

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2693

S.P. 1089

In Senate, April 25, 2000

**An Act to Establish Requirements for the Removal of Directors of
Certain Maine Business Corporations before the Expiration of Their
Established Terms.**

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Business and Economic Development suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator HARRIMAN of Cumberland.
Cosponsored by Representative RICHARDSON of Brunswick and
Senators: AMERO of Cumberland, KONTOS of Cumberland, LONGLEY of Waldo,
Representatives: DAVIDSON of Brunswick, MURPHY of Kennebunk, O'NEAL of
Limestone, SAXL of Portland, SCHNEIDER of Durham.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4 **Whereas,** corporations whose capital stock is traded on
6 national securities markets play an increasingly important role
in maintaining the economic well-being of the State; and

8 **Whereas,** the continued ability of such corporations to
10 contribute to Maine's economic growth will be enhanced by
establishing certain safeguards to discourage unsolicited and
12 unwarranted attempts to remove one or more members of the board
of directors of any such corporation; and

14 **Whereas,** in the judgment of the Legislature, these facts
16 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
18 necessary for the preservation of the public peace, health and
safety; now, therefore,

20 **Be it enacted by the People of the State of Maine as follows:**

22 **Sec. 1. 13-A MRSA §603, sub-§4,** as amended by PL 1985, c. 394,
24 §1, is further amended to read:

26 **4. ~~Special~~ Except as provided in subsection 5, special**
meetings of the shareholders may be called by any one of the
28 following:

30 A. The president;

32 B. The ~~chairman~~ chair of the board of directors;

34 C. A majority of the board of directors;

36 D. The holders of not less than such percentage of the
shares entitled to vote at the meeting as may be set forth
38 in the articles of incorporation or bylaws, provided that
if, after September 1, 1985, a corporation ~~shall--adopt~~
40 adopts a provision in its articles of incorporation or
bylaws ~~which~~ that establishes such a percentage to be in
42 excess of 10%, then, upon application of the holders of not
less than 10% of the shares entitled to vote at a meeting,
44 the Superior Court, in an action in which the court may
proceed after giving notice to the corporation, for good
46 cause shown, may order a special meeting of the shareholders
of the corporation to be called and held at a time and
48 place, upon the notice and for the transaction of the
business, as may be designated in the order; or

50

2 E. Such other officers or persons as may be provided in the
articles of incorporation, or in the bylaws.

4 **Sec. 2. 13-A MRSA §603, sub-§5** is enacted to read:

6 5. Special meetings of the shareholders of a corporation
7 with a class of voting stock registered under the Securities
8 Exchange Act of 1934, as amended, may be called in accordance
9 with subsection 4 except that, notwithstanding subsection 4,
10 paragraph D, any special meeting expressly called for the purpose
11 of removing one or more members of the board of directors within
12 90 days following the meeting of shareholders of the corporation
13 at which a director or directors last stood for election may be
14 called by the holders of not less than 50% of the shares entitled
15 to vote at the meeting.

16 **Sec. 3. Retroactivity.** This Act applies retroactively to April
17 1, 2000.

18 **Emergency clause.** In view of the emergency cited in the
19 preamble, this Act takes effect when approved.

24 SUMMARY

26 This bill amends the Maine Business Corporation Act to
27 provide that special meetings of shareholders of publicly traded
28 companies called for the purpose of removing any member of the
29 board of directors within 90 days following the meeting at which
30 a director was last elected may be called by any of the persons
31 listed in the Maine Revised Statutes, Title 13-A, section 603,
32 subsection 4, paragraph A, B, C or E, or by the holders of at
least 50% of the shares entitled to vote at the meeting.