

other than profitability than a board and management representing large shareholders, for example:

Their outside business interests;

Officers' salaries, directors' fees, and other perquisites;

Size and prestige of the organization;

Their social and business philosophies, ideals and ideologies; and

The approval of other businessmen, the media, or the community at large.

These are on the whole the considerations that motivate the boards of many "charitable" enterprises: "non-profit" hospitals, for example, are notorious for bad management, inefficiency, and petty corruption. None of the foregoing motives is necessarily reprehensible, and they are not always at odds with the interest of the shareholders in maximizing profits or capital gains. But as a small shareholder I would prefer to have a few large shareholders on the board looking at the bottom line, and, in their own self-interest looking askance at inefficiency, empire-building or gold-

plating.

5. Vulnerability to speculative promotions. Alaska is a fertile field for promotional schemes, and GSOCs may be just made to order for them. The big private gains in industrial development projects are not made on the operating profits of ownership (Kelso's theories notwithstanding), but from promotional and organizational expenses: land speculation and sales; engineering, consulting, legal and underwriting fees; and the purchase and sale of corporate assets --- all of which can be capitalized into a GSOC's initial "investment."

The Board of Directors of GSOCs will almost inevitably be made up of people who make their living, or at least many of whose friends make their living, by such pursuits. Those who were strangers to that way of life when they were appointed or elected as Directors would not remain so for long. It is likely that an Alaska GSOC of the kind presently contemplated would be tempted to invest in projects that sophisticated profit-motivated capitalists would shun, and for which the legislature would not have been willing to appropriate public funds.

6. State Loan Guarantees. One seeming advantage of the GSOC concept is that the state money backing GSOC credit would bring a double return to Alaska --- once from the investment earnings the government earns on money in the

guarantee fund, and once again from the citizens' GSOC dividends. But state funds needed to back GSOC debt would be considerable (in the case of the proposed BP Pipeline purchase, over \$1 billion), they would be immobilized for any other purpose, and they would truly be at risk --- particularly if GSOCs were capitalized with 100 percent debt, as seems to be necessary if the corporations are to be created without an appropriation of equity capital from the general fund.

The proposed legislation is not clear who is to propose and approve state loan guarantees for the purchase of GSOC assets. There seems to be a Constitutional question whether such a guarantee could be authorized by the Legislature, or even by a popular referendum, but that is an issue outside my area of competence.

7. Investment in TAPS. A share in TAPS is one of the worst investments an Alaska GSOC could possibly make. If something went wrong at the Prudhoe Bay field, with the pipeline or terminal, or in the world petroleum market --- the state could simultaneously be faced with (1) a drastic decline in the oil revenues that support state government and underpin the Alaska economy, (2) an obligation to make good on defaulted pipeline bonds (either out of a guarantee fund or out of reduced general fund revenues), and (3) loss of the value of GSOC stock in the hands of individual Alaskans.

The fact that such a scenario is even imaginable makes it very unlikely that the present holders of pipeline bonds would agree to their assumption by an Alaska GSOC, or that they take any state loan guarantee seriously. As some big lenders have stated about state backing for gas pipeline debt, they would justifiably expect Alaska to try to recover any loss by means of higher taxes on oil and gas production, thereby further undermining the soundness of the lenders' other loans to the owners of TAPS. The same considerations apply, with only slightly less force, to GSOC investments in other facilities for transporting North Slope hydrocarbons.

If the Legislature were to authorize creation of a GSOC, however, there will surely be a clamor (which may well become irresistible) for it to finance or buy into the Alaska Highway gas pipeline, a North Slope gas conditioning plant, the Alpetco refinery, a Fairbanks petrochemical plant, or a natural gas liquids pipeline on terms that no rational private investor would accept. This is my own main concern about GSOCs today. But, for some Alaskans, it may well be a point in their favor.

SCOMM

#32:4

Introduced: 3/6/79
Referred: State Affairs and
Finance

BY DUNCAN, COTTEN, HURLBERT,
MCKINNON, MILES, MILLER,
MUNSON, PARKER AND GARDINER

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 240

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska General Stock Ownership
7 Corporation; and providing 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 50. ALASKA GENERAL STOCK OWNERSHIP CORPORATION.

11 Sec. 10.50.010. ALASKA GENERAL STOCK OWNERSHIP CORPORATION

12 CREATED. (a) The governor shall appoint nine persons, at least five of
13 whom are residents of the state, to act as incorporators of the Alaska
14 General Stock Ownership Corporation.

15 (b) The corporation is a general stock ownership corporation and
16 shall be formed in accordance with subchapter U of the Internal Revenue
17 Code of 1954, as amended, (26 U.S.C. secs. 1391 - 1397), and with
18 AS 10.05. The corporation is subject to the provisions of AS 10.05,
19 except when inconsistent with this chapter or 26 U.S.C. sec. 1391(a).

20 (c) The corporation is not and may not be considered to be an
21 agency, instrumentality, or political subdivision of the state for any
22 purpose.

23 Sec. 10.50.020. ARTICLES OF INCORPORATION. The corporation's
24 articles of incorporation shall provide

25 (1) for the issuance of only one class of stock;

26 (2) that shares of stock may be issued only to individuals
27 who were residents of the state on the effective date of this Act, and
28 who continued to be residents until the date of issuance of the shares;

29 (3) for the issuance of at least one share of stock to each

1 individual eligible under (2) of this section, unless that individual
2 elects within one year after the date of issuance not to receive the
3 share;

4 (4) that no share of stock may be voluntarily or involun-
5 tarily transferred

6 (A) or encumbered by a shareholder, other than by will
7 or under the laws relating to intestate succession, until five
8 years after the date of issuance of the share, except if the share-
9 holder ceases to be a resident of the state;

10 (B) to an individual other than one who is a resident on
11 the date of transfer;

12 (C) to an individual who, after the transfer, would own
13 more than 10 shares of stock of the corporation;

14 (D) or encumbered by a shareholder under 18 years of age
15 or encumbered by that shareholder's parent or legal guardian;

16 (5) that the corporation must qualify as a general stock
17 ownership corporation under subchapter U of the Internal Revenue Code of
18 1954, as amended, (26 U.S.C. secs. 1391 - 1397);

19 (6) that the corporation may not invest in properties
20 acquired by it, or for its benefit, through the right of eminent domain;

21 (7) that the corporation has a first option to purchase, at
22 book value, its shares of stock offered to be transferred by a share-
23 holder within five years after the date of issuance of the shares; if
24 the corporation exercises the right to purchase, shares purchased shall
25 be considered treasury stock and not entitled to dividends, if any, or
26 to voting privileges.

27 Sec. 10.50.030. BOARD OF DIRECTORS. (a) The corporation shall be
28 governed by a board of directors. A majority of the members of the
29 board of directors shall be residents of the state at all times during

1 their terms of office. Except as provided in (b) of this section, the
2 term of office of each director is three years. A director, upon the
3 expiration of his term, shall continue to hold office until his succes-
4 sor is elected and qualified.

5 (b) The initial board of directors shall consist of the incorpor-
6 ators of the corporation. The board shall, as nearly as possible, be
7 equally divided into three classes of directors. The initial class one
8 directors shall serve one-year terms of office; the initial class two
9 directors shall serve two-year terms of office; and the initial class
10 three directors shall serve three-year terms of office.

11 Sec. 10.50.040. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. Beginning
12 not less than 90 days before the issuance of any stock, the corporation
13 shall at least weekly notify the public of its intention to issue stock
14 and the method for qualifying and applying for shares. The notice shall
15 be by publication in at least one newspaper of statewide circulation, by
16 radio and television announcements, and by other means the corporation
17 determines to be appropriate and reasonable, and shall be continued at
18 least once each month for 11 months following the date of issuance of
19 shares.

20 Sec. 10.50.050. CORPORATION NOT LIABLE TO SHAREHOLDERS. Registra-
21 tion as a shareholder of the corporation is a responsibility solely of
22 an individual eligible under AS 10.50.020(2) to receive shares of the
23 corporation. The corporation may not be held liable for

24 (1) any loss resulting directly or indirectly from the
25 failure of an individual to apply for shares of the corporation; or

26 (2) payment of a declared or paid dividend to an individual
27 who would have been entitled to receive the dividend had he been a
28 shareholder at the time of declaration or payment.

29 Sec. 10.50.060. LATE APPLICATION FOR SHARES. An individual eli-

1 gible under AS 10.50.020(2) to receive shares of the corporation who
2 failed to apply for the shares before their issuance may apply for and
3 receive the shares any time within one year after the date of issuance
4 if he is otherwise qualified to own stock of the corporation and upon
5 the payment of the book value of the shares.

6 Sec. 10.50.070. PENALTIES FOR MISREPRESENTATION OF ELIGIBILITY AS
7 SHAREHOLDER. (a) The ownership interest in shares of the corporation's
8 stock issued to an individual ineligible to receive the shares who has
9 presented fraudulent or misleading information regarding his eligibility
10 to own the shares, is void upon the issuance of an appropriate order by
11 the superior court. The ineligible individual is also liable for the
12 full amount of dividends, or other distributions to shareholders re-
13 ceived by him plus interest from the date of distribution, and legal
14 fees and costs of recovery incurred by the corporation. This section
15 applies to an individual who has presented fraudulent or misleading
16 information regarding the eligibility of another person for whom he acts
17 in the capacity of legal guardian.

18 (b) An individual who transfers or obtains shares of the
19 corporation, or in his capacity as legal guardian obtains shares of the
20 corporation for another, through fraud, misrepresentation, or any
21 deceitful or illegal means is guilty of a felony.

22 Sec. 10.50.080. DIVIDENDS OF THE CORPORATION. Dividends, or other
23 distributions, may be declared and paid by the corporation at any time
24 and from any source to the extent considered necessary by the board in
25 order to comply with the distribution requirements of subchapter U of
26 the Internal Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 -
27 1397), except that no dividend or other distribution may be declared if
28 the corporation is insolvent or if the declaration would cause the
29 corporation to become insolvent.

1 Sec. 10.50.090. EXEMPTION FROM AS 10.05. The corporation is
2 exempt from the requirements of AS 10.05.012, 10.05.216(e), 10.05.255(7),
3 and 10.05.264.

4 Sec. 10.50.100. LOAN GUARANTEE FUND. (a) There is a special fund
5 of the state known as the "Alaska General Stock Ownership Corporation
6 loan guarantee fund" which shall be completely segregated from all other
7 funds of the state, and which is a trust fund for the uses and purposes
8 of this section.

9 (b) The commissioner of revenue shall use the fund to guarantee
10 loans made to the corporation by lenders other than the state. In
11 guaranteeing loans the commissioner of revenue shall review the loans
12 for the purpose of guarding against fraud and misrepresentation. A
13 guarantee of a loan may not be for an amount in excess of the un-
14 obligated balance of the fund at the time the guarantee is made.

15 Sec. 10.50.900. DEFINITIONS. In this chapter,

16 (1) "board" means the board of directors of the Alaska
17 General Stock Ownership Corporation;

18 (2) "corporation" means the Alaska General Stock Ownership
19 Corporation;

20 (3) "fund" means the Alaska General Stock Ownership Corpora-
21 tion loan guarantee fund;

22 (4) "resident" means an individual who maintains a permanent
23 place of abode in the state with the intention of making the state his
24 permanent place of residence and who resides in the state continuously
25 except for temporary purposes only and with the intent of returning; a
26 person may not be considered to have gained a residence solely by reason
27 of his presence and he may not lose it solely by reason of his absence
28 while in the civil or military service of this state or of the United
29 States or of his absence because of marriage to a person engaged in the

1 civil or military service of this state or the United States; while a
2 student at an institution of learning; while in an institution or asylum
3 at public expense; while confined in public prison; while engaged in the
4 navigation of waters of this state, of the United States, or of the high
5 seas; or while residing upon an Indian or military reservation; a minor
6 takes the residence of his parent or of his legal guardian; a married
7 woman may establish her own residence and does not presumptively take
8 the residence of her husband.

9 * Sec. 2. AS 37.10.065(a) is amended by adding a new paragraph to read:

10 (9) secured loans to the Alaska General Stock Ownership
11 Corporation.

12 * Sec. 3. AS 37.10.070(a) is amended by adding a new paragraph to read:

13 (14) bonds or other forms of indebtedness of the Alaska
14 General Stock Ownership Corporation.

15 * Sec. 4. AS 45.55.140(a) is amended by adding a new paragraph to read:

16 (12) a security issued by the Alaska General Stock Ownership
17 Corporation.

18 * Sec. 5. Notwithstanding any other provision of law, a civil action to
19 contest the legality of this Act is barred unless the complaint is filed
20 within one year of the effective date of this Act. The purpose of this
21 limitation on suits is to insure that, after the expiration of a reasonable
22 period of time, the right, title, and interest of shareholders of the Alaska
23 General Stock Ownership Corporation will be vested with certainty and that
24 the corporation will be able to carry on its business activities with cer-
25 tainty.

26 * Sec. 6. Notwithstanding AS 01.10.030, the requirements of this Act for
27 eligibility to receive original issue shares of the Alaska General Stock
28 Ownership Corporation are not severable. If those requirements, or the
29 application of them to any person or circumstance, are held invalid, this Act

1 is void in its entirety.

2 * Sec. 7. AS 10.50.070(b) is amended to read:

3 (b) An individual who transfers or obtains shares of the corpora-
4 tion, or in his capacity as legal guardian obtains shares of the
5 corporation for another, through fraud, misrepresentation, or any
6 deceitful or illegal means is guilty of a class C felony.

7 * Sec. 8. Sections 1 - 6 of this Act take effect immediately in accor-
8 dance with AS 01.10.070(c).

9 * Sec. 9. Section 7 of this Act takes effect January 1, 1980.

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Attached w/
HB 240

Introduced: 3/6/79
Referred: Commerce

1 IN THE SENATE

BY COLLETTA, STIMSON AND FAHRENKAMP

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 170

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska General Stock Ownership
7 Corporation; and providing for an effective date."

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

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11 Sec. 10.50.010. ALASKA GENERAL STOCK OWNERSHIP CORPORATION

12 CREATED. (a) The governor shall appoint nine persons, at least five of
13 whom are residents of the state, to act as incorporators of the Alaska
14 General Stock Ownership Corporation.

15 (b) The corporation is a general stock ownership corporation and
16 shall be formed in accordance with subchapter U of the Internal Revenue
17 Code of 1954, as amended, (26 U.S.C. secs. 1391 - 1397), and with
18 AS 10.05. The corporation is subject to the provisions of AS 10.05,
19 except when inconsistent with this chapter or 26 U.S.C. sec. 1391(a).

20 (c) The corporation is not and may not be considered to be an
21 agency, instrumentality, or political subdivision of the state for any
22 purpose.

23 Sec. 10.50.020. ARTICLES OF INCORPORATION. The corporation's
24 articles of incorporation shall provide

25 (1) for the issuance of only one class of stock;

26 (2) that shares of stock may be issued only to individuals
27 who were residents of the state on the effective date of this Act, and
28 who continued to be residents until the date of issuance of the shares;

29 (3) for the issuance of at least one share of stock to each

1 individual eligible under (2) of this section, unless that individual
2 elects within one year after the date of issuance not to receive the
3 share;

4 (4) that no share of stock may be voluntarily or involun-
5 tarily transferred

6 (A) or encumbered by a shareholder, other than by will
7 or under the laws relating to intestate succession, until five
8 years after the date of issuance of the share, except if the share-
9 holder ceases to be a resident of the state;

10 (B) to an individual other than one who is a resident on
11 the date of transfer;

12 (C) to an individual who, after the transfer, would own
13 more than 10 shares of stock of the corporation;

14 (D) or encumbered by a shareholder under 18 years of age
15 or encumbered by that shareholder's parent or legal guardian;

16 (5) that the corporation must qualify as a general stock
17 ownership corporation under subchapter U of the Internal Revenue Code of
18 1954, as amended, (26 U.S.C. secs. 1391 - 1397);

19 (6) that the corporation may not invest in properties
20 acquired by it, or for its benefit, through the right of eminent domain;

21 (7) that the corporation has a first option to purchase, at
22 book value, its shares of stock offered to be transferred by a share-
23 holder within five years after the date of issuance of the shares; if
24 the corporation exercises the right to purchase, shares purchased shall
25 be considered treasury stock and not entitled to dividends, if any, or
26 to voting privileges.

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28 governed by a board of directors. A majority of the members of the
29 board of directors shall be residents of the state at all times during

1 their terms of office. Except as provided in (b) of this section, the
2 term of office of each director is three years. A director, upon the
3 expiration of his term, shall continue to hold office until his succes-
4 sor is elected and qualified.

5 (b) The initial board of directors shall consist of the incorpor-
6 ators of the corporation. The board shall, as nearly as possible, be
7 equally divided into three classes of directors. The initial class one
8 directors shall serve one-year terms of office; the initial class two
9 directors shall serve two-year terms of office; and the initial class
10 three directors shall serve three-year terms of office.

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12 not less than 90 days before the issuance of any stock, the corporation
13 shall at least weekly notify the public of its intention to issue stock
14 and the method for qualifying and applying for shares. The notice shall
15 be by publication in at least one newspaper of statewide circulation, by
16 radio and television announcements, and by other means the corporation
17 determines to be appropriate and reasonable, and shall be continued at
18 least once each month for 11 months following the date of issuance of
19 shares.

20 Sec. 10.50.050. CORPORATION NOT LIABLE TO SHAREHOLDERS. Registra-
21 tion as a shareholder of the corporation is a responsibility solely of
22 an individual eligible under AS 10.50.020(2) to receive shares of the
23 corporation. The corporation may not be held liable for

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25 failure of an individual to apply for shares of the corporation; or

26 (2) payment of a declared or paid dividend to an individual
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28 shareholder at the time of declaration or payment.

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4 if he is otherwise qualified to own stock of the corporation and upon
5 the payment of the book value of the shares.

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8 stock issued to an individual ineligible to receive the shares who has
9 presented fraudulent or misleading information regarding his eligibility
10 to own the shares, is void upon the issuance of an appropriate order by
11 the superior court. The ineligible individual is also liable for the
12 full amount of dividends, or other distributions to shareholders re-
13 ceived by him plus interest from the date of distribution, and legal
14 fees and costs of recovery incurred by the corporation. This section
15 applies to an individual who has presented fraudulent or misleading
16 information regarding the eligibility of another person for whom he acts
17 in the capacity of legal guardian.

18 (b) An individual who transfers or obtains shares of the
19 corporation, or in his capacity as legal guardian obtains shares of the
20 corporation for another, through fraud, misrepresentation, or any
21 deceitful or illegal means is guilty of a felony.

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23 distributions, may be declared and paid by the corporation at any time
24 and from any source to the extent considered necessary by the board in
25 order to comply with the distribution requirements of subchapter U of
26 the Internal Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 -
27 1397), except that no dividend or other distribution may be declared if
28 the corporation is insolvent or if the declaration would cause the
29 corporation to become insolvent.

1 Sec. 10.50.090. EXEMPTION FROM AS 10.05. The corporation is
2 exempt from the requirements of AS 10.05.012, 10.05.216(e), 10.05.255(7),
3 and 10.05.264.

4 Sec. 10.50.100. LOAN GUARANTEE FUND (a) There is a special fund
5 of the state known as the "Alaska General Stock Ownership Corporation
6 loan guarantee fund" which shall be completely segregated from all other
7 funds of the state, and which is a trust fund for the uses and purposes
8 of this section.

9 (b) The commissioner of revenue shall use the fund to guarantee
10 loans made to the corporation by lenders other than the state. In
11 guaranteeing loans the commissioner of revenue shall review the loans
12 for the purpose of guarding against fraud and misrepresentation. A
13 guarantee of a loan may not be for an amount in excess of the un-
14 obligated balance of the fund at the time the guarantee is made.

15 Sec. 10.50.900. DEFINITIONS. In this chapter,

16 (1) "board" means the board of directors of the Alaska
17 General Stock Ownership Corporation;

18 (2) "corporation" means the Alaska General Stock Ownership
19 Corporation;

20 (3) "fund" means the Alaska General Stock Ownership Corpora-
21 tion loan guarantee fund;

22 (4) "resident" means an individual who maintains a permanent
23 place of abode in the state with the intention of making the state his
24 permanent place of residence and who resides in the state continuously
25 except for temporary purposes only and with the intent of returning; a
26 person may not be considered to have gained a residence solely by reason
27 of his presence and he may not lose it solely by reason of his absence
28 while in the civil or military service of this state or of the United
29 States or of his absence because of marriage to a person engaged in the

1 civil or military service of this state or the United States; while a
2 student at an institution of learning; while in an institution or asylum
3 at public expense; while confined in public prison; while engaged in the
4 navigation of waters of this state, of the United States, or of the high
5 seas; or while residing upon an Indian or military reservation; a minor
6 takes the residence of his parent or of his legal guardian; a married
7 woman may establish her own residence and does not presumptively take
8 the residence of her husband.

9 * Sec. 2. AS 37.10.065(a) is amended by adding a new paragraph to read:

10 (9) secured loans to the Alaska General Stock Ownership
11 Corporation.

12 * Sec. 3. AS 37.10.070(a) is amended by adding a new paragraph to read:

13 (14) bonds or other forms of indebtedness of the Alaska
14 General Stock Ownership Corporation.

15 * Sec. 4. AS 45.55.140(a) is amended by adding a new paragraph to read:

16 (12) a security issued by the Alaska General Stock Ownership
17 Corporation.

18 * Sec. 5. Notwithstanding any other provision of law, a civil action to
19 contest the legality of this Act is barred unless the complaint is filed
20 within one year of the effective date of this Act. The purpose of this
21 limitation on suits is to insure that, after the expiration of a reasonable
22 period of time, the right, title, and interest of shareholders of the Alaska
23 General Stock Ownership Corporation will be vested with certainty and that
24 the corporation will be able to carry on its business activities with cer-
25 tainty.

26 * Sec. 6. Notwithstanding AS 01.10.030, the requirements of this Act for
27 eligibility to receive original issue shares of the Alaska General Stock
28 Ownership Corporation are not severable. If those requirements, or the
29 application of them to any person or circumstance, are held invalid, this Act

1 is void in its entirety.

2 * Sec. 7. AS 10.50.070(b) is amended to read:

3 (b) An individual who transfers or obtains shares of the corpora-
4 tion, or in his capacity as legal guardian obtains shares of the
5 corporation for another, through fraud, misrepresentation, or any
6 deceitful or illegal means is guilty of a class C felony.

7 * Sec. 8. Sections 1 - 6 of this Act take effect immediately in accor-
8 dance with AS 01.10.070(c).

9 * Sec. 9. Section 7 of this Act takes effect January 1, 1980.

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Original sponsors: Colletta, Stimson,
and Fahrenkamp

Offered: 4/27/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 170

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to general stock ownership corpora-
7 tions and creating the Alaska General Stock Ownership
8 Corporation; changing Rule 23.1, Rules of Civil Proce-
9 dure; and providing for an effective date."

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

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

12 CHAPTER 50. GENERAL STOCK OWNERSHIP CORPORATIONS.

13 ARTICLE 1. SUBSTANTIVE PROVISIONS.

14 Sec. 10.50.005. PURPOSES. A general stock ownership corporation
15 may be organized under this chapter for any lawful purpose unless limited
16 by the chartering legislation of a corporation.

17 Sec. 10.50.010. GENERAL STOCK OWNERSHIP CORPORATIONS. (a) A
18 corporation organized under this chapter is a general stock ownership
19 corporation and shall be formed in accordance with subchapter U, chapter
20 1 of the Internal Revenue Code of 1954, as amended (26 U.S.C. secs.
21 1391 - 1397), and with this chapter. A corporation is subject to the
22 provisions of this chapter and subchapter U, chapter 1 of the Internal
23 Revenue Code of 1954, as amended (26 U.S.C. sec. 1391 - 1397).

24 (b) A corporation is not an agency, instrumentality, or political
25 subdivision of the state for any purpose.

26 Sec. 10.50.015. GENERAL POWERS. A corporation may

27 (1) have perpetual succession in its corporate name unless a
28 limited period of duration is stated in its articles of incorporation;

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

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

3 (4) buy, lease, or otherwise acquire, own, hold, improve, use
4 and otherwise deal in, real or personal property or any interest in
5 property, except that the corporation may not invest in property ac-
6 quired by it, or for its benefit, through the right of eminent domain;

7 (5) sell or otherwise dispose of all or any part of its
8 property and assets;

9 (6) lend money to its employees other than its officers and
10 directors, and otherwise assist its employees, officers and directors;

11 (7) buy or otherwise acquire, own, hold, vote, use, sell,
12 mortgage, lend, pledge, or otherwise dispose of, and otherwise use and
13 deal in shares or other interests in, or obligations of, other corpora-
14 tions, associations, partnerships or individuals, or in direct or in-
15 direct obligations of the United States or of any other government,
16 state, territory, or municipality or of any instrumentality of them;

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

21 (9) lend money for its corporate purposes, invest and rein-
22 vest its funds, and take and hold real and personal property as security
23 for the payment of funds loaned or invested;

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

27 (11) elect or appoint officers and agents of the corporation,
28 define their duties, and fix their compensation;

29 (12) make and alter bylaws not inconsistent with its articles

1 of incorporation or with the laws of the state, for the administration
2 and regulation of the affairs of the corporation;

3 (13) donate for the public welfare or for charitable, scienti-
4 fic or educational purposes, and in time of war donate in aid of war
5 activities;

6 (14) transact lawful business in time of war in aid of the
7 United State in the prosecution of the war;

8 (15) pay pensions and establish pension plans, pension trusts,
9 profit-sharing plans, and other incentive plans for its directors,
10 officers and employees;

11 (16) cease its corporate activities and surrender its corporate
12 franchise;

13 (17) have and exercise the powers of a limited or general
14 partner or a joint adventurer in association with one or more persons,
15 corporations, partnerships or associations;

16 (18) have and exercise lawful powers necessary to carry out
17 the purposes for which the corporation is organized.

