

CHAPTER 1109

BUSINESS CORPORATIONS

S. F. 1191

AN ACT relating to business corporations.

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

1 SECTION 1. Section four hundred ninety-six A point four (496A.4),
2 subsection six (6), Code 1971, is amended to read as follows:

3 6. To lend money to, and otherwise use its credit to assist its em-
4 ployees, officers and directors.

1 SEC. 2. Section four hundred ninety-six A point seven (496A.7),
2 subsection three (3), Code 1971, is amended to read as follows:

3 3. Shall not be the same as, or deceptively similar to, the name of
4 any domestic corporation existing under the laws of this state or any
5 foreign corporation authorized to transact business in this state, or a
6 name the exclusive right to which is, at the time, reserved in the
7 manner provided in this chapter, or the name of a corporation which
8 has in effect a registration of its corporate name as provided in this
9 chapter, or an assumed name which has been adopted by a domestic
10 or a foreign corporation for use in this state in the manner provided
11 by this chapter; *except that this provision shall not apply if the appli-*
12 *cant files with the secretary of state either of the following:*

13 a. *The written consent of such other corporation or holder of a*
14 *reserved or registered name to use the same or deceptively similar*
15 *name and one or more words are added to make such name distin-*
16 *guishable from the other name.*

17 b. *A certified copy of final decree of a court of competent jurisdic-*
18 *tion establishing the prior right of the applicant to the use of such*
19 *name in this state. A corporation with which another domestic or*
20 *foreign corporation is merged, or which is formed by the reorganiza-*
21 *tion or consolidation of one or more domestic or foreign corporations*
22 *or upon a sale, lease or other disposition to or exchange with a domes-*
23 *tic corporation of all or substantially all the assets of another domestic*
24 *or foreign corporation, including its name or assumed name, may have*
25 *the same name as that used in this state by any of such corporations*
26 *if such other corporation was organized under the laws of or is*
27 *authorized to transact business in this state.*

1 SEC. 3. Section four hundred ninety-six A point thirteen
2 (496A.13), unnumbered paragraph one (1), Code 1971, is amended
3 to read as follows:

4 The registered agent so appointed by a corporation, or if more than
5 one registered agent has been appointed by the corporation then any
6 one of such agents, shall be an agent of such corporation upon whom
7 any process, notice or demand required or permitted by law to be
8 served upon the corporation may be served.

1 SEC. 4. Section four hundred ninety-six A point fourteen
2 (496A.14), subsection five (5), Code 1971, is amended to read as
3 follows:

4 5. Convertible into shares of any other class or into shares of any
5 series of the same or any other class, except a class having prior or

6 superior rights and preferences as to dividends or distribution of
 7 assets upon liquidation, but shares without par value shall not be con-
 8 verted into shares with par value unless that part of the stated capital
 9 of the corporation represented by such shares without par value is,
 10 at the time of conversion, at least equal to the aggregate par value
 11 of the shares into which the shares without par value are to be con-
 12 verted or the amount of any such deficiency is transferred from sur-
 13 plus to stated capital.

1 SEC. 5. Section four hundred ninety-six A point twenty-two
 2 (496A.22), unnumbered paragraph one (1), Code 1971, is amended
 3 to read as follows:

4 The shares of a corporation shall be represented by certificates
 5 signed by such officers, employees or agents as are authorized by the
 6 articles of incorporation or bylaws to sign. If no contrary provision
 7 is made in the articles or bylaws, such certificates shall be signed by
 8 the president or a vice-president and the secretary or an assistant
 9 secretary of the corporation, and may be sealed with the seal of the
 10 corporation or a facsimile thereof. The signatures of the president
 11 or vice-president and the secretary or assistant secretary or other
 12 persons signing for the corporation upon a certificate may be fac-
 13 similes if. *If the certificate is countersigned by a transfer agent, or*
 14 *registered by a registrar, other than the corporation itself or an*
 15 *employee of the corporation the signatures of the persons signing for*
 16 *such transfer agent or registrar also may be facsimiles.* In case any
 17 officer or other authorized person who has signed or whose facsimile
 18 signature has been placed upon such certificate for the corporation
 19 shall have ceased to be such officer or employee or agent before such
 20 certificate is issued, it may be issued by the corporation with the
 21 same effect as if he were such officer or employee or agent at the
 22 date of its issue.

