the corporation may not be made unless the  
8 loan would be permissible as a distribution under AS 10.06.358 -  
9 10.06.365. A loan under this subsection impairs the retained earnings  
10 or paid-in capital accounts to the extent of the loan.

11 (c) For purposes of this section, a loan may consist of cash,  
12 securities, or personal or real property.

13 (d) If a corporation acts as a guarantor on a loan to a direc-  
14 tor, officer, or employee, the guarantee is treated as a loan under  
15 this section.

16 (e) A director, officer, or employee of an affiliate corporation  
17 is a director, officer, or employee of the lending corporation for  
18 purposes of this section.

19 (f) A loan is to be judged by the duties of directors and offi-  
20 cers to act in good faith in a manner reasonably believed to be in the  
21 best interests of the corporation and with the care, including reason-  
22 able inquiry, that an ordinarily prudent person in a like position  
23 would use under similar circumstances.

24 Sec. 10.06.488. SECONDARY LIABILITY OF DIRECTORS AND OFFICERS.

25 (a) Except as exempted in (b) of this section and limited in (c) of  
26 this section, incorporators, directors, other than a provisional  
27 director appointed under AS 10.06.640, or individuals exercising the  
28 authority of directors as permitted in AS 10.06.450(a), and the presi-  
29 dent, secretary and treasurer, or individuals performing the functions

1 of these offices in a domestic or foreign corporation doing business  
2 in this state, are, to the extent that the assets of the corporate  
3 entity prove insufficient, jointly and severally liable for contract  
4 indebtedness, whether formal or otherwise, for materials, supplies,  
5 inventory, or services furnished in the state during their period of  
6 service.

7 (b) The terms of a written contract between a corporation and a  
8 third party may modify or preclude the liability created by this  
9 section.

10 (c) Notwithstanding division by assignment or otherwise, the  
11 total secondary liability created by this section for the benefit of a  
12 creditor under (a) of this section may not exceed \$25,000 exclusive of  
13 costs of collection.

14 (d) A party against whom a claim is asserted under this section  
15 is entitled to contribution from other persons enumerated in (a) of  
16 this section.

17 Sec. 10.06.490. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOY-  
18 EES, AND AGENTS: INSURANCE. (a) A corporation may indemnify a  
19 person who was, is, or is threatened to be made a party to a com-  
20 pleted, pending, or threatened action or proceeding, whether civil,  
21 criminal, administrative, or investigative, other than an action by or  
22 in the right of the corporation, by reason of the fact that the person  
23 is or was a director, officer, employee, or agent of the corporation,  
24 or is or was serving at the request of the corporation as a director,  
25 officer, employee, or agent of another corporation, partnership, joint  
26 venture, trust, or other enterprise. Indemnification may include  
27 reimbursement of expenses, attorney fees, judgments, fines, and  
28 amounts paid in settlement actually and reasonably incurred by the  
29 person in connection with the action or proceeding if the person acted

1 in good faith and in a manner the person reasonably believed to be in  
2 or not opposed to the best interests of the corporation, and, with  
3 respect to a criminal action or proceeding, the person had no reason-  
4 able cause to believe the conduct was unlawful. The termination of an  
5 action or proceeding by judgment, order, settlement, conviction, or  
6 upon a plea of nolo contendere or its equivalent, does not create a  
7 presumption that the person did not act in good faith and in a manner  
8 which the person reasonably believed to be in or not opposed to the  
9 best interests of the corporation, and, with respect to a criminal  
10 action or proceeding, the person had reasonable cause to believe that  
11 the conduct was unlawful.

12 (b) A corporation may indemnify a person who was, is, or is  
13 threatened to be made a party to a completed, pending, or threatened  
14 action by or in the right of the corporation to procure a judgment in  
15 its favor by reason of the fact that the person is or was a director,  
16 officer, employee, or agent of the corporation, or is or was serving  
17 at the request of the corporation as a director, officer, employee, or  
18 agent of another corporation, partnership, joint venture, trust, or  
19 other enterprise. Indemnification may include reimbursement for  
20 expenses and attorney fees actually and reasonably incurred by the  
21 person in connection with the defense or settlement of the action if  
22 the person acted in good faith and in a manner the person reasonably  
23 believed to be in or not opposed to the best interests of the corpo-  
24 ration. Indemnification may not be made in respect of any claim,  
25 issue, or matter as to which the person has been adjudged to be liable  
26 for negligence or misconduct in the performance of the person's duty  
27 to the corporation except to the extent that the court in which the  
28 action was brought determines upon application that, despite the  
29 adjudication of liability, in view of all the circumstances of the

1 case, the person is fairly and reasonably entitled to indemnity for  
2 expenses that the court considers proper.

3 (c) To the extent that a director, officer, employee, or agent  
4 of a corporation has been successful on the merits or otherwise in  
5 defense of an action or proceeding referred to in (a) or (b) of this  
6 section, or in defense of a claim, issue, or matter in the action or  
7 proceeding, the director, officer, employee, or agent shall be indem-  
8 nified against expenses and attorney fees actually and reasonably  
9 incurred in connection with the defense.

10 (d) Unless otherwise ordered by a court, indemnification under  
11 (a) or (b) of this section may only be made by a corporation upon a  
12 determination that indemnification of the director, officer, employee,  
13 or agent is proper in the circumstances because the director, officer,  
14 employee, or agent has met the applicable standard of conduct set out  
15 in (a) and (b) of this section. The determination shall be made

16 (1) by the board by a majority vote of a quorum consisting  
17 of directors who were not parties to the action or proceeding; or

18 (2) by independent legal counsel in a written opinion if

19 (A) a quorum under (1) of this subsection is not  
20 obtainable; or

21 (B) a quorum under (1) of this subsection is obtain-  
22 able but a majority of disinterested directors so directs; or

23 (3) by approval of the outstanding shares.

24 (e) Expenses incurred in defending a civil or criminal action or  
25 proceeding may be paid by the corporation in advance of the final  
26 disposition of the action or proceeding as authorized in the manner  
27 provided in (d) of this section upon receipt of an undertaking by or  
28 on behalf of the director, officer, employee, or agent to repay the  
29 amount if it is ultimately determined that the person is not entitled

1 to be indemnified by the corporation as authorized in this section.

2 (f) The indemnification provided by this section is not exclu-  
3 sive of any other rights to which a person seeking indemnification may  
4 be entitled under a bylaw, agreement, vote of shareholders or disin-  
5 terested directors, or otherwise, both as to action in the official  
6 capacity of the person and as to action in another capacity while  
7 holding the office. The right to indemnification continues as to a  
8 person who has ceased to be a director, officer, employee, or agent,  
9 and inures to the benefit of the heirs, executors, and administrators  
10 of the person.

11 (g) A corporation may purchase and maintain insurance on behalf  
12 of a person who is or was a director, officer, employee, or agent of  
13 the corporation, or is or was serving at the request of the corpo-  
14 ration as a director, officer, employee, or agent of another corpo-  
15 ration, partnership, joint venture, trust, or other enterprise against  
16 any liability asserted against the person and incurred by the person  
17 in that capacity, or arising out of that status, whether or not the  
18 corporation has the power to indemnify the person against the liabil-  
19 ity under the provisions of this section.

20 ARTICLE 7. AMENDMENTS AND CHANGES.

21 Sec. 10.06.502. AUTHORIZATION: PERMITTED AND PROHIBITED AMEND-  
22 MENTS. (a) By complying with the provisions of this chapter a corpo-  
23 ration may amend its articles of incorporation from time to time and  
24 in as many respects as desired if its articles as amended contain only  
25 provisions that would be lawful to insert in original articles filed  
26 at the time of the filing of the amendment.

27 (b) In particular, and without limitation upon the general power  
28 of amendment, a corporation may amend its articles of incorporation to

29 (1) change its corporate name;

- 1 (2) extend a limitation upon its period of duration;
- 2 (3) change, enlarge, or diminish a limitation upon its  
3 corporate purpose;
- 4 (4) increase or decrease the aggregate number of shares, or  
5 shares of a class, that the corporation has authority to issue;
- 6 (5) exchange, classify, reclassify, or cancel all or part  
7 of its shares, whether issued or unissued;
- 8 (6) change the designation of all or a part of its shares,  
9 whether issued or unissued, and to change the preferences, limita-  
10 tions, and the relative rights of all or part of its shares, whether  
11 issued or unissued;
- 12 (7) change shares of a class, whether issued or unissued,  
13 into a different number of shares of the same class or into the same  
14 or a different number of shares of other classes;
- 15 (8) create new classes of shares having rights and pref-  
16 erences either prior and superior or subordinate and inferior to the  
17 shares of a class then authorized, whether issued or unissued;
- 18 (9) cancel or otherwise affect the right of the holders of  
19 the shares of a class to receive dividends that have accrued but have  
20 not been declared;
- 21 (10) divide a preferred or special class of shares, whether  
22 issued or unissued, into series and fix and determine the designation  
23 of the series and the variations in the relative rights and prefer-  
24 ences as between the shares of the series;
- 25 (11) authorize the board to establish, out of authorized but  
26 unissued shares, series of a preferred or special class of shares and  
27 fix and determine the relative rights and preferences of the shares of  
28 the series;
- 29 (12) authorize the board to fix and determine the relative

1 rights and preferences of the authorized but unissued shares of series  
2 in which either the relative rights and preferences have not been  
3 fixed and determined or the relative rights and preferences are to be  
4 changed;

5 (13) revoke, diminish, or enlarge the authority of the board  
6 to establish series out of authorized but unissued shares of a pre-  
7 ferred or special class and fix and determine the relative rights and  
8 preferences of the shares of that series; and

9 (14) limit, deny, or grant to shareholders of a class the  
10 preemptive right to acquire additional shares of the corporation,  
11 whether then or thereafter authorized.

12 (c) A corporation may not amend its articles of incorporation to  
13 alter a statement that may appear in the original articles of the  
14 names and addresses of the first directors, or the name and address of  
15 the initial agent, except to correct an error in the statement or to  
16 delete either after the corporation has filed a notice under AS 10.-  
17 06.165 or AS 10.06.813.

18 Sec. 10.06.504. PROCEDURE TO AMEND ARTICLES OF INCORPORATION.

19 (a) A corporation shall amend its articles of incorporation in the  
20 following manner:

21 (1) If shares have not been issued, the board shall adopt a  
22 resolution setting out the proposed amendment or amendments.

23 (2) Subject to AS 10.06.506, if shares have been issued, an  
24 amendment shall be approved by the board and the outstanding shares.  
25 Approval may be initiated by the shareholders either before or after  
26 consideration by the board. If the board adopts a resolution setting  
27 out a proposed amendment, the board shall direct that the amendment be  
28 submitted to a vote at a meeting of shareholders that may be either  
29 the annual or a special meeting. If approval of the outstanding

1 shares is obtained before action by the board, the board shall con-  
2 sider and either approve or reject the amendment at the next regular  
3 or special meeting.

4 (b) A proposed amendment may be contained in restated articles  
5 of incorporation that contain

6 (1) a statement that except for the designated amendment  
7 the restated articles correctly set out without change the provisions  
8 of the articles being amended; and

9 (2) a statement that the restated articles together with  
10 the designated amendment supersede the original articles and all  
11 amendments to the original articles.

12 (c) Written notice setting out the proposed amendment or amend-  
13 ments or a summary of the changes to be made shall be given to each  
14 shareholder of record entitled to vote thereon within the time and in  
15 the manner provided in this chapter for the giving of notice of meet-  
16 ings of shareholders. If the amendment is to be considered at an  
17 annual meeting, the proposed amendment or summary may be included in  
18 the notice of the annual meeting.

19 Sec. 10.06.506. CLASS VOTING ON AMENDMENTS. (a) The holders of  
20 the outstanding shares of a class may vote as a class upon a proposed  
21 amendment, whether or not the holders are entitled to vote on the  
22 amendment by the provisions of the articles of incorporation, if the  
23 amendment

24 (1) increases or decreases the aggregate number of autho-  
25 rized shares of the class;

26 (2) exchanges, reclassifies, or cancels all or part of the  
27 shares of the class;

28 (3) exchanges or creates a right of exchange of all or part  
29 of the shares of another class into the shares of the class;

1 (4) changes the designations, preferences, limitations, or  
2 relative rights of the shares of the class;

3 (5) changes the shares of the class into the same or a  
4 different number of shares of the same class or another class;

5 (6) creates a new class of shares having rights and pref-  
6 erences prior and superior to the shares of the class, or increases  
7 the rights and preferences or the number of authorized shares of a  
8 class having rights and preferences prior or superior to the shares of  
9 the class;

10 (7) divides the shares of a preferred or special class into  
11 series and fixes and determines the designation of the series and the  
12 variations in the relative rights and preferences between the shares  
13 of the series or authorizes the board to do so;

14 (8) limits or denies the existing preemptive rights of the  
15 shares of the class;

16 (9) cancels or otherwise affects dividends on the shares of  
17 the class that are accrued but not declared.

18 (b) If the holders of the outstanding shares of a class are  
19 entitled to vote as a class under (a) of this section, the amendment  
20 is not approved unless it receives a majority vote of the outstanding  
21 shares of that class and approval of the outstanding shares.

22 Sec. 10.06.508. GREATER VOTING REQUIREMENTS. If the articles of  
23 incorporation require the vote of a larger proportion or of all of the  
24 shares of a class or series, or of a larger proportion or of all the  
25 directors, than is otherwise required by this chapter, the provision  
26 in the articles requiring the greater vote may not be altered,  
27 amended, or repealed except by that greater vote unless otherwise  
28 provided in the articles.

29 Sec. 10.06.510. ARTICLES OF AMENDMENT. The articles of

1 amendment shall be executed in duplicate by the corporation by its  
2 president or vice-president and by its secretary or an assistant  
3 secretary, and verified by one of the officers signing the articles of  
4 amendment, and shall set out

5 (1) the name of the corporation;

6 (2) the amendment adopted;

7 (3) the date of the approval of the amendment by the board  
8 and outstanding shares, or by the board if shares have not been  
9 issued;

10 (4) the number of shares outstanding and the number of  
11 shares entitled to vote, and if the shares of a class are entitled to  
12 vote as a class, the designation and number of outstanding shares of  
13 each class entitled to vote;

14 (5) the number of shares voted for and against the amend-  
15 ment and, if the shares of a class are entitled to vote as a class,  
16 the number of shares of each class voted for and against the amend-  
17 ment, or if shares have not been issued, a statement to that effect;  
18 and

19 (6) the manner in which an exchange, reclassification, or  
20 cancellation of issued shares is to be carried out if the amendment  
21 provides for an exchange, reclassification, or cancellation of issued  
22 shares and is not set out in the amendment.

23 Sec. 10.06.512. FILING OF ARTICLES OF AMENDMENT. Duplicate  
24 originals of the articles of amendment shall be delivered to the  
25 commissioner for processing according to AS 10.06.910 and for issuance  
26 of a certificate of amendment.

27 Sec. 10.06.514. EFFECT OF CERTIFICATE OF AMENDMENT. (a) An  
28 amendment is effective upon the issuance of a certificate of amendment  
29 by the commissioner, or on a later date, not more than 30 days after

1 the filing of the certificate with the commissioner, as provided in  
2 the articles of amendment.

3 (b) An amendment may not affect an existing cause of action in  
4 favor of or against the corporation, or a pending suit to which the  
5 corporation is a party, or the existing rights of persons other than  
6 shareholders. If the corporate name is changed by amendment, a suit  
7 brought by or against the corporation under its former name does not  
8 abate.

9 Sec. 10.06.516. RESTATED ARTICLES OF INCORPORATION. A domestic  
10 corporation may, by resolution adopted by the board, restate its  
11 articles of incorporation as amended up to that time. Upon the  
12 adoption of the resolution, restated articles shall be executed in  
13 duplicate by the corporation by its president or a vice-president and  
14 by its secretary or assistant secretary and verified by one of the  
15 officers signing the articles and shall set out all of the operative  
16 provisions of the articles as amended up to that time together with a  
17 statement that the restated articles correctly set out without change  
18 the corresponding provisions of the articles as amended up to that  
19 time and that the restated articles supersede the original articles  
20 and all amendments to them.

21 Sec. 10.06.518. FILING OF RESTATED ARTICLES OF INCORPORATION.  
22 Duplicate originals of restated articles of incorporation shall be  
23 delivered to the commissioner for processing according to AS 10.06.910  
24 and for issuance of a restated certificate of incorporation.

25 Sec. 10.06.520. EFFECT OF ISSUANCE OF RESTATED CERTIFICATE OF  
26 INCORPORATION. Upon the issuance of a restated certificate of corpo-  
27 ration, the restated articles of incorporation become effective and  
28 supersede the original articles and all amendments.

29 Sec. 10.06.522. AMENDMENT OF ARTICLES OF INCORPORATION IN

1 REORGANIZATION PROCEEDINGS. (a) If a plan of reorganization of a  
2 corporation has been confirmed by decree or order of a court in pro-  
3 ceedings for the reorganization of the corporation under an applicable  
4 statute of the United States relating to reorganization of corpora-  
5 tions, the articles of the corporation may be amended as necessary in  
6 the manner provided in (c) of this section, in order to carry out the  
7 plan and put it into effect, only if the articles as amended contain  
8 provisions that might be lawfully contained in original articles at  
9 the time of the making of the amendment.

10 (b) In particular, and without limitation upon the general power  
11 of amendment, the articles of incorporation may be amended to

12 (1) change the corporate name, period of duration, or cor-  
13 porate purposes of the corporation;

14 (2) repeal, alter, or amend the bylaws of the corporation;

15 (3) change the aggregate number of shares or shares of a  
16 class that the corporation has authority to issue;

17 (4) change the preferences, limitation, and relative rights  
18 of all or part of the shares of the corporation, and classify, re-  
19 classify, or cancel all or part of the shares, whether issued or un-  
20 issued;

21 (5) authorize the issuance of bonds, debentures, or other  
22 obligations of the corporation, whether or not convertible into shares  
23 of a class or bearing warrants or other evidences of optional rights  
24 to purchase or subscribe for shares of a class, and fix the terms and  
25 conditions of the bonds, debentures, or other obligations; and

26 (6) constitute or reconstitute and classify or reclassify  
27 the board of the corporation, and appoint directors and officers in  
28 place of or in addition to all or any of the directors or officers  
29 then in office.

1 (c) Articles of amendment approved by decree or order of a court  
2 shall be executed and verified in duplicate by the person or persons  
3 the court designates or appoints for the purpose, and shall set out  
4 the name of the corporation, the amendments of the articles approved  
5 by the court, the date of the decree or order approving the articles  
6 of amendment, the title of the proceedings in which the decree or  
7 order was entered, and a statement that the decree or order was en-  
8 tered by a court having jurisdiction of the proceedings for the reor-  
9 ganization of the corporation under an applicable statute of the  
10 United States.

11 Sec. 10.06.524. FILING OF AMENDMENT OF ARTICLES IN REORGANIZA-  
12 TION PROCEEDINGS. Duplicate originals of the articles of amendment in  
13 reorganization proceedings shall be delivered to the commissioner for  
14 processing according to AS 10.06.910 and for issuance of a certificate  
15 of amendment.