18 Sec. 10.50.020. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES
19 AND AGENTS; INSURANCE. (a) A corporation may indemnify a person who
20 was or is a party or is threatened to be made a party to a threatened,
21 pending, or completed action or proceeding, whether civil, criminal,
22 administrative, or investigative, other than an action by or in the
23 right of the corporation, by reason of the fact that he is or was a
24 director, officer, employee or agent of the corporation, or is or was
25 serving at the request of the corporation as a director, officer,
26 employee or agent of another corporation, partnership, joint venture,
27 trust or other enterprise. Indemnification may be against expenses
28 including attorney fees, judgments, fines, and amounts paid in settle-
29 ment actually and reasonably incurred by him in connection with the

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

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

1 court considers proper.

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

8 (d) Indemnification under (a) or (b) of this section, unless
9 ordered by a court, shall be made by the corporation only as authorized
10 in the specific case upon a determination that indemnification of the
11 director, officer, employee or agent is proper in the circumstances
12 because he has met the applicable standard of conduct set out in (a) and
13 (b) of this section. This determination shall be made

14 (1) by the board of directors by a majority vote of a quorum
15 consisting of directors who were not parties to the action or proceed-
16 ing, or

17 (2) if such a quorum is not obtainable, or, even if obtain-
18 able if a quorum of disinterested directors so directs, by independent
19 legal counsel in a written opinion, or

20 (3) by the stockholders.

21 (e) Expenses incurred in defending a civil or criminal action or
22 proceeding may be paid by the corporation in advance of the final dis-
23 position of the action or proceeding as authorized by the board of
24 directors in the specific case upon receipt of an undertaking by or on
25 behalf of the director, officer, employee or agent to repay the amount
26 unless it is ultimately determined that he is entitled to be indemini-
27 fied by the corporation as authorized in this section.

28 (f) The indemnification provided by this section is not exclusive
29 of any other rights to which a person seeking indemnification may be

1 entitled under any bylaw, agreement, vote of stockholders or disinter-
2 ested directors or otherwise, both as to action in his official capacity
3 and as to action in another capacity while holding the office, and
4 continues as to a person who has ceased to be a director, officer,
5 employee or agent, and inures to the benefit of the heirs, executors and
6 administrators of that person.

7 (g) A corporation may purchase and maintain insurance on behalf of
8 a person who is or was a director, officer, employee or agent of the
9 corporation, or is or was serving at the request of the corporation as a
10 director, officer, employee or agent of another corporation, partner-
11 ship, joint venture, trust or other enterprise against any liability
12 asserted against him and incurred by him in such a capacity, or arising
13 out of his status as such, whether or not the corporation would have the
14 power to indemnify him against the liability under the provisions of
15 this section.

16 Sec. 10.50.030. DEFENSE OF ULTRA VIRES. No act of a corporation
17 and no conveyance or transfer of real or personal property to or by a
18 corporation is invalid because the corporation did not have capacity or
19 power to perform the act or to convey or receive the property. However,
20 lack of capacity or power may be asserted as follows.

21 (1) The assertion may be made in a proceeding by a share-
22 holder against the corporation to enjoin the performance of any act or
23 the transfer of real or personal property by or to the corporation. If
24 the unauthorized act or transfer sought to be enjoined is being or to be
25 performed or made under a contract to which the corporation is a party,
26 the court may, if the parties to the contract are parties to the pro-
27 ceeding and if the court considers it equitable, set aside and enjoin
28 the performance of the contract, and in so doing may allow compensation
29 to the corporation or to the other parties to the contract for the loss

1 or damage sustained by either of them resulting from the action of the
2 court in setting aside and enjoining the performance of the contract.
3 The court may not award anticipated profits to be derived from the
4 performance of the contract as a loss or damage sustained.

5 (2) The assertion may be made in a proceeding by the corpora-
6 tion, whether acting directly or through a receiver, trustee, or other
7 legal representative, or through shareholders in a representative suit,
8 against the incumbent or former officers or directors of the corpora-
9 tion.

10 (3) The assertion may be made in a proceeding by the attorney
11 general to dissolve the corporation, or to enjoin the corporation from
12 the transaction of unauthorized business.

13 Sec. 10.50.035. CORPORATE NAME. The corporate name shall contain
14 the words "general stock ownership corporation" or an abbreviation of
15 these words. It may not contain a word or phrase which indicates or
16 implies that it is organized for a purpose other than the purpose con-
17 tained in the articles of incorporation. It may not be the same as, or
18 deceptively similar to, the name of a domestic corporation existing
19 under the laws of the state or a foreign corporation authorized to
20 transact business in the state, or a name which has been reserved or
21 registered as provided in this chapter.

22 Sec. 10.50.040. RESERVATION OF CORPORATE NAME. (a) The exclusive
23 right to the use of a corporate name may be reserved by

24 (1) a person intending to organize a corporation under this
25 chapter;

26 (2) a corporation intending to change its name.

27 (b) Reservation of a corporate name is made by filing an applica-
28 tion with the commissioner. If the commissioner finds that the name is
29 available for corporate use, and not a reserved or registered business

1 name as set out in AS 10.35.010 - 10.35.090, he shall reserve it for the
2 exclusive use of the applicant for a period of two years. A reservation
3 of corporate name may be renewed for one year.

4 (c) The holder of a reserved corporate name may transfer the right
5 to the exclusive use of the corporate name to another person by filing a
6 notice of transfer with the commissioner, signed by the holder and
7 specifying the name and address of the transferee.

8 Sec. 10.50.045. FOREIGN GENERAL STOCK OWNERSHIP CORPORATIONS.
9 Corporations organized under the laws of another state shall be governed
10 according to AS 10.05.

11 Sec. 10.50.050. REGISTERED OFFICE AND REGISTERED AGENT. A corpor-
12 ation shall continuously maintain in the state a registered office which
13 may be, but need not be, the same as its place of business, and a regis-
14 tered agent. The registered agent may be either an individual resident
15 of the state whose business office is the same as the registered office,
16 or a corporation organized under AS 10.05 whose business office is the
17 same as the registered office.

18 Sec. 10.50.055. FILING LIST OF REGISTERED CORPORATIONS WITH SUPER-
19 IOR COURT. The commissioner shall file a list of the name of each
20 corporation, the address of the registered office, and the name and
21 address of the registered agent with each clerk of the superior court.
22 The commissioner shall provide a periodic supplement to the list indi-
23 cating additions, deletions and changes at least once every six months.
24 The commissioner shall make the list available to the public for a fee
25 prescribed by him.

26 Sec. 10.50.060. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A
27 corporation may change its registered office, agent, or both, by filing
28 with the department a verified statement signed by the president or
29 vice-president setting out

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

10 (b) If the commissioner finds that the verified statement complies
11 with this chapter, he shall file it in his office. The change becomes
12 effective when the statement is filed.

13 Sec. 10.50.065. REGISTRATION OF REGISTERED AGENT. (a) If the
14 registered agent of a corporation changes the location of his office
15 from one address to another within a city or town, or from one city or
16 town in the state to another, he may change the registered office for
17 each corporation for whom he is acting as registered agent by filing in
18 the office of the commissioner a statement setting out

- 19 (1) the name of the agent;
- 20 (2) the address of his office before change;
- 21 (3) the address to which the office is changed; and
- 22 (4) a list of corporations for whom he is furnishing a regis-
- 23 tered office.

24 (b) The statement in (a) of this section must be executed by the
25 registered agent in his individual name and, if the agent is a corpora-
26 tion it must be executed by its president or a vice-president and veri-
27 fied by him. The statement must be delivered to the commissioner and if
28 he finds that the statement complies with this chapter, he shall file it
29 in his office. The change becomes effective when the statement is

1 filed.

2 (c) A registered agent may resign by filing a written notice,
3 executed in duplicate, with the commissioner. The written notice of
4 resignation shall set out the latest address of the principal office of
5 the corporation and the names, addresses and titles of the most recent
6 officers of the corporation known by the agent. The commissioner shall
7 immediately mail a copy of the notice to the corporation at its princi-
8 pal office. The appointment of the agent terminates 30 days after
9 receipt of the notice by the commissioner.

10 Sec. 10.50.070. SERVICE OF PROCESS ON CORPORATION. (a) The
11 registered agent of a corporation is an agent upon whom process, notice
12 or demand required or permitted by law to be served upon the corporation
13 may be served.

14 (b) When a corporation fails to appoint or maintain a registered
15 agent in the state, or when its registered agent cannot, with reasonable
16 diligence, be found at the registered office, the commissioner is an
17 agent of the corporation upon whom the process, notice, or demand may be
18 served. Service is made upon the commissioner as agent by leaving with
19 him, or with a clerk having charge of the corporation department of his
20 office, duplicate copies of the process, notice or demand. When pro-
21 cess, notice or demand is served on the commissioner, he shall immedi-
22 ately forward a copy of it by registered mail to the corporation at its
23 registered office. Service on the commissioner is returnable in not
24 less than 30 days.

25 (c) The commissioner shall keep a record of processes, notices and
26 demands served upon him showing the time of service and his action with
27 reference to the service. This chapter does not limit or affect the
28 right to serve process, notice or demand required or permitted by law to
29 be served upon a corporation in any other manner permitted by law.

1 Sec. 10.50.075. CREATION AND ISSUANCE OF SHARES. A corporation
2 may create and issue the number of shares stated in its articles of
3 incorporation and as provided in AS 10.50.320(a)(5) - (7). The shares
4 shall be without par value.

5 Sec. 10.50.080. CONSIDERATION FOR SHARES. (a) Shares may be
6 issued without consideration or for consideration fixed by the share-
7 holders before the issuance. Consideration for shares shall be fixed by
8 a vote of a majority of the shares voting on the issue.

9 (c) Treasury shares may be disposed of by the corporation for
10 consideration not more than the book value of the shares.

11 Sec. 10.50.085. PAYMENT FOR SHARES. (a) Consideration for the
12 issuance of shares if required may be paid, in whole or in part, in
13 money, in other property, tangible or intangible, or in labor or ser-
14 vices actually performed for the corporation. When payment of the
15 consideration for shares is received by the corporation, the shares are
16 considered fully paid and nonassessable.

17 (b) A promissory note or future service does not constitute pay-
18 ment or part payment for shares of a corporation.

19 Sec. 10.50.090. JUDGMENT OF BOARD OR SHAREHOLDER AS TO VALUE OF
20 CONSIDERATION CONCLUSIVE. In the absence of fraud in the transaction,
21 the judgment of the board of directors or the shareholders as to the
22 value of the consideration received for shares is conclusive.

23 Sec. 10.50.095. EXPENSES OF ORGANIZATION, REORGANIZATION AND
24 FINANCING. The reasonable charges and expenses of organization or
25 reorganization of a corporation, and the reasonable expenses of and
26 compensation for the sale or underwriting of its shares, may be paid or
27 allowed by the corporation out of the consideration received by it in
28 payment for its shares without rendering the shares not fully paid and
29 nonassessable.

1 Sec. 10.50.100. CERTIFICATES REPRESENTING SHARES. The shares of a
2 corporation shall be represented by certificates signed by the president
3 or vice-president and the secretary or an assistant secretary of the
4 corporation, and may be sealed with the seal of the corporation or a
5 facsimile of the seal. The signatures of the president or vice-presi-
6 dent and the secretary or assistant secretary on a certificate may be
7 facsimiles if the certificate is countersigned by a transfer agent, or
8 registered by a registrar, other than the corporation itself or an
9 employee of the corporation. If an officer who has signed or whose
10 facsimile signature has been placed on a certificate ceases to be an
11 officer before the certificate is issued, it may be issued by the cor-
12 poration with the same effect as if he were an officer at the date of
13 its issue.

14 Sec. 10.50.105. INFORMATION REQUIRED TO BE STATED ON CERTIFICATE.
15 Each certificate representing shares shall state on the face

- 16 (1) that the corporation is organized under the laws of the
17 state;
18 (2) the name of the person to whom issued;
19 (3) the number of shares which the certificate represents;
20 (4) a statement that the shares are without par value.

21 Sec. 10.50.110. FULL PAYMENT REQUIRED FOR CERTIFICATE. A certi-
22 ficate may not be issued for a share until the share is fully paid if
23 consideration is required.

24 Sec. 10.50.115. ISSUANCE OF FRACTIONAL SHARES. (a) A corporation
25 may issue a certificate for a fractional share.

26 (b) A certificate for a fractional share entitles the holder to
27 exercise voting rights, to receive dividends, and to participate in the
28 assets of the corporation in the event of liquidation.

29 Sec. 10.50.120. LIABILITY OF SUBSCRIBERS AND SHAREHOLDERS. (a) A

1 holder of or subscriber to shares of a corporation is under no obliga-
2 tion to the corporation or its creditors with respect to the shares
3 other than the obligation to pay to the corporation the full considera-
4 tion for which the shares were issued or to be issued.

5 (b) An assignee or transferee of shares or of a subscription for
6 shares in good faith and without knowledge or notice that the full
7 consideration has not been paid is not personally liable to the corpora-
8 tion or its creditors for any unpaid portion of the consideration.

9 (c) An executor, administrator, conservator, guardian, trustee,
10 assignee for the benefit of creditors, or receiver is not personally
11 liable to the corporation as a holder of or subscriber to shares of a
12 corporation but the estate and funds held by him are liable.

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

15 Sec. 10.50.125. BYLAWS. The board of directors shall adopt the
16 initial bylaws of a corporation in accordance with AS 10.50.335. The
17 power to alter, amend or repeal the bylaws or to adopt new bylaws is
18 vested in the board of directors and the shareholders. The bylaws may
19 contain provisions for the regulation and management of the affairs of
20 the corporation consistent with law and the articles of incorporation.

21 Sec. 10.50.130. MEETINGS OF SHAREHOLDERS. (a) Meetings of share-
22 holders shall be held in the state, as may be provided in the bylaws.
23 The board of directors shall designate the place of the meeting.

24 (b) An annual meeting of the shareholders shall be held at the
25 time provided in the bylaws. Failure to hold the annual meeting at the
26 designated time does not work a forfeiture or dissolution of the corpora-
27 tion.

28 (c) Special meetings of the shareholders may be called by the
29 president, by the board of directors, by the holders of not less than

1 1,000 shares, or by the other officers or persons provided in the
2 articles of incorporation or the bylaws.

3 (d) The shareholders of a corporation may participate in a meeting
4 of the shareholders by communicating simultaneously with the other
5 shareholders from places designated in the notice of meeting by means of
6 conference telephones or other communications equipment, so long as all
7 shareholders participating in the meeting can hear one another.

8 Sec. 10.50.135. NOTICE OF SHAREHOLDERS' MEETINGS. (a) Beginning
9 not less than 150 days before a meeting of shareholders, the corporation
10 shall notify the shareholders of the time and manner in which (1) nomi-
11 nations for the board of directors of the corporation may be made and
12 (2) issues may be placed on the corporation ballot for consideration by
13 the shareholders. Notice shall be by publication in newspapers in all
14 regions of the state and shall appear at least weekly for not less than
15 four weeks.

16 (b) Written or printed notice stating the place, day and hour of
17 the meeting and, in case of a special meeting, the purpose for which the
18 meeting is called, shall be delivered not less than 60 nor more than 90
19 days before the date of the meeting, either personally or by mail, by or
20 at the direction of the president, the secretary, or the officer or
21 persons calling the meeting, to each shareholder of record entitled to
22 vote at the meeting. If mailed, the notice is considered delivered when
23 deposited in the United States mail addressed to the shareholder at his
24 address as it appears on the stock transfer books of the corporation,
25 with postage prepaid.

26 Sec. 10.50.140. CLOSING OF TRANSFER BOOKS AND FIXING RECORD DATE.
27 (a) To determine the shareholders entitled to notice of or to vote at a
28 meeting of shareholders or an adjournment of a meeting, or entitled to
29 receive payment of a dividend, or in order to make a determination of

1 shareholders for any other proper purpose, the board of directors of a
2 corporation may provide that the stock transfer books shall be closed
3 for a stated period not exceeding 90 days. If the stock transfer books
4 are closed to determine shareholders entitled to notice of or to vote at
5 a meeting of shareholders, they shall be closed for at least 60 days
6 immediately preceding the meeting.

7 (b) Instead of closing the stock transfer books, the bylaws, or in
8 the absence of an applicable bylaw the board of directors, may fix in
9 advance a date as the record date for the determination of shareholders.
10 This record date shall be not more than 90 days and, in case of a meeting
11 of shareholders, not less than 60 days before the date on which the
12 particular action requiring the determination of shareholders is to be
13 taken. If the stock transfer books are not closed and no record date is
14 fixed for the determination of shareholders entitled to notice of or to
15 vote at a meeting of shareholders, or shareholders entitled to receive
16 payment of a dividend, the date on which notice of the meeting is mailed
17 or the date on which the resolution of the board of directors declaring
18 the dividend is adopted is, as the case may be, the record date for the
19 determination of shareholders. When a determination of shareholders
20 entitled to vote at a meeting of shareholders is made, the determination
21 applies to an adjournment of the meeting except when the determination
22 has been made through the closing of the stock transfer books and the
23 stated period of closing has expired.

24 Sec. 10.50.145. VOTING LIST. (a) At least 60 days before each
25 meeting of shareholders, the officer or agent having charge of the stock
26 transfer books for shares of a corporation shall make a list of the
27 shareholders entitled to vote at the meeting or an adjournment of the
28 meeting, arranged in alphabetical order, with the address of and the
29 number of shares held by each. The list shall be kept on file at the

1 registered office of the corporation and is subject to inspection by a
2 shareholder at any time during usual business hours for a period of 60
3 days before the meeting. The list shall also be produced and kept open
4 at the time and place of the meeting and shall be subject to the inspec-
5 tion of a shareholder during the meeting. The original stock transfer
6 books are prima facie evidence as to who are the shareholders entitled
7 to examine the list or transfer books or to vote at a meeting of share-
8 holders.

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

11 Sec. 10.50.150. QUORUM OF SHAREHOLDERS. One-third of the shares
12 entitled to vote, represented in person or by ballots, constitutes a
13 quorum at a meeting of shareholders. Each outstanding share is entitled
14 to one vote on each matter submitted to a vote at a meeting of share-
15 holders. If a quorum is present, the affirmative vote of the majority
16 of the shares represented at the meeting and entitled to vote on the
17 subject matter is the act of the shareholders, unless the vote of a
18 great number is required by this chapter or the articles of incorpora-
19 tion or the bylaws.

20 Sec. 10.50.155. PROXY VOTING PROHIBITED. A shareholder may not
21 vote by proxy.

22 Sec. 10.50.160. VOTING FOR DIRECTORS. At an election for directors
23 every shareholder entitled to vote may vote the number of shares owned
24 by him for as many persons as there are directors to be elected and for
25 whose election he has a right to vote. Shareholders may not cumulate
26 their votes.

27 Sec. 10.50.165. VOTING OF SHARES IN THE NAME OF ANOTHER. (a)
28 Shares held by an administrator, executor, guardian or conservator may
29 be voted by him, either in person or by ballot, without a transfer of

1 the shares into his name.

2 (b) Shares standing in the name of a receiver may be voted by him,
3 and shares held by or under the control of a receiver may be voted by
4 him without the transfer of the shares into his name if authority to do
5 so is contained in an appropriate order of the court by which the
6 receiver was appointed.

7 Sec. 10.50.170. VOTING OF PLEDGED SHARES. A shareholder whose
8 shares are pledged may vote the shares until they have been transferred
9 into the name of the pledgee, and thereafter the pledgee may vote the
10 shares so transferred.

11 Sec. 10.50.175. CORPORATION BALLOT. (a) The corporation shall
12 prepare one ballot for each meeting of the shareholders. The ballot
13 shall be mailed to the shareholders with the notice of meeting. Candi-
14 dates for the board of directors and proposals for shareholder consider-
15 ation shall be included in the ballot as provided in this section.

16 (b) A candidate for director shall be nominated by

17 (1) a resolution adopted by the board of directors; or

18 (2) a petition signed by at least 1,000 shareholders and
19 filed with the secretary of the corporation at least 120 days before the
20 meeting at which the election is to be held.

21 (c) A proposal for amendment of the bylaws or other proper corpor-
22 ate purpose shall be included on the ballot if authorized by

23 (1) a resolution adopted by the board of directors setting
24 out the proposal and directing that it be submitted to a vote at the
25 meeting of shareholders; or

26 (2) a petition, setting out the proposal and directing that
27 it be submitted to a vote at the next meeting of shareholders, signed by
28 at least 1,000 shareholders and filed with the secretary of the corpora-
29 tion at least 120 days before the next meeting of shareholders.

1 (d) A written or printed notice setting out the candidates' quali-
2 fications for office and the proposals to be put to a vote of the share-
3 holders and any materials in opposition to the proposals shall be given
4 to each shareholder of record entitled to vote within the time and in
5 the manner provided in this chapter for the giving of notice of meetings
6 of shareholders.

7 Sec. 10.50.180. BOARD OF DIRECTORS. (a) The business and affairs
8 of a corporation shall be managed by a board of directors. At least
9 three-quarters of the board of directors, including the chairman of the
10 board of directors, must be residents of the state. The articles of
11 incorporation or bylaws may prescribe other qualifications for direc-
12 tors. The compensation of directors shall be fixed by the bylaws.

13 (b) A director is entitled to attend any meeting of a committee of
14 the board of directors whether or not he is a member of the committee.
15 A director is entitled to inspect all records of any committee of the
16 board of directors.

17 (c) An officer or employee of the corporation may not serve as a
18 member of the board of directors.

19 Sec. 10.50.185. NUMBER OF DIRECTORS. (a) The number of directors
20 of a corporation shall be at least three. The number of directors shall
21 be fixed by the bylaws, except that the number constituting the initial
22 board of directors shall be fixed by the chartering legislation.

23 (b) The number of directors may be increased or decreased by
24 amendment to the bylaws, but a decrease may not shorten the term of an
25 incumbent director.

26 (c) In the absence of a bylaw fixing the number of directors, the
27 number shall be the same as that stated in the chartering legislation.

28 (d) The board of directors shall be divided into two classes, each
29 class to be as nearly equal in number as possible, with the term of

1 office of directors of the first class to expire at the first annual
2 meeting of shareholders after their election, that of the second class
3 to expire at the second annual meeting after their election. At each
4 annual meeting after the classification the number of directors equal to
5 the number of the class whose term expires at the time of the meeting
6 shall be elected to hold office until the second succeeding annual
7 meeting if there are two classes. No classification of directors is
8 effective prior to the first annual meeting of shareholders.

9 Sec. 10.50.190. ELECTION OF DIRECTORS. At the first annual meet-
10 ing of shareholders and at each annual meeting thereafter the share-
11 holders shall elect directors. Each director holds office for the term
12 for which he is elected and until his successor is elected and quali-
13 fied.

14 Sec. 10.50.195. VACANCIES. A vacancy occurring in the board of
15 directors may be filled by the affirmative vote of a majority of the
16 remaining directors though the majority is less than a quorum of the
17 board. A director elected by the board of directors to fill a vacancy
18 shall serve until the next annual meeting. The shareholders shall elect
19 a director for the unexpired term, if any, of the director's position to
20 which the board elected his predecessor. A directorship to be filled by
21 reason of an increase in the number of directors shall be filled by
22 election at an annual meeting or at a special meeting of shareholders
23 called for that purpose. In no case may a vacancy continue for longer
24 than six months or until the next annual meeting, whichever occurs
25 first.

26 Sec. 10.50.200. QUORUM OF DIRECTORS. A majority of the number of
27 directors fixed by the bylaws, or in the absence of a bylaw fixing the
28 number of directors, then of the number stated in the articles of incor-
29 poration, constitutes a quorum for the transaction of business unless a

1 greater number is required by the articles of incorporation or the
2 bylaws. The act of the majority of the directors present at a meeting
3 at which a quorum is present is the act of the board of directors,
4 unless the act of a greater number is required by the articles of incor-
5 poration or the bylaws.

6 Sec. 10.50.205. PLACE AND NOTICE OF DIRECTORS' MEETINGS. (a)
7 Regular or special meetings of the board of directors maybe held only in
8 the state.

9 (b) Regular meetings of the board of directors may be held with or
10 without notice as prescribed in the bylaws. Special meetings of the
11 board of directors may be held only after the notice prescribed in the
12 bylaws. Attendance of a director at a meeting constitutes a waiver of
13 notice of the meeting, except when a director attends a meeting for the
14 express purpose of objecting to the transaction of any business because
15 the meeting is not lawfully called or convened. The business to be
16 transacted or the purpose of a special meeting of the board of directors
17 must be specified in the notice or waiver of notice of the meeting.

18 Sec. 10.50.210. PARTICIPATION BY TELEPHONE. The members of the
19 board of directors of a corporation, or a committee designated by it,
20 may participate in a meeting of the board or committee by communicating
21 simultaneously with each other by means of conference telephones or
22 similar communications equipment, so long as all members participating
23 in the meeting can hear one another. Participation in a meeting under
24 this section constitutes presence in person at the meeting.

25 Sec. 10.50.215. DISTRIBUTIONS. (a) Except for distributions
26 required to comply with subchapter U, chapter 1 of the Internal Revenue
27 Code of 1954, as amended (26 U.S.C. secs. 1391 - 1397), a corporation
28 may not make a distribution to its shareholders unless

29 (1) the amount of the retained earning of the corporation

1 immediately before the proposed distribution equals or exceeds the
2 amount of the proposed distribution; or

3 (2) immediately after giving effect to the proposed distribu-
4 tion

5 (A) the sum of the assets of the corporation, exclusive
6 of goodwill, capitalized research and development expenses and
7 deferred charges would be at least equal to one and one-fourth
8 times its liabilities, not including deferred taxes, deferred
9 income and other deferred credits; and

10 (B) the current assets of the corporation would be at
11 least equal to its current liabilities or, if the average of the
12 earnings of the corporation before taxes on income and before
13 interest expense for the two preceding fiscal years was less than
14 the average of the interest expense of the corporation for those
15 fiscal years, at least equal to one and one-fourth times its current
16 liabilities.