1 SEC. 6. Section four hundred ninety-six A point twenty-five
 2 (496A.25), Code 1971, is amended by striking the section and in-
 3 serting in lieu thereof the following:

4 **496A.25 Shareholder's preemptive rights.** Except to the extent
 5 limited or denied by this section or by the articles of incorporation,
 6 shareholders shall have a preemptive right to acquire unissued or
 7 treasury shares of securities convertible into such shares or carrying
 8 a right to subscribe to or acquire shares.

9 Unless otherwise provided in the articles of incorporation:

10 1. No preemptive right shall exist:

11 a. To acquire any shares issued to directors, officers or employees
 12 pursuant to approval by the affirmative vote of the holders of a ma-
 13 jority of the shares entitled to vote thereon or when authorized by
 14 and consistent with a plan approved by such a vote of shareholders.

15 b. To acquire any shares sold otherwise than for cash.

16 2. Holders of shares of any class that is preferred or limited as
 17 to dividends or assets shall not be entitled to any preemptive right.

18 3. Holders of shares of common stock shall not be entitled to any
 19 preemptive right to shares of any class that is preferred or limited
 20 as to dividends or assets or to any obligations, unless convertible
 21 into shares of common stock or carrying a right to subscribe to or
 22 acquire shares of common stock.

23 4. Holders of common stock without voting power shall have no
24 preemptive right to shares of common stock with voting power.

25 5. The preemptive right shall be only an opportunity to acquire
26 shares or other securities under such terms and conditions as the
27 board of directors may fix for the purpose of providing a fair and
28 reasonable opportunity for the exercise of such right.

1 SEC. 7. Section four hundred ninety-six A point twenty-seven
2 (496A.27), Code 1971, is amended by striking the section and inserting
3 in lieu thereof the following:

4 **496A.27 Meetings of shareholders.** Meetings of shareholders may
5 be held at such place within or without this state as may be stated
6 in or fixed in accordance with the bylaws. If no other place is stated
7 or fixed, meetings shall be held at the registered office of the corpora-
8 tion.

9 An annual meeting of the shareholders shall be held at such time
10 as may be stated in or fixed in accordance with the bylaws. If the
11 annual meeting is not held within any eighteen-month period the
12 district court of the county wherein the registered office of the corpora-
13 tion is located may, upon the written application of any shareholder,
14 order an annual meeting to be held.

15 Special meetings of the shareholders may be called by the president,
16 the board of directors, the holders of not less than one-tenth of all
17 the shares entitled to vote at the meeting, or such other officers or
18 persons as may be provided in the articles of incorporation or the
19 bylaws.

1 SEC. 8. Section four hundred ninety-six A point forty (496A.40),
2 Code 1971, is amended by adding the following new paragraph:

3 "Unless otherwise restricted by the articles of incorporation or
4 bylaws, members of the board of directors of any corporation, or
5 any committee designated by such board, may participate in a meeting
6 of such board or committee by conference telephone or similar com-
7 munications equipment by means of which all persons participating in
8 the meeting can hear each other, and participation in a meeting pursu-
9 ant to this provision shall constitute presence in person at such meet-
10 ing."

1 SEC. 9. Chapter four hundred ninety-six A (496A), Code 1971,
2 is amended by adding the following new section:

3 **Loans to employees and directors.** A corporation shall not lend
4 money to or use its credit to assist its directors without authoriza-
5 tion in the particular case by its shareholders, but may lend money
6 to and use its credit to assist any employee of the corporation or of
7 a subsidiary including any such employee who is a director of the
8 corporation, if the board of directors decides that such loan or as-
9 sistance may benefit the corporation.