16 Sec. 10.06.526. EFFECT OF ISSUANCE OF CERTIFICATE OF AMENDMENT  
17 IN REORGANIZATION PROCEEDINGS. An amendment becomes effective upon  
18 the issuance of a certificate of amendment in reorganization proceed-  
19 ings, and the articles are considered to be amended without action by  
20 the directors or shareholders of the corporation and with the same  
21 effect as if the amendments had been adopted by unanimous action of  
22 the directors and shareholders of the corporation.

23 ARTICLE 8. ORGANIC CHANGE.

24 Sec. 10.06.530. MERGER. Two or more domestic corporations may  
25 merge into one of such corporations under a plan of merger approved in  
26 the manner provided in AS 10.06.530 - 10.06.586.

27 Sec. 10.06.532. PROCEDURE FOR MERGER. A plan of merger approved  
28 by a resolution of the board of each corporation shall be proposed  
29 setting out

1 (1) the names of the corporations proposing to merge and  
2 the name of the surviving corporation into which they propose to  
3 merge;

4 (2) the terms and conditions of the proposed merger;

5 (3) the manner and basis of converting the shares of each  
6 merging corporation into shares or other securities or obligations of  
7 the surviving corporation;

8 (4) a statement of changes in the articles of incorporation  
9 of the surviving corporation caused by the merger; and

10 (5) other provisions of the merger considered necessary or  
11 desirable.

12 Sec. 10.06.534. CONSOLIDATION. Two or more domestic corpora-  
13 tions may consolidate into a new domestic corporation under a plan of  
14 consolidation approved in the manner provided in AS 10.06.530 -  
15 10.06.586.

16 Sec. 10.06.536. PROCEDURE FOR CONSOLIDATION. A plan of consoli-  
17 dation approved by a resolution of the board of each corporation shall  
18 be proposed setting out

19 (1) the names of the corporations proposing to consolidate  
20 and the name of the new corporation into which they propose to consol-  
21 idate;

22 (2) the terms and conditions of the proposed consolidation;

23 (3) the manner and basis of converting the shares of each  
24 corporation into shares or other securities or obligations of the new  
25 corporation;

26 (4) the statements with respect to the new corporation  
27 required to be set out in the articles of incorporation for corpora-  
28 tions organized under this chapter; and

29 (5) other provisions of the consolidation considered

1 necessary or desirable.

2       Sec. 10.06.538. SHARE EXCHANGE. All of the issued or outstand-  
3 ing shares of one or more classes of a domestic corporation may be  
4 acquired through the exchange of all of the issued or outstanding  
5 shares of the class or classes by another domestic or foreign corpo-  
6 ration under a plan of exchange approved in the manner provided in  
7 AS 10.06.530 - 10.06.586.

8       Sec. 10.06.540. PROCEDURE FOR SHARE EXCHANGE. (a) A plan of  
9 exchange approved by a resolution of the board of each corporation  
10 shall be proposed setting out

11               (1) the name of the corporation the shares of which are  
12 proposed to be acquired by exchange and the name of the acquiring  
13 corporation;

14               (2) the terms and conditions of the proposed exchange;

15               (3) the manner and basis of exchanging the shares to be  
16 acquired for shares, obligations, or other securities of the acquiring  
17 corporation or another corporation, or, in whole or in part, for cash  
18 or other property;

19               (4) other provisions of the proposed exchange considered  
20 necessary or desirable.

21               (b) The procedure authorized by this section does not limit the  
22 power of a corporation to acquire all or part of the shares of any  
23 class or classes of a corporation through voluntary exchange or other-  
24 wise by agreement with the shareholders.

25       Sec. 10.06.542. DISPARATE TREATMENT OF SHARES OF THE SAME CLASS  
26 OR SERIES PROHIBITED: EXCEPTIONS. (a) Except as provided in (b) of  
27 this section all shares of the same class or series shall be treated  
28 equally with respect to a distribution of shares, cash, property,  
29 rights, or securities in any plan of merger, consolidation, or share

1 exchange.

2 (b) Disparate treatment of shares of the same class or series  
3 may be proposed in a plan of merger, consolidation, or share exchange  
4 if

5 (1) disparate treatment is necessary to preserve a sub-  
6 chapter S election under the Internal Revenue Code of 1954;

7 (2) there is a sound business reason for disparate treat-  
8 ment and proponents of the plan prove it is consistent with fiduciary  
9 duties owed to all shareholders; or

10 (3) there is unanimous consent of all shareholders.

11 Sec. 10.06.544. NOTICE TO AND APPROVAL BY SHAREHOLDERS. Upon  
12 approval by the board of each corporation of a plan of merger, con-  
13 solidation, or exchange, each board shall, by resolution, direct that  
14 the plan be submitted for approval, at either an annual or special  
15 meeting, by the outstanding shares of each corporation. Written  
16 notice shall be given to each shareholder of record, whether or not  
17 the share or shares of the shareholder have voting rights under the  
18 articles of the corporation, not less than 20 days before the meeting,  
19 in the manner provided in this chapter for the giving of notice of  
20 meetings of shareholders. Whether the meeting is an annual or special  
21 meeting, the notice shall state that the purpose or one of the pur-  
22 poses of the meeting is to consider the proposed plan of merger,  
23 consolidation, or exchange. A copy or summary of the plan of merger,  
24 consolidation, or exchange, as well as a copy of AS 10.06.574 and  
25 10.06.576, concerning the rights of a dissenting shareholder, shall be  
26 included with the notice.

27 Sec. 10.06.546. MANNER OF APPROVAL BY SHAREHOLDERS. At each  
28 meeting for which notice is given under AS 10.06.544 a vote of the  
29 shareholders shall be taken on the proposed plan of merger,

1 consolidation, or exchange. Each outstanding share of each corpora-  
2 tion may vote on the proposed plan whether or not the share has voting  
3 rights under the articles of the corporation. The plan is approved if  
4 it receives the affirmative vote of at least two-thirds of the out-  
5 standing shares of each corporation. If a class of shares of a corpo-  
6 ration is entitled to vote on the plan as a class, the plan is ap-  
7 proved if it receives the affirmative vote of at least two-thirds of  
8 the outstanding shares of each class of shares entitled to vote on the  
9 plan as a class and the affirmative vote of at least two-thirds of the  
10 total shares entitled to vote on the plan. A class of shares of a  
11 corporation is entitled to vote as a class if a plan contains a pro-  
12 vision that, if contained in a proposed amendment to the articles of  
13 incorporation, would entitle the class of shares to vote as a class  
14 and, in the case of an exchange, if the class is included in the  
15 exchange.

16 Sec. 10.06.548. ABANDONMENT OF PLAN OF MERGER, CONSOLIDATION, OR  
17 EXCHANGE. After approval of the outstanding shares of each corpo-  
18 ration under AS 10.06.546 and before the filing of the articles of  
19 merger, consolidation, or exchange, the merger, consolidation, or  
20 exchange may be abandoned under provisions set out in the plan.

21 Sec. 10.06.550. ARTICLES OF MERGER, CONSOLIDATION, OR EXCHANGE.  
22 After approval, articles of merger, articles of consolidation, or  
23 articles of exchange shall be executed in duplicate by each corpora-  
24 tion by its president or a vice-president and by its secretary or an  
25 assistant secretary, and verified by one of the officers of each  
26 corporation signing the articles, and shall set out

- 27 (1) the plan of merger, consolidation, or exchange;  
28 (2) the number of shares outstanding of each corporation,  
29 and, if the shares of a class were entitled to vote as a class, the

1 designation and number of outstanding shares of the class; and

2 (3) the number of shares voted for and against the plan,  
3 and, if the shares of a class were entitled to vote as a class, the  
4 number of shares of the class voted for and against the plan.

5 Sec. 10.06.552. FILING OF ARTICLES OF MERGER, CONSOLIDATION, OR  
6 EXCHANGE. Duplicate originals of the articles of merger, consolida-  
7 tion, or exchange shall be delivered to the commissioner for process-  
8 ing according to AS 10.06.910 and for the issuance of a certificate of  
9 merger, consolidation, or exchange.

10 Sec. 10.06.554. MERGER OF SUBSIDIARY CORPORATION. A corporation  
11 owning at least 90 percent of the outstanding shares of each class of  
12 another corporation may merge the other corporation into itself with-  
13 out approval by a vote of the shareholders of either corporation.

14 Sec. 10.06.556. PROCEDURE FOR MERGER OF SUBSIDIARY CORPORATION.  
15 (a) The board of a proposed surviving corporation shall, by resolu-  
16 tion, approve a plan of merger setting out

17 (1) the name of the subsidiary corporation and the name of  
18 the corporation owning at least 90 percent of its shares;

19 (2) subject to AS 10.06.542, the manner and basis of con-  
20 verting the shares of the subsidiary corporation into shares, obliga-  
21 tions, or other securities of the surviving or other corporation or,  
22 in whole or in part, into cash or other property.

23 (b) A copy of a plan of merger shall be mailed to each share-  
24 holder of record of the subsidiary corporation.

25 (c) Articles of merger shall be executed in duplicate by the  
26 surviving corporation by its president or a vice-president and by its  
27 secretary or an assistant secretary, and verified by one of its offi-  
28 cers signing the articles, and shall set out

29 (1) the plan of merger;

1 (2) the number of outstanding shares of each class of the  
2 subsidiary corporation and the number of those shares of each class  
3 owned by the surviving corporation; and

4 (3) the date of the mailing to shareholders of the subsid-  
5 iary corporation of the plan of merger.

6 Sec. 10.06.558. FILING OF ARTICLES OF MERGER OF SUBSIDIARY COR-  
7 PORATION. Duplicate originals of the articles of merger of a subsid-  
8 iary corporation shall be delivered to the commissioner for processing  
9 according to AS 10.06.910 and for the issuance of a certificate of  
10 merger.

11 Sec. 10.06.560. EFFECT OF MERGER, CONSOLIDATION, OR EXCHANGE.

12 (a) A merger, consolidation, or exchange is effective upon the issu-  
13 ance of a certificate of merger, consolidation, or exchange by the  
14 commissioner, or on a later date, not more than 30 days after the  
15 filing of the certificate with the commissioner, as provided in the  
16 plan.

17 (b) When a merger or consolidation becomes effective,

18 (1) the corporations parties to the plan of merger or con-  
19 solidation shall be a single corporation, that, in the case of a  
20 merger, shall be that corporation designated in the plan of merger as  
21 the surviving corporation, and, in the case of a consolidation, shall  
22 be the new corporation provided for in the plan of consolidation;

23 (2) the separate existence of all corporations parties to  
24 the plan of merger or consolidation, except the surviving or new cor-  
25 poration, ceases;

26 (3) a surviving or new corporation has all the rights,  
27 privileges, immunities, and powers and is subject to all the duties  
28 and liabilities of a corporation organized under this chapter;

29 (4) the surviving or new corporation possesses all the

1 public and private rights, privileges, immunities, and franchises of  
2 each of the merging or consolidating corporations; all property, real,  
3 personal, and mixed, and all debts due on whatever account, including  
4 subscriptions to shares, and all other choses in action, and every  
5 other interest of, belonging to, or due to each of the merged or con-  
6 solidated corporations, shall be transferred to and vested in the  
7 surviving or new corporation without further act; and the title to  
8 real estate, or an interest in real estate, vested in any of the  
9 corporations may not revert or be in any way impaired by reason of a  
10 merger or consolidation;

11 (5) a surviving or new corporation is responsible and  
12 liable for all the liabilities and obligations of each of the merged  
13 or consolidated corporations; a claim existing or action or proceeding  
14 pending by or against the merged or consolidated corporations may be  
15 prosecuted as if the merger or consolidation has not taken place, or  
16 the surviving or new corporation may be substituted in its place; and  
17 the rights of creditors or any liens upon the property of the merged  
18 or consolidated corporations may not be impaired by the merger or  
19 consolidation;

20 (6) in the case of a merger, the articles of incorporation  
21 of the surviving corporation are considered to be amended to the  
22 extent that changes in its articles are stated in the plan of merger;  
23 and, in the case of a consolidation, the statements set out in the  
24 articles of consolidation that are required or permitted to be set out  
25 in the articles of incorporation of corporations organized under this  
26 chapter are considered to be the original articles of the new corpo-  
27 ration.

28 (c) When a merger, consolidation, or exchange becomes effective,  
29 the shares of the corporation or corporations party to the plan that

1 are to be converted or exchanged under the terms of the plan cease to  
2 exist, in the case of a merger or consolidation, or are considered to  
3 be exchanged, in the case of an exchange, and the holders of the  
4 shares are entitled only to the shares, obligations, other securities,  
5 cash, or other property into which the shares have been converted or  
6 for which they have been exchanged, in accordance with the plan,  
7 subject to the rights under AS 10.06.574.

8 Sec. 10.06.562. MERGER, CONSOLIDATION, OR EXCHANGE OF SHARES  
9 BETWEEN DOMESTIC AND FOREIGN CORPORATION. One or more foreign corpo-  
10 rations and one or more domestic corporations may be merged or consol-  
11 idated, or participate in an exchange, if the merger, consolidation,  
12 or exchange is permitted by the laws of the state under which each  
13 foreign corporation is organized and

14 (1) each domestic corporation complies with the provisions  
15 of this chapter with respect to the merger, consolidation, or exchange  
16 of domestic corporations and each foreign corporation complies with  
17 the applicable provisions of the laws of the state under which it is  
18 organized; and

19 (2) if the surviving or new corporation is to be governed  
20 by the laws of another state, it complies with the provisions of this  
21 chapter concerning foreign corporations if it is to transact business  
22 in this state and it files with the commissioner

23 (A) an agreement that the surviving or new foreign  
24 corporation may be served with process in this state in a pro-  
25 ceeding for the enforcement of an obligation of a domestic corpo-  
26 ration that is a party to the merger or consolidation and in a  
27 proceeding for the enforcement of the rights of a dissenting  
28 shareholder of a domestic corporation against the surviving or  
29 new corporation;

1 (B) an irrevocable appointment of the commissioner as  
2 the agent of the surviving or new corporation to accept service  
3 of process in a proceeding described in (A) of this paragraph;  
4 and

5 (C) an agreement that it will promptly pay to the  
6 dissenting shareholders of a domestic corporation the amount to  
7 which they are entitled under provisions of this chapter with  
8 respect to the rights of dissenting shareholders.

9 Sec. 10.06.564. REORGANIZATION: DISCLOSURE OF ALIEN AFFILIATES.

10 Not less than 20 days before the consummation of an organic change  
11 under AS 10.06.530 - 10.06.562, the surviving or new corporation shall  
12 deliver to the commissioner

13 (1) a list of the names and addresses of each alien affil-  
14 iate of the surviving or new corporation;

15 (2) the percentage of outstanding shares controlled by each  
16 alien affiliate; and

17 (3) a specific description of the nature of the relation-  
18 ship between the surviving or new corporation and its alien affiliate.

19 Sec. 10.06.566. SALE OF ASSETS IN REGULAR COURSE OF BUSINESS;  
20 MORTGAGE OR PLEDGE OF ASSETS. The board of the corporation, without  
21 the approval of the shareholders or outstanding shares of the corpora-  
22 tion, may authorize the sale, lease, exchange, or other disposition of  
23 all, or substantially all, the property and assets of a corporation in  
24 the usual and regular course of its business and the mortgage or  
25 pledge of any or all property and assets of a corporation whether or  
26 not in the usual and regular course of business, upon terms and con-  
27 ditions and for consideration, that may consist in whole or in part of  
28 cash or other property, including shares, obligations, or other secu-  
29 rities of another domestic or foreign corporation.

1           Sec. 10.06.568. SALE OF ASSETS NOT IN REGULAR COURSE OF BUSI-  
2           NESS. (a) A sale, lease, exchange, or other disposition of all, or  
3           substantially all, of the property and assets, with or without the  
4           good will, of a corporation, if not in the usual and regular course of  
5           its business, may be made upon terms and conditions and for considera-  
6           tion, that may consist in whole or in part of cash or other property,  
7           including shares, obligations or other securities of another foreign  
8           or domestic corporation, as authorized in (b) of this section.

9           (b) A sale, lease, exchange, or other disposition shall be  
10          recommended to the shareholders by resolution approved by the board  
11          and submitted to a vote of the shareholders at a regular or special  
12          meeting. Written notice shall be given to each shareholder of record  
13          of the corporation, whether or not the shares have voting rights under  
14          the articles of the corporation, not less than 20 days before the  
15          meeting, in the manner provided in this chapter for the giving of  
16          notice of meetings of shareholders. Whether the meeting is an annual  
17          or special meeting the notice shall state that the purpose or one of  
18          the purposes of the meeting is to consider the proposed sale, lease,  
19          exchange, or other disposition, and include a copy of AS 10.06.574 -  
20          10.06.576, concerning the rights of a dissenting shareholder.

21          Sec. 10.06.570. APPROVAL OF TRANSACTION BY SHAREHOLDERS. (a)  
22          At a meeting for which notice is given under AS 10.06.568(b) a vote of  
23          the shareholders shall be taken on the recommended sale, lease, ex-  
24          change, or other disposition and the shareholders may fix, or may  
25          authorize the board to fix, the terms and conditions and the consid-  
26          eration to be received by the corporation. The transaction is ap-  
27          proved if the recommendation of the board receives the affirmative  
28          vote of at least two-thirds of the outstanding shares of the corpo-  
29          ration, unless a class of shares is entitled to vote as a class, in

1 which event the transaction shall be approved upon receiving the  
2 affirmative vote of at least two-thirds of the outstanding shares of  
3 each class of shares entitled to vote as a class and of the total  
4 shares entitled to vote.

5 (b) If the buyer in a sale of assets under AS 10.06.568 is in  
6 control of or under common control with the seller, the principal  
7 terms of the sale must be approved by at least 90 percent of the  
8 outstanding shares of the seller unless the sale is to a domestic or  
9 foreign corporation in consideration for the nonredeemable common  
10 shares of the purchasing corporation or its parent.

11 Sec. 10.06.572. ABANDONMENT OF TRANSACTION BY BOARD. The board  
12 in its discretion may abandon a sale, lease, exchange, or other dispo-  
13 sition of assets after approval by the shares without further action  
14 or approval by the shares, subject to the rights of third parties  
15 under contracts relating to the sale, lease, exchange, or other dispo-  
16 sition.

17 Sec. 10.06.574. RIGHT OF SHAREHOLDERS TO DISSENT. (a) A share-  
18 holder may dissent from the following corporate actions:

19 (1) a plan of merger, consolidation, or exchange to which  
20 the corporation is a party; or

21 (2) a sale or exchange of all or substantially all of the  
22 property and assets of the corporation not made in the usual and  
23 regular course of its business, including a sale in dissolution, but  
24 not including a sale under a court order or a sale for cash on terms  
25 requiring that all or substantially all of the net proceeds of the  
26 sale be distributed to the shareholders in accordance with their  
27 respective interests within one year after the date of sale.

28 (b) The rights of a shareholder who dissents as to less than all  
29 of the shares registered in the name of the shareholder shall be

1 determined as if the shares as to which the shareholder dissents and  
2 the other shares of the shareholder are registered in the names of  
3 different shareholders.