17 (b) In determining the amount of the assets of the corporation, no
18 appreciation in value not yet realized may in any event be included,
19 except for readily marketable securities, and profits derived from an
20 exchange of assets may not be included unless the assets received are
21 currently realizable in cash.

22 (c) For the purpose of this section "current assets" may include
23 net amounts which the board has determined in good faith may reasonably
24 be expected to be received from customers during the 12-month period
25 used in calculating current liabilities under existing contractual
26 relationships obligating the customers to make fixed or periodic pay-
27 ments during the term of the contract, after giving effect to future
28 costs not then included in current liabilities but reasonably expected
29 to be incurred by the corporation in performing the contracts.

1 (d) The amount of a distribution payable in property shall, for
2 the purpose of this chapter, be determined on the basis of the value at
3 which the property is carried on the corporation's financial statements
4 in accordance with generally accepted accounting principles.

5 (e) Subparagraph (a)(2)(B) of this section does not apply to a
6 corporation which does not classify its assets into current and fixed
7 assets under generally accepted accounting principles.

8 Sec. 10.50.220. DISTRIBUTIONS IN PARTIAL LIQUIDATION. The board
9 of directors may, from time to time, distribute to its shareholders in
10 partial liquidation a portion of its assets, subject to the following
11 provisions:

12 (1) A distribution may not be made at a time when the corpor-
13 ation is insolvent or when the distribution would render the corporation
14 insolvent.

15 (2) A distribution may not be made unless the distribution is
16 authorized by the affirmative vote of the holders of at least two-thirds
17 of the shares voting on the issue at a meeting of shareholders.

18 (3) Each distribution, when made, shall be identified as a
19 distribution in partial liquidation and the amount per share disclosed
20 to the shareholders concurrently with the distribution.

21 Sec. 10.50.225. CERTAIN LOANS PROHIBITED. A loan may not be made
22 by a corporation to its officers or directors, and a loan may not be
23 made by a corporation secured by its shares.

24 Sec. 10.50.230. LIABILITY OF DIRECTORS IN CERTAIN CASES. (a)
25 Directors who vote for or assent to the declaration of a dividend or
26 other distribution of the assets of a corporation to its shareholders
27 contrary to the provisions of this chapter or contrary to restrictions
28 contained in the articles of incorporation are jointly and severally
29 liable to the corporation for the amount of the dividend paid, or the

1 value of assets distributed in excess of the amount of the dividend or
2 distribution which could have been paid or distributed without a viola-
3 tion of the provisions of this chapter or the restrictions in the arti-
4 cles of incorporation.

5 (b) Directors who vote for or assent to the purchase by a corpora-
6 tion of its own shares contrary to the provisions of this chapter are
7 jointly and severally liable to the corporation for the amount of consi-
8 deration paid in excess of the maximum amount which could have been paid
9 without a violation of the provisions of this chapter.

10 (c) The directors who vote for or assent to the distribution of
11 assets of a corporation to its shareholders during the liquidation of
12 the corporation without the payment and discharge of, or making adequate
13 provision for, all known debts, obligations, and liabilities of the
14 corporation are jointly and severally liable to the corporation for the
15 value of the assets distributed, to the extent that the debts, obliga-
16 tions and liabilities of the corporation are not paid and discharged.

17 (d) The directors who vote for or assent to the making of a loan
18 to an officer or director of the corporation, or the making of a loan
19 secured by shares of the corporation, are jointly and severally liable
20 to the corporation for the amount of the loan until it is repaid.

21 Sec. 10.50.235. EFFECT OF GOOD FAITH RELIANCE ON FINANCIAL STATE-
22 MENTS OR BOOK VALUE. A director is not liable under AS 10.50.230(a),

23 (b) or (c) if

24 (1) he relied and acted in good faith upon financial state-
25 ments of the corporation represented to him to be correct by the presi-
26 dent or the officer of the corporation having charge of its books of
27 account, or certified by an independent public or certified public
28 accountant or firm of certified public accountants fairly to reflect the
29 financial condition of the corporation; or

1 (2) in good faith in determining the amount available for a
2 dividend or distribution he considered the assets to be of their book
3 value.

4 Sec. 10.50.240. PRESUMPTION OF CONSENT OF DIRECTOR AND FILING OF
5 DISSENT. A director present at a meeting of the board of directors at
6 which action on a corporate matter is taken is presumed to have assented
7 to the action taken unless his dissent is entered in the minutes of the
8 meeting or unless he files his written dissent to the action with the
9 person acting as secretary of the meeting before its adjournment or
10 forwards his dissent by registered mail to the secretary of the corpora-
11 tion within five days after the adjournment of the meeting. The right
12 to dissent does not apply to a director who voted in favor of the action.

13 Sec. 10.50.245. DIRECTOR'S RIGHT TO CONTRIBUTION. A director
14 against whom a claim is asserted under AS 10.50.230 - 10.50.240 is
15 entitled to contribution from the other directors who voted for or
16 assented to the action upon which the claim is asserted.

17 Sec. 10.50.250. OFFICERS. The officers of a corporation consist
18 of a president, one or more vice-presidents as prescribed by the bylaws,
19 a secretary, and a treasurer. Each of the officers shall be elected by
20 the board of directors at the time and in the manner prescribed by the
21 bylaws. Other necessary officers and assistant officers and agents may
22 be elected or appointed by the board of directors or chosen in the
23 manner prescribed by the bylaws. Two or more offices may be held by the
24 same person, except the offices of president and secretary.

25 Sec. 10.50.255. DUTIES OF OFFICERS. Officers and agents of the
26 corporation, as between themselves and the corporation, may perform
27 duties in the management of the corporation as provided in the bylaws,
28 or as determined by resolution of the board of directors not inconsis-
29 tent with the bylaws.

1 Sec. 10.50.260. REMOVAL OF OFFICERS. An officer or agent may be
2 removed by the board of directors when, in its judgment, the best inter-
3 ests of the corporation will be served. Removal is without prejudice to
4 the contract rights of the person removed. Election or appointment of
5 an officer or agent does not of itself create contract rights.

6 Sec. 10.50.265. BOOKS AND RECORDS. (a) A corporation organized
7 under this chapter shall keep correct and complete books and records of
8 account, minutes of the proceedings of its shareholders and board of
9 directors, and a record of its shareholders, containing the names and
10 addresses of all shareholders and the number and class of the shares
11 held by each.

12 (b) A corporation organized under this chapter shall make these
13 books and records, or certified copies of them, reasonably available for
14 inspection at the registered office or principal place of business in
15 the state by the department or a shareholder described by AS 10.50.270.

16 Sec. 10.50.270. SHAREHOLDER'S RIGHT TO EXAMINE BOOKS AND RECORDS.
17 A shareholder, upon written demand stating the purpose of the demand,
18 may, in person or by agent or attorney, at a reasonable time for a
19 proper purpose, examine and make extracts from its books and records of
20 account, minutes and record of shareholders.

21 Sec. 10.50.275. LIABILITY FOR REFUSAL OF EXAMINATION. An officer
22 or agent who, or a corporation which, refuses to allow a shareholder, or
23 his agent or attorney, to examine and make extracts from its books and
24 records of account, minutes, and record of shareholders, for a proper
25 purpose, is liable to the shareholder in a penalty of \$1,000 for each
26 day, in addition to other damages or remedy given him by law. It is a
27 defense to an action for penalties under this section that the person
28 suing has within two years sold or offered for sale a list of share-
29 holders of the corporation or any other corporation or has aided or

1 abetted a person in procuring a list of shareholders for this purpose,
2 or has improperly used information secured through a prior examination
3 of the books and records of account, or minutes, or record of share-
4 holders of the corporation or any other corporation, or was not acting
5 in good faith or for a proper purpose in making his demand.

6 Sec. 10.50.280. COURT MAY COMPEL INSPECTION. AS 10.50.265 - 10.-
7 50.285 do not impair the power of a court, upon proof by a shareholder
8 of proper purpose, to compel the production for examination by the
9 shareholder of the books and records of account, minutes, and record of
10 shareholders of a corporation.

11 Sec. 10.50.285. SHAREHOLDERS' RIGHT TO FINANCIAL STATEMENT. Upon
12 the written request of a shareholder of a corporation, the corporation
13 shall mail to the shareholder its most recent financial statements
14 showing in reasonable detail its assets and liabilities and the results
15 of its operations.

16 Sec. 10.50.290. REMOVAL OF DIRECTORS BY SUPERIOR COURT. The
17 superior court may upon an action filed by the attorney general or at
18 least 100 shareholders of at least 18 years of age, remove from office
19 any director in case of fraudulent or dishonest acts or gross abuse of
20 authority or discretion with reference to the corporation and may bar
21 from reelection a director so removed for a period prescribed by the
22 court. The corporation shall be made a party to the action.

23 Sec. 10.50.295. SHAREHOLDER REMOVAL OF DIRECTORS. (a) The entire
24 board of directors an initial director, or a director elected by the
25 board of directors may be removed from office by the affirmative vote of
26 the holders of a majority of the shares voting at an annual or special
27 meeting for which notice of the proposal has been given.

28 (b) An individual director may be removed if the number of votes
29 cast for his removal exceeds the number of votes he received at the last

1 preceding election during which he was a candidate for the office of
2 director.

3 Sec. 10.50.300. SHAREHOLDERS' DERIVATIVE ACTION. (a) An action
4 may be brought on behalf of a corporation, by a shareholder of the
5 corporation, for a judgment in its favor.

6 (b) A person bringing suit under this section must be a share-
7 holder at the time of bringing the action, and must have been a share-
8 holder at the time of the transaction of which he complains or have
9 received his shares by operation of law at that time.

10 (c) In an action under this section, the complaint shall set out
11 with particularity the efforts of the plaintiff to secure the initiation
12 of an action by the board of directors or the reasons for not making
13 those efforts.

14 (d) An action under this section may not be discontinued, com-
15 promised or settled, without the approval of the court having jurisdic-
16 tion of the action. If the court determines that the interests of the
17 shareholders will be substantially affected by a discontinuance, com-
18 promise, or settlement, the court, in its discretion, may direct that
19 notice, by publication or otherwise, be given to the shareholders whose
20 interests it determines will be affected. If notice is required, the
21 court may determine which one or more of the parties to the action must
22 bear the expense of giving the notice, in an amount the court determines
23 and finds to be reasonable, and the amount determined shall be awarded
24 as special costs of the action and recoverable by the prevailing party.

25 (e) If the action on behalf of the corporation is successful, in
26 whole or in part, or if anything is received by the plaintiff as the
27 result of a judgment, compromise or settlement of an action, the court
28 may award the plaintiff reasonable expenses, including reasonable attor-
29 ney fees, and shall direct the plaintiff to account to the corporation

1 for the remainder of the proceeds received by him. This subsection does
2 not apply to a judgment rendered only for the benefit of an injured
3 shareholder and limited to a recovery of the loss or damage sustained by
4 him.

5 (f) In an action under this section, at any time within 30 days
6 after service of summons upon the corporation or upon any defendant who
7 is an officer or director of the corporation, or who held such office at
8 the time of the transaction complained of, the corporation or other
9 defendant may move the court for an order, upon notice and hearing,
10 requiring the plaintiff to furnish security. The motion shall be based
11 upon one or both of the following grounds:

12 (1) that there is no reasonable possibility that the prosecu-
13 tion of the cause of action alleged in the complaint will benefit the
14 corporation or its shareholders; or

15 (2) that the moving party, if other than the corporation, did
16 not participate in the transaction complained of in any capacity.

17 (g) If the court determines, after hearing the evidence adduced by
18 the parties, that the moving party has established by a preponderance of
19 the evidence any of the grounds upon which the motion is based, the
20 court shall fix the nature and amount of security, not to exceed \$50,000,
21 to be furnished by the plaintiff for reasonable expenses, including
22 attorney fees, which may be incurred by the moving party or the corpora-
23 tion in connection with the action, including expenses for which the
24 corporation may become liable under this chapter. A ruling by the court
25 on the motion is not considered a determination of any issue in the
26 action or of its merits. The amount of the security may be increased or
27 decreased in the discretion of the court upon a showing that the secur-
28 ity provided has or may become inadequate or excessive, but the court
29 may not increase the total amount of the security beyond \$50,000 in the

1 aggregate for all defendants. If the court, upon motion, decides that
2 security must be furnished by the plaintiff as to any one or more defen-
3 dants, the action shall be dismissed as to the defendant or defendants,
4 unless the security required by the court is furnished within a reason-
5 able time fixed by the court. The corporation and the moving party have
6 recourse to the security in the amount the court determines upon the
7 termination of the action.

8 (h) If the plaintiff, before an order or determination pursuant to
9 a motion under (f) of this section, posts bond in the aggregate amount
10 of \$50,000 to secure the reasonable expenses of the parties entitled to
11 make the motion, the plaintiff has complied with the requirements of
12 this section and with any order for security. A pending motion under
13 (f) of this section shall be dismissed and no further or additional bond
14 or other security may be required.

15 (i) If a motion is filed under (f) of this section, no pleadings
16 need be filed by the corporation or any other defendant and the prosecu-
17 tion of the action shall be stayed until 10 days after the motion has
18 been disposed of.

19 Sec. 10.50.305. FRAUDULENT TRANSFERS OF SHARES. An individual who
20 transfers or obtains shares of the corporation, or in his capacity as
21 legal guardian obtains shares of the corporation for another, through
22 fraud, misrepresentation, or any deceitful or illegal means is guilty of
23 a felony.

24 Sec. 10.50.310. POLITICAL ACTIVITIES. (a) A corporation may not

25 (1) make contributions or spend money to influence the nomi-
26 nation or election of a candidate for office or the outcome of a ballot
27 proposition or question;

28 (2) endorse a candidate for office or any side of a ballot
29 proposition or question;

1 (3) make any expenditures, including reimbursement for travel
2 and living expenses, or employ any person for the purpose of influencing
3 legislative action.

4 (b) A corporation that knowingly violates this section or that
5 knowingly causes, participates in, aids, or confirms a violation of this
6 section is, upon conviction, punishable by a fine of not more than
7 \$10,000 for each offense.

8 (c) An individual who knowingly violates this section, whether
9 acting for himself, on behalf of an employer, or in concert with another
10 person, is, upon conviction, guilty of a misdemeanor.

11 (d) An individual who knowingly causes, participates in, aids, or
12 confirms any violation of this section is, upon conviction, guilty of a
13 misdemeanor.

14 ARTICLE 2. FORMATION OF CORPORATIONS.

15 Sec. 10.50.315. INCORPORATORS. Three or more natural persons at
16 least 18 years of age may act as incorporators of a corporation by
17 signing, verifying and delivering in duplicate to the commissioner
18 articles of incorporation for the corporation.

19 Sec. 10.50.320. ARTICLES OF INCORPORATION. (a) The articles of
20 incorporation of a corporation shall set out

- 21 (1) the name of the corporation;
22 (2) the period of duration, which may be perpetual;
23 (3) the purpose or purposes for which the corporation is
24 organized;
25 (4) the aggregate number of shares which the corporation may
26 issue;
27 (5) that only one class of stock may be issued by the cor-
28 poration;
29 (6) that shares of stock may be issued only to individuals

1 who were residents of the state on the effective date of its chartering
2 legislation and who continued to be residents until the date of issuance
3 of the shares;

4 (7) that at least one share of stock shall be issued to each
5 individual eligible under (6) of this subsection, unless that individual
6 elects within one year after the date of issuance not to receive the
7 share;

8 (8) that no share of stock may be voluntarily or involun-
9 tarily transferred

10 (A) or encumbered by a shareholder, other than by will
11 or under the laws relating to intestate succession, until five
12 years after the date of issuance of the share, except if the share-
13 holder ceases to be a resident of the state;

14 (B) to an individual other than one who is a resident on
15 the date of transfer;

16 (C) to an individual who, after the transfer, would own
17 more than 10 shares of stock of the corporation;

18 (D) or encumbered by a shareholder under 18 years of age
19 or encumbered by that shareholder's parent or legal guardian;

20 (9) that the corporation must qualify as a general stock
21 ownership corporation under subchapter U of the Internal Revenue Code of
22 1954, as amended (26 U.S.C. secs. 1391 - 1397);

23 (10) any other provision consistent with law which the incor-
24 porators elect to set out in the articles of incorporation for the
25 regulation of the internal affairs of the corporation, including a
26 provision which, under this chapter, is required or permitted to be set
27 out in the bylaws;

28 (11) the address of its initial registered office, and the
29 name of its initial registered agent at that address;

1 (12) the number of directors constituting the initial board of
2 directors and the names and addresses of the persons who are to serve as
3 directors until their successors are elected and qualify;

4 (13) the name and address of each incorporator.

5 (b) It is not necessary to set out in the articles of incorpora-
6 tion any of the corporate powers enumerated in this chapter.

7 Sec. 10.50.325. FILING OF ARTICLES OF INCORPORATION. (a) Dupli-
8 cate originals of the articles of incorporation shall be delivered to
9 the commissioner. If the commissioner finds that the articles of incor-
10 poration conform to law, he shall, when all fees prescribed in AS 10.-
11 05.708 - 10.05.774 have been paid,

12 (1) endorse on each duplicate original the word "filed" and
13 the date of the filing;

14 (2) file one duplicate original in his office;

15 (3) issue a certificate of incorporation and affix the other
16 duplicate original to it.

17 (b) The certificate of incorporation, together with the duplicate
18 original of the articles of incorporation affixed by the commissioner,
19 shall be returned to the incorporators or their representative.

20 Sec. 10.50.330. EFFECT OF ISSUANCE OF CERTIFICATE OF INCORPORA-
21 TION. Upon the issuance of the certificate of incorporation, the cor-
22 porate existence begins. The certificate of incorporation is conclusive
23 evidence that all conditions required to be performed by the incorpora-
24 tors have been complied with and that the corporation has been incor-
25 porated. The issuance of the certificate does not affect the right of
26 the state to bring a proceeding to cancel or revoke the certificate of
27 incorporation or for involuntary dissolution of the corporation.

28 Sec. 10.50.335. ARTICLES OF INCORPORATION AND INITIAL BYLAWS. (a)
29 The corporation shall submit copies of the original articles of incor-

1 poration and the initial bylaws adopted under AS 10.05.340 to the legis-
2 lature within 30 days of the issuance of the certificate of incorpora-
3 tion.

4 (b) The legislature, within 60 legislative days after receipt of a
5 copy of the original articles of incorporation and the initial bylaws,
6 may disapprove any provision of the articles of incorporation or bylaws
7 by concurrent resolution. Disapproval by the legislature of a provision
8 of the articles of incorporation or the bylaws of a corporation does not
9 alter or impair the power of a corporation to fulfill the terms of a
10 contractual agreement or impair the rights of a person with whom a
11 corporation has entered into a contractual agreement.

12 (c) A provision of the articles of incorporation or the bylaws is
13 suspended upon disapproval by the legislature and is of no effect unless
14 approved by a majority of the shares voting on the issue at the next
15 meeting of the shareholders.

16 Sec. 10.50.340. ORGANIZATION MEETING OF DIRECTORS. After the
17 issuance of the certificate of incorporation an organizational meeting
18 of the board of directors named in the articles of incorporation shall
19 be held in the state, at the call of a majority of the incorporators,
20 for the purpose of adopting bylaws, electing officers, and the trans-
21 action of other business as may come before the meeting. The incor-
22 porators calling the meeting shall give at least 10 days notice of the
23 meeting by mail to each director named. The notice shall state the time
24 and place of the meeting.

25 ARTICLE 3. APPLICATION FOR SHARES.

26 Sec. 10.50.345. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. Beginning
27 not less than 90 days before the initial issue of stock, the corporation
28 shall at least weekly notify the public of its intention to issue stock
29 and the method for qualifying and applying for shares. The notice shall

1 be by publication in newspapers of all regions of the state, by radio
2 and television announcements, and by other means the corporation deter-
3 mines to be appropriate and reasonable, and shall be continued at least
4 one each month for 11 months following the date of issuance of shares.

5 Sec. 10.50.350. CORPORATION NOT LIABLE TO SHAREHOLDERS. Regis-
6 tration for issuance of the initial shares of the corporation is a
7 responsibility solely of an individual eligible under AS 10.50.320(a)(6)
8 to receive the initial shares of the corporation. The corporation may
9 not be held liable for

10 (1) any loss resulting directly or indirectly from the
11 failure of an individual to apply for shares of the corporation; or

12 (2) payment of a declared or paid dividend to an individual
13 who would have been entitled to receive the dividend had he been a
14 shareholder at the time of declaration or payment.

15 Sec. 10.50.355. LATE APPLICATION FOR SHARES. An individual eli-
16 gible under AS 10.50.320(a)(6) to receive the initial shares of the
17 corporation who failed to apply for the shares within one year after
18 their issuance may apply for and receive the shares any time after one
19 year and within two years after the date of issuance if he is otherwise
20 qualified to own stock of the corporation and upon the payment of the
21 book value of the shares.

22 Sec. 10.50.360. PENALTIES FOR MISREPRESENTATION OF ELIGIBILITY AS
23 SHAREHOLDER. The ownership interest in shares of the corporation's
24 stock issued to an individual ineligible to receive the initial shares,
25 who has presented fraudulent or misleading information regarding his
26 eligibility to own those shares, is void upon the issuance of an appro-
27 priate order by the superior court. The ineligible individual is also
28 liable for the full amount of dividends, or other distributions to
29 shareholders received by him plus interest from the date of distribu-

1 tion, and legal fees and costs of recovery incurred by the corporation.
2 This section applies to an individual who has presented fraudulent or
3 misleading information regarding the eligibility of another person for
4 whom he acts in the capacity of legal guardian.

5 ARTICLE 4. AMENDMENT.

6 Sec. 10.50.365. RIGHT TO AMEND ARTICLES OF INCORPORATION. A cor-
7 poration may amend its articles of incorporation so long as its articles
8 of incorporation as amended contain provisions which could be lawfully
9 contained in original articles of incorporation at the time the amend-
10 ment is made.

11 Sec. 10.50.370. PURPOSES FOR WHICH ARTICLES MAY BE AMENDED. With-
12 out limitation on the general power of amendment, a corporation may
13 amend its articles of incorporation to

- 14 (1) change its corporate name;
- 15 (2) change its period of duration;
- 16 (3) change, enlarge or diminish its corporate purposes;
- 17 (4) increase or decrease the aggregate number of shares, or
18 shares of a class, which the corporation may issue;
- 19 (5) exchange or cancel its shares, whether issued or un-
20 issued.

21 Sec. 10.50.375. PROCEDURE TO AMEND ARTICLES OF INCORPORATION.
22 Amendments to the articles of incorporation shall be made in the follow-
23 ing manner.

24 (1) The board of directors may adopt a resolution setting out
25 the proposed amendment and directing that it be submitted to a vote at
26 the next meeting of shareholders.

27 (2) A proposed amendment shall be submitted to a vote at the
28 next meeting of shareholders if the secretary of the corporation re-
29 ceives a petition setting out the proposed amendment and is signed by at

1 least 1,000 shareholders.

2 (3) Written or printed notice setting out the proposed amend-
3 ment or a summary of the changes to be effected shall be given to each
4 shareholder of record entitled to vote within the time and in the manner
5 provided in this chapter for the giving of notice of meetings of share-
6 holders. If the meeting is an annual meeting, the proposed amendment or
7 summary may be included in the notice of the annual meeting.

8 (4) At the meeting a vote of the shareholders entitled to
9 vote shall be taken on the proposed amendment. The proposed amendment
10 shall be adopted if it receives the affirmative vote of the holders of
11 at least two-thirds of the shares voting.

12 (5) More than one amendment may be submitted to the share-
13 holders and voted upon at one meeting.

14 Sec. 10.50.380. ARTICLES OF AMENDMENT. The articles of amendment
15 shall be executed in duplicate by the corporation by its president or
16 vice-president and by its secretary or an assistant secretary, and
17 verified by one of the officers signing the articles, and shall set out

18 (1) the name of the corporation;

19 (2) the amendment adopted;

20 (3) the date of the adoption of the amendment by the share-
21 holders;

22 (4) the number of shares outstanding and the number of shares
23 voting;

24 (5) the number of shares voted for and against the amendment,
25 respectively;

26 (6) if the amendment provides for an exchange or cancellation
27 of issued shares, and if the manner in which this is carried out is not
28 set out in the amendment, a statement of the manner in which it is to be
29 carried out.

1 Sec. 10.50.385. FILING OF ARTICLES OF AMENDMENT. (a) Duplicate
2 originals of the articles of amendment shall be delivered to the commis-
3 sioner. If the commissioner finds that the articles of amendment con-
4 form to law, he shall, when all fees and franchise taxes prescribed in
5 this chapter have been paid,

6 (1) endorse on each duplicate original the word "filed" and
7 the date of the filing;

8 (2) file one duplicate original in his office;

9 (3) issue a certificate of amendment and affix the other
10 duplicate original to it.

11 (b) The certificate of amendment, together with the duplicate
12 original of the articles of amendment affixed by the commissioner, shall
13 be returned to the corporation or its representative.

14 Sec. 10.50.390. EFFECT OF CERTIFICATE OF AMENDMENT. (a) Upon the
15 issuance of the certificate of amendment by the commissioner, the amend-
16 ment becomes effective and the articles of incorporation are considered
17 amended accordingly.

18 (b) No amendment may affect an existing cause of action in favor
19 of or against the corporation, or a pending suit to which the corpora-
20 tion is a party, or the existing rights of persons other than share-
21 holders. In the event the corporate name is changed by amendment, no
22 suit brought by or against the corporation under its former name abates
23 for that reason.