1 SEC. 10. Section four hundred ninety-six A point forty-five
2 (496A.45), Code 1971, is amended by adding the following new para-
3 graph:

4 "Subject to any restrictions contained in its articles of incorpora-
5 tion or bylaws, the signatures of the officers of any corporation or-
6 ganized under this chapter, on the bonds, notes, debentures or other
7 evidences of indebtedness of any such corporation may be facsimiles

8 and such facsimiles on such instruments shall be deemed the equivalent of and constitute the written signatures of such officers for all
 9 purposes including, but not limited to, the full satisfaction of any
 10 signature requirements of the laws of this state on the bonds, notes,
 11 debentures and other evidence of indebtedness of any such corporation.”
 12
 13

1 SEC. 11. Section four hundred ninety-six A point fifty-six
 2 (496A.56), subsection one (1), Code 1971, is amended by striking the
 3 subsection and inserting in lieu thereof the following:

4 1. The board of directors shall adopt a resolution setting forth the
 5 proposed amendment and, if shares have been issued, directing that
 6 it be submitted to a vote of a meeting of shareholders, which may be
 7 either the annual or a special meeting. If no shares have been issued,
 8 the amendment shall be adopted by resolution of the board of directors
 9 and the provisions for adoption by shareholders shall not apply. The
 10 resolution may incorporate the proposed amendment in restated articles
 11 of incorporation which contain a statement that except for the
 12 designated amendment the restated articles of incorporation correctly
 13 set forth without change the corresponding provisions of the articles
 14 of incorporation as amended, and that the restated articles of incorporation
 15 together with the designated amendment supersede the
 16 original articles of incorporation and all prior amendments. Unless
 17 otherwise provided in the articles of incorporation, upon the written
 18 request of the holders of at least five percent of the shares entitled
 19 to vote on amendments to articles of incorporation, the board of
 20 directors shall adopt a resolution setting forth the amendment
 21 proposed by such shareholders and directing that it be submitted to
 22 the next meeting of the shareholders held not less than ninety days
 23 after the date of the filing of the request of the shareholders with
 24 the secretary of the corporation.

1 SEC. 12. Section four hundred ninety-six A point fifty-eight
 2 (496A.58), subsections three (3) and five (5), Code 1971, are amended
 3 to read as follows:

4 3. The date of the adoption of the amendment by the shareholders
 5 *or by the board of directors where no shares have been issued.*
 6 5. The number of shares voted for and against such amendment,
 7 respectively, and, if the shares of any class are entitled to vote thereon
 8 as a class, the number of shares of each such class voted for and against
 9 such amendment, respectively *or if no shares have been issued, a*
 10 *statement to that effect.*

1 SEC. 13. Section four hundred ninety-six A point sixty-one
 2 (496A.61), subsection three (3), paragraph “c”, Code 1971, is amended
 3 by striking the paragraph and inserting in lieu thereof the following:

4 c. The purpose which the corporation is authorized to pursue, or
 5 that the purpose which the corporation is authorized to pursue is, or
 6 include, the transaction of any or all lawful business for which the
 7 corporation may be incorporated under this chapter.

1 SEC. 14. Section four hundred ninety-six A point seventy-two
 2 (496A.72), subsection one (1), Code 1971, is amended to read as
 3 follows:

4 1. Any corporation owning at least ~~ninety-five~~ *ninety* percent of
 5 the outstanding shares of each class of another corporation may
 6 merge such other corporation into itself without approval by a vote
 7 of the shareholders of either corporation. Its board of directors shall,
 8 by resolution, approve a plan of merger setting forth:

9 a. The name of the subsidiary corporation and the name of the
 10 corporation owning at least ~~ninety-five~~ *ninety* percent of its shares,
 11 which is hereinafter designated as the surviving corporation.