4 (c) This section does not apply to the shareholders of the sur-  
5 viving corporation in a merger if a vote of shareholders of the sur-  
6 viving corporation is not necessary to authorize the merger.

7 (d) This section does not apply to the holders of shares of a  
8 class or series if the shares of the class or series were registered  
9 on a national securities exchange on the date fixed to determine the  
10 shareholders entitled to vote at the meeting of shareholders at which  
11 the plan of merger, consolidation, or exchange or the proposed sale or  
12 exchange of property and assets is to be acted upon unless the arti-  
13 cles of the corporation provide otherwise.

14 Sec. 10.06.576. RIGHTS OF DISSENTING SHAREHOLDERS: WITHDRAWAL  
15 OF DEMAND. (a) A shareholder electing to exercise a right of dissent  
16 shall file with the corporation, before or at the meeting of share-  
17 holders at which the proposed corporate action is submitted to a vote,  
18 a written objection to the proposed corporate action. If the proposed  
19 corporate action is approved by the required vote and the shareholder  
20 did not vote in favor of the action, the shareholder may, within 10  
21 days after the date on which the vote was taken or if a corporation is  
22 to be merged without a vote of its shareholders into another corpora-  
23 tion, any of its shareholders may, within 20 days after the plan of  
24 merger has been mailed to the shareholders, make written demand on the  
25 corporation, or, in the case of a merger or consolidation, on the  
26 surviving or new corporation, for payment of the fair value of the  
27 shareholder's shares. If the proposed corporate action is effected,  
28 the corporation shall pay to the dissenting shareholder, upon sur-  
29 render of the certificate or certificates representing the shares of

1 the shareholder, the fair value of the shares as of the day before the  
2 date on which the vote was taken approving the proposed corporate  
3 action, excluding any appreciation or depreciation in anticipation of  
4 the corporate action. A shareholder failing to make timely demand  
5 under this section is bound by the terms of the proposed corporate  
6 action. A dissenting shareholder making demand under this section is  
7 entitled only to payment as provided in this section and is not enti-  
8 tled to vote or to exercise any other rights of a shareholder.

9 (b) A demand may not be withdrawn without the consent of the  
10 corporation. If a demand is withdrawn with consent, or if the pro-  
11 posed corporate action is abandoned or rescinded or the shareholders  
12 revoke the authority for the action, or if, in the case of a merger,  
13 on the date of the filing of the articles of merger the surviving  
14 corporation is the owner of all the outstanding shares of the other  
15 corporations that are parties to the merger, or if no demand or peti-  
16 tion for the determination of fair value by a court has been made or  
17 filed within the time provided in AS 10.06.582, or if a court deter-  
18 mines that a shareholder is not entitled to the relief provided by  
19 AS 10.06.582, then the right of the shareholder to be paid the fair  
20 value of the shares of the shareholder ceases and the status of the  
21 person as a shareholder shall be restored, without prejudice to any  
22 corporate proceedings that may have been taken during the interim.

23 Sec. 10.06.578. NOTICE TO DISSENTING SHAREHOLDER. Within 10  
24 days after the corporate action is effected, the corporation or in the  
25 case of a merger or consolidation, the surviving or new corporation  
26 shall give written notice of the action to each dissenting shareholder  
27 who has made demand under AS 10.06.576, and shall make a written offer  
28 to each dissenting shareholder to pay a specified price considered by  
29 the corporation to be the fair value for the shares of the

1 shareholder. The notice and offer shall be accompanied by a balance  
2 sheet of the corporation the shares of which the dissenting share-  
3 holder holds as of the latest available date but not more than 12  
4 months before the making of the offer, and a profit and loss statement  
5 of that corporation for the 12-month period ending on the date of the  
6 balance sheet.

7 Sec. 10.06.580. PAYMENT TO DISSENTING SHAREHOLDER AFTER AGREE-  
8 MENT ON VALUE OF SHARES. If within 30 days after the date on which  
9 the corporate action is effected the fair value of the shares is  
10 agreed upon between the dissenting shareholder and the corporation,  
11 payment for the shares shall be made to the dissenting shareholder  
12 within 90 days after the action was effected. Upon payment of the  
13 agreed value the dissenting shareholder ceases to have any interest in  
14 the shares.

15 Sec. 10.06.582. ACTION TO DETERMINE VALUE OF SHARES UPON FAILURE  
16 TO AGREE. (a) If, within 30 days after a corporation effects an  
17 organic change to which a shareholder dissents under AS 10.06.574, a  
18 dissenting shareholder and the corporation do not agree on the fair  
19 value of the shares, the corporation, within 30 days after receipt of  
20 written demand from a dissenting shareholder given within 60 days  
21 after the corporate action was effected, shall, or at its election any  
22 time within 60 days of the corporate action, may, file a petition in a  
23 court in the judicial district where the registered office of the  
24 corporation is located, requesting that the fair value of the shares  
25 be found and determined. If, in the case of a merger or consolida-  
26 tion, the surviving or new corporation is a foreign corporation with-  
27 out a registered office in the state, the petition shall be filed in  
28 the judicial district where the registered office of the domestic  
29 corporation was last located. If the corporation fails to institute a

1 proceeding as provided in this section, a dissenting shareholder may  
2 institute a proceeding in the name of the corporation. All dissenting  
3 shareholders, wherever residing, shall be made parties to the proceed-  
4 ing as an action against their shares quasi in rem. A copy of the  
5 petition shall be served by certified mail on each dissenting share-  
6 holder who is a nonresident. Service on nonresidents shall also be  
7 made by publication as provided by law. The jurisdiction of the court  
8 shall be plenary and exclusive. All shareholders who are parties to  
9 the proceeding are entitled to judgment against the corporation for  
10 the amount of the fair value of their shares. The court may appoint  
11 one or more persons as appraisers to receive evidence and recommend a  
12 decision on the question of fair value of the shares. The appraisers  
13 shall have the power and authority as specified in the order of their  
14 appointment or as amended. The judgment shall be payable only upon  
15 and concurrently with the surrender to the corporation of the certifi-  
16 cate or certificates representing the shares. Upon payment of the  
17 judgment, the dissenting shareholder ceases to have an interest in the  
18 shares.

19 (b) The judgment shall include an allowance for interest at a  
20 rate the court finds to be fair and equitable, from the date on which  
21 the vote was taken on the proposed corporate action to the date of  
22 payment.

23 (c) The costs and expenses of a proceeding under this section  
24 shall be determined by the court and shall be assessed against the  
25 corporation. All or any part of the costs and expenses may be appor-  
26 tioned and assessed as the court considers equitable against any or  
27 all of the dissenting shareholders who are parties to the proceeding  
28 to whom the corporation made an offer to pay for the shares if the  
29 court finds that the action of the shareholders in failing to accept

1 the offer was arbitrary, vexatious, or not in good faith. The ex-  
2 penses shall include the reasonable compensation and expenses of the  
3 appraisers, but shall exclude the fees and expenses of counsel for and  
4 experts employed by any party. If the fair value of the shares as  
5 determined by the court materially exceeds the amount that the corpo-  
6 ration offered to pay, or if no offer was made, the court in its  
7 discretion may award to a shareholder who is a party to the proceeding  
8 reasonable compensation for an expert or experts employed by the  
9 shareholder in the proceeding.

10 Sec. 10.06.584. PRESENTATION OF DISSENTERS' SHARES TO CORPORA-  
11 TION. Within 20 days after demanding payment for the shares of the  
12 shareholder, a shareholder demanding payment shall submit the certifi-  
13 cate or certificates representing the shares of the shareholder to the  
14 corporation for notation on the shares that a demand for payment has  
15 been made. If the shareholder fails to submit the certificates, the  
16 corporation may terminate the rights of the shareholder under AS 10.-  
17 06.530 - 10.06.586 unless a court orders otherwise. If shares repre-  
18 sented by a certificate on which a notation of demand for payment has  
19 been made are transferred, each new certificate issued for the shares  
20 shall bear a similar notation, together with the name of the original  
21 dissenting holder of the shares, and a transferee of the shares ac-  
22 quires only those rights in the corporation that the original dissent-  
23 ing shareholder had after making demand for payment of the fair value  
24 of the shares.

25 Sec. 10.06.586. STATUS OF SHARES ACQUIRED FROM DISSENTING SHARE-  
26 HOLDERS. Shares acquired by a corporation under AS 10.06.582 and  
27 AS 10.06.584 shall be held and disposed of by the corporation as other  
28 reacquired shares (AS 10.06.388), except that, in the case of a merger  
29 or consolidation, they shall be held and disposed of as the plan of

1 merger or consolidation may otherwise provide.

2 ARTICLE 9. DISSOLUTION.

3 Sec. 10.06.605. VOLUNTARY DISSOLUTION BY VOTE, WRITTEN CONSENT  
4 OF SHARES, OR ELECTION OF THE BOARD. (a) A corporation may elect  
5 voluntarily to wind up and dissolve by

6 (1) the vote of shareholders taken at a special or annual  
7 meeting with notice to each shareholder entitled to vote at the meet-  
8 ing (AS 10.06.410) and stating that the purpose, or one of the pur-  
9 poses, of the meeting is to consider approval of voluntary dissolution  
10 of the corporation; at the meeting the election to voluntarily dis-  
11 solve is adopted upon receiving the affirmative votes of two-thirds or  
12 more of the shares of the corporation entitled to vote, unless any  
13 class of shares is entitled to vote as a class, in which case the  
14 election is adopted upon receiving the affirmative vote of two-thirds  
15 or more of the shares of each class entitled to vote as a class and of  
16 two-thirds or more of the shares entitled to vote; or

17 (2) written consent of the shares taken without a meeting  
18 (AS 10.06.423).

19 (b) The following corporations may elect by approval of the  
20 board to wind up and dissolve:

21 (1) a corporation that has been adjudicated bankrupt;

22 (2) a corporation that has disposed of all of its assets  
23 and has not conducted any business for a period of five years immedi-  
24 ately preceding the adoption of the resolution to dissolve the corpo-  
25 ration; and

26 (3) a corporation that has issued no shares.

27 Sec. 10.06.608. CERTIFICATE OF ELECTION: CONTENTS, SIGNING,  
28 VERIFICATION AND FILING. (a) A corporation that has elected to wind  
29 up and dissolve shall immediately file a certificate evidencing the

1 election as provided in this section.

2 (b) The certificate shall be an officers' certificate or shall  
3 be signed and verified by at least a majority of the directors then in  
4 office, by one or more shareholders authorized to do so by the share-  
5 holders holding shares representing 50 percent or more of the voting  
6 power, or by the officer or shareholder designated in the written  
7 consent and shall set out

8 (1) the name of the corporation, the names and addresses of  
9 its officers (AS 10.06.483), the names and addresses of its directors,  
10 and the statement that the corporation has elected to wind up and  
11 dissolve;

12 (2) the number of shares voting for the election if the  
13 election was made by the vote of shareholders and a statement that the  
14 election was made by shareholders representing at least two-thirds of  
15 the voting power (AS 10.06.605(a)(1));

16 (3) a copy of the written consent signed by all share-  
17 holders of the corporation if the election was made by the written  
18 consent of the shares;

19 (4) circumstances showing the corporation to be within one  
20 of the categories described in AS 10.06.605(b) if the election was  
21 made by the board under that subsection.

22 (c) Duplicate originals of the certificate conforming to (b) of  
23 this section shall be delivered to the commissioner for processing  
24 according to AS 10.06.910.

25 Sec. 10.06.610. CERTIFICATE OF REVOCATION OF ELECTION: CONTENTS,  
26 SIGNING, VERIFICATION, AND FILING. (a) A voluntary election to wind  
27 up and dissolve under AS 10.06.605 may be revoked before distribution  
28 of assets by an election to revoke made in the same manner as an elec-  
29 tion under AS 10.06.605. A certificate evidencing the election to

1       revoke shall be signed, verified, and filed in the manner prescribed  
2       in AS 10.06.608.

3       (b) The certificate shall set out

4               (1) that the corporation has revoked its election to wind  
5       up and dissolve;

6               (2) that no assets have been distributed as a result of the  
7       election;

8               (3) the number of shares voting for the revocation and the  
9       total number of outstanding shares the holders of which were entitled  
10      to vote on the revocation, if the election to revoke was made by the  
11      vote of shareholders;

12              (4) a copy of the written consent signed by all share-  
13      holders of the corporation if the election to revoke was made by the  
14      written consent of the shares;

15              (5) the resolution of the board if the election to revoke  
16      was made by the board.

17              Sec. 10.06.613. EFFECT OF CERTIFICATE OF REVOCATION OF ELECTION.

18      Revocation of a voluntary dissolution proceeding is effective upon  
19      compliance with AS 10.06.610 and the corporation may again carry on  
20      its business.

21              Sec. 10.06.615. COMMENCEMENT AND CONDUCT OF VOLUNTARY PROCEED-

22      INGS FOR WINDING UP; CESSATION OF BUSINESS; NOTICE. (a) Voluntary  
23      proceedings for winding up the corporation commence upon the resolu-  
24      tion of shareholders or directors of the corporation electing to wind  
25      up and dissolve, or upon the filing with the corporation of a written  
26      consent of the shareholders.

27              (b) If a voluntary proceeding for winding up has commenced, the  
28      board shall continue to act as a board and has powers as provided in

29      (c) of this section to wind up and settle its affairs, both before and

1 after the filing of the certificate of dissolution.

2 (c) If a voluntary proceeding for winding up has commenced, the  
3 corporation shall cease to carry on business except to the extent  
4 necessary for the beneficial winding up of its business and except  
5 during the period the board considers necessary to preserve the corpo-  
6 ration's goodwill or going-concern value pending a sale of its busi-  
7 ness or assets, in whole or in part. The board shall give written  
8 notice of the commencement of the proceeding for voluntary winding up  
9 by mail to all shareholders and all known creditors and claimants  
10 whose addresses appear on the records of the corporation. It is  
11 unnecessary to give notice to shareholders who voted in favor of  
12 winding up and dissolving the corporation.

13 Sec. 10.06.618. JUDICIAL SUPERVISION OF WINDING UP; PETITION AND  
14 NOTICE; ORDER PROTECTING SHAREHOLDERS AND CREDITORS. If a corporation  
15 is in the process of voluntary winding up, a court, upon the petition  
16 of the corporation, a five percent shareholder, or three or more  
17 creditors, and upon notice to the corporation and to other persons  
18 interested in the corporation as shareholders and creditors as the  
19 court may order, may take jurisdiction over the voluntary winding-up  
20 proceeding if it appears necessary for the protection of any parties  
21 in interest. The court, if it assumes jurisdiction, may make orders  
22 as to any and all matters concerning the winding up of the affairs of  
23 the corporation and for the protection of its shareholders and credi-  
24 tors of the corporation.

25 Sec. 10.06.620. ARTICLES OF DISSOLUTION: CONTENTS. If a corpo-  
26 ration has been completely wound up without court proceedings, a  
27 majority of the directors then in office shall sign and verify arti-  
28 cles of dissolution stating that

29 (1) the corporation has been completely wound up;

1           (2) its known debts and liabilities have been actually  
2 paid, or adequately provided for (AS 10.06.668), or paid or adequately  
3 provided for as far as the assets of the corporation permit, or that  
4 it has incurred no known debts or liabilities; if there are known  
5 debts or liabilities for which adequate provision for payment has been  
6 made, the articles of dissolution shall state what provision has been  
7 made, setting out the name and address of the corporation, person, or  
8 governmental agency that has assumed or guaranteed payment, or the  
9 name and address of the depository with which deposit has been made  
10 and such other information as may be necessary to enable the creditor  
11 or other person to whom payment is to be made to appear and claim  
12 payment of the debt or liability;

13           (3) its known assets have been distributed to shareholders,  
14 or, if there are no shareholders, to persons entitled to the assets,  
15 or wholly applied or deposited on account of its debts and liabilities  
16 or that it acquired no known assets;

17           (4) the corporation is dissolved.

18           Sec. 10.06.623. FILING OF ARTICLES OF DISSOLUTION. Duplicate  
19 originals of the articles of dissolution shall be delivered to the  
20 commissioner for processing according to AS 10.06.910 and for issuance  
21 of a certificate of dissolution.

22           Sec. 10.06.625. EFFECT OF CERTIFICATE OF DISSOLUTION. Upon the  
23 issuance of a certificate of dissolution, the existence of the corpo-  
24 ration ceases, except for the purpose of suits, other proceedings, and  
25 appropriate corporate action by shareholders, directors, and officers  
26 as provided in this chapter.

27           Sec. 10.06.628. INVOLUNTARY DISSOLUTION BY VERIFIED COMPLAINT;  
28 FILING; INTERVENTION BY SHAREHOLDER OR CREDITOR. (a) A verified  
29 complaint for involuntary dissolution of a corporation on any of the

1 grounds specified in (b) of this section may be filed in the superior  
2 court by the following persons:

3 (1) one-half or more of the directors in office;  
4 (2) a shareholder or shareholders who hold shares repre-  
5 senting not less than 33-1/3 percent of the total number of outstand-  
6 ing shares, assuming conversion of preferred shares convertible into  
7 common shares, or of the outstanding common shares, or of the equity  
8 of the corporation, exclusive of shares owned by persons who have  
9 personally participated in any of the transactions enumerated in  
10 (b)(4) of this section;

11 (3) a shareholder if the ground for dissolution is that the  
12 period for which the corporation was formed has terminated without  
13 extension; or

14 (4) another person expressly authorized to do so in the  
15 articles.

16 (b) The grounds for involuntary dissolution are:

17 (1) the corporation has abandoned its business for more  
18 than one year;

19 (2) the corporation has an even number of directors who are  
20 equally divided and cannot agree as to the management of its affairs,  
21 so that its business can no longer be conducted to advantage or so  
22 that there is danger that its property and business will be impaired  
23 or lost, and the holders of the voting shares of the corporation are  
24 so divided into factions that they cannot elect a board consisting of  
25 an uneven number;

26 (3) there is internal dissension and two or more factions  
27 of shareholders in the corporation are so deadlocked that its business  
28 can no longer be conducted with advantage to its shareholders, or the  
29 shareholders have failed at two consecutive annual meetings at which

1 all voting power was exercised to elect successors to directors whose  
2 terms have expired or would have expired upon election of their suc-  
3 cessors;

4 (4) those in control of the corporation have been guilty of  
5 or have knowingly countenanced persistent and pervasive fraud, mis-  
6 management or abuse of authority or persistent unfairness toward  
7 shareholders, or the property of the corporation is being misapplied  
8 or wasted by its directors or officers;

9 (5) in the case of any corporation with 35 or fewer share-  
10 holders of record, liquidation is reasonably necessary for the protec-  
11 tion of the rights or interests of the complaining shareholder or  
12 shareholders; or

13 (6) the period for which the corporation was formed has  
14 terminated without extension.

15 (c) Before the trial of the action a shareholder or creditor of  
16 the corporation may intervene.

17 (d) For purposes of this section, "shareholder" includes a bene-  
18 ficial owner of shares who has entered into an agreement under AS 10.-  
19 06.425.