24 Sec. 10.50.395. RESTATED ARTICLES OF INCORPORATION. A corporation
25 may at any time, by resolution adopted by the board of directors, re-
26 state its articles of incorporation as amended up to that time. Upon
27 the adoption of the resolution, restated articles of incorporation shall
28 be executed in duplicate by the corporation by its president or a vice-
29 president and by its secretary or assistant secretary and verified by

1 one of the officers signing the articles and shall set out all of the
2 operative provision of the articles of incorporation as amended up to
3 that time together with a statement that the restated articles of incor-
4 poration correctly set out without change the corresponding provisions
5 of the articles of incorporation as amended up to that time and that the
6 restated articles of incorporation supersede the original articles of
7 incorporation and all amendments to them.

8 Sec. 10.50.400. EXECUTION OF RESTATED ARTICLES OF INCORPORATION.
9 Upon approval of the restated articles of incorporation, they shall be
10 executed in duplicate by the corporation by its president or vice-presi-
11 dent and by its secretary or assistant secretary, and verified by one of
12 the officers signing the articles.

13 Sec. 10.50.405. CONTENTS OF RESTATED ARTICLES OF INCORPORATION.
14 The restated articles of incorporation shall set out
15 (1) the name of the corporation;
16 (2) the period of its duration;
17 (3) the purpose or purposes which the corporation is autho-
18 rized to pursue;
19 (4) the aggregate number of shares which the corporation may
20 issue;
21 (5) any provisions, not inconsistent with law, which are set
22 out in the articles of incorporation as amended, for the regulation of
23 the internal affairs of the corporation;
24 (6) a statement that the restated articles of incorporation
25 correctly set out without change the corresponding provisions of the
26 articles of incorporation as amended, and that the restated articles of
27 incorporation supersede the original articles of incorporation and all
28 amendments to the original articles of incorporation.

29 Sec. 10.50.410. FILING OF RESTATED ARTICLES OF INCORPORATION WITH

1 COMMISSIONER. (a) Duplicate originals of the restated articles of
2 incorporation shall be delivered to the commissioner. If the commis-
3 sioner finds that the restated articles of incorporation conform to law,
4 he shall, when all fees and franchise taxes prescribed in this chapter
5 have been paid,

6 (1) endorse on each duplicate original the word "filed" and
7 the date of the filing;

8 (2) file one duplicate original in his office;

9 (3) issue a restated certificate of incorporation and affix
10 the other duplicate original to it.

11 (b) The restated certificate of incorporation, together with the
12 duplicate original of the restated articles of incorporation affixed by
13 the commissioner, shall be returned to the corporation or its repre-
14 sentative.

15 Sec. 10.50.415. EFFECT OF ISSUANCE OF RESTATED CERTIFICATE OF
16 INCORPORATION. Upon the issuance of the restated certificate of incor-
17 poration, the restated articles of incorporation become effective and
18 supersede the original articles of incorporation and all amendments.

19 ARTICLE 5. SALE OF ASSETS.

20 Sec. 10.50.420. SALE OR MORTGAGE OF ASSETS IN REGULAR COURSE OF
21 BUSINESS. The sale, lease, exchange, mortgage, pledge, or other dispo-
22 sition of all, or substantially all, the property and assets of a cor-
23 poration, when made in the usual and regular course of the business of
24 the corporation, may be made upon the terms and conditions and for the
25 consideration, which may consist in whole or in part of money or pro-
26 perty, real or personal, including shares of another corporation, domes-
27 tic or foreign, authorized by the board of directors. No authorization
28 or consent of the shareholders is required.

29 Sec. 10.50.425. SALE OR MORTGAGE OF ASSETS OTHER THAN IN REGULAR

1 COURSE OF BUSINESS. A sale, lease, exchange, mortgage, pledge, or other
2 disposition of all, or substantially all, the property and assets, with
3 or without the good will, of a corporation, if not made in the usual and
4 regular course of its business, may be made upon the terms and condi-
5 tions and for the consideration, which may consist in whole or in part
6 of money or property, real or personal, including shares of another
7 corporation, as authorized in the following manner.

8 (1) The board of directors shall adopt a resolution recom-
9 mending the sale, lease, exchange, mortgage, pledge, or other disposi-
10 tion and directing the submission of the resolution to a vote at the
11 next meeting of shareholders.

12 (2) Written or printed notice shall be given to each share-
13 holder of record entitled to vote at the meeting within the time and in
14 the manner provided in this chapter for the giving of notice of meetings
15 of shareholders, and, whether the meeting is an annual or a special
16 meeting, shall state that the purpose, or one of the purposes, of the
17 meeting is to consider the proposed sale, lease, exchange, mortgage,
18 pledge, or other disposition.

19 Sec. 10.50.430. APPROVAL OF PLAN BY SHAREHOLDERS. At the meeting
20 the shareholders may authorize the sale, lease, exchange, mortgage,
21 pledge, or other disposition and may fix, or may authorize the board of
22 directors to fix the terms and conditions and the consideration to be
23 received by the corporation. Each outstanding share of the corporation
24 is entitled to vote. The authorization requires the affirmative vote of
25 the holders of at least two-thirds of the shares voting.

26 Sec. 10.50.435. ABANDONMENT OF PLAN BY BOARD OF DIRECTORS. After
27 authorization by a vote of shareholders, the board of directors may,
28 nevertheless, abandon the sale, lease, exchange, mortgage, pledge, or
29 other disposition of assets, subject to the rights of third parties

1 under contracts relating to the disposition, without further action or
2 approval by shareholders.

3 Sec. 10.50.440. RIGHTS OF DISSENTING SHAREHOLDERS UPON SALE OR
4 EXCHANGE OF ASSETS. If a sale or exchange of all or substantially all
5 of the property and assets of a corporation other than in the usual and
6 regular course of its business, or in connection with the dissolution
7 and liquidation of the corporation, is authorized by a vote of the
8 shareholders of the corporation, a shareholder who files a written
9 objection with the corporation, before or at the meeting of shareholders
10 at which the sale or exchange is authorized, and who does not vote in
11 its favor may, within 10 days after the date on which the vote was
12 taken, make written demand on the corporation for the payment to him of
13 the fair value of his shares as of the day before the date on which the
14 vote was taken. If the sale or exchange is effected, the corporation
15 shall pay to the shareholder, upon surrender of his certificate or other
16 evidence of ownership representing the shares, their fair value. The
17 demand shall state the number of shares owned by the dissenting share-
18 holder. A shareholder failing to make demand within the 10-day period
19 is bound by the terms of the sale or exchange.

20 Sec. 10.50.445. NOTICE TO DISSENTING SHAREHOLDER. Within 10 days
21 after the sale or exchange is effected, the corporation shall give
22 notice that it is effected to each dissenting shareholder who has made
23 demand as provided in AS 10.50.440 for the payment of the fair value of
24 his shares.

25 Sec. 10.50.450. PAYMENT TO DISSENTING SHAREHOLDER AFTER AGREEMENT
26 ON VALUE OF SHARES. If within 60 days after the date on which the sale
27 or exchange was effected the value of the shares is agreed upon between
28 the dissenting shareholder and the corporation, payment shall be made
29 within 90 days after the date the sale or exchange was effected, upon

1 the surrender of his certificate or certificates representing the shares.
2 Upon payment of the agreed value, the dissenting shareholder ceases to
3 have an interest in the shares or in the corporation.

4 Sec. 10.50.455. ACTION BY DISSENTING SHAREHOLDER TO COMPEL PAYMENT
5 UPON FAILURE TO AGREE ON VALUE. If within the 60-day period the share-
6 holder and the corporation do not agree, the dissenting shareholder may,
7 within 60 days after the expiration of the 60-day period, file a peti-
8 tion in the superior court asking for a finding and determination of the
9 fair value of the shares, and is entitled to judgment against the cor-
10 poration for the amount of the fair value as of the day before the date
11 on which the vote was taken approving the sale or exchange, together
12 with interest to the date of the judgment. The judgment is payable only
13 upon and simultaneously with the surrender to the corporation of the
14 certificate or other evidence of ownership representing the shares.
15 Upon payment of the judgment, the dissenting shareholder ceases to have
16 an interest in the shares or in the corporation. Unless the dissenting
17 shareholder files the petition within the 60-day period, he and all
18 persons claiming under him are bound by the terms of the sale or ex-
19 change.

20 Sec. 10.50.460. EFFECT OF ABANDONMENT OR REVOCATION OF SALE OR
21 EXCHANGE ON SHAREHOLDER'S RIGHTS. The right of a dissenting shareholder
22 to be paid the fair value of his shares ceases when the corporation
23 abandons the sale or exchange or the shareholders revoke the authority
24 to make the sale or exchange.

25 Sec. 10.50.465. STATUS OF SHARES ACQUIRED FROM DISSENTING SHARE-
26 HOLDER. Shares acquired by the corporation pursuant to the payment of
27 the agreed value or to payment of the judgment entered for the agreed
28 value may be held and disposed of by the corporation as treasury shares.

29 ARTICLE 6. DISSOLUTION.

1 Sec. 10.50.470. EFFECT OF CERTIFICATE OF DISSOLUTION. Upon the
2 issuance of the certificate of dissolution, the existence of the cor-
3 poration ceases.

4 Sec. 10.50.475. VOLUNTARY DISSOLUTION BY ACT OF CORPORATION. (a)
5 A corporation may be dissolved by the act of the corporation when autho-
6 rized in the manner provided in this section and in AS 10.50.485.

7 (b) The board of directors shall adopt a resolution recommending
8 that the corporation be dissolved, and directing that the question of
9 dissolution be submitted to a vote at the next meeting of shareholders.

10 (c) A proposed dissolution of the corporation shall be submitted
11 to a vote at the next meeting of shareholders if the secretary of the
12 corporation receives a petition proposing dissolution signed by at least
13 100 shareholders.

14 (d) Written or printed notice shall be given to each shareholder
15 of record entitled to vote at the meeting within the time and in the
16 manner provided in this chapter for the giving of notice of meetings of
17 shareholders, and, whether the meeting is an annual or special meeting,
18 the notice shall state that the purpose of the meeting is to consider
19 the advisability of dissolving the corporation.

20 (e) At the meeting a vote of shareholders entitled to vote shall
21 be taken on the resolution to dissolve the corporation. Each outstand-
22 ing share of the corporation may vote on the resolution. The resolution
23 is adopted if it receives the affirmative vote of the holders of at
24 least one-third of the shares entitled to vote.

25 Sec. 10.50.480. EXECUTION OF STATEMENT OF INTENT TO DISSOLVE.
26 Upon the adoption of the resolution, a statement of intent to dissolve
27 shall be executed in duplicate by the corporation by its president or
28 vice-president and by the secretary or an assistant secretary, and
29 verified by one of the officers signing the statement. The statement of

1 intent to dissolve shall set out

- 2 (1) the name of the corporation;
- 3 (2) the names and addresses of its officers;
- 4 (3) the names and addresses of its directors;
- 5 (4) a copy of the resolution adopted by the shareholders
- 6 authorizing the dissolution of the corporation;
- 7 (5) the number of shares outstanding;
- 8 (6) the number of shares voted for and against the resolu-
- 9 tion.

10 Sec. 10.50.485. FILING OF STATEMENT OF INTENT TO DISSOLVE. Dupli-
11 cate originals of the statement of intent to dissolve shall be delivered
12 to the commissioner. If the commissioner finds that the statement
13 conforms to law, he shall, when all fees and franchise taxes prescribed
14 in this chapter have been paid,

- 15 (1) endorse on each duplicate original the word "filed" and
- 16 the date of the filing;
- 17 (2) file one duplicate original in his office;
- 18 (3) return the other duplicate original to the corporation or
- 19 its representative.

20 Sec. 10.50.490. EFFECT OF STATEMENT OF INTENT TO DISSOLVE. On the
21 filing by the commissioner of a statement of intent to dissolve, the
22 corporation shall cease to carry on business, except that necessary for
23 the winding up of its business. However, corporate existence continues
24 until a certificate of dissolution has been issued by the commissioner
25 or until a decree dissolving the corporation has been entered by a
26 competent court as provided in this chapter.

27 Sec. 10.50.495. PROCEDURE AFTER FILING OF STATEMENT OF INTENT TO
28 DISSOLVE. After the commissioner has filed the statement of intent to
29 dissolve, the corporation

1 (1) shall immediately mail notice of the filing to each known
2 creditor of the corporation;

3 (2) shall proceed to collect its assets, convey and dispose
4 of its property which is not to be distributed in kind to its share-
5 holders, pay, satisfy and discharge its liabilities and obligations and
6 do all other acts required to liquidate its business and affairs, and,
7 after paying or adequately providing for the payment of its obligations,
8 distribute the remainder of its assets, either in cash or in kind, among
9 its shareholders according to their respective rights and interests;

10 (3) at any time during the liquidation of its business and
11 affairs may apply to a court of competent jurisdiction in the state to
12 have the liquidation continued under the supervision of the court;

13 (4) shall, if it has not completed dissolution proceedings
14 within two years after the date the statement of intent to dissolve is
15 filed, be involuntarily dissolved by the commissioner after 60 days
16 notice of his intent to do so has been given to the corporation.

17 Sec. 10.50.500. MANNER OF REVOKING A VOLUNTARY DISSOLUTION PRO-
18 CEEDING. (a) The board of directors may adopt a resolution recommend-
19 ing that the voluntary dissolution proceedings be revoked, and directing
20 that the question of revocation be submitted to a vote at a special
21 meeting of shareholders.

22 (b) A proposed revocation of a voluntary dissolution of the cor-
23 poration shall be submitted to a vote at the next meeting of share-
24 holders if the secretary of the corporation receives a petition pro-
25 posing revocation signed by at least 1,000 shareholders.

26 (c) Written or printed notice, stating that the purpose of the
27 meeting is to consider the advisability of revoking the voluntary dis-
28 solution proceedings, shall be given to each shareholder of record
29 entitled to vote at the meeting within the time and in the manner pro-

1 vided in this chapter for the giving of notice of special meetings of
2 shareholders.

3 (d) At the meeting a vote of the shareholders entitled to vote
4 shall be taken on the resolution to revoke the voluntary dissolution
5 proceeding. Adoption of the resolution requires the affirmative vote of
6 the holders of at least two-thirds of the shares voting.

7 (e) Upon the adoption of the resolution, a statement of revocation
8 of voluntary dissolution proceedings shall be executed in duplicate by
9 the corporation by its president or vice-president and by its secretary
10 or an assistant secretary, and verified by one of the officers signing
11 the statement. The statement of revocation of voluntary dissolution
12 shall set out

- 13 (1) the name of the corporation;
- 14 (2) the names and addresses of its officers;
- 15 (3) the names and addresses of its director;
- 16 (4) a copy of the resolution adopted by the shareholders
17 revoking the voluntary dissolution proceedings;
- 18 (5) the number of shares outstanding;
- 19 (6) the number of shares voted for and against the resolu-
20 tion.

21 Sec. 10.50.505. FILING OF STATEMENT OF REVOCATION OF A VOLUNTARY
22 DISSOLUTION PROCEEDING. Duplicate originals of the statement of revo-
23 cation of voluntary dissolution proceedings shall be delivered to the
24 commissioner. If the commissioner finds that the statement conforms to
25 law, he shall, when all fees and franchise taxes prescribed in this
26 chapter have been paid,

- 27 (1) endorse on each duplicate original the word "filed" and
28 the date of the filing;
- 29 (2) file one duplicate original in his office;

1 (3) return the other duplicate original to the corporation or
2 its representative.

3 Sec. 10.50.510. EFFECT OF STATEMENT OF REVOCATION OF A VOLUNTARY
4 DISSOLUTION PROCEEDING. Upon the filing by the commissioner of a state-
5 ment of revocation of a voluntary dissolution proceeding, the revocation
6 of the proceeding becomes effective and the corporation may again carry
7 on its business.

8 Sec. 10.50.515. EXECUTION OF ARTICLES OF DISSOLUTION. If a volun-
9 tary dissolution proceeding has not been revoked, then when all debts,
10 liabilities, and obligations of the corporation have been paid and
11 discharged, or adequate provision has been made for payment, and all of
12 the remaining property and assets of the corporation have been distri-
13 buted to its shareholders, articles of dissolution shall be executed in
14 duplicate by the corporation by its president or vice-president and by
15 its secretary or an assistant secretary, and verified by one of the
16 officers signing the articles. The articles of dissolution shall set
17 out

18 (1) the name of the corporation;

19 (2) that the commissioner has filed a statement of intent to
20 dissolve the corporation, and the date on which the statement was filed;

21 (3) that all debts, obligations and liabilities of the cor-
22 poration have been paid and discharged or that adequate provision has
23 been made for payment;

24 (4) that the remaining property and assets of the corporation
25 have been distributed among its shareholders in accordance with their
26 respective rights and interests;

27 (5) that there are no suits pending against the corporation,
28 or that adequate provison has been made for the satisfaction of a judg-
29 ment, order or decree which may be entered against the corporation in a

1 pending suit.

2 Sec. 10.50.520. FILING OF ARTICLES OF DISSOLUTION. (a) Duplicate
3 originals of the articles of dissolution shall be delivered to the
4 commissioner. If the commissioner finds that the articles of dissolu-
5 tion conform to law, he shall, when all fees and franchise taxes pre-
6 scribed in this chapter have been paid,

7 (1) endorse on each duplicate original the word "filed" and
8 the date of the filing;

9 (2) file one duplicate original in his office;

10 (3) issue a certificate of dissolution and affix the other
11 duplicate original to it.

12 (b) The certificate of dissolution, together with the duplicate
13 original of the articles of dissolution affixed, shall be returned to
14 the representative of the dissolved corporation.

15 Sec. 10.50.525. EFFECT OF CERTIFICATE OF DISSOLUTION. Upon the
16 issuance of the certificate of dissolution the existence of the corpora-
17 tion ceases, except for the purpose of suits, other proceedings and
18 appropriate corporate action by shareholders, directors and officers as
19 provided in this chapter.

20 Sec. 10.50.530. INVOLUNTARY DISSOLUTION. (a) A corporation may
21 be dissolved involuntarily by the commissioner when

22 (1) the corporation is delinquent six months in filing its
23 annual report or in paying a license filing fee or penalty;

24 (2) the corporation has failed for 30 days to appoint and
25 maintain a registered agent in this state; or

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

29 (4) the corporation has failed for two years to complete

1 dissolution under a statement of intent to dissolve; or

2 (5) a vacancy in the board of directors of a corporation is
3 not filled within six months or the time of the next annual meeting,
4 whichever occurs first.

5 (b) A corporation may not be involuntarily dissolved unless the
6 commissioner has given the corporation at least 60 days notice of its
7 delinquency or omission by certified mail addressed to its registered
8 office or in care of one of its principal officers or directors, at the
9 last known address of the officer or director, as shown by the records
10 of the commissioner, and the corporation has failed to correct the
11 neglect, omission or delinquency before involuntary dissolution.

12 (c) When a corporation has given cause for involuntary dissolution
13 and has failed to correct the neglect, omission or delinquency as pro-
14 vided in this section, the commissioner shall dissolve the corporation
15 by issuing a certificate of involuntary dissolution containing a state-
16 ment that the corporation has been dissolved, the date, and the reason
17 for which it was dissolved. The original certificate of dissolution
18 shall be placed in the department files and a copy of it mailed to the
19 corporation at its registered office or in care of one of its principal
20 officers or directors, at the last known address of the officer or
21 director, as shown by the records of the commissioner. Upon the issu-
22 ance of the certificate of involuntary dissolution, the existence of the
23 corporation shall cease, except as otherwise provided in this section,
24 and its name shall be available to and may be adopted by another cor-
25 poration no less than six months after the dissolution.

26 (d) A corporation dissolved by the commissioner under the provi-
27 sions of this section may be reinstated by the commissioner at any time
28 within two years from the date of the certificate of involuntary disso-
29 lution whenever it is established to the satisfaction of the commis-

1 sioner that in fact there was no cause for the dissolution, or whenever
2 the neglect or delinquency resulting in dissolution has been corrected
3 and payment made of double the amount delinquent along with the amount
4 the corporation would have paid had it not been dissolved during the
5 two-year period. Reinstatement may not be authorized if the same or a
6 deceptively similar corporate, limited partnership, reserved or regis-
7 tered name is currently on file with the commissioner, unless the cor-
8 poration being reinstated contemporaneously amends its articles of incor-
9 poration to change its name to conform with the provisions of this
10 chapter.

11 (e) Nothing in this section relieves a corporation reinstated
12 under this section from penalty of forfeiture of its powers as a corpo-
13 ration in case of failure to pay subsequently accruing licenses and
14 taxes imposed by a law of this state.

15 (f) An action arising out of a contract assigned by a corporation
16 dissolved under this section may be brought in the name of the assignee.
17 The fact of assignment and of purchase by the plaintiff shall be set out
18 in the complaint or other process. The defendant may avail himself of
19 any matter of defense of which he might have availed himself in a suit
20 upon the claim by the corporation, had it not been dissolved under this
21 section.

22 (g) Service of process on a corporation dissolved under this
23 section shall be made in the same manner prescribed by law as if the
24 corporation had not been dissolved.

25 (h) In addition to any other remedies provided by law a corpora-
26 tion may be dissolved involuntarily by a decree of the superior court in
27 an action filed by the attorney general when it is established that

28 (1) the corporation procured its certificate of incorporation
29 through fraud; or

1 (2) the corporation has continued to exceed or abuse the
2 authority conferred upon it by law.

3 Sec. 10.50.535. VENUE AND PROCESS. (a) An action for the invol-
4 untary dissolution of a corporation shall be commenced by the attorney
5 general in the superior court.

6 (b) Summons shall issue and be served as in other civil actions.
7 If process is returned not found, the attorney general shall publish
8 notice as in other civil cases in a newspaper published in the judicial
9 district where the registered office of the corporation is situated,
10 containing a notice of the pendency of the action, the title of the
11 court, the title of the action, and the date on or after which default
12 may be entered. The attorney general may include in one notice the
13 names of any number of corporations against which actions are pending in
14 the same court.

15 (c) The attorney general shall have a copy of the notice mailed to
16 the corporation at its registered office within 10 days after the first
17 publication of it.

18 (d) Notice shall be published at least once each week for two
19 successive weeks, and the first publication may begin at any time after
20 the summons has been returned.

21 (e) Unless a corporation is served with summons, no default may be
22 taken against it earlier than 30 days after the first publication of the
23 notice.

24 Sec. 10.50.540. JURISDICTION OF COURT TO LIQUIDATE ASSETS AND
25 BUSINESS OF CORPORATION. The superior court may liquidate the assets
26 and business of a corporation in the cases provided in AS 10.50.545 -
27 10.50.560.

28 Sec. 10.50.545. ACTION BY SHAREHOLDER FOR LIQUIDATION. In an
29 action by a shareholder, the superior court may liquidate the assets and

1 business of a corporation when it is established

2 (1) that the directors are deadlocked in the management of
3 the corporate affairs and the shareholders are unable to break the
4 deadlock, and that irreparable injury to the corporation is being
5 suffered or is threatened by reason of the deadlock;

6 (2) that the acts of the directors or those in control of the
7 corporation are illegal, oppressive or fraudulent;

8 (3) that the shareholders are deadlocked in voting power, and
9 have failed, for a period which includes at least two consecutive annual
10 meeting dates, to elect successors to directors whose terms have expired
11 or would have expired upon the election of their successors; or

12 (4) that the corporate assets are being misapplied or wasted.

13 Sec. 10.50.550. ACTION BY CREDITOR FOR LIQUIDATION. In an action
14 by a creditor, the superior court may liquidate the assets and business
15 of a corporation when

16 (1) the claim of the creditor has been reduced to judgment
17 and an execution on the judgment has been returned unsatisfied and it is
18 established that the corporation is insolvent; or

19 (2) the corporation has admitted in writing that the claim of
20 the creditor is due and owing and it is established that the corpora-
21 tion is insolvent.

22 Sec. 10.50.555. LIQUIDATION ON APPLICATION BY CORPORATION. Upon
23 application by a corporation which has filed a statement of intent to
24 dissolve, as provided in this chapter, to have its liquidation continued
25 under the supervision of the court, the superior court may liquidate the
26 assets and business of the corporation.

27 Sec. 10.50.560. LIQUIDATION IN ACTION BY ATTORNEY GENERAL FOR
28 DISSOLUTION. When an action has been filed by the attorney general to
29 dissolve a corporation and it is established that liquidation of its

1 business and affairs should precede the entry of a decree of dissolu-
2 tion, the superior court may liquidate the assets and business of a
3 corporation.

4 Sec. 10.50.565. JOINDER OF SHAREHOLDERS NOT MANDATORY. It is not
5 necessary to make shareholders parties to an action or proceeding for
6 liquidation of the assets and business of a corporation unless relief is
7 sought against them personally.

8 Sec. 10.50.570. PROCEDURE IN LIQUIDATION OF CORPORATION BY COURT.
9 In a proceeding to liquidate the assets and business of a corporation,
10 the superior court may issue injunctions, appoint a receiver pendente
11 lite with powers and duties as the court may direct, and take other
12 proceedings necessary to preserve the corporate assets wherever situated
13 and carry on the business of the corporation until a full hearing is
14 had.

15 Sec. 10.50.575. APPOINTMENT OF RECEIVER. After a hearing held
16 upon such notice as the court may direct to be given to all parties to
17 the proceedings and to any other parties in interest designated by the
18 court, the court may appoint a liquidating receiver with authority to
19 collect the assets of the corporation, including amounts owing to the
20 corporation by shareholders on an unpaid portion of the consideration
21 for the issuance of shares. The liquidating receiver may, subject to
22 the order of the court, sell, convey and dispose of all or a part of the
23 assets of the corporation wherever situated, either at public or private
24 sale.

25 Sec. 10.50.580. DISPOSITION OF ASSETS OR PROCEEDS FROM SALE OF
26 ASSETS. The assets of the corporation or the proceeds from a sale,
27 conveyance or other disposition of assets shall be applied to the ex-
28 penses of liquidation and to the payment of the liabilities and obli-
29 gations of the corporation. Remaining assets or proceeds shall be

1 distributed among shareholders according to their respective rights and
2 interests.

