

Sen. Judiciary

FILED MAR 17 1989

SENATE FILE 496
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 270)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to certain for-profit corporations, by modifying
2 provisions regarding stockholder indemnity and contribution,
3 and providing limited immunity from personal liability for
4 directors, officers, and stockholders of such corporations.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 496

1 Section 1. Section 491.62, Code 1989, is amended to read
2 as follows:

3 491.62 INDEMNITY -- CONTRIBUTION.

4 1. When the property of a stockholder is taken for a
5 corporate debt, the stockholder may maintain an action against
6 the corporation for indemnity, and or against any of the other
7 stockholders for contribution, or against both.

8 2. However, a stockholder may only obtain contribution
9 from other stockholders pursuant to subsection 1, to the
10 extent that the other stockholders owe the corporation unpaid
11 installments on subscriptions for stock owned by the other
12 stockholders or transferred to a holder in due course by the
13 other stockholders for the purpose of defrauding creditors.

14 Sec. 2. NEW SECTION. 491.69 PERSONAL LIABILITY.

15 Except as otherwise provided in this chapter, a director,
16 officer, or stockholder of the corporation is not liable on
17 the corporation's debts or obligations and a director,
18 officer, or stockholder is not personally liable in that
19 capacity for a claim based upon an act or omission of the
20 person performed in the discharge of the person's duties,
21 except for a breach of the duty of loyalty to the corporation,
22 for acts or omissions not in good faith or which involve
23 intentional misconduct or a knowing violation of the law, or
24 for a transaction from which the person derives an improper
25 personal benefit.

26 EXPLANATION

27 This bill limits a stockholder's right to contribution from
28 other stockholders to the extent that the other stockholders
29 owe the corporation unpaid installments on subscriptions for
30 stock owned by them or transferred to a holder in due course
31 by the subscribing stockholders for the purpose of defrauding
32 creditors. The bill also provides for limited liability for
33 directors, officers, and stockholders of such corporations.

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VARN, CH.
GRONSTAL
FUHRMAN

SSB 270
JUDICIARY

SENATE FILE 496
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to stockholder indemnity and contribution.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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