20 Sec. 10.06.630. AVOIDING DISSOLUTION BY VERIFIED COMPLAINT;  
21 PURCHASE OF PLAINTIFF'S SHARES; DETERMINATION OF FAIR VALUE; STAY;  
22 APPRAISAL; AWARD; APPEAL. (a) Subject to a contrary provision in the  
23 articles of incorporation, in a suit for involuntary dissolution  
24 (AS 10.06.628) the corporation or, if it does not elect to purchase,  
25 the holders of 50 percent or more of the voting power of the corpora-  
26 tion, the "purchasing parties" may avoid the dissolution of the corpo-  
27 ration and the appointment of a receiver by purchasing for cash the  
28 shares owned by the plaintiffs, the "moving parties" at their fair  
29 value. The fair value shall be determined on the basis of the

1 liquidation value, taking into account the possibility of sale of the  
2 entire business as a going concern in a liquidation. The election of  
3 the corporation to purchase may be made by the approval of the out-  
4 standing shares excluding shares held by the moving parties.

5 (b) If the purchasing parties elect to purchase the shares owned  
6 by the moving parties, and are unable to agree with the moving parties  
7 upon the fair value of the shares, and give bond with sufficient  
8 security to pay the estimated reasonable expenses, including attorney  
9 fees, of the moving parties if the expenses are recoverable under (c)  
10 of this section, the court upon application of the purchasing parties  
11 shall stay the winding up and dissolution proceeding and shall proceed  
12 to ascertain and fix the fair value of the shares owned by the moving  
13 parties.

14 (c) The court shall appoint three disinterested appraisers to  
15 appraise the fair value of the shares owned by the moving parties, and  
16 shall make an order referring the matter to the appraisers for the  
17 purpose of ascertaining the value of the shares. The order shall  
18 prescribe the time and manner of producing evidence if evidence is  
19 required. The award of the appraisers or of a majority of the ap-  
20 praisers, when confirmed by the court, is final and conclusive upon  
21 all parties. The court shall enter a decree that provides in the  
22 alternative for winding up and dissolution of the corporation unless  
23 payment is made for the shares within the time specified by the de-  
24 cree. If the purchasing parties do not make payment for the shares  
25 within the time specified, judgment shall be entered against the  
26 purchasing parties and the surety or sureties on the bond for the  
27 amount of the expenses, including attorney fees, of the moving  
28 parties. A shareholder aggrieved by the action of the court may  
29 appeal.

1 (d) If the purchasing parties desire to prevent the winding up  
2 and dissolution, they shall pay to the moving parties the value of  
3 their shares as provided under this section less an allowance for the  
4 costs of the appraisal as the court shall determine. In the case of  
5 an appeal, the purchasing parties shall pay to the moving parties the  
6 value of the shares and costs of appraisal as fixed on appeal. On  
7 receiving payment or the tender of payment as determined by the court,  
8 the moving parties shall transfer their shares to the purchasing par-  
9 ties.

10 (e) For the purposes of this section, "shareholder" includes a  
11 beneficial owner of shares who has entered into an agreement under  
12 AS 10.06.425.

13 Sec. 10.06.633. INVOLUNTARY DISSOLUTION BY THE COMMISSIONER:  
14 GROUNDS, PROCEDURE, REINSTATEMENT. (a) A corporation may be dis-  
15 solved involuntarily by the commissioner if

16 (1) the corporation is delinquent six months in filing its  
17 biennial report or in paying a license filing fee or penalty;

18 (2) the corporation has failed for 30 days to appoint and  
19 maintain a registered agent in the state;

20 (3) the corporation has failed for 30 days after change of  
21 its registered office or registered agent to file in the office of the  
22 commissioner a statement of the change;

23 (4) the corporation has failed for two years to complete  
24 dissolution under a certificate of election (AS 10.06.608(d)) to dis-  
25 solve;

26 (5) a vacancy on the board of the corporation is not filled  
27 within six months or the next annual meeting, whichever occurs first;

28 (6) a misrepresentation of material facts has been made in  
29 the application, report, affidavit, or other document submitted under

1       this chapter;

2               (7) the corporation is 90 days delinquent in filing notice  
3 of change of an officer, director, alien affiliate, or five percent  
4 shareholder, as required by this chapter; or

5               (8) the corporation is controlled by a person who wilfully  
6 fails to comply with AS 10.06.155 within 30 days after receipt by the  
7 corporation or its registered agent of notice of noncompliance sent by  
8 the department by certified mail.

9               (b) A corporation may not be dissolved under this section unless  
10 the commissioner has given the corporation written notice of its  
11 delinquency, failure, or noncompliance by certified mail addressed to  
12 its registered office, registered agent, president, or secretary at  
13 the last known address as shown by the records of the commissioner.  
14 If the corporation fails, within 60 days after the notice is sent by  
15 certified mail, to contest the alleged neglect, omission, delinquency,  
16 or noncompliance by a written request for a hearing before the commis-  
17 sioner or fails to correct the asserted neglect, omission, delin-  
18 quency, or noncompliance it may be dissolved under (d) of this sec-  
19 tion.

20               (c) If, following a hearing, the commissioner determines the  
21 presence of neglect, omission, delinquency, or noncompliance providing  
22 grounds for involuntary dissolution under this section, the corpora-  
23 tion may appeal to the superior court by filing with the clerk of the  
24 court a petition setting out a copy of the notice given by the commis-  
25 sioner under (b) of this section together with a copy of a timely  
26 demand for a hearing by the corporation, and a copy of an affirmation  
27 by the commissioner of an intention to dissolve under (d) of this  
28 section. The matter shall be tried de novo by the superior court, and  
29 the court shall either sustain the commissioner or direct the

1 commissioner to take action the court considers proper.

2 (d) If a corporation has given cause for involuntary dissolution  
3 and has failed to correct the neglect, omission, delinquency, or non-  
4 compliance as provided in this section, and there has been no order of  
5 the superior court, the commissioner shall dissolve the corporation by  
6 issuing a certificate of involuntary dissolution containing a state-  
7 ment that the corporation has been dissolved, the date, and the reason  
8 for which it was dissolved. The original certificate of dissolution  
9 shall be placed in the department files and a copy of it mailed to the  
10 corporation at its registered office or in care of its registered  
11 agent, president, or secretary at the last known address, as shown by  
12 the records of the commissioner. Upon the issuance of the certificate  
13 of involuntary dissolution the existence of the corporation ceases,  
14 except as otherwise provided in this section, and its name shall be  
15 available to and may be adopted by another corporation no less than  
16 six months after the dissolution.

17 (e) A corporation dissolved under this section may be reinstated  
18 within two years from the date of the certificate of involuntary dis-  
19 solution if it is established to the satisfaction of the commissioner  
20 that in fact there was no cause for the dissolution, or if the ne-  
21 glect, omission, delinquency, or noncompliance resulting in disso-  
22 lution has been corrected and payment made of double the amount delin-  
23 quent along with the amount the corporation would have paid had it not  
24 been dissolved during the two-year period. Reinstatement may not be  
25 authorized if the same or a deceptively similar corporate, reserved,  
26 or registered name is currently on file with the commissioner, unless  
27 the corporation being reinstated amends its articles of incorporation  
28 to change its name to conform with the provisions of this chapter.

29 (f) Nothing in this section relieves a corporation reinstated

1 under this section from penalty or forfeiture of its powers in a case  
2 of failure to pay subsequently accruing licenses and taxes imposed by  
3 a law of the state.

4 (g) An action arising out of a contract assigned by a corpora-  
5 tion dissolved under this section may be brought in the name of the  
6 assignee. The fact of assignment and of purchase by the plaintiff  
7 shall be set out in the complaint or other process. The defense may  
8 avail itself of any defense the defense might have availed itself of  
9 in a suit upon the claim by the corporation had it not been dissolved  
10 under this section.

11 (h) Service of process on a corporation dissolved under this  
12 section shall be made in the same manner prescribed by law as if the  
13 corporation had not been dissolved.

14 Sec. 10.06.635. COMMISSIONER'S AUTHORITY TO BRING ACTION FOR  
15 INVOLUNTARY DISSOLUTION; GROUNDS; RELIEF. (a) In addition to other  
16 remedies provided by law, a corporation may be dissolved involuntarily  
17 by a decree of the superior court in an action filed by the commis-  
18 sioner when it is established that

19 (1) the corporation has procured its certificate of incor-  
20 poration through fraud;

21 (2) the corporation has continued to exceed or abuse the  
22 authority conferred upon it by law;

23 (3) the corporation has seriously violated a statute regu-  
24 lating corporations; or

25 (4) the corporation has violated a provision of law by an  
26 act or default that under the law is a ground for forfeiture of cor-  
27 porate existence.

28 (b) The court may order dissolution or other or partial relief  
29 as it considers just and expedient. The court also may appoint a

1 receiver under AS 10.06.643 for winding up the affairs of the corpora-  
2 tion or may order that the corporation be wound up by its board sub-  
3 ject to the supervision of the court.

4 Sec. 10.06.638. VENUE AND PROCESS FOR COMMISSIONER'S ACTION.

5 (a) An action for the involuntary dissolution of a corporation under  
6 AS 10.06.633 shall be commenced by the commissioner in the superior  
7 court.

8 (b) Summons shall issue and be served as in civil actions. If  
9 no registered agent or office is found to serve, the commissioner  
10 shall publish notice as in civil cases in a newspaper published in the  
11 judicial district where the registered office of the corporation is  
12 situated, containing a notice of the pendency of the action, the title  
13 of the court, the title of the action, and the date on or after which  
14 default may be entered. The commissioner may include in one notice  
15 the names of any number of corporations against which actions are  
16 pending in the same court.

17 (c) The commissioner shall mail a copy of the notice to the  
18 corporation at its registered office within 10 days after the first  
19 publication of the notice.

20 (d) Notice shall be published at least once each week for two  
21 successive weeks, and the first publication may begin after the sum-  
22 mons has been returned.

23 (e) Unless a corporation is served with summons, a default may  
24 not be taken against the corporation earlier than 30 days after the  
25 first publication of notice.

26 Sec. 10.06.640. APPOINTMENT OF PROVISIONAL DIRECTOR: DEADLOCK.

27 (a) If the ground for the complaint for involuntary dissolution of  
28 the corporation is a deadlock in the board as set out in AS 10.06.-  
29 628(b)(2), the court may appoint a provisional director.

1 (b) A provisional director shall be an impartial person, who is  
2 neither a shareholder nor a creditor of the corporation, nor related  
3 according to the common law by consanguinity or affinity within the  
4 third degree to a director of the corporation or to a judge of the  
5 court by which the provisional director is appointed. A provisional  
6 director has all the rights and powers of a director until the dead-  
7 lock in the board is broken or until the provisional director is  
8 removed by order of the court or by approval of the outstanding  
9 shares.

10 (c) Unless otherwise agreed the compensation of the provisional  
11 director shall be fixed by the court.

12 Sec. 10.06.643. APPOINTMENT OF RECEIVER: APPLICATION, HEARING  
13 AND NOTICE, SECURITY, QUALIFICATIONS, POWERS, COMPENSATION. (a) If,  
14 at the time of the filing of a complaint for involuntary dissolution  
15 (AS 10.06.628) or at any time after the filing, the court has reason-  
16 able grounds to believe that unless a receiver of the corporation is  
17 appointed the interests of the corporation and its shareholders will  
18 suffer pending the hearing and determination of the complaint, upon  
19 the application of the plaintiff and after a hearing upon notice to  
20 the corporation as the court may direct, the court may appoint a  
21 receiver to take over and manage the business and affairs of the  
22 corporation and to preserve its property pending the hearing and  
23 determination of the complaint for dissolution.

24 (b) A receiver shall be a citizen of the United States or a cor-  
25 poration authorized to act as receiver. A corporate receiver may be a  
26 domestic corporation or a foreign corporation authorized to transact  
27 business in the state. A receiver shall give bond and provide sure-  
28 ties as the court may require.

29 (c) The compensation of the receiver shall be paid out of the

1 assets of the corporation and unless otherwise agreed shall be fixed  
2 by the court.

3 Sec. 10.06.645. DECREE FOR WINDING UP AND DISSOLUTION: FURTHER  
4 JUDICIAL RELIEF. After hearing, the court may decree a winding up and  
5 dissolution of the corporation as provided in AS 10.06.625 or, with or  
6 without winding up and dissolution, may make orders and decrees and  
7 issue injunctions in the case as justice and equity may require.

8 Sec. 10.06.648. COMMENCEMENT AND CONDUCT OF INVOLUNTARY PROCEED-  
9 INGS FOR WINDING UP; CESSATION OF BUSINESS; NOTICE. (a) Involuntary  
10 proceedings for winding up commence when an order for winding up is  
11 entered under AS 10.06.635(b) or 10.06.645.

12 (b) If an involuntary proceeding for winding up has commenced,  
13 the board shall conduct the winding up of the affairs of the corpora-  
14 tion, subject to the supervision of the court, unless other persons  
15 are appointed by the court to conduct the winding up. The directors  
16 or other persons may, subject to any restrictions imposed by the  
17 court, exercise all their powers through the executive officers of the  
18 corporation without an order of the court.

19 (c) If an involuntary proceeding for winding up has commenced,  
20 the corporation shall cease to carry on business except to the extent  
21 necessary for the beneficial winding up of the business and except  
22 during a period board may consider necessary to preserve the corpo-  
23 ration's goodwill or going-concern value pending a sale of its busi-  
24 ness or assets, in whole or in part. The directors shall mail written  
25 notice of the commencement of the proceeding for involuntary winding  
26 up to all shareholders and to all known creditors and claimants whose  
27 addresses appear on the records of the corporation, unless the order  
28 for winding up has been stayed by appeal or otherwise or the proceed-  
29 ing or the execution of the order has been enjoined.

1           Sec. 10.06.650. JURISDICTION OF COURT. If an involuntary pro-  
2           ceeding for winding up has been commenced, the jurisdiction of the  
3           court includes

4           (1) the determination of the validity of all claims and  
5           demands against the corporation, whether due or not yet due, contin-  
6           gent, unliquidated, or sounding only in damages, and the barring from  
7           participation of creditors and claimants failing to make and present  
8           claims and proof as required by an order;

9           (2) the determination or compromise of all claims against  
10          the corporation or any of its property, and the determination of the  
11          amount of money or assets required to be retained to pay or provide  
12          for the payment of claims;

13          (3) the determination of the rights of shareholders in and  
14          to the assets of the corporation;

15          (4) the supervision of the presentation and filing of  
16          intermediate and final accounts of the directors or other persons  
17          appointed to conduct the winding up and hearing thereon, the allow-  
18          ance, disallowance or settlement of the accounts, and the discharge of  
19          the directors or the other persons from their duties and liabilities;

20          (5) the appointment of a master to hear and determine any  
21          or all matters, with the power or authority the court considers  
22          proper;

23          (6) the filling of vacancies on the board that the direc-  
24          tors or shareholders are unable to fill;

25          (7) the removal of a director if it appears that the direc-  
26          tor has been guilty of dishonesty, misconduct, neglect, or abuse of  
27          trust in conducting the winding up or if the director is unable to  
28          act; the court may order an election to fill the vacancy, and may  
29          enjoin, for the time it considers proper, the reelection of the

1 removed director. The court, in place of ordering an election, may  
2 appoint a director to fill the vacancy caused by the removal; a direc-  
3 tor appointed by the court serves until the next annual meeting of  
4 shareholders or until a successor is elected or appointed;

5 (8) staying the prosecution of a suit, proceeding, or  
6 action against the corporation and requiring the parties to present  
7 and prove their claims in the manner required of other creditors;

8 (9) the determination of whether adequate provision has  
9 been made for payment or satisfaction of all debts and liabilities not  
10 actually paid;

11 (10) the making of orders for the withdrawal or termination  
12 of proceedings to wind up and dissolve, subject to conditions for the  
13 protection of shareholders and creditors;

14 (11) the making of an order, after the allowance or settle-  
15 ment of the final accounts of the directors or other persons, that the  
16 corporation is legally wound up and is dissolved;

17 (12) the making of orders for the bringing in of new parties  
18 as the court considers proper.

19 Sec. 10.06.653. CLAIMS AGAINST CORPORATION; COURT AND NON-COURT  
20 DIRECTED WINDING UP; PRESENTATION; NOTICE; PAYMENT; SECURED CLAIMS;  
21 REJECTED CLAIMS. (a) In a court-directed winding up of a corporation  
22 (AS 10.06.618, 10.06.635(b) and 10.06.645) creditors and claimants may  
23 be barred from participation in a distribution of the general assets  
24 of the corporation if they fail to make and present claims and proofs  
25 within the time the court may order. The time in which to present  
26 claims may not be less than four nor more than six months after the  
27 first publication of notice to creditors unless it appears by affida-  
28 vit that there are no claims, in which case the time may not be less  
29 than three months. If it is shown that a claimant did not receive

1 notice because of absence from the state or other cause, the court may  
2 allow a claim to be filed or presented at any time before distribution  
3 is completed.

4 (b) Notice to creditors in a court-directed winding up shall be  
5 published not less than once a week for three consecutive weeks in a  
6 newspaper of general circulation, published in the judicial district  
7 in which the proceeding is pending or, if a newspaper is not published  
8 in that judicial district, in a newspaper designated by the court.  
9 The notice shall direct creditors and claimants to make claims and  
10 proofs to the person, at the place, and within the time specified in  
11 the notice. A copy of the notice shall be mailed to the last known  
12 address of each person shown as a creditor or claimant on the books of  
13 the corporation.

14 (c) A holder of a secured claim in a court-directed winding up  
15 may prove for the whole debt in order to secure payment of a defi-  
16 ciency. If a creditor fails to present a claim, the creditor is  
17 barred only as to any right against the general assets for a defi-  
18 ciency in the amount realized on the creditor's security.

19 (d) Before a distribution in a court-directed winding up is  
20 made, the amount of an unmatured, contingent, or disputed claim  
21 against the corporation that has been presented and has not been  
22 disallowed, or the part of a claim to which the holder would be enti-  
23 tled if the claim were due, established, or absolute, shall, if pres-  
24 ently reduced to cash, be paid to the commissioner of revenue. The  
25 amount shall be paid to the party entitled to the amount when the  
26 party becomes entitled or, if the party fails to establish a claim,  
27 the amount shall be distributed with the other assets of the corpo-  
28 ration; the court may make other provision for payment of a claim, as  
29 it considers adequate. A creditor who has a claim that has been

1 allowed but is not yet due is entitled to the present value of the  
2 claim upon distribution.

3 (e) Assets of the corporation subject to claims under this  
4 section and not reduced to cash shall be held pending distribution as  
5 creditors and claimants agree or as the court directs.

6 (f) In a noncourt-directed winding up of a corporation, the  
7 assets distributable to a creditor or shareholder who is unknown,  
8 cannot be found, or is under a disability and without a legally com-  
9 petent person to receive a distributive portion, shall be reduced to  
10 cash and deposited with the commissioner of revenue. If the ownership  
11 of shares of stock is in dispute, or if the existence or amount of a  
12 claim of a creditor or shareholder is contingent, contested, or not  
13 determined, the maximum amount of the claims shall be reduced to cash  
14 and deposited with the commissioner of revenue. Amounts deposited  
15 with the commissioner of revenue under this subsection shall be paid  
16 to the creditor, shareholder, or the legal representative of the  
17 shareholder or creditor as the disputing parties may agree or a court  
18 may direct.