3 Sec. 10.50.585. STATED POWERS AND DUTIES OF RECEIVER. The order
4 appointing the liquidating receiver shall state his powers and duties.
5 The powers and duties may be increased or diminished at any time during
6 the liquidation proceedings.

7 Sec. 10.50.590. COMPENSATION OF RECEIVER AND ATTORNEYS. The court
8 may allow from time to time as expenses of the liquidation compensation
9 to the receiver and to attorneys in the proceeding, and direct the
10 payment of compensation out of the assets of the corporation or the
11 proceeds of a sale or disposition of assets.

12 Sec. 10.50.595. POWER OF RECEIVER TO SUE AND BE SUED. A receiver
13 of a corporation appointed under AS 10.50.570 - 10.50.600 may sue and
14 defend in all courts in his own name as receiver of the corporation.

15 Sec. 10.50.600. APPOINTING COURT HAS EXCLUSIVE JURISDICTION. The
16 court appointing the receiver has exclusive jurisdiction of the corpora-
17 tion and its property, wherever situated.

18 Sec. 10.50.605. QUALIFICATIONS OF RECEIVERS. A receiver shall be
19 a citizen of the United States or a corporation authorized to act as
20 receiver, which corporation may be a domestic corporation or a foreign
21 corporation authorized to transact business in the state. A receiver
22 shall give the bond the court directs with sureties the court requires.

23 Sec. 10.50.610. FILING OF CLAIMS IN LIQUIDATION PROCEEDINGS. (a)
24 In a proceeding to liquidate the assets and business of a corporation,
25 the court may require creditors of the corporation to file with the
26 clerk of the court or with the receiver, in the form the court pre-
27 scribes, proof under oath of their respective claims.

28 (b) If the court requires the filing of claims, it shall fix a
29 date, not less than four months from the date of the order, as the last

1 day for the filing of claims, and shall prescribe the notice to be given
2 to creditors and claimants of the date fixed. Before the date fixed,
3 the court may extend the time for the filing of claims.

4 (c) A creditor who fails to file proof of his claim on or before
5 the date fixed may be barred by order of the court from participating in
6 the distribution of the assets of the corporation.

7 Sec. 10.50.615. DISCONTINUANCE OF LIQUIDATION PROCEEDINGS. The
8 liquidation of the assets and business of a corporation may be discon-
9 tinued at any time during the liquidation proceeding when it is estab-
10 lished that cause for liquidation no longer exists. In this event, the
11 court shall dismiss the proceeding and direct the receiver to redeliver
12 to the corporation its remaining property and assets.

13 Sec. 10.50.620. DECREE OF INVOLUNTARY DISSOLUTION. In a pro-
14 ceeding to liquidate the assets and business of a corporation, when the
15 costs and expenses of the proceeding and the debts, obligations and
16 liabilities of the corporation have been paid and discharged and the
17 remaining property and assets are not sufficient to satisfy and dis-
18 charge the costs, expenses, debts and obligations, and all the property
19 and assets have been applied to their payment, the court shall enter a
20 decree dissolving the corporation.

21 ARTICLE 7. GENERAL PROVISIONS.

22 Sec. 10.50.625. AS 10.05 INCORPORATED BY REFERENCE. The provi-
23 sions of AS 10.05.699 - 10.05.819 apply to a corporation organized under
24 this chapter and are incorporated by reference as a part of this chapter,
25 except when inconsistent with this chapter.

26 Sec. 10.50.630. FALSE STATEMENTS AFFECTING VALUE OF SHARES. A
27 director, officer or agent of a corporation who knowingly concurs in
28 making, publishing or posting either generally or privately to the
29 shareholders or other persons (1) a written report, exhibit, statement

1 of its affairs or pecuniary condition or notice containing any material
2 statement which is false, or (2) an untrue or wilfully or fraudulently
3 exaggerated report, prospectus, account, statement of operations, values,
4 business, profits, expenditures or prospects, or (3) any other paper or
5 document intended to produce or give, or having a tendency to produce or
6 give, the shares of stock in the corporation a greater value or a less
7 apparent or market value than they really possess, or who refuses to
8 make any book entry or post any notice required by law in the manner
9 required by law, upon conviction, is guilty of a misdemeanor.

10 Sec. 10.50.635. DIRECTOR MAKING UNLAWFUL DIVIDEND OR DISTRIBUTION
11 OF ASSETS. A director of a corporation who concurs in any vote or act
12 of the directors of the corporation to knowingly and with dishonest or
13 fraudulent purpose make a dividend or distribution of assets either with
14 the design of defrauding creditors or shareholders or of giving a false
15 appearance to the value of the stock and thereby defrauding subscribers
16 or purchasers, upon conviction, is guilty of a misdemeanor.

17 Sec. 10.50.640. RESERVATION OF POWER. The legislature reserves
18 the power to make amendments to this chapter to apply to all existing
19 and future corporations organized under this chapter. An amendment to
20 this chapter may not alter or impair the power of a corporation to
21 fulfill the terms of a contractual agreement or impair the rights of a
22 person with whom a corporation has entered into a contractual agreement.

23 Sec. 10.50.645. DEFINITIONS. In this chapter,

24 (1) "articles of incorporation" means the original or re-
25 stated articles of incorporation and all amendments;

26 (2) "authorized shares" means the shares which the corpora-
27 tion may issue;

28 (3) "certificate" means any evidences of ownership of shares
29 of a corporation;

1 (4) "chartering legislation" means the Act of the legislature
2 or an initiative approved by the voters that creates a general stock
3 ownership corporation;

4 (5) "commissiioner" means the commissioner of commerce and
5 economic development;

6 (6) "corporation" means a general stock ownership corpora-
7 tion;

8 (7) "department" means the Department of Commerce and Econo-
9 mic Development;

10 (8) "franchise tax" means the annual corporation tax imposed
11 under Alaska law on corporations (AS 10.05.717);

12 (9) "insolvent" means inability of a corporation to pay its
13 debts as they become due in the usual course of its business;

14 (10) "net assets" means the amount by which the total assets
15 of a corporation, excluding treasury shares, exceed the total debts of
16 the corporation;

17 (11) "resident" means an individual who maintains a permanent
18 place of abode in the state with the intention of making the state his
19 permanent place of residence and who resides in the state continuously
20 except for temporary purposes only and with the intent of returning; a
21 person may not be considered to have gained a residence solely by reason
22 of his presence and he may not lose it solely by reason of his absence
23 while in the civil or military service of this state or of the United
24 States or by reason of his absence because of marriage to a person
25 engaged in the civil or military service of this state or the United
26 States; a person may not be considered to lose his residence while a
27 student at an educational institution, while in an institution at public
28 expense, while confined in prison, while engaged in the navigation of
29 waters of this state, of the United States, or of the high seas, or

1 while residing upon an Indian or military reservation; a minor takes the
2 residence of his parent or of his legal guardian; a married woman may
3 establish her own residence and does not presumptively take the resi-
4 dence of her husband;

5 (12) "shareholder" means one who is a holder of record of a
6 share in a corporation;

7 (13) "shares" means the units into which the proprietary
8 interest in a corporation is divided;

9 (14) "subscriber" means one who subscribes for a share in a
10 corporation before or after incorporation;

11 (15) "treasury shares" means shares which have been issued,
12 have been subsequently acquired by and belong to the corporation, and
13 have not either by reason of the acquisition or thereafter, been can-
14 celled or restored to the status of authorized but unissued shares;
15 treasury shares are "issued" shares, but not "outstanding" shares.

16 Sec. 10.50.650. SHORT TITLE. This chapter may be cited as the
17 Alaska General Stock Ownership Corporation Act.

18 * Sec. 2. AS 37.10.070(a)(6) is amended to read:

19 (6) other securities, including [CORPORATE] securities of
20 corporations other than general stock ownership corporations;

21 * Sec. 3. AS 45.55.130 is amended by adding a new subsection to read:

22 (b) A copy of all annual reports, ballots, consent authorizations
23 and other materials relating to the shareholder ballots, published or
24 made available by any person to the shareholders of a general stock
25 ownership corporation, shall be filed with the administrator concu-
26 rrently with its distribution to the shareholders. The administrator
27 shall have authority to review all documents submitted and make regula-
28 tions regarding content of shareholder materials to insure fairness,
29 completeness, and nondiscrimination.

1 * Sec. 4. (a) The Alaska General Stock Ownership Corporation shall be
2 created in accordance with this section. This section constitutes the char-
3 tering legislation for the Alaska General Stock Ownership Corporation as the
4 term is defined in AS 10.50.645(4).

5 (b) The governor, the speaker of the house of representatives, and the
6 president of the senate, shall each appoint one person to act as incorpora-
7 tors of the Alaska General Stock Ownership Corporation which shall be formed
8 in accordance with subchapter U, chapter 1, of the Internal Revenue Code of
9 1954, as amended (26 U.S.C. secs. 1391 - 1397) and AS 10.50. The incorpora-
10 tors shall select nine persons to act as the initial board of directors of
11 the corporation and shall submit their names to the governor, to the speaker
12 of the house of representatives, and to the president of the senate. A
13 majority of the governor, the speaker of the house of representatives, and
14 the president of the senate may disapprove a candidate for the initial board
15 of directors within 15 days of receipt of the incorporators' nominations.

16 (c) The articles of incorporation of the Alaska General Stock Ownership
17 Corporation shall provide that all shareholders of the corporation shall be
18 residents of the state as defined in AS 10.50.645(11), and that if a share-
19 holder ceases to be a resident of the state or his shares pass by operation
20 of law to a nonresident,

21 (1) within five years of the date of issuance of his shares the
22 corporation shall purchase the shares at book value;

23 (2) more than five years after the date of issuance of his shares
24 the shareholder or his executor, administrator or guardian shall have the
25 right to sell the shares to the corporation at book value.

26 (d) There is a special fund of the state known as the "Alaska General
27 Stock Ownership Corporation loan guarantee fund", which may not exceed
28 \$5,000,000, which shall be completely segregated from all other funds of the
29 state, and which shall be used by the commissioner of revenue to guarantee

1 loans made to the Alaska General Stock Ownership Corporation by lenders other
2 than the state solely for initial costs of the corporation and not for the
3 acquisition by the corporation of major investments. In guaranteeing a loan,
4 the commissioner of revenue shall review the loan for the purposes of ascer-
5 taining the general soundness of the proposed loan and guarding against fraud
6 and misrepresentation. The guarantee of a loan may not be for an amount in
7 excess of the unobligated balance of the fund at the time the guarantee is
8 made.

9 * Sec. 5. In sec. 1 of this Act, AS 10.50.300 has the effect of changing
10 Rule 23.1, Rules of Civil Procedure, with respect to shareholder derivative
11 suits brought by the shareholders of a general stock ownership corporation.
12 The changes

13 (1) make provision for notification of shareholders in the event
14 of dismissal or settlement of the suit;

15 (2) require that the plaintiff account to the corporation for
16 proceeds received by him if the suit is successful; and

17 (3) provide that the court may require the plaintiff to furnish
18 security for the suit.

19 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
20 070(c).

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R O U G H D R A F T

Original sponsors: Duncan, Cotten
Hurlbert, et al

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 240

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to general stock ownership corpora-
7 tions and creating the Alaska General Stock Ownership
8 Corporation; changing Rule 23.1, Rules of Civil
9 Procedure; and providing for an effective date."

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

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

12 CHAPTER 50. GENERAL STOCK OWNERSHIP CORPORATIONS.

13 ARTICLE 1. SUBSTANTIVE PROVISIONS.

14 Sec. 10.50.005. PURPOSES. A general stock ownership corporation
15 may be organized under this chapter for any lawful purpose unless other-
16 wise provided by the enabling legislation of a corporation.

17 Sec. 10.50.010. GENERAL STOCK OWNERSHIP CORPORATIONS. (a) A
18 corporation under this chapter is a general stock ownership corporation
19 and shall be formed in accordance with subchapter U, chapter 1 of the
20 Internal Revenue Code of 1954, as amended (26 U.S.C. secs. 1391 - 1397),
21 and with AS 10.05. A corporation is subject to the provisions of this
22 chapter and 26 U.S.C. sec. 1391(a).

23 (b) A corporation is not an agency, instrumentality, or political
24 subdivision of the state for any purpose.

25 Sec. 10.50.015. GENERAL POWERS. A corporation may

26 (1) have perpetual succession by its corporate name unless a
27 limited period of duration is stated in its articles of incorporation;

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

29 (3) adopt a corporate seal and alter it, and use it by having

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1 it or a facsimile of it impressed, affixed or reproduced;

2 (4) buy, take, receive, lease, or otherwise acquire, own,
3 hold, improve, use and otherwise deal in, real or personal property or
4 any interest in property, wherever situated except property acquired by
5 it, or for its benefit, through the right of eminent domain;

6 (5) sell, convey, mortgage, pledge, lease, exchange, transfer
7 and otherwise dispose of all or any part of its property and assets;

8 (6) lend money to its employees other than its officers and
9 directors, and otherwise assist its employees, officers and directors;

10 (7) buy, take, receive, subscribe for, or otherwise acquire,
11 own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise
12 dispose of, and otherwise use and deal in shares or other interests in,
13 or obligations of, other domestic or foreign corporations, associations,
14 partnerships or individuals, or direct or indirect obligations of the
15 United States or of any other government, state, territory, governmental
16 district or municipality or of any instrumentality of them;

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

21 (9) lend money for its corporate purposes, invest and rein-
22 vest its funds, and take and hold real and personal property as security
23 for the payment of funds loaned or invested;

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

27 (11) elect or appoint officers and agents of the corporation,
28 define their duties, and fix their compensation;

29 (12) make and alter bylaws not inconsistent with its articles

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9.10

1 of incorporation or with the laws of the state, for the administration
2 and regulation of the affairs of the corporation;

3 (13) donate for the public welfare or for charitable,
4 scientific or educational purposes, and in time of war donate in aid of
5 war activities;

6 (14) transact lawful business in time of war in aid of the
7 United State in the prosecution of the war;

8 (15) pay pensions and establish pension plans, pension trusts,
9 profit-sharing plans, and other incentive plans for its directors,
10 officers and employees;

11 (16) cease its corporate activities and surrender its corporate
12 franchise;

13 (17) have and exercise the powers of a limited or general
14 partner or a joint adventurer in association with one or more persons,
15 corporations, partnerships or associations;

16 (18) have and exercise lawful powers necessary to carry out
17 the purposes for which the corporation is organized.

18 Sec. 10.50.020. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES
19 AND AGENTS; INSURANCE. (a) A corporation may indemnify a person who
20 was or is a party or is threatened to be made a party to a threatened,
21 pending or completed action or proceeding, whether civil, criminal,
22 administrative or investigative, other than an action by or in the right
23 of the corporation, by reason of the fact that he is or was a director,
24 officer, employee or agent of the corporation, or is or was serving at
25 the request of the corporation as a director, officer, employee or agent
26 of another corporation, partnership, joint venture, trust or other
27 enterprise, against expenses including attorney fees, judgments, fines
28 and amounts paid in settlement actually and reasonably incurred by him
29 in connection with the action or proceeding if he acted in good faith

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

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

29 (c) To the extent that a director, officer, employee or agent of a

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1 corporation has been successful on the merits or otherwise in defense of
2 an action or proceeding referred to in (a) or (b) of this section, or in
3 defense of any claim, issue or matter in the action or proceeding, he
4 shall be indemnified against expenses, including attorney fees, actually
5 and reasonably incurred by him in connection with it.

6 (d) Indemnification under (a) or (b) of this section, unless
7 ordered by a court, shall be made by the corporation only as authorized
8 in the specific case, upon a determination that indemnification of the
9 director, officer, employee or agent is proper in the circumstances
10 because he has met the applicable standard of conduct set out in (a) and
11 (b) of this section. This determination shall be made

12 (1) by the board of directors by a majority vote of a quorum
13 consisting of directors who were not parties to the action or pro-
14 ceeding, or

15 (2) if such a quorum is not obtainable, or, even if obtain-
16 able a quorum of disinterested directors so directs, by independent
17 legal counsel in a written opinion, or

18 (3) by the stockholders.

19 (e) Expenses incurred in defending a civil or criminal action or
20 proceeding may be paid by the corporation in advance of the final dis-
21 position of the action or proceeding as authorized by the board of
22 directors in the specific case upon receipt of an undertaking by or on
23 behalf of the director, officer, employee or agent to repay the amount
24 unless it is ultimately determined that he is entitled to be indemini-
25 fied by the corporation as authorized in this section.

26 (f) The indemnification provided by this section is not exclusive
27 of any other rights to which a person seeking indemnification may be
28 entitled under any bylaw, agreement, vote of stockholders or dis-
29 interested directors or otherwise, both as to action in his official

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1 capacity and as to action in another capacity while holding the office,
2 and continues as to a person who has ceased to be a director, officer,
3 employee or agent, and inures to the benefit of the heirs, executors and
4 administrators of that person.

5 (g) A corporation may purchase and maintain insurance on behalf of
6 a person who is or was a director, officer, employee or agent of the
7 corporation, or is or was serving at the request of the corporation as a
8 director, officer, employee or agent of another corporation, partner-
9 ship, joint venture, trust or other enterprise against any liability
10 asserted against him and incurred by him in such a capacity, or arising
11 out of his status as such, whether or not the corporation would have the
12 power to indemnify him against the liability under the provisions of
13 this section.

14 Sec. 10.50.030. DEFENSE OF ULTRA VIRES. No act of a corporation
15 and no conveyance or transfer of real or personal property to or by a
16 corporation is invalid because the corporation did not have capacity or
17 power to perform the act or to convey or receive the property. But this
18 lack of capacity or power may be asserted as follows.

19 (1) The assertion may be made in a proceeding by a share-
20 holder against the corporation to enjoin the performance of any act or
21 the transfer of real or personal property by or to the corporation. If
22 the unauthorized act or transfer sought to be enjoined is being or to be
23 performed or made under a contract to which the corporation is a party,
24 the court may, if the parties to the contract are parties to the pro-
25 ceeding and if it considers it equitable, set aside and enjoin the
26 performance of the contract, and in so doing may allow compensation to
27 the corporation or to the other parties to the contract for the loss or
28 damage sustained by either of them resulting from the action of the
29 court in setting aside and enjoining the performance of the contract.

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1 The court may not award anticipated profits to be derived from the
2 performance of the contract as a loss or damage sustained.

3 (2) The assertion may be made in a proceeding by the corpora-
4 tion, whether acting directly or through a receiver, trustee, or other
5 legal representative, or through shareholders in a representative suit,
6 against the incumbent or former officers or directors of the corpora-
7 tion.

8 (3) The assertion may be made in a proceeding by the attorney
9 general to dissolve the corporation, or to enjoin the corporation from
10 the transaction of unauthorized business.

11 Sec. 10.50.035. CORPORATE NAME. The corporate name shall contain
12 the words "general stock ownership corporation" or an abbreviation of
13 these words. It may not contain a word or phrase which indicates or
14 implies that it is organized for a purpose other than the purpose con-
15 tained in the articles of incorporation. It may not be the same as, or
16 deceptively similar to, the name of a domestic corporation existing
17 under the laws of the state or a foreign corporation authorized to
18 transact business in the state, or a name which has been reserved or
19 registered as provided in this chapter.

20 Sec. 10.50.040. RESERVATION OF CORPORATE NAME. (a) The exclusive
21 right to the use of a corporate name may be reserved by

22 (1) a person intending to organize a corporation under this
23 chapter;

24 (2) a domestic corporation intending to change its name.

25 (b) Reservation of a corporate name is made by filing an applica-
26 tion with the commissioner. If the commissioner finds that the name is
27 available for corporate use, and not a reserved or registered business
28 name as set out in AS 10.35.010 - 10.35.090, he shall reserve it for the
29 exclusive use of the applicant for a period of two years. A reservation

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1 of corporate name may be renewed for one year.

2 (c) The holder of a reserved corporate name may transfer the right
3 to the exclusive use of the corporate name to another person by filing a
4 notice of transfer with the commissioner, signed by him and specifying
5 the name and address of the transferee.

6 Sec. 10.50.045. FOREIGN GENERAL STOCK OWNERSHIP CORPORATIONS.
7 Corporations organized under the laws of another state shall be governed
8 according to AS 10.05.

9 Sec. 10.50.050. REGISTERED OFFICE AND REGISTERED AGENT. A corpor-
10 ation shall continuously maintain in the state a registered office which
11 may be, but need not be, the same as its place of business, and a
12 registered agent. The registered agent may be either an individual
13 resident of the state whose business office is the same as the
14 registered office, or a domestic corporation whose business office is
15 the same as the registered office.

16 Sec. 10.50.055. FILING LIST OF REGISTERED CORPORATIONS WITH
17 SUPERIOR COURT. The commissioner shall file a list of the name of each
18 corporation, the address of the registered office, and the name and
19 address of the registered agent with each clerk of the superior court.
20 The commissioner shall provide a periodic supplement to the list
21 indicating additions, deletions and changes at least once every six
22 months. The commissioner shall make the list available to the public
23 for a fee prescribed by him.

24 Sec. 10.50.060. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A
25 corporation may change its registered office, agent, or both, by filing
26 with the department a verified statement signed by the president or
27 vice-president setting out

- 28 (1) the name of the corporation;
29 (2) the address of its registered office;

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1 (3) the address of its new registered office if the regis-
2 tered office is to be changed;

3 (4) the name of its registered agent;

4 (5) the name of its new registered agent, if its registered
5 agent is to be changed;

6 (6) that the change is authorized by resolution of its board
7 of directors.

8 (b) If the commissioner finds that the verified statement complies
9 with this chapter, he shall file it in his office. The change becomes
10 effective when the statement is filed.

11 Sec. 10.50.065. REGISTRATION OF REGISTERED AGENT. (a) If the
12 registered agent of a corporation changes the location of his office
13 from one address to another within a city or town, or from one city or
14 town in the state to another, he may change the registered office for
15 each corporation for whom he is acting as registered agent by filing in
16 the office of the commissioner a statement setting out

17 (1) the name of the agent;

18 (2) the address of his office before change;

19 (3) the address to which the office is changed; and

20 (4) a list of corporations for whom he is furnishing a regis-
21 tered office.

22 (b) The statement in (a) of this section must be executed by the
23 registered agent in his individual name and, if the agent is a corpora-
24 tion it must be executed by its president or a vic -president and
25 verified by him. The statement must be delivered to the commissioner
26 and if he finds that the statement complies with this chapter, he shall
27 file it in his office. The change becomes effective when the statement
28 is filed.

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

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1 executed in duplicate, with the commissioner. The written notice of
2 resignation shall set out the latest address of the principal office of
3 the corporation and the names, addresses and titles of the most recent
4 officers of the corporation known by the agent. The commissioner shall
5 immediately mail a copy of the notice to the corporation at its princi-
6 pal office. The appointment of the agent terminates 30 days after
7 receipt of the notice by the commissioner.

8 Sec. 10.50.070. SERVICE OF PROCESS ON CORPORATION. (a) The
9 registered agent of a corporation is an agent upon whom process, notice
10 or demand required or permitted by law to be served upon the corporation
11 may be served.

12 (b) When a corporation fails to appoint or maintain a registered
13 agent in the state, or when its registered agent cannot, with reasonable
14 diligence, be found at the registered office, the commissioner is an
15 agent of the corporation upon whom the process, notice, or demand may be
16 served. Service is made upon the commissioner as agent by leaving with
17 him, or with a clerk having charge of the corporation department of his
18 office, duplicate copies of the process, notice or demand. When
19 process, notice or demand is served on the commissioner, he shall
20 immediately forward a copy of it by registered mail to the corporation
21 at its registered office. Service on the commissioner is returnable in
22 not less than 30 days.

23 (c) The commissioner shall keep a record of processes, notices and
24 demands served upon him showing the time of service and his action with
25 reference to the service. This chapter does not limit or affect the
26 right to serve process, notice or demand required or permitted by law to
27 be served upon a corporation in any other manner permitted by law.

28 Sec. 10.50.075. CREATION AND ISSUANCE OF SHARES. A corporation
29 may create and issue the number of shares stated in its articles of

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1 incorporation. The shares shall be without par value.

2 Sec. 10.50.080. CONSIDERATION FOR SHARES. (a) Shares may be
3 issued without consideration or for consideration fixed before the
4 issuance by the shareholders. Consideration for shares shall be fixed
5 by a vote of a majority of the shares voting on the issue.

6 (c) Treasury shares may be disposed of by the corporation for
7 consideration not more than the book value of the shares.

8 Sec. 10.50.085. PAYMENT FOR SHARES. (a) Consideration for the
9 issuance of shares if required may be paid, in whole or in part, in
10 money, in other property, tangible or intangible, or in labor or
11 services actually performed for the corporation. When payment of the
12 consideration for shares is received by the corporation, the shares are
13 considered fully paid and nonassessable.

14 (b) A promissory note or future service does not constitute pay-
15 ment or part payment for shares of a corporation.

16 Sec. 10.50.090. JUDGMENT OF BOARD OR SHAREHOLDER AS TO VALUE OF
17 CONSIDERATION CONCLUSIVE. In the absence of fraud in the transaction,
18 the judgment of the board of directors or the shareholders as to the
19 value of the consideration received for shares is conclusive.

20 Sec. 10.50.095. EXPENSES OF ORGANIZATION, REORGANIZATION AND
21 FINANCING. The reasonable charges and expenses of organization or
22 reorganization of a corporation, and the reasonable expenses of and
23 compensation for the sale or underwriting of its shares, may be paid or
24 allowed by the corporation out of the consideration received by it in
25 payment for its shares without rendering the shares not fully paid and
26 nonassessable.

27 Sec. 10.50.100. CERTIFICATES REPRESENTING SHARES. The shares of a
28 corporation shall be represented by certificates or other nonnegotiable
29 evidences of ownership signed by the president or vice-president and the

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1 secretary or an assistant secretary of the corporation, and may be
2 sealed with the seal of the corporation or a facsimile of the seal. The
3 signatures of the president or vice-president and the secretary or
4 assistant secretary on a certificate may be facsimiles if the certifi-
5 cate is countersigned by a transfer agent, or registered by a registrar,
6 other than the corporation itself or an employee of the corporation. If
7 an officer who has signed or whose facsimile signature has been placed
8 on a certificate ceases to be an officer before the certificate is
9 issued, it may be issued by the corporation with the same effect as if
10 he were an officer at the date of its issue.