12 b. The manner and basis of converting the shares of the subsidiary
 13 corporation into shares, *obligations* or other securities ~~or obligations~~
 14 of the surviving corporation ~~or the cash or other consideration to be~~
 15 ~~paid or delivered upon surrender of each share of the subsidiary~~
 16 ~~corporation or of any other corporation, or in whole or in part, into~~
 17 *cash or other property. A copy of such plan of merger shall be mailed*
 18 *to each shareholder of record of the subsidiary corporation other than*
 19 *the surviving corporation.*

20 A copy of such plan of merger shall be mailed to each shareholder
 21 of record of the subsidiary corporation ~~other than the surviving~~
 22 ~~corporation.~~

1 SEC. 15. Section four hundred ninety-six A point ninety-four
 2 (496A.94), subsection one (1), Code 1971, is amended to read as
 3 follows:

4 1. In a suit by a shareholder when it is established:

5 a. That the directors are deadlocked in the management of the
 6 corporate affairs and the shareholders are unable to break the dead-
 7 lock, and that irreparable injury to the corporation is being suffered
 8 or is threatened by reason thereof; or

9 b. *That the shareholders are deadlocked in voting power, and have*
 10 *failed, for a period which includes at least two consecutive annual*
 11 *meeting dates, to elect successors to directors whose term has ex-*
 12 *pired or would have expired upon the election of their successors; or*

13 c. That the acts of the directors or those in control of the
 14 corporation are illegal, oppressive or fraudulent; or

15 d. That as shown by the proceedings at any meeting of the share-
 16 holders the shareholders are deadlocked in voting power and that irre-
 17 parable injury to the corporation is being suffered or is threatened by
 18 reason thereof; or

19 e. That the corporate assets are being misapplied or wasted.

1 SEC. 16. Section four hundred ninety-six A point one hundred five
 2 (496A.105), subsection three (3), unnumbered paragraph one (1),
 3 Code 1971, is amended to read as follows:

4 Shall not be the same as, or deceptively similar to, the name of
 5 any domestic corporation existing under the laws of this state or any
 6 foreign corporation authorized to transact business in this state, or
 7 a name the exclusive right to which is, at the time, reserved in the
 8 manner provided in this chapter, or the name of a corporation which
 9 has in effect a registration of its name as provided in this chapter,
 10 or an assumed name which has been adopted by a domestic or a
 11 foreign corporation for use in this state in the manner provided by
 12 this chapter: *except that this provision shall not apply if the foreign*
 13 *corporation applying for a certificate of authority files with the secre-*
 14 *tary of state any one of the following:*

- 15 *a. A resolution of its board of directors adopting an assumed name*
 16 *for use in transacting business in this state which assumed name is*
 17 *not deceptively similar to the name of any domestic corporation or of*
 18 *any foreign corporation authorized to transact business in this state*
 19 *or to any name reserved or registered as provided in this chapter.*
 20 *b. The written consent of such other corporation or holder of a*
 21 *reserved or registered name to use the same or deceptively similar*
 22 *name and one or more words are added to make such name distin-*
 23 *guishable from such other name.*
 24 *c. A certified copy of a final decree of a court of competent juris-*
 25 *isdiction establishing the prior right of such foreign corporation to*
 26 *the use of such name in this state.*

Approved April 22, 1972.

CHAPTER 1110

INSURANCE COMMISSIONER REPORT

H. F. 1117

AN ACT relating to the annual report of the commissioner of insurance.

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

1 SECTION 1. Section five hundred five point twelve (505.12), Code
 2 1971, is amended to read as follows:
 3 **505.12 Life insurance—annual report.** Before the first day of ~~May~~
 4 *August* the commissioner of insurance shall make an annual report
 5 to the governor of the general conduct and condition of the life insur-
 6 ance companies doing business in the state, and include therein an
 7 aggregate of the estimated value of all outstanding policies in each of
 8 the companies, and in connection therewith prepare a separate abstract
 9 thereof as to each company, and of all the returns and statements
 10 made to him by them.

1 SEC. 2. Section five hundred five point thirteen (505.13), Code
 2 1971, is amended to read as follows:
 3 **505.13 Other insurance—annual report.** The commissioner shall
 4 cause the information contained in the statements required of the com-
 5 panies, other than life insurance, organized or doing business in the
 6 state to be arranged in detail, and prepare the same for printing,
 7 which report shall be made to the governor on or before the first day
 8 of ~~May~~ *August* of each year.

Approved March 17, 1972.