

490.1430 Grounds for judicial dissolution.

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

a. A proceeding by the attorney general if it is established that any of the following apply:

(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. A proceeding by a shareholder if it is established that any of the following conditions exist:

(1) The directors are deadlocked in the management of the corporate affairs, the shareholders are unable to break the deadlock, and irreparable injury to the corporation is threatened or being suffered, or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally, because of 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 shareholders 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 expired.

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

c. A proceeding by a creditor if it is established that any of the following applies:

(1) The creditor's claim has been reduced to judgment, the execution on the judgment 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. A proceeding by the corporation to have its voluntary dissolution continued under court supervision.

e. A proceeding by a shareholder if the corporation has abandoned its business and has failed within a reasonable time to liquidate and distribute its assets and dissolve.

2. **Subsection 1**, paragraph "b", shall not apply in the case of a corporation that, on the date of the filing of the proceeding, has a class or series of shares which is any of the following:

a. A covered security under section 18(b)(1)(A) or (B) of the federal Securities Act of 1933.

b. Not a covered security, but is held by at least three hundred shareholders and the shares outstanding have a market value of at least twenty million dollars, exclusive of the value of such shares held by the corporation's subsidiaries, senior executives, directors, and if they own more than ten percent of such shares, beneficial shareholders, and voting trust beneficial owners.

3. a. As used in **subsection 1**, "shareholder" means a record shareholder, a beneficial shareholder, and an unrestricted voting trust beneficial owner.

b. As used in **subsection 2**, "shareholder" means a record shareholder, a beneficial shareholder, and a voting trust beneficial owner.

89 Acts, ch 288, §156; 2013 Acts, ch 31, §68, 82; 2021 Acts, ch 165, §182, 230

Referred to in §490.304, 490.1431, 490.1433, 490.1434