11 Sec. 10.50.105. INFORMATION REQUIRED TO BE STATED ON CERTIFICATE.

12 (a) Every certificate or other evidence of ownership representing
13 shares issued by a corporation authorized to issue shares of more than
14 one class shall set out on the face or back of the certificate, or state
15 that the corporation will furnish to a shareholder upon request and
16 without charge, a full or summary statement of the designations, prefer-
17 ences, limitations, and relative rights of the shares of each class
18 authorized to be issued and, if the corporation is authorized to issue
19 preferred or special class in series, the variations in the relative
20 rights and preferences between the shares of each series so far as they
21 have been fixed and determined and the authority of the board of
22 directors to fix and determine the relative rights and preferences of
23 subsequent series.

24 (b) Each certificate representing shares shall state on the face

25 (1) that the corporation is organized under the law of the
26 state;

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

28 (3) the number and class of shares, and the designation of
29 the series, if any, which the certificate represents;

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1 (4) the par value of each share represented by the certifi-
2 cate, or a statement that the shares are without par value.

3 Sec. 10.50.110. FULL PAYMENT REQUIRED FOR CERTIFICATE. A certi-
4 ficate may not be issued for a share until the share is fully paid if
5 consideration is required.

6 Sec. 10.50.115. ISSUANCE OF FRACTIONAL SHARES. (a) A corporation
7 may issue a certificate or other nonnegotiable evidence of ownership for
8 a fractional share.

9 (b) A certificate or other evidence of ownership for a fractional
10 share entitles the holder to exercise voting rights, to receive divi-
11 dends, and to participate in the assets of the corporation in the event
12 of liquidation.

13 Sec. 10.50.120. LIABILITY OF SUBSCRIBERS AND SHAREHOLDERS. (a) A
14 holder of or subscriber to shares of a corporation is under no obliga-
15 tion to the corporation or its creditors with respect to the shares
16 other than the obligation to pay to the corporation the full considera-
17 tion for which the shares were issued or to be issued.

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

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 as a holder of or subscriber to shares of a
25 corporation but the estate and funds held by him are liable.

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

28 Sec. 10.50.125. BYLAWS. The board of directors shall adopt the
29 initial bylaws of a corporation in accordance with AS 10.50.330. The

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1 power to alter, amend or repeal the bylaws or to adopt new bylaws is
2 vested in the shareholders. The bylaws may contain provisions for the
3 regulation and management of the affairs of the corporation not incon-
4 sistent with law or the articles of incorporation.

5 Sec. 10.50.130. MEETINGS OF SHAREHOLDERS. (a) Meetings of share-
6 holders may be held in a community or locality in the state, as may be
7 provided in the bylaws. The board of directors shall designate the
8 place of the meeting.

9 (b) An annual meeting of the shareholders shall be held at the
10 time provided in the bylaws. Failure to hold the annual meeting at the
11 designated time does not work a forfeiture or dissolution of the corpor-
12 ation.

13 (c) Special meetings of the shareholders may be called by the
14 president, the board of directors, the holders of not less than 500
15 shares, or the other officers or persons provided in the articles of
16 incorporation or the bylaws.

17 Sec. 10.50.135. NOTICE OF SHAREHOLDERS' MEETINGS. Written or
18 printed notice stating the place, day and hour of the meeting and, in
19 case of a special meeting, the purpose for which the meeting is called,
20 shall be delivered not less than 60 nor more than 90 days before the
21 date of the meeting, either personally or by mail, by or at the
22 direction of the president, the secretary, or the officer or persons
23 calling the meeting, to each shareholder of record entitled to vote at
24 the meeting. If mailed, the notice is considered delivered when
25 deposited in the United States mail addressed to the shareholder at his
26 address as it appears on the stock transfer books of the corporation,
27 with postage prepaid.

28 Sec. 10.50.140. CLOSING OF TRANSFER BOOKS AND FIXING RECORD DATE.
29 (a) To determine the shareholders entitled to notice of or to vote at a

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1 meeting of shareholders or an adjournment of a meeting, or entitled to
2 receive payment of a dividend, or in order to make a determination of
3 shareholders for any other proper purpose, the board of directors of a
4 corporation may provide that the stock transfer books shall be closed
5 for a stated period not exceeding 90 days. If the stock transfer books
6 are closed to determine shareholders entitled to notice of or to vote at
7 a meeting of shareholders, they shall be closed for at least 60 days
8 immediately preceding the meeting.

9 (b) Instead of closing the stock transfer books, the bylaws, or in
10 the absence of an applicable bylaw the board of directors, may fix in
11 advance a date as the record date for the determination of shareholders.
12 This record date shall be not more than 90 days and, in case of a
13 meeting of shareholders, not less than 60 days before the date on which
14 the particular action requiring the determination of shareholders is to
15 be taken. If the stock transfer books are not closed and no record date
16 is fixed for the determination of shareholders entitled to notice of or
17 to vote at a meeting of shareholders, or shareholders entitled to
18 receive payment of a dividend, the date on which notice of the meeting
19 is mailed or the date on which the resolution of the board of directors
20 declaring the dividend is adopted is, as the case may be, the record
21 date for the determination of shareholders. When a determination of
22 shareholders entitled to vote at a meeting of shareholders is made, the
23 determination applies to an adjournment of the meeting except when the
24 determination has been made through the closing of the stock transfer
25 books and the stated period of closing has expired.

26 Sec. 10.50.145. VOTING LIST. (a) At least 60 days before each
27 meeting of shareholders, the officer or agent having charge of the stock
28 transfer books for shares of a corporation shall make a list of the
29 shareholders entitled to vote at the meeting or an adjournment of the

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1 meeting, arranged in alphabetical order, with the address of and the
2 number of shares held by each. The list shall be kept on file at the
3 registered office of the corporation and is subject to inspection by a
4 shareholder at any time during usual business hours for a period of 60
5 days before the meeting. The list shall also be produced and kept open
6 at the time and place of the meeting and shall be subject to the
7 inspection of a shareholder during the meeting. The original stock
8 transfer books are prima facie evidence as to who are the shareholders
9 entitled to examine the list or transfer books or to vote at a meeting
10 of shareholders.

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

13 Sec. 10.50.150. QUORUM OF SHAREHOLDERS. One-third of the shares
14 entitled to vote, represented in person or by ballots, constitutes a
15 quorum at a meeting of shareholders. Each outstanding share is entitled
16 to one vote on each matter submitted to a vote at a meeting of share-
17 holders. If a quorum is present, the affirmative vote of the majority
18 of the shares represented at the meeting and entitled to vote on the
19 subject matter is the act of the shareholders, unless the vote of a
20 great number is required by this chapter or the articles of incorpora-
21 tion or the bylaws.

22 Sec. 10.50.155. PROXY VOTING PROHIBITED. A shareholder may not
23 vote by proxy.

24 Sec. 10.50.160. VOTING FOR DIRECTORS. At an election for
25 directors every shareholder entitled to vote may vote, in person or by
26 ballot, the number of shares owned by him for as many persons as there
27 are directors to be elected and for whose election he has a right to
28 vote. Shareholders may not cumulate their votes.

29 Sec. 10.50.165. VOTING OF SHARES IN THE NAME OF ANOTHER. (a)

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1 Shares held by an administrator, executor, guardian or conservator may
2 be voted by him, either in person or by ballot, without a transfer of
3 the shares into his name.

4 (b) Shares standing in the name of a receiver may be voted by him,
5 and shares held by or under the control of a receiver may be voted by
6 him without the transfer of the shares into his name if authority to do
7 so is contained in an appropriate order of the court by which the
8 receiver was appointed.

9 Sec. 10.50.170. VOTING OF PLEDGED SHARES. A shareholder whose
10 shares are pledged may vote the shares until they have been transferred
11 into the name of the pledgee, and thereafter the pledgee may vote the
12 shares so transferred.

13 Sec. 10.50.175. CORPORATION BALLOT. (a) The corporation shall
14 prepare one ballot for each meeting of the shareholders. The ballot
15 shall be mailed to the shareholders with the notice of meeting. Candi-
16 dates for the board of directors and proposals for shareholder consider-
17 ation shall be included in the ballot as provided in this section.

18 (b) A candidate for director shall be nominated by

19 (1) a resolution adopted by the board of directors; or

20 (2) a petition signed by at least 100 shareholders and filed
21 with the secretary of the corporation at least 120 days before the
22 meeting at which the election is to be held.

23 (c) A proposal for amendment of the bylaws or other proper
24 corporate purpose shall be included on the ballot if authorized by

25 (1) a resolution adopted by the board of directors setting out
26 the proposal and directing that it be submitted to a vote at the meeting
27 of shareholders; or

28 (2) a petition, setting out the proposal and directing that
29 it be submitted to a vote at the next meeting of shareholders, signed by

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1 at least 100 shareholders and filed with the secretary of the corpora-
2 tion at least 120 days before the next meeting of shareholders, except
3 that the directors may not propose to amend any proposal proposed and
4 approved by the shareholders for a period of one year after the meeting
5 at which the proposal was approved.

6 (d) A written or printed notice setting out the candidates' quali-
7 fications for office or the proposals to be put to a vote of the share-
8 holders and any materials in opposition to the proposals shall be given
9 to each shareholder of record entitled to vote within the time and in
10 the manner provided in this chapter for the giving of notice of meetings
11 of shareholders.

12 Sec. 10.50.180. BOARD OF DIRECTORS. The business and affairs of a
13 corporation shall be managed by a board of directors. At least three-
14 quarters of the board of directors must be residents of the state. The
15 articles of incorporation or bylaws may prescribe other qualifications
16 for directors. The compensation of directors shall be fixed by the
17 bylaws.

18 Sec. 10.50.185. NUMBER OF DIRECTORS. (a) The number of directors
19 of a corporation shall be at least three. The number of directors shall
20 be fixed by the bylaws, except that the number constituting the initial
21 board of directors shall be fixed by the enabling legislation.

22 (b) The number of directors may be increased or decreased from
23 time to time by amendment to the bylaws, but no decrease may have the
24 effect of shortening the term of an incumbent director.

25 (c) In the absence of a bylaw fixing the number of directors, the
26 number shall be the same as that stated in the enabling legislation.

27 (d) The board of directors shall be divided into two classes, each
28 class to be as nearly equal in number as possible, with the term of
29 office of directors of the first class to expire at the first annual

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1 meeting of shareholders after their election, that of the second class
2 to expire at the second annual meeting after their election. At each
3 annual meeting after the classification the number of directors equal to
4 the number of the class whose term expires at the time of the meeting
5 shall be elected to hold office until the second succeeding annual
6 meeting if there are two classes. No classification of directors is
7 effective prior to the first annual meeting of shareholders.

8 Sec. 10.50.190. ELECTION OF DIRECTORS. At the first annual
9 meeting of shareholders and at each annual meeting thereafter the share-
10 holders shall elect directors to hold office until the next annual
11 meeting, except in case of the classification of directors as permitted
12 by this chapter. Each director holds office for the term for which he
13 is elected and until his successor is elected and qualified.

14 Sec. 10.50.195. VACANCIES. A vacancy occurring in the board of
15 directors may be filled by the affirmative vote of a majority of the
16 remaining directors though the majority is less than a quorum of the
17 board. *until the Annual Meeting*
18 unexpired term of his predecessor in office. A directorship ~~to be~~
19 filled by reason of an increase in the number of directors shall be
20 filled by election at an annual meeting or at a special meeting of
21 shareholders called for that purpose. In no case may a vacancy continue
22 for longer than six months or until the next annual meeting, whichever
23 occurs first.

24 Sec. 10.50.200. QUORUM OF DIRECTORS. A majority of the number of
25 directors fixed by the bylaws, or in the absence of a bylaw fixing the
26 number of directors, then of the number stated in the articles of
27 incorporation, constitutes a quorum for the transaction of business
28 unless a greater number is required by the articles of incorporation or
29 the bylaws. The act of the majority of the directors present at a

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1 meeting at which a quorum is present is the act of the board of
2 directors, unless the act of a greater number is required by the
3 articles of incorporation or the bylaws.

4 Sec. 10.50.205. PLACE AND NOTICE OF DIRECTORS' MEETINGS. (a)
5 Regular or special meetings of the board of directors maybe held only in
6 the state.

7 (b) Regular meetings of the board of directors may be held with or
8 without notice as prescribed in the bylaws. Special meetings of the
9 board of directors shall be held after the notice prescribed in the
10 bylaws. Attendance of a director at a meeting constitutes a waiver of
11 notice of the meeting, except when a director attends a meeting for the
12 express purpose of objecting to the transaction of any business because
13 the meeting is not lawfully called or convened. The business to be
14 transacted or the purpose of a special meeting of the board of directors
15 must be specified in the notice or waiver of notice of the meeting.

16 Sec. 10.50.210. PARTICIPATION BY TELEPHONE. The members of the
17 board of directors of a corporation, or a committee designated by it,
18 may participate in a meeting of the board or committee by communicating
19 simultaneously with each other by means of conference telephones or
20 similar communications equipment, so long as all members participating
21 in the meeting can hear one another. Participation in a meeting under
22 this section constitutes presence in person at the meeting.

23 Sec. 10.50.215. DISTRIBUTIONS. (a) Except for distributions to
24 comply with the requirements of subchapter U, chapter 1 of the Internal
25 Revenue Code of 1954, as amended (26 U.S.C. secs. 1391 - 1397), a
26 corporation may not make any distribution to its shareholders unless

27 (1) the amount of the retained earning of the corporation
28 immediately before the proposed distribution equals or exceeds the
29 amount of the proposed distribution; or

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1 (2) immediately after giving effect to the proposed distribu-
2 tion

3 (A) the sum of the assets of the corporation, exclusive
4 of goodwill, capitalized research and development expenses and
5 deferred charges would be at least equal to one and one-fourth
6 times its liabilities, not including deferred taxes, deferred
7 income and other deferred credits; and

8 (B) the current assets of the corporation would be at
9 least equal to its current liabilities or, if the average of the
10 earnings of the corporation before taxes on income and before
11 interest expense for the two preceding fiscal years was less than
12 the average of the interest expense of the corporation for those
13 fiscal years, at least equal to one and one-fourth times its
14 current liabilities.

15 **(b)** In determining the amount of the assets of the corporation, no
16 appreciation in value not yet realized may in any event be included,
17 except for readily marketable securities, and profits derived from an
18 exchange of assets may not be included unless the assets received are
19 currently realizable in cash.

20 (c) For the purpose of this section "current assets" may include
21 net amounts which the board has determined in good faith may reasonably
22 be expected to be received from customers during the 12-month period
23 used in calculating current liabilities under existing contractual
24 relationships obligating the customers to make fixed or periodic
25 payments during the term of the contract, after giving effect to future
26 costs not then included in current liabilities but reasonably expected
27 to be incurred by the corporation in performing the contracts.

28 (d) The amount of any distribution payable in property shall, for
29 the purpose of this chapter, be determined on the basis of the value at

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1 which the property is carried on the corporation's financial statements
2 in accordance with generally accepted accounting principles.

3 (e) Subparagraph (a)(2)(B) of this section is not applicable to a
4 corporation which does not classify its assets into current and fixed
5 under generally accepted accounting principles.

6 Sec. 10.50.220. DISTRIBUTIONS IN PARTIAL LIQUIDATION. The board
7 of directors may, from time to time, distribute to its shareholders in
8 partial liquidation a portion of its assets, subject to the following
9 provisions:

10 (1) A distribution may not be made at a time when the corpor-
11 ation is insolvent or when the distribution would render the corporation
12 insolvent.

13 (2) A distribution may not be made unless the distribution is
14 authorized by the affirmative vote of the holders of at least two-thirds
15 of the shares voting on the issue at a meeting of shareholders.

16 (3) Each distribution, when made, shall be identified as a
17 distribution in partial liquidation and the amount per share disclosed
18 to the shareholders concurrently with the distribution.

19 Sec. 10.50.225. CERTAIN LOANS PROHIBITED. A loan may not be made
20 by a corporation, ~~to its officers or directors~~, and a loan may not be
21 made by a corporation secured by its shares.

22 Sec. 10.50.230. LIABILITY OF DIRECTORS IN CERTAIN CASES. (a)
23 Directors who vote for or assent to the declaration of a dividend or
24 other distribution of the assets of a corporation to its shareholders
25 contrary to the provisions of this chapter or contrary to restrictions
26 contained in the articles of incorporation are jointly and severally
27 liable to the corporation for the amount of the dividend paid, or the
28 value of assets distributed in excess of the amount of the dividend or
29 distribution which could have been paid or distributed without a viola-

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1 tion of the provisions of this chapter or the restrictions in the
2 articles of incorporation.

3 (b) Directors who vote for or assent to the purchase by a corpora-
4 tion of its own shares contrary to the provisions of this chapter are
5 jointly and severally liable to the corporation for the amount of
6 consideration paid in excess of the maximum amount which could have been
7 paid without a violation of the provisions of this chapter.

8 (c) The directors who vote for or assent to the distribution of
9 assets of a corporation to its shareholders during the liquidation of
10 the corporation without the payment and discharge of, or making adequate
11 provision for, all known debts, obligations, and liabilities of the
12 corporation are jointly and severally liable to the corporation for the
13 value of the assets distributed, to the extent that the debts, obliga-
14 tions and liabilities of the corporation are not paid and discharged.

15 (d) The directors who vote for or assent to the making of a loan
16 to an officer or director of the corporation, or the making of a loan
17 secured by shares of the corporation, are jointly and severally liable
18 to the corporation for the amount of the loan until it is repaid.

19 Sec. 10.50.235. EFFECT OF GOOD FAITH RELIANCE ON FINANCIAL
20 STATEMENTS OR BOOK VALUE. A director is not liable under AS 10.50.-
21 230(a), (b) or (c) if

22 (1) he relied and acted in good faith upon financial state-
23 ments of the corporation represented to him to be correct by the
24 president or the officer of the corporation having charge of its books
25 of account, or certified by an independent public or certified public
26 accountant or firm of certified public accountants fairly to reflect the
27 financial condition of the corporation; or

28 (2) in good faith in determining the amount available for a
29 dividend or distribution he considered the assets to be of their book

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1 value.

2 Sec. 10.50.240. PRESUMPTION OF CONSENT OF DIRECTOR AND FILING OF
3 DISSENT. A director present at a meeting of the board of directors at
4 which action on a corporate matter is taken is presumed to have assented
5 to the action taken unless his dissent is entered in the minutes of the
6 meeting or unless he files his written dissent to the action with the
7 person acting as secretary of the meeting before its adjournment or
8 forwards his dissent by registered mail to the secretary of the corpora-
9 tion within five days after the adjournment of the meeting. The right
10 to dissent does not apply to a director who voted in favor of the
11 action.

12 Sec. 10.50.245. DIRECTOR'S RIGHT TO CONTRIBUTION. A director
13 against whom a claim is asserted under AS 10.50.230 - 10.50.240 is
14 entitled to contribution from the other directors who voted for or
15 assented to the action upon which the claim is asserted.

16 Sec. 10.50.250. OFFICERS. The officers of a corporation consist
17 of a president, one or more vice-presidents as prescribed by the bylaws,
18 a secretary, and a treasurer. Each of the officers shall be elected by
19 the board of directors at the time and in the manner prescribed by the
20 bylaws. Other necessary officers and assistant officers and agents may
21 be elected or appointed by the board of directors or chosen in the
22 manner prescribed by the bylaws. Two or more offices may be held by the
23 same person, except the offices of president and secretary.

24 Sec. 10.50.255. DUTIES OF OFFICERS. Officers and agents of the
25 corporation, as between themselves and the corporation, may perform
26 duties in the management of the corporation as provided in the bylaws,
27 or as determined by resolution of the board of directors not inconsis-
28 tent with the bylaws.

29 Sec. 10.50.260. REMOVAL OF OFFICERS. An officer or agent may be

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1 removed by the board of directors when, in its judgment, the best
2 interests of the corporation will be served. Removal is without
3 prejudice to the contract rights of the person removed. Election or
4 appointment of an officer or agent does not of itself create contract
5 rights.

6 Sec. 10.50.265. BOOKS AND RECORDS. (a) A corporation organized
7 under this chapter shall keep correct and complete books and records of
8 account, minutes of the proceedings of its shareholders and board of
9 directors, and a record of its shareholders, containing the names and
10 addresses of all shareholders and the number and class of the shares
11 held by each.

12 (b) A corporation organized under this chapter shall make these
13 books and records, or certified copies of them, reasonably available for
14 inspection at the registered office or principal place of business in
15 the state by the Department of Commerce and Economic Development or a
16 shareholder described by AS 10.50.270.

17 Sec. 10.50.270. SHAREHOLDER'S RIGHT TO EXAMINE BOOKS AND RECORDS.
18 A shareholder, upon written demand stating the purpose of the demand,
19 may, in person or by agent or attorney, at a reasonable time for a
20 proper purpose, examine and make extracts from its books and records of
21 account, minutes and record of shareholders.

22 Sec. 10.50.275. LIABILITY FOR REFUSAL OF EXAMINATION. An officer
23 or agent who, or a corporation which, refuses to allow a shareholder, or
24 his agent or attorney, to examine and make extracts from its books and
25 records of account, minutes, and record of shareholders, for a proper
26 purpose, is liable to the shareholder in a penalty of \$1,000 for each
27 day, in addition to other damages or remedy given him by law. It is a
28 defense to an action for penalties under this section that the person
29 suing has within two years sold or offered for sale a list of share-

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1 holders of the corporation or any other corporation or has aided or
2 abetted a person in procuring a list of shareholders for this purpose,
3 or has improperly used information secured through a prior examination
4 of the books and records of account, or minutes, or record of share-
5 holders of the corporation or any other corporation, or was not acting
6 in good faith or for a proper purpose in making his demand.

7 Sec. 10.50.280. COURT MAY COMPEL INSPECTION. AS 10.50.265 -
8 10.50.285 does not impair the power of a competent court, upon proof by
9 a shareholder of proper purpose, to compel the production for examina-
10 tion by the shareholder of the books and records of account, minutes,
11 and record of shareholders of a corporation.

12 Sec. 10.50.285. SHAREHOLDERS' RIGHT TO FINANCIAL STATEMENT. Upon
13 the written request of a shareholder of a corporation, the corporation
14 shall mail to the shareholder its most recent financial statements
15 showing in reasonable detail its assets and liabilities and the results
16 of its operations.

17 Sec. 10.50.290. REMOVAL OF DIRECTORS BY SUPERIOR COURT. The
18 superior court may upon the suit of the attorney general or at least 100
19 shareholders of at least 18 years of age, remove from office any
20 director in case of fraudulent or dishonest acts or gross abuse of
21 authority or discretion with reference to the corporation and may bar
22 from reelection any director so removed for a period prescribed by the
23 court. The corporation shall be made a party to the action.

24 Sec. 10.50.295. SHAREHOLDER REMOVAL OF DIRECTORS. (a) The entire
25 board of directors or any appointed director may be removed from office
26 by a majority of the shares voting at an annual or special meeting for
27 which notice of the proposal has been given.

28 (b) An individual director may be removed if the number of votes
29 cast for his removal exceeds the number of votes he received at the last

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1 preceding election during which he was a candidate for the office of
2 director.

3 Sec. 10.50.300. SHAREHOLDERS' DERIVATIVE ACTION. (a) An action
4 may be brought on behalf of a corporation, by at least 100 shareholders
5 of the corporation, for a judgment in its favor.

6 (b) The persons bringing suit under this section shall be share-
7 holders at the time of bringing the action, and either were shareholders
8 at the time of the transaction of which they complain or received their
9 shares by operation of law.

10 (c) In an action under this section, the complaint shall set out
11 with particularity the efforts of any plaintiff to secure the initiation
12 of an action by the board of directors or the reasons for not making
13 such effort.

14 (d) An action under this section may not be discontinued, com-
15 promised or settled, without the approval of the court having jurisdic-
16 tion of the action. If the court determines that the interests of the
17 shareholders will be substantially affected by a discontinuance, com-
18 promise, or settlement, the court, in its discretion, may direct that
19 notice, by publication or otherwise, shall be given to the shareholders
20 whose interests it determines will be affected. If such notice is re-
21 quired, the court may determine which one or more of the parties to the
22 action must bear the expense of giving the notice, in an amount the
23 court determines and finds to be reasonable in the circumstances, and
24 the amount determined shall be awarded as special costs of the action
25 and recoverable by the prevailing party.

26 (e) If the action on behalf of the corporation is successful, in
27 whole or in part, or if anything is received by the plaintiffs as the
28 result of a judgment, compromise or settlement of an action, the court
29 may award the plaintiffs reasonable expenses, including reasonable

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1 attorney fees, and shall direct them to account to the corporation for
2 the remainder of the proceeds received by them. This subsection does
3 not apply to any judgment rendered for the benefit of injured share-
4 holders only and limited to a recovery of the loss or damage sustained
5 by them.

6 (f) In an action under this section, at any time within 30 days
7 after service of summons upon the corporation or upon any defendant who
8 is an officer or director of the corporation, or held such office at the
9 time of the acts complained of, the corporation or other defendant may
10 move the court for an order, upon notice and hearing, requiring the
11 plaintiffs to furnish security. The motion shall be based upon one or
12 both of the following grounds:

13 (1) that there is no reasonable possibility that the prosecu-
14 tion of the cause of action alleged in the complaint against the moving
15 party will benefit the corporation or its shareholders; or

16 (2) that the moving party, if other than the corporation, did
17 not participate in the transaction complained of in any capacity.

