

HB 474 INTRODUCED BY MOORE, ET AL.
PROVIDES THAT A DIRECTOR OR OFFICER OF A CORPORATION
MAY BE LIABLE FOR AN EMPLOYEE'S UNPAID WAGES
IN CERTAIN CIRCUMSTANCES

1/26	INTRODUCED		
1/26	REFERRED TO JUDICIARY		
2/12	HEARING		
2/21	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/24	2ND READING PASSED	90	9
2/24	3RD READING PASSED	82	17

	TRANSMITTED TO SENATE		
3/02	REFERRED TO JUDICIARY		
3/25	HEARING		
4/16	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/17	2ND READING CONCURRED	41	0
4/20	3RD READING CONCURRED	35	15

RETURNED TO HOUSE WITH AMENDMENTS

DIED IN PROCESS

1 House BILL NO. 474
2 INTRODUCED BY Jane Moore

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT
5 DIRECTORS AND OFFICERS OF A CORPORATION ARE JOINTLY AND
6 SEVERALLY LIABLE FOR AN EMPLOYEE'S UNPAID WAGES IN CERTAIN
7 CIRCUMSTANCES."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Directors and officers liable for unpaid
11 wages. The directors and officers of a corporation are
12 jointly and severally liable to an employee of the
13 corporation for any unpaid wages if:

14 (1) the corporation fails to file an annual report
15 with the secretary of state as required by part 11 of this
16 chapter;

17 (2) the corporation continues to operate for a period
18 of 30 days after the date on which it becomes insolvent;

19 (3) the corporation disposes of its assets and
20 dissolves before paying the unpaid wages of any of its
21 employees;

22 (4) a director or an officer commingle substantial
23 assets of the corporation with the personal assets of the
24 director or officer; or

25 (5) an officer holds the corporation out to be a sole

1 proprietorship, a partnership, or an unincorporated
2 association or organization.

3 Section 2. Codification instruction. Section 1 is
4 intended to be codified as an integral part of Title 35,
5 chapter 1, part 4, and the provisions of Title 35, chapter
6 1, part 4, apply to section 1.

-End-



-2- INTRODUCED BILL
HB-474

APPROVED BY COMMITTEE
ON JUDICIARY

1 HOUSE BILL NO. 474
2 INTRODUCED BY MOORE, HANSEN, SQUIRES,
3 DARKO, REAM, MILES
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT
6 DIRECTORS AND OFFICERS OF A CORPORATION ARE JOINTLY AND
7 SEVERALLY LIABLE FOR AN EMPLOYEE'S UNPAID WAGES IN CERTAIN
8 CIRCUMSTANCES."
9

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

11 Section 1. Directors and officers liable for unpaid
12 wages. The directors and officers of a corporation are
13 jointly and severally liable to an employee of the
14 corporation for any unpaid wages if:

15 ~~{1}--the-corporation-fails-to--file--an--annual--report~~
16 ~~with--the--secretary-of-state-as-required-by-part-11-of-this~~
17 ~~chapter;~~

18 {2}(1) the corporation continues to operate for a
19 period of 30 days after the date on which it becomes
20 insolvent;

21 {3}(2) the corporation disposes of its assets and
22 dissolves before paying the unpaid wages of any of its
23 employees;

24 {4}(3) a director or an officer commingle substantial
25 assets of the corporation with the personal assets of the

1 director or officer; or
2 {5}(4) an officer holds the corporation out to be a
3 sole proprietorship, a partnership, or an unincorporated
4 association or organization.
5 Section 2. Codification instruction. Section 1 is
6 intended to be codified as an integral part of Title 35,
7 chapter 1, part 4, and the provisions of Title 35, chapter
8 1, part 4, apply to section 1.

-End-



1 HOUSE BILL NO. 474
 2 INTRODUCED BY MOORE, HANSEN, SQUIRES,
 3 DARKO, REAM, MILES
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT
 6 DIRECTORS AND OFFICERS OF A CORPORATION ARE JOINTLY AND
 7 SEVERALLY LIABLE FOR AN EMPLOYEE'S UNPAID WAGES IN CERTAIN
 8 CIRCUMSTANCES."
 9

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

11 Section 1. Directors and officers liable for unpaid
 12 wages. The directors and officers of a corporation are
 13 jointly and severally liable to an employee of the
 14 corporation for any unpaid wages if:

15 ~~{1}--the corporation fails to file an annual report~~
 16 ~~with the secretary of state as required by part 11 of this~~
 17 ~~chapter;~~

18 {2}{1} the corporation continues to operate for a
 19 period of 30 days after the date on which it becomes
 20 insolvent;

21 {3}{2} the corporation disposes of its assets and
 22 dissolves before paying the unpaid wages of any of its
 23 employees;

24 {4}{3} a director or an officer commingle substantial
 25 assets of the corporation with the personal assets of the

1 director or officer; or
 2 {5}{4} an officer holds the corporation out to be a
 3 sole proprietorship, a partnership, or an unincorporated
 4 association or organization.
 5 Section 2. Codification instruction. Section 1 is
 6 intended to be codified as an integral part of Title 35,
 7 chapter 1, part 4, and the provisions of Title 35, chapter
 8 1, part 4, apply to section 1.