19 (g) Suits against the corporation on claims that have been  
20 rejected under (d) or (f) of this section shall be commenced within 30  
21 days after written notice of rejection is given to the claimant.

22 Sec. 10.06.655. ORDER DECLARING CORPORATION WOUND UP AND DIS-  
23 SOLVED; DECLARATIONS; EFFECT; ADDITIONAL ORDERS; DISCHARGE OF DIREC-  
24 TORS. (a) Upon the final settlement of the accounts of the directors  
25 or other persons appointed under AS 10.06.648 and the determination  
26 that the corporation's affairs are in a condition for it to be dis-  
27 solved, the court shall make an order declaring the corporation  
28 legally wound up and dissolved. The order shall declare that

29 (1) the corporation has been legally wound up, that any tax

1 or penalty due under AS 10.06.805 - 10.06.870 has been paid or secured  
2 and that the other known debts and liabilities of the corporation have  
3 been paid or adequately provided for, or that taxes, penalties, debts,  
4 and liabilities have been paid as far as its assets permit; if ade-  
5 quate provision has been made for the payment of all known debts or  
6 liabilities, the order shall state what provision has been made,  
7 setting out the name and address of the corporation, person, or gov-  
8 ernmental agency that has assumed or guaranteed the payment, or the  
9 name and address of the depository with which deposit has been made or  
10 other information as may be necessary to enable the creditor or other  
11 person to whom payment is to be made to appear and claim payment of  
12 the debt or liability;

13 (2) the known assets of the corporation have been distri-  
14 buted to the persons entitled to the assets or that it acquired no  
15 known assets;

16 (3) the accounts of directors or other persons appointed  
17 under AS 10.06.648 have been settled and that they are discharged from  
18 their duties and liabilities to creditors and shareholders;

19 (4) the corporation is dissolved.

20 (b) The court may make additional orders and grant further  
21 relief as it considers proper upon the evidence submitted.

22 (c) Upon the making of the order declaring the corporation dis-  
23 solved, corporate existence ceases except for the purposes of further  
24 winding up if needed. The directors or other persons appointed under  
25 AS 10.06.648 shall be discharged from their duties and liabilities,  
26 except as may be established under AS 10.06.488 or except as needed to  
27 complete the winding up.

28 Sec. 10.06.658. FILING OF DECREE OF DISSOLUTION. The clerk of  
29 the court shall file with the commissioner a certified copy of a court

1 decree dissolving a corporation. A fee may not be charged for the  
2 filing of a decree of dissolution.

3 Sec. 10.06.660. POWERS AND DUTIES OF DIRECTORS IN DISSOLUTION  
4 PROCEEDINGS. The powers and duties of the directors or other persons  
5 appointed by the court under AS 10.06.648 and officers after commence-  
6 ment of a dissolution proceeding include, but are not limited to, the  
7 following acts in the name and on behalf of the corporation:

8 (1) to elect officers and to employ agents and attorneys to  
9 liquidate or wind up the affairs of the corporation;

10 (2) to continue the conduct of the business insofar as  
11 necessary for the disposal or winding up of the business;

12 (3) to carry out contracts and collect, pay, compromise,  
13 and settle debts and claims for or against the corporation;

14 (4) to defend suits brought against the corporation;

15 (5) to sue, in the name of the corporation, for sums due or  
16 owing to the corporation or to recover property of the corporation;

17 (6) to collect amounts remaining unpaid on subscriptions to  
18 shares or to recover unlawful distributions;

19 (7) to sell at public or private sale, exchange, convey, or  
20 otherwise dispose of all or any part of the assets of the corporation  
21 for cash in an amount considered reasonable by the board with or  
22 without compliance with the provisions of AS 10.06.568 and AS 10.06.-  
23 570 and without dissenters' rights (AS 10.06.574 - 10.06.586) and upon  
24 terms, conditions, and other considerations the board considers rea-  
25 sonable or expedient;

26 (8) to execute bills of sale and deeds of conveyance in the  
27 name of the corporation;

28 (9) in general to make contracts and to do any and all  
29 things in the name of the corporation that may be proper or convenient

1 for the purposes of winding up, settling, and liquidating the affairs  
2 of the corporation.

3 Sec. 10.06.663. PROCEEDING TO DETERMINE IDENTITY OF DIRECTORS OR  
4 TO APPOINT DIRECTORS. If the identity of a director or the right of a  
5 director to hold office is in doubt, if a director is dead or unable  
6 to act, if a director fails or refuses to act, or if the director's  
7 whereabouts cannot be ascertained, an interested person may petition  
8 the superior court to determine the identity of the director or, if  
9 there are no directors, to appoint directors to wind up the affairs of  
10 the corporation, after hearing upon such notice as the court may  
11 direct.

12 Sec. 10.06.665. DISTRIBUTION OF CORPORATE ASSETS AMONG SHARE-  
13 HOLDERS; WHEN TO BE MADE. After determining that all of the known  
14 debts and liabilities of a corporation in the process of winding up  
15 have been paid or adequately provided for, the board shall distribute  
16 all the remaining corporate assets among the shareholders according to  
17 their respective rights and preferences or, if there are no share-  
18 holders, to the persons entitled to the assets. If the winding up is  
19 by court proceeding or subject to court supervision, the distribution  
20 may not be made until after the expiration of any period for the pres-  
21 entation of claims that has been prescribed by order of the court.

22 Sec. 10.06.668. PROVISION FOR PAYMENT OF DEBT OR LIABILITY. The  
23 payment of a debt or liability, whether the whereabouts of the credi-  
24 tor is known or unknown, has been adequately provided for if

25 (1) payment of the debt or liability has been assumed or  
26 guaranteed in good faith by one or more financially responsible corpo-  
27 rations or other persons or by the United States government or an  
28 agency of the United States, and the provision was determined in good  
29 faith and with reasonable care by the board to be adequate at the time

1 of a distribution of the assets by the board under AS 10.06.605 -  
2 10.06.678; or

3 (2) the amount of the debt or liability has been deposited  
4 as provided in AS 10.06.653.

5 Sec. 10.06.670. DISTRIBUTION IN MONEY OR IN KIND; INSTALLMENTS.  
6 Distribution of assets may be made in money, in property, or in secu-  
7 rities and either in installments or as a whole, if the distribution  
8 is done fairly and ratably and in conformity with the articles of  
9 incorporation and the rights of the shareholders, and shall be made as  
10 soon as reasonably consistent with the beneficial liquidation of the  
11 corporate assets.

12 Sec. 10.06.673. PLAN OF DISTRIBUTION; ADOPTION; BINDING EFFECT;  
13 NOTICE; PAYMENT TO DISSENTING SHAREHOLDERS; ABANDONMENT. (a) If a  
14 corporation in the process of winding up has both preferred and common  
15 shares outstanding, a plan of distribution of the shares, obligations,  
16 or securities of another corporation, or of the assets of the corpora-  
17 tion, other than money, that is not in accordance with the liquidation  
18 rights of the preferred shares as specified in the articles of incor-  
19 poration may be adopted if approved by the board and by approval of  
20 the outstanding shares of each class. The plan may provide that the  
21 distribution is in complete or partial satisfaction of the rights of  
22 the preferred shareholders upon distribution and liquidation of the  
23 assets.

24 (b) A plan of distribution approved under (a) of this section is  
25 binding upon the shareholders except as provided in (c) of this sec-  
26 tion. The board shall mail notice of the adoption of the plan within  
27 20 days after its adoption to all holders of shares having a liquida-  
28 tion preference.

29 (c) Shareholders having a liquidation preference who dissent

1 from the plan of distribution are entitled to be paid the amount of  
2 their liquidation preference in cash if they file written demand for  
3 payment with the corporation within 30 days after the date of mailing  
4 of the notice of the adoption of the plan of distribution unless the  
5 plan of distribution is abandoned. The demand shall state the number  
6 and class of the shares held of record by the shareholder for which  
7 the shareholder claims payment.

8 (d) If a demand for cash payment is filed under (c) of this  
9 section, the board in its discretion may abandon the plan without  
10 further approval by the outstanding shares and the shareholders shall  
11 be entitled to distribution according to their rights and liquidation  
12 preferences in the process of winding up.

13 Sec. 10.06.675. RECOVERY OF AMOUNTS IMPROPERLY DISTRIBUTED. (a)  
14 If a distribution of assets has been made in the process of winding up  
15 a corporation without a court order and without prior payment or ade-  
16 quate provision for payment of the debts and liabilities of the corpo-  
17 ration, the amount improperly distributed to a shareholder may be re-  
18 covered by the corporation. Shareholders who received an improper  
19 distribution may be joined as a party in the same action.

20 (b) Suit may be brought in the name of the corporation to en-  
21 force the liability under (a) of this section against a shareholder  
22 receiving an improper distribution by a creditor of the corporation,  
23 whether or not the creditor has reduced the claim of the creditor to  
24 judgment.

25 (c) A shareholder who satisfies a liability under this section  
26 has the right of ratable contribution from other distributees who are  
27 similarly liable. A shareholder who has been compelled to return to  
28 the corporation more than the shareholder's ratable share of the  
29 amount needed to pay the debts and liabilities of the corporation may

1 require that the corporation recover from any or all of the other  
2 distributees the proportion of the amounts received by them by the  
3 improper distribution necessary to give contribution to shareholders  
4 held liable under this section and to make the distribution of the  
5 assets fair and ratable, according to the respective rights and pref-  
6 erences of the shares, after payment or adequate provision for payment  
7 of all the debts and liabilities of the corporation.

8 (d) As used in this section, "process of winding up" includes  
9 proceedings under AS 10.06.605 - 10.06.678 and other distributions of  
10 assets to shareholders made in contemplation of termination or aban-  
11 donment of the corporate business.

12 Sec. 10.06.678. CONTINUED EXISTENCE OF DISSOLVED CORPORATIONS;  
13 PURPOSES; ABATEMENT OF ACTIONS; DISTRIBUTION OF OMITTED ASSETS. (a)  
14 A corporation that is dissolved voluntarily or involuntarily continues  
15 to exist for the purpose of winding up its affairs, prosecuting and  
16 defending actions by or against it, and enabling it to collect and  
17 discharge obligations, dispose of and convey its property, and collect  
18 and divide its assets. A dissolved corporation does not continue to  
19 exist for the purpose of continuing business except so far as neces-  
20 sary for winding up the business.

21 (b) An action or proceeding to which a corporation is a party  
22 does not abate by the dissolution of the corporation or by reason of  
23 proceedings for winding up and dissolution of the corporation.

24 (c) Assets inadvertently or otherwise omitted from the winding  
25 up continue as assets of the dissolved corporation for the benefit of  
26 persons entitled to the assets upon dissolution of the corporation and  
27 on realization the assets shall be distributed to the persons enti-  
28 tled.

29 (d) The directors of the corporation on the date of its

1 dissolution or as determined under AS 10.06.663 shall exercise and  
2 enjoy the powers necessary to act under the terms of this section.

3 ARTICLE 10. FOREIGN CORPORATIONS.

4 Sec. 10.06.705. ADMISSION OF FOREIGN CORPORATION. A foreign  
5 corporation may not transact business in this state until it has been  
6 issued a certificate of authority by the commissioner. A foreign  
7 corporation may not be issued a certificate of authority to transact  
8 business in this state that a corporation organized under this chapter  
9 is not permitted to transact. A foreign corporation may not be denied  
10 a certificate of authority because the laws of the state or country  
11 under which it is organized governing its organization and internal  
12 affairs differ from the laws of this state.

13 Sec. 10.06.708. APPLICATION TO CORPORATIONS NOW AUTHORIZED TO  
14 TRANSACT BUSINESS IN THE STATE. A foreign corporation authorized to  
15 transact business in this state on March 29, 1957, for a purpose for  
16 which a corporation may secure authority under this chapter is, sub-  
17 ject to the limitations set out in its certificate of authority,  
18 entitled to all the rights and privileges applicable to a foreign  
19 corporation holding a certificate of authority and is subject to the  
20 limitations, restrictions, liabilities, and duties prescribed in this  
21 chapter for a foreign corporation holding a certificate of authority  
22 to transact business in this state under this chapter.

23 Sec. 10.06.710. LIABILITY FOR TRANSACTING BUSINESS WITHOUT CER-  
24 TIFICATE OF AUTHORITY. A foreign corporation that transacts business  
25 in the state without a certificate of authority is liable to this  
26 state, for the years or portions of years during which it transacted  
27 business in the state without a certificate of authority, in an amount  
28 equal to all fees and corporation taxes that would have been imposed  
29 by this chapter on the corporation if it had applied for and received

1 a certificate of authority to transact business in this state as  
2 required by this chapter and filed all reports required by this chap-  
3 ter, plus all penalties imposed by this chapter for failure to pay the  
4 fees and corporation taxes, plus a penalty of up to \$10,000 per year  
5 or portion of a year for each year it transacted business in this  
6 state without a certificate of authority. The attorney general shall  
7 bring proceedings to recover amounts due the state under this section.

8 Sec. 10.06.713. TRANACTING BUSINESS WITHOUT CERTIFICATE OF  
9 AUTHORITY AS A BAR TO RIGHT TO SUE. A foreign corporation transacting  
10 business in this state without a certificate of authority may not  
11 maintain an action, suit, or proceeding in a court of this state until  
12 it obtains a certificate of authority. A successor or assignee of a  
13 foreign corporation transacting business without a certificate of  
14 authority may not maintain an action, suit, or proceeding in a court  
15 of this state on a right, claim, or demand arising out of the trans-  
16 action of business by the corporation in this state until a certifi-  
17 cate of authority is obtained by the corporation or by a corporation  
18 that has acquired all or substantially all of its assets.

19 Sec. 10.06.715. TRANACTING BUSINESS WITHOUT CERTIFICATE OF  
20 AUTHORITY NOT AFFECTING CONTRACTS AND RIGHT TO DEFEND ACTION. The  
21 failure of a foreign corporation to obtain a certificate of authority  
22 to transact business in this state does not impair the validity of a  
23 contract or act of the corporation, and does not prevent the corpora-  
24 tion from defending an action, suit, or proceeding in a court of this  
25 state.

26 Sec. 10.06.718. ACTIVITIES NOT CONSTITUTING TRANACTING BUSINESS  
27 IN THIS STATE. Without excluding other activities that may not con-  
28 stitute transacting business in this state, a foreign corporation is  
29 not considered to be transacting business in this state, for the

1 purposes of this chapter, by reason of carrying on in this state any  
2 one or more of the following activities:

3 (1) maintaining, defending, or settling an action, suit, or  
4 administrative or arbitration proceeding, or the settlement of claims  
5 or disputes;

6 (2) holding meetings of directors or shareholders of the  
7 corporation, or carrying on other activities concerning the internal  
8 affairs of the corporation;

9 (3) maintaining bank accounts;

10 (4) maintaining an office or agency for the transfer, ex-  
11 change, and registration of securities of the corporation, or appoint-  
12 ing and maintaining a trustee or depository with relation to securi-  
13 ties of the corporation;

14 (5) making sales through independent contractors;

15 (6) soliciting or procuring orders by mail, through em-  
16 ployees, agents, or otherwise, if the orders require acceptance out-  
17 side the state before becoming binding contracts;

18 (7) creating, as borrower or lender, or acquiring indebted-  
19 ness or mortgages or other security interests in real or personal  
20 property;

21 (8) securing or collecting debts, or enforcing rights in  
22 property securing debts;

23 (9) transacting business in interstate commerce;

24 (10) conducting an isolated transaction completed within a  
25 period of 30 days not in the course of a number of repeated trans-  
26 actions of like nature.

27 Sec. 10.06.720. CORPORATE NAME OF FOREIGN CORPORATION. A cer-  
28 tificate of authority may not be issued to a foreign corporation  
29 unless the corporate name of the corporation

1 (1) contains the word "corporation", "company", "incorpor-  
2 ated", or "limited", or an abbreviation of one of these words, or, for  
3 use in this state, adds at the end of its name one of these words or  
4 an abbreviation of one of them;

5 (2) does not contain a word or phrase that indicates or  
6 implies that it is organized for a purpose other than the purpose  
7 contained in its articles of incorporation or that it is authorized or  
8 empowered to conduct the business of banking or insurance;

9 (3) does not contain the word "city", "borough", or  
10 "village" or otherwise imply that the corporation is a municipality,  
11 but the name of a city, borough, or village may be used in the corpo-  
12 rate name;

13 (4) is the same name as, or deceptively similar to, the  
14 name of a domestic corporation existing under the laws of this state  
15 or a foreign corporation authorized to transact business in this  
16 state, or a name the exclusive right to which is reserved in the  
17 manner provided in this title, or the name of a corporation that has  
18 in effect a registration of its name as provided in this chapter.

19 Sec. 10.06.723. ASSUMED CORPORATE NAME. (a) If a foreign  
20 corporation applying for a certificate of authority has a name that is  
21 impermissible under any provision of AS 10.06.720, it shall select an  
22 assumed name, acceptable under the provisions of AS 10.06.720, under  
23 which it elects to do business in this state.

24 (b) The commissioner shall maintain records that cross-reference  
25 the actual and assumed names of all foreign corporations authorized to  
26 transact business in this state.

27 Sec. 10.06.725. CHANGE OF NAME BY FOREIGN CORPORATION. If a  
28 foreign corporation authorized to transact business in this state  
29 changes its name to one under which a certificate of authority would

1 not be granted to it, the certificate of authority of the corporation  
2 is suspended and it may not transact business in this state until it  
3 has changed its name to a name available to it under the laws of this  
4 state.

5 Sec. 10.06.728. APPLICATION FOR CERTIFICATE OF AUTHORITY. To  
6 receive a certificate of authority to transact business in this state,  
7 a foreign corporation shall apply in duplicate to the commissioner.

8 Sec. 10.06.730. CONTENTS OF APPLICATION. The application shall  
9 set out

10 (1) the name of the corporation and the assumed name, if  
11 any, the state or country under whose laws it is incorporated; or if  
12 the name of the corporation does not contain the word "corporation",  
13 "company", "incorporated", or "limited" or an abbreviation of one of  
14 these words, the name of the corporation with the word or abbreviation  
15 that it elects to use in this state;

16 (2) the date of incorporation and the period of duration of  
17 the incorporation;

18 (3) the address of the principal office of the corporation  
19 in the state or country under whose laws it is incorporated;

20 (4) the address of the proposed registered office of the  
21 corporation in this state, and the name of its proposed registered  
22 agent in this state at that address;

23 (5) the purpose the corporation proposes to pursue in the  
24 transaction of business in this state and the codes from the identi-  
25 fication code established under AS 10.06.873 that most closely de-  
26 scribe the activities in which the corporation will engage in this  
27 state;

28 (6) the names and addresses of the directors and officers  
29 of the corporation;

1 (7) a statement of the aggregate number of shares that the  
2 corporation may issue, itemized by classes, par value of shares,  
3 shares without par value, and series, if any, within a class;

4 (8) a statement of the aggregate number of issued shares  
5 itemized by classes, par value of shares, shares without par value,  
6 and series, if any, within a class;

7 (9) a statement expressed in dollars of the amount of  
8 stated capital of the corporation;

9 (10) an estimate expressed in dollars of

10 (A) the value of all property to be owned by the  
11 corporation for the following year;

12 (B) the value of the property of the corporation to be  
13 located in this state during the following year;

14 (C) the gross amount of all business that will be  
15 transacted by the corporation during the following year; and

16 (D) the gross amount of business that will be trans-  
17 acted by the corporation at or from places of business in this  
18 state during the following year;

19 (11) additional information necessary or appropriate to  
20 enable the commissioner to determine whether the corporation is enti-  
21 tled to a certificate of authority and to determine and assess the  
22 fees and franchise taxes prescribed in this chapter that are payable;

23 (12) the name and address of each alien affiliate, the per-  
24 centage of outstanding shares controlled by each alien affiliate, and  
25 a specific description of the nature of the relationship between the  
26 foreign corporation and its alien affiliate; or, a statement that  
27 there are no alien affiliates;

28 (13) the name and address of a person owning at least five  
29 percent of the shares, or five percent of any class of shares, and the

1 percentage of the shares or class of shares owned by that person.

