

March 29, 1967
Place On Calendar

Judiciary 5-9

House File 563

By COMMITTEE ON JUDICIARY

Passed House per C.C. Report 7-1-67; 93-3

Passed House, Date 5-8-67

Passed Senate, Date 5-19-67

Vote: Ayes 99 Nays 0

Vote: Ayes 46 Nays 0

Approved

Passed House as amended by Senate 6-27; 102

Passed Senate per Conference Committee Report 7-1-67; 48-0

A BILL FOR

House passed per C.C. 7-1, 93-3

An Act relating to indemnification of officers and directors of corporations for pecuniary profit.

Conference Committee

Be It Enacted by the General Assembly of the State of Iowa:

*Gaudin
Kirkley
Kernan
Stanley
McCarthy
Johnston
Mauzy
Wood*

1 Section 1. Section four hundred ninety-one point three
2 (491.3), Code 1966, is hereby amended by adding thereto the
3 following new subsection eight (8):

4 "To indemnify any director or officer or former director
5 or officer of the corporation, or any person who may have
6 served at its request as a director or officer of another
7 corporation in which it owns shares of capital stock or of
8 which it is a creditor, against expenses actually and reason-
9 ably incurred by him in connection with the defense of any
10 action, suit or proceeding, civil or criminal, in which he
11 is made a party by reason of being or having been such director
12 or officer, except in relation to matters as to which he shall
13 be adjudged in such action, suit or proceeding to be liable
14 for negligence or misconduct in the performance of duty; and
15 to make any other indemnification that shall be authorized by
16 the articles of incorporation or by any bylaw or resolution
17 adopted by the shareholders after notice."

EXPLANATION

This bill will permit the indemnification of any director or officer against expenses actually and reasonably incurred in connection with the defense of any action against him personally

because of his position. This bill simply equalizes the rights of directors of corporations organized under the old corporation act, Chapter 491, giving them the same rights granted to new corporations organized under the Iowa Business Corporation Act, Chapter 496A, passed in the last General Assembly.

- 1 Amend House File 563 as follows:
- 2 1. Strike all after the enacting clause and insert in
- 3 lieu thereof all of the contents of Senate File 788 after
- 4 its enacting clause.
- 5 2. Amend the title by striking all after the word
- 6 "officers" and inserting in lieu thereof the following:
- 7 ", directors, employees, and agents of corporations."

8 EXPLANATION OF AMENDMENT

9 This amendment conforms the bill to the indemnification
 10 section of the Model Business Corporation Act as recently
 11 revised by a committee of the American Bar Association.

Filed - *adopted 5-19*
 May 18, 1967

House concurred *motion to* *reconsider* *filed 5-26*
 5-25

By STANLEY and DENMAN

- 1 Amend the Stanley and Denman amendment to House File
- 2 563, filed May 18, 1967, as follows (section and line
- 3 numbers refer to the text of Senate File 788):
- 4 1. In section 2, line 14, strike the word "attorney"
- 5 and insert in lieu thereof the word "attorneys".
- 6 2. In section 2, line 49, strike the word "indemnify"
- 7 and insert in lieu thereof the word "indemnity".
- 8 3. In section 2, line 53, strike the word "defence"
- 9 and insert in lieu thereof the word "defense".
- 10 4. In section 2, line 83, strike the word "those"
- 11 and insert in lieu thereof the words "a person".

Filed and adopted
 May 19, 1967

House concurred *motion to* *reconsider* *6-26*
 5-25

House concurred
as amended 6-27

By STANLEY and DENMAN

- 1 Amend the Senate amendment to H.P. 563 in Section Two as
- 2 follows:
- 3 1. In line 23 strike the word "not".
- 4 2. In line 28 strike the period and insert the
- 5 following: ", and is not entitled to indemnification."
- 6 3. In line 44 strike the word "or" and insert the
- 7 following: "fraud or other civil or criminal".
- 8 4. In line 45 insert a period after the word
- 9 "corporation" and strike the rest of the subsection.
- 10 5. Strike all of subsection 5 and renumber the
- 11 remaining subsections.

Filed
 June 8, 1967

Paragraph 2 lost.
Remainder adopted 6-27

JOHNSTON of Polk.

- 1 Amend the Johnston Amendment filed June 8, 1967 to House
- 2 File 563 by striking line three (3) and inserting in lieu
- 3 thereof the following:
- 4 "1. By striking from subsection one (1) all of such
- 5 subsection after the word 'unlawful.' in line twenty-one
- 6 (21)."

Filed - *Last?*
 June 30, 1967

JOHNSTON of Polk.

1 Amend Section 1 of the Senate amendment to House File
2 563 as follows:
3 1. In line 25 strike the word "not".
4 2. In line 47 strike the word "or" and insert the
following: ", fraud or other civil or criminal".
6 3. In line 48 insert a period after the word
7 "corporation" and strike the remainder of the subsection.
8 4. Strike all of subsection 5 and renumber the
9 remaining subsections.

Filed *Senate refused to Concur 7-1* HOUSE AMENDMENT
June 28, 1967 *House insisted 7-1*

1 Amend House File 563 by adding the following section
2 thereto:
3 "This Act, being deemed of immediate importance, shall
4 be in full force and effect from and after its passage
5 and publication in the Southern County News, a newspaper
6 published at Thornton, Iowa and in The Red Oak Express, a
7 newspaper published at Red Oak, Iowa."

Filed and adopted
July 1, 1967

By DeHART and CONDON

1 Amend House File 563 by adding the following section
2 thereto:
3 "This Act, being deemed of immediate importance, shall
4 be in full force and effect from and after its passage
5 and publication in the Southern County News, a newspaper
6 published at Thornton, Iowa and in The Red Oak Express, a
7 newspaper published at Red Oak, Iowa."

As Adopted by the Senate

REPORT OF CONFERENCE COMMITTEE

Senate adopted as amended
7-1-67

HOUSE FILE 563

House adopted 7-1-67

TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT
OF THE SENATE:

We, the undersigned members of the Conference Committee, appointed to consider the differences between the Senate and the House on House File 563, a bill for an Act relating to indemnification of officers and directors of corporations for pecuniary profit, beg leave to report and to make the following recommendations:

That House File 563 as passed by the House and as amended by the Senate and as the Senate amendment was amended by the House, be further amended as follows:

1. Amend Section 2 of the second division of the Senate amendment by striking from lines twenty-three (23) and twenty-four (24) the words "judgment, order, settlement" and inserting in lieu thereof the following: "judgment or order against such person on the merits".

2. Amend the House amendment as follows: By striking in line one (1) of the House amendment the words "Amend Section 1" and inserting in lieu thereof the words "Amend Section 2 of the second division".

Respectfully submitted,

ON THE PART OF THE HOUSE
RALPH F. McCARTNEY, Chairman
DAN JOHNSTON
JOHN MOWRY
WARREN WOOD

ON THE PART OF THE SENATE
LEE GAUDINEER, Chairman
WILLIAM DENMAN
ALAN SHIRLEY
DAVID STANLEY