## 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