2 Sec. 10.06.733. FILING OF APPLICATION FOR CERTIFICATE OF AUTHOR-  
3 ITY. The application of the corporation for a certificate of author-  
4 ity shall be on forms prescribed and furnished by the commissioner.  
5 Duplicate originals of the application executed by its president or  
6 vice- president, and by its secretary or an assistant secretary, and  
7 verified by one of the officers signing the application, together with  
8 a verified copy of its articles of incorporation and all amendments to  
9 the articles, shall be delivered to the commissioner for processing  
10 according to AS 10.06.910 and for issuance of a certificate of author-  
11 ity.

12 Sec. 10.06.735. EFFECT OF CERTIFICATE OF AUTHORITY. Upon the  
13 issuance of a certificate of authority by the commissioner, the corpo-  
14 ration may transact business in this state for the purpose set out in  
15 its application, subject, however, to the right of this state to  
16 suspend or revoke the authority as provided in this chapter.

17 Sec. 10.06.738. AMENDED CERTIFICATE OF AUTHORITY. (a) A for-  
18 eign corporation authorized to transact business in this state shall  
19 obtain an amended certificate of authority if it changes its corporate  
20 name, or desires to pursue in this state other or additional purposes  
21 than those set out in its earlier application for a certificate of  
22 authority.

23 (b) The form and contents of an application for an amended  
24 certificate of authority, the manner of its execution, the filing of  
25 duplicate originals of the application with the commissioner, and the  
26 issuance and effect of an amended certificate of authority shall be  
27 the same as in the case of an original application for a certificate  
28 of authority.

29 Sec. 10.06.740. POWERS OF FOREIGN CORPORATION. A foreign

1 corporation that has received a certificate of authority enjoys, until  
2 a certificate of revocation or of withdrawal has been issued as pro-  
3 vided in this chapter, the same, but no greater, rights and privileges  
4 as a domestic corporation organized for the purposes set out in the  
5 application under which the certificate of authority is issued and,  
6 except as otherwise provided in this chapter, is subject to the  
7 duties, restrictions, penalties, and liabilities now or hereafter  
8 imposed upon a domestic corporation of like character.

9 Sec. 10.06.743. REVOCATION OF CERTIFICATE OF AUTHORITY. A cer-  
10 tificate of authority of a foreign corporation to transact business in  
11 this state may be revoked by the commissioner when

12 (1) the corporation fails to file its biennial report  
13 within the time required by this chapter, or fails to pay fees, corpo-  
14 ration taxes, or penalties prescribed in this chapter when they are  
15 due and payable;

16 (2) the corporation fails to appoint and maintain a regis-  
17 tered agent in this state;

18 (3) the corporation fails, after change of its registered  
19 office or registered agent, to file with the commissioner a statement  
20 of the change as required by this chapter;

21 (4) the corporation fails to file with the department an  
22 amendment to its articles of incorporation or articles of merger  
23 within the time prescribed by this chapter;

24 (5) a misrepresentation of a material matter has been made  
25 in an application, report, affidavit, or other document submitted  
26 under this chapter; or

27 (6) the corporation is a party to an illegal combination in  
28 restraint of trade.

29 Sec. 10.06.745. LIMITATIONS ON REVOCATION OF CERTIFICATE OF

1 AUTHORITY. The commissioner may not revoke a certificate of authority  
2 of a foreign corporation unless

3 (1) the commissioner has given the corporation at least 60  
4 days notice by certified mail addressed to its registered office in  
5 this state; and

6 (2) the corporation fails before revocation to file the  
7 biennial report, or pay the fees, corporation taxes, or penalties, or  
8 file the required statement of change of registered agent or regis-  
9 tered office, or file the articles of amendment or articles of merger,  
10 or correct the misrepresentation.

11 Sec. 10.06.748. ISSUANCE OF CERTIFICATE OF REVOCATION. Upon  
12 revoking a certificate of authority, the commissioner shall

13 (1) issue a certificate of revocation in duplicate;

14 (2) file one of the certificates in the commissioner's  
15 office; and

16 (3) mail to the corporation at its registered office in  
17 this state (AS 10.06.753(1)) a notice of the revocation accompanied by  
18 one of the certificates.

19 Sec. 10.06.750. EFFECT OF CERTIFICATE OF REVOCATION. Upon the  
20 issuance of the certificate of revocation, the authority of the corpo-  
21 ration to transact business in this state ceases.

22 Sec. 10.06.753. REGISTERED OFFICE AND REGISTERED AGENT OF FOR-  
23 EIGN CORPORATION. A foreign corporation authorized to transact busi-  
24 ness in this state shall have and continuously maintain in the state

25 (1) a registered office that may be, but need not be, the  
26 same as its place of business in this state; and

27 (2) a registered agent, who may be either an individual  
28 resident in this state whose business office is identical to the  
29 registered office, or a domestic corporation, or a foreign corporation

1 authorized to transact business in this state, that has a business  
2 office identical to the registered office.

3 Sec. 10.06.758. CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT  
4 OF FOREIGN CORPORATION. A foreign corporation authorized to transact  
5 business in this state may change its registered office or change its  
6 registered agent, or both, upon filing with the commissioner a state-  
7 ment setting out

8 (1) the name of the corporation;

9 (2) the address of its registered office;

10 (3) the address of the proposed office if the address of  
11 its registered office is to be changed;

12 (4) the name of its registered agent;

13 (5) the name of its successor registered agent if its  
14 registered agent is to be changed;

15 (6) that the address of its registered office and the add-  
16 ress of the business office of its registered agent, as changed, will  
17 be identical; and

18 (7) that the change is authorized by resolution adopted by  
19 the board of directors.

20 Sec. 10.06.760. FILING OF STATEMENT OF CHANGE. A statement of  
21 change under AS 10.06.758 shall be executed and verified by the corpo-  
22 ration by its president or a vice-president, and delivered to the  
23 commissioner. If the commissioner finds that the statement conforms  
24 to the provisions of this chapter, the commissioner shall file the  
25 statement in the office of the commissioner, and upon the filing, the  
26 change of address of the registered office, or the appointment of a  
27 new registered agent, or both, as the case may be, becomes effective.

28 Sec. 10.06.763. SERVICE OF PROCESS ON FOREIGN CORPORATION. The  
29 registered agent appointed by a foreign corporation authorized to

1 transact business in this state shall be an agent of the corporation  
2 upon whom process, notice, or demand required or permitted by law to  
3 be served upon the corporation may be served.

4 Sec. 10.06.765. SERVICE ON COMMISSIONER. When a foreign corpo-  
5 ration authorized to transact business in this state, or not autho-  
6 rized to transact business in this state but doing so, fails to ap-  
7 point or maintain a registered agent in this state, or when a regis-  
8 tered agent cannot with reasonable diligence be found at the regis-  
9 tered office, or when the certificate of authority of a foreign corpo-  
10 ration is suspended or revoked, the commissioner is an agent upon whom  
11 process, notice, or demand may be served. Service is made upon the  
12 commissioner as provided in AS 10.06.175(b).

13 Sec. 10.06.768. RECORDS KEPT BY COMMISSIONER. The commissioner  
14 shall keep a record of all processes, notices, or demands served upon  
15 the commissioner under AS 10.06.765 and shall record the time of  
16 service and action taken by the commissioner with reference to the  
17 service.

18 Sec. 10.06.770. PROCEDURE NOT EXCLUSIVE. AS 10.06.763 - 10.06.-  
19 768 do not limit or affect the right to serve a process, notice, or  
20 demand required or permitted by law to be served upon a corporation in  
21 any other manner.

22 Sec. 10.06.773. AMENDMENT TO ARTICLES OF INCORPORATION OF FOR-  
23 EIGN CORPORATION. If the articles of incorporation of a foreign  
24 corporation authorized to transact business in this state are amended,  
25 the foreign corporation shall, within 30 days after the amendment  
26 becomes effective, file with the commissioner a copy of the amendment  
27 authenticated by the proper officer of the state or country under  
28 whose laws it is incorporated. The filing of the amendment does not  
29 enlarge or alter the purpose which the corporation may pursue in the

1 transaction of business in this state, nor authorize the corporation  
2 to transact business in this state under a name other than the name  
3 set out in its certificate of authority.

4 Sec. 10.06.775. ORGANIC CHANGE OF FOREIGN CORPORATION. If a  
5 foreign corporation authorized to transact business in this state is a  
6 party to an organic change permitted by the laws of the state or  
7 country where it is incorporated, and the corporation is the surviving  
8 corporation, it shall, within 30 days after the change becomes effec-  
9 tive, file with the commissioner a copy of the articles of merger,  
10 consolidation, exchange, or reorganization authenticated by the proper  
11 office of the state or country under whose laws the organic change was  
12 carried out. It is not necessary for the corporation to obtain a new  
13 or amended certificate of authority to transact business in this state  
14 unless the name of the corporation is changed or unless the corpora-  
15 tion desires to pursue in this state other or additional purposes than  
16 those that it is authorized to transact in this state.

17 Sec. 10.06.778. WITHDRAWAL OF FOREIGN CORPORATION. A foreign  
18 corporation authorized to transact business in this state may withdraw  
19 from this state upon obtaining from the commissioner a certificate of  
20 withdrawal. To obtain a certificate of withdrawal, the foreign corpo-  
21 ration shall deliver to the commissioner an application for with-  
22 drawal.

23 Sec. 10.06.780. CONTENTS OF APPLICATION FOR WITHDRAWAL. An  
24 application for withdrawal shall set out

25 (1) the name of the corporation and the state or country  
26 where it is incorporated;

27 (2) that the corporation is not transacting business in  
28 this state;

29 (3) that the corporation surrenders its authority to

1 transact business in this state;

2 (4) that the corporation revokes the authority of its  
3 registered agent in this state to accept service of process and con-  
4 sents that service of process in an action, suit, or proceeding based  
5 upon a cause of action arising in this state during the time the  
6 corporation was authorized to transact business in this state may be  
7 made on the corporation by service on the commissioner;

8 (5) a post office address to which the commissioner may  
9 mail a copy of a process against the corporation that may be served on  
10 the commissioner;

11 (6) a statement of the aggregate number of shares that the  
12 corporation may issue, itemized by classes, par value of shares,  
13 shares without par value, and series, if any, within a class, as of  
14 the date of the application;

15 (7) a statement of the aggregate number of issued shares,  
16 itemized by classes, par value of shares, shares without par value,  
17 and series, if any, within a class, as of the date of the application;

18 (8) a statement, expressed in dollars, of the amount of  
19 stated capital of the corporation, as of the date of the application;

20 (9) additional information necessary or appropriate to  
21 enable the commissioner to determine and assess unpaid fees or corpo-  
22 rate taxes payable as prescribed in this chapter.

23 Sec. 10.06.783. FORM OF APPLICATION FOR WITHDRAWAL. An applica-  
24 tion for withdrawal shall be made on forms prescribed and furnished by  
25 the commissioner and shall be executed by the corporation by its  
26 president or a vice-president, and by its secretary or an assistant  
27 secretary, and verified by one of the officers signing the applica-  
28 tion, or, if the corporation is in the hands of a receiver or trustee,  
29 the application shall be executed and verified on behalf of the

1 corporation by the receiver or trustee.

2 Sec. 10.06.785. FILING OF APPLICATION FOR WITHDRAWAL. Duplicate  
3 originals of an application for withdrawal shall be delivered to the  
4 commissioner for processing according to AS 10.06.910 and for issuance  
5 of a certificate of withdrawal.

6 Sec. 10.06.788. EFFECT OF CERTIFICATE OF WITHDRAWAL. Upon the  
7 issuance of a certificate of withdrawal, the authority of a corpora-  
8 tion to transact business in this state ceases.

9 ARTICLE 11. REPORTS, FEES, AND PENALTIES.

10 Sec. 10.06.805. BIENNIAL REPORT OF DOMESTIC AND FOREIGN CORPORA-  
11 TIONS. A domestic corporation and a foreign corporation authorized to  
12 transact business in this state shall file a biennial report within  
13 the time prescribed by this chapter.

14 Sec. 10.06.808. CONTENTS OF BIENNIAL REPORT. A biennial report  
15 must set out

16 (1) the name of the corporation and the state or country  
17 where it is incorporated;

18 (2) the address of the registered office of the corporation  
19 in this state, and the name of its registered agent in this state at  
20 that address, and, in the case of a foreign corporation, the address  
21 of its principal office in the state or country where it is incorpo-  
22 rated;

23 (3) a brief statement of the character of the business in  
24 which the corporation is engaged in this state and the codes from the  
25 identification code established under AS 10.06.843 which most closely  
26 describe the activities in which the corporation is engaged in this  
27 state;

28 (4) the names and addresses of the directors and officers  
29 of the corporation;

1 (5) a statement of the aggregate number of shares that the  
2 corporation has authority to issue, itemized by classes, par value of  
3 shares, shares without par value, and series, if any, within a class;

4 (6) a statement of the aggregate number of issued shares  
5 itemized by classes, par value of shares, shares without par value,  
6 and series, if any, within a class;

7 (7) the name and address of each alien affiliate, the per-  
8 centage of outstanding shares controlled by each alien affiliate, and  
9 a specific description of the nature of the relationship between the  
10 corporation and its alien affiliates, or that there is no alien affil-  
11 iate;

12 (8) the name and address of each person owning at least  
13 five percent of the shares, or five percent of any class of shares as  
14 of September 30 of the second year of the biennial reporting period,  
15 and the percentage of the shares or class of shares owned by that  
16 person.

17 Sec. 10.06.811. FILING OF BIENNIAL REPORT. (a) A biennial  
18 report of a domestic or foreign corporation shall be filed with the  
19 department and is due before January 2 of the filing year. A domestic  
20 corporation filing articles of incorporation and a foreign corporation  
21 receiving a certificate of authority during an even-numbered year must  
22 file the biennial report each even-numbered year. A corporation  
23 filing with the department during an odd-numbered year must file the  
24 biennial report each odd-numbered year. The biennial report is delin-  
25 quent if not filed before February 1 of each odd or even year as  
26 provided in this section. Delinquent returns are subject to the  
27 penalty in AS 10.06.815.

28 (b) Proof to the satisfaction of the commissioner that on or  
29 before February 1 the report was deposited in the United States mail

1 in a sealed envelope, properly addressed with postage prepaid, is  
2 compliance with (a) of this section.

3 (c) The commissioner shall file the report if it conforms to the  
4 requirements of this chapter. If the commissioner finds that the  
5 report does not conform to the requirements of this chapter, the  
6 report shall promptly be returned to the corporation for necessary  
7 corrections. If the report is corrected to conform to the require-  
8 ments of this chapter and returned to the commissioner in sufficient  
9 time to be filed before April 1 of the year in which it is due, the  
10 penalties for failure to file the report within the time provided in  
11 AS 10.06.815 do not apply.

12 (d) Upon receipt of a form from the commissioner, a domestic or  
13 foreign corporation must file a biennial report within six months  
14 after original incorporation or authorization to transact business in  
15 this state.

16 Sec. 10.06.813. FILING NOTICE OF CHANGE OF OFFICERS, DIRECTORS,  
17 FIVE PERCENT SHAREHOLDERS, AND ALIEN AFFILIATES. (a) In the event of  
18 a change of an officer, director, or alien affiliate of a corporation  
19 during the first year of the biennial reporting period or a change in  
20 a five percent shareholder before September 30 of the first year of  
21 the biennial reporting period, the corporation shall file a notice of  
22 change amending the biennial report of the corporation before the  
23 following January 2.

24 (b) The notice shall be filed with the commissioner and shall  
25 state the name and current mailing address of each director, officer,  
26 five percent shareholder, or alien affiliate not included in the  
27 corporation's last filed biennial report, and the name of the person  
28 replaced and the office held. The notice shall be signed by the  
29 president or vice-president of the corporation.

1           Sec. 10.06.815. PENALTY FOR FAILURE TO FILE BIENNIAL REPORT. A  
2 domestic or foreign corporation that fails or refuses to file a bien-  
3 nial report within the time set by this chapter is subject to a pen-  
4 alty of 10 percent of the amount of the corporation tax assessed  
5 against it for the period beginning January 1 of the year for which  
6 the report should have been filed. The commissioner shall assess the  
7 penalty at the time of the assessment of the corporation tax. If the  
8 amount of the corporation tax as originally assessed is adjusted in  
9 accordance with this chapter, the amount of the penalty shall also be  
10 adjusted to 10 percent of the amount of the adjusted corporation tax.  
11 The amount of the corporation tax and the amount of the penalty shall  
12 be separately stated in a notice to the corporation.

13           Sec. 10.06.818. INTERROGATORIES BY COMMISSIONER; JUDICIAL PRO-  
14 CEEDING TO CONTEST. (a) The commissioner may propound to a domestic  
15 or foreign corporation and to an officer or director of a domestic or  
16 foreign corporation interrogatories reasonably necessary and proper to  
17 enable the commissioner to ascertain whether the corporation has  
18 complied with the provisions of this chapter.

19           (b) Interrogatories shall be propounded by the commissioner or  
20 the designee of the commissioner to

21           (1) a domestic corporation by complying with AS 10.06.175;  
22           (2) a foreign corporation by complying with AS 10.06.763;  
23           (3) an individual officer or director of a domestic or  
24 foreign corporation by mailing by certified mail a copy of the inter-  
25 rogatories addressed to the person at the place of business of the  
26 person in this state, or, if the person has no place of business in  
27 this state, to the principal office or place of business of the per-  
28 son.

29           (c) Interrogatories shall be answered within 30 days or within

1 the additional time fixed by the commissioner or by the superior  
2 court. Answers shall be full and complete, in writing and under oath.  
3 If the interrogatories are directed to an individual, they shall be  
4 answered by that person, and if directed to a corporation they shall  
5 be answered by the president, vice-president, secretary, or assistant  
6 secretary of the corporation or, in the instance of a foreign corpo-  
7 ration, the person or persons functioning as comparable officers in  
8 accordance with the laws of the state of incorporation.

