

490.833 Liability for unlawful distribution.

1. A director who votes for or assents to a distribution in excess of what may be authorized and made pursuant to section 490.640, subsection 1, or section 490.1409, subsection 1, is personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating section 490.640, subsection 1, or section 490.1409, subsection 1, if the party asserting liability establishes that when taking the action the director did not comply with section 490.830.

2. A director held liable for an unlawful distribution under subsection 1 is entitled to both of the following:

a. Contribution from every other director who could be held liable under subsection 1 for the unlawful distribution.

b. Recoupment from each shareholder of the pro rata portion of the amount of the unlawful distribution the shareholder accepted, knowing the distribution was made in violation of section 490.640, subsection 1, or section 490.1409, subsection 1.

3. a. A proceeding to enforce the liability of a director under subsection 1 is barred unless it is commenced within two years after one of the following dates:

(1) The date on which the effect of the distribution was measured under section 490.640, subsection 5 or 8.

(2) The date as of which the violation of section 490.640, subsection 1, occurred as the consequence of disregard of a restriction in the articles of incorporation.

(3) The date on which the distribution of assets to shareholders under section 490.1409, subsection 1, was made.

b. A proceeding to enforce contribution or recoupment under subsection 2 is barred unless it is commenced within one year after the liability of the claimant has been finally adjudicated under subsection 1.

89 Acts, ch 288, §92; 2002 Acts, ch 1154, §40, 125

Referred to in §490.202, 490.831, 491.16A