

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 109

S. P. 72

In Senate, January 7, 1981

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator Devoe of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Amend the Maine Nonprofit Corporation Act.

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

13-B MRSA § 716, is enacted to read:

§ 716. Duty of directors and officers

The directors and officers of the corporation shall exercise their powers and discharge their duties in good faith with a view to the interests of the corporation and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions. In discharging their duties, directors and officers may in all cases rely upon the books and records of account as provided by section 715.

STATEMENT OF FACT

The Maine Nonprofit Corporation Act does not contain a provision which specifies a standard of care for officers and directors. This apparently was an oversight when the Act was originally drafted. The proposed new section adopts the so-called "prudent man rule" as a standard of care for officers and directors. This is the same rule as appears in the Maine Business Corporation Act.