18 (g) At the hearing upon a motion under (c) of this section, the
19 court shall consider such evidence, written or oral, by witnesses or
20 affidavit, as may be material (1) to the grounds upon which the motion
21 is based, or (2) to a determination of the probable reasonable expenses,
22 including attorney fees, of the corporation and the moving party which
23 will be incurred in the defense of the action. If the court determines,
24 after hearing the evidence adduced by the parties, that the moving party
25 has established by a preponderance of the evidence any of the grounds
26 upon which the motion is based, the court shall fix the nature and
27 amount of security, not to exceed \$50,000, to be furnished by the plain-
28 tiff for reasonable expenses, including attorney fees, which may be
29 incurred by the moving party or the corporation in connection with the

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1 action, including expenses for which the corporation may become liable
2 under AS 10.50. A ruling by the court on the motion is not considered a
3 determination of any issue in the action or of its merits. The amount
4 of the security may be increased or decreased in the discretion of the
5 court upon a showing that the security provided has or may become inade-
6 quate or excessive, but the court may not in any event increase the
7 total amount of the security beyond \$50,000 in the aggregate for all
8 defendants. If the court, upon any such motion, makes a determination
9 that security shall be furnished by the plaintiffs as to any one or more
10 defendants, the action shall be dismissed as to the defendant or defen-
11 dants, unless the security required by the court has been furnished
12 within a reasonable time as may be fixed by the court. The corporation
13 and the moving party shall have recourse to the security in the amount
14 the court determines upon the termination of the action.

15 (h) If the plaintiffs, before any order or determination pursuant
16 to a motion under (d) of this section, post good and sufficient bond in
17 the aggregate amount of \$50,000 to secure the reasonable expenses of the
18 parties entitled to make the motion, the plaintiff has complied with the
19 requirements of this section and with any order for security. A pending
20 motion under (d) of this section shall be dismissed and no further or
21 additional bond or other security may be required.

22 (i) If a motion is filed under (d) of this section, no pleadings
23 need be filed by the corporation or any other defendant and the prosecu-
24 tion of the action shall be stayed until 10 days after the motion has
25 been disposed of.

26 Sec. 10.50.305. FRAUDULENT TRANSFERS OF SHARES. An individual who
27 transfers or obtains shares of the corporation, or in his capacity as
28 legal guardian obtains shares of the corporation for another, through
29 fraud, misrepresentation, or any deceitful or illegal means is guilty of

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1 a felony.

2 ARTICLE 2. FORMATION OF CORPORATIONS.

3 Sec. 10.50.310. INCORPORATORS. Three or more natural persons at
4 least 19 years of age may act as incorporators of a corporation by
5 signing, verifying and delivering in duplicate to the commissioner
6 articles of incorporation for the corporation.

7 Sec. 10.50.315. ARTICLES OF INCORPORATION. (a) The articles of
8 incorporation of a corporation shall set out

9 (1) the name of the corporation;

10 (2) the period of duration, which may be perpetual;

11 (3) the purpose or purposes for which the corporation is
12 organized;

13 (4) the aggregate number of shares which the corporation may
14 issue;

15 (5) that only one class of stock may be issued by the cor-
16 poration;

17 (6) that shares of stock may be issued only to individuals
18 who were residents of the state on the effective date of its enabling
19 legislation and who continued to be residents until the date of issuance
20 of the shares;

21 (7) that at least one share of stock shall be issued to each
22 individual eligible under (6) of this section, unless that individual
23 elects within one year after the date of issuance not to receive the
24 share;

25 (8) that no share of stock may be voluntarily or involun-
26 tarily transferred

27 (A) or encumbered by a shareholder, other than by will
28 or under the laws relating to intestate succession, until five
29 years after the date of issuance of the share, except if the share-

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1 holder ceases to be a resident of the state;

2 (B) to an individual other than one who is a resident on
3 the date of transfer;

4 (C) to an individual who, after the transfer, would own
5 more than 10 shares of stock of the corporation;

6 (D) or encumbered by a shareholder under 18 years of age
7 or encumbered by that shareholder's parent or legal guardian;

8 (9) that the corporation must qualify as a general stock
9 ownership corporation under subchapter U of the Internal Revenue Code of
10 1954, as amended (26 U.S.C. secs. 1391 - 1397);

11 (10) any provision, not inconsistent with law, which the
12 incorporators elect to set out in the articles of incorporation for the
13 regulation of the internal affairs of the corporation, including a
14 provision which, under this chapter, is required or permitted to be set
15 out in the bylaws;

16 (11) the address of its initial registered office, and the
17 name of its initial registered agent at that address;

18 (12) the number of directors constituting the initial board of
19 directors and the names and addresses of the persons who are to serve as
20 directors until their successors are elected and qualify;

21 (13) the name and address of each incorporator.

22 (b) It is not necessary to set out in the articles of incorpora-
23 tion any of the corporate powers enumerated in this chapter.

24 Sec. 10.50.320. FILING OF ARTICLES OF INCORPORATION. (a) Dupli-
25 cate originals of the articles of incorporation shall be delivered to
26 the commissioner. If the commissioner finds that the articles of incor-
27 poration conform to law, he shall, when all fees prescribed by this
28 chapter have been paid,

29 (1) endorse on each duplicate original the word "filed" and

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1 the date of the filing;

2 (2) file one duplicate original in his office;

3 (3) issue a certificate of incorporation and affix the other
4 duplicate original to it.

5 (b) The certificate of incorporation, together with the duplicate
6 original of the articles of incorporation affixed by the commissioner,
7 shall be returned to the incorporators or their representative.

8 Sec. 10.50.325. EFFECT OF ISSUANCE OF CERTIFICATE OF INCORPORA-
9 TION. Upon the issuance of the certificate of incorporation, the cor-
10 porate existence begins. The certificate of incorporation is conclusive
11 evidence that all conditions required to be performed by the incorpora-
12 tors have been complied with and that the corporation has been incor-
13 porated. The issuance of the certificate does not affect the right of
14 the state to bring a proceeding to cancel or revoke the certificate of
15 incorporation or for involuntary dissolution of the corporation.

16 Sec. 10.50.330. ARTICLES OF INCORPORATION AND INITIAL BYLAWS. (a)
17 The corporation shall submit copies of the original articles of incor-
18 poration and the initial bylaws to the legislature.

19 (b) The legislature, by the 60th day of the next legislative
20 session beginning after receipt of a copy of the original articles of
21 incorporation and the initial bylaws, may disapprove any provision of
22 the articles of incorporation or bylaws by concurrent resolution.

23 (c) Provisions of the articles of incorporation or the bylaws dis-
24 approved by the legislature are not effective unless approved by a
25 majority of the shares voting on the issue at the next meeting of the
26 shareholders.

27 Sec. 10.50.335. ORGANIZATION MEETING OF DIRECTORS. After the
28 issuance of the certificate of incorporation an organizational meeting
29 of the board of directors named in the articles of incorporation shall

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1 be held in the state, at the call of a majority of the incorporators,
2 for the purpose of adopting bylaws, electing officers, and the trans-
3 action of other business as may come before the meeting. The incor-
4 porators calling the meeting shall give at least 10 days notice of the
5 meeting by mail to each director named. The notice shall state the time
6 and place of the meeting.

7 Sec. 10.50.340. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. Beginning
8 not less than 90 days before the initial issue of stock, the corporation
9 shall at least weekly notify the public of its intention to issue stock
10 and the method for qualifying and applying for shares. The notice shall
11 be by publication in newspapers of all regions of the state, by radio
12 and television announcements, and by other means the corporation deter-
13 mines to be appropriate and reasonable, and shall be continued at least
14 one each month for 11 months following the date of issuance of shares.

15 Sec. 10.50.345. CORPORATION NOT LIABLE TO SHAREHOLDERS. Regis-
16 tration for issuance of the initial shares of the corporation is a
17 responsibility solely of an individual eligible under AS 10.50.315(a)(6)
18 to receive the initial shares of the corporation. The corporation may
19 not be held liable for

20 (1) any loss resulting directly or indirectly from the
21 failure of an individual to apply for shares of the corporation; or
22 (2) payment of a declared or paid dividend to an individual
23 who would have been entitled to receive the dividend had he been a
24 shareholder at the time of declaration or payment.

25 Sec. 10.50.350. LATE APPLICATION FOR SHARES. An individual eli-
26 gible under AS 10.50.315(a)(6) to receive the initial shares of the
27 corporation who failed to apply for the shares before their issuance may
28 apply for and receive the shares any time within one year after the date
29 of issuance if he is otherwise qualified to own stock of the corporation

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1 and upon the payment of the book value of the shares.

2 Sec. 10.50.355. PENALTIES FOR MISREPRESENTATION OF ELIGIBILITY AS
3 SHAREHOLDER. (a) The ownership interest in shares of the corporation's
4 stock issued to an individual ineligible to receive the initial shares,
5 who has presented fraudulent or misleading information regarding his
6 eligibility to own those shares, is void upon the issuance of an appro-
7 priate order by the superior court. The ineligible individual is also
8 liable for the full amount of dividends, or other distributions to
9 shareholders received by him plus interest from the date of distribu-
10 tion, and legal fees and costs of recovery incurred by the corporation.
11 This section applies to an individual who has presented fraudulent or
12 misleading information regarding the eligibility of another person for
13 whom he acts in the capacity of legal guardian.

14 ARTICLE 3. AMENDMENT.

15 Sec. 10.50.360. RIGHT TO AMEND ARTICLES OF INCORPORATION. A cor-
16 poration may amend its articles of incorporation, from time to time, in
17 any and as many respects as may be desired, so long as its articles of
18 incorporation as amended contain provisions which might be lawfully
19 contained in original articles of incorporation at the time the amend-
20 ment is made.

21 Sec. 10.50.365. PURPOSES FOR WHICH ARTICLES MAY BE AMENDED. With-
22 out limitation on the general power of amendment, a corporation may
23 amend its articles of incorporation to

- 24 (1) change its corporate name;
- 25 (2) change its period of duration;
- 26 (3) change, enlarge or diminish its corporate purposes;
- 27 (4) increase or decrease the aggregate number of shares, or
28 shares of a class, which the corporation may issue;
- 29 (5) increase or decrease the par value of the authorized

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1 shares of a class having a par value, whether issued or unissued;

2 (6) exchange, classify, reclassify or cancel its shares,
3 whether issued or unissued;

4 (7) change the designation of its shares, whether issued or
5 unissued, and change the preferences, limitations, and the relative
6 rights of its shares, whether issued or unissued;

7 (8) change shares having a par value, whether issued or
8 unissued, into the same or a different number of shares without par
9 value, and change shares without par value, whether issued or unissued,
10 into the same or a different number of shares having a par value;

11 (9) change the shares of a class, whether issued or unissued,
12 and whether with or without par value, into a different number of shares
13 of the same class or into the same or a different number of shares,
14 either with or without par value, of other classes;

15 (10) create new classes of shares having rights and prefer-
16 ences either prior and superior or subordinate and inferior to the
17 shares of a class then authorized, whether issued or unissued;

18 (11) cancel or otherwise affect the rights of the holders of
19 the shares of a class to receive dividends which have accrued but have
20 not been declared;

21 (12) divide a preferred or special class of shares, whether
22 issued or unissued, into series and fix and determine the designations
23 of the series and the variations in the relative rights and preferences
24 between the shares of the series;

25 (13) authorize the board of directors to establish, out of
26 authorized but unissued shares, series of a preferred or special class
27 of shares and fix and determine the relative rights and preferences of
28 the shares of the series established;

29 (14) authorize the board of directors to fix and determine the

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

5 (15) revoke, diminish, or enlarge the authority of the board
 6 of directors to establish series out of authorized but unissued shares
 7 of a preferred or special class and fix and determine the relative
 8 rights and preferences of the shares of a series so established;

9 (16) limit, deny, or grant to shareholders of a class the pre-
 10 emptive right to acquire additional or treasury shares of the corpora-
 11 tion, whether then or later authorized.

12 Sec. 10.50.370. PROCEDURE TO AMEND ARTICLES OF INCORPORATION.
 13 Amendments to the articles of incorporation shall be made in the
 14 following manner.

15 (1) The board of directors shall adopt a resolution setting
 16 out the proposed amendment and directing that it be submitted to a vote
 17 at the next meeting of shareholders.

18 (2) A proposed amendment shall be submitted to a vote at the
 19 next meeting of shareholders if the secretary of the corporation re-
 20 ceives a petition setting out the proposed amendment and is signed by at
 21 least 100 shareholders.

22 (3) Written or printed notice setting out the proposed amend-
 23 ment or a summary of the changes to be effected shall be given to each
 24 shareholder of record entitled to vote within the time and in the manner
 25 provided in this chapter for the giving of notice of meetings of share-
 26 holders. If the meeting is an annual meeting, the proposed amendment or
 27 summary may be included in the notice of the annual meeting.

28 (4) At the meeting a vote of the shareholders entitled to
 29 vote shall be taken on the proposed amendment. The proposed amendment

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1 shall be adopted if it receives the affirmative vote of the holders of
2 at least two-thirds of the shares voting.

3 (5) A number of amendments may be submitted to the share-
4 holders and voted upon at one meeting.

5 Sec. 10.50.375. ARTICLES OF AMENDMENT. The articles of amendment
6 shall be executed in duplicate by the corporation by its president or
7 vice-president and by its secretary or an assistant secretary, and
8 verified by one of the officers signing the articles, and shall set out

9 (1) the name of the corporation;

10 (2) the amendment adopted;

11 (3) the date of the adoption of the amendment by the share-
12 holders;

13 (4) the number of shares outstanding and the number of shares
14 voting;

15 (5) the number of shares voted for and against the amendment,
16 respectively;

17 (6) if the amendment provides for an exchange, reclassifica-
18 tion or cancellation of issued shares, and if the manner in which this
19 is carried out is not set out in the amendment, a statement of the
20 manner in which it is to be carried out;

21 (7) if the amendment changes the amount of stated capital,
22 then a statement of the manner in which the change is carried out and a
23 statement, expressed in dollars, of the amount of stated capital changed
24 by the amendment.

25 Sec. 10.50.380. FILING OF ARTICLES OF AMENDMENT. (a) Duplicate
26 originals of the articles of amendment shall be delivered to the commis-
27 sioner. If the commissioner finds that the articles of amendment con-
28 form to law, he shall, when all fees and franchise taxes prescribed in
29 this chapter have been paid,

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1 (1) endorse on each duplicate original the word "filed" and
2 the date of the filing;


3 (2) file one duplicate original in his office;

4 (3) issue a certificate of amendment and affix the other
5 duplicate original to it.

6 (b) The certificate of amendment, together with the duplicate
7 original of the articles of amendment affixed by the commissioner, shall
8 be returned to the corporation or its representative.

9 Sec. 10.50.385. EFFECT OF CERTIFICATE OF AMENDMENT. (a) Upon the
10 issuance of the certificate of amendment by the commissioner, the amend-
11 ment becomes effective and the articles of incorporation are considered
12 amended accordingly.

13 (b) No amendment may affect an existing cause of action in favor
14 of or against the corporation, or a pending suit to which the corpora-
15 tion is a party, or the existing rights of persons other than share-
16 holders. In the event the corporate name is changed by amendment, no
17 suit brought by or against the corporation under its former name abates
18 for that reason.

19  Sec. 10.50.390. RESTATED ARTICLES OF INCORPORATION. A corporation
20 may at any time, by resolution adopted by the board of directors, re-
21 state its articles of incorporation as amended up to that time. Upon
22 the adoption of the resolution, restated articles of incorporation shall
23 be executed in duplicate by the corporation by its president or a vice-
24 president and by its secretary or assistant secretary and verified by
25 one of the officers signing the articles and shall set out all of the
26 operative provisions of the articles of incorporation as amended up to
27 that time together with a statement that the restated articles of incor-
28 poration correctly set out without change the corresponding provisions
29 of the articles of incorporation as amended up to that time and that the

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1 (1) endorse on each duplicate original the word "filed" and
2 the date of the filing;

3 (2) file one duplicate original in his office;

4 (3) issue a restated certificate of incorporation and affix
5 the other duplicate original to it.

6 (b) The restated certificate of incorporation, together with the
7 duplicate original of the restated articles of incorporation affixed by
8 the commissioner, shall be returned to the corporation or its repre-
9 sentative.

10 Sec. 10.50.410. EFFECT OF ISSUANCE OF RESTATED CERTIFICATE OF
11 INCORPORATION. Upon the issuance of the restated certificate of incor-
12 poration, the restated articles of incorporation become effective and
13 supersede the original articles of incorporation and all amendments.

14 ARTICLE 4. SALE OF ASSETS.

15 Sec. 10.50.415. SALE OR MORTGAGE OF ASSETS IN REGULAR COURSE OF
16 BUSINESS. The sale, lease, exchange, mortgage, pledge, or other dispo-
17 sition of all, or substantially all, the property and assets of a cor-
18 poration, when made in the usual and regular course of the business of
19 the corporation, may be made upon the terms and conditions and for the
20 consideration, which may consist in whole or in part of money or pro-
21 perty, real or personal, including shares of another corporation,
22 domestic or foreign, authorized by the board of directors. No authori-
23 zation or consent of the shareholders is required.

24 Sec. 10.50.420. SALE OR MORTGAGE OF ASSETS OTHER THAN IN REGULAR
25 COURSE OF BUSINESS. A sale, lease, exchange, mortgage, pledge, or other
26 disposition of all, or substantially all, the property and assets, with
27 or without the good will, of a corporation, if not made in the usual and
28 regular course of its business, may be made upon the terms and condi-
29 tions and for the consideration, which may consist in whole or in part

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1 of money or property, real or personal, including shares of another
2 corporation, as authorized in the following manner.

3 (1) The board of directors shall adopt a resolution recom-
4 mending the sale, lease, exchange, mortgage, pledge, or other disposi-
5 tion and directing the submission of the resolution to a vote at the
6 next meeting of shareholders.

7 (2) Written or printed notice shall be given to each share-
8 holder of record entitled to vote at the meeting within the time and in
9 the manner provided in this chapter for the giving of notice of meetings
10 of shareholders, and, whether the meeting is an annual or a special
11 meeting, shall state that the purpose, or one of the purposes, of the
12 meeting is to consider the proposed sale, lease, exchange, mortgage,
13 pledge, or other disposition.

14 Sec. 10.50.425. APPROVAL OF PLAN BY SHAREHOLDERS. At the meeting
15 the shareholders may authorize the sale, lease, exchange, mortgage,
16 pledge, or other disposition and may fix, or may authorize the board of
17 directors to fix the terms and conditions and the consideration to be
18 received by the corporation. Each outstanding share of the corporation
19 is entitled to vote. The authorization requires the affirmative vote of
20 the holders of at least two-thirds of the shares voting.

21 Sec. 10.50.430. ABANDONMENT OF PLAN BY BOARD OF DIRECTORS. After
22 authorization by a vote of shareholders, the board of directors may,
23 nevertheless, abandon the sale, lease, exchange, mortgage, pledge, or
24 other disposition of assets, subject to the rights of third parties
25 under contracts relating to the disposition, without further action or
26 approval by shareholders.

27 Sec. 10.50.435. RIGHTS OF DISSENTING SHAREHOLDERS UPON SALE OR
28 EXCHANGE OF ASSETS. If a sale or exchange of all or substantially all
29 of the property and assets of a corporation other than in the usual and

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1 regular course of its business, or in connection with the dissolution
2 and liquidation of the corporation, is authorized by a vote of the
3 shareholders of the corporation, a shareholder who files a written
4 objection with the corporation, before or at the meeting of shareholders
5 at which the sale or exchange is authorized, and who does not vote in
6 its favor may, within 10 days after the date on which the vote was
7 taken, make written demand on the corporation for the payment to him of
8 the fair value of his shares as of the day before the date on which the
9 vote was taken. If the sale or exchange is effected, the corporation
10 shall pay to the shareholder, upon surrender of his certificate or other
11 evidence of ownership representing the shares, their fair value. The
12 demand shall state the number of shares owned by the dissenting share-
13 holder. A shareholder failing to make demand within the 10-day period
14 is bound by the terms of the sale or exchange.

15 Sec. 10.50.440. NOTICE TO DISSENTING SHAREHOLDER. Within 10 days
16 after the sale or exchange is effected, the corporation shall give
17 notice that it is effected to each dissenting shareholder who has made
18 demand as provided in AS 10.50.435 for the payment of the fair value of
19 his shares.

20 Sec. 10.50.445. PAYMENT TO DISSENTING SHAREHOLDER AFTER AGREEMENT
21 ON VALUE OF SHARES. If within 60 days after the date on which the sale
22 or exchange was effected the value of the shares is agreed upon between
23 the dissenting shareholder and the corporation, payment shall be made
24 within 90 days after the date the sale or exchange was effected, upon
25 the surrender of his certificate or certificates representing the
26 shares. Upon payment of the agreed value, the dissenting shareholder
27 ceases to have an interest in the shares or in the corporation.

28 ← Sec. 10.50.450. ACTION BY DISSENTING SHAREHOLDER TO COMPEL PAYMENT
29 UPON FAILURE TO AGREE ON VALUE. If within the 60-day period the share-

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1 holder and the corporation do not agree, the dissenting shareholder may,
2 within 60 days after the expiration of the 60-day period, file a peti-
3 tion in the superior court asking for a finding and determination of the
4 fair value of the shares, and is entitled to judgment against the cor-
5 poration for the amount of the fair value as of the day before the date
6 on which the vote was taken approving the sale or exchange, together
7 with interest to the date of the judgment. The judgment is payable only
8 upon and simultaneously with the surrender to the corporation of the
9 certificate or other evidence of ownership representing the shares.
10 Upon payment of the judgment, the dissenting shareho l e r ceases to have
11 an interest in the shares or in the corporation. Unless the dissenting
12 shareholder files the petition within the 60-day period, he and all
13 persons claiming under him are bound by the terms of the sale or ex-
14 change.

15 Sec. 10.50.455. EFFECT OF ABANDONMENT OR REVOCATION OF SALE OR
16 EXCHANGE ON SHAREHOLDER'S RIGHTS. The right of a dissenting shareholder
17 to be paid the fair value of his shares ceases when the corporation
18 abandons the sale or exchange or the shareholders revoke the authority
19 to make the sale or exchange.

20 Sec. 10.50.460. STATUS OF SHARES ACQUIRED FROM DISSENTING SHARE-
21 HOLDER. Shares acquired by the corporation pursuant to the payment of
22 the agreed value or to payment of the judgment entered for the agreed
23 value may be held and disposed of by the corporation as treasury shares.

ARTICLE 5. DISSOLUTION.

25 Sec. 10.50.465. EFFECT OF CERTIFICATE OF DISSOLUTION. Upon the
26 issuance of the certificate of dissolution, the existence of the cor-
27 poration ceases.

28 Sec. 10.50.470. VOLUNTARY DISSOLUTION BY ACT OF CORPORATION. A
29 corporation may be dissolved by the act of the corporation when autho-

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1 rized in the manner provided in this section and sec. 480 of this chap-
2 ter.

3 (1) The board of directors shall adopt a resolution recom-
4 mending that the corporation be dissolved, and directing that the ques-
5 tion of dissolution be submitted to a vote at the next meeting of share-
6 holders.

7 (2) A proposed dissolution of the corporation shall be sub-
8 mitted to a vote at the next meeting of shareholders if the secretary of
9 the corporation receives a petition proposing dissolution signed by at
10 least 100 shareholders.

11 (3) Written or printed notice shall be given to each share-
12 holder of record entitled to vote at the meeting within the time and in
13 the manner provided in this chapter for the giving of notice of meetings
14 of shareholders, and, whether the meeting is an annual or special
15 meeting, the notice shall state that the purpose of the meeting is to
16 consider the advisability of dissolving the corporation.

17 (3) At the meeting a vote of shareholders entitled to vote
18 shall be taken on the resolution to dissolve the corporation. Each
19 outstanding share of the corporation may vote on the resolution. The
20 resolution is adopted if it receives the affirmative vote of the holders
21 of at least two-thirds of the shares voting.

22 Sec. 10.50.475. EXECUTION OF STATEMENT OF INTENT TO DISSOLVE.
23 Upon the adoption of the resolution, a statement of intent to dissolve
24 shall be executed in duplicate by the corporation by its president or
25 vice-president and by the secretary or an assistant secretary, and
26 verified by one of the officers signing the statement. The statement of
27 intent to dissolve shall set out

28 (1) the name of the corporation;

29 (2) the names and addresses of its officers;

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1 (3) the names and addresses of its directors;

2 (4) a copy of the resolution adopted by the shareholders
3 authorizing the dissolution of the corporation;

4 (5) the number of shares outstanding;

5 (6) the number of shares voted for and against the resolu-
6 tion.

7 Sec. 10.50.480. FILING OF STATEMENT OF INTENT TO DISSOLVE. Dupli-
8 cate originals of the statement of intent to dissolve shall be delivered
9 to the commissioner. If the commissioner finds that the statement
10 conforms to law, he shall, when all fees and franchise taxes prescribed
11 in this chapter have been paid,

12 (1) endorse on each duplicate original the word "filed" and
13 the date of the filing;

14 (2) file one duplicate original in his office;

15 (3) return the other duplicate original to the corporation or
16 its representative.

17 Sec. 10.50.485. EFFECT OF STATEMENT OF INTENT TO DISSOLVE. On the
18 filing by the commissioner of a statement of intent to dissolve, whether
19 by consent of shareholders or by act of the corporation, the corporation
20 shall cease to carry on business, except that necessary for the winding
21 up of its business. However, corporate existence continued until a
22 certificate of dissolution has been issued by the commissioner or until
23 a decree dissolving the corporation has been entered by a competent
24 court as provided in this chapter.