-End-



HOUSE BILL NO. 474

INTRODUCED BY MOORE, HANSEN, SQUIRES,

DARKO, REAM, MILES

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT DIRECTORS---AND---OFFICERS A DIRECTOR OR OFFICER OF A CORPORATION ARE JOINTLY-AND-SEVERALLY MAY BE LIABLE FOR AN EMPLOYEE'S UNPAID WAGES IN CERTAIN CIRCUMSTANCES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Directors and officers liable -- LIABILITY for unpaid wages. The-directors-and-officers A DIRECTOR OR AN OFFICER of a corporation are-jointly-and-severally MAY BE liable to an employee of the corporation for any unpaid wages if HE KNOWINGLY ALLOWS THE CORPORATION TO:

{1}--the-corporation-fails-to--file--an--annual--report with--the--secretary-of-state-as-required-by-part-11-of-this chapter;

{2}{1}--the-corporation--continues--to--operate--for--a period--of--30--days--after--the--date--on--which-it-becomes insolvent;

{3}{2}(1) the-corporation-disposes DISPOSE of ALL OF its assets and dissolves-before DISSOLVE FOR THE PURPOSE OF AVOIDING paying the unpaid wages of any of its employees; OR

{4}{3}(2) a---director---or---an---officer commingle

substantial---assets FUNDS of the corporation with the personal assets FUNDS of the director or officer;-or {5}{4}--an-officer-holds-the-corporation-out--to--be--a sole--proprietorship;-a--partnership;-or-an-unincorporated association-or-organization.

Section 2. Codification instruction. Section 1 is intended to be codified as an integral part of Title 35, chapter 1, part 4, and the provisions of Title 35, chapter 1, part 4, apply to section 1.

-End-



STANDING COMMITTEE REPORT

SCRHB474

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SCRHB474

April 16, 1987

SENATE

April 16, 1987

MR. PRESIDENT

Judiciary

We, your committee on Judiciary

House Bill 474

having had under consideration No.

third blue reading copy (color)

CORPORATE DIRECTORS, OFFICERS PERSONALLY LIABLE FOR EMPLOYEES' UNPAID WAGES

Moore (Mazurek)

Respectfully report as follows That House Bill No. 474

BE AMENDED AS FOLLOWS:

- 1. Title, line 6. Strike: "DIRECTORS AND OFFICERS" Insert: "A DIRECTOR OR OFFICER"
2. Title, lines 6 and 7. Following: "CORPORATION" on line 6 Strike: remainder of line 6 through "SEVERALLY" on line 7 Insert: "MAY BE"
3. Page 1, line 11. Strike: "liable" Insert: "- - liability"
4. Page 1, line 12. Strike: "The directors and officers" Insert: "A director or an officer "
5. Page 1, lines 12 and 13. Following: "corporation" on line 12 Strike: remainder of line 12 through "severally" on line 13 Insert: "may be"
6. Page 1, line 14. Following: "if" Insert: "he knowingly allows the corporation to"

- 7. Page 1, lines 18 through 20. Strike: subsection (1) in its entirety Renumber: subsequent subsections
8. Page 1, line 21. Following: "(2)" Strike: "the corporation disposes" Insert: "dispose" Following: "of" Insert: "all of"
9. Page 1, line 22. Strike: "dissolves before" Insert: "dissolve for the purpose of avoiding"
10. Page 1, line 23. Following: "employees;" Insert: "or"
11. Page 1, line 24. Following: "(3)" Strike: "a director or an officer"
12. Page 1, lines 24 and 25. Following: "commingle" on line 24 Strike: remainder of line 24 through the first "assets" on line 25 Insert: "funds"
13. Page 1, line 25. Following: "personal" Strike: "assets" Insert: "funds"
14. Page 2, lines 1 through 4. Following: "officer" on line 1 Strike: remainder of line 1 through "organization" on line 4

AND AS AMENDED, BE CONCURRED IN C:\LANE\WF\AMDHB474.

AND AS AMENDED BE CONCURRED IN

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Chairman

4/16/87 3:35 JMS

[Signature]

Senator Mazurek

4/16/87 3:35 JMS