9 (d) A petition stating good cause to extend the date for answer,  
10 to modify or set aside the interrogatories propounded by the commis-  
11 sioner, or to enforce compliance with AS 10.06.820 may be filed in the  
12 superior court before the expiration of the 30 days fixed in this  
13 section for answer.

14 Sec. 10.06.820. CONFIDENTIALITY OF INFORMATION DISCLOSED BY  
15 INTERROGATORIES. Interrogatories and answers propounded and obtained  
16 under AS 10.06.818 are not open to public inspection and the commis-  
17 sioner may not disclose facts or information obtained from the inter-  
18 rogatories except as the official duty of the commissioner requires or  
19 unless the interrogatories or the answers are required for evidence in  
20 criminal proceedings or other action by the state.

21 Sec. 10.06.823. FAILURE TO ANSWER INTERROGATORIES. Unless  
22 otherwise provided by an order of court issued in response to a peti-  
23 tion filed under AS 10.06.818(d),

24 (1) a domestic or foreign corporation and each officer or  
25 director of a domestic or foreign corporation that fails or refuses to  
26 answer truthfully and fully interrogatories propounded by the commis-  
27 sioner within the time prescribed by AS 10.06.818(c) is guilty of a  
28 misdemeanor; and

29 (2) the commissioner need not file a document to which the

1       interrogatories relate until the interrogatories are properly answered  
2       and need not file a document to which the interrogatories relate if  
3       the answers disclose that the document does not conform to the pro-  
4       visions of this chapter.

5               Sec. 10.06.825. PENALTIES IMPOSED UPON OFFICERS AND DIRECTORS.  
6       An officer or director of a domestic or foreign corporation who signs  
7       articles, or a statement, report, application, or other document filed  
8       with the commissioner that is known to the officer or director to be  
9       false in a material respect, is guilty of a misdemeanor.

10              Sec. 10.06.828. INCORPORATION OR FILING FEES.     A domestic or  
11       foreign corporation that is required to file articles of incorporation  
12       or amendatory articles with the department, except corporations orga-  
13       nized under AS 10.20 and foreign corporations organized under the laws  
14       of the United States or the laws of a state or territory of the United  
15       States or the laws of a foreign country for the same purposes as those  
16       allowed under AS 10.20, shall pay to the commissioner a filing fee  
17       established by the department by regulation. The filing fee shall be  
18       uniform and fixed without reference to the amount of authorized  
19       shares.

20              Sec. 10.06.830. FEES ON APPOINTMENT OR REVOCATION OF APPOINTMENT  
21       OF PROCESS AGENT OR CHANGE OF AGENT'S ADDRESS. (a) A foreign corpo-  
22       ration filing with the department a certificate of the appointment and  
23       consent of an agent residing in this state, or a certificate of revo-  
24       cation of the appointment of a resident agent, shall pay to the com-  
25       missioner a fee established by the department by regulation.

26              (b) For filing a statement of change of address of registered  
27       agent under AS 10.06.170(a) and (b), the agent shall pay to the com-  
28       missioner a fee established by the department by regulation.

29              Sec. 10.06.833. FEES AND PENALTIES PAYABLE ON WITHDRAWAL OF

1 FOREIGN CORPORATION. A registered foreign corporation may withdraw  
2 from this state upon payment of all biennial corporation taxes and  
3 penalties due at the time of desired withdrawal and by filing with the  
4 department a certificate of withdrawal signed by its proper officers  
5 and under its corporate seal. The fee for filing the certificate with  
6 the commissioner shall be established by the department by regulation.

7 Sec. 10.06.835. FEES ON DISSOLUTION OF DOMESTIC CORPORATION. A  
8 domestic corporation shall pay to the commissioner a fee established  
9 by the department by regulation for filing the documents required by  
10 this chapter for the dissolution of a domestic corporation.

11 Sec. 10.06.838. TAXES, PENALTIES, AND FEES ON FILING CERTIFICATE  
12 OF DISSOLUTION OF FOREIGN CORPORATION. If a foreign corporation  
13 desires to file a certificate of dissolution from the state of its  
14 incorporation, it shall file the certificate, signed by the proper  
15 state officer, under seal, upon payment of all biennial corporation  
16 taxes and penalties due to this state at the time of dissolution. The  
17 filing fee for the certificate of dissolution shall be established by  
18 the department by regulation.

19 Sec. 10.06.840. FEES FOR CERTIFIED COPIES OF DOCUMENTS. The fee  
20 for furnishing a certified copy of a document shall be established by  
21 the department by regulation.

22 Sec. 10.06.843. OTHER FILING FEES. (a) The filing fee for a  
23 document not otherwise provided in this chapter shall be established  
24 by the department by regulation.

25 (b) The department may by regulation charge a corporation sub-  
26 ject to this chapter a fixed fee in place of the fees specified in  
27 this chapter, and for routine administrative services rendered to a  
28 corporation by the department.

29 (c) Notwithstanding (b) of this section fees required under

1 AS 10.06.140 and AS 10.06.828 are not included in a fixed fee.

2 Sec. 10.06.845. BIENNIAL CORPORATION TAX; PENALTY FOR NONPAY-  
3 MENT. (a) A domestic corporation and a foreign corporation doing  
4 business in this state or having its articles of incorporation on file  
5 with the department shall, before January 2 of each filing year, pay  
6 to the commissioner a biennial corporation tax as follows: domestic  
7 corporation, \$100; foreign corporation, \$200. A corporation that  
8 fails to pay the biennial corporation tax before February 1 of the  
9 filing year must pay to the commissioner a penalty of \$25 for each  
10 year or part of a year of delinquency.

11 (b) Proof to the satisfaction of the commissioner that on or  
12 before February 1 the tax or report was deposited in the United States  
13 mail in a sealed envelope, properly addressed, with postage prepaid,  
14 is compliance with (a) of this section.

15 (c) Corporations organized under AS 10.20 are not required to  
16 pay the biennial corporation tax imposed by this section.

17 Sec. 10.06.848. FAILURE TO PAY TAX OR MAKE REPORT AS PRECLUDING  
18 SUIT BY CORPORATION. A domestic or foreign corporation may not com-  
19 mence or maintain a suit, action, or proceeding in a court in this  
20 state without alleging and proving that it has paid its biennial  
21 corporation tax last due and has filed its biennial report for the  
22 last reporting period. A certificate of the payment of the biennial  
23 corporation tax and filing of the biennial report is prima facie  
24 evidence of the payment of the tax and the filing of the biennial  
25 report. The commissioner shall issue the certificate or a duplicate  
26 for a fee established by the department by regulation.

27 Sec. 10.06.850. COMMISSIONER TO INSTITUTE SUITS TO COMPEL PAY-  
28 MENT. The commissioner may institute a suit in the name of the state  
29 to enforce the payment of a biennial corporation tax. Corporations

1 organized under AS 10.20 and foreign corporations organized under the  
2 laws of the United States or the laws of a state or territory of the  
3 United States or the laws of a foreign country for the same purposes  
4 as those allowed under AS 10.20 are exempt from the payment of the  
5 biennial corporation tax.

6 Sec. 10.06.853. FAILURE TO PAY TAX AS EVIDENCE OF INSOLVENCY.  
7 Failure of a corporation to pay the biennial corporation tax for a  
8 period of one year after the date when payment first becomes due is  
9 prima facie evidence of the inability of a corporation to meet matur-  
10 ing debts and liabilities (AS 10.06.360) that may be shown by this  
11 state, a private person, or a corporation.

12 Sec. 10.06.855. PAYMENTS TO BE MADE IN ADVANCE. Fees and  
13 charges provided for in this chapter, including the biennial corpo-  
14 ration tax, may be paid in advance.

15 Sec. 10.06.858. ACCOUNTING FOR AND DISPOSITION OF TAXES AND FEES  
16 PAID. All fees and taxes paid under this chapter shall be accounted  
17 for and deposited in the state treasury.

18 Sec. 10.06.860. INCREASE IN FEES. A fee charged under this  
19 chapter may not be increased by a percentage greater than the percent-  
20 age increase in the consumer price index for Anchorage, published by  
21 the United States Department of Labor, Bureau of Labor Statistics,  
22 since July 1977, the year in which the fee was first charged, or the  
23 most recent year in which the fee was increased, whichever is later.

24 Sec. 10.06.863. APPEAL FROM REVOCATION OF CERTIFICATE OF AUTHOR-  
25 ITY. If the commissioner revokes a certificate of authority of a  
26 foreign corporation to transact business in this state under this  
27 chapter, the foreign corporation may appeal to the superior court by  
28 filing with the clerk of the court a petition setting out a copy of  
29 its certificate of authority and a copy of the notice of revocation

1 given by the commissioner. The matter shall be tried de novo by the  
2 superior court, and the court shall either sustain the action of the  
3 commissioner or direct the commissioner to take action the court  
4 considers proper.

5 Sec. 10.06.865. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
6 ACCEPTED. The commissioner may, within one year after a filing, and  
7 after written notice to the corporation or individual making the  
8 filing, cancel a certificate issued or filing accepted under this  
9 chapter, on any ground existing at the time of issuance or filing for  
10 which the commissioner could have originally refused to issue the  
11 certificate or accept the filing. The notice of cancellation shall  
12 state the reason for the cancellation. A corporation or individual  
13 may request a hearing before the commissioner within 90 days after  
14 receipt of the notice. Cancellation becomes final if the corporation  
15 or individual does not request a hearing within 90 days after receipt  
16 of notice. Notice of cancellation shall be sent by certified mail  
17 with return receipt requested. If the return receipt is not received  
18 by the department within a reasonable time and the department has made  
19 diligent inquiry as to the address of the corporation, notice may be  
20 made by publication in a newspaper of general circulation in the  
21 vicinity of the registered office of the corporation or the address of  
22 the individual who made the filing, and the cancellation becomes final  
23 60 days after publication of the notice if the person or corporation  
24 does not request a hearing.

25 Sec. 10.06.868. FORMS TO BE FURNISHED BY THE COMMISSIONER.  
26 Reports required by this chapter to be filed with the department or  
27 the commissioner shall be on forms prescribed and furnished by the  
28 commissioner. Forms for other documents to be filed in the office of  
29 the department or the commissioner shall be furnished by the

1 commissioner on request, but the use of those forms, unless required  
2 in this chapter, is not mandatory.

3 Sec. 10.06.870. IDENTIFICATION CODE. The commissioner of com-  
4 merce and economic development and the commissioner of revenue shall  
5 jointly establish and adopt a coded list of business activities and  
6 shall make the list available to the public.

7 ARTICLE 12. MISCELLANEOUS PROVISIONS.

8 Sec. 10.06.905. VOTING OF SHARES; QUORUM; STATUS OF DISQUALIFIED  
9 SHARES. (a) If the articles of incorporation provide for more or  
10 less than one vote for a share on a matter, a reference in this chap-  
11 ter to a majority or other proportion of shares means a majority or  
12 other proportion of the votes entitled to be cast on that matter. If  
13 shares are disqualified from voting on a matter, they may not be  
14 considered outstanding for the determination of a quorum at a meeting  
15 to act upon or for the required vote to approve action upon that  
16 matter.

17 (b) A requirement in this chapter for a vote of each class of  
18 outstanding shares means a vote regardless of limitations or restric-  
19 tions upon the voting rights of that class, unless expressly limited  
20 to voting shares.

21 Sec. 10.06.910. PROCESSING OF WRITINGS FILED WITH THE COMMIS-  
22 SIONER. If a writing delivered to the commissioner for filing con-  
23 forms to law and all fees and corporation taxes prescribed in this  
24 chapter have been paid, the commissioner shall

25 (1) endorse on each duplicate original the word "filed" and  
26 the date of the filing;

27 (2) file one duplicate original in the commissioner's  
28 office;

29 (3) return a duplicate original of the writing, together

1 with any writing issued by the commissioner attached to the original,  
2 to the corporation or its representative.

3           Sec. 10.06.915. DISAPPROVAL OF WRITING BY COMMISSIONER: APPEAL.  
4 If the commissioner fails to approve articles of incorporation, amend-  
5 ment, merger, consolidation, exchange or dissolution, or any other  
6 document required by this chapter to be approved by the commissioner,  
7 the commissioner shall, within 10 days after the delivery of the  
8 document to the commissioner, give written notice of disapproval to  
9 the person or domestic or foreign corporation, delivering the docu-  
10 ment, and specifying the reasons for disapproval. The person or  
11 corporation may appeal from the disapproval to the superior court by  
12 filing with the clerk of the court a petition setting out a copy of  
13 the document sought to be filed and a copy of the written disapproval.  
14 The matter shall be tried de novo by the superior court, which shall  
15 either sustain the action of the commissioner or direct the commis-  
16 sioner to take action the court considers proper.

17           Sec. 10.06.920. WRITINGS; CORRECTIONS. A writing relating to a  
18 corporation filed by the commissioner under this chapter may be cor-  
19 rected if it contains an error apparent on the face or defect in the  
20 execution of the writing, including the deletion of a matter not per-  
21 mitted to be stated in the writing. A certificate, entitled "Certifi-  
22 cate of Correction of...(correct title of writing and name of corpora-  
23 tion)", shall be signed, verified, or acknowledged in the same manner  
24 as the original writing and shall be delivered to the commissioner.  
25 The certificate shall set out the name of the corporation, the date  
26 the writing to be corrected was filed by the commissioner, the pro-  
27 vision in the writing corrected or eliminated and, if the execution  
28 was defective, the proper execution. The filing of the certificate by  
29 the commissioner does not alter the effective time of the writing

1 being corrected and does not affect any right or liability accrued or  
2 incurred before the filing. A corporate name may not be changed or  
3 corrected under this section.

4 Sec. 10.06.925. WRITINGS AS EVIDENCE. (a) A writing filed by  
5 the commissioner relating to a corporation and containing statements  
6 of fact required or permitted by law and a certification by the com-  
7 missioner of the absence of a filing shall be received in all courts,  
8 public offices, and official bodies as prima facie evidence of these  
9 facts and of the execution of the writing.

10 (b) If under the laws of a jurisdiction other than this state a  
11 writing by an officer in that jurisdiction or a copy of a writing  
12 certified or exemplified by the officer, may be received as prima  
13 facie evidence of the incorporation, existence, or capacity of any  
14 foreign corporation incorporated in that jurisdiction, the writing  
15 when exemplified shall be received by all courts, public offices, and  
16 official bodies of this state as prima facie evidence with the same  
17 force as in another jurisdiction. The writing or certified copy of  
18 the writing shall be received without being exemplified if it is  
19 certified by the secretary of state or official performing the equiva-  
20 lent function as to corporate records of that jurisdiction.

21 Sec. 10.06.930. CORPORATE SEAL AS EVIDENCE. The presence of a  
22 corporate seal on a writing purporting to be executed by authority of  
23 a corporation shall be prima facie evidence that the writing was  
24 executed with the authority of the corporation.

25 Sec. 10.06.935. WAIVER OF NOTICE. If notice is required to be  
26 given to a shareholder or director of a corporation under the provi-  
27 sions of this chapter or under the provisions of the articles or  
28 bylaws of the corporation, a waiver of the notice in writing signed by  
29 the person entitled to notice, whether before or after the time stated

1 for notice, is equivalent to the giving of notice.

2 ARTICLE 13. GENERAL PROVISIONS.

3 Sec. 10.06.950. POWERS OF COMMISSIONER. The commissioner has  
4 the power and authority reasonably necessary to enable the commis-  
5 sioner to administer this chapter and to perform the duties imposed  
6 upon the commissioner by this chapter.

7 Sec. 10.06.953. REGULATIONS. To the extent provided by explicit  
8 reference in this chapter, the department shall adopt regulations  
9 referred to in this chapter in accordance with the Administrative  
10 Procedure Act (AS 44.62).

11 Sec. 10.06.955. APPLICATION. (a) This chapter applies to a  
12 domestic corporation organized under the Alaska Business Corporation  
13 Act (AS 10.05), and to the extent provided in AS 10.06.010, 10.06.020,  
14 10.06.160, 10.06.233, 10.06.433(g), 10.06.435, 10.06.450(d), 10.06.-  
15 488, and AS 10.06.705 - 10.06.870 to a foreign corporation authorized  
16 to do or doing business in this state.

17 (b) The existence of a corporation formed or existing on the  
18 date of enactment of this chapter is not affected by the enactment of  
19 this chapter or by any change in the requirements for the formation of  
20 corporations.

21 Sec. 10.06.958. PROVISIONS CONSTRUED AS RESTATEMENTS AND CONTIN-  
22 UATIONS. If a provision of this chapter is substantially the same as  
23 a statutory provision in AS 10.05 existing on the effective date of  
24 this chapter, it shall be construed as a restatement and continuation,  
25 and not as a new enactment.

26 Sec. 10.06.960. CORPORATIONS ORGANIZED UNDER P.L. 92-203. (a)  
27 A corporation organized under the Alaska Native Claims Settlement Act  
28 (P.L. 92-203; 85 Stat. 688), except a village corporation that may be  
29 incorporated under either this chapter or AS 10.20, shall be

1 incorporated under and is subject to this chapter except

2 (1) each corporation shall issue without further considera-  
3 tion the number of shares of common stock that may be necessary to  
4 comply with the requirements of the Alaska Native Claims Settlement  
5 Act and all stock so issued is considered fully paid and nonassessable  
6 when issued;

7 (2) unless otherwise provided in the articles of incorpora-  
8 tion approved by the United States Secretary of the Interior,

9 (A) the capital is considered the consideration for  
10 the initial issuance of shares; and

11 (B) the capital of a corporation organized under  
12 P.L. 92-203 includes

13 (i) the land or interests in it conveyed to the  
14 corporation by the United States under the federal Act,  
15 except that which is required to be conveyed under sec. 14-  
16 (c)(1), (3), and (4) of that Act, entered at its fair value  
17 to the corporation upon receiving the conveyance of it; and

18 (ii) the money, when received under secs. 6, 7(i),  
19 and 9 of that Act, that is retained by the corporation and  
20 that is not immediately distributed or required to be dis-  
21 tributed under sec. 7(j) of that Act.

22 (b) Notwithstanding the provisions of AS 10.06.300 - 10.06.390,  
23 payment from the money of a corporation organized under P.L. 92-203  
24 that is required by the language of P.L. 92-203 to be distributed to  
25 shareholders or to other corporations so organized may not be con-  
26 sidered to be a distribution in partial liquidation.

27 (c) Notwithstanding the provisions of AS 10.06.546, a plan of  
28 merger, consolidation, or exchange in which each participating corpo-  
29 ration either (1) was organized under the Alaska Native Claims

1 Settlement Act (P.L. 92-203; 85 Stat. 688), within the same one of the  
2 12 regions of Alaska established under the Alaska Native Claims  
3 Settlement Act, or (2) resulted from the prior merger, consolidation,  
4 or exchange of other similarly organized corporations within the same  
5 region, is approved if it receives the affirmative vote of the holders  
6 of at least a majority of the outstanding shares of each corporation.  
7 If a class of shares of a corporation specified in this subsection is  
8 entitled to vote as a class, the plan of merger, consolidation, or  
9 exchange is approved if it receives the affirmative vote of the  
10 holders of at least a majority of the outstanding shares of each class  
11 of shares entitled to vote as a class and of the total outstanding  
12 shares.