25 Sec. 10.50.490. PROCEDURE AFTER FILING OF STATEMENT OF INTENT TO
26 DISSOLVE. After the commissioner has filed the statement of intent to
27 dissolve, the corporation

28 (1) shall immediately mail notice of the filing to each known
29 creditor of the corporation;

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1 (2) shall proceed to collect its assets, convey and dispose
2 of its property which is not to be distributed in kind to its share-
3 holders, pay, satisfy and discharge its liabilities and obligations and
4 do all other acts required to liquidate its business and affairs, and,
5 after paying or adequately providing for the payment of its obligations,
6 distribute the remainder of its assets, either in cash or in kind, among
7 its shareholders according to their respective rights and interests;

8 (3) at any time during the liquidation of its business and
9 affairs may apply to a court of competent jurisdiction in the state to
10 have the liquidation continued under the supervision of the court;

11 (4) shall, if it has not completed dissolution proceedings
12 within two years after the date the statement of intent to dissolve is
13 filed, be involuntarily dissolved by the commissioner after 60 days
14 notice of his intent to do so has been given to the corporation.

15 Sec. 10.50.495. MANNER OF REVOKING A VOLUNTARY DISSOLUTION PRO-
16 CEEDING BY ACT OF THE CORPORATION. (a) The board of directors shall
17 adopt a resolution recommending that the voluntary dissolution pro-
18 ceedings be revoked, and directing that the question of revocation be
19 submitted to a vote at a special meeting of shareholders.

20 (b) A proposed revocation of a voluntary dissolution of the cor-
21 poration shall be submitted to a vote at the next meeting of share-
22 holders if the secretary of the corporation receives a petition pro-
23 posing revocation signed by at least 100 shareholders.

24 (c) Written or printed notice, stating that the purpose of the
25 meeting is to consider the advisability of revoking the voluntary dis-
26 solution proceedings, shall be given to each shareholder of record
27 entitled to vote at the meeting within the time and in the manner pro-
28 vided in this chapter for the giving of notice of special meetings of
29 shareholders.

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1 (d) At the meeting a vote of the shareholders entitled to vote
2 shall be taken on the resolution to revoke the voluntary dissolution
3 proceeding. Adoption of the resolution requires the affirmative vote of
4 the holders of at least two-thirds of the shares voting.

5 (e) Upon the adoption of the resolution, a statement of revocation
6 of voluntary dissolution proceedings shall be executed in duplicate by
7 the corporation by its president or vice-president and by its secretary
8 or an assistant secretary, and verified by one of the officers signing
9 the statement. The statement of revocation of voluntary dissolution
10 shall set out

- 11 (1) the name of the corporation;
- 12 (2) the names and addresses of its officers;
- 13 (3) the names and addresses of its directors;
- 14 (4) a copy of the resolution adopted by the shareholders
15 revoking the voluntary dissolution proceedings;
- 16 (5) the number of shares outstanding;
- 17 (6) the number of shares voted for and against the resolu-
18 tion.

19 Sec. 10.50.500. FILING OF STATEMENT OF REVOCATION OF A VOLUNTARY
20 DISSOLUTION PROCEEDING. Duplicate originals of the statement of revo-
21 cation of voluntary dissolution proceedings shall be delivered to the
22 commissioner. If the commissioner finds that the statement conforms to
23 law, he shall, when all fees and franchise taxes prescribed in this
24 chapter have been paid,

- 25 (1) endorse on each duplicate original the word "filed" and
26 the date of the filing;
- 27 (2) file one duplicate original in his office;
- 28 (3) return the other duplicate original to the corporation or
29 its representative.

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1 Sec. 10.50.505. EFFECT OF STATEMENT OF REVOCATION OF A VOLUNTARY
2 DISSOLUTION PROCEEDING. Upon the filing by the commissioner of a state-
3 ment of revocation of a voluntary dissolution proceeding, the revocation
4 of the proceeding becomes effective and the corporation may again carry
5 on its business.

6 Sec. 10.50.510. EXECUTION OF ARTICLES OF DISSOLUTION. If a volun-
7 tary dissolution proceeding has not been revoked, then when all debts,
8 liabilities, and obligations of the corporation have been paid and
9 discharged, or adequate provision has been made for payment, and all of
10 the remaining property and assets of the corporation have been distri-
11 buted to its shareholders, articles of dissolution shall be executed in
12 duplicate by the corporation by its president or vice-president and by
13 its secretary or an assistant secretary, and verified by one of the
14 officers signing the articles. The articles of dissolution shall set
15 out

16 (1) the name of the corporation;

17 (2) that the commissioner has filed a statement of intent to
18 dissolve the corporation, and the date on which the statement was filed;

19 (3) that all debts, obligations and liabilities of the cor-
20 poration have been paid and discharged or that adequate provision has
21 been made for payment;

22 (4) that the remaining property and assets of the corporation
23 have been distributed among its shareholders in accordance with their
24 respective rights and interests;

25 (5) that there are no suits pending against the corporation,
26 or that adequate provision has been made for the satisfaction of a judg-
27 ment, order or decree which may be entered against the corporation in a
28 pending suit.

29 Sec. 10.50.515. FILING OF ARTICLES OF DISSOLUTION. (a) Duplicate

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1 originals of the articles of dissolution shall be delivered to the
2 commissioner. If the commissioner finds that the articles of dissolu-
3 tion conform to law, he shall, when all fees and franchise taxes pre-
4 scribed in this chapter have been paid,

5 (1) endorse on each duplicate original the word "filed" and
6 the date of the filing;

7 (2) file one duplicate original in his office;

8 (3) issue a certificate of dissolution and affix the other
9 duplicate original to it.

10 (b) The certificate of dissolution, together with the duplicate
11 original of the articles of dissolution affixed, shall be returned to
12 the representative of the dissolved corporation.

13 Sec. 10.50.520. EFFECT OF CERTIFICATE OF DISSOLUTION. Upon the
14 issuance of the certificate of dissolution the existence of the corpora-
15 tion ceases, except for the purpose of suits, other proceedings and
16 appropriate corporate action by shareholders, directors and officers as
17 provided in this chapter.

18 Sec. 10.50.525. INVOLUNTARY DISSOLUTION. (a) A corporation may
19 be dissolved involuntarily by the commissioner when

20 (1) the corporation is delinquent six months in filing its
21 annual report or in paying a license filing fee or penalty;

22 (2) the corporation has failed for 30 days to appoint and
23 maintain a registered agent in this state; or

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

27 (4) the corporation has failed for two years to complete
28 dissolution under a statement of intent to dissolve; or

29 (5) a vacancy in the board of directors of a corporation is

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1 not filled within six months or the time of the next annual meeting,
2 whichever occurs first.

3 (b) A corporation may not be involuntarily dissolved unless the
4 commissioner has given the corporation at least 60 days notice of its
5 delinquency or omission by certified mail addressed to its registered
6 office or in care of one of its principal officers or directors, at the
7 last known address of the officer or director, as shown by the records
8 of the commissioner, and the corporation has failed to correct the
9 neglect, omission or delinquency before involuntary dissolution.

10 (c) When a corporation has given cause for involuntary dissolution
11 and has failed to correct the neglect, omission or delinquency as pro-
12 vided in this section, the commissioner shall dissolve the corporation
13 by issuing a certificate of involuntary dissolution containing a state-
14 ment that the corporation has been dissolved, the date, and the reason
15 for which it was dissolved. The original certificate of dissolution
16 shall be placed in the department files and a copy of it mailed to the
17 corporation at its registered office or in care of one of its principal
18 officers or directors, at the last known address of the officer or
19 director, as shown by the records of the commissioner. Upon the issu-
20 ance of the certificate of involuntary dissolution, the existence of the
21 corporation shall cease, except as otherwise provided in this section,
22 and its name shall be available to and may be adopted by another cor-
23 poration no less than six months after the dissolution.

24 (d) A corporation dissolved by the commissioner under the provi-
25 sions of this section may be reinstated by the commissioner at any time
26 within two years from the date of the certificate of involuntary disso-
27 lution whenever it is established to the satisfaction of the commissioner
28 that in fact there was no cause for the dissolution, or whenever the
29 neglect or delinquency resulting in dissolution has been corrected and

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1 payment made of double the amount delinquent along with the amount the
2 corporation would have paid had it not been dissolved during the two-
3 year period. Reinstatement may not be authorized if the same or a
4 deceptively similar corporate, limited partnership, reserved or regis-
5 tered name is currently on file with the commissioner, unless the cor-
6 poration being reinstated contemporaneously amends its articles of incor-
7 poration to change its name to conform with the provisions of this
8 charter.

9 (e) Nothing in this section relieves a corporation reinstated
10 under this section from penalty of forfeiture of its powers as a body
11 corporate in cases of failure to pay subsequently accruing licenses and
12 taxes imposed by a law of this state.

13 (f) An action arising out of a contract assigned by a corporation
14 dissolved under this section may be brought in the name of the assignee.
15 The fact of assignment and of purchase by the plaintiff shall be set out
16 in the complaint or other process. The defendant may avail himself of
17 any matter of defense of which he might have availed himself in a suit
18 upon the claim by the corporation, had it not been dissolved under this
19 section.

20 (g) Service of process on a corporation dissolved under this
21 section shall be made in the same manner prescribed by law as if the
22 corporation had not been dissolved.

23 (h) In addition to any other remedies provided by law a corpora-
24 tion may be dissolved involuntarily by a decree of the superior court in
25 an action filed by the attorney general when it is established that

26 (1) the corporation procured its certificate of incorporation
27 through fraud; or

28 (2) the corporation has continued to exceed or abuse the
29 authority conferred upon it by law.

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1 Sec. 10.50.530. VENUE AND PROCESS. (a) An action for the invol-
2 untary dissolution of a corporation shall be commenced by the attorney
3 general in the superior court.

4 (b) Summons shall issue and be served as in other civil actions.
5 If process is returned not found, the attorney general shall publish
6 notice as in other civil cases in a newspaper published in the judicial
7 district where the registered office of the corporation is situated,
8 containing a notice of the pendency of the action, the title of the
9 court, the title of the action, and the date on or after which default
10 may be entered. The attorney general may include in one notice the
11 names of any number of corporations against which actions are pending in
12 the same court.

13 (c) The attorney general shall have a copy of the notice mailed to
14 the corporation at its registered office within 10 days after the first
15 publication of it.

16 (d) Notice shall be published at least once each week for two
17 successive weeks, and the first publication may begin at any time after
18 the summons has been returned.

19 (e) Unless a corporation is served with summons, no default may be
20 taken against it earlier than 30 days after the first publication of the
21 notice.

22 Sec. 10.50.535. JURISDICTION OF COURT TO LIQUIDATE ASSETS AND
23 BUSINESS OF CORPORATION. The superior court may liquidate the assets
24 and business of a corporation in the cases provided in AS 10.50.540 -
25 10.50.555.

26 Sec. 10.50.540. ACTION BY SHAREHOLDER FOR LIQUIDATION. In an
27 action by a shareholder, the superior court may liquidate the assets and
28 business of a corporation when it is established

29 (1) that the directors are deadlocked in the management of

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1 the corporate affairs and the shareholders are unable to break the
2 deadlock, and that irreparable injury to the corporation is being
3 suffered or is threatened by reason of the deadlock;

4 (2) that the acts of the directors or those in control of the
5 corporation are illegal, oppressive or fraudulent;

6 (3) that the shareholders are deadlocked in voting power, and
7 have failed, for a period which includes at least two consecutive annual
8 meeting dates, to elect successors to directors whose terms have expired
9 or would have expired upon the election of their successors; or

10 (4) that the corporate assets are being misapplied or wasted.

11 Sec. 10.50.545. ACTION BY CREDITOR FOR LIQUIDATION. In an action
12 by a creditor, the superior court may liquidate the assets and business
13 of a corporation when

14 (1) the claim of the creditor has been reduced to judgment
15 and an execution on the judgment has been returned unsatisfied and it is
16 established that the corporation is insolvent; or

17 (2) the corporation has admitted in writing that the claim of
18 the creditor is due and owing and it is established that the corpora-
19 tion is insolvent.

20 Sec. 10.50.550. LIQUIDATION ON APPLICATION BY CORPORATION. Upon
21 application by a corporation which has filed a statement of intent to
22 dissolve, as provided in this chapter, to have its liquidation continued
23 under the supervision of the court, the superior court may liquidate the
24 assets and business of the corporation.

25 Sec. 10.50.555. LIQUIDATION IN ACTION BY ATTORNEY GENERAL FOR
26 DISSOLUTION. When an action has been filed by the attorney general to
27 dissolve a corporation and it is established that liquidation of its
28 business and affairs should precede the entry of a decree of dissolu-
29 tion, the superior court may liquidate the assets and business of a

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1 corporation.

2 Sec. 10.50.560. JOINDER OF SHAREHOLDERS NOT MANDATORY. It is not
3 necessary to make shareholders parties to an action or proceeding for
4 liquidation of the assets and business of a corporation unless relief is
5 sought against them personally.

6 Sec. 10.50.565. PROCEDURE IN LIQUIDATION OF CORPORATION BY COURT.
7 In a proceeding to liquidate the assets and business of a corporation,
8 the superior court may issue injunctions, appoint a receiver pendente
9 lite with powers and duties as the court may direct, and take other
10 proceedings necessary to preserve the corporate assets wherever situated
11 and carry on the business of the corporation until a full hearing is
12 had.

13 Sec. 10.50.570. APPOINTMENT OF RECEIVER. After a hearing held
14 upon such notice as the court may direct to be given to all parties to
15 the proceedings and to any other parties in interest designated by the
16 court, the court may appoint a liquidating receiver with authority to
17 collect the assets of the corporation, including amounts owing to the
18 corporation by shareholders on an unpaid portion of the consideration
19 for the issuance of shares. The liquidating receiver may, subject to
20 the order of the court, sell, convey and dispose of all or a part of the
21 assets of the corporation wherever situated, either at public or private
22 sale.

23 Sec. 10.50.575. DISPOSITION OF ASSETS OR PROCEEDS FROM SALE OF
24 ASSETS. The assets of the corporation or the proceeds from a sale,
25 conveyance or other disposition of assets shall be applied to the ex-
26 penses of liquidation and to the payment of the liabilities and obli-
27 gations of the corporation. Remaining assets or proceeds shall be
28 distributed among shareholders according to their respective rights and
29 interests.

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1 Sec. 10.50.580. STATED POWERS AND DUTIES OF RECEIVER. The order
2 appointing the liquidating receiver shall state his powers and duties.
3 The powers and duties may be increased or diminished at any time during
4 the liquidation proceedings.

5 Sec. 10.50.585. COMPENSATION OF RECEIVER AND ATTORNEYS. The court
6 may allow from time to time as expenses of the liquidation compensation
7 to the receiver and to attorneys in the proceeding, and direct the
8 payment of compensation out of the assets of the corporation or the
9 proceeds of a sale or disposition of assets.

10 Sec. 10.50.590. POWER OF RECEIVER TO SUE AND BE SUED. A receiver
11 of a corporation appointed under AS 10.50.565 - 10.50.595 may sue and
12 defend in all courts in his own name as receiver of the corporation.

13 Sec. 10.50.595. APPOINTING COURT HAS EXCLUSIVE JURISDICTION. The
14 court appointing the receiver has exclusive jurisdiction of the corpora-
15 tion and its property, wherever situated.

16 Sec. 10.50.600. QUALIFICATIONS OF RECEIVERS. A receiver shall be
17 a citizen of the United States or a corporation authorized to act as
18 receiver, which corporation may be a domestic corporation or a foreign
19 corporation authorized to transact business in the state. A receiver
20 shall give the bond the court directs with sureties the court requires.

21 Sec. 10.50.605. FILING OF CLAIMS IN LIQUIDATION PROCEEDINGS. (a)
22 In a proceeding to liquidate the assets and business of a corporation,
23 the court may require creditors of the corporation to file with the
24 clerk of the court or with the receiver, in the form the court pre-
25 scribes, proof under oath of their respective claims.

26 (b) If the court requires the filing of claims, it shall fix a
27 date, not less than four months from the date of the order, as the last
28 day for the filing of claims, and shall prescribe the notice to be given
29 to creditors and claimants of the date fixed. Before the date fixed,

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1 the court may extend the time for the filing of claims.

2 (c) A creditor who fails to file proof of his claim on or before
3 the date fixed may be barred by order of the court from participating in
4 the distribution of the assets of the corporation.

5 Sec. 10.50.610. DISCONTINUANCE OF LIQUIDATION PROCEEDINGS. The
6 liquidation of the assets and business of a corporation may be discon-
7 tinued at any time during the liquidation proceeding when it is estab-
8 lished that cause for liquidation no longer exists. In this event, the
9 court shall dismiss the proceeding and direct the receiver to redeliver
10 to the corporation its remaining property and assets.

11 Sec. 10.50.615. DECREE OF INVOLUNTARY DISSOLUTION. In a pro-
12 ceeding to liquidate the assets and business of a corporation, when the
13 costs and expenses of the proceeding and the debts, obligations and
14 liabilities of the corporation have been paid and discharged and the
15 remaining property and assets are not sufficient to satisfy and dis-
16 charge the costs, expenses, debts and obligations, and all the property
17 and assets have been applied to their payment, the court shall enter a
18 decree dissolving the corporation.

19 ARTICLE 6. GENERAL PROVISIONS.

20 Sec. 10.50.620. AS 10.05 INCORPORATED BY REFERENCE. The provi-
21 sions of AS 10.05.699 - 10.05.819 are incorporated by reference as a
22 part of this chapter, except when inconsistent with this chapter.

23 Sec. 10.50.625. FALSE STATEMENTS AFFECTING VALUE OF SHARES. A
24 director, officer or agent of a corporation who knowingly concurs in
25 making, publishing or posting either generally or privately to the
26 shareholders or other persons (1) a written report, exhibit, statement
27 of its affairs or pecuniary condition or notice containing any material
28 statement which is false, or (2) an untrue or wilfully or fraudulently
29 exaggerated report, prospectus, account, statement of operations, values,

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1 business, profits, expenditures or prospects, or (3) any other paper or
2 document intended to produce or give, or having a tendency to produce or
3 give, the shares of stock in the corporation a greater value or a less
4 apparent or market value than they really possess, or who refuses to
5 make any book entry or post any notice required by law in the manner
6 required by law, upon conviction, is guilty of a felony.

7 Sec. 10.50.630. DIRECTOR MAKING UNLAWFUL DIVIDEND OR DISTRIBUTION
8 OF ASSETS. A director of a corporation who concurs in any vote or act
9 of the directors of the corporation to knowingly and with dishonest or
10 fraudulent purpose make a dividend or distribution of assets either with
11 the design of defrauding creditors or shareholders or of giving a false
12 appearance to the value of the stock and thereby defrauding subscribers
13 or purchasers, upon conviction is guilty of a misdemeanor, and is
14 punishable by a fine of not more than \$1,000, or by imprisonment for not
15 more than one year, or by both.

16 Sec. 10.50.635. RESERVATION OF POWER. Any amendment to this
17 chapter shall apply to all existing and future corporations organized
18 under this chapter.

19 Sec. 10.50.640. DEFINITIONS. In this chapter,

20 (1) "articles of incorporation" means the original or re-
21 stated articles of incorporation and all amendments;

22 (2) "authorized shares" means the shares which the corpora-
23 tion may issue;

24 (3) "commissioner" means the commissioner of commerce and
25 economic development;

26 (4) "corporation" means a general stock ownership corpora-
27 tion;

28 (5) "department" means the Department of Commerce and
29 Economic Development;

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1 (6) "franchise tax" means the annual corporation tax imposed
2 under Alaska law on corporations;

3 (7) "insolvent" means inability of a corporation to pay its
4 debts as they become due in the usual course of its business;

5 (8) "net assets" means the amount by which the total assets
6 of a corporation, excluding treasury shares, exceed the total debts of
7 the corporation;

8 (9) "resident" means an individual who maintains a permanent
9 place of abode in the state with the intention of making the state his
10 permanent place of residence and who resides in the state continuously
11 except for temporary purposes only and with the intent of returning; a
12 person may not be considered to have gained a residence solely by reason
13 of his presence and he may not lose it solely by reason of his absence
14 while in the civil or military service of this state or of the United
15 States or of his absence because of marriage to a person engaged in the
16 civil or military service of this state or the United States; while a
17 student at an institution of learning; while in an institution or asylum
18 at public expense; while confined in public prison; while engaged in the
19 navigation of waters of this state, of the United States, or of the high
20 seas; or while residing upon an Indian or military reservation; a minor
21 takes the residence of his parent or of his legal guardian; a married
22 woman may establish her own residence and does not presumptively take
23 the residence of her husband;

24 (10) "shareholder" means one who is a holder of record of a
25 share in a corporation;

26 (11) "shares" means the units into which the proprietary
27 interest in a corporation is divided;

28 (12) "subscriber" means one who subscribes for a share in a
29 corporation before or after incorporation;

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1 (13) "treasury shares" means shares which have been issued,
2 have been subsequently acquired by and belong to the corporation, and
3 have not either by reason of the acquisition or thereafter, been can-
4 celled or restored to the status of authorized but unissued shares;
5 treasury shares are "issued" shares, but not "outstanding" shares.

6 Sec. 10.50.645. SHORT TITLE. This chapter may be cited as the
7 Alaska General Stock Ownership Corporation Act.

8 * Sec. 2. AS 37.10.070(a)(6) is amended to read:

9 (6) other securities, including [CORPORATE] securities of
10 corporations other than general stock ownership corporations;

11 * Sec. 3. AS 45.55.130 is amended by adding a new subsection to read:

12 (b) A copy of all annual reports, ballots, consent authorizations
13 and other materials relating to the shareholder ballots, published or
14 made available by any person to the shareholders of a general stock
15 ownership corporation, shall be filed with the administrator concur-
16 rently with its distribution to the shareholders. The administrator
17 shall have authority to review all documents submitted and make regula-
18 tions regarding content of shareholder materials to insure fairness,
19 completeness, and nondiscrimination.

20 * Sec. 4. AS 10.50.305 is amended to read:

21 Sec. 10.50.305. FRAUDULENT TRANSFERS OF SHARES. An individual who
22 transfers or obtains shares of the corporation, or in his capacity as
23 legal guardian obtains shares of the corporation for another, through
24 fraud, misrepresentation, or any deceitful or illegal means is guilty of
25 a class C felony.

26 * Sec. 5. AS 10.50.625 is amended to read:

27 Sec. 10.50.625. FALSE STATEMENTS AFFECTING VALUE OF SHARES. A
28 director, officer or agent of a corporation who knowingly concurs in
29 making, publishing or posting either generally or privately to the

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1 shareholders or other persons (1) a written report, exhibit, statement
2 of its affairs or pecuniary condition or notice containing any material
3 statement which is false, or (2) an untrue or wilfully or fraudulently
4 exaggerated report, prospectus, account, statement of operations, values,
5 business, profits, expenditures or prospects, or (3) any other paper or
6 document intended to produce or give, or having a tendency to produce or
7 give, the shares of stock in the corporation a greater value or a less
8 apparent or market value than they really possess, or who refuses to
9 make any book entry or post any notice required by law in the manner
10 required by law, upon conviction, is guilty of a class C felony.

11 * Sec. 6. AS 10.50.630 is amended to read:

12 Sec. 10.50.630. DIRECTOR MAKING UNLAWFUL DIVIDEND OR DISTRIBUTION
13 OF ASSETS. A director of a corporation who concurs in any vote or act
14 of the directors of the corporation to knowingly and with dishonest or
15 fraudulent purpose make a dividend or distribution of assets either with
16 the design of defrauding creditors or shareholders or of giving a false
17 appearance to the value of the stock and thereby defrauding subscribers
18 or purchasers, upon conviction is guilty of a class A misdemeanor [. AND
19 IS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRISONMENT FOR
20 NOT MORE THAN ONE YEAR, OR BY BOTH].

21 * Sec. 7. (a) The governor shall appoint, subject to confirmation by a
22 majority of the legislature in joint session, nine persons to act as incor-
23 porators and the first board of directors of the Alaska General Stock Owner-
24 ship Corporation which shall be a corporation formed in accordance with
25 subchapter U, chapter 1, of the Internal Revenue Code of 1954, as amended (26
26 U.S.C. secs. 1391 - 1397) and AS 10.50. The corporation is not an agency,
27 instrumentality, or political subdivision of the state for any purpose.

28 (b) The articles of incorporation of the Alaska General Stock Ownership
29 Corporation shall provide that all shareholders of the corporation shall be

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1 residents of the state as defined in AS 10.50, and if a shareholder ceases to
2 be a resident of the state or his shares pass by operation of law to a non-
3 resident,

4 (1) within five years of the date of issuance of his shares the
5 corporation shall purchase the shares at book value;

6 (2) more than five years after the date of issuance of his shares
7 the shareholder or his executor, administrator or guardian shall have the
8 right to sell the shares to the corporation at book value.

9 (c) There is a special fund of the state known as the "Alaska General
10 Stock Owners' Corporation loan guarantee fund", which may not exceed
11 \$5,000,000, which shall be completely segregated from all other funds of the
12 state, and which shall be used by the commissioner of revenue to guarantee
13 loans solely for startup costs and not for acquisition of major investments
14 made to the corporation by lenders other than the state. In guaranteeing
15 loans, the commissioner of revenue shall review the loans for the purposes of
16 ascertaining the general soundness of the proposed loan and guarding against
17 fraud and misrepresentation. The guarantee of a loan may not be for an
18 amount in excess of the unobligated balance of the fund at the time the
19 guarantee is made.

20 * Sec. 8. In sec. 1 of this Act, AS 10.50.300 has the effect of changing
21 Rule 23.1, Rules of Civil Procedure, with respect to shareholder derivative
22 suits brought by the shareholders of a general stock ownership corporation.
23 The changes

24 (1) require that the suit be brought by at least 100 shareholders;

25 (2) make provision for notification of shareholders in the event
26 of dismissal or settlement of the suit;

27 (3) require that the plaintiffs account to the corporation for
28 proceeds received by them if the suit is successful; and

29 (4) provide that the court may require the plaintiffs to furnish

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1 security for the suit.

2 * Sec. 9. Sections 1 - 3, 7, and 8 of this Act take effect immediately in
3 accordance with AS 01.10.070(c).

4 * Sec. 10. Sections 4 - 6 of this Act take effect January 1, 1980.
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