

504.1431 Grounds for judicial dissolution.

1. The district court may dissolve a corporation in any of the following ways:

a. In a proceeding brought by the attorney general, if any of the following is established:

(1) The corporation obtained its articles of incorporation through fraud.

(2) The corporation has continued to exceed or abuse the authority conferred upon it by law.

b. Except as provided in the articles or bylaws of a religious corporation, in a proceeding brought by fifty members or members holding five percent of the voting power, whichever is less, or by a director or any person specified in the articles, if any of the following is established:

(1) The directors are deadlocked in the management of the corporate affairs, and the members, if any, are unable to break the deadlock.

(2) The directors or those in control of the corporation have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent.

(3) The members are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have, or would otherwise have, expired.

(4) The corporate assets are being misapplied or wasted.

c. In a proceeding brought by a creditor, if either of the following is established:

(1) The creditor's claim has been reduced to judgment, the execution on the judgment is returned unsatisfied, and the corporation is insolvent.

(2) The corporation has admitted in writing that the creditor's claim is due and owing and the corporation is insolvent.

d. In a proceeding brought by the corporation to have its voluntary dissolution continued under court supervision.

2. Prior to dissolving a corporation, the court shall consider whether:

a. There are reasonable alternatives to dissolution.

b. Dissolution is in the public interest, if the corporation is a public benefit corporation.

c. Dissolution is the best way of protecting the interests of members, if the corporation is a mutual benefit corporation.

2004 Acts, ch 1049, §148, 192

Referred to in §504.1432, 504.1434