13 (d) Notwithstanding the provisions of AS 10.06.488, a director  
14 or officer of a corporation organized under the Alaska Native Claims  
15 Settlement Act that is required by the language of that Act is not  
16 personally liable to the contract creditors specified in AS 10.06.490  
17 except as otherwise provided by law.

18 Sec. 10.06.963. SEVERABILITY. If a provision of this chapter is  
19 held invalid, the invalidity does not affect other provisions of this  
20 chapter that can be given effect without the invalid provision.

21 Sec. 10.06.965. RESERVATION OF POWER. The legislature reserves  
22 the right to alter, amend, suspend, or repeal in whole or in part this  
23 chapter at pleasure, or a certificate of incorporation or the author-  
24 ity to do business in this state, of a domestic or foreign corpo-  
25 ration, whether or not existing or authorized on the effective date of  
26 this chapter.

27 Sec. 10.06.968. SIGNATURE. "Signature" includes a mark when the  
28 signer cannot write. The signer's name shall be written near the mark  
29 by a witness who shall write the witnesses own name near the signer's

1 name. A signature by mark can be acknowledged or can serve as a  
2 signature to a sworn statement.

3 Sec. 10.06.970. RULES OF CONSTRUCTION AND INTERPRETATION.

4 Unless a provision or the context otherwise requires, the following  
5 general provisions and rules of construction govern this chapter:

6 (1) Title, chapter, article, and section headings do not  
7 affect the scope, meaning, or intent of the provisions of this chap-  
8 ter.

9 (2) When, by the provisions of this chapter, a power is  
10 granted to, or a duty imposed upon, a public officer, the power may be  
11 exercised or the duty performed by a deputy of the officer or by a  
12 person authorized, under law, by the officer, unless this chapter  
13 expressly provides otherwise.

14 (3) When a notice, report, statement, or record is required  
15 or authorized by this chapter, it shall be made in writing in a manner  
16 reasonably calculated to communicate the notice, report, statement, or  
17 record to the recipient.

18 (4) A reference in this chapter to mailing means first-  
19 class mail, postage prepaid, unless certified mail is specified.  
20 Certified mail includes registered mail.

21 (5) References in this chapter to financial statements,  
22 balance sheets, income statements, and statements of changes in finan-  
23 cial position of a corporation and references to assets, liabilities,  
24 earnings, retained earnings, and similar accounting items of a corpo-  
25 ration mean financial statements or items prepared or determined in  
26 accordance with generally accepted accounting principles then appli-  
27 cable, and fairly presenting the matters that they purport to present,  
28 subject to any specific accounting treatment required by a particular  
29 section of this chapter. Unless otherwise expressly stated,

1 references in this chapter to financial statements mean, in the case  
2 of a corporation that has subsidiaries, consolidated statements of the  
3 corporation and those of its subsidiaries as are required or permitted  
4 to be included in the consolidated statements under generally accepted  
5 accounting principles then applicable, and all references to these  
6 accounting items mean items determined on a consolidated basis in  
7 accordance with consolidated financial statements.

8 (6) A reference in this chapter to the time a notice is  
9 given or sent means, unless otherwise expressly provided, the time a  
10 written notice by mail is deposited in the United States mail, postage  
11 prepaid; or the time any other written notice is personally delivered  
12 to the recipient or is delivered to a common carrier for transmission,  
13 or actually transmitted by electronic means to the recipient by the  
14 person giving the notice; or the time an oral notice is communicated  
15 in person or by electronic means to the recipient or to a person at  
16 the office of the recipient who the person giving the notice has  
17 reason to believe will promptly communicate it to the recipient.

18 (7) When reference is made to any portion of this chapter  
19 or of any other law of this state, the reference applies to all amend-  
20 ments and additions.

21 (8) "Shall" is mandatory, "may" is permissive, and "may  
22 not" is prohibitory.

23 (9) "Oath" includes affirmation.

24 Sec. 10.06.990. DEFINITIONS. In this chapter, unless the con-  
25 text otherwise requires,

26 (1) "acknowledged" means that a document is accompanied by  
27 a certificate of its acknowledgement as provided in AS 09.63.010 -  
28 09.63.130;

29 (2) "affiliate" means a person that directly or indirectly

1 through one or more intermediaries controls, or is controlled by, or  
2 is under common control with, a corporation subject to this chapter;

3 (3) "alien" means

4 (A) an individual who is not a citizen or national of  
5 the United States, or who is not lawfully admitted to the United  
6 States for permanent residence, or paroled into the United States  
7 under the Immigration and Nationality Act (8 U.S.C. secs. 1101 -  
8 1503, as amended);

9 (B) a person, other than an individual, that was not  
10 created or organized under the laws of the United States or of a  
11 state, or whose principal place of business is not located in any  
12 state; or

13 (C) a person, other than an individual, that was  
14 created or organized under the laws of the United States or of a  
15 state, or whose principal place of business is located in a  
16 state, and that is controlled by a person described in (A) or (B)  
17 of this paragraph;

18 (4) "approved by (or approval of) the board" means approved  
19 or ratified by the vote of the board or by the vote of a committee  
20 authorized to exercise the powers of the board, except as to matters  
21 not within the competence of the committee under AS 10.06.468;

22 (5) "approved by (or approval of) the outstanding shares"  
23 means approved by the affirmative vote of a majority of the outstand-  
24 ing shares entitled to vote; this approval includes the affirmative  
25 vote of a majority of the outstanding shares of each class or series  
26 entitled by the articles of incorporation or this chapter to vote as a  
27 class or series on the subject matter and also includes the affirma-  
28 tive vote of a greater proportion, including all, of the outstanding  
29 shares of a class or series if a greater proportion is required by the

1 articles or this chapter;

2 (6) "approved by (or approval of) the shareholders" means  
3 approved or ratified by the affirmative vote of a majority of the  
4 shares entitled to vote represented at a duly held meeting at which a  
5 quorum is present or by the written consent of shareholders (AS 10.-  
6 06.423) or by the affirmative vote or written consent of a greater  
7 proportion, including all, of the shares of a class or series if a  
8 greater proportion is required by the articles of incorporation or  
9 this chapter for all or any specified shareholder action;

10 (7) "articles" or "articles of incorporation" means the  
11 original or restated articles of incorporation and all amendments and  
12 includes articles of merger;

13 (8) "authorized shares" means the shares of all classes  
14 that the corporation may issue;

15 (9) "board" means the board of directors of a domestic or  
16 foreign corporation;

17 (10) "commissioner" means the commissioner of commerce and  
18 economic development or a designee of the commissioner;

19 (11) "common shares" means shares that have no preference  
20 over other shares with respect to distribution of assets on liquida-  
21 tion or with respect to payment of dividends;

22 (12) "control" or "controlling interest" means

23 (A) owning directly or indirectly, or having the power  
24 to vote, 25 percent or more of a class of voting securities of a  
25 corporation subject to this chapter; or

26 (B) influencing or affecting in any substantive manner  
27 the election of a majority of the directors or trustees of a  
28 corporation subject to this chapter;

29 (13) "corporation" or "domestic corporation" means a

1 corporation for profit subject to the provisions of this chapter, but  
2 does not include a foreign corporation or a state or national bank;

3 (14) "corporation tax" means the biennial corporation tax  
4 imposed under Alaska law on corporations;

5 (15) "department" means the Department of Commerce and Eco-  
6 nomic Development;

7 (16) "director" means a natural person designated in the  
8 articles of incorporation or elected by the incorporators as a direc-  
9 tor and includes a natural person and successor of that person des-  
10 ignated, elected, or appointed by any other name or title to act as a  
11 director;

12 (17) "distribution to its shareholders" means the transfer  
13 of cash or property by a corporation or its subsidiary to its share-  
14 holders without consideration, whether by way of dividend or other-  
15 wise, except a dividend in shares of the corporation, or the purchase  
16 or redemption of its shares for cash or property; the time of a dis-  
17 tribution of a dividend is the date of the declaration of the dividend  
18 and the time of a distribution by purchase or redemption of shares is  
19 the date cash or property is transferred by the corporation, whether  
20 or not under a contract of an earlier date; however, if a negotiable  
21 debt security is issued in exchange for shares, the time of the dis-  
22 tribution is the date when the corporation acquires the shares in the  
23 exchange; in the case of a sinking fund payment, cash or property is  
24 transferred within the meaning of this paragraph at the time that it  
25 is delivered to a trustee for the holders of preferred shares to be  
26 used for the redemption of those shares or physically segregated by  
27 the corporation in trust for that purpose;

28 (18) "filed", unless otherwise expressly provided, means  
29 filed in the office of the commissioner of commerce and economic

1 development;

2 (19) "five percent shareholder" means a person owning at  
3 least five percent of the shares or five percent of any class of  
4 shares of a corporation;

5 (20) "foreign corporation" means a corporation for profit  
6 organized under laws other than the laws of Alaska for a purpose for  
7 which a corporation may be organized under this chapter;

8 (21) "independent accountant" means a certified public  
9 accountant or a public accountant who is independent of the corpora-  
10 tion as determined in accordance with generally accepted auditing  
11 standards and who is engaged to audit financial statements of the  
12 corporation or perform other accounting services;

13 (22) "liquidation price" or "liquidation preference" means  
14 amounts payable for shares of a class upon voluntary or involuntary  
15 dissolution, winding up or distribution of the entire assets of the  
16 corporation, including any cumulative dividends accrued and unpaid, in  
17 priority to shares of another class or classes;

18 (23) "net assets" means the amount by which the total assets  
19 of a corporation exceed the total debts of the corporation;

20 (24) "officers' certificate" means a certificate signed and  
21 verified by the chairman of the board, the president or a vice-  
22 president and by the secretary, the treasurer or an assistant secre-  
23 tary or assistant treasurer;

24 (25) "on the certificate" means that a statement appears on  
25 the face of a share certificate or on the reverse of the certificate  
26 with a reference to the statement on the face;

27 (26) "organic change" means a merger, consolidation, share  
28 exchange, or sale of assets other than in the regular course of busi-  
29 ness;

1           (27) "parent" or "parent corporation" means an affiliate  
2 controlling a specified corporation directly or indirectly through one  
3 or more intermediaries;

4           (28) "paid-in capital" means the consideration actually  
5 received by a corporation for issuance of its shares, plus any addi-  
6 tional amount capitalized by its board under AS 10.06.390;

7           (29) "person" means an individual, a corporation, a partner-  
8 ship, an association, a joint-stock company, an estate, a trust if the  
9 interests of the beneficiaries are evidenced by a security, an unin-  
10 corporated association, a government, a political subdivision of a  
11 government, or a combination of these entities;

12           (30) "preferred shares" means shares other than common  
13 shares;

14           (31) "proxy" means a written authorization signed by a  
15 shareholder or the shareholder's attorney-in-fact giving another  
16 person power to vote with respect to the shares of the shareholder;  
17 "signed" for the purpose of this paragraph means the placing of the  
18 shareholder's name on the proxy by manual signature by the shareholder  
19 or the shareholder's attorney-in-fact;

20           (32) "proxy holder" means the person to whom a proxy is  
21 given;

22           (33) "redemption price" means the amount in cash, property  
23 or securities, or any combination of these, payable on shares of any  
24 class or series upon the redemption of the shares; unless otherwise  
25 expressly provided, the redemption price is payable in cash;

26           (34) "retained earnings" means the account of the corpo-  
27 ration representing undistributed and uncapitalized net profits,  
28 income, gains, and losses from the date of incorporation;

29           (35) "series of shares" means those shares within a class

1 that have the same rights, preferences, privileges, and restrictions  
2 but that differ in one or more rights, preferences, privileges, or  
3 restrictions from other shares within the same class;

4 (36) "shareholder" means a holder of record of a share in a  
5 corporation;

6 (37) "shares" means the units into which the proprietary  
7 interests in a corporation are divided;

8 (38) "state" means any of the United States, the District of  
9 Columbia, the Commonwealth of Puerto Rico, the Northern Mariana  
10 Islands, Guam, the Virgin Islands, American Samoa, the Trust Territory  
11 of the Pacific Islands, or any other territory or possession of the  
12 United States;

13 (39) "subscriber" means one who subscribes for a share in a  
14 corporation before or after incorporation;

15 (40) "subsidiary" of a specified corporation means

16 (A) except as provided in (B) of this paragraph, a  
17 corporation in which the specified corporation owns more than 50  
18 percent of the voting power directly or indirectly through one or  
19 more other subsidiaries of the specified corporation;

20 (B) for the purpose of AS 10.06.420(e), a corporation  
21 in which the specified corporation owns more than 25 percent of  
22 the voting power directly or indirectly through one or more other  
23 subsidiaries of the specified corporation;

24 (41) "surviving corporation" means a corporation into which  
25 one or more other corporations are merged;

26 (42) "vacancy" when used with respect to the board means any  
27 authorized position of director that is not then filled by a duly  
28 elected director, whether caused by death, resignation, removal,  
29 change in the authorized number of directors, or otherwise;

1 (43) "verified" means that a document has been certified to  
2 be true as provided in AS 09.63.040;

3 (44) "vote" includes authorization by written consent sub-  
4 ject to the provisions of AS 10.06.423 and AS 10.06.475;

5 (45) "voting power" means the power to vote for the election  
6 of directors at the time a determination of voting power is made and  
7 does not include the right to vote upon the happening of a condition  
8 or event that has not yet occurred; when different classes of shares  
9 are entitled to vote as separate classes for different members of the  
10 board, the determination of percentage of voting power shall be made  
11 on the basis of the percentage of the total number of authorized  
12 directors that the shares in question have the power to elect in an  
13 election at which all shares then entitled to vote for the election of  
14 any directors are voted;

15 (46) "writing" includes any form of recorded message capable  
16 of comprehension by ordinary visual means.

17 Sec. 10.06.995. SHORT TITLE. This chapter may be cited as the  
18 Alaska Corporations Code.

19 \* Sec. 2. AS 10.05 is repealed.

20 \* Sec. 3. APPLICATION OF PROVISIONS TO DOMESTIC AND FOREIGN CORPORA-  
21 TIONS. (a) Except as otherwise expressly provided, the provisions of this  
22 Act apply on and after the effective date of this Act to:

23 (1) a domestic corporation organized under the Alaska Business  
24 Corporations Act (AS 10.05) existing on the effective date of this Act;

25 (2) a foreign corporation that is authorized or does business in  
26 the state on or after the effective date of this Act;

27 (3) actions by a director, officer, or shareholder of a corpora-  
28 tion described in (1) and (2) of this section on and after the effective  
29 date of this Act.

1 (b) Except as otherwise expressly provided, a section of this Act  
2 governing acts, contracts, or other transactions by a corporation or its  
3 directors, officers, or shareholders applies only to acts, contracts, or  
4 transactions occurring on or after the effective date of this Act and the  
5 former provisions of AS 10.05 govern acts, contracts, or transactions  
6 occurring before the effective date of this Act.

7 (c) Except as otherwise expressly provided, a vote or consent by the  
8 directors or shareholders of a corporation before the effective date of  
9 this Act in accordance with the former provisions of AS 10.05 is effective,  
10 and if a certificate or document is required to be filed in a public office  
11 of the state relating to the action, it may be filed after the effective  
12 date of this Act in accordance with the former provisions of AS 10.05.

13 \* Sec. 4. EXERCISE OF RESERVE POWER. It is the intent of the legisla-  
14 ture in enacting AS 10.06.502(a) in sec. 1 of this Act to exercise to the  
15 fullest extent the reserve power of the state over corporations and to  
16 authorize any amendment of the articles permitted under AS 10.06.502(a)  
17 regardless of whether a provision contained in the amendment was permissi-  
18 ble at the time of the original incorporation of the corporation.

19 \* Sec. 5. APPLICATION TO ARTICLES OF EXISTING CORPORATIONS. (a) The  
20 provisions of AS 10.06.208 and AS 10.06.210 relating to the contents of  
21 articles of incorporation do not apply to domestic corporations existing on  
22 the effective date of this Act unless and until an amendment of the arti-  
23 cles is filed stating that the corporation elects to be governed by all of  
24 the provisions of the Alaska Corporations Code (AS 10.06) not otherwise  
25 applicable to it under this Act. If an amendment makes no change in the  
26 articles of incorporation other than conforming the statement of purposes  
27 and powers to AS 10.06.208(2) or AS 10.06.210(1)(F) or deletes references  
28 to par value or location of principal office, it may be adopted by approval  
29 of the board of directors of the corporation alone; otherwise, it shall be

1 approved as provided in AS 10.06.504 - 10.06.506 in sec. 1 of this Act.

2 (b) A corporation organized and existing under the former provisions  
3 of AS 10.05 shall comply with AS 10.06.208 and AS 10.06.210 in sec. 1 of  
4 this Act on or before the date five years after the effective date of this  
5 Act.

6 \* Sec. 6. AMENDMENT OF ARTICLES OF INCORPORATION. (a) The requirement  
7 of an affirmative vote of at least two-thirds of the shares entitled to  
8 vote for the adoption of an amendment to the articles of incorporation as  
9 provided in former AS 10.05.276 shall remain in force for corporations  
10 existing before the effective date of this Act.

11 (b) Notwithstanding (a) of this section, an election to be governed  
12 by the voting provisions of AS 10.06.504 - 10.06.506 in sec. 1 of this Act  
13 may be made in the same manner as an amendment to the articles of incorpo-  
14 ration is made under those sections. An election under this subsection  
15 requires the affirmative vote of at least two-thirds of the shares entitled  
16 to vote under former AS 10.05.276(3).

17 \* Sec. 7. INDEMNIFICATION BY A CORPORATION. AS 10.06.490 in sec. 1 of  
18 this Act governs a proposed indemnification by a corporation after the  
19 effective date of this Act, whether the events upon which the indemnifica-  
20 tion is based occurred before or after the effective date of this Act. A  
21 statement relating to indemnification contained in the articles or bylaws  
22 of a corporation on the effective date of this Act may limit the indemni-  
23 fication permitted by AS 10.06.490 unless the statement expressly states  
24 that indemnification is limited.

25 \* Sec. 8. DISTRIBUTIONS AND REACQUISITION OF SHARES. (a) AS 10.06.-  
26 300 - 10.06.390 in sec. 1 of this Act apply to a distribution to share-  
27 holders made after the effective date of this Act by a corporation existing  
28 on the effective date of this Act, but a distribution under a contract for  
29 the purchase or redemption of shares entered into by the corporation before

1 the effective date of this Act may be made if permissible under AS 10.06.-  
2 300 - 10.06.390 or under the former provisions of AS 10.05 and other law in  
3 effect at the time the contract was foimed.

4 (b) AS 10.06.388(a) in sec. 1 of this Act applies only to shares  
5 acquired on or after the effective date of this Act.

6 \* Sec. 9. TENURE OF OFFICERS PRESERVED. If a person holds an office  
7 under a law repealed by this Act, that person shall continue to hold the  
8 office according to its former tenure if the office is continued by this  
9 Act.

10 \* Sec. 10. EXISTING ACTIONS. The enactment of this chapter does not  
11 affect a cause of action, liability, penalty or special proceeding exist-  
12 ing, incurred or accrued on the effective date of this chapter.

13 \* Sec. 11. This Act takes effect July 1, 1983.