

HOUSE BILL NO. 470

INTRODUCED BY RICE, ADDY, RAMIREZ,  
HARPER, MAZUREK, HALLIGAN, B. BROWN

IN THE HOUSE

JANUARY 27, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY.
JANUARY 28, 1989	FIRST READING.
FEBRUARY 8, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 9, 1989	PRINTING REPORT.
FEBRUARY 11, 1989	SECOND READING, DO PASS.
FEBRUARY 13, 1989	ENGROSSING REPORT.
FEBRUARY 14, 1989	THIRD READING, PASSED. AYES, 85; NOES, 12.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 15, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
MARCH 9, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 10, 1989	SECOND READING, CONCURRED IN.
MARCH 13, 1989	THIRD READING, CONCURRED IN. AYES, 48; NOES, 1.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 14, 1989	RECEIVED FROM SENATE.
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SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *470*  
 2 INTRODUCED BY *Rice Addy Ramsey Hager*  
 3 *Mazgub Kelly Bob Brown*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A BANKING  
 5 CORPORATION TO ELIMINATE OR LIMIT A DIRECTOR'S PERSONAL  
 6 LIABILITY TO THE CORPORATION OR ITS SHAREHOLDERS FOR  
 7 MONETARY DAMAGES FOR BREACH OF FIDUCIARY DUTY; AMENDING  
 8 SECTION 32-1-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
 9 DATE AND AN APPLICABILITY DATE."

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

12 **Section 1.** Section 32-1-301, MCA, is amended to read:

13 "32-1-301. Organization and incorporation -- articles  
 14 of agreement. (1) Any three or more persons desiring to  
 15 associate themselves together for the purpose of becoming a  
 16 corporation to engage in any one or more or all of the  
 17 businesses mentioned in this chapter shall sign and  
 18 acknowledge, in the manner provided for the acknowledgment  
 19 of deeds of real estate, articles of agreement which shall  
 20 set forth:

21 (1)(a) the corporate name of the proposed corporation,  
 22 which ~~shall~~ may not be the name of any other corporation  
 23 ~~theretofore~~ granted and then doing business of a similar  
 24 character in this state or any imitation of ~~such a~~ name,  
 25 provided that it ~~shall--be~~ is lawful to use the name

1 ~~theretofore~~ used by any corporation previously incorporated  
 2 and doing business in the state of Montana but which has  
 3 been disincorporated, liquidated, dissolved, and is entirely  
 4 out of business. No A banking corporation hereafter  
 5 ~~organized-shall~~ may not adopt or use the name of any other  
 6 banking corporation or association, or of any friendly  
 7 association.

8 (2)(b) the name of the city or town and county in  
 9 which the principal office of the corporation is to be  
 10 located;

11 (3)(c) the amount of the capital stock of the  
 12 corporation, the number of shares into which it is to be  
 13 divided, and the par value of ~~such~~ shares; the amount of  
 14 capital stock actually subscribed in good faith at the time  
 15 of the signing of ~~such the~~ articles of agreement; and the  
 16 amount of the capital stock actually paid up in lawful money  
 17 of the United States and in the custody of some banking  
 18 institution designated as the depository ~~thereof of the~~  
 19 money until the proposed corporation is fully organized and  
 20 authorized to engage in business;

21 (4)(d) the names and places of residence of the  
 22 several shareholders and the number of shares subscribed by  
 23 each;

24 (5)(e) the number of the board of directors and the  
 25 names of those agreed upon for the first year. The articles

1 may provide that the number of directors elected at each  
 2 annual meeting shall constitute the board for the year, all  
 3 vacancies to be filled by the board taking the action, and  
 4 also may provide that a majority of the full board of  
 5 trustees may increase the number of the directors of the  
 6 bank, not exceeding two, and appoint persons to fill the  
 7 resulting vacancies between meetings of the stockholders.

8 ~~†6†~~(f) the purpose for which the association or  
 9 company is formed, which may be set forth by the use of the  
 10 general terms herein defined in this chapter, with reference  
 11 to each line of business in which the proposed corporation  
 12 desires to engage.

13 (2) In addition to provisions required therein, the  
 14 articles of incorporation may also contain provisions not  
 15 inconsistent with law regarding the elimination or  
 16 limitation of the personal liability of a director to a  
 17 corporation or its shareholders for monetary damages for  
 18 breach of fiduciary duty as a director, except:

19 (a) for breach of a director's duty of loyalty to a  
 20 corporation or its shareholders;

21 (b) for acts or omissions that constitute willful  
 22 misconduct, recklessness, or a knowing violation of law; or

23 (c) for a transaction from which a director derives an  
 24 improper personal benefit."

25 NEW SECTION. Section 2. Extension of authority. Any

1 existing authority to make rules on the subject of the  
 2 provisions of [this act] is extended to the provisions of  
 3 [this act].

4 NEW SECTION. Section 3. Effective date --  
 5 applicability. (1) [This act] is effective on passage and  
 6 approval.

7 (2) [This act] applies to acts and omissions occurring  
 8 after the effective date of [this act].

-End-

APPROVED BY COMMITTEE  
ON JUDICIARY

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 6 bank, not exceeding two, and appoint persons to fill the  
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